

ABSTRACT

This research work is typically based on Recieveables and it's effect on liquidity of an organization in which UnionBank Plc was taken as a case study. Commercial banks, like any other businessenterprises are profit-seeking organization. The method of data collection usein this research is the primary and secondary data. In order to enhanceanalysis of this research work, the researcher make use of the descriptive andanalytical approach through the use of questionnaire, documented book anddocumented records. It is evidenced thatinterest earned on loan and advances constitute an appreciable percentage onthe gross earning. Undoubted, liquidity management is an important factor in relating thepublic's confidence in the ability of financial institution as and when theyfall due. However, recommendation would be based on area of weaknesses observedwhile analyzing the information of this recommendations will improve the Recieveablesand it's effect on liquidity of an organization.

CHAPTER ONE

INTRODUCTION

1.1 OVERVIEW OF THE STUDY

Receivablesor credit is as old as man himself. it has existed before the development ofmoney as a medium of exchange during the store age, credit was being merelythrough the means of bunches or guesses with the introduction of industrialrevolutions. It has to replace the overview without simplistic ones, the majorfunction of a bank is to serves as a financial intermediary for the collectionof money from surplus area depositors and distributing it to the detecteconomic unit. The structure of banks balance sheet show that over 59 percentof its total assets consists of loans and advance. it is also evidenced thatinterest earned on loan and advance constitute an appreciable percent of thebanks gross earning.

Theprimary skill of a banker is therefore concern with Receivables of money hencethe importance attached to highly skilled analysis. It is not only giving outmoney, that is important but must ensure that much money, given out comes backand that adequate revenue is earned on it's for the bank. The introduction ofthis prudential guide line is a pointer to this important factors of thestrength of financial institution prior to the development of modern bankingwere precious metals like gold, and other valuable items kept in such places astemples or pieces of worship for reasons.

Thepractice was very rampant in ancient Rome, Mesopotamia, Greece, China, Japanetc with the emergency of money economy and development of large scale tradingprecious metal came into circulation. These metals first appear in largenumbers of coins of different origin. Since some of them have to be exchanged,this became the business of money changers.

Theword bank came from the Italian word called the "Banker" meaning the table onwhich

money changes carried out their operation. Thus, in the ancient world money changers were the first bankers, however, the business of modern banking was first carried out by the Italian gold smith who charge fees on it and gave out evidence in form of receipt. Today, banking has developed greatly and different commercial banking (the case study specialized bank and merchant bank)

1.2 STATEMENT OF THE PROBLEM

Receivables is concerned with granting of credit facilities to customers and liquidity means the case at which a firm converts its most current assets into raw cash to meet its current liabilities. The statement of the problem is that Receivables is influenced by some factors which are needed to be evaluated granting facilities to their customers. which are intentional policies to the banking guideline of the central bank lending.

Central bank of Nigeria monetary circular is another form of limitation by banking ability loan to customers. There is a minimum liquidity ratio that should be maintained by each bank prescribe by (CBN) Central bank.

1.3 THE OBJECTIVE OF THE STUDY

The study highlights the relationship between the theories of liquidity management and their bearing in Receivables function of the commercial banks, Hence the objectives of the study are follows.

- i. To evaluate the Receivables practices and procedure of the bank.
- ii. To evaluate the extent to which banks under review is guided by the enumerated theories in the execution of the profitability.
- iii. To review the credit administration and control procedures in the bank.
- iv. To establish whether liquidity constitute a constraint in the performance of commercial banks.
- v. And to a recommendations based on the finding of the study.

1.4 RESEARCH QUESTIONS

Research Question of the study is as follows;

- i. To what extent do commercial banks evaluate the Receivables practices and procedure of the banks?
- ii. To what extent can the credit administration and control be reviewed in Mainstreet bank Nigeria plc Bida.
- iii. How can the credit administration and control in Mainstreet Bank Bida Niger state be reviewed?
- iv. What are the necessary recommendations based on the findings in Mainstreet bank in Bida Niger state.
- v. What are the constraints in the performance of the Mainstreet bank in Bida Niger state?

1.5 THE SIGNIFICANCE OF THE STUDY This project is importance to those institutions who grant credit to customers, because one of the principal businesses of bank is Receivables and bulk of the bank incomes from this source.

The survival of a bank depends mostly on the efficient management of its Receivables portfolio. The existence of bank Receivables channel is conditional on two

important assumptions which are monetary policy decisions impact on bank liquidity position and its changes in supply of loans. Bank Receivables surveys conducted by central bank give the possibility to test some mechanisms of bank Receivables channel as they shed light on the other interest rate conditions of borrowing.

1.6 THE SCOPE AND LIMITATION OF THE STUDY

This research work focuses attention on Receivables and liquidity on management in banks with a particular reference to (Mainstreet) Afri-Bank Nigeria Bank plc.

In conducting a research of this nature, however problems are expected to be experienced. It must be noted that primary, observation and interview method through compliment of each other still suffer from some set back which include willingness and authority to report and their ability to report accurately, while questionnaire can also face problem of nonchalant or lackadaisical attitude of treatment and response from the subject.

Yet another limitation in the data collection process was the inability of the bank officers to reveal data concerning some matter and practice of interest due to an order from above profitability, then from doing so and what they called business secrets.

1.7 DEFINITION OF TERMS

The following are some of the definition of terms that may attempt to shed more light in Receivables and its effect on liquidity of an organization.

1. **MANAGEMENT:** This is the function that coordinates the effort of people to accomplish goals and objectives using available resources efficiently and effectively.
2. **CREDIT:** This is an act of Receivables and borrowing as an instrument of circulating both money and productive capital among the unequal owners of means credit.
3. **CASH:** This is the amount of notes and coins held in the strong rooms of branches of the banks and in the head office to meet customer's cash demand.
4. **DEBT:** Debts can be defined as an obligation to make future payment for the credit offered by lender and subsequently received by person who is obligated to make future payment.
5. **LIQUIDITY RISK:** This risk that funds will not be available to meet deposit withdrawals loans drawn down, maturities borrowing or other cash outflow.
6. **LIQUIDITY:** This is a means of the relative amount of assets in cash or which can be quickly converted into cash without any loss in value available to meet short term liabilities.
7. **PROFITABILITY:** Profitability is the term that is used in a commercial word to mean different meaning; it can be defined as the excess of revenue over expenses over a period of time.
8. **SECURITY:** Assets or property charged to direct a loan. It can belong to the borrower it is called direct security and can belong to a third party it is called collateral security. Also it is used generally to describe any stock or shares. Strictly it refers to secured stock, that is a gilt edged stock or debentures.

RECEIVABLES AND ITS EFFECT ON LIQUIDITY OF AN ORGANIZATION (A CASE STUDY OF UNION BANK PLC)

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