

**PROJECT PROPOSAL**

**MOUNT KENYA UNIVERSITY**

**AN INVESTIGATION OF FACTORS AFFECTING USAGE OF  
CREDIT CARDS BY COMMERCIAL BANKS.**

**CASE STUDY : NANYUKI TOWN.**

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## **ABSTRACT**

Credit card is a form of plastic money advanced to the card holder by commercial banks, but not necessarily to the bank customer but to any success applicant. The applicant must be earning either a salary or a revenue or above Kenya shillings 10,000. The study focus is Nanyuki town in Laikipia County. The major banks in the study are Kenya Commercial Bank, Equity Bank, Barclays Bank and Co-operative Bank. The commercial banks offer the credit cards to applicants to give them power to acquire goods and services without having to carry money or cash in their hands. There are various types of credit cards offered by each commercial bank to give the card holder a range and a sense of prestige. Many commercial banks will prefer advancing credit cards loans as compared to money or cash related loans. This is so because the payment of credit cards loans has least possibility of defaulters. The banks have set credit cards application standards on every potential card holder: The most considerable standard is being of age of majority. The applicant must be of the age of 18 years and above and have a national identity card for which he can be sued with when he or she defaults.

The banks replace the credit cards of the card holders they have advanced to the qualified applicants. This measure reduces the possibility of nonpayment because from constant review the credit cards holder's spending and payment activities can be assessed and analyzed. The commercial banks have adopted measures to curb defaulting in payment. The measures are like billing the spending of the card holder month to remind him of his payment activities and threatening legal sanctions to defaulters.