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CREDIT EXTENSION AND GROWTH IN CUSTOMER SIZE IN THE BANKING SECTOR: A STUDY OF COMMERCIAL BANKS IN JALINGO, TARABA STATE

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Abstract

This study broadly investigated the effect credit extension has on the growth in customer size in the banking sector, selecting commercial banks in Jalingo, Taraba State as study cases. Survey design was the methodology used for the study and questionnaire was used for primary data collection. The questionnaire was duly validated and reliably tested. Data was collected from 103 respondents randomly selected from five systematically chosen commercial banks within Jalingo metropolis. The data were presented using tables, frequencies and percentages while the four hypotheses from this study were tested via Linear Regression Analysis aided by Statistical Package for Social Sciences version 23(SPSS, v23). The findings of the study revealed that, bank advances, medium-term loans, special credits and documentary credits all have significant positive effects on commercial banks' growth in customer size. The study thus recommends that, authorities of banks should remove strict and unnecessary bottlenecks involved in granting credit facility to customers, competent and sound documentary credit management units should be established with a sole duty of carrying out credit appraisal, credit disbursement and loan collection. Also, banks' credit analysis capacity and administration should strictly follow the regulatory authority to reduce or remove occurrence of poor loan administration and finally, government should formulate policies that will ensure that customers are adequately protected from exploitation by banks in the process of granting them loans.

1.0 Introduction

Every country's economic development is dependent to a large extent on the amount of funds available for investment in the country, and the efficiency of financial intermediaries in the country being able to gather together funds from savers without immediate needs for them. They can then distribute the funds to the investors who need the funds for productive reasons. Bank is one of the mainstream intermediaries with the responsibility of gathering together funds in an economy (Ojo, 2012).

Credit represents a high volume of the assets of institution, while the generated interest on the credit stands as one of the financial institutions' major sources of income. The aggregate amount of funds that financial institutions provides which in turn are empowered with the function of credit to business organizations, individuals and government is what is refers to as credit (Rondorf, 2012).

Credit expansion refers to the continuous rise in the credit volume extended in the economy, this can be determined through monetary policy, macroeconomic and international variables (Akani &Onyema, 2017). This can be gauged through the yearly increase in percentage in the loan from stock by the bank to the private sector. The faster the rate bank expands credit, the higher it is likely that the risk of an asset bubbling (Aduda & Gitonga, 2011). According to Akani and Onyema, (2017) "credit expansion is measured as the rapid growth of bank credit to Gross Domestic Product, rapid expansion in lending by financial institutions often occurs because of poor analysis of the quality of loan applications".

The supply side of financial intermediation is what credit represents and to a great extent has influence on the economy. The increase in the credit of banks is possess with capacity of putting aggregate demand on the rise as well as also capacity of setting on the rise too, inflation. "These pro-cyclical effects of commercial banks credit require that the monetary authorities formulate policies to ensure equilibrium credit level in the economy". "Credit is a financial market activity where financial institutions are empowered by law with credit functions to extend credit facilities to deficit economic units", (Akani & Onyema, 2017).

The shift in paradigm from the sector of banking has however, brought in to customers an about much relief, as their expectations about delivery of banks service has drastically improved. The battle for customers by banks nowadays by way of trying their possible best to provide satisfactory service to retain existing customers and acquire new ones is real. Despite the fact that they are being hopeful, customers of bank still remains skeptical for a fact that, many of their complaints which range from lack of sense of humane for employee, lack of security, concerns for privacy, cases of frequent account hacks etc. still remains occurrences that customers are frequently getting exposed to. The concerns are nevertheless traditional services that banks provide. It is expedient that, banks Nigeria in order find a very good blend of strategies now looks from the inside to arrive at a lasting customer's reduction rate of dissonance and as well perceived service quality improvement. This has birthed the provision or extension of credit facilities to customers.

The problem here remains that this credit extension like any other financial transaction comes with great risk and benefits attached. The risk stems from losing money through the customer's death that were not insured to the inability of the customer to meet up the credit terms. The benefits may come inform increase bank profitability among others but opinion is still divided whether bank credit extension can grow their customer size. Thus, the broad objective of this study is to examine credit extension's effect on growth in customer size of commercial banks in Taraba State.

2.0 Conceptual Clarifications

2.1 Concept of Credit

Credit is established when a person borrows money and agrees to pay it back. The money can be obtained through a bank or other institution, as well as through friends and family. There is usually a set agreement outlining a repayment schedule and setting the amount the individual will be charged for using the money (interest and fees). In most lending situations the borrower pays back more than was borrowed. According to Onyeagocha (2001) concept as a concept particularly refers to the creditor's (lender) faith placed to a debtor (borrower) in form of extending a loan in such form as goods, money or securities to the debtor. Basically, before a loan is said to have been made, the lender must have at least extend credit to a person known as borrower and automatically the lender accepts the credit of the borrower.

From the foregoing, we can define credit as a contract that involve two persons or parties in which one party (the lender or creditor) make available goods and services, money or securities with a promise to return it in the future by the other party (borrower or debtor). Generally, three major types of credit are into existence. They include consumer credit, commercial credit and investment credit.

Consumer credit is the kind credit that is granted to a family or a person for products' purchase such as electronic sets, television, car, refrigerator where refund could not be immediately made but for which payments are made by way of installment over a period of time. Commercial credit are such credits which emanates from banks informed of overdraft, loans and advances, invoice discounting, trade credit from suppliers, bill finance, commercial papers (or note), factoring, hire purchase, etc. Credit which allows for a business concern such as sole proprietorship, corporate body or partnership to obtain credit for the purpose of capital goods for expansion of machinery's procurement or factoring is known as investment credit.

From short to medium the tenor of a loan are varied, so also depending on the nature, institution and functions role to a long term loan. For the economic development and growth of any country, credit's importance and the role of banks cannot be over-emphasize. There are primarily two functions of credit.(i). facilitation of the money or capital transfer to a place where such money or capital will be most efficiently and effectively utilized.(ii). credit economizes the use of coin money or currency is economized by credit such that granting of credit tends to have a multiplier effect on the volume of coin or currency that are into circulation. Perhaps, there is a

need to state that credit's cost (discount rate and notable interest) is one of the many tools that are essential used by the central bank of Nigeria to regulate and control money through its monetary policy.

Credit is associated with some kind of catalogue of risks in spite of the important role it played in the economy. Credit risk according to Obalemo (2004) is a risk that is assumed that a borrower in the credit agreement will fail to stick to the term of the agreement and pay back the lender as agreed. The credit risks are known in various types namely, geographical risk, business risk, management risk, industrial risk and financial risk. The occurrence of total or partial default probably requires a thorough assessment of the risk prior to the lender granting loans or credit.

2.2 Types of Bank Credit

a) Overdrafts: In the words of Onanuga (1998), the reason for overdraft issuance to overcome challenging periods such as clearing medical bills, school fees payments and festivals time expenses, etc. The creation of overdraft is to allow an account holder or an individual who is holding an account with the bank to make withdrawal of an amount of money (specified) in excess of the individual's account remaining amount or balance. In its nature, this loan is refers to as a short-term and non-specific and normally, it is presented for use as trading activities to meet its general requirements. The borrower who is also account holder in this case is permitted by overdraft terms to use those required amounts on a basis of daily, therefore, saving interest that are unnecessary and could have been charged if credits in other options are considered. In accordance with the banking practice standard generally, repayment of overdraft is on demand and can be cancelled at any time at the options of the bank even without giving prior notice to the borrower or account holder.

b) Advances: Advances are seen as any facility apart from an overdraft and a loan that is received by a borrower for a period of time that is not long by means in which the borrower or customer takes possession of credit or cash in the future of that which is the bank collected which is deemed a counterpart funds relatively from another bank as a third-party.

c) Medium-Term Loans: These loans constitute a very important way or source for businesses and projects to get intermediate funds. Medium-term loans are for specific purposes granted usually in such forms as investments, equipment financing, agricultural financing, housing, construction, share acquisitionists. A medium-terms loan is in its original form a credit facility that has more than a year maturity or can be granted under an agreement that is signed (revolving credit(s) whereby, such a commitment is more than a year as an original maturity. Medium-term loans maturities ranges from one (1) to five (5) years. This type of loan is more visible in industrial projects which are characterized by projects that involve fixed capital requirements that are heavy and the agreements for them are negotiated by a borrower and a lender. Most of the loans that are medium-term are however also made for financing of businesses and projects that are small but rely on these loan sources, in some instance due to fact that they are unable to access to the capital market.

d) Long-Term Loans: Banks in Nigeria usually do not make provisions for loans of long-term that much. This could be as a result of the nature of deposit liabilities at their disposal and the place for the loans to be granted. However, in more recent time, banks in Nigeria have started granting loans of long-term type through syndicate arrangements. Provisions for long-term loans are made by development and investment banks as well as other various agencies of international repute for lending. Loans in long-term form are usually extended to borrowers for a period not less than five (5) years, and they are provided for fixed capital requirements. These loans are amortized in the tune of installments that are fixed just like loans in medium-term forms. The rate of interest on loan of this type is also dependent on the rates in the market and usually other market rates are less than the loan rates as a result of its higher risk exposures.

e) Special Credits: Like the name implies, special credit are types of credit facilities that are extended by banks for various businesses and projects. These credits are usually non-fund based and their classification as credit is based on the fact that there are risks involved on the part of the bank/financial institution that is providing the loan facility. These credit types include: public works bond, customs and excise bonds and bills of lading indemnities.

f) Documentary Credits: A documentary credit or letter of credit is a written commitment of one bank addressed to an identifiable party to pay the seller of goods or services, an agreed sum of money on condition that the seller produces documents evidencing that the goods have been shipped or that he has performed the services required of him. There are different types of documentary credits. These include: the revocable documentary credits, the irrevocable and confirmed credits. Others are revolving credits, red clause, “bank to bank” credit and stand-by letters of credit.

2.3 Theoretical Review

2.3.1 Bank Run Theory

Propounded by Diamond and Dybvig in 1983, they figured out that investment in business most times has expenditures requirement in the present with a view of obtaining future returns. Therefore, businesses prefer credit with a maturity that is business and with low liquidity. This same principle is applicable to individuals in need of financing the purchase of large-ticket items which could be automobiles or housing. On the other hand, individual saving in both their households and firm may also have sudden, unexpected needs for cash which could ne urgent due to expenditures that may be unforeseen in totality. So these individuals may make demand for liquid accounts to allow them immediate possession to their deposit monies. In model act, the banks as intermediaries between borrowers who choose to take out loans for a long-maturity and savers that may take preference to deposit in liquid accounts. Under this ordinary circumstance, banks provide services that are valuable by channeling money from other individual deposits into loans for those that want to borrow.

Diamond and Dybvig (1983) cited in Kai and Stepanyan (2011) stated that under circumstances that are ordinary, savers' unexpected needs for cash are likely going to be random, as individual

circumstances is a reflection of depositors' needs. On the contrary, for demand for cash by the depositors are unlikely to happen at a same time, thus by taking deposits from different sources, the bank's only expect a very small fraction of funds to be taking out inform of withdrawals in the short term, in as much as all depositors have their exclusive undeniable right to withdraw all their deposit at any point in time. Therefore, a bank at its choice can provide loans for over a long horizon, while keeping small amounts of cash in their possession to pay for any meager predicted depositors that choose to withdraw. This theory is relevant to the current study as it centered on the procedures banks get funds and give out in form of credit; to note of very important is that, the growth of bank customer size can only be possible when credit extension service is compared and deemed satisfactory or positive by existing and prospective customers.

2.4 Relationship between Credit Extension and Growth in Customer Size in the Banking Sector

Customer size growth refers to zero defections and an addition of more profitable customers as well as no switches of whatever kind of profitable customers (Reichheld, 2016). It is important to clearly to make known here that in Nigeria or Africa, every sector of the economy has to as a matter of must begin to consider the rightness of customer always and in all situations. High competitiveness is the nature of the banking sector as banks compete not only among themselves but also their competition of extended with other financial institutions that are non-banks (Hull, 2002; Kaynak & Kucukemiroglu, 1992).

Suleiman (2016), in his examination on enhancing customer base and satisfaction in banking sector through specialized loans in Nigeria found That a better special loan is a solution for enhancing customer base and That improved services on reducing loans interest will lead to increased customer satisfaction. Njam (2015), studied the effect of medium-term loans on customer size growth of Nigerian commercial banks. The findings showed that potential consumers available for majority of the Nigerian commercial banks can be acquired through a medium-term loan. Also, that, an effective credit extension marketing strategy is required for higher satisfaction of customers. Akpan (2019), conducted a study on special credits by banks and its effect on increase in bank customers in Nigeria. The study's findings uncovered that majority of the bank's customers were satisfied with their banks and would remain customers provided the banks continues to grant their special loan requests.

Uhiene (2018), investigated the influence of documentary credit as a marketing strategy on customer size growth in the Nigerian banking sector. Accordingly, the findings that were made by the researcher include that: irrevocable and unconfirmed documentary credits extended by bank have a significant effect on the number of contractors' patronage for the bank; irrevocable and confirmed documentary credit if constantly granted can manifest to higher service request by customers. Documentary credit generally has positive impact on customer growth for Nigerian banks. Muhammed (2019), conducted a study on the assessment of the application of bank advances in banking sector as an approach for new customers acquisition and retention in Kaduna State. The study findings showed that bank advances have effect on bank new customers acquisition. It was also found that bank advances bring about customers satisfaction with the

services of the bank and retention. Achirou (2020), examined advances as a means for customer acquisition, customer satisfaction, customer retention and profitability in United Bank of Africa. Emanating findings from this study showed that bank advances have a relationship with customer acquisition and increases bank profitability nut on the contrary does not influence customer satisfaction and retention. Thus, we have;

$H_{01:}$ Bank advances have no significant effect on growth in customer size of banks in Jalingo.

$H_{02:}$ Bank medium-term loans have no significant effect on growth in customer size of banks in Jalingo.

$H_{03:}$ Bank special credits do not have significant effect on growth in customer size of banks in Jalingo.

$H_{04;}$ Bank documentary credits does not have significant effect on growth in customer size of banks in Jalingo.

3.0 Methodology

For this study a survey research design focusing on quantitative research methods was adopted. This design was considered an appropriate research design because it helped in addressing and better illuminating of the study's stated problem. A sample size of 107 employees was arrived with the use of Taro Yamane Statistical formula and the sample elements were drawn from across five systematically chosen banks in Jalingo, Nigeria which are; Access Bank Plc, Guarantee Trust Bank Plc, United Bank for Africa Plc, Fidelity Bank Plc and Union Bank Plc. A probability technique for sampling (i.e. proportional sampling) was employed in choosing the sample elements by dividing the population into clusters on the basis of the five different banks. This was done in order not to allocate an unfair proportion of the sample to a given bank. Cronbach Alpha was applied to check the reliability coefficient of the reliability of the instrument. A coefficient level of 0.07 set for testing the reliability and the reliability of 0.81 was arrived at for this instrument. Simple Regression was used for data analysis and this was with the aid of Statistical Package for the Social Sciences version 23.0 (SPSS v23).

4.0 Results and Discussions

As shown in the model summary Table 4.1 below which indicate a predictive power for models in a regression analysis, regression as confirmed by the F-value (3.104), defines the variation in the dependent variable (customer size growth). This measurement is done using the R^2 statistics showing an 11.2% variation in the dependent variable while the adjusted R^2 is 0.076, which shows 7.6% of variance in the customer size growth. This implies that the prediction power of the model can be considered to be at a moderate level.

Table 4.1: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.335[a]	.112	.076	1.23869	.112	3.104	4	98	.019	1.016

a. Predictors: (Constant), Documentary Credit, Medium-Term Loans, Special Credit, Bank Advances

b. Dependent Variable: Customer Size Growth

Source: SPSS, 2024.

From the result of the regression analysis of variance (ANOVA) Table 4.2 as shown below, the predictor variables (documentary loans, medium-term loans, special loans and bank advances) are all significant predictors of customer size growth with F(3.104), p > 0.019 explaining 0.112 or 11.2% of the variation in the customer size growth.

Table 4.28: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.051	4	4.763	3.104	.019[b]
	Residual	150.366	98	1.534		
	Total	169.417	102			

a. Dependent Variable: Customer Size Growth

b. Predictors: (Constant), Documentary Credit, Medium-Term Loans, Special Credit, Bank Advances

Source: SPSS, 2024.

Analysis for the regression coefficients for all the independent variables and the dependent variable is shown in Table 4.3 below. This coefficient is identified in the column labeled as B. The regression coefficient tells how much a percentage change from the independent variable will affect the dependent variable. In the table below, a change in documentary loans, medium-term loans, special loans and bank advances by 1% will result to increase in customer size growth by 21.1%, 5.4%, 16.9% and 13.3% respectively.

Table 4.3: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	1.837	.533		3.449	.001	.780	2.893		
	Bank Advances	.211	.106	.201	1.990	.009	.001	.421	.891	1.122
	Medium-Term Loans	.054	.095	.058	1.966	.000	.241	.134	.871	1.148
	Special Credits	.169	.089	.185	1.984	.000	.007	.345	.958	1.044
	Documentary Credits	.133	.102	.124	1.999	.007	.336	.070	.997	1.003

Source: SPSS, 2024.

4.1 Test of Hypotheses

The study used Linear Regression Analysis for data analysis. On testing the hypotheses taking cognizance of the decision rule, a null hypothesis was rejected when $p < 0.05$ and accepted when otherwise. The hypotheses ranging from H_{01}, H_{02}, H_{03} and H_{04} are all rejected. A complete regression analysis result and test of hypotheses result is in Table 4.1.1shown below:

Table 4.4 Test of Hypotheses

Regression Models		Unstandardized Coefficients		T	Sig.	
		B	Std. Error			Remarks
Model 1[a]	Bank Advances (H_{01})	.211	.106	1.990	.009	Rejected
Model 2[b]	Medium-Term Loans (H_{02})	.054	.095	1.966	.000	Rejected
Model 3[c]	Special Credit (H_{03})	.169	.089	1.984	.000	Rejected
Model 4[d]	Documentary Credit ($H0_{04}$)	.133	.102	1.999	.007	Rejected

a. Dependent Variable: Customer Size Growth

Source: SPSS, 2024.

4.2 Discussions

Documentary loans, medium-term loans, special loans and bank advances were used as constructs of credit extension while growth in customer size of commercial bank Jalingo, Taraba State in North-East, Nigeria was considered as an independent variable. The study adopted linear regression analysis for the test of the formulated null hypotheses.

Bank advances was hypothesized to have no effect on group in customer size of banks in Jalingo

From the results of linear regression analysis, the first null hypothesis is rejected, this implies that bank advances have a significant effect on customer size of banks in Jalingo with bank advances. Thus, as indicated by the following: B = 0.211, t = 1.990, p > 0.009, the regression equation is presented thus: CSG = $a+b_1BkA + e$ and if this is substituted it will be the same as CSG = 1.837 + 0.211BkA. The implication here is that a percentage increase in the level of commercial banks advances will lead to a 21.1% increase in their customer size in Jalingo, all things remaining equal. This finding is in consonance with the study conclusion by Muhammed (2019) which revealed that bank advances has effect on bank new customers acquisition and can brings about customers satisfaction and retention. Similarly, Achirou (2020) found that bank advances have a relationship with customer acquisition and increases bank profitability nut on the contrary does not influence customer satisfaction and retention.

Medium-term loans were hypothesized to have no effect on group in customer size of banks in Jalingo

Based on the results of the linear regression analysis, hypothesis two is also rejected, indicating that medium-term loans have a significant positive effect on growth in customer size of banks in Jalingo. Therefore, as indicated by the following: B = .054, t = 0.566, p > 0.000 and considering the regression equation as drafted in the previous chapter; CSG = $a+b_2MtL + e$ and substituted as CSG = 1.837 + 0.054MtL. This implies that a percentage increase in the medium-term loan extension by commercial banks in Jalingo will lead to about a 5.4% increase in their customer size if all other factors are held unchanged. Aligning this to the study of Didit and Nikmah (2020), it was found that medium-term loan has a significant positive effect on achieving large customer base. In addition, it was also found that long-term loans had a significantly positive effect on achieving large customer base for commercial banks in Nigeria. Walangitan, Mandey and Tulandi (2015) also found that both short-term and medium-term loans are self-advertising and has a significant effect on customer base coverage for banks in Lagos. Similarly, Njam (2015) revealed that potential consumers available for majority of the Nigerian commercial banks can be acquired through a medium-term loan.

Special Credits was hypothesized to have no effect on group in customer size of banks in Jalingo

Based on the result from the linear regression analysis, the third hypothesis is rejected as well, indicating that bank special credits have a significant effect on growth in customer size of banks in Jalingo. The result are as follows: B = 0.169, t = 1.904, p > 0.000, the regression equation can be presented as thus: CSG = $a+b_3SpC + e$ and substituted as CSG = 1.837 + 0.169SpC. The implication of this is that, if all other factors are held unchanged, a percentage increase by commercial banks in Jalingo in extending special credit or loans will mean a 16.9% increase in their level of customer size growth. This finding agrees with the findings by Akpan (2019) who uncovered that majority of the customers of the bank were satisfied with their banks and would remain customers provided the banks continues to grant their special loan requests. In a similar vein, Suleiman (2016) found that a better special loan is a solution for enhancing customer base. Asuquo (2021) also found that there exists a significant relationship between special bank loans and customers' acquisition and retention.

Documentary Credit was hypothesized to have no effect on group in customer size of banks in Jalingoas indicated in the results of the linear regression analysis: B = 0.133, t = 1.299, p < 0.007. These results supported the rejection of null hypothesis four, indicating that bank documentary credits do not have significant effect on growth in customer size of banks in Jalingo. The regression equation can be presented as thus: CSG = $a+b_4DtC + e$ and substituted as CSG = 1.837 + 0.133DtC. This implies that a percentage increase in documentary credit extension will lead to a 13.3% increase in the commercial bank's customer size growth in Jalingo when all other factors are held constant. Similar research conclusion was reported by Gegu (2016) which found the existence of a relationship that is positive between bank documentary credit and the banking industry performance in Nigeria. The study also found that, in a long-run, documentary credit can influence customer satisfaction positively which will lead to increase in customers in the banking industry. Uhiene (2018) also found that an irrevocable and unconfirmed documentary credits extended by bank have a significant effect on the number of contractors' patronage for the bank; irrevocable and confirmed documentary credit if constantly granted can manifest to higher service request by customers.

5. Conclusions

Based on the study's results obtained, credit extension has a positive effect on growth in customer size for the commercial banking institutions in Jalingo through banking credit services such as advances, medium-term loans, special credits and documentary credits. It was specifically found that advances, medium-term loans, special credits and documentary credits all have significant and positive effects on the growth in customer size of commercial banks. The conclusions that are drawn from these results of the analysis and discussion of the findings by the researcher are as follows: Since loan or credit extension has a significant and positive effect on banks' customer size growth, this means that, with the increase in credit demand by customers and extension by the banks, banks will also increase their customer base. Furthermore, loan extension indirectly has a positively significant effect on banks' profitability through the interest

on principal amounts acquire by extending credit. This implies that more of loan extension will lead to an increase the profitability of banks. All these therefore mean that, credit extension by commercial banks is a predicator of both growth in banks' customer size and increased profitability.

The following recommendations are made on the basis of the study's findings:

i. Since credit extension is beneficial to customers and banks alike, authorities of banks should try and remove strict and unnecessary bottlenecks that are involved in the process of banks granting credit facility to customers.
ii. Banks should also establish competent and sound documentary credit management units and recruit staffs that are well motivated to perform functions in different variety ranging from credit disbursement through credit appraisal to deposit mobilization and finally loan disbursement. Appraisal of loans should be follow-up which shall include a very careful procedure for screening loan application and disbursement of loans in a timely manner. The approval should be the sole duty of the credit officers as this will reduce delinquencies and default since this type of credit is very risky from the side of the banks.
iii. Nigerian banks should also enhance their credit analysis capacity and administration of loan whereas the authorities for regulation should pay attention more to the bank compliances in accordance with the provisions of the Bank and other Financial Institution Act of 1999 and the prudential guidelines. They also should strictly adhere to each and every stage of the special credit processin accordance with policies and procedures as laid down when such credits are administered and managed. With this, the occurrence of poor loan administration and reckless unsuitable special credits will be reduced drastically or eliminated.
iv. The study also recommended that the banks should establish more institutionalize laws that will ensure that they are adequately protected from any form of exploitation by customers in their bid to access medium-term loans and grants respectively. This will go a long way in making the banks and their customers to be consistent with delivery of banks' effective service thus, eliminating high level failures of customers to repay their loans.

6. Limitations and Suggestions for Further Studies

This study was limited to five commercial banks in Jalingo, Taraba State in North-East, future studies should be conducted in other geographical zones in Nigeria to determine whether there may be variations in findings.Further studies should also be considered whether the credit extended by banks have effects on the banks' profitability.

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