OPERATIONAL STRATEGIES AND COMPETITIVE ADVANTAGE IN THE COMMERCIAL BANKING SECTOR IN KENYA

BY

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DECLARATION

I declare that this research project is my original work and any of its content has never been submitted to any other institution for the award of Masters, degree, diploma or certificate.

Signature____________________ Date 9 | 11 | 2011

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D61/73422/2009

This project has been carried out by the student under my supervision and I confirm that it is being submitted to the university with my approval as the student supervisor.

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DEDICATION

This research work is dedicated to my loving husband Sammy and our daughters Elsie and Eileen.

ABSTRACT

Today's environment is often turbulent. Stalk et al (1992) argue that competition in such environment is becoming less like a game of chess and more like an interactive video game where competition should be treated as a "war of movement" with successful companies moving quickly in an out of products, markets and sometimes even entire business. In order to gain competitive advantage in this turbulent business environment companies are constantly being encouraged to make the transition to the latest management prescriptions, panaceas and theories which come and go rather like waves on a beach.

The objective of this research was to establish the link between operational strategies and competitive advantage in the commercial banking sector in Kenya. Descriptive survey was used as the best strategy to fulfill the objectives of this study.The population of study consisted of all the 43 commercial banks that are dully registered with Central Bank of Kenya as at 31st December 2010. Questionnaires were randomly issued to the senior managers, branch managers in the organizations under study.

The questionnaire were administered by the researcher through direct interaction with the respondents and explained the motive of the study and purposes of creating rapport that were facilitated to carry out of interviews with these respondents. Data collected was analyzed by descriptive analysis. Tables and charts were used to summarize responses for further analysis and facilitate comparison.From the study the researcher concludes that for banks to achieve the desired competitive advantage clients needs to be addressed to combat what clients have gone through like experienced inconsistent application of procedures in the branch The researcher concludes that to achieve success in the finance

sector it is important to be enthusiastic, have competent/knowledgeable staff be at a convenient location and have convenient banking hours, this will be made easy by having simple systems and procedures in the bank.

The study recommends that the institution in specific Kenya commercial banks should ensure all transactions are well planned, follow a given system to achieve the desired competitive objectives by following the three basic types of capital resources to provide the firm with competitive advantage i.e. physical resources, human resources and organizational resources. Physical resources include the firm's plant, equipment and finances. Human resources include intellectual property, knowledge of business processes and tacit knowledge, skills, judgment and intelligence of the firm's employees; and organizational resources include the firm's structure, planning, controlling and coordination (Barney & Wright, 1998).

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Operational strategies are the plans that specifies the design and use of resources to support the business strategy. This includes the location, size, and type of facilities available; worker skills and talents required; use of technology, special processes needed, special equipment; and quality control methods. The operations strategy must be aligned with the company's business strategy and enable the company to achieve its long-term plan (Chase, Aquilano, and Jacob 2001).

According to Gupta (2001), Operations strategies are recognized as a strategic function in banking institutions and investment in new technologies should be strategically directed to strengthen various operations decisions such as quality, process, capacity and facility. The role of operations strategy is to provide a plan for the operations function so that it can make the best use of its resources. Operations strategy specifies the policies and plans for using the organization's resources to support its long-term competitive strategy

According to Grant (2002), competitive advantage is a firm's ability to transform inputs into goods and services at a maximum profit on a sustained basis, better than competitors. Comparative advantage resides in the factor endowments and created endowments of particular regions. They include land, natural resources, labor and the size of the local population. Advance in technology has made it possible to build better products using fewer resources. As technology fundamentally changes a product, its performance and quality often increases dramatically, making it a more highly valued commodity in the market place. But the growth in high-tech business applications has created new competitors as well, making it important for businesses to try to register advantages in any and all areas of operations management. Operations become a positive factor when facilities, equipment, and employee training are viewed as a means to achieve organizational objectives, rather than as narrowly focused departmental objectives (Ombura, 2002).

1.1.1 Operational strategy

According to Pitt (2000), operational strategy is the total pattern of decisions which shape the long-term capabilities of any type of operations and their contribution to the overall strategy, through the reconciliation of market requirements with operations resources. Operations strategy is the tool that helps to define the methods of producing goods or a service offered to the customer.The main reason why company would develop a competitive business strategy is to achieve a competitive advantage over its competitors. The essence of competitive business strategy for organization is achieving a favorable match between firm's distinctive competence and the external environment in which it competes. Therefore it is crucial for firm to focus on different dimensions of its environment while making a business strategy. The most important of these are to discover new opportunities, to divert potential threats, to overcome current weaknesses, to sustain existing strengths, and apply strengths to new fields. Every firm has to deal with these strategic environmental factors on a continuous basis (Pitt, 2000).

Another thing that should be addressed when talking about the strategy is a distinction between business strategy and corporate strategy. Now days many companies, while pursuing a higher return and lower overall corporate risk, diversify their business portfolio, i.e. they are competing in different businesses. Thus, business strategy is referred as the one that ensure successful ventures of individual business units, whereas corporate strategy concerns the operations of the entire corporation, (Cannella ,1989).

Porter (1985a) identified three main types of generic strategies that companies can adopt as being: cost leadership, differentiation and focus. A company's relative position within an industry is given by its choice of competitive advantage, either cost leadership or differentiation, and its choice of competitive scope. Regarding the competitive scope company can target broad industry segment or focusing on a narrow segment. Generic strategies are useful because they characterize strategic positions at the simplest and the broadest level. Furthermore Porter argues that achieving competitive advantage requires a company to make a choice about the type and the scope of its competitive advantage. There are different risks inherent in each generic strategy, but if a company tries to do deliver "all things to all customers" it is a sure strategy to end up somewhere in the middle and consequently not achieving any advantage.

1.1.2. Competitive Advantage

This section defines competitive advantage. Three basic types of capital resources provide the firm with competitive advantage: physical resources, human resources and organizational resources. Physical resources include the firm's plant, equipment and finances. Human resources include intellectual property, knowledge of business processes and tacit knowledge, skills, judgment and intelligence of the firm's employees; and organizational resources include the firm's structure, planning, controlling and coordination (Barney and Wright, 1998). Both the human and the organizational resources are contributors to the organizational culture of a business.

Competitive advantage is a term given to the source of a firm's ability to win business and out-perform competitors at a point in time. Maintaining competitive advantage is a constantly moving target and the source of competitive advantage will shift over time (Stalk, 1988). Rivals can quickly copy any changes in market position or strategies, therefore companies must be flexible in order to respond rapidly to competitive and market changes (Porter, 1996). Stevenson (2009) defines competitive advantage as a firm's effectiveness in using organizational resources to satisfy customers' demand when compared to competitors. Barney (2008) defines competitive advantage as the ability to create more economic value than competitors (Barney, 2008). Barney distinguishes between two types of competitive advantage: temporary and sustainable competitive advantage. Competitive advantage typically results in high profits, but these profits attract competition, and competition limits the duration of competitive advantage in most cases, therefore most competitive advantage is temporary (Barney, 2008). On the other hand, some competitive advantages are sustainable if competitors are unable to imitate the source of advantage or if no one conceives of a better offering (Barney, 2008).

Therefore, competitive advantage must reside in a firm's value chain. The value chain is composed of primary business activities and support business activities. Primary business activities include: inbound logistics, operations and outbound logistics, marketing and sales and after sales service. Support business activities include: firm infrastructure, human resources management, technology development and procurement. The value chain is entrenched in a firm's value system which includes: suppliers, buyers, and distribution channels.

Competitive advantage also depends on how well a firm coordinates the entire value system. The activities inside the value chain are interlinked and this linkage creates interdependencies between the firm and its external environment.

1.1.3 Operational Strategies and Competitive Advantage

The operational strategies emerged as a complement or dual to Porter's theory of competitive advantage (Barney and Arikan, 2001). Initially, Wernerfelt (1984) developed a theory of competitive advantage based on the resources a firm develops or acquires to implement product market strategy. Wernerfelt's (1984) primary contribution to the operational strategies literature was recognizing that firm specific resources as well as competition among firms based on their resources can be essential in order for organizations to gain advantages in implementing product market strategies (Barney and Arikan, 2001). A different perspective is presented by Rumelt (1984) who focuses on economic rents and created a theory of rent generation and appropriating characteristics of firms (Barney and Arikan, 2001).Moreover, Rumelt (1984) in his strategic theory offered many characteristics which were later associated with the operation strategies. For example his view on "firms as collections of productive resources" as well as his suggestion that the imitability of these resources depends on the extent to which they are protected by an "isolation mechanism" (Barney and Arikan, 2001).

Prahalad and his colleagues Prahalad and Bettis, (1986); Prahalad and Hamel, (1990) developed an approach to understanding corporate diversification. Differing from previous corporate strategy work which had been focusing on the importance of shared tangible assets across businesses, Prahalad began emphasizing the potential importance of sharing intangible assets across businesses. These shared intangible assets were called "a firms dominant logic" (Prahalad and Bettis, 1986). The concept of a dominant logic led to the very influential paper that defined the notion of a corporations "core competence" A core competence is defined as: A collective learning in an organization, on how to coordinate diverse production skills and integrate multiple streams of technologies in that organization, Prahalad and Hamel, (1990, p.82).

Consequently, the work of Itami (1987), Prahalad and Bettis (1986) and Prahalad and Hamel (1990) has had a great impact on the development of the operational strategies. In fact resource-based theories of corporate diversification has been one of the most popular ways to empirically test resource-based logic (Barney and Arikan, 2001). Moreover, resource-based theory is based on the assumption that firms are fundamentally heterogeneous regarding their resources and internal competencies. It deals with the problem of how firms can exploit their internal resource base and capabilities to obtain sustained competitive advantages (Barney, 1991; Hamel and Prahalad, 1994).

According to Barney (1991), a firm is argued to have a competitive advantage when it is implementing a value creating strategy which a current or potential competitor is not implementing at the same time. Moreover, a firm is argued to have a sustained competitive advantage when it is implementing a value creating strategy which a current or potential competitor is not implementing at the same time and when these other firms are unable to duplicate the benefits of this strategy (Barney, 1991). However, in order for a resource to have the potential of being a sustained competitive advantage, it must contain the following four attributes: Firstly, it must be valuable, in the sense that it exploits opportunities and/or neutralizes threats in a firm's environment, secondly, it must be rare among firm's current and potential competition; thirdly, it must be imperfectly imitable and fourthly, there cannot be any strategically equivalent substitutes for this resource that are valuable but neither rare or imperfectly imitable (Barney, 1991).

Whereas Barney focuses on internal resources as the key to sustained competitive advantage, Hamel and Prahalad (1994) focus on core competencies and argue that a firm's sustained competitive advantage is to be found in its core competencies. In order for a competence to be a core competence, three criteria have to be met: the competence has to 1) provide access to more than one market, 2) give a significant contribution to the end product/products and 3) be difficult for competitors to imitate (Hamel and Prahalad, 1994). Accordingly, if a company possesses a core competence and understands how to take advantage of it, it can lead to sustained competitive advantages.

1.1.4 The commercial banking industry in Kenya

In Kenya, the Banking Sector is composed of the Central Bank of Kenya, as the regulatory authority and the regulated; Commercial Banks, Non-Bank Financial Institutions and Forex Bureaus. As at 31st December 2010 the banking sector comprised 44 institutions, 43 of which were commercial banks and 1 mortgage finance company(MFC). Commercial banks and mortgage finance companies are licensed and regulated under the Banking Act, Cap 488 and Prudential Regulations issued there under. Foreign Exchange Bureaus are licensed and regulated under the Central Bank of Kenya (CBK) Act, Cap 491 .Out of the 44 commercial bank institutions, 32 were locally owned and 12 were foreign owned. The locally owned financial institutions comprised 3 banks with significant government shareholding, 28 privately owned commercial banks and 1 mortgage finance company. Of the 42 private banking institutions in the sector, 71% are locally owned and the remaining 29% are foreign owned. Performance of the banking sector was rated strong as institutions achieved satisfactory financial conditions and improved operations results despite high market competition as each of these institutions scramble for a significant market share. New products have been introduced in the market as a result of rising competition. The system remained well capitalized. Shareholders' funds, deposits and assets increased by 35.2 percent, 27.7 percent and 31.9, respectively (CBK, 2010).

Commercial banks are profit making financial institutions that play a significant role in the financial system. Commercial banks offer a wide range of corporate financial services that address the specific needs of private enterprise. They provide deposit, loan and trading facilities but will not service investment activities in financial markets. The term commercial bank is used to differentiate these banks from investment banks, which are primarily engaged in the financial markets. Commercial banks are also differentiated from retail banks that cater to individual clients only (Cargill, 1986). Commercial banks in Kenya play a number of roles in the financial stability and cash flow of the country's private sector. They process payments through a variety of means including telegraphic transfer, internet banking and electronic funds transfers. They also issue bank cheques and drafts, as well as accept money on term deposits. They act as moneylenders, by way of installment loans and overdrafts. Loan options include secured loans, unsecured loans and mortgage loans. Commercial banks in Kenya provide a number of import financial and trading documents such as letters of credit, performance bonds, standby letters of credit, security underwriting commitments and various other types of balance sheet guarantees. They also take responsibility for safeguarding such documents and other valuables by providing safe deposit boxes. Currency exchange functions and the provision of unit trusts and commercial insurance are typically provided by the relevant departments in larger commercial banks. (Dyson, 2000)

1.2 Research problem

Organizations today are faced with unprecedented competition on global basis. Today's environment is often turbulent. Stalk et al (1992) argue that competition in such environment is becoming less like a game of chess and more like an interactive video game where competition should be treated as a "war of movement" with successful companies moving quickly in an out of products, markets and sometimes even entire business. In order to gain competitive advantage in this turbulent business environment companies are constantly being encouraged to make the transition to the latest management prescriptions, panaceas and theories which come and go rather like waves on a beach.

Ombura (2002), argues that Business enterprises perform eight basic functions namely, the operations function, the production function, the human resources function, the finance function, the marketing function, the communication function, the information function and the purchasing or procurement function. According to Hambrick and Cannella, (1989), each of these functions has separate contexts but each also influences the business as a whole. A mistake in one function often jeopardizes the whole operation of the business.

Good business strategies plot changes in where a company is going. A winning operational strategy translates that direction into operational reality, creating strategic competitive advantage in the process. Operational strategy finds new ways to structure your business operations and economics to create breakout results in top-line growth, earnings, and valuation as a competitive advantage. The external environment of an organization is marked by competition between rival firms. The firm, which succeeds in delivering enhanced value to the customer, is said to have gained competitive advantage over other competing firms. The link between operational strategies and competitive advantage in the commercial banking sector in Kenya. The paper examines this issue.

Since its starting point strategic management has been divided into two dominant schools of strategy, namely the competitive advantage and the operational strategies. On one hand, the competitive advantage school of thought regards firm resources as being homogeneous and therefore they see the concept of competitive advantage as being ascribed to external characteristics. On the other hand, the operational strategies is based on the idea that firm resources are heterogeneous, and therefore views operational strategies from the perspective of the distinctive competencies and resources that give a firm an edge over its competitors.

It seems evident, that many authors within this literature domain take their point of departure in a definition of the banking model that includes the so-called value network or what Davenport et al. (2006) call an entire system for creating and providing consistent value. This system includes not only the firm itself, but to a large extent the collaboration with partners, suppliers, and customers. Important elements of the definitions presented are both the firm's positioning within the value network, but also competitive positioning, i.e. operational strategy in the "Porterian" sense, and the linkages between firm resources and the environments. Hence, it can be concluded that the banking model is indeed an operation strategy model which unites the finer aspects of strategy as proposed by Hedman and Kalling (2003).

In terms of the relation between the competitive advantage and operation strategy, the literature suggests that viewing these concepts as complements can have significant effects on firm performance. Hence, several authors support the conceptualization of the competitive advantage as a promising integrator of disparate views on operation strategy. This entails banking model proposals, which include Porter's value chain etc. as well as the operational strategies. In this way, valuable concepts from different strategic perspectives are integrated into what Amit and Zott (2001) call a new unit of analysis, i.e. the banking model, which ensures that important insights from different theoretical approaches are not lost.

It is against this background that the researcher sought to carry out a study to establish the link between operational strategies and competitive advantage in the commercial banking sector in Kenya by posing the question; what link is there between operational strategies and competitive advantage in the commercial banking sector in Kenya?

1.3 Research Objective

The objective of this research is to establish the link between operational strategies and competitive advantage in the commercial banking sector in Kenya.

1.4 Value of the study

Commercial banks will stand to benefit from this study in their management, both long-term and short-term. It will help them be aware of the operations strategies that are hindering effective implementation of appropriate operations strategies so that managers can therefore work on those areas. Government policy makers will refer to this research project in drafting appropriate policies that regulate the banking industry, with the growth in sector , the government has to draft policies to address the various challenges within the banking industry, so as to reduce resultant chaos and to facilitate faster growth with minimum drawbacks. The study will contribute to the general body of knowledge on credit risk management (CRM). of significance is the study's contribution to CRM. Prior research has emphasized on CRM and commercial banks' lending business. Other researchers may quote this study in their workings as it opens up new areas for research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Chapter two gives the literature review of the paper. It covers the Competitive Advantage in lengthy. This covers the research questions of the paper. The aim of this chapter is two-fold as it seeks to discover, firstly, the importance of competitive advantage to business strategy, need for an operations strategy for competitive advantage.

Operational strategy is a combination of all patterns of decisions which shape the long-term capabilities of any type of operations and their contribution to the overall strategy, through the reconciliation of market requirements with operations resources. Operations strategy is the tool that helps to define the methods of producing goods or a service offered to the customer. The main reason why company would develop a competitive business strategy is to achieve a competitive advantage over its competitors. (Pitt, 2000)

Competitive advantage is an advantage over competitors gained by offering consumers greater value either by means of lower prices or by providing benefits and services that justify higher prices (Thompson et al, 2007).

"Since at least 1911, scholars have tried to answer the question why do some firms persistently outperform others?" (Barney and Arikan, 2001, p. 124). Operational strategy deals with this question from a managerial perspective and tries to explain the sources of sustained competitive advantage. Operational strategy has, however, changed dramatically since its starting point in the 1950's, when Selznick introduced the need to bring an organizations internal state and external expectations together for implementing policy into the organizations social structure (Kong, 2008).

2.2 The Concept of Strategy

A strategy is a long term plan of action designed to achieve a particular goal, most often "winning" (Thompson et al, 2006). Strategy is differentiated from tactics or immediate actions with resources at hand by its nature of being extensively premeditated and often practically rehearsed. No business exists in a vacuum. It is no doubt being constantly subjected to the forces of change whether they are economic, competitive, environmental, or political. Very few of us can escape change - it is all around us. All organizations regardless of size are environment dependent. They depend on their external environment for their inputs and ultimately their outputs. Ansoff (1987) notes that the environment is constantly changing. In such an environment, organizations have to constantly adapt their operations and internal configurations to reflect the new external realities.

As the external environment changes, organizations find themselves in unfamiliar environment and have to respond by integrating change and internalizing the ability to adapt to the new environment for survival and growth. According to Hill and Jones (1999), Organizations respond to turbulence in the environment by formulating new strategies. These provide directional cues to the organization that permit it to achieve its objectives while responding to the opportunities and threats in the environment. Pearce and Robinson (1997) argued that organizations have to respond to the turbulence by crafting new strategies that they define as a large- scale future–oriented plans for interacting with the environment.

The study of strategic management therefore emphasizes on monitoring and evaluation of external opportunities and threats in light of a corporation's strengths and weaknesses. This statement emphasizes that the environment is constantly changing and so it is imperative that an organization has to constantly adapt its activities to reflect the new environmental requirements.

Having a strategy enables you to ensure that the day-to-day decisions fit in with the long-term interest of an organization. Without a strategy, decisions made today would have a negative impact on future results (Thompson, 1993).

The major task of managers is to ensure survival of the companies they manage. In order to achieve success, the companies have to adequately adjust to meet environmental challenges. Failure to do this will cause the companies to experience a strategic problem. Therefore strategy is a tool which offers significant help that enable the firm cope with turbulent environment facing the firm (Johnson and Scholes, 2002). This problem arises out of the mismatch between the output of the company and the demand in the market place. Strategy is useful in helping managers tackle the potential problems that face their companies (Aosa 1998). Strategy is the tool which offers help for coping with the turbulence confronted by the business firms. Strategy requires to be taken seriously as a managerial tool not only for the firm but also for a broad spectrum of social organization (Ansoff and McDonnell, 1990).

2.3 Operational Strategies

The idea that a business organization could have a strategy seems to have first emerged in the 1960s, when the techniques of long-term business planning were first popularized. Since then many different interpretations of the concept and practice of strategic management have been developed. Indeed, entire books have been given over to contemplating the nature of strategy. For example, Gibler et al (2002) characterize ten 'schools of thought' in their consideration of what constitutes strategy. A widely accepted definition is offered by Gibler et al (2002), who define strategy as 'the direction and scope of an organization over the long-term, which achieves advantage in a changing environment through its configuration of resources with the aim of fulfilling stakeholder expectations'. In its determination of the long-term direction of an organization, strategy involves the interplay of three elements: the organization's external environment, its resources and its objectives (in meeting the expectations of its stakeholders). Operations management is principally concerned with the organizational resources. However, the way that the operations function manages resources will impact both the way that the organization interacts with its external environment and its ability to meet the needs of its stakeholders. Thus, operations management is an integral part of an organization's strategy.

In too many instances, a firm's operations function is not geared to the business's corporate objectives. While the system itself may be good, it is not designed to meet the firm's needs. Rather, operations is seen as a neutral force, concerned solely with efficiency, and has little place within the corporate consciousness. The need for an operations strategy that reflects and supports the corporate strategy is not only crucial for the success of the corporate strategy but also because many decisions are structural in nature. In other words, the results are not easily changed. The firm could be locked into a number of operations decisions, which could take years to change if the need arose. These could range from process investment decisions to human resource management practices. Too often, marketing-led strategies leave operations to resolve the resulting issues from their unilateral view of what is best for the business as a whole. If corporate management cannot fully appreciate the issues and consequences of relegating operations to a tactical status it could find itself needing to make structural changes that are costly, time consuming, and much too late to make the competitive impact necessary to compete effectively, Johnson (2002).

Firms that fail to fully exploit the strategic power of operations will be hampered in their competitive abilities and vulnerable to attack from those competitors who do exploit their operations strategy. To do this effectively, operations must be involved throughout the whole of the corporate strategy. Corporate executives have tended to assume that strategy has only to do with marketing initiatives. They erroneously make the assumption that operation's role is strictly to respond to marketing changes rather than make inputs into them. Secondly, corporate executives assume that operations have the flexibility to respond positively to changing demands. These assumptions place unrealistic demands upon the operations function. While corporate management perceives corporate improvement as coming through broad decisions concerning new markets, takeovers, and so on, it overlooks the idea that building blocks of corporate success can be found in the creative and effective use of operations strategy to support the marketing requirement within a well-conceived corporate strategy, (Clark,1994).

Operations management's attention must increasingly be toward strategy. The balance and direction of its activity should reflect its impact on the firm's performance toward achieving its goals through its strategy, and on the performance of operations itself, recognizing that both need to be done well. Linda Nielsen-Englyst recommends a four-phase process for formulating and updating operations strategy: learning, reviewing, aligning, and redirecting. Zhang, (2002) states that phase one is a learning stage where alternatives to the intended strategy are evaluated in practice. Phase two involves reviewing alternatives over time, allowing ideas to grow and mature. Phase three, the alignment stage, is an analytical process where the firm attempts to identify and document financial rationale for changing the intended strategy. Finally, in the redirecting phase, the firm tests its ideas in practice through local initiatives.

2.4 Competitive Advantage

A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces (Thompson & Strickland, 2002). Sources of competitive advantage include high quality products, superior customer service and achieving lower costs than rivals. To succeed in building a sustainable competitive advantage, a firm must try to provide what buyers will perceive as superior value. This entails either a good quality product at a low price, or a better quality product that is worth paying more for.

Prahalad and Hamel (1990) defined a core competence as an area of specialized expertise that is the result of harmonizing complex streams of technology and work activity. They further explained that a core competence has three characteristics first it provides access to a wide variety of markets, secondly it increases perceived customer benefits and lastly it is hard for competitors to imitate. The core competencies provide a base on which firms are able to achieve competitive advantage.

Hunt and Morgan (1995) proposed that potential resources can be most usefully categorized as financial, physical, legal, human, organizational, informational, and relational. Prahalad and Hamel (1990) suggested that firms combine their resources and skills into core competencies loosely defined as that which a firm does distinctively well in relation to competitors. Therefore, firms may succeed in establishing a sustainable competitive advantage by combining skills and resources in unique and enduring ways. By combining resources in this manner, firms can focus on collectively learning how to coordinate all employees' efforts in order to facilitate growth of specific core competencies.

2.5 Operational Strategies and Competitive Advantage

The importance of competitive advantage to operational strategy has attracted much attention in the strategic management literature. The literature indicates business strategy has been viewed as the manner in which a firm decides how to compete, pursue, achieve and maintain its competitive advantage in a particular industry (Walker and Ruekert, 1987; 1989; Mintzberg and Quinn, 1991; Varadarajan and Clark, 1994; Gibler, Black, and Moon, 2002; and Sanchez and Heene, 2004). The study by Arthur Anderson and Company (1993) indicated that real estate managers agreed that linking real estate planning to overall business strategy is important for the success and profitability of the company and that property can contribute to the competitive advantage of the company as well.

However, the study by Pittman and Parker (1989) reported that real estate managers interviewed by the International Development Research Council (IDRC) in the 1980s suggested that their companies were not consulting the real estate department about the role of real property in corporate strategy as well as not keeping the real estate department fully informed of corporate strategy. One of the possibilities for a firm to develop its competitive advantage is by providing value to its customers. A firm can offer value to its customers and gain its competitive advantage by performing its core internal activities such as production, marketing, sales, service, human resource management, technology development, and procurement more efficiently and effectively than competing firms (Porter, 1980). In addition, findings of previous studies also suggested that competitive priorities are associated to competitive advantage. According to these studies, competitive priorities such as cost, quality, delivery dependability, flexibility, service and innovativeness have close and strong relationships with business environment as well as the competitive advantage of firms (Chi, Kilduff and Gargeya, 2009; Sarmiento et al., 2008; Askar and Mortagy, 2007; Zhang, 2002; Dangayach and Deshmukh, 2001; Bolden et al., 1997; Cox, 1989; and Zelenovich, 1982).

Ruekert (1987) positioning is an attempt to distinguish the firm from its competitors along real dimensions in order to be the most preferred one for a certain market segment or prospect. It is an organised system for finding a window or gap in the mind of the prospect, and then filling it at the right time and under the right circumstances (Black and Moon, 2002). In operational strategy, by giving the target customers something better than what the competitors are offering, a differentiation advantage will be established. Therefore, successful operating strategy implies the successful match of the firms' capability with the result of the segmentation and targeting process. To build competitive advantage (especially a differentiate advantage) through effective positioning is the final target of operating strategy.

In Parker's interpretation, he emphasizes the importance of operating strategy to be a necessary step to establish differential advantage: market segmentation and targeting disclose the attractiveness of the market, i.e. where to compete; operating strategy decides the position a firm endeavors to stand, i.e. how to compete competitively. This includes the effort to find or establish differential advantage. If the operating strategy is successful, a differential advantage of the firm can be found or established and even retained.

Empirically, Christopher Easingwood (1989) described a number of positioning attempts in the financial services sector, based on different competitive conditions and resources of different banks. He disclosed that a proper positioning strategy is important, a operating strategy summarises the distinctive competence that a company seeks to convey to the marketplace to establish its competitive advantage, Parker (1989).

All these authors admit a close link between operating strategy and competitive advantage. Both involve what superior advantage a firm wants to achieve, how to match the external environment with the firm's capabilities to achieve a superior position and how to retain this superior position. An effective operating strategy could establish the competitive advantage of a firm. In this sense, the process of operating strategy is actually the process to build the competitive advantage. This can be evidenced by a profound understanding of the concept and approach to competitive advantage, Gargeya, 2009.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in completing the study. It involves a blueprint for the collection, measurement and analysis of data.

3.2 Research design

Research design is the plan and structure of investigation so conceived as to obtain answers to research questions. The plan is the overall scheme or program of the research (Robson, 2002). In this study a survey design wase used. This research problem could best be studied through the use of a descriptive survey. Descriptive research portrays an accurate profile of persons, events, or situations (Saunders, Lewis and Thornhill, 2003). Surveys allow the collection of large amount of data from a sizable population in a highly economical way. Therefore, the descriptive survey was deemed the best strategy to fulfill the objectives of this study.

3.3 Study Population

The population of study consisted of all the 43 commercial banks that are dully registered with Central Bank of Kenya as at 31st December 2010.

3.4 Data Collection

Data collection is gathering empirical evidence in order to gain new insights about a situation and answer questions that prompt undertaking of the research (Kothari, 2004). In this research, questionnaires and literature review were considered more appropriate. Questionnaires will provide a high degree of data standardization and adoption of generalized information amongst any population. They are useful in a descriptive study where there is need to quickly and easily get information from people in a non-threatening way (Davies, 1997). Secondly, it can cover a large number of people at a relatively affordable cost and it also limits interviewer bias (Mugenda and Mugenda, 2003). Questionnaires was randomly issued to the senior managers, branch managers in the organizations under study.

The questionnaire was administered by the researcher through direct interaction with the respondents the researcher explained the motive of the study the interaction assisted in creating rapport that facilitated the carrying out of interviews with these respondents.

3.5 Data Analysis

The questionnaires containing data from the respondents was edited then coded to facilitate statistical analysis. According to Mugenda (1999), data must be cleaned, coded and properly analyzed in order to obtain a meaningful report.

Data collected was analyzed by descriptive analysis. According to Myers, M. (1997), the descriptive statistical tool helps the researcher to describe the data and determine the extent to be used. The Likert scale was used to analyze the mean score and standard deviation and analysis was aided by the SPSS software, which provided various statistics, which then applied to analyze the quantitative data in terms of percentages, frequency distribution, means and standard deviations. Tables and charts was used to summarize responses for further analysis and facilitate comparison

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The results are presented on the link between operational strategies and competitive advantage. The data was gathered exclusively from questionnaire as the research instrument. The questionnaire was designed in line with the objectives of the study. To enhance quality of data obtained, Likert type questions were included whereby respondents indicated the extent to which the variables were practiced in a five point Likerts scale.

4.1.1 Response Rate

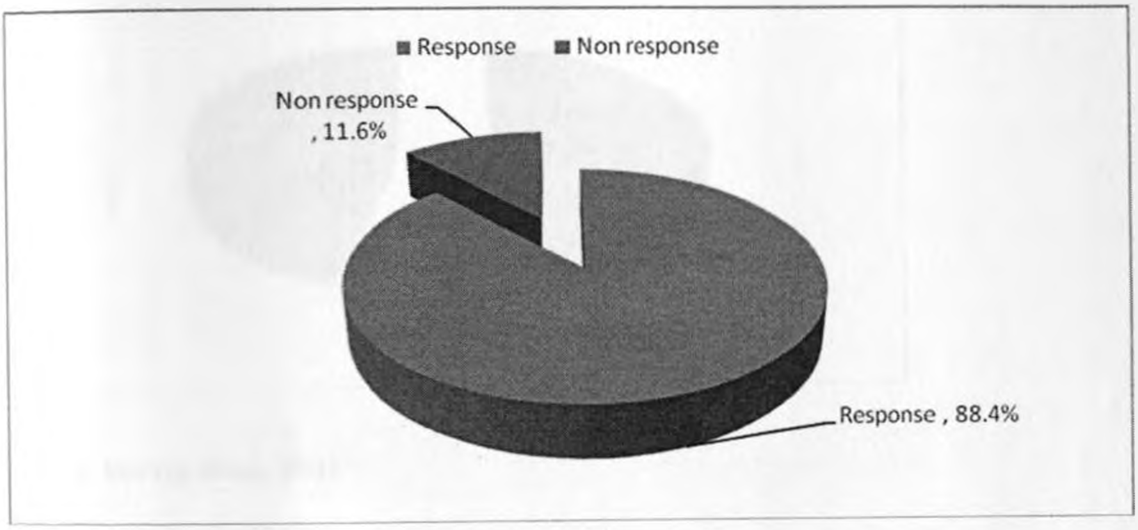
The study targeted to sample 43 respondents in collecting data with regard on the link between operational strategies and competitive advantage in commercial banks in Kenya with a specific reference to commercial banks in Kenya. From the study, 38 out of 43 sampled respondents filled in and returned the questionnaire contributing to 88.4%. This commendable response rate was made a reality after the researcher made personal visits to remind the respondent to fill-in and return the questionnaires.

Table 4:1: Response Rate

Response	**Frequency**	**Percentage**
Responded	38	88.4
Not responded	5	11.6
Total	**43**	**100.0**

Source: Survey Data, 2011

Figure 4.1: Response Rate



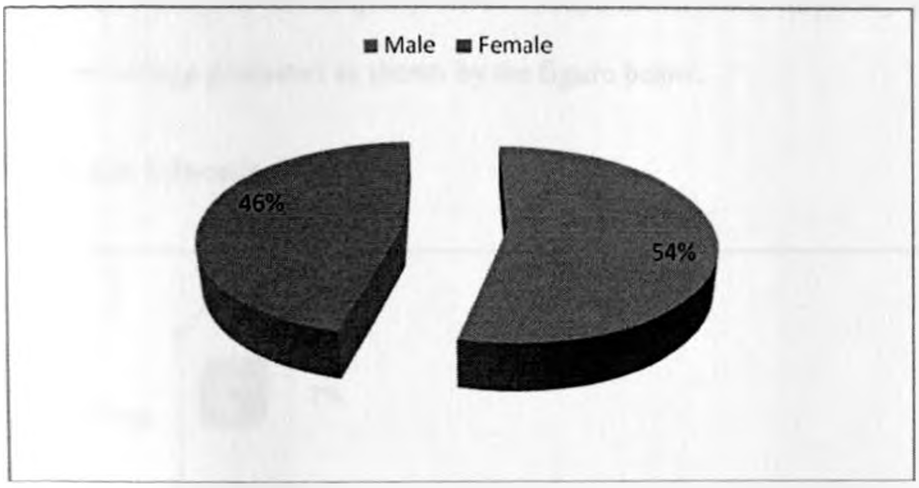
Source: Survey Data, 2011

4.2 Organizational Profile

4.2.1 Gender of Respondents

Figure 4.2 shows that 54% of the respondents were male while 46% were female. This is a clear indication that gender equity is exercised in the selected banks.

Figure 4.2: Gender of Respondents



Source: Survey Data, 2011

4.2.3 Age Bracket

The study was aiming to know the respondents age and majority (52.6%) were 31-40 years of age while, 41-50 years (34.2%) while (13.2%)21-30 years.

Table 4:2: Age Bracket

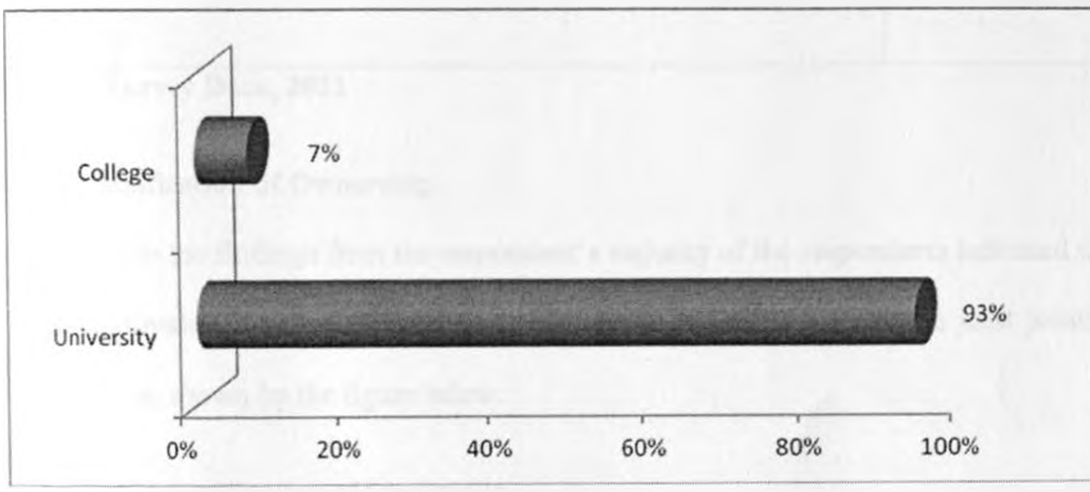
Age	Frequency	Percentage
21-30 years	5	13.2
31-40 years	20	52.6
41-50 years	13	34.2
Total	**38**	**100.0**

Source: Survey Data, 2011

4.2.4 Education

The study found that the majority 93% of respondents were university graduates and minority 7% were college graduates as shown by the figure below.

Figure 4.3: Education



Source: Survey Data, 2011

4.2.5 Duration in the Bank

The study ought to know the education level of the respondents and according to the study majority of the respondents 44.7% 3- 4 years worked in the bank and the minority worked below one year represented by 13.2% as indicated by the figure below.

Table 4:3: Duration in the Bank

Duration in the bank	Frequency	Percentage
Below 1 year	5	13.2

3- 4 years	17	44.7
5- 9 years	9	23.7
Above 10 years	7	18.4
Total	**38**	**100**

Source: Survey Data, 2011

4.3.1 Classification of Ownership

According to the findings from the respondent's majority of the respondents indicated their bank to be multinational 65.8% followed by government owned 26.3% and the least jointly owned with 2.6% as shown by the figure below.

Table 4:4: Classification of Ownership

Classification of ownership	Frequency	Percentage
Government owned	10	26.3
Multinational bank	25	65.8
Owned by locals	2	5.3
Jointly owned	1	2.6
Total	**38**	**100**

Source: Survey Data, 2011

4.3.2 Organization Ownership

The study sought to know the ownership of the organization the response was largely foreign owned 63.2%, largely locally owned 10.5% and equally owned 26.3%.

Table 4:5: Organization Ownership

Ownership	Frequency	Percentage
Largely foreign owned	24	63.2
Largely locally owned	4	10.5
Equally owned	10	26.3
Total	**38**	**100**

Source: Survey Data, 2011

4.3.3 Time of Incorporation

The respondents were requested to indicate when was the Bank was incorporated and the respondents 57.9% indicated between 1991 and 2000, (28.9%) between 1981 and 1990, (5.3%) after 2000 and between 1971-1980 respectively. On the other hand 2.6% pointed out that it was incorporated before 1970 shown by table 4.6.

Table 4:6: **Time of Incorporation**

Time of Incorporation	**Frequency**	**Percentage**
Before 1970	1	2.6
Between 1971 and 1980	2	5.3
Between 1981 and 1990	11	28.9
Between 1991 and 2000	22	57.9
After 2000	2	5.3
Total	**38**	**100**

Source: Survey Data, 2011

4.3.4 Geographical Scope of Operation

The study aimed at investigating geographical scope of your operation of the various banks , according to majority of the respondents ,Countries one of which must be outside Africa) 65.8%, International (operating in two or more) 26.3%, National (Only in Kenya) 5.3% and Regional (in two or more countries in Africa) represented 2.6% .

Table 4:7: Geographical Scope of Operation

Geographical Scope of Operation	**Frequency**	**Percentage**
Countries one of which must be outside Africa)	25	65.8
International (operating in two or more)	10	26.3

National (Only in Kenya)	2	5.3
Regional (in two or more countries in Africa)	1	2.6
Total	**38**	**100**

Source: Survey Data, 2011

4.3.5 Number Branches in Kenya

The study sought to establish the branches in the various organizations that they have in Kenya between 11 and 15 (68.4%), more than 15 (15.8%), between 6 and 10 (7.9%) and less respectively shown below.

Table 4:8: Number Branches in Kenya

Branches in Kenya	**Frequency**	**Percentage**
Between 11 and 15	26	68.4
More than 15	6	15.8
Between 6 and 10	3	7.9
Less than 5	3	7.9
Total	**38**	**100**

Source: Survey Data, 2011

4.3.5 Currently Number of Employees

The study was aiming at knowing the current number of employees and the respondents indicated that Over 1000 was the majority with 73.7%, between 500 and 1000 had 13.2%, between 100 and 400 10.5% and less than 100 with the minority (2.6%).

Table 4:9 Currently Number of Employees

Number of employees	Frequency	Percentage
Less than 100	1	2.6
Between 100 and 400	4	10.5
Between 500 and 1000	5	13.2
Over 1000	28	73.7
Total	**38**	**100**

Source: Survey Data, 2011

4.4.1 Core Competence in Commercial Banks in Kenya

The study shows that majority of the respondents 78.9% cited agreed that banks in Kenya possess a core competence while the minority 21.1% disagreed with banks in Kenya possessing a core competence.

Table 5:00: Core Competence in Commercial Banks in Kenya

Core competence	Frequency	Percentage
Yes	30	78.9

No	8	21.1
Total	**38**	**100**

Source: Survey Data, 2011

4.4.2 Competitive advantage

The study found out that competitive advantage is quantifiable with 78.9% and the minority disagreed (21.1%), on if competitive advantage is a niche 44.7% of the respondents agreed while 55.3% disagreed, the respondents also agreed that competitive advantage is sustainable with the majority 65.8% and the minority 34.2 %, on if the employees recite their competitive advantage majority of the respondents agreed (92.1%) while 7.9% of the respondents disagreed.

Table 5:1: Competitive advantage

Key competitive advantage	YES		NO	
	F	**%**	**F**	**%**
Is it quantifiable	30	78.9	8	21.1
Is it a niche	17	44.7	21	55.3
Is it sustainable	25	65.8	13	34.2
Can your employees recite your competitive advantage	35	92.1	3	7.9

Source: Survey Data, 2011

4.4.3 Services in the Bank

The study further sought to establish the extent of agreement with statements related to get relevant services with ease a mean score of 3.0000, has experienced inconsistent application of procedures in the branch a mean score of 2.9016, has thought of changing banks a mean score of 1.1967, has a favorite branch a mean score of 2.5738 and has a favorite teller a mean score of 3.0492.

Table 5:2: Services in the Bank

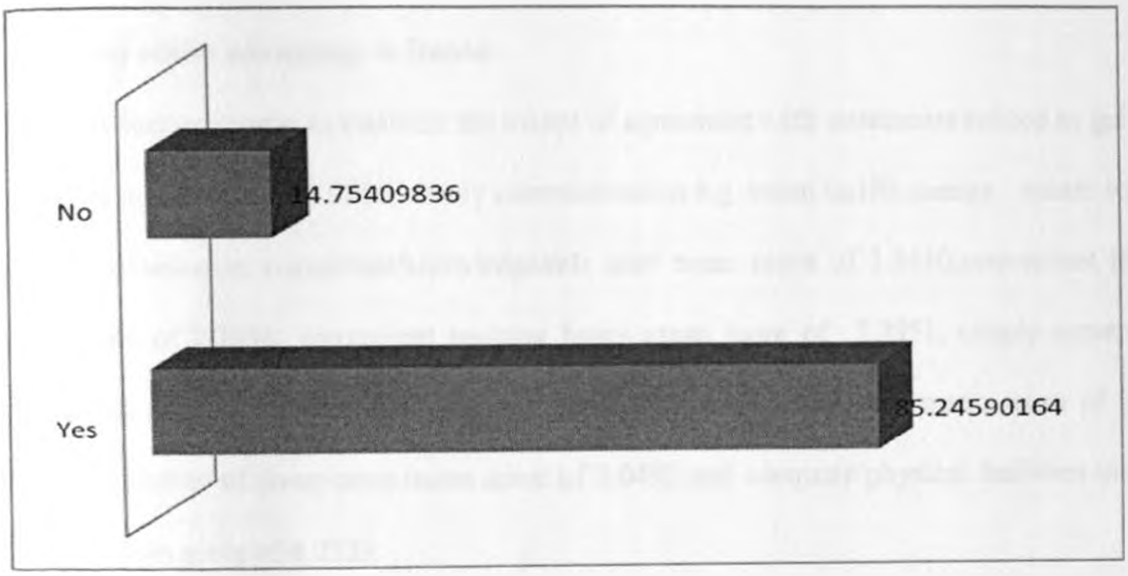
		Mean	**Std dev**
1	Get relevant services with ease	3.0000	1.50555
2	Has experienced inconsistent application of procedures in the branch	2.9016	1.56743
3	Has thought of changing banks	1.1967	1.44706
4	Has a favorite branch	2.5738	1.55412
5	Has a favorite teller	3.0492	1.75524

Source: Survey Data, 2011

4.4.4 Created "brand" Positioning

The study ought to establish whether the respondents have created "brand" positioning around the competitive advantage and the majority of 85.2% and 14.8% of the respondents disagreed.

Figure 4.4: Created "brand" positioning

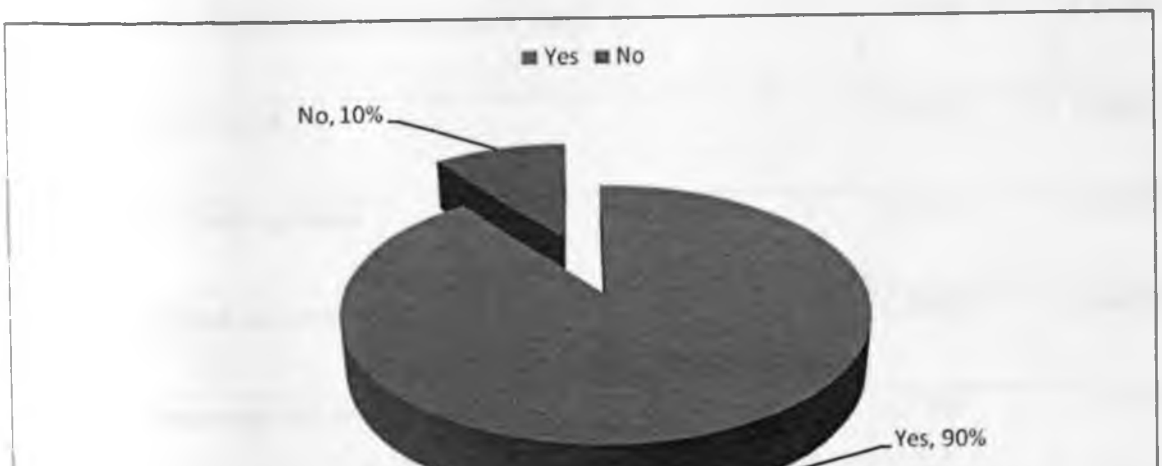


Source: Survey Data, 2011

4.4.5 Reflect on Competitive advantage

The respondents were asked whether operational strategies reflect the competitive advantage positioning, majority of the respondents (90%) cited yes as their answer while 10% were for no.

Figure 4.5: Reflect on Competitive advantage



Source: Survey Data, 2011

4.4.6 Competitive advantage in Banks

The study further sought to establish the extent of agreement with statements related to get speed of service mean score of 3.0656, timely communication e.g. when tariffs change mean score of 2.0164, enthusiastic, competent/knowledgeable staff mean score of 1.5410,convenient location mean score of 2.3934, convenient banking hours mean score of 2.2951, simple systems and procedures mean score of 1.1967, lack of congestion in banking halls mean score of 2.5738, timely resolution of complaints mean score of 3.0492 and adequate physical facilities including security mean score of 4.0333.

Table 5: 3: Competitive advantage in Banks

	Mean	Std dev
1. Speed of service	3.0656	1.40082
2. Timely communication e.g. when tariffs change	2.0164	1.24488
3. Enthusiastic, competent/knowledgeable staff	1.5410	2.77833
4. Convenient location	2.3934	1.32008
5. Convenient banking hours	2.2951	1.53128
6. Simple systems and procedures	1.1967	1.44706
7. Lack of congestion in banking halls	2.5738	1.55412
8. Timely resolution of complaints	3.0492	1.75524

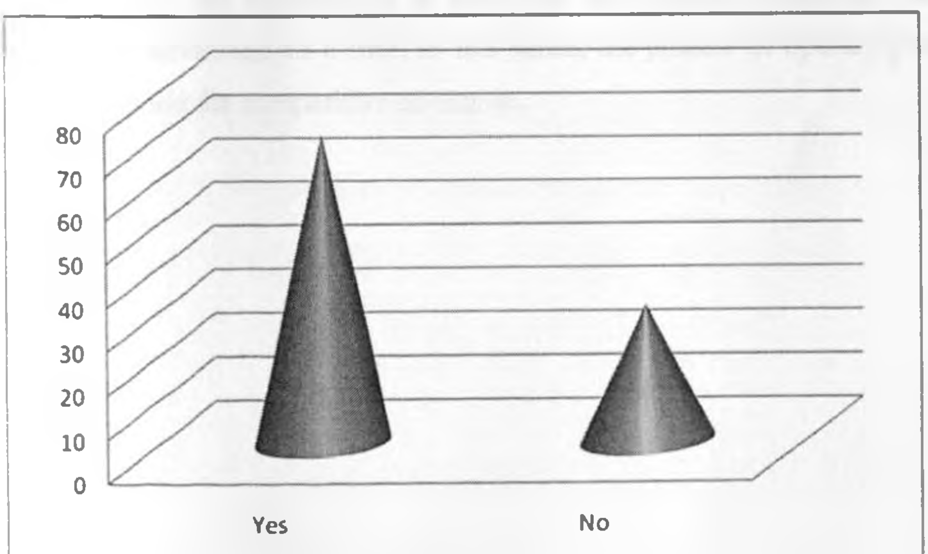
9. Adequate physical facilities including security	4.0333	5.61163

Source: Survey Data, 2011

4.4.7 Customer Target

Respondents were requested to state whether it was important to target at particular customer groups and to implement a proper positioning strategy based on their resources for their retail business majority 70.4% and minimum 29.6% disagreed with the statement.

Figure 4.6: Customer Target



Source: Survey Data, 2011

4.5 Discussion

From the findings and the literature it is clear that one of the possibilities for a firm to develop its competitive advantage is by providing value to its customers. A firm can offer value to its customers and gain its competitive advantage by performing its core internal activities such as production, marketing, sales, service, human resource management, technology development, and procurement more efficiently and effectively than competing firms, according to the findings, competitive priorities such as cost, quality, delivery dependability, flexibility, service and innovativeness have close and strong relationships with business environment as well as the competitive advantage of firms.

In operational strategy, by giving the target customers something better than what the competitors are offering, a differentiation advantage will be established this is according to the findings of the study. Successful operating strategy implies the successful match of the firms' capability with the result of the segmentation and targeting process. The literature review indicate a close link between operating strategy and competitive advantage. Both involve what superior advantage a firm wants to achieve, how to match the external environment with the firm's capabilities to achieve a superior position and how to retain this superior position as established by the findings, it is seen that an effective operating strategy establishes the competitive advantage of a firm. In this sense, the process of operating strategy is actually the process to build the competitive advantage.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the findings from chapter four, and also it gives the conclusions and recommendations of the study based on the objectives of the study.

5.2 Summary of the Findings

The study found that indication that gender equity is exercised in the selected banks. It was also clear that age and the majority were 31-40 years of age as indicated by (52.6%). The study found that majority of the employees were university graduates. It was also clear that the respondents had work experience ranging from 3- 4 years.

The study also found out that majority of the banks was multinational followed by government owned banks. This was also depicted that the banks were largely foreign owned, from this it was found out that majority of the banks were incorporated between 1981 and 1990 and majority were international meaning they operated in two or more continents with majority having between 11 and 15 branches in Kenya. The study found out that n majority of the banks had over 1000 employees.

The study further found out that competitive advantage is it quantifiable and competitive advantage is sustainable if well managed in the organisation system. It was clear that employees can recite their competitive advantage a show that they know it well. According to the study relevant services and if clients had a favorite teller the respondents could neither agree nor disagree on this. The study further found out that there existed "brand" positioning around the competitive advantage. It was also found out that operational strategies reflect the competitive advantage positioning in majority of the banks. The study established that competitive advantage has lead to speed of service, timely communication e.g. when tariffs in the bank change, competent/knowledgeable staff, convenient location, convenient banking hours, simple systems and procedures, lack of congestion in banking halls and it was noted that there was alot to be done on competitive advantage to bring adequate physical changes in the organisation including bank security so as to achieve the desired competitive advantage.

5.3 Conclusions

From the study the researcher concludes that for banks to achieve the desired competitive advantage clients needs to be addressed to combat what clients have gone through like experienced inconsistent application of procedures in the branch , thoughts of changing banks and Having a favorite branch so that they can feel free to be served in any bank any time comfortably, on services there is room for improvement though a lot has been achieved in regards to competitive advantages and there was lot to be done on competitive advantage to bring adequate physical facilities including security as to achieve the desired competitive advantage.

The researcher concludes that to achieve success in the finance sector it is important to be enthusiastic, have competent/knowledgeable staff be at a convenient location and have convenient banking hours, this will be made easy by having simple systems and procedures in the bank. Therefore, competitive advantage must reside in a firm's value chain. The value chain is composed of primary business activities and support business activities. Primary business activities include: inbound logistics, operations and outbound logistics, marketing and sales and after sales service.

5.4 Recommendations

The study recommends that the institution in specific Kenya commercial banks should ensure all transactions are well planned, follow a given system to achieve the desired competitive objectives by following the three basic types of capital resources to provide the firm with competitive advantage i.e. physical resources, human resources and organizational resources. Physical resources include the firm's plant, equipment and finances. Human resources include intellectual property, knowledge of business processes and tacit knowledge, skills, judgment and intelligence of the firm's employees; and organizational resources include the firm's structure, planning, controlling and coordination

Banks are also recommended to have a competitive advantage when it is implementing a value creating strategy which a current or potential competitor is not implementing at the same time. Moreover, a firm is argued to have a sustained competitive advantage when it is implementing a value creating strategy which a current or potential competitor is not implementing at the same time and when these other firms are unable to duplicate the benefits of this strategy

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APPENDENCES

Appendix 1: QUESTIONNAIRE

I am Pauline Sang , an MBA student at the University of Nairobi. I am conducting a study on the operational strategies and competitive advantage in the commercial banking sector in kenya as part of my MBA project. The findings of this study will provide information about the link between operational strategies and competitive advantage in the commercial banking sector in Kenya. All information shared shall be treated with utmost confidentiallity

SECTION A: Demographic Information

1. Name of the Bank ______________________________
2. Gender

   Male [ ] Female [ ]

3. Age bracket

   21-30 years [ ] 31-40 years [ ] 41-50 years [ ] over 51 years [ ]

4. What is your education level? (Tick as applicable)

   College [ ] University [ ]

   Others-specify ....

5. Using the category below please indicate duration in the current Bank?

   a) Below 1 year [ ]
   b) 3- 4 years [ ]
   c) 5- 9 years [ ]
   d) Above 10 years [ ]

SECTION B: Bank Details

1. How would you classify your organization in regard to ownership?
   - i. Government owned [ ]
   - ii. Multinational bank [ ]
   - iii. Owned by locals [ ]
   - iv. Jointly owned [ ]
   - v. Others (Specify)……………………
2. What is the proportion of ownership in your bank?
   - i. Largely foreign owned [ ]
   - ii. Largely locally owned [ ]
   - iii. Equally owned [ ]
3. When was the Bank incorporated?
   - i. Before 1970 [ ]
   - ii. Between 1971 and 1980 [ ]
   - iii. Between 1981 and 1990 [ ]
   - iv. Between 1991 and 2000 [ ]
   - v. After 2000 [ ]
4. Which of the following best describes the geographical scope of your operation?
   - i. National (Only in Kenya) [ ]
   - ii. Regional (in two or more countries in Africa) [ ]
   - iii. International (operating in two or more) [ ]
   - iv. Countries one of which must be outside Africa) [ ]
5. How many branches does your organization have in Kenya?
   - i. Less than 5 [ ]
   - ii. Between 6 and 10 [ ]
   - iii. Between 11 and 15 [ ]
   - iv. More than 15 [ ]

6. Currently, how many employees do you have, is it? (Tick the appropriate number).
   i. Less than 100 [ ]
   ii. Between 100 and 400 [ ]
   iii. Between 500 and 1000 [ ]
   iv. Over 1000 [ ]

SECTION C: Link between operation strategy and Competition advantage

7. Do Commercial banks in Kenya possess a core competence (a core competence is the collective learning in the organization, especially the coordination of production skills and the integration of technologies? Yes ( ) No ( )
8. List 3 of your company's competitive advantages
   i. ______________________________
   ii. ______________________________
   iii. ______________________________
9. What is your company's no one key competitive advantage?

   ____

   - Is it quantifiable Yes ( ) No ( )
   - Is it a niche? Yes ( ) No ( )
   - Is it sustainable? Yes ( ) No ( )
10. Can your employees recite your competitive advantage? Yes ( ) No ( )
11. To what extent do you agree with the services of in your bank?

On a scale of 1 – 5 (where 1- Strongly disagree, 2 – Disagree, 3- Neither agree nor disagree, 4 – Agree, 5 – Strongly agree).

	1	2	3	4	5
Get relevant services with ease					
Has experienced inconsistent application of procedures in the branch					
Has thought of changing banks					
Has a favorite branch					
Has a favorite teller					

12. How does your bank monitor the change of the market and if so, how do you respond to the market changes in your operating strategy?

How does it differ? ____

13. Have you created "brand" positioning around your competitive advantage?

Yes ( )   No ( )

If so, how? ____

14. What characteristics do your customers think of when your Bank name is mentioned?

____

15. Do your operational strategies reflect your competitive advantage positioning?

Yes ( )   No ( )

16. What other operational strategies can you do that is "new" to create a competitive advantage?

i. ____

ii. ____

17. To what extent do you agree with the following operational strategies to be of competitive advantage in your bank?

Use a scale of 1 – 5 (where 1- Strongly disagree, 2 – Disagree, 3- Neither agree nor disagree, 4 – Agree, 5 – Strongly agree).

	1	2	3	4	5
1. Speed of service					
2. Timely communication e.g. when tariffs change					
3. Enthusiastic, competent/knowledgeable staff					
4. Convenient location					
5. Convenient banking hours					
6. Simple systems and procedures					
7. Lack of congestion in banking halls					
8. Timely resolution of complaints					
9. Adequate physical facilities including security					

18. Currently, where does your bank's competitiveness lies for retail banking? Does your bank focus on price or on differentiation of the services and products? List 3 operating strategies your bank should apply to be more competitive in the banking sector?

i.

ii.

iii.

19. As a manager, do you think it is important to target at particular customer groups and to implement a proper positioning strategy based on your resources for your retail business?

Yes ( )   No ( )

Thank you for your participation

APPENDIX II: BANKING FIRMS IN KENYA

1. African Banking Corporation Ltd.
2. Bank of Africa Kenya Ltd.
3. Bank of Baroda (K) Ltd.
4. Bank of India
5. Barclays Bank of Kenya Ltd.
6. CFC Stanbic Bank Ltd.
7. Charterhouse Bank Ltd. (Under Statutory Management)
8. Chase Bank (K) Ltd.
9. Citibank N.A Kenya
10. Commercial Bank of Africa Ltd.

11. Consolidated Bank of Kenya Ltd.

12. Co-operative Bank of Kenya Ltd.

13. Credit Bank Ltd.

14. Development Bank of Kenya Ltd.

15. Diamond Trust Bank Kenya Ltd.

16. Dubai Bank Kenya Ltd.

17. Ecobank Kenya Ltd.

18. Equatorial Commercial Bank Ltd.

19. Equity Bank Ltd.

20. Family Bank Limited

21. Fidelity Commercial Bank Ltd.

22. Fina Bank Ltd.

23. First community Bank Limited

24. Giro Commercial Bank Ltd.

25. Guardian Bank Ltd.

26. Gulf African Bank Limited

27. Habib Bank A.G Zurich

28. Habib Bank Ltd.

29. Imperial Bank Ltd.

30. I & M Bank Ltd.

31. Jamii Bora Bank Limited

32. Kenya Commercial Bank Ltd.

33. K-Rep Bank Ltd.

34. Middle East Bank (K) Ltd.

35. National Bank of Kenya Ltd.

36. NIC Bank Ltd.

37. Oriental Commercial Bank Ltd.

38. Paramount Universal Bank Ltd.

39. Prime Bank Ltd.

40. Standard Chartered Bank Kenya Ltd.

41. Trans-National Bank Ltd.

42. UBA Kenya Bank Limited

43. Victoria Commercial Bank Ltd.

44. Housing Finance Ltd.