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Research Article

ANALYSIS OF THE FACTORS IMPACTING THE SLOWNESS OF PRIMARY BANKS IN THE SETTING UP OF CREDITS TO INDIVIDUALS IN BENIN

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André Houndjo
National School Of Applied Economics And Management, University Of Abomey-Calavi, Cotonou, Benin

ABSTRACT

The objective of this study is to examine the factors contributing to the delay in primary banks granting credit to individuals. For this purpose, we collected data from 101 individuals using paper questionnaires. Subsequently, we constructed a database to organize the recorded data. Using the R software, we performed data processing. Our analysis involved two methods: descriptive analysis and econometric analysis.

The findings from this analysis indicate that internal organization, file quality, and administrative procedures for processing files have a significant impact on the delayed implementation of credit. To address these issues, we have developed recommendations for the managers of these institutions based on the obtained results. These recommendations aim to alleviate the problems associated with slowness in credit processing.

KEYWORDS

Factors Impacting; Slowness; Primary Banks; Implementation; Individuals.

INTRODUCTION

The banking system plays a fundamental role in the economy. The primary function of banks is to act as an intermediary between the surplus and deficit units. The bank accepts deposits from customers with surplus funds while using these funds to make loans to the deficit unit. The primary purpose of a bank is to provide loans to different economic actors. Loans and advances are the most significant component of the bank's asset portfolio and its primary income source. Banks mainly offer their services to two types of customers, namely companies and individuals, which will be the subject of our paper. As in most countries, the granting of credit is one of the bank's main activities through productive investments by

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institutional and individual investors (Yacoubou-Boukari, 2020). According to (BCEAO, 2021), as in previous years, the supply of bank credit in the Union maintained its upward momentum in 2020. The volume of credit put in place increased by 5%, reaching CFA16,212,500,000 in 2020 against CFA 15,437,700,000 in 2019. Thus, the significant increase in housing credit is printed by Benin, where a significant expansion of credit to finance the social housing program has been noted. This ratio is justified by the ease of the bank's credit-granting process to its customers. In France, almost 99% of households have a bank account. Banks are the leading financial intermediaries for households to pay, save and borrow.

It is therefore undeniable that the importance of primary banks lies in their leading role in granting credit to businesses and individuals. However, like any other financial services company, primary banks face difficulties granting credit to individuals. The main difficulty primary banks face is the slow pace at which credit is extended to individuals. This can jeopardise the viability of banking institutions and primary banks in particular. It is important to note that according to the (BCEAO 2021) report on WAEMU countries, the net rate of deterioration of the bank portfolio in 2019 is 8.1%, and the rate of loss of bank customers in 2019 is 5.5%.

Primary banks' main activity is to grant credit to businesses and individuals needing financing. When a bank takes the decision to grant credit to an individual, it triggers the credit granting procedure, which is a set of rules to be respected before the final contract is signed and the funds released. According to Yacoubou-Boukari, (2020), the credit granting procedure can be understood as a process based on a thorough financial analysis that will lead to the decision whether or not to grant credit to an agent needing financing. This in-depth financial analysis is essential in the credit granting process. According to a study conducted Benali, (2018) on why customers go to the competition, 81% of customers leave their banks because of a better offer from competitors, 67% because of the slowness of the procedures and 65% because of insufficient quality of services. This slowness may be due to the internal organisation of the bank, the quality of the files provided by the customer or the cumbersome administrative procedure for processing by the banks. This could lead to a decrease in the number of customers and, subsequently, to a higher return. It is, therefore, necessary to examine the factors that explain the slowness of primary banks in granting credit to individuals, hence the central question: What factors explain the slowness of the process of granting credit to individuals?

From this central question, the following questions arise: Does internal organisation explain primary banks' slowness in granting clients credit in Benin? Does the quality of credit applications explain the slowness of primary banks in providing credit in Benin? Do the administrative procedures for processing files explain the slowness of credit provision to clients in Benin?

The interest of this study is that identifying these factors can inform the banks of the natural causes of the slowness in order to take the necessary measures.

2. Literature review and formulation of research hypotheses

2.1 Definitions of concepts

Concept of credit

The word credit comes from the Latin "credere" which means to believe or trust. According to the Robert dictionary, it is defined as an operation by which one

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person places a sum of money at the disposal of another. The lexicon of economics defines it in the following terms: "Credit is an act of trust resulting in a loan in kind or in cash granted in return for a promise to repay within a period generally agreed in advance.

According to Boudinot & Frabot, (1978), credit is the adequate provision of goods or purchasing power in return for a promise to repay within a certain period, usually with remuneration for the service rendered and the risk incurred. For Petit-Dutaillis & Logé, (1981), to grant credit is to trust, i.e., to freely give the practical and immediate disposal of a real good or purchasing power in exchange for the promise that the same good or an equivalent good will be returned to you within a certain period, most often with remuneration for the service rendered or for the danger of partial or total loss, whatever the nature of this level.

Bank

The word "bank" comes from the Italian "banca," which means "bench" or "table" or "moneychangers' counter." Article 3 of Law, 90-018 of 27 July 1990 on banking regulations stipulates that in Benin: "companies that usually receive funds in the form of deposits from the public and use them for their account or the account of others in credit and investment operations are considered banks ."From this definition, the bank collects funds on deposit and uses them to make investments or grant credit to those who need it. Banking operations include the receipt of public funds, credit operations, and the provision of means of payment to customers and the management of these.

Individuals

An individual is a natural person who expresses banking needs outside of any professional activity, in a personal or private capacity. The following are considered private individuals: employees, fathers, doctors, and shopkeepers for their non-professional operations. It is also a natural person (individual) whose representative is the household that divides its income between consumption of goods and services and savings. In our case, it is the set of individuals who are in contact with the bank and benefit from its services. It comprises workers in the private sector and those in the public or semi-public sector.

2.2 Theoretical review

Stein (2002) has shown a match between the organisational structure and the nature of the information that allows for the optimal allocation of funds (speed of credit).

A study conducted in Argentina on the internal organisation of banks for the period 1999-2001 Liberti, (2003) showed that the delegation of authority and the reduction of control impact the incentives and effort of agents in processing cases. Indeed, the concentration of authority and the multiplicity of control can slow the credit-granting process. Aghion & Tirole, (1997) Distinguish absolute authority from formal authority. The last state that a delegation of authority increases the agent's effort. Agents with more authority use information more efficiently. This would imply that the concentration of authority at one level can slow the credit-granting process.

Abida & Gargouri, (2019) show through a study on the efficiency of banking systems in Tunisia that customer information is essential for the bank to select credible customers. Banks with good customer information can benefit from a competitive advantage. Indeed, the quality of the client's information to the bank allows

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the bank to examine the repayment capacity concerning his family and professional situation, income, assets and indebtedness.

A study conducted by Randrianjafy, (2006) in Madagascar on the analysis of the criteria for granting credit showed that the time taken to study a file is often delayed because of the lack of reliability and transparency of the files provided by the client, which prompts the bank to request additional information. Thus, studies Joseph, (1998); Morrisson, (2006); Servet, (2006); Chemgnie Wabo, (2012) have shown that the decision to grant the loan is taken in two ways. Either the customer manager carries out the risk analysis or this work is entrusted to a specialised unit. In both cases, the decision is made according to a procedure established by the bank, which brings together different actors within the bank. Several departments must therefore intervene to analyze the client's credit file. In the same vein, Lederer, (2017) has shown through a study carried out in France on the difficulties of access to credit that the heavy administrative procedure in setting up the credit file is one of the causes of the slowness of the credit granting process. The study results showed that out of 4,300 companies, 29.1% of companies consider the process "too long." Dossou & Gbetie, (2017); in a study conducted in Benin, 48% of the promoters justified the slowness of the credit granting process by the heavy administrative procedure. Apart from the administrative burden, it is necessary to examine other factors that could affect the slowness of the implementation of credit to individuals. It is, therefore, necessary to verify whether this explanatory factor persists in the Beninese context through the primary banks.

The following assumptions can therefore be made from the above:

1) Hypothesis 1: Internal organisation explains the slowness of primary banks in providing credit to clients in Benin;

2) Hypothesis 2: The quality of the files explains the slowness of primary banks in granting credit to customers in Benin;

3) Hypothesis 3: The administrative procedures for processing files explain the slowness of primary banks in setting up loans in Benin.

3. Research Method

In order to test the hypotheses, we selected a qualitative approach using data collected by questionnaire. As the variables in this study are based on perceptions, this method seems the most appropriate for collecting this type of information anonymously (Hartmann & Slapničar, 2009). Our questionnaires were administered to agents of primary banks in Benin.

The population of our study is made up of primary bank officers. A convenience sample of 111 people was selected.

The model specification presents us with a choice between two econometric models: the multinomial logit model and the multinomial probit model. We have opted for the multinomial logit model because of the multiple nature of our dependent variable. It is the most suitable for our study. The data was processed with the R v4.0.5 software.

4. Results and Discussions

4.1 Univariate descriptive analysis

Internal organisation

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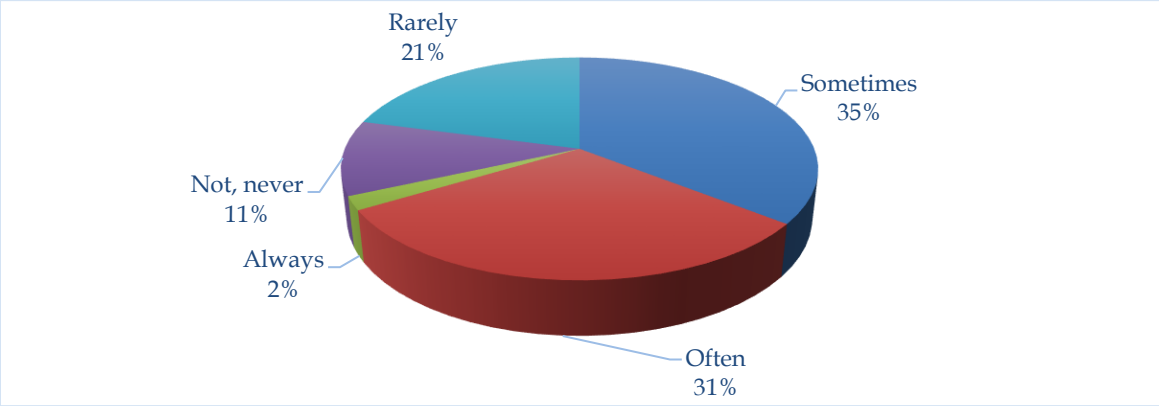
Graph 1: Distribution of the population according to the slowness of the credit set-up



Source: Author, 2023

Table 1: The structure is slow in providing credit to clients

The organisation you work for is slow in providing credit to clients					
		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	No, never	12	10,8	10,8	10,8
	Rarely	23	20,7	20,7	31,5
	Sometimes	40	36,0	36,0	67,6
	Often	34	30,6	30,6	98,2
	Always	2	1,8	1,8	100,0
	Total	111	100,0	100,0	

Source: Author, 2023

The survey was conducted among 111 individuals. Of these respondents, 10.8% said their organisation had always been fast in providing credit to clients. On the other hand, 89.2% said their organization was at least once slow in providing credit to clients (20% rarely, 36.06% sometimes, 30.6% often and 1.8% always). These results show that, in most cases, the institutions surveyed needed to be faster in providing credit to clients.

Graph 2: the structure has an internal control system in place

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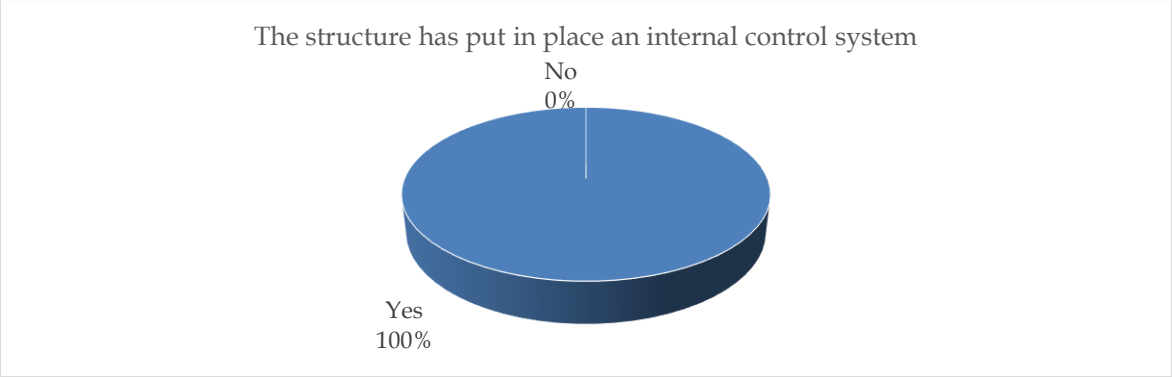

Source: Author, 2023

The analysis of this graph shows that all the organisations surveyed have an internal control system in place.

Table 2: The internal control system is working

		The internal control system works			
		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	**Rarely**	1	0,9	0,9	0,9
	Sometimes	21	18,9	18,9	19,8
	Often	28	25,2	25,2	45,0
	Always	61	55,0	55,0	100,0
	Total	111	100,0	100,0	

Source: Author, 2023

Analysis of the table2 below shows that 55% of the internal control mechanisms are always functioning in the organisations surveyed. Respectively, 25.2%, 18.9%, and 0.9% function often, sometimes and rarely. All the control systems in place function in the organisations this study covers.

Quality of the files

Figure 3: Implementation of the case monitoring system

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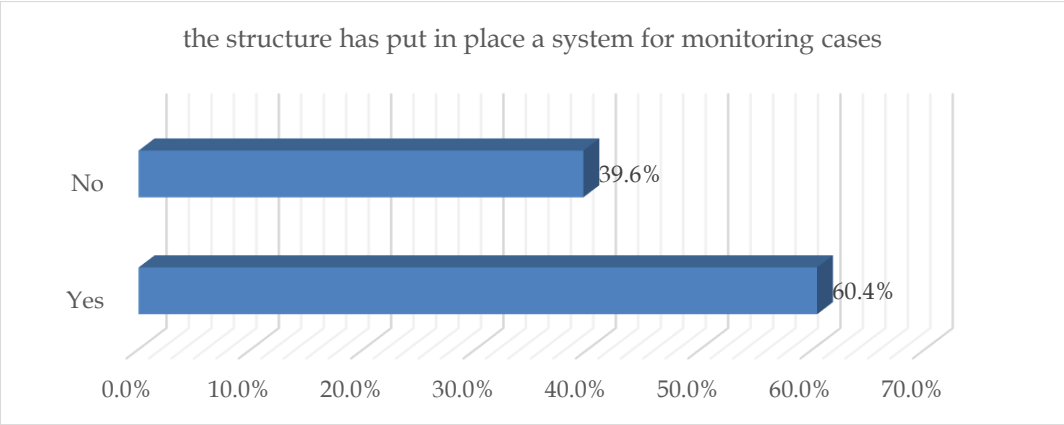
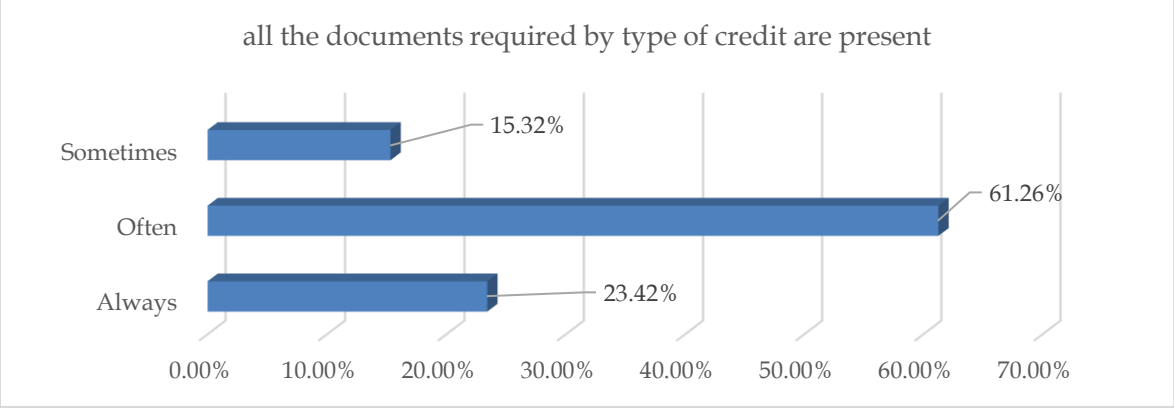


Source: Author, 2023

The analysis of the graph3 below showed that the majority (60.40%) of the structures surveyed have set up a case monitoring system.

Graph 4: All required documents are present



Source: Author, 2023

Analysis of this graph4 reveals that in the structures surveyed, all the documents required in the files are often present. 61.26% of the people surveyed said that all the documents required in the files were often present. On the other hand, 23.42% and 15.32% of these respondents said that the required documents were always and sometimes present in the files. Overall, the majority of files often contain all the required documents.

Figure 5: Documents submitted in the files are valid

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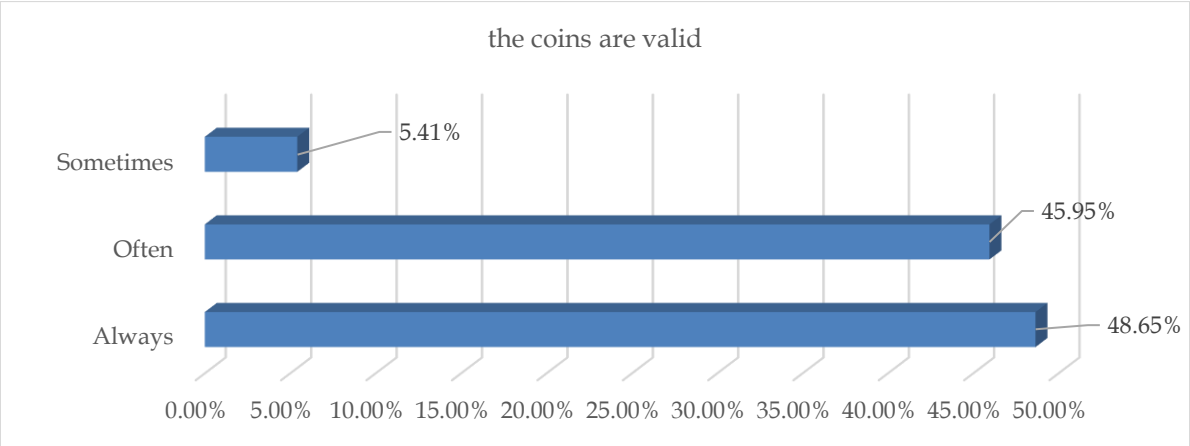

Source: Author, 2023

The analysis of this graph5 above shows that the documents presented in the files are often valid.

Table 3: Implementation files by type of credit are rejected

Implementation files by type of credit are rejected					
		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	No, never	1	0,9	0,9	0,9
	Rarely	53	47,7	47,7	48,6
	Sometimes	55	49,5	49,5	98,2
	Often	2	1,8	1,8	100,0
	Total	111	100,0	100,0	

Source: Author, 2023

The analysis of the table3 shows us that the implementation files by type of credit were sometimes rejected. Indeed, the majority of the files submitted were rejected once. We can therefore affirm that most of these files need to be better constituted or are of poor quality. This leads to the rejections noted.

Administrative procedures for processing cases

Chart 6: Administrative procedures exist for processing cases

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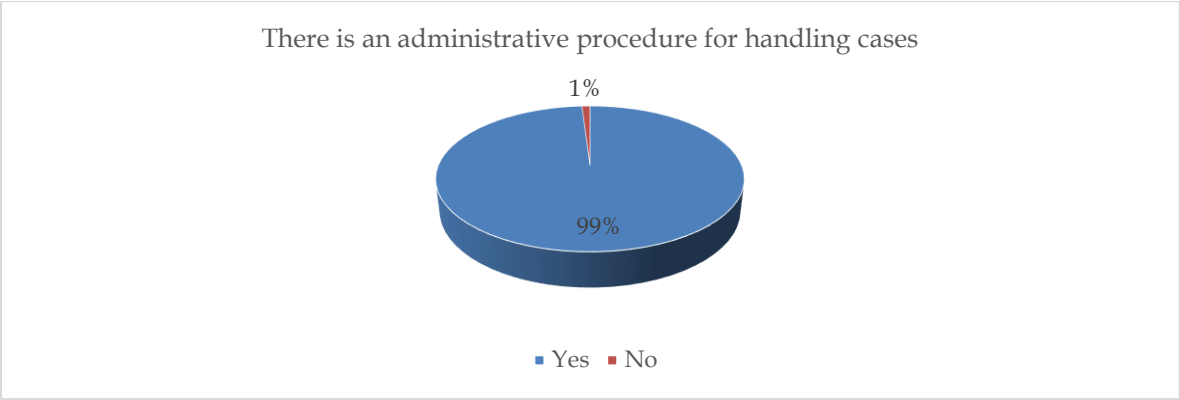

Source: Author, 2023

The graph 6 above shows that almost all structures surveyed (99% versus 1%) have an administrative procedure for processing cases.

Table 4: The structure is autonomous.

The structure has autonomy in processing files to establish credits to clients.					
		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Yes	101	91,0	91,0	91,0
	No	10	9,0	9,0	100,0
	Total	111	100,0	100,0	

Source: Author, 2023

The results of the table4 above show us that most of the structures have autonomy in processing files for setting up client loans.

4.2 Bivariate descriptive analysis

Table 5 : Summary table of bivariate statistics

Explanatory variables	Pr(chis)	Significance
StaffSufficient Available	2,27E-05	***
MaterialsInforsufficientavailabled	3,20E-02	*
ImplementationInternalCheck	na	
DispContrInterfaces	1,31E-03	**
ExistenceFollow-up device file	1,04E-05	***
MonitoringFileProcessingDevice works	1,61E-06	***
FilesSortedByDayByCreditType	5,80E-02	.

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ExistenceRegistrationFilesMiseplaceCredits	9,30E-04	***
ExistenceAllInFilesCredits	4,00E-03	**
ValidityAllInFilesCredits	6,89E-03	**
RejectionFilesCredits	2,31E-03	**
ExistenceAdmitiveproceduresImplementationCredits	6,83E-01	ns
AutonomyProcessingFilesCredits	5,84E-01	ns
AttendancePersonnelProcessingFilesCredits	2,67E-01	ns
ExistencePlanningPlacementCredit	6,19E-02	.
PlanningMiseplaceCreditRespected	3,07E-04	***
ResignationDG	1,64E-01	ns
FilesCreditsProcessedTimely	7,22E-08	***

Source: Author, 2023

Notes: (ns) Not significant; (.) 10%; (*) 5%; (**) 1%; (***) 0.1%; Na: no value

The following variables are evident from the table above:

DemissionDG;

PresencePersonnelProcessingFilesCredits;

AutonomyProcessingFilesCredits;

ExistenceAdmitiveProceduresImplementationCredits;

Implementation of Internal Control.

Not significantly related to the slowness of credit provision

Sufficient staff available: Sufficient staff in the processing of clients' credit applications

Sufficient computer equipment for processing customer credit applications is available

Implementation of internal control: Implementation of an internal control system

DispContrInteroperable: Internal control system is working

Existence of a monitoring system for the processing of credit files: There is a monitoring system for the processing of credit files

FileProcessingMonitoringDevice: Follow-up device in the processing of files for setting up credit files works

DossiersClassifiedbyDaybyCreditType: Are the files for setting up credits classified by type of credit by day?

ExistenceRegisterMiseplaceCredits: There is a register in which credit granting files are registered

Existence of all documents in credit files: Are all documents required by the type of credit presented by clients in the files

ValidityAllDocumentsInCreditsFiles: Are all documents required by the type of credit in the files valid?

RejectionFilesCredits: Are files submitted by customers by type of credit rejected?

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ExistenceAdministrativeProceduresCreditImplementation: There is an administrative procedure describing the processing of files for the implementation of credits to clients

AutonomyFileprocessingloans: The structure has autonomy in processing files and setting up loans to clients internally

PresencePersonnelFileProcessingCredits: The personnel in charge of processing files and setting up credits for clients are present

ExistencePlanningMisePlaceCrédit: There is planning for the implementation of credits

ScheduleMiseplaceCreditRespected: The schedule for setting up credit is respected.

ResignationGeneral Manager: There have been cases of the resignation of the General Manager

Credit files processed on time: Are credit applications processed on time?

Econometric analysis

Choice of explanatory variables

As announced in the methodology, we have carried out two estimations to give the best possible prediction of the slowness factors in the credit granting process in our study population. Model 1 consists of all explanatory variables significantly related to our variable of interest from the Chi-square test; model 2 consists of all explanatory variables in the study.

Model 1: SlownessMovingCredits ~ SufficientStaffavailable + MaterialsInforsuffavailable + DispContrInteroperable + ExistenceFileProcessingSystem + FileProcessingSystem is working + FilesFiledDailybyCreditType + Existence FileRegisterMoveCredits + ExistenceAllPiecesinFilesCredits + ValidityAllPiecesinFilesCredits + RejectionFilesCredits + ExistenceSchedulingMoveCredits + ScheduleMoveCreditsRespected + FilesCreditsProcessedonTime

Model 2: SlownessInstallationCredits ~ SufficientStaffNavailable + MaterialsInforsuffNavailable + DispContrInteroperable + ExistenceFileProcessingSystem + FileProcessingSystem is working + FilesFiledDailybyCreditType + ExistenceFileRegisterInstallationCredits + ExistenceAllPiecesinFilesCredits + ValidityAllElementsInCreditFiles + RejectionCreditFiles + ExistenceAdmitiveProceduresInPlaceCredit + AutonomyProcessingCreditFiles + PresenceStaffProcessingCreditFiles + ExistenceSchedulingInPlaceCredit + ScheduleInPlaceCreditRespected + ResignationGeneral Manager + CreditFilesProcessedOnTime

Table 6: Choice test results

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	AIC	Residual Deviance
Model 1	320,97	48,97
Model 2	347,49	27,49

Source: Author 2023

Comparing the AIC of each model, we notice that model 1 has the lowest AIC (320.97). Thus, we will estimate model 1

Logistic regression results

Table 7: Estimation results

Variable	Relative risk			
	The slowness of implementation Credits			
	Rarely	Sometimes	Often	Always
StaffSufficientAvailable (reference = not ever)				
Rarely	5.525060e-87***	3.976556e-09***	6.818126e-08***	1.020936e+70***
Always	4.929949e+76***	8.187405e-56***	1.057670e-53***	4.205035e-24***
MaterialsAvailable (reference = never)				
Rarely	8.332842e+10***	2.100818e-02 ***	3.021053e-03***	1.478062e-06 ***
Always	6.196813e-148***	1.087229e-82***	3.057768e-82***	1.409675e-100***
DispContrInterfaces (reference = rarely)				
Sometimes	7.600711e+18	7.726536e-141***	6.414906e+159***	6.783209e+14***
Often	6.15 e+04 ***	1.552777e-132***	2.442097e+167***	1.164181e+13***
Always	3.523838e-47***	1.328612e-151***	1.195662e+148***	2.231168e+22 ***
ExistenceFollow-upDevice (reference = yes)				
No	7.391367e-283***	1.938167e+249***	3.509411e+88***	1.170767e+63***
MonitoringFileProcessingDevice is working reference = rarely)				
Sometimes	2.718006e-67	1.074978e+172***	9.632080e+32***	2.522765e+37**
Often	5.983308e+66 ***	9.463743e+80***	4.659733e-59***	9.998688e-05***
Always	8.078781e-158***	1.520082e+61***	3.198095e-162***	7.620881e-51***
Notappreciable	5.652410e+123***	4.125669e-42***	1.724879e-19***	1.674064e+67***
FilesCategorizedByDayByCreditType (reference = never)				
Rarely	2.301748e-187***	1.021032e-135***	1.313211e+206***	1.120391e+189 ***
Sometimes	7.228128e-27***	1.934322e+86***	1.425511e+105***	1.032489e-18***
Often	2,20E+02	1.134677e-59 ***	7.547436e-40***	1.523111e-95***
Always	8.219198e+33***	4.584065e-26***	6.356599e-07***	2.926332e-34***
ExistenceRecordRecordRecordRecord (reference = yes)				
No	3.775997e-215***	9.796672e-25***	9.053960e-24***	6.080790e+37***
ExistenceofallPiecesinCreditFolders (reference = some times)				
Often	7.328195e+93***	4.284543e-94***	1.978530e-93***	8.738569e-86***
Always	1.075907e+239***	5.803463e-70***	5.053162e-70***	2.988093e+18***
ValidityAllPiecesinCreditsFiles (reference = some times)				

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Often	5.064162e-33***	2.191139e+99***	8.590689e-78***	7.552471e-76***
Always	3.410113e-04***	2.135157e+170***	1.319586e-06***	6.516032e+02***
RejectCreditsFiles (reference = never)				
Rarely	1.122082e+113***	2.164972e+52***	4.622503e+24***	4.211174e+40***
Sometimes	4.949568e+176***	1.204421e+46 ***	2.875499e+18***	3.000670e+03***
Often	0.000***	4.066864e-84***	2.697062e+05***	7.009823e+05***
ExistencePlanningPlaceCredit (reference = yes)				
No	2.058725e+04***	3.510510e+06***	1.958340e-05***	1.555300e-05***
PlanningMiseplaceCreditRespected (reference = never)				
Rarely	8.693393e+08	5.605564e-58***	1.346274e+94***	6.972469e-12 ***
Sometimes	2.028079e+06***	2.160490e+68***	1.279656e-141***	2.889160e+79***
Often	2.023702e-20***	8.818972e+26***	4.197682e+04***	4.100830e+15***
Always	1.663172e-49***	1.438975e+25***	1.487926e+62***	7.102673e-30***
Not appreciable	2.058725e+04***	3.510510e+06***	1.958340e-05 ***	1.555300e-05***
FilesCreditsProcessedTimely (reference = never)				
Rarely	5.178856e-202	1.080544e+48***	1.110129e+85***	1.055285e+86***
Sometimes	3.752586e-30***	3.747500e+49***	6.885893e+85***	1.680736e+12***
Often	2.864184e-116***	3.723068e+60***	4.630372e+96***	1.364846e+29***
Always	2.196562e+152***	1.675649e-58***	2.315015e-183***	3.705948e-78***
AIC	320.979	320.979	320.979	320.979

Source: Author, 2023

Notes : (ns) Not significant; (.) 10%; (*) 5%; (**) 1%; (***) 0.1%.

In the reading the table7, we see that all the variables in our model are significantly linked to the fact that banks are sometimes, often and always late in setting up loans. Furthermore, the fact that the internal control system works sometimes, the fact that the system for monitoring the processing of files works sometimes, the fact that files are often organised by day, the fact that the schedule for setting up credit is rarely respected and the fact that credit files are rarely processed on time are not significantly linked to the fact that banks are rarely late in setting up credit to clients. Also, note that our reference modality is the "Never" modality.

Quality of the model

Table 8: Model quality

Number of variables in the model	p-value
1	na
2	1.488691e-05
3	1.000000e+00

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4	1.781698e-01
5	3.461644e-04
6	5.779325e-02
7	5.058541e-01
8	1.243151e-02
9	1.219292e-03
10	1.913344e-01
11	2.267214e-01
12	9.286513e-02
13	7.359849e-01
14	9.989829e-01
15	1.522076e-05

Source: Author, 2023

From Table 8, we can see that from the 4ème variable onwards, the model has a good quality fit. We also note that the higher the number of variables, the lower the p-value is below 0.15. Thus, we can say that the model has a good quality fit. Thus, we can say that the model has a good quality fit.

DISCUSSION OF RESULTS

The following inferences were made according to the estimation results in tables7;

Banks that rarely have enough staff are 5.52 e-87 times more likely to be rarely slow in the credit granting process compared to banks that never have enough staff. In addition, banks that always have enough staff are 4.92 e+76 times more likely to be rarely slow in the credit granting process than banks that never have enough staff. Again, banks that rarely have computer equipment available are 8.33 e+10 times more likely to be rarely slow in the credit granting process compared to banks that never have computer equipment available. Banks that always have computer equipment available are 6.19 e-148 times more likely to be rarely slow in the credit granting process compared to banks that never have computer equipment available. Banks that often have functioning internal controls are 6.15 e+04 times more likely to be rarely slow in the credit granting process than banks that rarely have functioning internal controls. Banks that always have functioning internal controls are 3.523838e-47 times more likely to be rarely slow in the credit granting process than banks that rarely have functioning internal controls. Banks that do not have a case tracking system are 7.391367e-283 times more likely to be infrequently slow in the credit granting process than banks that do have a case tracking system. Banks that often have a functioning case tracking process are 5.983308e+66 times more likely to be rarely slow in the credit granting process than banks that rarely have a functioning case tracking process. Banks that always have a functioning case tracking process are 8.078781e-158 times more likely to be rarely slow in the credit granting process than banks that rarely have a functioning case tracking process. Banks that do not have a functioning casework monitoring process are 5.652410e+123 times more likely to be infrequently slow in the credit granting process than banks that

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rarely have a functioning casework monitoring process.

Banks that rarely have a day-by-day credit scoring system are 2.301748e-187 times more likely to be rarely slow in the credit granting process compared to banks that never have a day-by-day credit scoring system. Banks that sometimes have a credit type and day grading system are 7.228128e-27 times more likely to be rarely slow in the credit granting process compared to banks that never have a credit type and day grading system. Banks that always have a day-by-day credit scoring system are 8.219198th+33 times more likely to be rarely slow in the credit granting process compared to banks that never have a day-by-day credit scoring system. Banks that do not have a filing system are 3.775997e-215 times more likely to be infrequently slow in the credit granting process than banks that have a filing system. Banks that often have all the documents available in the credit application are 7.328195e+93 times more likely to be rarely slow in the credit application process than banks that sometimes have all the documents available in the credit application. Banks that always have all documents available in the credit application are 1.075907e+239 times more likely to be rarely slow in the credit application process than banks that sometimes have all documents available in the credit application.

Banks that often have all valid documents are 5.064162e-33 times more likely to be rarely slow in the credit granting process than banks that sometimes have all valid documents. Banks that always have all valid documents are 3.410113e-04 times more likely to be rarely slow in the credit granting process compared to banks that have all valid documents some of the time. Banks that rarely reject credit applications are 1.122082e+113 times more likely to be rarely slow in the credit granting process than banks that never reject credit applications. Banks that reject credit applications a few times are 4.949568e+176 times more likely to be rarely slow in the credit granting process compared to banks that never reject credit applications. Banks that often reject credit applications are 0.000 times more likely to be rarely slow in the credit granting process than banks that never reject credit applications. Banks that do not have a credit implementation plan are 2.058725e+04 times more likely to be rarely slow in the credit granting process than banks that have a credit implementation plan. Banks that sometimes respect their credit implementation schedule are 2.028079e+06 times more likely to be rarely slow in the credit granting process compared to banks that never respect their credit implementation schedule. Banks that often respect their credit implementation schedule are 2.023702e-20 times more likely to be rarely slow in the credit granting process than banks that never respect their credit implementation schedule. Banks that always respect their credit implementation schedule are 1.663172e-49 times more likely to be rarely slow in the credit granting process than banks that never respect their credit implementation schedule. Banks that do not have an appreciation for adherence to their loan origination schedule are 2.058725e+04 times more likely to be infrequently slow in the lending process than banks that never adhere to their loan origination schedule. Banks that sometimes process credit applications on time are 3.752586e-30 times more likely to be rarely slow in the credit granting process compared to banks that never process credit applications on time. Banks that often process credit applications on time are 2.864184e-116 times more likely to be rarely slow in the credit granting process compared to banks that never process credit applications on time. Banks that always process credit applications on time are 2.196562nd+152 times more likely to be rarely slow in the credit granting process

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compared to banks that never process credit applications on time.

Banks that rarely have enough staff are 6.81 e-08 times more likely to be slow in the credit granting process compared to banks that never have enough staff. Banks that always have enough staff are 1.05 e-53 times more likely to be slow in the credit granting process compared to banks that never have enough staff. Banks that rarely have computer equipment available are 3.021 e-03 times more likely to be slow in the credit granting process compared to banks that never have computer equipment available. Banks that always have computer equipment available are 3.057 e-82 times more likely to be slow in the credit granting process compared to banks that never have computer equipment available. Banks that sometimes have functioning internal controls are 6.414906e+159 times more likely to be slow in the lending process than banks that rarely have functioning internal controls. Banks that often have functioning internal controls are 2.442097e+167 times more likely to be slow in the credit granting process than banks that rarely have functioning internal controls. Banks that always have functioning internal controls are 1.195662e+148 times more likely to be slow in the credit granting process than banks that rarely have functioning internal controls. Banks that do not have a case tracking system are 3.509411e+88 times more likely to be slow in the credit granting process compared to banks that have a case tracking system. Banks that sometimes have a functioning case tracking process are 9.632080e+32 times more likely to be often slow in the credit granting process compared to banks that rarely have a functioning case tracking process. Banks that often have a functioning case tracking process are 4.659733e-59 times more likely to be slow in the credit granting process compared to banks that rarely have a functioning case tracking process.

Banks that always have a functioning case tracking process are 3.198095e-162 times more likely to be frequently slow in the credit granting process compared to banks that rarely have a functioning case tracking process. Banks that do not have a functioning casework monitoring process are 1.724879e-19 times more likely to be frequently slow in the credit granting process than banks that rarely have a functioning casework monitoring process. Banks that rarely have a day-by-day credit scoring system are 1.313211e+206 times more likely to be rarely slow in the credit granting process compared to banks that never have a day-by-day credit scoring system. Banks that sometimes have a daily credit scoring system are 1.425511e+105 times more likely to be slow in the credit granting process compared to banks that never have a daily credit scoring system. Banks that often have a day-by-day credit scoring system are 7.547436e-40 times more likely to be slow in the credit granting process compared to banks that never have a day-by-day credit scoring system. Banks that always have a day-by-day credit scoring system are 6.356599e-07 times more likely to be frequently slow in the credit granting process compared to banks that never have a day-by-day credit scoring system. Banks that do not have a filing system are 9.053960e-24 times more likely to be slow in the credit granting process compared to banks that have a filing system. Banks that often have all documents available in the credit application are 1.978530e-93 times more likely to be slow in the credit application process than banks that have all documents available in the credit application a few times. Banks that always have all documents available in the credit application are 5.053162e-70 times more likely to be slow in the credit application process compared to banks that sometimes have all documents available in the credit application. Banks that often have all valid documents are 8.590689e-78 times more likely to be slow in the credit granting

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process than banks that sometimes have all valid documents. Banks that always have all valid documents are 1.319586e-06 times more likely to be slow in the credit granting process than banks that have all valid documents some of the time. Banks that rarely reject credit applications are 4.622503e+24 times more likely to be often slow in the credit granting process compared to banks that never reject credit applications.

Banks that reject credit applications a few times are 2.875499e+18 times more likely to be often slow in the credit granting process compared to banks that never reject credit applications. Banks that often reject credit applications are 2.697062nd+05 times more likely to be slow in the credit granting process than banks that never reject credit applications. Banks that do not have a credit implementation plan are 1.958340e-05 times more likely to be slow in the credit granting process than banks that have a credit implementation plan. Banks that rarely respect their credit implementation schedule are 1.346274th+94 times more likely to be slow in the credit granting process than banks that never respect their credit implementation schedule. Banks that sometimes respect their credit implementation schedule are 1.279656e-141 times more likely to be slow in the credit granting process than banks that never respect their credit implementation schedule. Banks that often respect their credit implementation schedule are 4.197682e+04 times more likely to be slow in the credit granting process than banks that never respect their credit implementation schedule. Banks that always respect their credit implementation schedule are 1.487926e+62 times more likely to be slow in the credit granting process than banks that never respect their credit implementation schedule. Banks that do not have an appreciation of whether or not they respect their credit implementation schedule are 1.958340e-05 times more likely to be slow in the credit granting process than banks that never respect their credit implementation schedule. Banks that rarely process credit applications on time are 1.110129e+85 times more likely to be slow in the credit granting process compared to banks that never process credit applications on time. Banks that sometimes process credit applications on time are 6.885893e+85 times more likely to be often slow in the credit granting process compared to banks that never process credit applications on time. Banks that often process credit applications on time are 4.630372e+96 times more likely to be slow in the credit granting process compared to banks that never process credit applications on time. Banks that always process credit applications on time are 2.315015e-183 times more likely to be slow in the credit granting process compared to banks that never process credit applications on time. Banks that rarely have enough staff are 1.020936e+70 times more likely to be consistently slow in the lending process than banks that never have enough staff. Banks that always have enough staff are 4.205035e-24 times more likely to be always slow in the credit granting process than banks that never have enough staff.

Banks that rarely have hardware available are 1.478062e-06 times more likely to be consistently slow in the lending process than banks that never have hardware available. Banks that always have hardware available are 1.409675e-100 times more likely to be consistently slow in the credit granting process than banks that never have hardware available. Banks that sometimes have functioning internal controls are 6.783209th+14 times more likely to be consistently slow in the lending process than banks that rarely have functioning internal controls. Banks that often have functioning internal controls are 1.164181st+13 times more likely to be consistently slow in the lending

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process than banks that rarely have functioning internal controls. Banks that always have a functioning internal control system are 2.231168e+22 times more likely to be consistently slow in the lending process than banks that rarely have a functioning internal control system. Banks that do not have a case tracking system are 1.170767e+63 times more likely to be consistently slow in the credit granting process than banks that do have a case tracking system. Banks that sometimes have a functioning case tracking process are 2.522765e+37 times more likely to be consistently slow in the credit granting process than banks that rarely have a functioning case tracking process. Banks that often have a functioning case tracking process are 9.998688e-05 times more likely to be consistently slow in the credit granting process than banks that rarely have a functioning case tracking process. Banks that always have a functioning case tracking process are 7.620881e-51 times more likely to be consistently slow in the credit granting process than banks that rarely have a functioning case tracking process.

Banks that do not have a functioning case monitoring process are 1.674064e+67 times more likely to be consistently slow in the credit granting process than banks that rarely have a functioning case monitoring process. Banks that rarely have a day-by-day credit scoring system are 1.120391st+189 times more likely to be consistently slow in the credit granting process compared to banks that never have a day-by-day credit scoring system. Banks that sometimes have a daily credit scoring system are 1.032489e-18 times more likely to be consistently slow in the credit granting process than banks that never have a daily credit scoring system. Banks that often have a day-by-day credit scoring system are 1.523111e-95 times more likely to be consistently slow in the credit granting process than banks that never have a day-by-day credit scoring system. Banks that always have a day-by-day credit scoring system are 2.926332e-34 times more likely to be consistently slow in the credit granting process than banks that never have a day-by-day credit scoring system. Banks that do not have a filing system are 6.080790e+37 times more likely to be consistently slow in the credit granting process than banks that have a filing system. Banks that often have all the documents available in the credit application are 8.738569e-86 times more likely to be consistently slow in the credit application process than banks that sometimes have all the documents available in the credit application. Banks that always have all documents available in the credit application are 2.988093e+18 times more likely to be always slow in the credit application process compared to banks that sometimes have all documents available in the credit application. Banks that often have all valid documents are 7.552471e-76 times more likely to be consistently slow in credit granting than banks that sometimes have all valid documents. Banks that always have all the documents of the files valid are 6.516032e+02 times more likely to be always slow in the credit granting process compared to banks that sometimes have all the documents of the files valid.

Banks that rarely reject credit applications are 4.211174th+40 times more likely to be consistently slow in the credit granting process than banks that never reject credit applications. Banks that reject credit applications a few times are 3.000670e+03 times more likely to be consistently slow in the credit granting process than banks that never reject credit applications. Banks that often reject credit applications are 7.009823e+05 times more likely to be consistently slow in the credit granting process than banks that never reject credit applications. Banks that do not have a credit implementation plan are 1.555300e-05 times more likely to be consistently slow in the credit granting process than banks that have a credit

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implementation plan. Banks that rarely respect their credit implementation schedule are 6.972469e-12 times more likely to be consistently slow in the credit granting process than banks that never respect their credit implementation schedule. Banks that sometimes respect their credit implementation schedule are 2.889160e+79 times more likely to be always slow in the credit granting process compared to banks that never respect their credit implementation schedule. Banks that often respect their credit implementation schedule are 4.100830e+15 times more likely to be always slow in the credit granting process than banks that never respect their credit implementation schedule. Banks that always respect their credit implementation schedule are 7.102673e-30 times more likely to be always slow in the credit granting process than banks that never respect their credit implementation schedule. Banks that do not have an appreciation of whether or not they are on the schedule are 1.555300e-05 times more likely to be consistently slow in the credit granting process than banks that never meet their credit schedule.

Hypothesis testing

From the above analyses, we note that the elements relating to the quality of files, internal organisation and administrative procedures for processing files are significantly linked to the slowness of primary banks in setting up loans to clients in Benin.

Table 9: Validation of hypotheses

hypotheses Conclusion

The internal organisation explains the slowness of primary banks in providing credit to clients in Benin. Validated

The quality of the files explains the slowness of primary banks in granting credit to customers in Benin. Validated

Administrative procedures for processing files explain the slowness of primary banks in providing credit to customers in Benin Validated

Source: Author, 2023.

Thus, all our hypotheses are validated

 Operational recommendations / Managerial implications

In order to enhance tax revenue collection across all EU countries, authorities could take into account the following measures:

a) Evaluate the Credit Management System: Conduct a thorough assessment of the existing credit management system to identify areas for improvement and implement necessary changes. This will help streamline the process and ensure efficient credit evaluation.

b) Inform the Population about Credit Granting Conditions: Increase transparency by providing clear information to the public regarding the criteria and conditions for credit approval. This will help individuals understand the requirements and improve compliance.

c) Establish a Dedicated and Well-Equipped Team: Create a dedicated team equipped with the necessary resources and expertise to handle credit applications effectively. This team should be well-organized and focused on efficiently processing credit requests.

d) Develop Credit Implementation Schedules: Implement structured schedules for credit implementation to ensure timely processing and

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disbursement of funds. Clear timelines will help prevent delays and improve overall efficiency.

e) Promote Awareness of Citizen Engagement: Raise awareness among the population about the significance of their voices in governmental decision-making processes, including tax policies. Encouraging citizen engagement can foster a sense of responsibility and ownership, leading to better compliance.

f) Digitize Administrative Procedures: Embrace digitalization by digitizing administrative procedures to minimize bureaucracy and reduce opportunities for corruption. Automated processes can enhance efficiency, transparency, and accountability.

By considering these precautions, authorities can strengthen tax revenue collection by improving credit management systems, enhancing transparency, optimizing processes, promoting citizen engagement, and embracing digital solutions to streamline administrative procedures.

CONCLUSION

The slowness in the credit granting process poses a risk to banks, potentially leading to portfolio deterioration and adverse impacts on the country's economy. To identify the potential causes of this slowness in the credit granting process in Benin, a multinomial logistic regression was conducted on 111 banks in Benin using the R software. The analysis revealed significant influences from the internal organization of the banks, the quality of files, and the administrative procedures for processing these files on the slowness of credit implementation.

Based on the results of this analysis, it is evident that the internal organization of a bank, the quality of files, and the administrative procedures for processing these files are crucial factors that should be considered to expedite the credit implementation process.

Taking these findings into account, it is important for banks in Benin to address and improve their internal organization, enhance the quality of files, and streamline administrative procedures. By doing so, they can mitigate the risks associated with delays in credit implementation, ultimately contributing to a healthier banking sector and fostering a more robust economy.

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