

**FACTORS INFLUENCING USE OF CREDIT CARDS IN KENYAN COMMERCIAL
BANKS IN NAIROBI COUNTY, KENYA**

BY

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University**

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DECLARATION

This project is my original work and it has not been presented for a degree in any other university or institution for academic purpose.

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Date 7th June 2013

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This research project has been submitted for examination with my approval as the university supervisor

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This research project has been submitted for examination with my approval as the chairman of Department of Business Administration, Kenyatta University

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ABSTRACT

The use of credit cards in Kenya has been on the rise in the recent years. This study was carried out to analyze the use of credit card as a means of settling for goods and services. The study sought to examine factors affecting the usage of the card specifically cost and income level, education level of the customers, and culture of the customer. The study targets Kenya Commercial banks in Nairobi County. The target population was 300 cardholders of Kenya commercial banks in Nairobi County. The study was motivated by the increased use of credit cards in commercial banks in Kenya. The increased number of outlets accepting credit cards in Kenya has positively been received by majority of Kenyans. There has also been a campaign to shift from hard currency to plastic money for both central bank of Kenya and Kenya credit and debit card association. This strong campaign has resulted to increased competition between banks on wooing credit card users. Customers have a grace period of 50 days before settlement and they are not required to pay 100% of the bills when they fall due. The study intended to conduct an in-depth analysis of using credit card as a means of settlement for goods and services, the challenges experienced when using a credit card as a means of settlement and how these were being addressed. Most cardholders are happy with the mode used to pay off their bills with the bank when they were due for payment e.g. by use of cheques. This study is expected to equip would- be cardholders with basic information about the mode of payment by the use of credit cards. The study acted as a guide in legislation as use of credit cards will reduce the cost of printing currency in circulation since most of the funds will circulate with the banks in form of paper. The study will also assist future scholars to understand the credit cards as a means of settlement for goods and services. The research findings will bridge the gap in knowledge in the area of study and inspire a series of researchers to build on the recommendations given after the research. The general objective of the study is to determine factors influencing the use of credit cards as a mean of payment of goods and services. The specific objectives aimed at determining how cost, income level, education level and culture affect use of credit cards as a mean of payment of goods and services. The researcher adopted descriptive design. This would help the researcher establish factors determining the use of credit cards as a mean of payment of goods and services. Sampling was used to select the respondents to participate in the study. The researcher will use both primary and secondary source to collect the data. Questionnaires were used to collect the primary data. The statistical package for social sciences (SPSS) was used as an aid to analyze data. Both qualitative and quantitative analysis was used whereby numbers about a situation will be analyzed by choosing specific aspects of that situation. The output was represented using frequency table and charts based on the research objectives.