THE IMPACT OF CREDIT RISK MANAGEMENT POLICY
ON COMMERCIAL BANKS IN ZIMBABWE. A CASE STUDY
OF STANDARD CHARTERED BANK ZIMBABWE LIMITED.

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This dissertation studied the impact of credit risk management policy in commercial banks in Zimbabwe with specific reference to Standard Chartered Bank Zimbabwe Limited. The major purpose of the study was to evaluate the effectiveness of credit risk management policy on the operation efficiency of commercial banks in Zimbabwe, to outline credit risk management policy being implemented or used by other financial institutions, suggesting a broad outline of measures for improving credit risk management practices of commercial banks in Zimbabwe, examining the role of Risk Based Supervision in strengthening credit risk management practices of commercial banks. A review of both theoretical and empirical literature related to the study was carried out. The research adopted a case study research design. The research population included 30 employees of Standard Chartered bank limited of the Harare branch. Judgmental sampling method was used to select a sample size of 8 employees who were actively involved in the risk management of the bank. The main data collection tools were questionnaires and interview guides. Data was presented using tables and figurative whilst percentages and narratives were used in data analysis, interpretation, and discussion. The research found out and concluded that credit management policy contribute to a greater extent in preventing banking failures in Zimbabwe. Risk management policies are important in Zimbabwean banks in that they empower individuals responsible for managing risks. They specify how individuals can accomplish what needs to be done. Zimbabwean banks should have in place a comprehensive risk management policy to identify measure, monitor and control all material risks and hold capital against these risks. Establishment of comprehensive risk management in banks should be a prerequisite. The research recommended that banks should take steps to mitigate the risk of failure. To prevent future failures, boards must look at long-term fixes to their operations and how they manage risk. Specifically, bank directors should put three line items on the agenda in their board meetings that is the bank’s risk and control management processes, the internal audit program, and a serious re-examination of the board or management team.