

**KENYA COMMERCIAL BANK LIMITED AND THE EFFECTS OF  
GLOBALIZATION**

**BY**

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REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS  
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## DECLARATION

This is my original work and has not been presented for a study in any University or college.

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

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**Dr. John Yabs**

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## **ACKNOWLEDGEMENT**

Above all, thanks to my God because of the unwavering provision, love and protection in all moment of lack and despair, fear and discouragement. Individually, I take the formatting errors that would be spotted in this script. My special gratitude goes to my supervisor Dr. Yabs who tirelessly through his effort and initiatives guided me through the whole process. I would like to acknowledge all the MBA students, colleagues, friends and my family especially for their moral and material support for the completion of this project.

## **DEDICATION**

This project is dedicated to my family who have been my key asset to success and supported me emotionally during the draft of the project. They gave me valuable strength to excel and achieve. I humbly and kindly appreciate their support and prayers that led to the completion of this project within the stipulated timeframe.

## ABSTRACT

When globalization is used in an economic context it refers to the reduction and removal of barriers between national borders in order to facilitate the flow of goods, capital, services and labour. Globalization has had an effect on how banking business activities are conducted worldwide and commercial banks in Kenya were not spared. Globalization of the banking sector is essential in that it brings new technology which help improve banking services and infrastructure hence reduce fraudulent activities, new risk management techniques and increased confidence in the banking sector. Due to changing market trends and competition in the business environment, many organizations are adopted globalization strategy in order to gain competitive edge against their competitors. Major changes are currently taking place globally within the banking industry due to emerging technologies in the banking sector. ICT adoption in business practice by many organizations around the world has made globalization strategy a reality. With the help of ICT adoption, many organizations are now providing their products and services in multiple countries of the world to gain competitive edge in the in the global market. Globalization and ICT adoption have been proved to be concepts that have revolutionalized traditional business practices of many organizations around the world thus making them to be more innovative, efficient and effective in their operations thus competitive edge The research objectives were: to establish the effect of globalization on Kenya commercial bank and to establish measures KCB put in place to deal with globalization. Secondary data was gathered from library material, bank journals and reports, media publications and various Internet search engines covering the implications of globalization to Kenya Commercial Bank. Primary data was collected from respondents (Kenya Commercial Bank employees) by the use of interview guide as the main instruments of data collection. Content analysis method was used to analyze data and examine the intensity with which certain words were used and systematically describes the form or content of written or spoken material. Content analysis helped to capture the in-depth opinions of the respondents' thus accurate decision making of the problem under investigation qualitatively. Kenya Commercial Bank was used as a case study. Interview guides were used to collect the data in addition to documentary review. It was found that globalization ensures efficient service delivery as human bank tellers; long queues and underutilization of internet were still in existence in the banking system. Globalization of the banking sector is essential in that it brings new technology which help improve banking services and infrastructure hence reduce fraudulent activities, new risk management techniques cost reduction in operation, new product development, reduced lead time in service delivery to customers and increased confidence in the banking sector.

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## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the Study**

Today, business is acknowledged to be international and there is a general expectation that this will continue for the foreseeable future (Arena, 2006). International business refers to business transactions that take place across national borders. This broad definition includes the very small firm that exports (or imports) a small quantity to only one country, as well as the very large global firm with integrated operations and strategic alliances around the world (Bonin, 2005).

Globalization encompasses the integration of economics and societies all over the world in order to develop the global economy. Globalization involves technological, economic, political, and cultural exchanges made possible largely by advances in communication, transportation, and infrastructure (Buch, 2000). Globalization involves to the process of the intensification of economic, political, social and cultural relations across boundaries, and it is principally aimed at the homogenization of political and socio-economy across boundaries. Information and Communication Technology is one of the drivers of globalization of many countries around the world (Arena, 2006).

Information and Communication Technology has revolutionized business practices of many organizations around the globe due to internet connectivity. Globalization has enabled organizations to conduct businesses across borders without political, economic, social and technological barriers. Globalization of the banking sector is essential in that it brings new technology which help improve banking services and infrastructure hence reduce fraudulent activities, new risk management techniques and increased confidence in the banking sector (Barth, 2005).



A sound banking system depends partly on the control exercised by the central bank and, the trust that customers have that their money will be safe, and that when one wants to withdraw money their funds will be available. According to Bhagwati (2004), a financial institution is one that facilitates allocation of financial resources from its source to potential users. The Central Bank of Kenya (2003) asserts that the role of the banking sector is to act as an intermediary for investors and savers in an economy. Globalization and integration has contributed to great changes in the banking industries of developing countries around the world (Bonin, 2005).

There have been major regulatory changes and banking technologies, the widespread dominance and acceptance of the market economy by less open economies, and the increase and integration of international financial markets and institutions, have created new opportunities and challenges for international banking (Barajas, 2000). While these transformations have provided an expanded opportunities intensified the competitive pressure in the global banking arena as well (Bonin, 2005). Globally banks have registered an increase in their product portfolio due to increased Information Communication Technology (ICT) and as a result the banking sector's product portfolio is greatly influenced. This has resulted in improved efficiency in the global financial system (Bonin, 2005).

However in most developing economies ICT lacks the necessary infrastructure to support globalization. This keeps the service quality low and depresses the rate of return on investments in the banking sector (Obstfeld et al. 2004). Therefore this paper seeks to establish whether the transformation of the banking sector from a national level to a global influence has had any effects on the banking sector. It seeks to ascertain the influence of globalization on the growth, stability and soundness of the banking sector in the Kenyan economy.

### **1.1.1 The Concept of Globalization**

Globalization is the system of interaction among the countries of the world in order to develop the global economy (Barth, 2005). Globalization involves the integration of economics and societies all over the world. Globalization encompasses technological, economic, political, and cultural exchanges made possible largely by advances in communication, transportation, and infrastructure. International business consists of transactions that are devised and carried out across national borders to satisfy the objectives of individuals, companies, and organizations (Arena, 2006). These transactions take on various forms, which are often interrelated.

Primary types of international business are export–import trade and direct foreign investment. The latter is carried out in varied forms, including wholly owned subsidiaries and joint ventures. Additional types of international business are licensing, franchising, and management contracts (Bonin, 2005). The fact that the transactions are across national borders highlights a key difference between domestic and international business. The international executive is subject to a new set of macro environmental factors, to different constraints, and to quite frequent conflicts resulting from different laws, cultures, and societies. The basic principles of business are still relevant, but their application, complexity, and intensity vary substantially (Bayoumi, et al. 2007).

### **1.1.2 Globalization and the Banking industry in Kenya**

The impact of globalization on banking industry has been prominent and it is evident that today various banks in the Kenya Industry are operating in different countries of the world. The innovation has also led to the globalization of banking industry as leading banks from all over the world now have their offices in almost every country of the world. The Banking industry in

Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK). The banking sector was liberalized in 1995 and exchange controls lifted. The CBK, which falls under the Minister for Finance docket, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system ([www.kcbbankgroup.com](http://www.kcbbankgroup.com)).

In December 2008 there were forty six banking and non bank institutions, fifteen micro finance institutions and one hundred and nine foreign exchange bureaus. The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banking sector's interests. The KBA serves a forum to address issues affecting members. Over the last few years, the Banking sector in Kenya has continued to growth in assets, deposits, profitability and products offering ([www.kcbbankgroup.com](http://www.kcbbankgroup.com)). The growth has been mainly underpinned by; an industry wide branch network expansion strategy both in Kenya and in the East African community region and automation of a large number of services and a move towards emphasis on the complex customer needs rather than traditional 'off-the-shelf' banking products. Players in the Kenyan banking sector have experienced increased competition over the last few years resulting from increased innovations among the global financial players and new entrants into the market ([www.kcbbankgroup.com](http://www.kcbbankgroup.com)).

Technological advancement has penetrated various sectors of the economy least of which banking sector has not been left out. The innovation of EFT, ATM and SMS banking has made it possible for customers to access money efficiently and fast remotely. Money transfer from a customer's account into the mobile phone and vice versa known as mobile banking is a merging of telecommunication industry and the banking industry with the aim of enhancing service

delivery. The expansion in market share through embrace of technological changes has resulted into increased returns and turn over for the sector ([www.kcbbankgroup.com](http://www.kcbbankgroup.com)).

### **1.1.3 Kenya Commercial Bank Limited**

Kenya Commercial Bank Limited (KCB) is the biggest bank in Kenya in terms of assets which stands at 311 billion (KCB financial report, 2012), and has an enviable customer base which stands at about 24 percent of the bankable population. The bank has a rich history of over a decade, which has seen it undergo tremendous growth to its current status of a regional bank with subsidiaries in six other African countries namely; Sudan, Uganda, Rwanda, Tanzania and Rwanda. KCB dates back to 1896 when its predecessors, the national Bank of India opened an outlet in Mombasa (KCB financial report, 2012).

Kenya Commercial Bank Ltd is a Kenya-based bank that provides corporate and retail banking services. It offers various personal banking products and services, such as savings and current accounts, personal loans, easy pay loans, salary advances, and credit facilities; Visa and Master Card credit and prepaid cards; advantage banking services, and business banking products. The Company provides corporate banking products, such as custody services, safe keeping services, transaction settlement, corporate actions administration, activity reporting, trustee, and capital and income services; asset finance and insurance premium finance services; corporate finance services, and trade finance products and services. Further, the Company offers foreign exchange products ([www.kcbbankgroup.com](http://www.kcbbankgroup.com)).

## **1.2 Research Problem**

Due to changing market trends and competition in the business environment, many organizations are adopted globalization strategy in order to gain competitive edge against their competitors.

Major changes are currently taking place globally within the banking industry due to emerging technologies in the banking sector (Obstfeld et al. 2004). ICT adoption in business practice by many organizations around the world has made globalization strategy a reality. With the help of ICT adoption, many organizations are now providing their products and services in multiple countries of the world to gain competitive edge in the in the global market (Mishkin, et al. 2005). Globalization and ICT adoption have been proved to be concepts that have revolutionized traditional business practices of many organizations around the world thus making them to be more innovative, efficient and effective in their operations thus competitive edge (Mian, 2006).

Globalization and adoption of Information and Communication Technology by many organizations in their operations has resulted to many organizations conducting their business across borders regardless the political, economic, social, and technological challenges. The world has become a global market where organizations and individuals purchase and sell their products and service (Mian, 2006). It is evident that globalization has enabled many organizations to gain competitive edge against their competitors in the banking in industry around the globe. Globalization has enhanced efficiency and effectiveness to organizations, it has resulted to new product development by financial institutions, it has led to reduced lead time in service delivery to customers, it has led to improved customer satisfaction and a variety of products and services to customers around the globe (Mishkin, et al. 2005).

Significant gaps currently exist in many financial institutions in developing countries of the world with regard to understanding of the role of globalization. While the impact of globalization has been overly positive in the various sectors of developing countries in the world, it has led to certain challenges. There is a wide disparity when it comes to access to technology between developing and developed nations (Mishkin, et al. 2005). The developing nations do not have a

proper infrastructure in place, which has created challenges for a lot of people in these countries. This can be disadvantageous to the developing countries and can lead to economic disparity. Related studies that have been carried out on globalization on the banking industry clearly indicate that globalization has contributed to improved performance of banks in the world based on efficiency and effectiveness. It is also evident that ICT adoption in the organizational system is the key driver of global competitive companies (Levine et al. 2000).

A study carried out by Kimani (2010) on Global Challenges of Commercial Banks in Kenya indicated that ICT adoption by Commercial Banks is one of the challenges that hindered effective implementation of globalization strategy by commercial banks in Kenya. Another study carried out by Kiptugen (2003) on Strategic Responses to a Changing Competitive Environment by Commercial Banks in Kenya identified that the adoption of globalization strategy was a challenge due to rigid organizational culture that was not supporting ICT adoption in its daily operations. It is evident from the findings of the above studies that the studies were too general and did not focus on Kenya Commercial Bank as a Case study.

Arising from the findings of the above studies, it is evident that there are many areas about effect of globalization on the banking industry that have been understudied. It is for this reason that the study seeks to establish Kenya Commercial Bank limited and effect of globalization. The study was guided by the following research questions: What effects globalization had on Kenya Commercial Bank. What measures KCB had put in place to deal with globalization.

### **1.3 Research Objective**

The research research objectives were:

- i. To establish the effect of globalization on Kenya Commercial Bank.

- ii. To establish measures KCB has put in place to deal with globalization.

#### **1.4 Value of the Study**

The study will be beneficial to Kenya commercial bank, the government, investors, and scholars. The result will contribute to new knowledge in globalization strategy in banking industry in Kenya. This study will be helpful to Kenya Commercial Bank management. The findings of the study will enable top level management to formulate policies that will lead to full adoption of globalization strategy for competitive advantage of the organization in the domestic and international markets based on its products and services. The findings of the study will enable financial institutions to understand the value of providing quality customers services through Information and Communication Technology.

Adoption of globalization strategy by financial institutions will make customers to access a variety of financial services offered by banks from multiple countries around the globe. The Government will find the information useful in diagnosing the challenges experienced by the banking industry with regard to adoption of globalization strategy. The Government will be in a position to support globalization through investing in Information and Communication Technology thus promoting social economic developments. Investors in the banking sector will use the information from this study to make critical decisions regarding to globalization. The findings of the research will expose some of the challenges they are likely to encounter in their attempt to adopt globalization. Scholars in the field of strategic management will use the information to understand the state of the globalization in the banking industry. They will also use the information as a reference point to research on the strategy formulation and innovations in other industry.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This Chapter outlines the Concept of Globalization, International Business, Globalization and Information and Communication Technology, The Impact of Globalization on Banking Service Quality in Kenya, Economic Effects of Globalization on the Banking System and The impact of globalization and information technology on the banking industry.

### **2.2 Theories of Globalization and International Business**

#### **2.2.1 Advantage theory**

The absolute advantage theory was given by Adam Smith in 1776; according to the absolute advantage theory each country always finds some absolute advantage over another country in the production of a particular good or service (Levine et al. 2000). Simply because some countries have natural advantage of cheap labour, skilled labour, mineral resources, fertile land etc. these countries are able to produce some specific type of commodities at cheaper prices as compared to others. So, each country specializes in the production of a particular commodity (Wild, Wild & Han 2006). But this theory is not able to justify all aspects of international business. This theory leaves no scope of international business for those countries that are having absolute advantage in all fields or for those countries that are having no absolute advantage in any field (Imbs & Jean 2004).

#### **2.2.2 The comparative cost theory**

According to the comparative cost theory, two countries should do business with each other if one country is having an advantage in the ability of producing one good relative to another good as compared to some other country's relative ability of producing same goods (Imbs &



Jean2004). According to Kimani (2010), comparative cost theory suggests relative comparing of the two products from two countries. In relative comparing it can be observed that France sacrifices 2.5 bottles of wine for producing each pound of beef (150/60) and USA sacrifices 0.5 bottles of wine for producing each pound of beef (25/50). So, it can be observed that production of beef is more expensive in France as compared to USA. Comparative cost theory suggests USA to import wine from France instead of producing it and in similar manner theory suggests France to import beef from USA instead of producing it. In this way, comparative cost theory well explains the driving forces behind international business (Kimani, 2010).

### **2.2.3 Opportunity cost theory**

The opportunity cost theory was proposed by Gottfried Haberler in 1959. The opportunity cost is the value of alternatives which have to be forgone in order to obtain a particular thing (Wild & Han 2006). Opportunity cost approach specifies the cost in terms of the value of the alternatives which have to be foregone in order to fulfill a specific art. Thus, this theory provides the basis for international business in terms of exporting a particular product rather than other products (Lane, et al 2006).

### **2.2.4 The vent for surplus theory**

International trade absorbs the output of unemployed factors if the countries produce more than the domestic requirements, they have to export the surplus to other countries(Lane, et al 2006). Otherwise, a part of the productive labor of the country must cease and the value of its annual produce diminishes. Thus, in the absence of foreign trade, they would be surplus productive capacity in the country (Shleifer, 2002). The surplus productive capacity is taken by another country and in turn gives the benefit under international trade (Kose & Terrones. (2005). According to this theory, the factors of production of developing countries are fully utilized. The

unemployed labor of the developing countries is profitably employed when the surplus is exported (Kim & Soyoung, 2001).

### **2.3 The Concept of Globalization**

Globalization can be seen as an evolution which is systematically restructuring interactive means among nations through breaking down barriers in the areas commerce, communication and other areas of endeavor (Bayoumi, et al. 2007). This is as a result of existence of free-market forces and good corporate governance among other values. According to the International Monetary Fund (IMF) globalization has increased international division of labor and the accompanying integration of national economies through trade in goods and services, cross border corporate investments, and financial flows (Beck, et al. 2008). When globalization is used in an economic context it refers to the reduction and removal of barriers between national borders in order to facilitate the flow of goods, capital, services and labour. Globalization has had an effect on how banking business activities are conducted worldwide (Berger, et al. 2001).

### **2.4 Globalization and Information and Communication Technology**

Bank branch networks have been influenced greatly by Automated Teller Machines (ATMs), computerized telecommunications device that provides a financial institution's customers a method of financial transactions in a public space without the need for a human clerk or bank teller (Berger, et al. 2001). Most banks now have more ATMs than branches, and ATMs are providing a wider range of services to a wider range of users. For example in Hong Kong, most ATMs enable anyone to deposit cash to any customer of the bank's account by feeding in the notes and entering the account number to be credited.

According to Calomiris et al. (2001), asserted that most ATMs enable card holders from other banks to get their account balance and withdraw cash, even if the card is issued by a different

bank. Since the advent of EFTPOS (Electronic Funds Transfer at Point Of Sale), direct debit, direct credit and internet banking, the cheque has lost its primacy in most banking systems as a payment instrument. This has led legal theorists to suggest that the cheque based definition should be broadened to include financial institutions that conduct current accounts for customers and enable customers to pay and be paid by third parties, even if they do not pay and collect (Calomiris et al. 2001).

Telephone, mobile, video and online banking have replaced face to face interaction with the banker in many economies (Calvo et al. 2000). Rose described telephone banking as a service provided by a financial institution which allows its customers to perform transactions over the telephone. Online banking is a term used for performing transactions, payments and so on over the Internet through a bank, credit union or building society's secure website (Canova, 2005). According to Koch (2008) mobile banking is a method of using one's mobile phone to conduct simple banking transactions by remotely linking into a banking network. Koch described video banking as that used for performing banking transactions or professional banking consultations via a remote video and audio connection. Video banking can be performed via purpose built banking transaction machines (similar to an Automated Teller Machine), or via videoconference enabled bank branch (Cetorelli et al. 2006).

According to Claessens (2006) argues that the effect of globalization on the banking or financial system is not something imposed but the result of forces for change that are deeply rooted in human nature: the drive for freedom and better service, for new discoveries, and for a broader horizon. In the banking sector globalization has removed national or entity barriers to the free movement of international capital and this process is accelerated and facilitated by the supersonic transformation in information technology. Globalization has been used as a synonym

or attributed to as a major influence of liberalization and greater openness (Cetorelli et al. 2006).

Due to the globalization effect it's now easier for foreign banks to enter the host country's financial market (Toyo, 2000 and Bhagwati, 2004). While foreign entry may come after financial crisis in developing countries it is mainly due to low level competition in host country, deregulation and access to new customer base that lead to foreign entry in developing countries (La Porta et al.2002). Foreign entry of banks has brought new technology and risk management techniques, funds for the banks in need, and regulations that can reduce the amount of financial capital that may flee the country in times of crises. Moreover globalization brings with it measures to improve the quality of corporate governance increasing the efficiency of banks and therefore stabilizing the economy (La Porta et al.2002).

Increased globalization and the integration of financial markets result in more efficient dissemination of information and advances in banking technology, you would expect to find increased growth in commercial banks(Goldberg, 2002).Furthermore, you would expect large banks that have adopted globalization strategy to be technologically more advanced than their smaller counterparts, since they are in a better position to take advantage of international exchanges of new technologies and emerging innovations. Large banks are found to be significantly more efficient through Information Technology (IT) since it creates new opportunities for banks in the way they organize product development, delivery and marketing (Haines, 2007).

IT also allows other financial and even non financial organizations to start offering bank services across national boundaries thus enhancing increased international competition between banks.

Banking markets are also becoming more international (Mian, 2006). The combination of new IT, deregulations in the banking industry are broken down. This can be easily seen in the internationalization of retail financial services (including banking) particularly across Europe and the US. Increases the competitive forces in banking have led to a decline of traditional banking indicated by a reduction in the profitability of banks (Mishkin, et al. 2005).

The most striking evidence of this is the reduction in income from lending activities as a percentage of total income (Mishkin, et al. 2005). A high cost base can be reduced over time however the level of competition is unlikely to diminish. Globalization and information technology are creating a more unstable banking environment in which new entrants and bank services are interested (Clarke et al. 2000). The increasing unification of financial markets and the ability to link directly to the market has created opportunities for institutions to automatically pass specific elements of risk to the capital and money markets at a minimal cost (Clarke et al. 2000). The banks with the ability to provide automated links to their customers can serve a global customer base of financial institution in a timely fashion without facing capacity restraints.

## **2.5 The Impact of Globalization on the Banking Service Quality**

Developing countries with high debts may perceive globalization as a solution (Leow, 1999). The host country expects increasing international trade, improving technology in order to modernize the banking sector, increasing the product and service variety, encouraging savings among other things. Kose et al. (2005) postulate that globalization of the banking sector brings more benefits than harm to the domestic market. They go on to say that globalization helps improve the quality of corporate governance, which increases the efficiency of banks. Its effects also come in new financial products and services that are introduced which as a result increase

competition in the domestic sector.

Kim (2001) asserts that globalization acts as an instrument of reform when the governments permit the foreign banks to change the structure of the banking system. Foreign bank entry in developing countries results in efficiency in terms of profits and costs more than the host countries' sectors (Imbs et al. 2004). However, it is argued that in the short run, efficiency increase is not guaranteed and that globalization improves efficiency only if it exceeds a certain level that can offset the negative incentive effects.

Globalization may have a destabilizing effect because when the conditions that attracted foreign banks disappear they tend to sell their subsidiaries to local banks and investors that may lead to a banking crisis (Imbs et al. 2004). The chances that the least efficient domestic banks will improve after foreign entry are lower compared to those of banks already operating closer to international standards. According to Hawkins et al. (2001) as the number of foreign banks increase, excess profits are eliminated, resulting in socially optimal results. A stable and properly functioning banking system is essential for economic growth. Hence this makes the relationship between bank performance and development crucial according to (Goldberg, 2007).

## **2.6 Economic Effects of Globalization on the Banking System**

Increasingly what happens in local neighborhoods is influenced by the activities of people and systems operating around the world. Adopted new technologies that involve less face with the bank may be with a call center many miles away or when you buy goods on the internet the only person you might speak to is the delivery driver (Galindo, 2003). Also, movements in the world commodity and money markets can have a very significant impact globe. Sophisticated information systems just how much the economy is impacted by globalization, all one has to do

is examine the impact on all of the world markets when sovereign debt crisis occurred in Greece, Ireland, Italy, Portugal, and Spain (Galindo et al. 2007).

The internationalization of financial markets, technology and some manufacturing and services bring with them limitations. Bank, the European Union and the European Central Bank involve new constraints. While the influence of nation states may have shrunk as a part of the process of globalization, it has not disappeared. A crucial aspect of globalization is the nature and power of multinational corporations. Such companies now account for over 33 percent of world output and 66 percent of world trade (Gray 1999).

Du (2003) argues that Economic Effects of Globalization on the Banking System Banking has gone through many dramatic changes in the last two decades. trade has had a major impact on the need to operate the banking shave been extensive regulatory changes, advances in information and banking technologies, the acceptance of the market economy by former non integration of international financial mar opportunities and challenges for both the U.S. and international banking industries. While these have provided an expanded opportunity for banks, they have increased the complete pressure in the global banking arena. International banks continue to proliferate in countries other than their own which has a major impact on competition

The continued existence of a bank in this increasingly global competitive environment is directly linked to its performance and operation (Du, 2003). Deregulatory banking acts, combined with increased globalization and the integration of financial institutions and markets, create a more competitive environment that should increase the efficiency of banking operations in general. Globalization and deregulation should affect small banks and large banks similarly. “Sector is one of the most important economic sectors and the most influential and responsive to changes,

whether international or domestic (Du, 2003). Thus, banking globalization draws on several reasons and, at the same time, must be linked to the growth of the bank and its expansion while enhancing its' capabilities. Many studies of globalization indicate the system of any country in the world. The economic effects of globalization on the banking system may be positive or negative, and the task of those in charge of the management of the banking system is to maximize the positive effects and minimize the negative ones. Reference may be made to a number of serious economic effects of globalization on the banking system conducting the following analysis.

With increasing globalization, banks became exposed to risks both external and internal and had to be cautious about risks using several means. The most significant of these is strengthening capital (Frankel et al. 2004). The criterion of capital adequacy became increasingly important since it was approved by the Basel Committee in 1988, and it became necessary for banks to abide by it as a global criterion. Banks were affected but this criterion as the ratio of their capital risk assets after weighting them against credit risks must reach at least 8% by the end of 1999 (Galindo, 2003).



## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter outlines the research design, criteria used to select the firm, data collection methods, target and sample of the population and data analysis and presentation method.

### **3.2 Research Design**

A Descriptive research design was used in this study. Kothari (2004) defines a Case studies emphasize detailed contextual analysis of a limited number of events or conditions and their relationships. A case study emphasizes the contextual analysis by limiting the research to a single firm and hence allowed for in-depth probing into the subject matter. The researcher employed a case study research design. The design was necessary because it excels in bringing out an understanding to complex issues or objects and can extend experience or add strength to what is already known through previous research.

### **3.3 Data Collection**

Primary sources of data were used to in this study. This was collected from respondents by the use of interview guide as the main instruments of data collection. Interviewing was considered an appropriate method of qualitative research and had the ability to generate honest opinion and genuine conversation between interviewers and participants. Secondary data was gathered from library material, bank journals and reports, media publications and various Internet search engines covering the implications of globalization to Kenya Commercial Bank. Permission to access office circulars, strategic plans, files and manuals and other relevant documents was initiated through the Head of Strategy.

### **3.4 Data Analysis**

The researcher used content analysis. Kombo and Trump (2006) argue that content analysis involves examining the intensity with which certain words have been used and systematically describes the form or content of written or spoken material. Content analysis helped to capture the in-depth opinions of the respondents' thus accurate decision making of the problem under investigation. By breaking the content of the material into a meaningful and pertinent unit of information certain characteristics of the message was analyzed and interpreted. The research examined both the positive and negative words as used during the interview process to draw a reconstruction and conclusion concerning the matter under investigation.

The researcher examined both the positive and negative themes that were used during the interview process to draw a reconstruction and conclusion concerning the effect of globalization on the banking industry in Kenya. Data was analyzed and presented qualitatively based on the interviewee's in-depth analysis and measurement of their arguments, opinions, and ideas with regard to the effect of globalization on the banking industry. Kenya Commercial Bank was used as a case study. The researcher critically analyzed and measured every response qualitatively based on attitudes and opinions of respondents.

## **CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS**

### **4.1 Introduction**

This Chapter outlines respondent's profile, globalization and service delivery and explains how data that was collected from respondents was critically analyzed based on facts that respondents raised with regard to globalization practices. The data was qualitatively analyzed and measured. Discussions were based on the facts that were presented by the respondents.

### **4.2 Respondents Profile**

Out of the twelve respondents earmarked for the interviews, ten respondents were successfully interviewed. This gave a response rate of 83 %, of the target population. The researcher wanted to establish the position held by respondents. From the research findings it was established that majority were marketing manager, finance manager and procurement managers. This meant that majority of the respondents were well informed and computer savvy and dynamic, they were proactive in terms of embracing new technologies as long as they were well enlightened on its benefits. Some of the respondents interviewed were management trainees cashier and administrative staff.

The interview also aimed at establishing the highest education level of the respondents. It was established that majority of the respondents were University degree holders and most of them had enrolled for master degrees due to opportunities provided by KCB Ltd in terms of education loan facilities to develop employees' skills and knowledge for better performance.

The respondents levels of education, when coupled with their work experience that was established to be averagely 6 years while other employees, having less than three years of work

experience with KCB, it was identified that Kenya Commercial Bank's departments like finance, marketing, human resource and procurement department were managed by employees who were knowledgeable and competent enough to understand the influence of globalization on the performance of the bank. The interview also aimed at establishing how long the bank had operated in the Kenyan market. Majority of them indicated that the bank had operated over 20 years and it had a larger market share compared to other commercial banks in the market.

#### **4.3 Findings of the Study**

Most of the respondents who were interviewed clearly suggested globalization increase efficiency and effectiveness in service delivery, resulted to customers complaint thus satisfaction and communication between customer and companies all the time, promoted new product development and innovation culture among workers and diversification among commercial banks in Kenya. It was also evident from this study that globalization promoted international relations among countries, standardized services to global customers, uniformity of foreign currencies, e-business cultural diversity among countries and uniformity comparison of interest rates between international and domestic markets.

Most of the respondents interviewed clearly indicated that they understood globalization as practice of operating in more than one country using modern technology platforms. Some of the internal challenges that were raised by the responded included; inadequate training of employees with regard to globalization processes, inadequate funds to implement globalization strategies, slow implementation of the suggested policies due to rigid organizational structure and culture.

Majority of the respondents argued that adoption of globalization had attracted resistance from all level of management, due to bureaucratic administrative systems that did not give employees

equal opportunities during decision making. Some respondents clearly argued that employees from the retail units were ready to embrace the new technology since they were viewing it as a potential opportunity of reducing their work load, hence minimal stress at the work place.

After interviewing the respondents, Most of them argued that the bank's management must play a major role to institutionalize globalization strategy through; Provision of better information systems that are compatible with the e-procurement system in the market, Proper staffing of competent and well-trained employees in the procurement department, formulation of better policies to safeguard employees while executing their duties from the likely risks, benchmarking KCB against the global e-procurement best practices.

Most of the respondents who were interviewed clearly suggested that globalization practices with regard to bank operations had contributed to ; reduced procurement turn-around time through reduction of approval steps during decision making aspects of the financial process, increased accountability among employees, increased visibility in operations , increased access to the information related to global markets, increased value of the procurement processes by consolidating the banks purchasing power to ensure good service , guaranteed full value for every shilling spent and reduced costs supplies.

Respondents from the central globalization strategy had contributed to a tremendous growth in cost savings. This helped the bank to reduce its cost of buy and sell its products. Although respondents from the retail branches were neutral on the issue, they argued that the globalization contributed towards improved performance of the bank in terms of profits, market share and innovation.

The study established that most of the respondents adequate knowledge on e-procurement since this was a new concept in the banking industry. The study established that most of the employees tried to resist the adoption of the e-procurement concept since it threatened their jobs. The study established that most of the top level management did not have team spirit in implementing the globalization strategy due to the rigid organizational culture that did not advocate for innovation. The study established that bureaucratic systems of management that did not employees an opportunity to make decisions contributed to slow implementation of the globalization strategy at Kenya Commercial Bank.

It was established that even though the concept was beneficial to the institution in terms of cost saving, some employees had developed resistance due to inadequate awareness. Also the study established the with the emerging of new technology in the market, the globalization strategy has enabled organizations to gain a competitive edge in the global market due to free flow of information exchange.

It was also evident from this study that many were the challenges faced by customers with globalization strategy e. Some of the challenges suggested by customers included; Increased cases of online frauds, inadequate support from the top level management, bureaucratic practices within the system, inadequate regulatory and legal controls by relevant authorities to facilitate globalization strategy and adoption by organizations in the country, inadequate employee trainings concerning globalization strategy.

#### **4.4 Discussion on Globalization practices in Relation to KCB**

Innovations in information processing, telecommunications and related technologies known collectively as information technology (IT) brought about by globalization are often credited

with helping fuel strong growth in many economies. It seems apparent then that, technological innovation affects not just banking and financial services, but also has an impact on the direction of an economy and its capacity for continued growth. These developments in technology have resulted in new delivery channels for banking products and services among commercial; banks. The progress made in IT in banking by Kenya Commercial Bank has contributed to easing enquiry, saving time, and improving service delivery throughout the entire banking system (Arena et al. 2006).

In recent years investment in IT by commercial banks has served to stream line operations, improve competitiveness and increase the variety and quality of services provided. This finding confirms that of Yasuharu (2003) that implementation of information technology due to globalization and communication networking has brought about a tremendous change in the functioning of the banks and other financial institutions (Barajas, Steiner & Salazar, 2000).

Developments in globalization are radically changing the way business is done. Electronic commerce is now thought to hold the promise of a new commercial revolution by offering an inexpensive and direct way to exchange information and to sell or buy products and services. This revolution in the market place has set in motion a revolution in the banking sector for the provision of a payment system that is in line with the demands of the electronic marketplace. These developments of Kenya Commercial Bank in globalization ultimately has changed the landscape in the financial services and hence upgrade the banks' international standards (Bayoumi et al. 2007).

Globalization has increased in importance in Kenya financial sector. Banks have been finding ways through which they would serve their clients more cost effectively as well as increase the

utility to their clientele. Their main concern has been to serve clients more conveniently as there are still queues appearing in banking halls and as this research found out that there are still many frequent visits by individuals to their banks that can be reduced by use of technology. Electronic and communications technologies brought about by globalization have been used extensively in banking for some years to make transactions or business easier, faster, more competitive and convenient (Barajas, Steiner & Salazar, 2000).

In Kenya, the earliest signs of globalization came in the forms of electronic and communications technologies mainly office automation devices. Telephones, telex and facsimile were employed to speed up and make more efficient, the process of serving clients. There was a somewhat slow development in this regard as these remained the main information and communication technologies used for transacting bank business (Bayoumi et al. 2007).

As competition intensified in the 1980s the personal computer (PC) got proletarian, commercial banks in Kenya begun to use them in back office operations and later tellers used them to serve clients. Advancements in computer technology in globalization saw the banks networking their branches and operations thereby making the one-branch philosophy a reality (Bhagwati, 2004).

Arguably the most revolutionary global electronic innovation in Kenya and the world over was the Automated Teller Machine (ATM). Kenya Commercial installed the first ATM in 1990. Other major banks followed after it and increased the networking for a greater satisfaction to the customers. The ATM has been the most successful delivery medium for consumer banking in Kenya. Customers considered these devices as very important in their choice of banks and those banks that delayed suffered a slow pace in business. ATMs have been able to entrench the one-



branch philosophy in the country by being networked, so people do not necessarily have to go to their branch to do some banking (Bhagwati, 2004).

Another global innovation in Kenya was the various types of electronic cards which have been developed over the years. Many cards developed are online so anytime a client uses the card, or changes occur in their account balance, their card automatically reflects the change. Though ATMs have enjoyed great success, it has been found out that it is possible for banks to improve their competitive stance and profitability by providing their clients with even more convenience. In Kenya in response to the global technological change Kenya Commercial Bank started to offer PC banking services though to a limited scale as mainly corporate clients have access to it. The services available with this channel are ascertaining credible information about the bank's products, the customers' complaints, bank statements and cheque book request and general enquiries.

Leow (1999) argued that telephone banking provides increased convenience, expanded access and significant time saving. Electronic Funds Transfer as Point of Sale (EFTPoS) is an online system that has allowed customers to transfer funds instantaneously from their bank accounts to merchant accounts when making purchases (purchase points). This has contributed to an increased banking productivity in Kenya as it has become very popular with many merchants in the country (Barth et al. 2006).

The health of the banking sector is vital for enhancing the competitiveness of an economy. A weak banking sector jeopardizes the socioeconomic development of a nation. Globalization has played a major role in enhancing productivity and efficiency in the banking sector. However, much of the digitalization brought about by globalization is at its infancy in Africa and other

developing economies. Furthermore this has led to financial institutions being unable to realize high return on investment on their infrastructure. Governments have a role to play in supporting infrastructural development of the banking sector and this can be achieved through placing various incentives to encourage people to use this (ICT) medium of financial transaction (Bonin & Iftehar, 2005).

It was also established from the research that globalization has actually restored confidence in the banking sector with many people preferring to use plastic money. The development has also contributed to the reduction of fraudulent activities in many cases. Quality of products in the banking sector also improved due to globalization. This also has resulted in faster transaction processing, enquiries made faster, increased bank productivity, increased bank growth and efficient service delivery within the banking sector (Bonin & Iftehar, 2005).

Through modern communication technology traders and staff in the banks could work through their e-mail and thus can be contacted and complete the work without the personal presence at the headquarters of the bank. Commercial banks in Kenya are driven by industry factors like technology to go global because of the serious financial accumulation negotiable move from one state to another as soon as the light effective global communications technology that allows the transfer of funds and investment anywhere in the world in minutes (Barth, 2005).

Global changes have forced commercial banks in Kenya and other institutions around the globe to compete with one another. At the same time, large blocks appeared to expand the scope of the market before and reduce cost and maximize profit through service, speed, innovation and meet the needs of the consumer (Bhagwati, 2004).

## **CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter summarizes the major findings of the study. The study sought to find out the impact of electronic procurement on the operations of Kenya Commercial Bank. In addition, this chapter provides a direction for further studies and also gives some recommendations for policy making by the relevant authorities. The interview guide was used to gather primary data from the respondents. The interview guides comprised of open-ended questions and were strictly administered by the researcher. Both primary and secondary information was used to determine the results and findings of the study.

### **5.2 Summary**

The study sought to establish the effect of globalization on the performance of Kenya Commercial Bank. Adoption of globalization practices in the banking industry is crucial for every organization in the competitive business environment. To gain competitive edge in the dynamic business environment, large and small firms should adopt globalization practices to minimize costs and maximize profits. To achieve objectives like profit maximization, offsetting costs of operations, business survival and gaining competitive advantage in the market financial institutions should adopt globalization for efficiency and effectiveness in the global market.

### **5.3 Conclusions**

Globalization brought a number of changes in the banking service sectors in many economies. ATMs are the most popular and utilized by customers followed by telephone banking and PC banking in Kenya. There is a great capacity for internet banking but it's not yet well developed. Customers still visit their banks regularly and with globalization effect its set to be reduced

following the use of modern services delivery channels. With globalization; enquiries are faster; transaction time and costs are reduced; bank productivity increases and bank growth is achieved.

In Kenya the effect has ensured customer patronage that is willingness of customers to continue saving with their respective banks. Human bank tellers are still necessary as some customers resist change. Globalization has also helped in reducing fraudulent activities within the banking sector. The research found that the implementation of global measures improves the quality of products in the banking sector. In conclusion globalization of the banking sector has appreciable positive effects on bank productivity, cashier's work, banking transaction, bank patronage, bank services delivery, customers' services and bank services.

#### **5.4 Recommendations**

The study found out that quite a number of the respondents had inadequate knowledge on globalization concept since it was a new concept in the banking industry. Therefore, this study recommends that KCB should formulate policies to enable all employees recruited are trained on the globalization concept.

The study found out that international competition affected the performance of Commercial banks. Therefore, this study recommends Kenya Commercial Bank must work to know all details about the banking market needs in such a way as to not to conflict with the goals of the banks. Top level management should reinforce the financial resources of Kenya Commercial Bank through increasing capital and merging small and weak banks to form more effective units in order to achieve the required reduction in costs and benefit by larger economies.

The study found out that most of the employees tried to resist the adoption of the globalization

concept since it threatened their jobs. Therefore, the study recommends that KCB to sensitize all employees on the value of globalization practices in the dynamic business environment. Kenya Commercial Bank should work to develop human resources through rehabilitation and training in such a way as to fit with the developmental process and the requirements of modern banking technology. Implementing a modern banking technology and introducing modern services and products to deliver those services to clients in the local market.

The study found out that knowledge management was a challenge among commercial banks in Kenya. Therefore, the study recommends that KCB achieve globalization objective through knowledge management and should be recognized as an important factor of production by management.

The study found out that little emphasize from the top level management contributed to slow implementation of globalization practices. Therefore, the study recommends that top level management should embrace innovative culture among employees through providing opportunities to employees to develop and employment new ideas

The study found out that bureaucratic systems of management had contributed to slow implementation of the globalization concept within the institution. Therefore the study recommends that democratic management styles should be used within the institution to promote team spirit and institutionalization of the globalization concept.

It was also found out that the globalization concept had various challenges like online fraud. Therefore, the study recommends that KCB should benchmark its globalization practices with good performing financial institutions in the global market in order to identify gaps and formulate policies to minimize or control online fraud. Commercial banks in Kenya to be

competitive they should put in a data base available for use in banks and institutions in the light of fierce competition require conversion strategies to expand geographically and to open new markets and the challenge of competitors.

Top management should promote leadership that rely on human allow shared vision among all workers, believes decentralization to achieve accomplishments and drive material and intended merit systems through the development of operating systems quick and disciplined

Commercial banks to achieve operational efficiency and effectiveness, they should focus on expanding the product mix and banking services continuously so that they may become integrated and convenient to customers, rather than relying on traditional financial services that achieve profit margins narrow. Restructuring banks, taking into account the rapid development of technology, so management can approach the levels of marketing banking, and focus on the promotion of banking services is the principal challenge in the future. Managing risks intending operations to meet the rapid changes in positions of debtors with emphasis on the importance of policies for the management of assets and liabilities.

The result showed that globalization has impacted greatly on the performance of this bank. Therefore, it should be borne in mind that for great performance to be achieved by Kenya Commercial Bank, globalization should be considered as an aspect to look into. Based on these findings, the study recommends that Kenya Commercial Bank should not relent in their interaction with their foreign counterpart in doing business in order to increase their foreign earnings. Banks should also spend more on information and communication technology since this has the capacity of increasing their profit.

This information technology (IT) should be used to localize all the branches to a single branch

networking. In spending more on information and communication, they should make use of satellite communication and very small aperture terminal (VSAT) technology and internet banking VSAT technology apart from making possible voice and video banking. The study further recommends that Kenya Commercial Bank should be opened in foreign countries in order to increase foreign participation in home country's banking.

Finally, the study recommends that the government of Kenya through the Central Bank of Kenya should formulate macroeconomic policies that will enable the domestic banks to compete favourably with their foreign counterparts and the policies should be sound to favour economic globalization in the form of more foreign private investment, foreign trade and a better policy that will promote uniformity among foreign currencies.

### **5.5 Limitations of the study**

The staffs of Kenya Commercial Bank were usually very busy and therefore they required a lot of time in order to fill in the questionnaires. The challenge was overcome by giving the respondents the questionnaires at the right time for appropriate responses.

Inadequate financial resources were a major challenge the study. Accommodation expenses of the data collectors and stationary costs delayed the exercise but early preparation means were sought by the researcher by taking a soft loan from one of the micro financial institutions.

Getting accurate information from the respondents was one of the major challenges since some of the workers were threatened that the information may be used against them by the management in the terms of performance hence insecurity of their jobs. The challenge was minimized by assuring the respondents of confidentiality of the information they gave.

Most of the respondents were unwilling to give the information due to negative perception of the study. The challenge was minimized by giving incentives to respondents in order to get positive response and accurate information.

The location in distance and terrain while trespassing Nairobi county proved to be a bone of contention coupled with dusty grounds which posed a danger to personal health as far as common colds are concerned.

### **5.6 Suggestions for Further Research**

Future studies should attempt to explore the effect of globalization on the performance of commercial banks. Researchers should go ahead and establish the reasons behind the slow adoption of globalization strategy in the banking industry with regard to efficiency and effectiveness. Future studies will minimize challenges experienced by organizations when trying to adopt globalization practices hence improved service delivery to customers and improved productivity to organizations.



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## APPENDICES

### Appendix I: Introductory Letter



**UNIVERSITY OF NAIROBI**  
**SCHOOL OF BUSINESS**  
**MBA PROGRAMME**

Telephone: 020-2059162  
Telegrams: "Varsity", Nairobi  
Telex: 22095 Varsity

P.O. Box 30197  
Nairobi, Kenya

DATE... 19/08/2013

#### TO WHOM IT MAY CONCERN

The bearer of this letter... MARIANNE W. KANYONGO

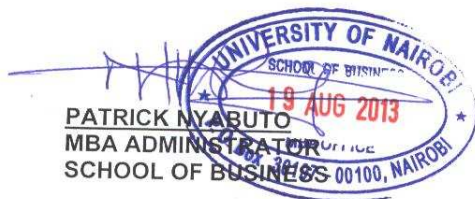
Registration No... D61162913/2010

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

  
UNIVERSITY OF NAIROBI  
SCHOOL OF BUSINESS  
19 AUG 2013  
PATRICK NYABUTO  
MBA ADMINISTRATOR  
SCHOOL OF BUSINESS 00100, NAIROBI

## Appendix II: Interview Guide

Please supply the required data by filling in the blanks where space is provided or by ticking against the most appropriate answer.

Respondents name..... [Optional]

### Section A: Demographic Data of Employees

1. What is your position in this Company?
  - Marketing Manager [ ]
  - Finance Manager [ ]
  - Procurement Manager [ ]
  - Management Trainees [ ]
  - Cashier [ ]
  - Administrative staff [ ]
2. Please indicate your highest Academic Level
  - Diploma [ ]
  - Degree [ ]
  - Post graduate [Masters] [ ]
  - PhD [ ]

### Section B: Duration of Operation

3. For how long have you worked in this Company?
  - Up to 1 year [ ]
  - 2 – 3 years [ ]
  - 4 – 5 years [ ]
  - Above 5 years [ ]
4. For how long has this Company operated in Kenya?
  - Less than 5 years [ ]
  - 5 – 10 years [ ]
  - 11 – 15 years [ ]
  - 16 – 20 years [ ]
  - Over 20 years [ ]

5. What do you understand about Globalization?  
 .....
6. Do you see any value of globalization to the bank and the banking industry in this 21st Century?
7. What is your perception to globalization with regard to banking practices?

**SECTION C: Service Delivery**

1. Do you believe globalization increase efficiency and effectiveness in service delivery ?
2. How do you value globalization concept with timeliness in attending customers?
3. How do you understand globalization customers' complaint?
4. What is your perception and understanding of globalization with regard to Customer satisfaction?
5. How do you understand and perceive globalization in relation to reduction of cost in the banking operations?
6. How do you understand and perceive globalization in relation communication between customer and companies?
7. How do you understand and perceive globalization in relation new product development?
8. How do you understand and perceive globalization in relation reduced paper work?
9. How do you understand and perceive globalization in relation Availability of current information?
10. How do you understand and perceive globalization in relation to information flow?
11. How do you understand and perceive globalization in relation to reduced waiting time
12. Convenience and flexibility of services to customers?
13. How do you understand and perceive globalization in relation to security of information
14. How do you understand and perceive globalization in relation data integrity?
15. How do you understand and perceive globalization in relation Human interaction in services?
16. How do you understand and perceive globalization in relation to image of the organization?
17. How do you understand and perceive globalization in relation diversification among organizations?
18. How do you understand and perceive globalization in relation to international relations?



19. How do you understand and perceive globalization in relation to standardized services?
20. How do you understand and perceive globalization in relation to foreign currencies
21. Opportunity of new markets?
22. How do you understand and perceive globalization in relation to e-business
23. How do you understand and perceive globalization in relation cultural diversity among countries?
24. How do you understand and perceive globalization in relation to long term borrowing opportunities?
25. How do you understand and perceive globalization in relation to service delivery to customers?
26. How do you understand and perceive globalization in relation tax rules to customers?
27. How do you understand and perceive globalization in relation to additional financial services to customers?
28. How do you understand and perceive globalization in relation to comparison of interest rates between international and domestic markets?

### **Appendix III: List of Licensed Commercial Banks in Kenya**

1. ABC Bank (Kenya)
2. Bank of Africa
3. Bank of Baroda
4. Bank of India
5. Barclays Bank
6. Brighton Kalekye Bank
7. CFC Stanbic Bank
8. Chase Bank (Kenya)
9. Citibank
10. Commercial Bank of Africa
11. Consolidated Bank of Kenya
12. Cooperative Bank of Kenya
13. Credit Bank
14. Development Bank of Kenya
15. Diamond Trust Bank
16. Dubai Bank Kenya
17. Ecobank
18. Equatorial Commercial Bank
19. Equity Bank
20. Family Bank
21. Fidelity Commercial Bank Limited
22. Fina Bank
23. First Community Bank
24. Giro Commercial Bank
25. Guardian Bank
26. Gulf African Bank
27. Habib Bank
28. Habib Bank AG Zurich
29. I&M Bank
30. Imperial Bank Kenya
31. Jamii Bora Bank
32. Kenya Commercial Bank
33. K-Rep Bank
34. Middle East Bank Kenya
35. National Bank of Kenya
36. NIC Bank
37. Oriental Commercial Bank
38. Paramount Universal Bank
39. Prime Bank (Kenya)
40. Standard Chartered Kenya
41. Trans National Bank Kenya
42. United Bank for Africa
43. Victoria Commercial Bank

**Source: Central Bank of Kenya Report (2013)**