

2 books

**INVESTIGATION OF FACTORS INFLUENCING COMMERCIAL
BANKS LENDING RATES IN KENYA.**

(A CASE STUDY OF COMMERCIAL BANKS IN NYERI TOWN)

BY:

ALEX NJERU

**A Research project Submitted to the School of business in Partial Fulfillment for
Requirements of Award of Bachelor of Commerce (finance) Mount Kenya University**

MAY2016

ABSTRACT

The purpose of the study was to investigate on the factors influencing commercial banks' lending rates in Kenya. The study was guided by the following objectives, to investigate how the central bank rate influences commercial bank lending rates in Kenya, to determine relationship between inflation and lending rates by commercial banks in Kenya, to investigate the influence of the risk premium charged by commercial banks on lending rates. The study comprised a case study of commercial banks in Nyeri Town. The population of interest in this study comprised of 44 employees drawn from the eleven (11) commercial banks in Nyeri town.

Different contribution on the topic was cited in the literature review as scholar's contributions remarks. Theoretical literature on lending rates and the variables influencing landing rates have been cited. Precisely literature on lending rates, inflation, the Central Bank Rate (CBR) and risk premium charged on lending rates have been cited.

The research information was gathered through issue of questionnaires to the target population and there after systematic analysis of this information to gather the necessary project information from the operators of banks. Secondary data was collected from the Kenya National Bureau of Statistics website and CBK circulars.

The data collected from the study was organized, analyzed and presented according to the variables and objectives of the study. Microsoft word and Excel was used to aid in analysis and presentation of the data in form of tables. Also Descriptive statistics technique such as (totals, frequencies and percentage) was used.

The summary of major findings, conclusions, recommendations for further research have been presented. The conclusions are based on the findings of the research while recommendations were based on researchers view on the way forward in solving the problem.