CHALLENGES FACING INVESTMENT BANKING IN KENYA

BY: Mwamba, John Mugambi

PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTERS OF BUSINESS AND ADMINISTRATION,
FACULTY OF COMMERCE
UNIVERSITY OF NAIROBI.

OCTOBER 2003
DECLARATION

This research project is my original work and has not been presented for a degree award in any University.

Signed.................................................. Date..............

John Mugambi Mwamba

D61/P/8795/2000

MBA Student

This research project has been submitted with my approval as the University supervisor.

Signed.................................................. Date..............

Angela Kithinji

Lecturer, Department of Accounting

University of Nairobi.
DEDICATION

This project is dedicated to my wife Elishipha, our children Kevin and Kelly.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Declaration</td>
<td>i</td>
</tr>
<tr>
<td>Dedication</td>
<td>ii</td>
</tr>
<tr>
<td>Acknowledgements</td>
<td>v</td>
</tr>
<tr>
<td>List of Tables</td>
<td>vi</td>
</tr>
<tr>
<td>Abstract</td>
<td>vii</td>
</tr>
</tbody>
</table>

## CHAPTER ONE

1.0 **INTRODUCTION**

1.1 Background                                      1
1.3 Statement of the Problem                        7
1.4 Objectives of the Study                         8
1.5 Importance of the Study                         8

## CHAPTER TWO

2.0 **LITERATURE REVIEW**

2.1 History of Investment Banks and Role of Investment Banking 9
2.2 Investment Banks and Commercial Banks            10
2.3 Regulation of Investment Banks In Kenya          11
2.4 Services Offered by Investment Banks             12
2.5 The Development Marks of Investment Banks in Kenya 13
2.6 Overview of Investment Banking Process           15
2.7 Factors Affecting Investment Banking             16
2.8 Challenges Facing Investment Banking             20

## CHAPTER THREE

3.0 **RESEARCH DESIGN**

3.1 Population                                      24
3.2 Sampling                                        24
3.2 Data Collection                                 24
3.3 Data Analysis                                   24
CHAPTER FOUR
4.0 DATA RESULTS AND INTERPRETATIONS
4.1 General Findings 26
4.2 Common Factors Affecting Investment Banks in Kenya 29
4.3 Challenges Facing Investment Banks 30

CHAPTER FIVE
5.0 SUMMARY CONCLUSIONS AND RECOMMENDATION
5.1 Conclusions 35
5.2 Recommendations 36
5.3 Limitation of the study 37
5.4 Suggestions for Future Research 38

References 39

Appendix 1 - Questionnaire 40
ACKNOWLEDGEMENTS

My sincere gratitude and special thanks go to GOD, the most merciful and then to my Supervisor Angela Kithinji, Lecturer University of Nairobi, Department of Accounting whose constant guidance, encouragement and valuable advice contributed greatly to the development of this project.

I am also grateful to the Dean, Faculty of Commerce and the entire staff. O my classmates during the MBA program, is a big thank you to your encouragement and moral support.

Am forever indebted to my family for the patient and encouragement and for the unlimited support that they gave me during the one year and half year period that I spent on the MBA course.

Last but not least, my thanks go to Purity for her assistance.
List of Tables

**Table 1**: Proportion of Ownership

**Table 2**: Value of Assets

**Table 3**: Services offered by Investment Banks

**Table 4**: Challenges affecting Investment Banking
ABSTRACT

Banking business is faced with many challenges, one of them being the turbulent changes in the competitive environment. Investment banking is no exception. This study investigates the challenges and factors facing investment banking in Kenya.

Data was collected using a semi-structured questionnaire. 30 commercial banks, 3 investment banks, and 18 investment advisors, responded to the questionnaire. This data was thereafter analyzed using mean scores, percentages and factor analysis to identify the most important factors and challenges influencing investment banking.

The analysis revealed that both internal and external factors have the biggest impact to the investment banking industry. Internal factors included weak policies, poor management and low capitalization, while external factors included high inflation, high interest rates, poor governance and political instability. The challenges facing investment banking included technological changes, demographic factors, lack of active trading market and globalization.
CHAPTER ONE: INTRODUCTION

1.1 Background

1.1.1 Commercial Banking versus Investment Companies

A commercial bank is a financial institution whose main purpose is to mobilize deposits and lend out funds to its customers. Banking industry in Kenya started at the turn of the 20th century with National Bank of India later to become National and Grindlays Bank. Part of this was bought by the Government of Kenya to form the Kenya Commercial Bank. At independence, the government perceived that foreign banks were biased against African farmers and businessmen. To remedy this, some banks were formed under the direct control of the government. These include National Bank and Co-operative Bank. By 1993, there were over eighty banks and non-bank financial institutions. Pioneer Banks were deeply rooted and they penetrated the country with their entrenched branch networks. At the end of January 2001, there were fifty commercial banks, seven non-bank financial institutions, two mortgage finance companies, four building societies and forty-seven foreign exchange bureaus. The Central Bank of Kenya is the regulator of the industry.

Investment companies provide a means through which small savers can pool funds to invest in a variety of financial instruments. The resulting economies of scale offer investors the benefits of professional portfolio management, reduced transaction costs, and the reduced risk exposure within large, diversified portfolios. (Gardener and Cooperman, 2000). The best known and largest type of investment companies are the mutual fund. In the early 1980s, money market mutual funds dominated the industry. By providing easy access to funds and market rates of return, they achieved an enviable rate of growth.
Security firms assist customers with purchasing and selling stocks, bonds and other financial assets. The industry is often subdivided according to two major activities, investment banking and brokerage. Investment Banks are banks that specialize in helping businesses and governments sell their new security issues (debt or equity) in the primary markets to finance capital expenditures. After securities are sold, investment bankers make secondary markets for the securities as brokers and dealers.

1.1.2 Investment Banking

Investment banking can therefore be defined as a business which deals with floatation of new securities, both debt and equity, to the general public for the purpose of raising funds for clients. Examples of investment banks in Kenya are African Alliance**, CFC Financial services and APEX -HAK Securities. In Kenya, it is not very clear when investment banking actually started. However, Standard Chartered Bank is said to have been the first to offer investment services. Later, Kenya Commercial Bank, through it’s subsidiary Kenya Savings and Loan started offering investment services. Investment banks in Kenya are very few and no sturdy has been done to identify factors hindering the industry.

Investment bankers assist in the creation of and issuance of new securities. The second category includes both full service brokers and discount brokers. Full service brokers advise clients in addition to arranging securities purchases and sales; discount brokers execute traders but give no advice. Many securities firms engage in both investment banking and brokerage activities. Investment companies/banks are organized to permit investors to invest in a portfolio of assets.
There are three broad groups or types of investment companies:

Open ended investment companies, closed ended investment companies and unit investments trusts (Bush and Morrall 1989).

According to 1998 Mutual Fund Fact Book, open-end mutual funds continuously sell shares to the public and are obligated to buy or sell shares at a fund's net asset value (NAV) or share price which is linked to prices of the firm's underlying assets as follows:

\[
\text{NAV} = \frac{\text{Market value of funds securities} - \text{Its Liabilities}}{\text{Number of investors shares outstanding}}
\]

In contrast, close-end funds issue a fixed number of shares and do not redeem shares. Once issued, shares of closed-end fund are traded on exchange over the counter like shares of individual companies, with supply and demand determining share price which can be above or below NAV. Often, closed-end fund shares trade at a discount below NAV.

Unit investment companies often issue investment trusts (UITs) that offer interests in a fixed portfolio of securities that is held passively for an agreed period of time, whereby assets are distributed among the shareholder.

Real estate investments trusts (REITs) similarly offer shares in real estate investments. Unit trusts may redeem shares at NAV and may redeem shares in large blocks. Hence closed-end funds and UITs do not have the liquidity concerns of open-end funds that agree to redeem shares at NAV upon request.

The investment banks gross profits is the under writing spread and is basically the difference between the fixed price paid for the securities and the price at which they are resold. In
addition, investment banks have the responsibility of pricing securities fairly. Thus as long as an investment banker plans to stay in business over time; it is in their self-interest to price fairly. Arguments by financial economists are that each investment bank has a reservoir of "reputable capital". Thus mis-pricing of new issues, as well as unethical dealings may reduce this reputation capital (Gardener and Cooperman 2000).

The investment banker may agree to either:

i) **A stand by agreement:** Used in the cases of rights offering and allow the investment bankers to purchase all securities not bought by current stock holders.

ii) **Best efforts agreement:** Investment bankers act as agents and utilize their best efforts to sell the securities. Securities not sold remain unissued.

Investment bankers assume the risk of adverse price movements immediately after the issuance of new securities, while an underwriter guarantees the amount of money that will be raised by the security issue. However, in IPOs, there is no prior market price. Thus taking the risk. **Inventory risk** is the risk that the securities may be sold for less than the amount underwriter purchased them. For seasoned offerings there is the risk of unforeseen changes due to changes in market conditions (market risks). A source of profit is the market spread, when the selling price is higher than the underwriting price. One of the main objectives of the investment banker is to provide financial as well as technical assistance in a way that will bring out a balanced and complementary industrial developments. It is worthy noting that investment-banking objectives also require to harmonize with the national development policies (Gardner and Cooperman 2000)
Subsequently, it is noted that investment banking cannot bring about the required balanced and complementary industrial developments. But through its direct loan investments, equity subscriptions, managerial and technical advice as well as research which aims at identifying projects and exposing them to investors for sponsorship the bank hopes to influence the industrial development in the region to achieve its own objectives as well as national objectives.

1.1.3: Definitions

Investment

Investment is the commitment of shillings for a period of time in order to derive future payments that will compensate the investor for the time the funds are committed, the expected rate of inflation and the uncertainty of future payments. (Churchill, 1992)

Investment Banker

An investment banker provide a means through which small savers can pool funds to invest in a variety of financial instruments. The resulting economies of scale offer investors the benefits of professional portfolio management, reduced transaction costs, and the reduced risk exposure within large, diversified portfolios (Gardener and Cooperman, 2000) and provide a means through which small savers can pool funds to invest in a variety of financial instruments. The resulting economies of scale offer investors the benefits of professional portfolio management, reduced transaction costs, and the reduced risk exposure within large, diversified portfolios (Gardener and Cooperman, 2000).
Best efforts Agreement
Investment bankers act as agents and utilize their best efforts to sell the securities. Securities not sold remain unissued.

Commercial Bank
A commercial bank is a financial institution whose main purpose is to mobilize deposits and lend out funds to its customers.

Stand by Agreement
Used in the cases of rights offering and allow the investment bankers to purchase all securities not bought by current stockholders (Grant 2001)

Underwriting
Investment bankers assume the risk of adverse price movements immediately after the issuance of new securities, an underwriter guarantees the amount of money that will be raised by the security issue. However, in IPOs there’s no prior market price.

Inventory Risk
Is the risk that the securities may be sold for less than the price the underwriter purchased them. For seasoned offerings, there is the risk of unforeseen changes due to changes in market conditions (market risks).
Mutual Fund

Unlike stockholder-owned institutions, mutually organized firms are "owned" by their customers. Depositors, policyholders, or borrowers become owners when they initiate business relationships with the institutions (Carter, and Stover 1990)

1.2: Statement of the Problem

Investment companies provide a means through which small savers can pool funds to invest in a variety of financial instruments. The resulting economies of scale offer investors the benefits of professional portfolio management, reduced transaction costs, and the reduced risk exposure within large, diversified portfolios. The role of the investment banks in Kenya is to enhance and accelerate the growth and development of the economy (Fischer S. 1997).

The problems Kenyan investment banks are facing are construed from the point of its principal objective to promote a balanced and complementing industrial development. In Kenya investment banking industry is still under developed. There are some banks in Kenya, which started investment services and later failed. These include Standard Chartered Bank and Savings and Loans , which is a subsidiary of Kenya Commercial Bank Ltd. The only investment banks operating in Kenya are African Alliance, CFC Financial Services and APEX -HAK Securities.

Understanding the factors influencing investment banking as well as the nature of challenges facing investment banks in Kenya aids in making recommendations, which may be useful to both existing and potential investment banks and possibly lead to an understanding of the causes of underdevelopment of investment banks in Kenya. Investment banks in Kenya are
very few and no study has been done to identify factors hindering the development of investment banking in Kenya. The need of the study arose from the fact that those banks that had started as investment banks have not been performing well. The aim of this study is to therefore investigate the factors that affect investment banking in Kenya, identify the challenges facing investment banking as well as identifying possible remedies to the challenges.

1.3: Objectives of the Study

The objectives of the study are;

1. To identify factors affecting investment banking in Kenya.
2. To identify challenges facing investment banking in Kenya.

1.4: Importance of the Study

Investment Banking Industry

This study will highlight possible factors that may be overlooked in selecting projects to invest in. It will create awareness within the banking industry so as to be sensitive to such factors and hence become a valuable addition to the existing body of knowledge in the banking industry.

Promoters

The study is likely to benefit potential customers of investment bank by awaiting creating of possible reasons why investment projects fail.
Management

The study is likely to aid the management in ensuring that they direct loans to economically sound and financially viable projects. Further it can help the management in intensifying their monitoring.

Investment Consultants and Scholars

This study forms a sound basis of feasibility study or bank proposals for credit consideration and is expected to benefit scholars who may wish to pursue further studies in this area.

Investors

Provide knowledge to investors on how to analyze the performance of the industry when making investment decisions.
CHAPTER TWO: LITERATURE REVIEW

2.1 History of Investment Banks and Role of Investment banking

US investment banks trace their origin from the prominent investment houses in Europe. Many early investment banks were affiliates of the European firms. Early investment banks were partnerships thus they were not subject to regulations that apply to corporations. Investment banks were then referred to as private banks. They could accept deposits and underwrite as well as trade in securities (Saunders, 1997).

Investment Banks are banks that specialize in helping businesses and governments sell their new security issues (debt or equity) in the primary markets so as to finance capital expenditures. After securities are sold, investment bankers make secondary markets for the securities as brokers and dealers. Investment banking can therefore be defined as a business, which deals with floatation of new securities, both debt and equity, to the general public for the purpose of raising funds for clients.

2.2 Investment Banks and Commercial Banks

Investment banks have little to do with accepting deposits and making commercial loans. Conflict between the two regarding functioning is there because commercial banks can underwrite and trade some securities. As a result, in some countries commercial banks and investment banks are combined to form Universal Banks. The Universal banks are institutions that can accept deposits, make loans, underwrite securities, engage in brokerage activities and sell and manufacture other financial services such as insurance.
Commercial banks, as mentioned above, accept deposits, make loans and underwrite securities. The Banking system in Kenya comprises of 47 Commercial banks, three non-bank financial institutions, four building societies, two mortgage finance companies and forty forex bureaus. Banks offer various products which include; bank services; encompassing savings accounts, current accounts, fixed and call deposits, overdraft facilities in both forex and Kenya shillings, forex accounts; lending services, which include high purchase facilities, mortgage loans, working capital requirement loans, and forex loans; Trade Finance encompassing letters of credit, bills discounted, guarantee facilities, forex drafts, and transfers, documentary collections; treasury functions which includes forward contracts and swaps and Custodians and investment management of funds for pension funds (Grant, 1997)

2.3 Regulation of investments Banks in Kenya

In Kenya, investment bankers are regulated and licensed by the Capital Market Authority (CMA). The main highlights of the regulations are as follows:

- In order to strengthen institutional capacity of the market, investment banks are to be licensed as new players in the capital markets.

- Investment banks are defined in the Capital Markets Act as non-deposit taking institutions licensed by the authority to carry out advisory services on public offerings of securities, corporate financial restructuring, takeovers, mergers, acquisitions, privatization, corporate financing, options including issuance of equity debt securities or loans syndication.

- Investment banks will also act as promoters or arrangers in underwriting issuance of securities as well as promoters and fund managers of collective investment schemes.
• The new regulations prescribe that an investment bank shall be admitted and registered as a member of the securities exchange on payment of a fee approved by the Authority.

• The regulations, however, restrict the licensing of investment banks to carrying out the business of a stockbroker to only cases where investment banks have acquired at least 50% interest in the share capital of a stockbroker, in which case such stockbrokers shall surrender its membership at the exchange to the investment bank.

2.4: Services offered by Investments Banks

Investment banks are at the heart of new security issues. They provide advice, market the securities (after investigating the market receptiveness of the issues) and underwrite the amount the issue will raise. They accept the risk that the market price may change between the date the offering price is set and the date the issue is sold (Fissel 1991).

Investment banks also offer services for; mergers and acquisitions and advisory services (Investment banker identifies strategic merger and acquisition and executes related transactions), restructuring (Building flexible terms of restructuring and industry experts to assist companies facing challenging financial circumstances), strategic counseling, evaluation of capital adequacy and utilization, capitalization structure, corporate finance, dividend and capital policies, investor/shareholder relations, complete valuation services including tax and estate planning, public offerings, stock splits and exchange rate determinations (Hayes, and Hubbard, 1990).
According to Jones (1960), Investment Banks also offer primary and secondary services. Primary services involve bringing new security issues to the market such as new debt and equity securities (primary offerings).

The steps followed in bringing new securities to the market are; origination, underwriting (risk bearing) and distribution.

2.5 The Development Marks of Investment Banks in Kenya

Dyer & Blair has been licensed as an investment bank, marking a significant transition for one of the country’s leading brokerage houses. The pioneer broker becomes the fourth company to join this category of players, which together with dealers, is being actively promoted by the Capital markets Authority as strategy to deepen the quality and diversity of Kenya’s capital markets. Other investments banks registered so far by the regulator and already active include Apex AfriSecurites, African Alliance and CFF Financial services.

Apex Africa is linked to broker Hak Securities while African Alliance is the Kenyan branch of a South African firm of similar name. CFC Financial services is part of the widely diversified financial service group. CFC bank, which signaled its interest in the capital markets following its acquisition of Equity Securities two years ago. When interviewed by Business Week in January 2002, Dyer & Blair chairman Jimnah Mbaru sounded cautious on expansion prospects saying it was difficult to be over-ambitious in a slow growth scarcely liquid market. The firm would “take its opportunities as and when they arise” he said. At the time he spoke, the market was going through a prolonged dreary run and the future looked even hazier as nothing seemed to change in the previous regime’s economic direction, which was marked by heavy domestic borrowing, low growth and high interest rates. The NSE, for
instance, has a total market capitalization of Sh83.65 billion, while the 20-share index, the price barometer, was at 1364.54 points. Total turnover for that particular week has been sh.7.8 million. Market capitalization stood at sh194 million as at 31st December, 2003. The local capital market is poised for take-off and sees a bright future, especially for the bonds market in the long run. With the kind of liquidity Kenya is currently witnessing, there is definitely great potential in using the capital markets to finance the construction of roads, airports and energy projects. It's possible to securitize mortgages through the issue of special housing bonds.

With the entry into investment banking by Dyer & Blair – which cuts its teeth in brokerage and was a leader in the bonds business where it controlled almost 70% of the trade – its menu will have to be expanded into such areas as corporate finance, underwriting, loan syndication and debt restructuring, as the local market becomes more sophisticated. The achievement by Dyer & Blair caps about 50 years experience in the country's capital markets. Over the period, the Nairobi Stock Exchange has transformed itself from a week-day coffee table affair at the Stanley hotel to its current status, where it boasts over 50 quoted companies.

Born in 1954 as a partnership of Hickman and Grey, Dyer & Blair is a founding member of the NSE, opened for business in the same year. The young firm was taken over by two men from whom it derives its name, Mr. Derek Ingram Dyer and Patrick Murdock Blair in 1965. It would change owners again in 1973, when Kenya Commercial Bank took and turned it into a public company.

It operated as a subsidiary of the KCB until 1983, when it was off-loaded to the present owners. (Aosa, 2003).
2.6: Overview of the Investment Banking Process

The investment banker will help the issue by analyzing the feasibility of the project and determining the amount of money to save, decide on the type of financing needed (debt or security) and design on the characteristics of securities to be issued i.e. coupon rate, and the presence of a call provision or sinking fund for debt issues and provide advice on best sale date for the issuer to get the highest possible price.

In case the securities are to be sold publicly, then the security laws require that a registration statement be filed with the Capital Market Authority (CMA), a portion of the statement of the preliminary prospectus contains detailed information about the issuer’s financial condition, business activity, industry competition, management and their experience, project for which funds will be used, characteristics of the securities to be issued, and the risk of securities. After approval by CMA, the final prospectus is reproduced in quantity and distributed to all potential investors.

During the registration process for a debt issue, the investment banker may also arrange for a number of operational requirements such as trustees, security indentures (contracts) and safekeeping. Frequency of issues depends heavily upon the ability and willingness of the investment bankers who are financial market specialists to create securities that meet most of the issuers needs which simultaneously are acceptable for sale to investors.
2.7: Factors Affecting Investment Banking and the Possible Remedies

According to Casserly and Wilson (1994), the key factors affecting the Investment Banking industry include;

2.7.1 Customer Focus

Being a service industry, Investment banks are now focusing more on the customer as the center of all their activity. This has been done by giving personalized services that have been tailored to various customer needs and this in turn has led to increased loyalty from customers which has resulted in revenue growth. A lot of resources have been invested in improving the quality of service delivery increased efficiency and reduced turn around times in processing customer requests. Some Investments banks have gone another mile to make banking flexible by providing services like e-banking and Tele-banking, where a customer can give instructions authorizing transactions at the comfort of their homes or offices. (Aosa 2000)

2.7.2 Technological Advancements

The Investment banking industry in Kenya has made use of the advancements in technology to its big advantage. Such issues like branch-less banking have come about due to centralization where the branch network are served from a common server and thus access to same information from various points. This has worked to the advantage of many banks, especially those who were first to take advantage of this.
2.7.3 Stringent Credit Policies

Application of a more stringent policy in credit has led to a major decrease in non-performing loans, which in the past have been the major consumer of bank revenues and a source of lower profit margins. Banks have developed a credit rating system that not only give a fair analysis of the credit rating but also minimizes risks in consumer credit. This has made lending a major source of revenue.

2.7.4 Product Development

This is an area in which Investment banking in Kenya has greatly thrived. With the consistently changing lifestyles, consumer needs continually become varied and Investment banks have responded to this by developing products that meet the needs of most of its clientele. Products such as excel banking, prestige, priority, business banking solutions, national collections etc have all been a response to the market needs. This has been a major contributor to the growth of customer base and revenue.

2.7.5 Restructuring and Outsourcing

Investment banks in Kenya have adopted restructuring in their business processes, human resources, in terms of the quality and quantity of manpower required to operate optimally while maximizing on returns. This has seen many banks dropping of many non-core activities that they were engaged in concentrating more on their core businesses. This has basically led to reduction in operational costs and bigger revenues.
2.7.6 Diversifying Activities

These are mainly revenue generating activities within the core business activities. Cooperation with service providers like Visa has made it possible for some local investment banks to issue debit cards, which are more convenient in terms of use. Such cards whenever used earn a lot of revenue to the issuing banks through uses at point of sale and well as international use. Some local banks have developed strategic partnerships with other businesses in a bid to diversify in revenue generation activities e.g. the alliance between Standard bank and Safaricom in providing the mobile top up facility activities. (Saunders 1997).

2.7.7 Poor Economic Conditions

The poor economic situation in Kenya has kept the government through the Central bank as perpetual borrower from the banks. This has led to the high interest rates charged on treasury bills and bonds in the recent past and this has brought in a lot of revenue to banks. The poor economy has led to investment companies not making profit and thus to maintain a cash flow in businesses, they have to rely on banks to lend and they in turn pay interest on the borrowed money thus revenue for the industry. The Kenyan economy underwent drastic economic policy changes in the recent period geared towards a free economy under the banner of trade liberalization. This affected all sectors in the economy, investment-banking sector not excluded.
2.7.8 Mergers and Strategic Alliances
Small banks are now merging to form bigger banks so as to remain profitably in business and to tactfully stand against competition. This way they are able to maintain a bigger cash base as a requirement by the Central Bank as well as increase their revenues essentially by cutting down on operational costs.

2.7.9 Political Changes
Politics continue to dominate the spheres of local industries today. Politicians want to make a kill by pretending to be sympathetic to the plight of their impoverished citizens. Players have to be careful to tow the thin line between good business ethics and being in political good books. The modern bank manager knows the far-reaching effect of his decisions if the politicians perceive them negatively. Coupled with great strides in communications through an improved radio and TV network, political sentiments can reach a majority of the market within no time. Investment banks have to contend with this fact and ensure that their actions are not misinterpreted or misconstrued in any way. (Weston 1997)

2.7.10 Managerial Incompetence
This is very common with most investment banks. Managers are not trained hence they provide sub standard services.

2.7.11 Under Capitalization
This is also another factor affecting investment banks. Under capitalization has made it very difficult for the investment banks to operate efficiently.
The challenges facing investment banking includes;

2.8.1 Exceptional Pace of Changes Across the Industry (Technological Changes)

Technology has permeated every industry including the investment-banking sector. This sector has seen vast changes in IT ranging from personal automatic banking facilities to the Internet banking among others. Advantages previously held by large financial institutions have shrunk considerably.

The Internet has leveled the playing field and afforded open access to customers in the global marketplace. Internet banking is a cost-effective delivery channel for financial institutions. Consumers are embracing the many benefits of Internet banking. Access to one's accounts at anytime and from any location via the World Wide Web is a convenience unknown a short time ago. Thus, the presence of the internet to a bank transforms from 'brochureware' status to 'Internet banking' status once the bank goes through a technology integration effort to enable the customer to access information about his or her specific account relationship. (Saunders 1997).

2.8.2 Support Costs Continue to Rise

Scale economies favor global leaders. Small investment banks are therefore in danger. Industry utilities may emerge since clients/customers require global solutions. The way forward is the emergence of large, diversified and global firms. Also pressure on people, rentation costs and margins need to be looked into carefully.
2.8.3 Weak Policies and Macroeconomic Instability

The Kenyan economy continues to grow at dismal rates. GDP has continued to decline as Per capita income declines. Poverty levels have gone above the 50% mark with 60% of the citizens living below the poverty line. In the remaining 40% only a fraction can afford to “eat” and save a penny. Savings are a foreign word in most peoples’ lives. The working middle class is operating on a-hands-to mouth basis since they have to support their rural poor. Banks have to change to adapt to the changing customer abilities and preferences. New and cheaper products have become inevitable. The advent of personal loans is perhaps the best example of the attempt to bridge the gap left by a declining economy.

2.8.4 Demographic Factors

A number of changes have taken place under this head. These include; changing population growth rates, rural urban migration and changing social mix in the family among others. These changes have far reaching implications in the kind of products banks have to offer. They have been forced to rediscover new products that meet the needs of the complex demographic environment.

2.8.5 Lack of Active Trading on the Market as Many Investors Buy to Hold

This culture in itself would have disincentive effects for buying stocks as investors might not be able to sell them quickly enough.
2.8.6 Globalization

Just like in any other industry, this phenomenon has sent shivers in the banking industry. It has opened gates to the entrance of new competitors who are eager to get a share of the local market. Some of the foreign investors are ready to buy into the local institutions. With the collapse of local institutions in the late 80’s, local investors have been careful in venturing into this industry. This has provided an edge to the foreign owned banks eager to position themselves in the so-called potentially big market. With scenario in place, the industry has proved very competitive. Players have to change and adapt to new techniques. Central bank recently increased the capitalisation floor for individual banks. This move is seen as a step towards strengthening local institutions to survive in the highly competitive global village (Weston 1997).

2.8.7 Risk Factors

Risk factors can either be internal or external. Internal factors includes; failure to retain key staff, and to meet merger synergy targets, lack of consistency, failure to invest / manage / grow consistently, inability to adapt business platform to the E-environment appropriately, support functions fail to produce required efficiency gains and/or fail to keep up with Front Office growth and E- transformation and risk management and control breakdowns.

External factors includes; significant and sustained deterioration in financial markets or business volumes and competitive pressures - people, costs, margins, market share

The macroeconomic instability is normally characterized by large fiscal deficits and rising public debt, episodes of high and variable inflation, exchange rates volatility and currency depreciation,
high nominal interest rates and attendant distortions (Gardner and Cooperman 2000). This has been the record in Kenya; of course there have been a short period of stabilization.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1: Population

The targeted population was the three investment banks operational in Kenya, Capital Market Authority (CMA), all commercial banks and investment advisors in Kenya.

3.2: Sampling

The sampling frame constituted all the commercial banks registered in Kenya, all investments advisors, all investment banks in existence as at 31st August 2002 as well as the capital markets Authority. The quota sampling technique was used which involved use of both stratisfied and random sampling. All the three investment banks and twenty eight investment advisors, Capital Market Authority were surveyed and eight commercial banks which do not offer investment or investment advisory were selected at random.

3.3: Data Collection

The study used primary data which was collected through a semi-structured questionnaire. The questionnaire was administered to CEOs and Heads of investment advisory services.

3.4: Data Analysis

The data was analysed using descriptive statistics. Factors were analysed using factor analysis to identify the most important factors influencing investment banking. Challenges were ranked in order of importance using spearman's rank correlation coefficient.
Comparative analysis was done to identify any differences among different categories of institutions, that is, Capital Market Authority, Investment Advisors, Investment Bankers and Commercial Banks.
CHAPTER FOUR
DATA RESULTS AND INTERPRETATIONS

4.1 General Findings
The data was collected by the use of questionnaires. Out of 40 firms sampled for the study, 30 returned the questionnaires reflecting 75% respondent rate

4.1.1 Ownership

Table 1: The Proportion of Ownership

<table>
<thead>
<tr>
<th>a: Individual /local</th>
<th>Locally Owned</th>
<th>Foreign</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Bank</td>
<td>75%</td>
<td>25%</td>
</tr>
<tr>
<td>Investment Bank Advised</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Investment Customers</td>
<td>80%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Source: Research Data

75% of commercials banks are owned locally while 25% are foreign owned.

50% investment banks are locally owned and the same percentage is foreign owned. 80% of the investment advisors are locals while 20% are foreign.

4.1.2 Value of Assets in the institution

Table 2: Value of assets (kshs) in the institution

<table>
<thead>
<tr>
<th>Below 1 million</th>
<th>Count</th>
<th>Freq</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5 million</td>
<td>13</td>
<td>43%</td>
</tr>
<tr>
<td>6-10 million</td>
<td>2</td>
<td>7%</td>
</tr>
<tr>
<td>10-20 million</td>
<td>3</td>
<td>10%</td>
</tr>
<tr>
<td>Above 21 million</td>
<td>10</td>
<td>33%</td>
</tr>
</tbody>
</table>

Source: Research Data
7% of investment banks have assets valued below Ksh 1 million while 43% of the investment banks had assets valued between Kshs 1-5 million, 33% had assets valued above Kshs 21 million while only 7% had assets valued between 6-10 million.

4.1.3 Duration of the Firms Operation

Graph 1 below shows that 50% of investment firms had been in the business for a period of between 1-5 years, 27% between 15-20 years and 23% between 20-25 years.

Graph 1: How long the firms had been in the business

Source: Research Data
4.1.4 Services offered by Investment Banks

Table 3: Services offered by the investment banks

<table>
<thead>
<tr>
<th>Services</th>
<th>Count</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td>30</td>
<td>100%</td>
</tr>
<tr>
<td>Secondary services</td>
<td>23</td>
<td>77%</td>
</tr>
<tr>
<td>Advisory services</td>
<td>22</td>
<td>73%</td>
</tr>
<tr>
<td>Evaluation of capital Adequacy</td>
<td>22</td>
<td>73%</td>
</tr>
<tr>
<td>Mergers and acquisitions</td>
<td>15</td>
<td>50%</td>
</tr>
<tr>
<td>Strategic Counseling</td>
<td>15</td>
<td>50%</td>
</tr>
<tr>
<td>Capital structure</td>
<td>15</td>
<td>50%</td>
</tr>
<tr>
<td>Dividend</td>
<td>15</td>
<td>50%</td>
</tr>
<tr>
<td>Restructuring</td>
<td>8</td>
<td>27%</td>
</tr>
<tr>
<td>Corporate Finance</td>
<td>8</td>
<td>27%</td>
</tr>
<tr>
<td>Primary services</td>
<td>8</td>
<td>27%</td>
</tr>
<tr>
<td>Capital policies</td>
<td>7</td>
<td>23%</td>
</tr>
<tr>
<td>Valuation services</td>
<td>7</td>
<td>23%</td>
</tr>
<tr>
<td>Underwriting services</td>
<td>7</td>
<td>23%</td>
</tr>
</tbody>
</table>

Source: Research Data

According to Table 3 above, majority of the commercial banks offer secondary services (which scored 100%) and advisory services (76%). The least offered services are underwriting and valuation services respectively. Other services offered in order of importance are evaluation of capital adequacy (73%), Strategic counselling, Capital structure and Dividend (50%) respectively, Restructuring (27%) ,Corporate finance (27%) ,Primary services (27% ), Capital policies (23%), Valuation services (23%) and Underwriting services (23%).
From graph 3 above, the common factor affecting investment banking is technical feasibility (4.27), which is closely followed by financial viability (3.8). The least common factor affecting investment banking is irresponsible management (1.47) followed by managerial incompetence (1.58). Others include managerial aspects (3.83), lack of cooperation from clients (3.8), Market aspect (3.2), Disaster (3.2), Collateral security (3), Excessive equipment investments (2.2), Economic soundness (2), Fraud (1.97), Poor economy (1.9) and Under capitalization (1.83).
4.3 Challenges Facing Investment Banks

From graph 2 below, internal risk factors were the most challenging followed by globalization, Lack of active trading market, Political factors, Technological changes, Demographic Factors, External risk factors and High support costs respectively. The least challenging are Macro economic instability followed by weak policies. Commercial banks have less challenges facing them as compared to investment banks and investment advisors. Investment banks had the least score in Weak policies but a high score in External risk factors. Weak policies and Macro economic instability both scored low while Internal Risk factors scored highly in Commercial banks. Investment advisors had the least score in Weak policies and internal risk factors but scored highly in Demographic factors.

Source: Research Data
4.3.1: Challenges Affecting Investment Banking

Factor analysis was performed on the data collected. The aim was to identify and name the underlying dimensions that account for the professed responses without losing any detail.

Table 4:

<table>
<thead>
<tr>
<th>Factor</th>
<th>Communality</th>
<th>Factor</th>
<th>Eigenvalues</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>VI Technological changes</td>
<td>0.773</td>
<td>1</td>
<td>3.69</td>
<td>36.934</td>
</tr>
<tr>
<td>V2 High support costs</td>
<td>0.912</td>
<td>2</td>
<td>1.86</td>
<td>18.638</td>
</tr>
<tr>
<td>V3 Weak policies</td>
<td>0.873</td>
<td>3</td>
<td>1.59</td>
<td>15.877</td>
</tr>
<tr>
<td>V4 Macro economic instability</td>
<td>0.749</td>
<td>4</td>
<td>1.32</td>
<td>13.162</td>
</tr>
<tr>
<td>V5 Demographic factors</td>
<td>0.922</td>
<td>5</td>
<td>0.63</td>
<td>6.297</td>
</tr>
<tr>
<td>V6 Lack of active trading market</td>
<td>0.843</td>
<td>6</td>
<td>0.38</td>
<td>3.745</td>
</tr>
<tr>
<td>V7 Globalization</td>
<td>0.966</td>
<td>7</td>
<td>0.23</td>
<td>2.254</td>
</tr>
<tr>
<td>V8 Internal Risk factors</td>
<td>0.927</td>
<td>8</td>
<td>0.22</td>
<td>2.195</td>
</tr>
<tr>
<td>V9 External Risk Factors</td>
<td>0.736</td>
<td>9</td>
<td>0.05</td>
<td>0.521</td>
</tr>
<tr>
<td>V10 Political factors</td>
<td>0.76</td>
<td>10</td>
<td>0.04</td>
<td>0.378</td>
</tr>
</tbody>
</table>

The communality of a variable is the variance it shares in common with the other variables. If the communality of a variable is too low, we might feel it doesn’t contribute enough to warrant inclusion in the factor analysis. In the above table we see that each of the variable is significantly contributing in explaining part of the total variance.

As shown above V7 is very important challenge as it is contributing 97%. It’s followed by V8 which is contributing 93% in the factor analysis. The least contributing variables are V9 and V4 which are contributing to 74% and 75% respectively.

The eigenvalue or latent root is simply the extracted variance of the variable; we note that the values of the sum of squares (eigenvalues) falls off from the first factor. This is because in factor analysis the maximum amount of variance is extracted by each factor in turn starting with the first factor.
For example, challenge 1, accounts for 36% of the total variance challenge 2 accounts for 18% while challenge 3 accounts for 15% of the total variance.
### Initial Factor Matrix

<table>
<thead>
<tr>
<th>V1</th>
<th>Component</th>
<th>Factor 1</th>
<th>Factor 2</th>
<th>Factor 3</th>
<th>Factor 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>V1</td>
<td>Technological changes</td>
<td>0.47</td>
<td>0.73</td>
<td>-0.04</td>
<td>-0.13</td>
</tr>
<tr>
<td>V2</td>
<td>High support costs</td>
<td>0.30</td>
<td>-0.59</td>
<td>0.51</td>
<td>-0.46</td>
</tr>
<tr>
<td>V3</td>
<td>Weak policies</td>
<td>-0.29</td>
<td>0.47</td>
<td>0.53</td>
<td>0.54</td>
</tr>
<tr>
<td>V4</td>
<td>Macro economic instability</td>
<td>-0.11</td>
<td>0.34</td>
<td>0.77</td>
<td>0.16</td>
</tr>
<tr>
<td>V5</td>
<td>Demographic factors</td>
<td>-0.56</td>
<td>0.48</td>
<td>-0.11</td>
<td>-0.61</td>
</tr>
<tr>
<td>V6</td>
<td>Lack of active trading market</td>
<td>0.85</td>
<td>-0.04</td>
<td>-0.23</td>
<td>0.25</td>
</tr>
<tr>
<td>V7</td>
<td>Globalization</td>
<td>0.92</td>
<td>-0.14</td>
<td>0.10</td>
<td>0.28</td>
</tr>
<tr>
<td>V8</td>
<td>Internal Risk factors</td>
<td>-0.63</td>
<td>-0.03</td>
<td>-0.57</td>
<td>0.46</td>
</tr>
<tr>
<td>V9</td>
<td>External Risk Factors</td>
<td>0.84</td>
<td>0.10</td>
<td>-0.11</td>
<td>-0.06</td>
</tr>
<tr>
<td>V10</td>
<td>Political factors</td>
<td>0.55</td>
<td>0.62</td>
<td>-0.21</td>
<td>-0.19</td>
</tr>
</tbody>
</table>

### Interpreting the Challenge Loadings

Since the loading of a variable on a factor represents the correlation between the variable and the factor concerned, within any challenge we are interested in those variables with high loadings. For example, 0.73 has the highest loading in V1, 0.51 in challenge 2 has the highest loading in V2, and 0.54 has the highest loading in V3.

### Rotation of Challenges

The initial factor matrix is arrived as a result of applying a procedure to extract orthogonal challenges from the correlation matrix. But since direct methods do not provide the most illuminating picture concerning the interrelationships between the set of variables, its advisable to re-arrange the challenges to reduce some of the ambiguities. This process is known as rotation. The method of rotation used which is common is the Varimax with Kaiser Normalization. The extraction method was by Principal component analysis. After it was applied we obtained the following revised factors:
<table>
<thead>
<tr>
<th>Component</th>
<th>Factor 1</th>
<th>Factor 2</th>
<th>Factor 3</th>
<th>Factor 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technological changes</td>
<td>0.05</td>
<td>0.87</td>
<td>-0.01</td>
<td>0.15</td>
</tr>
<tr>
<td>High support costs</td>
<td>0.13</td>
<td>-0.27</td>
<td>0.90</td>
<td>-0.12</td>
</tr>
<tr>
<td>Weak policies</td>
<td>-0.04</td>
<td>-0.02</td>
<td>-0.26</td>
<td>0.90</td>
</tr>
<tr>
<td>Macro economic instability</td>
<td>-0.10</td>
<td>0.03</td>
<td>0.23</td>
<td>0.83</td>
</tr>
<tr>
<td>Demographic factors</td>
<td>-0.92</td>
<td>0.27</td>
<td>-0.05</td>
<td>-0.05</td>
</tr>
<tr>
<td>Lack of active trading market</td>
<td>0.80</td>
<td>0.39</td>
<td>0.02</td>
<td>-0.23</td>
</tr>
<tr>
<td>Globalization</td>
<td>0.90</td>
<td>0.28</td>
<td>0.27</td>
<td>-0.02</td>
</tr>
<tr>
<td>Internal Risk factors</td>
<td>-0.18</td>
<td>-0.39</td>
<td>-0.85</td>
<td>-0.13</td>
</tr>
<tr>
<td>External Risk Factors</td>
<td>0.56</td>
<td>0.56</td>
<td>0.24</td>
<td>-0.21</td>
</tr>
<tr>
<td>Political factors</td>
<td>0.11</td>
<td>0.86</td>
<td>-0.01</td>
<td>-0.07</td>
</tr>
</tbody>
</table>

In the above table, we see V6 and V7 load heavily on challenge 1. V1, V5, V9 and V10 load heavily on challenge 2. V2 and V8 load heavily on challenge 3 while V3 and V4 load heavily on challenge 4. Consequently the major challenges isolated can be labeled as shown below

**Challenge 1** **International factors**: Lack of active trading market and Globalization

**Challenge 2** **Social factors**: Technological changes, Demographic factors, External risk factors and political factors.

**Challenge 3** **Management factors**: High support costs and internal risk factors while

**Challenge 4** **Trade factors**: Weak policies and Micro- economic instability
CHAPTER FIVE

SUMMARY AND CONCLUSIONS, RECOMMENDATIONS, LIMITATIONS OF THE STUDY AND SUGGESTIONS FOR FURTHER RESEARCH

This chapter presents a summary of the findings of the study as regards to the objectives of the study. Based on the findings, recommendations are made as regards the challenges affecting investment banking in Kenya.

5.1 Summary and Conclusions

The objectives of the study were to identify factors affecting investment banking in Kenya, and identify challenges facing investment banking in Kenya.

The two objectives were achieved by collecting primary data from the firms concerned which included investment banks, commercial banks and investment advisors.

By investigating what might account for the challenges facing investment banking industry, factor analysis was performed. By this procedure, international, social, management and trade factors were isolated. Cross checking these factors against the attitudes reveals that trade factors elicits a negative sentiment. On the dimensions of International and Social factors the challenges were held in high esteem.

The findings clearly indicated that the main challenges facing investment banking are as follows: Technological changes, High support costs, Weak policies, Demographic factors, Lack of active trading market and Political Factors.

5.2 Recommendations
In the light of the findings of the study, the study recommends the following:

♦ The government should have proper monetary and fiscal policies in order to promote investment banking industry in Kenya. This can be achieved by offering incentives like low tax rates, and conducive investment climate to investors.

♦ There should be aggressive campaign by the investment bank in order to sell their product to the market.

♦ Investment Banks should have competent and experienced managers to run their firms more efficiently and effectively.

♦ Investment Banks should be encouraged to increase the capitalization and technological investment so that they can be competitive in the current dynamic environment.

♦ The management should appreciate that investment decisions require special attention as they influence the growth in the long run. This is so because investment involves large funds. So before an investment is made, proper evaluation should be made on estimation of cash flows and estimations of the required rate of return.
5.3 Limitations of the Study

The followings are the limitations of the study.

♦ The study only covered Nairobi province and not all the Investment advisors and Investment banks were studied. Only a sample of 30 Investment Banks was studied. Conclusions could probably have been different if the whole population was studied.

♦ The study only covered the challenges and factors facing investment Banks in Kenya. As it were, these are single items among the many factors and challenges affecting investment banking.

♦ The analysis was done on primary data, which could be biased. Analysis of secondary data could have provided a basic of comparison of the findings.

♦ The fact that management is still subject to and constrained by the internal policies reduces the management discretion in providing objective information. A questionnaire sorting the views of the clients of investment banks could have strengthened the findings of the study.
5.4 Suggestions for Future Research

The data collected from the Capital Market Authority indicates that Investment Banks have a bright future. However, this sector has been neglected. As such, the researcher feels more research is needed in this area because of its role to the economy. The researcher then recommends further research on the effect of all the challenges facing all the Investment industry. Again, further research is needed to the performance of Front office services (Fos) offered by investment banks.
REFERENCES:


♦ Marketing Intelligence Banking Survey, 2003


♦ Fischer S. (1997) "Banking Soundness and the Role of the Fund"


Appendix 1

Questionnaire:

1: Please indicate the proportion of ownership of your institution

Individual/Local .................................................................%

Individual/Foreign ........................................................... %

Local Institutional ............................................................. %

Foreign Institutional ......................................................... %

Others (specify)................................................................. %

2: Please indicate the value of assets of your institution

3: How long have you been in business

1-5 Years ................................................................. [ ]

5-10 Years ................................................................. [ ]

10-15 Years ................................................................. [ ]

15-20 Years ................................................................. [ ]

20-25 Years ................................................................. [ ]

Others (specify)................................................................. [ ]
4: Among the following services offered by banks, please indicate those offered by your institution.

<table>
<thead>
<tr>
<th>Service</th>
<th>Mark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Mergers and Acquisitions</td>
<td></td>
</tr>
<tr>
<td>2. Advisory services</td>
<td></td>
</tr>
<tr>
<td>3. Restructuring</td>
<td></td>
</tr>
<tr>
<td>4. Strategic Counseling</td>
<td></td>
</tr>
<tr>
<td>5. Evaluation of capital Adequacy</td>
<td></td>
</tr>
<tr>
<td>6. Utilization</td>
<td></td>
</tr>
<tr>
<td>7. Capital Stricture</td>
<td></td>
</tr>
<tr>
<td>8. Corporate Finance</td>
<td></td>
</tr>
<tr>
<td>9. Dividend</td>
<td></td>
</tr>
<tr>
<td>10. Capital policies</td>
<td></td>
</tr>
<tr>
<td>11. Investor/Shareholder relations</td>
<td></td>
</tr>
<tr>
<td>12. Valuation Services</td>
<td></td>
</tr>
<tr>
<td>13. Underwriting Services</td>
<td></td>
</tr>
<tr>
<td>14. Primary Services</td>
<td></td>
</tr>
<tr>
<td>15. Secondary Services</td>
<td></td>
</tr>
<tr>
<td>16. Others (Specify)</td>
<td></td>
</tr>
</tbody>
</table>
5: Please rank in order of importance the challenges facing your institution as an investment banker.

Please rank them in order of importance. The most important should be given No. 1, the second No. 2 and so on. If you feel two or more are equally important give the same number, should you enter some in “other”, please rank and specify. NB. 1 = Important; 2 = Very important; 3 = Extremely important; 4 = unimportant; 5 = Extremely unimportant

1. Technological changes.................................................................[ ]
   Suggested remedy .................................................................

2. High support costs........................................................................[ ]
   Suggested remedy ...................................................................

3. Weak policies ............................................................................[ ]
   Suggested remedy ...................................................................

4. Macroeconomic instability..........................................................[ ]
   Suggested remedy ...................................................................

5. Demographic factors....................................................................[ ]
   Suggested remedy ...................................................................

6. Lack of active trading market......................................................[ ]
   Suggested remedy ...................................................................

7. Globalization................................................................................[ ]
   Suggested remedy ...................................................................

8. Internal Risk factors...................................................................[ ]
   Suggested remedy ...................................................................


6: The following is a list of some common factors affecting investment banking in Kenya. Please rank them in order of importance. The most important should be given No. 1, the second No. 2 and so on. If you feel two or more are equally important give the same number, should you enter some in “other”, please rank and specify. \( NB. \ 1 = \text{Important}; \ 2 = \text{Very important}; \ 3 = \text{Extremely important}; \ 4 = \text{unimportant}; \ 5 = \text{Extremely unimportant} \)

Managerial incompetence

*Suggested Remedy* .........................................................

Lack of managerial experience

*Suggested Remedy* .........................................................

Irresponsible management

*Suggested Remedy* .........................................................

Fraud

*Suggested Remedy* .........................................................

Under capitalization

*Suggested Remedy* .........................................................
Excessive equipment investment

Suggested Remedy .................................................................

Disaster

Lack of cooperation from clients

Suggested Remedy .................................................................

Poor economy

Suggested Remedy .................................................................

Others (specify).

Suggested Remedy .................................................................

Technical feasibility

Suggested Remedy .................................................................

Economic soundness

Suggested Remedy .................................................................

Managerial aspects

Suggested Remedy .................................................................

Financial viability

Suggested Remedy .................................................................

Market aspect

Suggested Remedy .................................................................

Collateral security