ABSTRACT

The study examined the role of strategic planning in the performance of financial institutions with particular reference to Rwanda Development bank (BRD). The specific study objectives were: to describe the strategic planning process, to examine its role on BRD performance and to explore the financial performance of BRD. In order to collect as much as possible descriptive research design was used based on the scope of the study. Questionnaires were administered to respondents where the study used both quantitative and qualitative methods of collecting information qualitative method is based on respondent’s opinion and perceptions towards strategic plans while quantitative method is inferential and quantifies outcomes its used to measure financial performance and customer’s satisfaction. The results revealed that the bank performance indices are strong predictors of good financial performance. The work recommended a transformational strategic planning model in the work for implementation in the current banking industry so that distress can be avoided and totally resolved. The model contains the following indices: sound change management, good investment policy, effective capital budgeting, corporate planning, effective tax planning, effective budgetary control and economic profit of investment and an effective retail banking system. An implementation of the model will give birth to sustainable performance growth which contains the following growth variables, adequate capital, quality earning assets, stable profitability, sustainable liquidity, enhanced dividend paid, and equitable tax liability. Other recommendations are: effective risk assets management, sound training of credit analysts and quality supervision from the industry regulators.