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Contribution of Professional Training on Financial Performance of Small and Medium Enterprises in Rwanda: The Case of Unguka Bank Ltd

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Abstract

This research intended to analyse the contribution of professional training on financial performance of small and medium enterprises. This study will be of much significance to the management of Unguka Bank SME, Unguka Bank SME and other banks because they will understand the real impact of their loan services to the financial performance of SMEs and to other researchers as this research is added to existing literatures. The researcher used both primary and secondary data sources in this research. Primary data was collected with the use of questionnaires administered to the sampled staff and clients of Unguka Bank. The sample population was 139 respondents calculated with the use of fisher formula. The data processing was done by use of both inferential and descriptive statistics. The study found that there was positive weak relationship between Professional training and financial performance of Unguka bank with R Square=0.830and p-value of 0.000 while overall mean perception on level of contribution of professional training on financial performance of was 2.87.The study concluded that Professional training contributes to financial performance of Unguka bank small and medium enterprises. The study recommends that bank should provide traditional business skills training, provide sufficient training to employees on the use of different technical tools like mobile banking and online banking ,should be considered in the general evaluation of the policy and bank should develop long-term visions from training providers and donors who can support them.

Keywords: *Small Enterprises, Medium Enterprises, Professional training, financial performance, Bank*

1. Introduction

The key factor in the development of the SME sector is access to financing, especially bank financing, because the banking industry is relatively important to serve this segment of the market. Business-level data compiled by the World Bank shows that access to finance is considered one of the main obstacles to doing business (World Bank, different years). Bank loans management is a process of managing a great sum of cash loaned out from the bank for a static era of time at a static rate of interest as well as supported by asset guarantee (Pellegrina et al, 2021). Bank loan is a sum of cash that a bank advances to a client which sum is settled back at an upcoming day with the interest (Werner, 2013). A study by Ramcharran (2017) in small business in India acknowledged that debit funding was as unique of the main aspects that enable the financial performance of SMEs. Access to capital is vivacious to permit SMEs advance their operations as well as influence to financial development besides growth of a country.

Reuber and Fisher (2010) study in Canada noted Bank loans management is process constraints facing the growth and development of small businesses in developing countries. Additionally, small and medium-sized companies require more labour than large companies, so the capital costs associated with creating new businesses are lower. In terms of activities, they are mainly engaged in retail, trade or

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manufacturing. Therefore, as Liedholm and Mead, (2013) and Prasad et al, (2005) believe, the growth of these companies is an important part of the dynamic growth process of the business sector. It has been gradually improved over the years. By the early 1990s, some basic databases could be used for empirical research to determine the constraints facing the growth and development of small businesses in developing countries

According to Pellegrina et al, (2021) argued that maximum SMEs' funding needs to outdo the small loans that microfinance institutions offer. Yet greater banks frequently find it too affluent to lend to SMEs since the cost of evaluating whether an SME is creditworthy is great relative to the profit that could receive by advancing to them. Ideas turned into veracity, from nothing to billions of Rwandan francs, from microfinance. Abor and Quartey (2010) study in SME development in Ghana and South Africa concluded that one of the main findings of these studies is that the growth and development of small enterprises in developing countries are mainly restrained by financing channels, poor management capabilities, lack of training opportunities, and high input costs and finance is the most important constraint in the small business sector

Nzibonera and Waggumbulizi, (2020) in Uganda looking at Loans and growth of small-scale enterprises argued that financial performance of micro and small enterprises is vigorous since of the part they performance in generating besides supporting financial growth in together industrialised as well as emerging frugalities. Kamunge et al., (2014) on study on Factors affecting the performance of small and micro enterprises in Limuru Town Market of Kiambu County in Kenya contents that small and micro enterprise offer prolific foundations of employment besides too propagate into medium then large enterprises, which are important for development.

Arasti, Zandi, and Bahmani, (2014) noted that main limitations to development are related to in-house factors such as reluctance to leave someone in your position or introduce outside expertise as well as outside influences such as funding, hiring, plus rivalry among industry peers. In overall, SMEs are growing to be the backbone of most economies, especially developing countries like Rwanda, because most of the large enterprises and institutions began as small enterprises.

SMEs in Rwanda have continued less economical matched to regionalneighboursas well as if no effort is made to make them further competitive, this state is likely to deteriorate with the complete East African Community (EAC) common market, which Rwanda has arrived in July 2010. Creation current as well as new Rwandan SMEs more economical in value added exports is therefore one among other vibrant actions essential to converse the trade inequity as well as shape competitiveness. Despite the above, there has not been a harmonized policy to address the SME setting then unlock the fundamental prospective of SMEs in national growth. In order to contribute to attaining augmented off-farm employment as well as tax revenue, the GoR wants to execute a comprehensible as well as synchronised policy to generate a supporting environment for the development of the SME sector in Rwanda.

With a vision to become a leader in the micro financing bank industry in the country so as to contribute to the global effort of development, Unguka Bank was incorporated in the Republic of Rwanda on 30th January 2005 as a microfinance institution. The bank was a society limited by shares that resulted from a handshake of two hundred and fourteen stockholders who came together in the period post 1994-Genocide and initiated with an investment of three thousand two hundred and eleven shares of hundred thousand Rwandan francs each one. Initially starting with only two outlets (Remera and Nyabugogo) plus the head quarter at Nyabugogo which moved to Remera a year later in 2006 then later moved to the city center in August 2011. It was approved to function on a provisional basis on 4th August 2005. The period of the microfinance crisis of June 2006 in Rwanda have led to an insolvency of nine big MFIs.

According to annual report National bank of Rwanda (NBR 2006) these MFI's had the following characteristic: poor governance, significant losses from their poor management of credit files which led to serious problems in later recovery, the loss of trust among the population which resulted in massive withdrawals of deposit followed by the stopping of new deposits, and some of them had failed to meet the approval for obtaining a certificate approval delivered by NBR, especially with regard to the release of the minimum capital. This situation would have spread with disastrous effects for the depositors if the government had not intervened to calm the situation and to prevent the systemic bankruptcy in the micro finance sector. It is during this difficult time for most of MFI's that Unguka bank ltd was approved to open two more outlets, Musanze and Rubavu in the Northern as well as Western provinces respectively. In 2008 the share capital was increased through 556 shareholders to Frw 1.7Bn and on 6th April 2011, the Board of Directors of the National Bank of Rwanda issued the bank with a licence of Microfinance bank. This was its transformation from IMF UNGUKA s.a into Unguka bank and from there

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starting operations as a Mcrofinance bank. In order to attract potential investors, in 2012, the former Unguka bank shareholders decided to pull themselves together under one body “UNGUKA INVESTIMENT GROUP LTD” to create a holding company with up to 51.02%, able to invest in other areas. In April 2012 Unguka bank welcomed a RURAL IMPULSE FUND II a Belgian company with 28.34% of holding. In 2015 PROGRESSION EASTERN AFRICA MICROFINANCE EQUITY FUND (PEAMEF) joined with 20.64% of holdings. In September 2018, Unguka bank changed from a Private company ltd by shares to become a Public limited company moving from being called Unguka Bank Ltd to Unguka Bank Plc.

2. Review of Literature

2.1 Financial performance

Quartey and Abor (2010) believe that the SMEs have progressive development. Then several scholars have really tried to hypothesize a comprehensive model of business development, relatively than just specifying issues or focusing on specific aspects of development. Some writers; Davidson & Simpson (2016) wrote on performance management perspectives. Nevertheless, with the exemption of Davidson & Simpson (2016), these scholars did not hypothesise the growth of microenterprises, which are characteristic of business start-ups and lack of pragmatic proof. It is Merely Jennings& Beaver (2005) who try to resolve the complete variety of issues that affect the company's development.

Field, & Torero, (2006) pointed out that shareholders usually consider growth obstacles to be external. Problems linked to "fund administration" are mostly listed as the key challenge of starting a venture. Difficulties include insufficient comprehension of taxation, state assurance, as well as accounting, and challenges of raising funds plus lack of income security. Treichel & Scott, (2006) noted that bankrupt business owners often pointed out that shortage of working capital was the main reason for business failure. Field and Torero, (2006) documented the “knockout” effect that a lack of sufficient funding for start-up will limit growth as well as progress by decreasing the money accessible for promotion, marketing, as well as acquiring of appropriate venues. The financial issue is monitored by apprehensions about the level of claim for products as well as services besides the form of competition in the business.

Arasti, Zandi and Bahmani,(2014) noted that main limitations to development are related to in-house factors such as reluctance to leave someone in your position or introduce outside expertise as well as outside influences such as funding, hiring , plus rivalry among industry peers. In overall, SMEs are growing to be the backbone of most economies, especially developing countries like Rwanda, because most of the large enterprises and institutions began as small enterprises. Therefore, Akugri, Bagah and Wulifan (202015) noted small enterprises were initially unstructured, but slowly few have survived and became big companies, thus giving the basis for today individual companies. Therefore, as Liedholm& Mead, (2013) and Prasad et al, (2005) believe, the growth of these companies is an important part of the dynamic growth process of the business sector. It has been gradually improved over the years. By the early 1990s, some basic databases could be used for empirical research to determine the constraints facing the growth and development of small businesses in developing countries. Importantly, other studies, especially those conducted in the late 1990s and beyond, indicate that finance is the most important constraint in the small business sector. Fisher and Reuber (2010) listed a series of characteristics of small and medium-sized enterprises in developing countries under the general heading: labor force characteristics, activity sector, gender and efficiency of owners.

According to Abor and Quartey (2010), given that most small and medium-sized companies are sole proprietorships; the largest employment category is job owners. According to them, this group accounts for more than half of the labor force of most small and medium-sized enterprises in developing countries; their families are usually unpaid but are active in enterprises accounting for about a quarter. The rest of the labor force is divided between contract workers and apprentices.

Small and medium-sized companies require more labor than large companies, so the capital costs associated with creating new businesses are lower. In terms of activities, they are mainly engaged in retail, trade or manufacturing (Fisher & Reuber, 2010). Abor and Quartey (2010) pointed out that although most SMEs belong to the first category in a general view, the proportion of SME activities in the retail sector varies greatly among different countries. Abor and Quartey (2010) continue to say that retail is mainly in urban areas, while manufacturing can be found in rural or urban centers. According to Abor and Quartey (2010), it is generally believed that the performance of SMEs is important to the economic and social development of developing countries.

From an economic point of view, Advani (2017) raised the fact that SMEs provide many benefits, so SMEs are considered as one of the main areas of concern for many decision makers, trying to accelerate the growth rate from low-income countries. These companies are recognized as engines for developing countries to achieve their

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growth goals. Therefore, they are a potential source of employment and income for many developing countries. Furthermore, Kayanula and Quartey (2010) also pointed out that given their wide range of skills and technologies, small and medium-sized enterprises appear to have an advantage over their large competitors because they can more easily adapt to market conditions. Due to their flexible nature, they can withstand harsh economic conditions. Liedholm and Mead, (2017) argue that small and medium-sized companies are more labor-intensive than large companies, and therefore have lower capital costs.

2.2 Professional training

With any financial institution, the biggest risk in micro-finance is lending money and not getting it back. Credit risk is a particular concern for MFIs because most micro lending is unsecured i.e., traditional collateral is not often used to secure microloans (Chakabva & Thurner, 2015). The people covered are those who cannot avail credit from banks and such other financial institutions due to the lack of the ability to provide guarantee or security against the money borrowed. Many banks do not extend credit to these kinds of people due to the high default risk for repayment of interest and in some cases the principal amount itself.

In recent years, microfinance has become increasingly important as a mainstream development policy tool (Aagaard 2011; Guinnane 2011; Hossain, 2013). The idea that poverty can be alleviated by providing easy and affordable credit and other financial services to low-income families is widely supported in the literature (Pellegrina et al, 2021). Although its impact is still the change caused by "confidence" training, not the change caused by the actual "test" training. The training "update" is related to the entire microfinance department and specific organizations or networks of organizations. Achieving scale requires long-term visions from training providers and donors who can support them at the institutional level, rather than simply working with individuals (when it comes to trainers). It appears to be the key to ensuring course delivery training. MFIs now clearly have a mandate to provide business development services (BDS) and specialized assistance to high-level beneficiaries to expand their chances of mission success and reduce default rates (Ngo & Wahhaj 2012).

However, as MFIs are prepared to accept a huge drop in rates, so far the usefulness of the readiness plan has been surprisingly restricted. The 4,444 microfinances clients have developed various business activities. The preparatory work provided by MFIs generally revolves around improving general business capabilities, rather than specific or domain-specific information. Pellegrina et al, (2021) more precisely, most teaching courses are definitely unreasonably broad, meaning that as far as possible they will not significantly increase the chances of students leading their own businesses to achieve success. Sometimes the borrower even considers the faculty meeting useless (Eversole 2003).

Reuber and Fisher (2010) found that a simple, general guide-based approach to prepare work is an improvement over more traditional prepared projects for small business people who are less capable or less capable and powerless. The demonstration of core capabilities, such as business record keeping and isolating family and business accounts, shows significant progress in enhancing "administrative capital," that is, the hierarchical capabilities required to handle viable expansion of operations (Bruhn et al, 2010). This article proves that borrowers who are allowed to receive basic monetary education can choose productive enterprises or potentially generate more money from a particular movement. (Bruhn et al, 2010).

In addition, it has been found that the achievement of microfinance support may depend on the ability of members, digital skills, and micro-enterprise readiness; and well-educated business visionaries have a better understanding and analysis of complex data and the ability to generate stronger business choices. In any case, for MFIs that provide traditional business skills training, they usually study the positive effects of updating business information and expanding customer reliability standards (Karlan & Valdivia 2011). The loan repayment rate also gives a strong impression of being ready (Roslan & Karim 2009). Specifically, improving women's business and improving their fund management skills has become a necessary condition for some microfinance providers (Pellegrina et al, 2021). Given that they are generally less fortunate and less educated, it is certain that women (especially those living in provincial areas) need more financial capacity and preparation for business and everyone must be more likely to respond to this (Field et al, 2010). Considering the empowering impact of preparation, Ngo and Wahhaj (2012) suggested that women who accept reciprocal business by preparing an action that requires spouse cooperation are obliged to benefit from the credit permit of a person who is prepared to be self-sufficient. They can hug freely in the family. There is also evidence that being alone does not empower women (Pellegrina et al, 2021). The best microfinance programs are neither limited to credit arrangements nor preparations, but provides a gathering atmosphere and safety net in which women can share data and establish networks. This is no accident. In this sense, specific business

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preparations taking place in the cluster are considered essential for this purpose.

2.3 Credit access theory

Stiglitz and Weiss (1981) proposed the theory of credit and provided a framework for evaluating the inefficiency of financial markets. The plan shows that information asymmetry is the key reason for the failure of financial markets in emerging countries. Financial institutions that make loans to financial agents are not only concerned about the interest they receive on the loans, but they are also concerned about the risks of these loans. Most financial institutions evaluate and monitor borrowers more effectively than other investors. They are committed to collecting and processing private information. By managing cash and deposit accounts, banks earn profits and expenses, and the way businesses develop (Kashyap, Stein, & Wilcox, 1993).

Despite these data, the relationship between bankers and companies is not perfect. Banks suffer from information asymmetry, so changes in prices (interest rates) cannot compensate for the credit market. Finally, a group of dissatisfied agents appear in the non-Walrasian equilibrium. References (Stiglitz & Weiss, 1981). Adverse selection, so if banks need collateral, credit rationing will continue to occur. They argue that low-risk borrowers expect average returns at low interest rates. Therefore, after a period of time, they will become richer than ordinary high-risk borrowers. Therefore, low-risk borrowers cannot offer more collateral. Increasing collateral requirements can have the same adverse screening effect as increasing interest rates.

In contrast, Walsh (1998) believes that banks only grant 4,444 clients while adjusting interest rates and collateral requirements. It turns out that this is always a combination of interest rates and collateral requirements, so no credit rationing will occur (Jaffee and Russell, 1996). Proponents of this theory believe that the most interesting form of credit rationing is equilibrium rationing, in which the market is fully adapted to credit rationed by public banks and is available without information, and the demand for loans at a rate market interest rate is. Rather than supply, Stiglitz and Weiss (1981) explained that if financial institutions charge the same interest rate to all borrowers, credit rationing will occur because they cannot fully distinguish between borrowers and the cost of evaluating borrowers is too tall. Both assumptions are greatly simplified and would not happen this way in the real world. Banks tend to differentiate their borrowers to some degree.

3. Materials and Methods

This research adopted descriptive research design because the study determined the contribution of bank loans management through professional training in the financial performance of SMEs and involved elements of description and explanation, started with a descriptive statistical summary of hypotheses and causality. In particular, this research focused on sectors related to bank loans management and SMEs.For the success of this study the researcher chose UNGUKA bank to be the case study. UNGUKA bank head office is located in Kigali city/Nyarugenge District and it is a local BANK established in Rwanda. The tagged population included 300 which include 43 employees and 257 SME customers of UNGUKA Bank.
The researcher calculated sample size by using of Andrew fisher formula. That formula is described as follows:

n= $\dfrac{Z^2P(1-P)}{d^2}$ Where n = sample size, Z = Z value (1.96 for 95% confidence level) p = percentage picking number of employees and SME customers of UNGUKA Bank, expressed as decimal (.1 used for sample size needed) c = confidence interval

Then, I substitute in the above formula the number of the population (300 persons) in order to find out the sample size of the $\dfrac{1.96^2 01(0.9)}{0.05^2}$ =138.2 hence 139 respondents

Basing on the above formula, the researcher used 95% as the confidence level of which Alain Bouchard says is more reliable. The sample size has been fully calculated then, the interview was conducted to those respondents selected and questionnaires were filled by them.

The study use stratified random sampling as sample was stratified into staff and SME customers of UNGUKA Bank since the researcher chose the population assumed to give reliable information to the study. The simple random sampling was used to select the customers who would be the respondents for this study. In order to collect data, the main methods that were used are library search, questionnaire and interview guide. The questions were developed in the sense of finding out the repercussion of Bank loan management on financial performance of small and medium enterprise.
After processing the data, the researcher starts the process of analysing them. The responses obtained from the questionnaires were processed and edited using statistical package for social science (SPSS

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version 21) for an easy interpretation. The researcher used both quantitative and qualitative analysis.

4. Results and Discussion

4.1 Demographic characteristics of respondents

In this study, demographic characteristics were collected effectively including gender, ages sex, Working experience and educational level of respondents. In this research project, a total sample of 139 respondents was assessed in the form of questionnaire who included employees of Unguka bank ltd and Bank SME clients and all questionnaires were returned indicating 100% response rate. The information collected is presented in form of tables and figures and also the information was analysed by using frequencies and percentages.

Table 4. 1Demographic characteristics of Respondents

Value	Frequency	Percentage (%)
Age		
Under 20 years	0	00.0
20-30 years (early adulthood)	42	30.4
30-40 years (middle adulthood)	69	49.7
More than 40 years (late adulthood)	28	19.9
Total	139	100.0
Sex		
Male	86	62.0
Female	53	38.0
Total	139	100.0
Marital Status		
Single	26	19.0
Married	113	81.0
Divorced	0	00.0
Widow	0	00.0
Total	139	100.0
Level of education		
None	0	00.0
Primary level	0	00.0
Secondary level	61	44.0
Higher education	78	56.0
Total	139	100.0
Working experience		
Below 5 years	44	31.5
5-10 years	62	44.5
More than10 years	33	24.0
Total	139	100.0

Source: Primary data from the researcher's computation, (2021)

Regarding age, the research results show that 49.7% of employees are mostly in the 30-40 age group, and 19.9% of a minority of employees are 40 years or older. Regarding gender, the results of the study show that the majority of employees and SME in the sample are men, with 62%, while women are a minority, with 38%. Regarding marital status, the results of the study show that 81.0% of the people are married, while only 19.0% are single. In terms of the educational level or qualifications of the employees, the majority of the employees and SME (56%) have graduated and some employees (44%) have intermediate or advanced certificates. According to experience, the majority of employees have a working life of between 5 and 10 years, which represents 44.5%. Among employees and SME with more than 10 years of work experience, the oldest employees represent 24.0%.

4.2 Findings of objective: Professional training in SME in Unguka Bank

As it was said previously, the objective of this study was to identify the contribution of professional training in financial performance of SME in Unguka bank Plc. Below table shows how level of

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professional training in financial performance of SME in Unguka Bank Plc.

Table 4. 2Level of professional training in SME In Unguka Bank

professional training in UNGUKA	**Strongly disagree**	**Disagree**	**Agree**	**Strongly agree**	**Mean**	**SD**
SME benefit from professional training on loan management	0.0	18	39.2	50.9	3.41	.666
Unguka Bank staff have strong skills and knowledge on bank loan management	3.5	17.0	55.0	24.6	3.01	.748
Unguka Bank SME benefit from professional training on cash flow management ,business plan and record keeping	23.4	54.4	18.7	3.5	2.02	.751
professional training introduced by Unguka Bank has reduced credit risk among SME loan management	0.0	1.8	46.7	51.5	3.54	.576
Understanding of SME what is required and what should be done in loan management avoid errors and other mismanagement	0.0	8.2	53.2	38.6	3.30	.614
Professional training organized in order to keep SME up to date, they have recognize being independent in loan review	17.5	66.7	15.2	0.6	1.99	.594
Grand mean					**2.88**	**.2632**

Source: Primary data, (2021)

Note. Categories of means: 1.00-1.85= Very low mean; 1.86-2.71=Low mean; 2.72-3.57=high mean; 3.58-4=Very high mean (Field, 2005)

According to the above table, the professional training of SME in Unguka Bank contribute positively to financial performance of SME in Unguka Bank and appreciated on the following indicators: SME benefit from professional training on loan management since the mean was found to be 3.41 and standard Deviation of 0.66 interpreted as high mean, staff have strong skills and knowledge on bank loan management considering the mean of 3.01 and standard Deviation of .748 interpreted as high mean, professional training introduced by bank train SME benefit from professional training on cash flow management ,business plan and record keepingwith the mean of 2.02 with standard Deviation of .751 interpreted as low mean professional training introduced by bank has reduced credit risk among SME loan management with the mean of 3.54 with standard Deviation of .576 interpreted as high mean, and bank train SME benefit from professional training on cash flow management ,business plan and record keeping. Understanding of SME what is required and what should be done in loan management avoid errors and other mismanagement with the mean of 3.30 with standard Deviation of 0.614 and professional training

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organized in order to keep SME up to date, they have recognize being independent in loan review since the mean was found to be 1.99 with SD of .594 interpreted as low mean.

Table 4. 3Relationship between level of professional training and financial performance

		Level of professional training	Financial performance
Level of professional training	Pearson Correlation	1	.911**
	Sig. (2-tailed)		.000
	N	139	139
Financial performance	Pearson Correlation	.911**	1
	Sig. (2-tailed)	.000	
	N	139	139

**. Correlation is significant at the 0.01 level (2-tailed).
Source: Primary data, (2021)

Table 4.3 indicates the relationship between level of professional training and financial performance, the results showed that there is high positive relationship between Professional training and financial performance of SME in Unguka Bank Plc. That positive correlation is r=0.911 and it presents that there was the significant relationship between professional training and financial performance.

Table 4. 4Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.911[a]	.830	.829	.472

a. Predictors: (Constant), Level of professional training

Source: Primary data, (2021)

Table 4.4 indicates the model summary of professional training and financial performance of SME in Unguka Bank Plc. The results showed that R Square=0.830, it was clear that 83% of all variables in financial performance can be explained by one's of all variables of independent.

Table 4. 5ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	149.267	1	149.267	669.144	.000[b]
	Residual	30.561	137	.223		
	Total	179.827	138			

a. Dependent Variable: Financial performance
b. Predictors: (Constant), Level of professional training
Source: Primary data, (2021)

Table 4.5 presents the ANOVAa , the results showed that the variables were statistically significant with F (149.267) = 669.144 and value p=0.000b.

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Table 4. 6 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.790	.125		6.329	.000
	Level of professional training	.834	.032	.911	25.868	.000

a. Dependent Variable: Financial performance
Source: Primary data, (2021)

Table 4.6 indicates the constant of independent variables of level of professional training that it is statistically significant since p value is less than 0.05. The results showed that level of professional training was statistically significant because p value is lesser than 0.05 that was equal p=0.000.

5. Conclusions

In providing business development services (BDS) and specialized assistance to high-level beneficiaries to expand their chances of mission success and reduce default rates. Access to finance has been identified as a key factor for SMEs to successfully develop production capacity, compete, create employment opportunities and contribute to poverty reduction. Loan policies are considered only as part of the procedure that should be considered in the general evaluation of the policy. Management must maintain a written loan review policy reviewed and approved by Board Policy Guide. The main obstacle to the rapid development of the SME sector in access to loan and lack of equity financing. Financial institutions view SMEs as risks due to their weak collateral and lack of information on their ability to repay loans. Small businesses are mainly owned by people whose personal lifestyles can have a profound impact on the operations and sustainability of such businesses. Due to the ownership structure, some of these companies are unstable and may not be able to guarantee long-term profitability. According to the results, we conclude that there is high positive relationship between Professional training and financial performance with r=0.911 of SME in Unguka Bank Plc.

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