

**THE EFFECT OF INVESTMENT MANAGEMENT ON THE FINANCIAL  
PERFORMANCE OF COMMERCIAL BANKS IN UGANDA:  
A CASE STUDY OF DFCU BANK-PALLISA DISTRICT**

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**DECLARATION**

I **Ademun Mary Cerine** hereby declare that this research report was produced out of my own effort with the guidance of my supervisor and has never been submitted to any other institution for any award.

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## **APPROVAL**

This research has been supervised and approved by me and is therefore ready for submission to the faculty of Business and Administration in Busitema University.

Signature:..... Date:.....

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## **DEDICATION**

I dedicate this research to my dear friends who advised, supported and mentored me throughout my education up to university level. Above all, I thank the Almighty God for guidance and provision towards completion of this research.

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## **LIST OF ABBREVIATION/ACRONYMS**

SME	Small and Medium Enterprises
DFCU	Development Finance Company of Uganda
US	United States
ECB	European Central Bank
NPLs	Non-Performing Loans
BOU	Bank of Uganda
ROE	Return on Equity
ROA	Return on Asset
CDs	Certificates of Deposits
UK	United Kingdom
UGX	Ugandan Shillings
GAAP	Generally Accepted Accounting Principles
HRM	Human Resource Manager
I.T	Information Technology
SPSS	Statistical Package of Social Sciences

## ABSTRACT

The study examined the aspect of the investment management on the financial performance of commercial banks in Pallisa district a case of DFCU bank Pallisa branch. The objective of the study were to determine the effect of investment allocation on the financial performance of commercial banks, to determine the effect of financial statement analysis on the financial performance of commercial banks and to determine the effect the effect of investment monitoring on the financial performance of commercial banks. The study used descriptive research design with a population of 40 commercial banks and a sample of 36 were drawn from administration department, credit department, loan department, auditing department and information and technology department and a questionnaire was employed in the collection of data. The findings showed that there was a negative effect of investment allocation on financial performance at ( $r= -0.14$ ,  $F=0.010$ ,  $p<0.05$ ), financial statement analysis on the financial performance at ( $r=0.194$ ,  $F= 3.710$ ,  $p<0.05$ ) and investment monitoring on the financial performance at ( $r=0.179$ ,  $F=1.254$ ,  $p<0.05$ ). This therefore shows that there was a positive effect of investment management on the financial performance of commercial banks in DFCU Bank, Pallisa. However, the study recommended that the bank needs to put more effort in training and equipping their clients for better results and enhance greater performance in satisfaction of their customers.