

Effects of credit information sharing and referencing on the marketing of credit facilities by financial institutions in Mombasa county

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Abstract:

Conventionally banks and other financial institutions have offered credit facilities to their clients based on their own judgment and on limited knowledge of the clients and have had to rely on the traditional marketing avenues for the loans notably reduced interest rates, accessibility, advertising and referrals offered by existing customers and staff. The introduction of Credit Information Sharing and Referencing has revolutionized the credit market and the players are faced with the uphill task of not only enforcing this practice, but also to educate their clientele on its existence, usage and implications and still attract existing and new borrowers. This study assesses the impact of Credit Information Sharing on the Marketing techniques used by the lending institutions as well as identify new methods or approaches both planned or spontaneous, while at the same time assessing the impact of the new practice on borrowing patterns in the local economy and " the extent to which Credit Information Sharing and Referencing has been sensitized to the local « , population. The research design was descriptive in nature where both primary and secondary data was collected and used in the study for qualitative analysis. The study used an open-ended questionnaire that was administered to credit, sales or management staff of the different financial institutions in the county. Both . ~ descriptive and inferential data analysis meth~ds.'were be employed in the study . The study revealed that Credit Information Sharing and referencing, however consequential is not given the weight; it was originally thought to possess, by both borrowers and lenders in the lending market. The cost of borrowing, the availability and accessibility of credit and the turnaround time in processing the facilities are given much more considerations by the borrowers and the lenders in a bid to enhance the trade have capitalized on these areas at the expense of any other critical consideration, Credit Information Sharing and referencing included.