

**THE IMPACT OF COMMERCIAL BANK ACCOUNT DORMANCY ON BANK  
PERFORMANCE IN UGANDA  
A CASE STUDY OF EQUITY BANKUGANDA LIMITED.**

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## **Abstract**

The study assessed the impact of commercial bank account dormancy on bank performance in Uganda. Its objectives were; to establish the reasons why people open accounts with EBUL, to establish the reasons why accounts go dormant in Equity Bank Uganda Limited and to establish the impact of commercial bank account dormancy on bank performance. Using a case study design accompanied by cross sectional survey, data was collected through questionnaires, interviews, documentary reviews using a study sample of 250 of the respondents who actually participated in the study from both the internal employees and clients of Equity Bank Uganda Limited and data was analyzed using frequency percentages. The study findings revealed that: dormant accounts affects the performance of Equity Bank Uganda Limited mainly through capital adequacy as the institution loses would be transactional revenue from those accounts with 60% in agreement and these give a wrong impression on the asset quality and profitability of the bank. The findings further revealed that ease of account opening, ability to make small savings and peoples need to get facilities like ATM cards, cheque books and remittances and money safety influence customers to open accounts with EBUL. The weak and/or wrong promotions by Equity Bank with 65% in agreement, failure to identify customer needs with 66% in agreement, Bank's operation in distant places with 69.1% in agreement are the reasons why accounts go dormant at EBUL while customers' accounts also go dormant because of the high fees levied on accounts with no rewards with 69.6% in agreement, Self-help groups in villages with 72.2% in agreement, high rate of unemployment with 77.8% in agreement, insufficient surplus and consumption

attitude of people with 79.7%, thus affecting performance of EBUL. The study recommends that technology solutions need to be introduced, providing a bouquet of services, marketing and financial literacy, using BC channel for delivering of financial products and services in order to manage account dormancy levels in EBUL.