Journal of Management and Science

14(1) (2024) 30-39

OPEN ACCESS

RESEARCH ARTICLE

DOI: https://doi.org/10.26524/jms.14.4

Contribution of Evangelical Lutheran Church-Northen Diocese on the performance of community banks in Tanzania: A case of Uchumi Commercial Banks

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Abstract

This study assessed the contribution of Evangelical Lutheran Church-Northern Diocese in Tanzania on the financial performance of Uchumi Commercial Bank. A specific focus was on how church-owned savings, loans and share capital affect community bank performance. Panel regression data analysis collected between 2016 and 2022 were employed. Bank performance measured in return on assets and return on capital (ROA & ROE respectively), Loan to Deposit Ratio (LDR) and share capital (SC). The findings show that the frequency of savings and loans provided to parishes, loan repayments and number of shares owned by parishes significantly influenced bank's financial performance ($p>0.05$). The study recommends that Uchumi Commercial Bank should continue influencing non-church members' to become members hence increasing the performance of the bank in terms of shares, capital and membership.

Keywords: Community bank, commercial banks, Uchumi bank, bank performance and Evangelical Lutheran Church.

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How to cite this article: Prosper J Kimaro, Contribution of Evangelical Lutheran Church-Northen diocese on the performance of community banks in Tanzania: A Case of Uchumi Commercial Banks, 14(1) 30-39. Retrieved from https://jmseleyon.com/index.php/jms/article/view/714

Received: 12 December 2023 **Revised:** 14 February 2024 **Accepted:** 15 March 2024

1. Introduction

Community Banks (CBs) are among the microfinance institutions that have become the vehicle for success in the developing world in the last 30 years and are widely recognised as a sustainable solution for alleviating poverty around the world (Ayadi, 2018). Globally, community banks have evolved as an economic development approach to benefit local businesses and financially excluded individuals. CBs provide a broad range of financial services such as deposits, loans, payment services, money transfers and insurance to poor and low-income households and their small enterprises.

In developed countries, such as the USA and UK, the lack of reliable and flexible banking services for informational opportunistic low income clients has contributed to the crisis in the CBs. Studies by Strong (2020) and O'Donovan et al., (2018) contend that CBs form the basis for reliable and permanent financial services and symbolize indigenous peoples' patriotic interests and efforts to gain financial independence. They are also considered to be catalysts for development and growth that should be encouraged through supportive and affirmative government financial policies.

In developing countries, CBs have potential advantages in relationship to lending compared with large banks. However, increases in regulatory compliance and technological burdens may have disproportionately increased community banks' costs, raising concerns for small businesses regarding access to credit (Hughes et al., 2019). Performance of CBs depends mainly on local or regional economic conditions as they are legally designated to cater for specific locality or region. Despite the economic conditions, trainings and consultancies have been useful to improve customer service. In USA for example the California Community Bank Network (CCBN) is large and diversified with a population of over 32 million clients, but still their assets and returns are not stable compared to commercial banks (Quaicoe et al., 2020). If compared, CBs in Africa and developing countries, CBs in developed economies enhance operations to attract more clients and investors in the banks (Quaicoe et al., 2020).

In African countries, performance of CBs are affected by internal and external factors (Nguyen, 2020; Nagaraju and Boateng, 2018) which can be classified into bank-specific (intra-bank) and macro-economic variables. The internal factors are individual bank's characteristics that affect its performance. These banks factors are based on how different

products, such as current accounts and saving accounts are performed and how the bank reaches customers through trainings and consultations. These factors are influenced by the actions and decisions of management and the board. External factors are sector-wide or country-wide factors that are beyond the control of the company but affect the profitability of the banks (Littlewood, 2018; Dimitrios et al., 2016). In Nigeria, financial performance of banking is affected on the ways bank managers are better placed to take up measures in an effort to improve the financial profitability of the bank by taking advantage of leverage and growing of their banks.

In the Tanzania's context, financial performance of CBs is governed by regulations and policies of the central bank. There are some banks, especially the commercial banks which fall under the category of large and medium-sized banks, which are compliant with all of the regulations. CBs, however, have struggled to implement these policies and regulations in their daily operations (Alem, 2019). It has been argued that this is because most of the CBs are small and typically operate within a limited local or regional market. This pitfall is caused by focusing on a narrow line of business that may be unsustainable in an economic downturn (Kitomari and Abwe, 2016). Problems that reduce performance of CBs and probably other banks include loans default, increasing operating expenses, interest rate, credit risk and loan portfolio management (Mataba, 2019). Financial performance is also affected by capital adequacy, asset quality, management efficiency, liquidity and GDP (Kessy et al., 2021). Therefore, to ensure sound financial performance, banks are supposed to focus on the factors likely to affect the profitability and the extent of their influence.

In Tanzania, community banks in the country still face deposits and capital challenges with a minimum requirements of two billion Tanzania's shillings as a capital for certification of operation (BoT, 2020). Approximately five community banks in Tanzania failed to raise TZS 2 billion ($891,180) capital and were placed under the Deposit Insurance Board as a liquidator (URT, 2020). They were later found to be critically under-capitalized. Among them are: Covenant Bank for Women Ltd; Efatha Bank Ltd; Njombe Community Bank Ltd; Kagera Farmers' Co-operative Bank Ltd and Meru Community Bank Ltd. Uchumi Commercial Bank (UCB) is a financial institution owned by the Evangelical Lutheran Church in Tanzania- Northern Dioceses (ELCT-ND). UCB's name sounds like a commercial bank, yet its recognition and operation criteria (only in the ELCT-ND) are classified by the regulator as commercial banks (BoT, 2020). Since its establishment in 2005, the main clients of the bank have been the parishes under ELCT-ND (UCB, 2019). Other clients are continuously being recruited to expand the banking network in the Northern zone (UCB, 2020). From that background, the financial performance of this bank can be linked to the significant role that should be played by ELCT-ND parishes especially on the key factors such as capital adequacy, management efficiency, liquidity and asset quality due to favour and wide range of accessibility and trust from investors and parish members (Khandker et al., 2016). UCB is supposed to use these as a competitive advantage to grow its financial performance and market share. However, UCB has been experiencing similar problems with regards to profitability (Kessy et al., 2021).

Thus, cutting down some of the overheads like consultancy fees and rents could have reduced the problem of low profit and poor bank performance (UCB, 2020). For example, the operating profit before tax and impairment provisions dropped from TZS 1.38 billion to TZS 1.36 billion in the financial year 2019/2020. UCB recorded a 38% decline in its net profits in 2020, standing at TZS 574 million from TZS 926 million in 2019. This was due to an increase in loan provisions following the impact of COVID 19 on clients' businesses (UCB AGM, 2020). Regulatory change for banking and financial institutions on capital requirements has also been a challenge for community banks, which has resulted in increased capital requirements for community banks. The collapse of the most community banks, as explained in the background, was caused by the loss of TZS 2 billion ($1.23 million) from TZS 250 million ($154,036). Changes were first announced by the governor of the Bank of Tanzania in 2013 and were adopted by community banks in 2017 (BOT, 2020).

Several studies (Abbas et al. 2020; Kamran et al., 2020; Nguyen et al., 2020; Nguyen, 2020 and Dao et al., 2020) have focused on the impact of macro-economic factors on general economic development, the effect of climatic change and performance and growth of CBs. There are a handful of studies on church-based community financial performance across the country, so there remain a sizable gap to be studied. Therefore, the study at hand assessed the contribution of Parishes of ELCT-ND on financial performance of UCB in Tanzania. Study objectives included determine the impact of ELCT-ND parish savings, loans and share capital owned by ELCT-ND and its parishes. The study also hypothesized that savings, loans and share capital by ELCT-ND Parishes have no significant impact on the financial performance of UCB in Moshi Municipality in Tanzania.

2. Theoretical Framework on Community Banks' Performance

The Market Power theory (MPT) developed by Berger (1995) proposes that the market structure of the industry has a significant impact on the performance of banks. Structure Conduct Performance (SCP) and Relative Market Power (RMP) are two approaches associated with the Market Power theory. SCP hypothesis can be described as the relationship between market structure, firm conduct and firm performance. The structure of an industry may include technology, concentration and market conditions

(Khan et al., 2018; Jaouad and Lahsen, 2018) while Structure and Conduct (SC) refers to factors such as the pricing decisions, advertising decisions and research and development (R&D) decisions made by the firms in the market; and performance is the profits and social welfare generated according to Lelissa and Kuhil (2018). Furthermore, according to Berger (1995) as cited by Berger et al, (2022), barriers to entry into an industry influence a firm's profitability in that higher costs of entry help existing firms to maintain monopoly profits, as new entrants would shrink the profits. Market concentration, thus, reduces the cost of collusion between existing banks leading to higher profits.

The MPT hypothesis further states that bank profitability is influenced by market share and proposes that only large banks with differentiated products can control prices and grow their profits (Berger, 1995). Banks can exercise market power and gain monopoly profits whereas firms with smaller market shares operate as if under full competition and cannot earn the same supernormal profits (Le and Ngo, 2020; Kohlscheen et al., 2018). The Structure and Conduct Performance has been the most studied of the two Market Power hypotheses mainly testing the relationship between profitability and concentration measures Moudud-Ul-Huq, 2020 Maghfuriyah et al., 2019).

Knight's (1921) theory of profit was found to be relevant in supporting banks' profitability. However, in supporting banks' operations like product development, deposits by clients, loan management and share capital, bank profitability can be calculated using two profitability ratios. These ratios are ROA and ROE while bank stability may be measured using the Z-score and the ratio of NPL/TL. The Z-score and the NPL/TL ratio are meant to measure insolvency and credit risks respectively. Based on Knight's (1921) theory, the bank with higher credit and insolvency risk is expected to be more profitable compared with the bank with lower credit and insolvency risk. Therefore, this theory appears suitable in assessing the contribution of Evangelical Lutheran Church-Northern Diocese in Tanzania on the financial performance of Uchumi Commercial Bank in this case.

3. Materials and Methods

The study was conducted in the Evangelical Lutheran Church in Tanzania-Northern Dioceses (ELCT-ND). ELCT-ND was selected as a study area since it is the main client of Uchumi Commercial Bank (UCB) which consists of 168 parishes with 332,653 members of parishes. Financial Statements, Annual Reports and other related product development data from UCB Moshi was used as a secondary source of data. Primary data sources were the parish pastor, accountant and chairperson of the finance committee from each parish making a total of 504 parish leaders. A cross-sectional research design (Olsen, et al., 2004) was preferred and the sample size of 223 respondents determined through Yamane (1967) formula $n=N/1+N(e)^2=504/1+504(0.05)^2 = 223$ constituted primary source of data for the analysis. The systematic sampling technique was further used to select parish leaders. The method allowed the researcher to have different types of the responses which later enriched the findings.

Using the list of all leaders in the ECLT-ND provided, the selection of respondents based on systematic sampling for the interval of 2 respondents and the starting point was randomly selected. Parish survey questionnaires were developed to collect data from respondents. An interview checklist was used to collect data from 4 key informants who were General Secretary and Treasury of ELCT-ND and Uchumi bank operational manager and branch manager. The key informant face-to-face interview conducted by an average of 45 minutes. A documentary review guide was also used to collect secondary data from Uchumi bank's annual reports about organisational performance.

A Cronbach's alpha test was used to test validity and reliability of each parameter which ensured using Cronbach's alpha coefficient especially with the qualitative data collection instruments. A result of 0.7 and above was taken as a strong measure of reliability for the study to continue. Testing the reliability of data minimized errors and biases in this study.

The data collected were analysed first by descriptive statistics and then using inferential analysis. Descriptively, to measure financial performance of bank's products, an index was needed. The index was measured by using Likert scale analysis techniques. Five Likert scale levels were used: 1 = not at all, 2 = low performance, 3 = neutral performance, 4 = moderate performance, 5 = high performance. The mean score of Likert scale level 3 was used in the decision range. Accordingly, the items with a mean score of 3 and above were deemed to have high contribution. In contrast, the items with a mean score of less than 3 were considered to have lower contribution.

Inferential analysis was done following the adoption of the Panel data regression research model by Taiwo and Abayom. ROA, ROE, LTD and CAP were measured as dependent variables to capture financial institution performance. Due to the availability of data, this study examined only three dependent variables. It did not rely on one or two items but instead analysed each and provided recommendations per measurement. Therefore, ROA was determined by dividing Net Income by Total Assets; ROE was determined by dividing Net Income by Equity while LTD was determined by dividing Loans by Deposits. Meanwhile, CAP was determined by taking the sum of all capital since the establishment of the bank. Table 2 provides more details on variable meanings and measurements.

The Analytical model are here by presented objective wise for the purpose of linking the independent variables and dependent variable following stated hypothesis as follows:

HO_1 - Savings by ELCT-ND Parishes have no significance influence on financial performance of UCB

in Moshi Municipality.

$LTD=\beta_0+\beta_1SP+\beta_2RP+\beta_3SF+\beta_4LP+\beta_5RB+\beta_6$ NPL+ε

HO_2 – Loans issued to ELCT-ND Parishes have no significance contribution on financial performance of UCB in Moshi Municipality.

$ROA/ROE=\beta_0+\beta_1SP+\beta_2RP+\beta_3SF+\beta_4LP+\beta_5RB+\beta_6$ NPL+ε

Ho_3 – Share capital owned by ELCT-ND Parishes have no significance contribution on financial performance of UCB in Moshi Municipality

$CAP=\beta_0+\beta_1CA+\beta_2SA+\beta_3SF+\beta_4Sh+\beta_5ShP+\beta_6$ Fsh+ε

Whereby;

β_i = are coefficient of independent variables

β_0 = the constant term

ε = the error term which stand for the unexplained variations in the model

4. Findings and Discussions

4.1 UCB Performance between 2016 and 2021

In measuring financial performance of UCB, performance measures ROA, ROE, and LTD are provided in Table 3 for the year between 2016 and 2021. As a result, the bank performed well from 2016 until the covid-19 pandemic impact which directly impacted ROA negatively by 1.1% in 2020. The bank had been able to take advantage of Parish savings in 2019 and 2020 when the COVID-19 Pandemic hit. The deposit rose from 27.04bl to 28.7bl due to Parish savings, while other non-Parish deposits declined, but there was a sharp increase to 34bl in 2021, indicating positive performance by a UCB bank in terms of deposits.

Loans to deposits ratios have been between 80% and 90% since 2016 and did not exceed 100%. Due to the exceptional COVID-19, the bank's ratio of loans to deposits in 2019 exceeded 100%, a period when the bank was struggling to increase its deposits through Parish, as they were the only customers who brought in large amount. Capital performance shows positive results. This implies that not only parish members but also individuals since 2016 to 2022 were encouraged with the religious nature of the bank, ELCT-ND Tanzania financial institution management approach which gave them trust and confidence to the bank. This finding concurs with Yin, (2020) that, religious has significant and positive relationship in social trust operating a financial development program.

4.2: Influence of Savings amount on Bank's Financial Performance

With descriptive statistics, the researcher first asked Parish leaders whether the amount they save will improve UCB's financial performance. Are parish savings a factor in the Bank's financial performance? This, five Likert scale points i.e. 1 = not at all, 2 = low extent, 3 = neutral, 4 = moderate extent and 5 = high extent. A decision range was that, mean rating of 3.0 and above was considered as influencing at high extent while a mean rating below 3.0 was regarded as contributing at low extent.

The findings in Table 4 show that, the grand mean was 3.6 which implies that, saving contribute to financial performance at moderate extent. This means that, savings account holds by parishes influence bank's financial performance at moderate extent.

The study reviewed bank financial reports as presented in Figure 1 to ascertain the extent to which ELCT ND deposits influence bank's financial performance. The finding concurs with the finding by Ahmad and Zakariyah (2020); Ahmad et al, (2020); Mehmood and Sabeeh (2018) found that the highly performing banks are those who maintained a high level of deposit accounts relative to their assets. Enhancing the ratio of total deposits to total assets means increasing the funds available to be used in multiple cost-effective ways for investments and loaning undertakings.

4.3: Rate of Savings among the Parishes in Northern Dioceses

According to Table 5 below, it was revealed that 39.1% of respondents saved average amounts between TZS 101 000 and 500 000, 36.8% saved amounts between 501 000 and 800 000, 10.5% saved amounts between 801 000 and 1 000 000, 6.8% saved amounts between 1 001 000 and 5 000 000, 4.55% saved amounts between 5 001 000 and 10 000 000, whereas 2.3% saved amounts between 1 000 and 100 000 per month. None of them saved amounts exceeding 10 000 000. Accordingly, most parishes save between TZS 0.1 million and TZS 0.5 million per month on the whole. As a result, parish revenue depends on church service collections on Sunday, Wednesday, and Friday. In this sense, the parishes contribute a significant amount of savings to UCB bank that can have a significant impact on its performance.

The findings disagree with Mndolwa and Alhassan (2020) findings who found that banks that rely mainly on deposits for their funding were less profitable, since deposits require more branching operations and more expenses for that matter. Differences could be explained by differences in study focus, scope, and methodology. Similarly, Bacchetta (2018) indicated that, growth in deposits each year did not affect profitability significantly. They found no empirical evidence that banks in Switzerland were able to convert at an increasing amount of deposit liabilities into significantly higher income earning assets. This was to demonstrate financial performance for the banks studied.

4.4: Parish Saving Effects on Community Bank Performance

Inferential analysis results on testing the hypothesis that ELCT-ND Parishes have no significant impact on the financial performance of Moshi Municipality's UCB indicate a good model significance for 65% of explanatory variables ($R2 > 0.8$). The details for the model are provided in Table 6. The remaining

35% suggests there are other explanatory variables that influence the performance of UCB.

The coefficients Table 6 provided the regression equations. Under standardised coefficients, the constant (0.469) is the "β" coefficient. Since p>0.05, all independent variables in this hypothesis test were not statistically significant in affecting bank performance, except for saving frequency and loan to parish, which were statistically significant (p * 0.05). The study rejects the null hypothesis that parish savings have no significant impact on a bank's financial performance. Therefore, a unit change of parish savings lead to performance increase (here measured as LTD) by 0.643. Inferential statistics results on the tested hypothesis that 'Loans issued to ELCT-ND Parishes have no significant contribution to the financial performance of UCB in Moshi Municipality (here the focus is assets/equity) of UCB in Moshi Municipality'. The panel data results show that independent variables influence dependent variables. As the focus is on assets/equity, the remaining 32.6% is likely to affect ROA, ROE, and LTD (Table 8).

Table 1 : Reliability of the items assessed

Category of items	Number of items	Total number of respondents	Cronbanch alpha coefficient
Savings	6	294	0.707
Loans	9	294	0.870
Share capital	6	294	0.758

Table 2: Table for variable definition and meaning

Variable		Value	Definition	Units
Performance				
Y1	LTD	Numerical	Increase in deposits and loans	T. Shillings
Y2	CAP	Numerical	Increase of share capital	T. Shillings
Y3	ROA AND ROE	Numerical	Increase in income and Profit	T. Shillings
Bank products				
X1	CA	Numerical	Current Account	T. Shillings
X2	SA	Numerical	Savings Account	T. Shillings
X3	CT	Numerical	Consultations and Training.	T. Shillings
Saving deposits				
X4	SP	Numerical	Amount of saving from Parish	T. Shillings
X5	RP	Numerical	Rate of saving from Parish	T. Shillings
X6	SF	Numerical	Frequency of savings.	T. Shillings
Loans				
X7	LP	Numerical	Amount of loans to Parish	T. Shillings
X8	RB	Numerical	Repayment behavior	Numbers
X9	NPL	Numerical	Non-performing loans originate from Parish	T. Shillings
Share capital				
X10	Sh	Numerical	Number of shares owned by Parish	Numbers
X11	ShP	Numerical	Shares owned by parish	T. Shillings
X12	Fsh	Numerical	Frequency of purchasing shares	T. Shillings

The coefficient results in Table 9 demonstrate that loan to parish, loan repayment and parish NPL were statistically significant influencing bank's financial performance (p>0.05). Accordingly, the study rejects the null hypothesis that loans to ELCT-ND Parishes have no significant impact on the bank's financial performance. This implies that a unit change of loan to parish and loan repayment decreases performance by 0.436 and 1.241 respectively. For more clarification see Table 9 below

4.5 Church Members' Share Capital Effects on Community Banks

The findings in Figure 5 indicates that, private sectors own 5.8 billion equivalents to 58.4%, followed by ELCT ND 3.3 billion equivalent to 32.4% while ELCT ND institutions owns 0.9 billion equivalents to 9.2% of the share capital. This means that, ELCT ND owns minority shares at UCB bank since its shareholding is less than 50%. This implies that, share capital owned by private sector is influencing the financial performance of UCB. The findings concurs with Fang and Yeager, (2020) argument on shares in the capital structure of the banks is an important managerial decision because it influences the shareholders risks and returns, (Fig. 1).

Based on the hypothesis that the share capital owned by ELCT-ND Parishes has no significant influence on the financial performance of UCB in Moshi Municipality. Results in Table 10 showed that, 76% of the independent variables influence financial performance of UCB. Among all variables examined, the number of shares owned by a parish influenced performance significantly (p*0.05). Thus, a unit change in number of shares owned by parish lead to an increase of 1.112 units in performance of UCB bank share capital. Therefore, the study rejects the null hypothesis that shares owned by ELCT-ND parishes do not have a significant influence on Uchumi Commercial Bank's financial performance, (Table 10).

Table 3: UCB performance the year between 2016 and 2021

YEAR	ROA	ROE	LTD	CAP	LOANS	DEPOSIT	PROFIT
2016	1.7%	9.7%	81.5%	6,566,712.00	16,924,110	20,772,555	635,883
2017	1.6 %	8.7%	85.0%	8,072,914.00	19,332,679	22,741,691	705,612
2018	2.1%	11.8%	92.2%	8,578,862.00	23,432,801	25,416,554	1,013,439
2019	2.5%	13.9%	97.8%	9,501,496.00	27,049,113	27,667,195	1,319,008
2020	1.4%	7.7%	102.2%	10,294,988.00	29,356,294	28,711,823	790,252
2021	1.3%	7.38%	90.55%	10,708,857.00	31,577,386	34,872,816	790,763

Source: UCB audited financial statements, (2022)

Table 4: Influence of Savings amount on Bank's Financial Performance

Influence of Savings on Bank's Financial Performance	1		2		3		4		5		Mean score
	f	%	f	%	f	%	f	%	f	%	
Amount of savings from parishes help UCB bank to improve its performance	2	1	8	3	50	23	110	50	51	23	3.49
Parishes saves at high rate which influences UCB bank financial performance	0	0	8	4	70	32	121	55	21	9	3.69
Frequency of saving from parishes helps the bank to improve its financial performance	0	0	30	14	112	51	65	30	13	5	3.26
Saving duration from parishes influence financial performance	0	0	10	5	22	10	130	59	58	26	4.06
Savings from parishes stimulate banks financial performance	3	1	29	13	70	32	101	46	17	8	3.47
Grand mean score											03.60

Table 5: Rate of Savings among the Parishes in Northern Dioceses

Average amount of savings in TZS. "000" per month	Saving Frequency (n)	Percentage (%)
1 – 100	5	2.3
101 – 500	86	39.1
501 – 800	81	36.8
801 – 1000	23	10.5
1001 – 5000	15	6.8
5001 – 10000	10	4.5
10001 and above	0.0	0.0
Total	220	100.0

Table 6: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	0.807	0.651	0.6324	1.356	0.302	.254	4	119	0.042

Table 7: Parish saving effects on community bank performance

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	β		
Dependent				Perfomance (LTD)	
(Constant)	1.642	0.786	0.469	1.344	0.041
Parish Saving	0.862	0.362	0.643	0.272	0.032*
Saving rate	0.948	0.652	0.846	0.802	0.028
Saving frequency	0.560	0.282	0.232	0.075	0.145
Loan to parish	0.652	0.251	0.028	0.043	0.121
Loan repayment	1.486	0.654	1.034	0.336	0.014**
Parish NPL	1.486	0.854	1.044	0.836	0.014

Table 8: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	0.821	0.674	0.6524	1.272	0.6524	.267	4	119	0.048

Table 9: ELCT-ND parish loan effects on financial performance of UCB

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	B		
Dependent = Perfomance (Assets/Equity)					
(Constant)	1.321	0.754	0.969	0.154	0.101
Parish Saving	0.512	0.322	0.499	0.274	0.231
Saving rate	0.789	0.589	0.764	0.540	0.601
Saving frequency	0.732	0.402	0.698	0.078	0.156
Loan to parish	-0.436	0.191	-0.327	0.021	0.003*
Loan repayment	-1.214	0.608	-1.011	0.551	0.006*
Parish NPL	1.245	0.758	1.139	0.736	0.036*

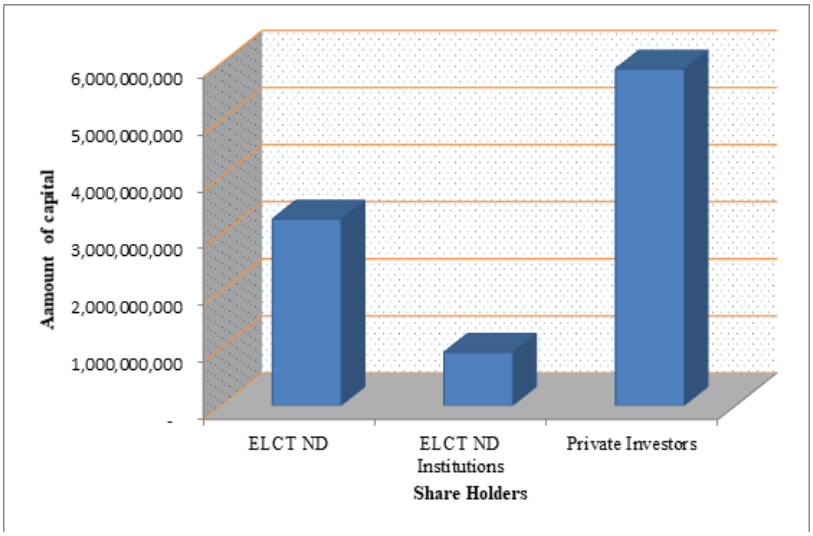

Figure 1: Members' Share Capital in the Community Banks

Table 10: Number of Shares Owned by a Parishes

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	B		
Dependent = Perfomance (CAP)					
(Constant)	1.424	0.857	1.072	0.257	0.204
Current account	0.411	0.221	0.398	0.173	0.130
Saving account	0.687	0.691	0.866	0.642	0.703
Saving frequency	0.835	0.299	0.595	-0.03	0.053
Share owned -parish	0.537	0.412	0.226	0.122	0.751
Number of shares	1.112	0.506	1.113	0.449	0.017*
Purchasing shares frequency	1.142	0.861	1.242	0.839	0.159
R square = 0.760	Adjusted R Square = 0.174		F Change = 0.219		Sig. F Change = 0.043

* Significant at $p<0.05$

5. Conclusions and Recommendations

The study concluded that, the community bank's products, fund transfer, saving account and current account were contributing to UCB financial performance. The ELCT-ND parishes had only 9% of their savings at UCB bank while none parish deposits made up 91% of all deposits. Therefore, non-Church parish members are leading in contributing to loan deposits, thereby influencing the performance of the community bank. Statistically, significant factors influencing the performance of the bank were saving frequency, loan to parish, loan repayment, number of shares owned by parish, and parish non-performing loans.

The study found out that, fund transfer, current account and savings accounts contribute to the performance of the community banks. Statistics showed that the frequency of savings and loans provided to parishes, loan repayments and number of shares owned by parishes significantly influenced bank's financial performance ($p>0.05$). As a result, parishes' contribution to community bank performance is determined by the frequency of product response, not by the amount or quantity of capital employed. In order to increase community bank performance, parishes are encouraged to set policies for savings, lending and share capital.

Based on the above conclusion, the study recommends the following: Further research to identify suitable financial products for ELCT-ND parishes and its members in order to strengthen Uchumi Commercial Bank's performance is inevitable. Churches in the ELCT-ND should consider establishing a policy that will govern how deposits, loans and shares are handled by Uchumi Commercial Bank. It is necessary to improve the collaboration between Uchumi Commercial Bank and the Evangelical Lutheran Church-Northern Diocese in Tanzaniaon managing loans, savings and shares of ELCT-ND parishes and their members. It is further recommended that other aspects of bank financial performance such as capital structure, internal control

systems, technological factors as well as service delivery factors should be improved for future study.

6. Further Studies

This study assessed the contribution of Evangelical Lutheran Church-Northern Diocese in Tanzania on the financial performance of Uchumi Commercial Bank. Future study may embark on the effect of non-performing loans (NPLs) on the performance of Uchumi Commercial Bank in the Northern- Dioceses.

Acknowledgement

Nill

Funding

No funding was received to carry out this study.

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