

LENDING MODEL AND LOAN REPAYMENT AMONG FINANCIAL INSTITUTIONS IN KAKAMEGA MUNICIPALITY, KENYA

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ABSTRACT

The study sought to investigate the effect of lending models on loan repayment in Kakamega Municipality-Kenya. This study was anchored on theory of financial intermediation and uniting theory of microfinance. Research design adopted was correlational research design. The study targeted all the commercial banks and microfinance institutions operating in Kakamega municipality. The study used both qualitative and quantitative data. Data was analyzed using descriptive and inferential statistics. This study found out that group lending has no statistically significant effect on loan repayment while individual lending has statistically significant effect on loan repayment. This study recommends the formulation of policies that will reduce delinquencies and defaults for group lending. Researchers may also use the results of this study to further literature on lending models and loan repayments.

KEYWORDS: *Lending Models, Loan Repayment, Commercial Banks, Financial Institutions*