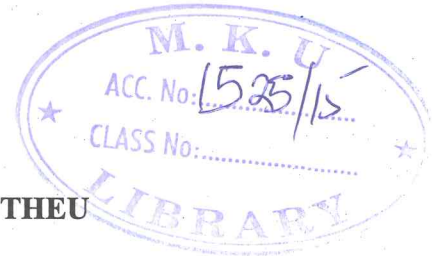


**FACTORS THAT AFFECT THE LEVEL OF BORROWING FROM COMMERCIAL
BANKS BY INDIVIDUALS:**

A CASE OF COMMERCIAL BANKS IN NAIROBI

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ABSTRACT

The aim of this study was to examine and investigate the factors affecting the level of borrowing from commercial banks by individuals. The specific objective were: Firstly to identify the effects of interest rate on the level of borrowing from commercial banks by individuals, Secondly to identify the effect of inflation on the level of borrowing from commercial banks. Also, to identify the effects of CBK regulation on the level of borrowing by commercial banks.

Commercial banks plays an important role in the development of the economy of Kenya, thus it's identified as one of the strategies for generating industrialization, employment generation and poverty reduction, yet, there is major concern on the lack of growth and development within individuals and in general the economy due to the factors mentioned above which are set by commercial banks in Kenya therefore hindering the rate of borrowing by individuals.

This study aimed to establish the possible solution to improve the strategies implemented for borrowing in Kenya. To achieve suitable solution the study employed a descriptive research design. A case study of commercial banks operating in Nairobi was used. The study recommends that in order to increase the level of borrowing the banks should ensure their decision on fluctuation of interest rate, inflation and CBK regulation does not affect the level of borrowing system, therefore enabling individuals to access to affordable charges while borrowing funds.