PRACTICES ON THE FINANCIAL PERFORMANCE OF COMMERCIAL BANKS IN KENYA

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ABSTRACT

Investigate the impact of Enterprise Risk Management on banks in Kenya and if the performance is positively affected by risk and control self-assessment, key risk indicators, incident management, compliance of both internal and external regulations, and action tracking. The Kenyan banks are found to understand well the need of establishing a companywide risk management practices and incorporate a number of practices which include risk identification assessment and monitoring practices. They were found to have moved from being considering the risk management practices to relate only on the operation of the bank instead, the current risk management process is more strategic in nature such that the influence of the external environment on the operations of the firm is being given prominence in the management of risk. Furthermore, it was found that the risk management practices are determined by the extent to which managers understand risk and risk management. For effective ERM an organization should establish proper communication so that it can built proper confidence in risk management and built risk appetite in the lower cadre of staff. From the findings it was recommended that for the management and regulators, knowledge of the unique types of risk facing each type of bank should lead to the development of special risk management techniques and monitoring procedures that are suitable for those risks, in addition to enhancing transparency.