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OPTIMIZATION OF BANKS LOAN PORTFOLIO MANAGEMENT USING GOAL PROGRAMMING TECHNIQUE

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ABSTRACT

In this paper we present results of optimization of loan portfolio management of banks. An Operational Research technique, Goal programming, is applied to the management of loan portfolio in banks in order to optimize it. With the result obtained, using a multi objective package, provides an answer on how to handle cases of bad loans or doubtful loans. Bad loan is a major factor militating against optimization of bank goals, and it is one of the major causes of bank failure.

KEYWORDS: Goal Programming, Loan Portfolio, Optimization, Bad Loan, Doubtful Loan