

**EFFECTS OF THE LENDING POLICISES BY COMMERCIAL BANKS ON LOAN
ACCESSIBILITY BY BORROWERS.**

(A CASE STUDY OF CO-OPERATIVE BANK OF KENYA)

MONG'ARE VANE

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ABSTRACT

This study analyzed the effects of the lending policies on loan accessibility to borrowers by commercial banks whose main objective was to determine the effects of lending policies on loan accessibility by borrowers in commercial bank of Kenya: a case of Co-operative Bank Kenya. The specific objectives were to find out requirements for access of loan from commercial banks, determining the terms and conditions for loan accessibility by borrowers, ascertaining the lending rate by commercial banks to borrowers, assessing the collateral required by borrowers in their quest to obtain loan from commercial bank and to establish loan repayment period of the loan issued by commercial bank. The study adopted a descriptive research design with a sampled population of 30 members each of different genders, different age groups all to determine the ability and need of loan accessibility at each age bracket. A purposive sampling technique was used in the selection of respondents since the researcher identified respondents who are familiar with the commercial bank procedures. Random sampling was used to allow all the respondents to have an equal chance of being selected. Primary data was collected and analyzed using quantitative and qualitative techniques and then presented using tables and graphs. Secondary data was also obtained from journals and the commercial banks data base.. The findings showed that the requirement for collateral has now changed. Unlike in the past where collateral to get a loan required an asset for security. The applicants also need a guarantor who promises to pay the amount should the applicant default. Those applicants applying for a loan need a Personal Identification Number and attach it in their loan application forms. There are different types of loan like mortgage loan and home loan and each type of loan that has an effect on their business. Borrowers can now obtain loans more easily than before compared to other banks in the country. Businesses have expanded and the income realized has increased. The researcher recommended that the government should intervene on the monetary policies, to reduce the lending rates and reduce the requirements for one to acquire the loan. Commercial banks should hold seminars for loan applicants and teach them the art of resource management to increase productivity of loans. Borrowers should take more loans to increase employment and improve the economic condition. To other researchers, should explore all the area's to encourage more borrowers to invest into their business, educate them on the benefit of the loan and the impact it has on their business.