THE EFFECT OF DIASPORA BANKING ON FINANCIAL PERFORMANCE OF COMMERCIAL BANKS IN KENYA

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DECLARATION

This research project is my original work and has not been presented for examination in any other university.

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This research project has been submitted for examination with my approval as the candidate's university supervisor.

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DEDICATION

This research project is dedicated to my family, my husband Francis Matheka and my daughter Stephanie Mutheu for their constant support and encouragement throughout my studies. I cannot forget my parents Mr Christopher Ndambuki and Rosemary Christopher for their wisdom and inspiration which has been my pillar in quest for knowledge.

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ABSTRACT

Diaspora banking has been coined from the word diaspora to mean provision of banking services to people in the diaspora. Banks fill a market need by providing a service and earn a profit by charging customers for the service. Diaspora Banking leads to enhanced profitability among commercial banks. The study sought to determine the effect of diaspora banking on financial performance of commercial banks in Kenya. The study was based on the theory of financial intermediation and delegated monitoring, theory of information production and the theory of liquidity transformation. Secondary Data was collected from Central Bank and banks financial reports and multiple regression analysis used in the data analysis. The study revealed that there was a strong postive relationship between disapoara banking and financial performance of commercial banks in Kenya. The study also established that diaspora deposits, diaspora loans, real exchange rate, real interest rate and bank size positively influenced the financial performance of commercial banks in Kenya. On the other hand inflation was found to be influencing negatively the financial performance of commercial banks in Kenya. There is need for commercial banks in Kenya to provide more platforms in which people can access diaspora banking service. There is also a need for the central bank of Kenya to institute various monetary policy measures that will help check the country's inflation rate and to provide enhanced regulation on diaspora banking as this will help in increasing the platform for people to access diaspora banking. The study also recommends that commercial banks in Kenya should have strategies to increase their size as it was found that size of the commercial banks increase their financial performance.

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ACRONYMS AND ABBREVIATIONS

ANOVA	Analysis of Variance
ATM	Automated Teller Machine
CBK	Central Bank of Kenya
GDP	Gross Domestic Product
ROA	Return on Assets
ROE	Return on Equity
SPSS	Statistics Package for Social Science

CHAPTER ONE: INTRODUCTION

1.1Background of the Study

Diaspora banking has been coined from the word diaspora to mean provision of banking services to people in the diaspora. A diaspora can be defined as people who have migrated and their descendants who maintain a connection to their homeland (Dilip and Sonia, 2011). Diaspora banking business is carried out in the form of payment services like credit transfers, direct debits, deposit and lending services, investment, pensions and insurance services. Muchiri (2012) states that the sources of income that go to commercial banks through diaspora banking include commissions like ATM commissions, internet banking commissions and mobile banking commissions, transaction fees, Investment deposits etc.

Banks fill a market need by providing a service and earn a profit by charging customers for the service. Banks earn profits by acquiring funds at a cost from savers and lending those funds to borrowers, adding value by providing risk-sharing, liquidity and information services. like any business, banks act to maximize their profits (Hubbard, 1997).Banks may wish to simultaneously diversify their income streams and also find the lowest cost production base, many banks and other financial firms have developed services with strong brand images through effective differentiation strategies (Casu, Girardone and Molyneux, 2006).

Bett (2013) notes that a booming interest in the topic of Diaspora remittances has developed over the past few years on the part of academics, donors, international financial institutions, commercial banks, money transfer operators, microfinance institutions, and policy makers. This has in the recent past borne a new trend in banking called diaspora banking. According to the current central bank of Kenya (CBK) reports, Kenyans abroad have been remitting a substantial amount of funds to Kenya in form of diaspora remittance; In fact, the remittances have increased in the past few years making diaspora remittances the 3rd foreign exchange earner in Kenya after agriculture and tourism. According to CBK, remittances from Kenyans in diaspora as at the end of the year 2013 totaled 1.29 billion US dollars. In February 2014, remittances to Kenya increased by 8 percent from USD 102.4 million in February 2013 to USD 110.42 million. The 12 month cumulative remittance inflows also increased by 10.5 percent from USD 1,183 million in February 2013 to USD 1,307 million in February 2014.This has intensified the battle to control diaspora remittances among the commercial banks in Kenya in a bid to share the transactional income that has become an important multi billion revenue stream (CBK report, 2013).

It is from this background that the study will try to find out how diaspora banking is affecting the financial performance of commercial banks in Kenya. The study will be looking at how the commercial banks in Kenya are operating the diaspora banking platform i.e. the mode of operation and the effect of these variables to the financial performance of commercial banks.

1.1.1 Diaspora Banking

Dilip and Sonia (2011) argues that the diaspora of developing countries can be a potent force for development for their countries of origin, through remittances but also importantly through promotion of trade, investments, research, innovations, knowledge and technology transfers. Due to logistical problems associated with being abroad, it may not be easy for Kenyans living abroad to transact, do savings, invest or be educated as to what investment opportunities exist back home, it is through this gap that the Kenyan commercial banks have introduced in the recent past the diaspora banking platform to allow Kenyans in the diaspora the same banking opportunities that they would have accessed if they were still at home. The commercial banks in Kenya are also very keen to capture a big chunk of the remittances coming into Kenya through diaspora banking. The banks are aiming at increasing their revenue streams due to the high competition that has emerged in the recent past and introduction of banking policies making deposits more expensive.

Muchiri (2012) in her study to examine the growth strategies adopted by cooperative bank states that in line with spreading its wings to the foreign market Coop bank introduced a diaspora account which can be in terms of dollar or Kenya shillings. According to the head of international relations, the account targets Kenyans living outside the country and provides them with an opportunity to save and remit earnings back to their country while they continue working and staying in foreign land. In addition introduction of internet banking enables customers in the diaspora to access their accounts and perform business transactions such a money transfer, payment of bills etc without physical presence. The internet banking is done on a trunkard platform which is reliable banking software.

Kaberia (2013) adds that many people in the diaspora have lost huge sums of money to their relatives and friends whom they have entrusted to invest on their behalf especially in the real estate sector. The introduction of diaspora banking has helped in addressing this issue since people living in the diaspora can bank directly in their accounts and get information from their local banks on investment opportunities. This can be done through the mobile banking and internet banking platform.

The banks on the other hand have benefited through diaspora banking by bringing more customers on board thereby increasing their customer base. A large customer base is also an edge over the rivals since this means that a commercial bank with a high customer base can handle high volumes of remittances translating to more fees and commissions. Gekonge (2012) in his study organizational structures adopted by Kenya commercial bank as a strategic response to competition within the banking industry in Kenya found out that in May 2012, KCB launched the diaspora banking unit aimed at reaching out to the diaspora market and hence make it easier for customers in foreign lands to invest in their home country. KCB has been able to respond to competition effectively while reaching out to new markets and remaining competitive.

1.1.2 Financial Performance

Financial performance is an important tool to various stakeholders who might be interested in a certain institution or industry. The parties that can be interested in financial performance of commercial banks include shareholders and bond holders, direct competitors, financial markets, regulators, depositors, credit rating companies and other market participants (Casu et al, 2006).

Bank performance is usually measured in relation to ratio analysis that uses the information contained in both the balance sheet and the income statements. Bank performance is calculated using ratio analysis and assessed with the aim of looking at past and current trends and determining future estimates of bank performance. Financial ratio analysis investigates different areas of bank performance such as profitability, asset quality and solvency. The tools that are used to calculate performance are derived from the information revealed by the periodic financial reports produced by the balance sheet and income statement. A balance sheet of commercial banks consists of assets and liabilities. The asset side consists of cash, liquid assets (securities) short term money market instruments such as treasury bills, loans fixed assets and other investments. The liability side includes deposits, equity and other capital terms (Lloyd, 2006).

1.1.3 Diaspora Banking and Financial Performance

Diaspora Banking leads to enhanced profitability among commercial banks. Lloyd (2006) argues that the loan book, deposit book and size of the bank translate to high levels of financial performance. Theoretically it is assumed that diaspora banking will increase financial performance since diaspora banking is operationalized through loans, deposits and recruitment of new customers.

Nyathira (2012) argues that financial innovation indeed contributes to and is positively correlated to profitability in the banking sector particularly that of commercial banks. Wathome (2013) added that financial inclusion strategies had great effects on the financial performance of commercial banks in Kenya, as it was revealed that there was a greater variation on financial performance of commercial banks in Kenya due to changes in mobile phone banking, agency banking, micro banking, internet banking and Islamic banking. These empirical studies which are related to diaspora banking showed that their effect on financial performance is positive, therefore the relationship between diaspora banking and financial performance is assumed to be positive.

1.1.4 Commercial Banks in Kenya

According to the Kenya bankers association, the banking sector in Kenya over the years has evolved through several phases, the first phase is termed as pre-independence/the first banks which dated back to the colonial days, the other phase is the independence and Africanization of the banking industry, then the emergence of government owned Kenyan banks and the growth of indigenous banks. The banking sector has also gone through significant historic moments (KBA, 2013). During the pre-independence days, the operations of the banks were characterized by high degree of concentration, branch banking and providing services for financing exports and imports to the colonial government. After independence the commercial banks in Kenya increased as both local and foreign owned banks came into play. Since then there has been key milestones in the banking industry in Kenya with new emerging trends in banking coming into the picture like Islamic banking, mobile banking, internet banking, automated branch banking, diaspora banking and the recent implementation of the cheque truncation system which have made commercial banks achieve efficient service delivery. Currently there are 43 licensed commercial banks and 1 mortgage finance company.

Diaspora banking is a new perspective in the banking industry in Kenya which emerged in less than 5yrs ago. Gekonge (2012) states that Respondents observed that in May 2012, KCB launched the Diaspora Banking Unit. The major players are the major commercial banks with a large customer base and large geographical presence in the country. These major players are equity bank, Co-operative bank and Kenya commercial bank. Equity and Co-operative banks rode on their large presence in retail banking market to gain control of the diaspora remittances with each of the two banks handling KSh1.1 billion or 12.3 per cent of the KSh8.9 billion remittances in January 2013, opening a new revenue stream that helped propel the growth of their deposits and transaction incomes. Kenya commercial bank finished behind Equity and Co-op with Sh1 billion or 11.2 per cent market share (CBK, 2013).Diaspora banking in Kenya commercial banks has also been taken to a different level with several banks establishing fully fledged departments for diaspora banking to serve diaspora customers. The commercial banks have also initiated other strategies to improve diaspora banking like marketing their products abroad, recruiting diaspora agents abroad and also establishing online support structures. Kaberia (2013) notes that KCB partnered with brand Kenya board as a major sponsor to establish the inaugural Kenya house at the Olympics and seize the London Olympics to market the service.

The financial performance of commercial banks in Kenya has been positive. The current report from CBK, states that the banking sectors balance sheet increased by 15% from 2.2 trillion in June 2012 to 2.5 trillion.it also added that the banking sector recorded enhanced performance with the size of assets standing at KSH.2.5 trillion, loans and advances amounting to KSH.1.5 trillion, while the deposit base stood at KSH.1.9 trillion and profit before tax of KSH 61.5 billion as at June 30,2013.during the same period, the number of bank customer deposit and loan accounts stood at 18.9 million and 3.8 million ,respectively. The report goes ahead to indicate that customer deposits were the main source of funding for the banking sector assets accounting for 73.9% of total liabilities and shareholders' funds. The deposit base increased by 11.8 from KSH 1.7 trillion in June 2012 to KSH 1.9 trillion in June 2013 mainly attributed to branch expansion, remittances and receipts from exports (CBK report, 2013).

1.2 Research Problem

Hubbard (1997) argues that to be successful, the bank must make prudent loans and investments so that it earns a high enough rate of interest to cover its costs and to profit. The activities of banks have changed dramatically during the past three decades. However there is a controversy, this sounds simple but it hasn't been easy for banks to earn profits in the past decade.

Ochieng (2013) argues that diaspora remittance has become a key driver in economic growth in Kenya and is a major source of foreign exchange in the Kenyan economy only rivaled by tourism, horticulture and tea export. Remittances have led to economic boom and have resulted in improvement of both economic and social welfare of direct and indirect beneficiaries. The recently drafted Kenyan diaspora policy has recognized the role of diaspora in the development of the country; the draft states that the role of diaspora in the development of host countries is increasingly getting recognition. With most banks in the industry tailoring strategies to tap this new emerging market, there is need to study how these diaspora operations affect the overall performance of a bank.

Several studies have been carried out in regard to financial performance of commercial banks and also current trends in the banking industry. Okiro (2013) did a paper on the impact of mobile and internet banking on performance of financial institutions in Kenya. The study sought to identify the extent of use of mobile and internet banking in financial institutions. Another study was also done by Murugi (2013) who explored the effect of agency banking on financial performance of commercial banks in Kenya. The study sort to establish how agency banking affects the financial performance of commercial banks. Kaberia (2013) also did a survey to establish the strategies adopted by Kenya commercial bank (KCB) to attract Kenyan investors in diaspora. The study sort to determine the various strategies employed by KCB in an effort to attract diaspora to use KCB as a channel of sending and investing funds. All these researches did show the current trends in the banking industry and also their effect on the financial performance of commercial banks. Diaspora banking is related to e banking since it’s done on the internet platform, there is less that has been mentioned regarding the use of internet-banking or the use of agents by people in the diaspora in these research works. Caroline has also explored strategies that can be used in diaspora banking but little has been done to show how diaspora banking affects the financial performance of the commercial banks in Kenya.

With almost every commercial bank in Kenya introducing diaspora banking, it is of great importance to explore how this will have an effect on the financial performance of commercial banks, the study will therefore look into the following research questions; How is diaspora banking carried out on commercial banks in Kenya? How much is earned from the diaspora banking platform? How does diaspora banking affect the financial performance of a commercial bank?

1.3 Research Objectives

The general objective of the study was to determine the effect of diaspora banking on financial performance of commercial banks in Kenya.

1.4 Value of the Study

The study will be of great value in the addition of academic work in the field of banking. A lot of research has been done before regarding banking in general but little has been done on emerging banking trends like diaspora banking. This will be of great value to future scholars and other researchers who will be willing to explore further the concept of diaspora banking and other trends that will emerge in the future.

The study will also go a long way in assisting the government in the formulation of policies like diaspora policy and other monetary policies. The findings of the study will also be a big asset in the banking sector in Kenya in terms of providing insights to the managers and other stake holders on the effect that diaspora banking can translate in the financial performance of the commercial banks in Kenya and in other economies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviewed a theoretical framework of the study. The chapter reviewed different financial theories related to the study discussing their proposition and their implications to the research variables. The chapter also reviewed the determinants of financial performance in commercial banks. Empirical literature was also reviewed with an emphasis on the objective of the study, methodology and the results. The chapter finalizes by giving a summary of the theories discussed.

2.2 Theoretical Framework

There are many theories done by academicians regarding banking, however three financial theories are discussed in relation with diaspora banking and financial performance of commercial banks namely, theory of financial intermediation and delegated monitoring, theory of information production and the theory of liquidity transformation.

2.2.1 Theory of Financial Intermediation and Delegated Monitoring

One of the main theories put forward as an explanation for the existence of banking relates to the role of banks as 'monitors' of borrowers. Since monitoring credit risk is costly, it is efficient for surplus units (depositors) to delegate the task of monitoring to specialized agents such as banks. Banks have expertise and economies of scale in processing information on the risks of borrowers and, as depositors would find it costly to undertake this activity, they delegate responsibility to the banks (Casu et al, 2006).

Lloyd (2006) argues that commercial banks are the largest and most important of all the financial intermediaries. Compared with other intermediaries, banks have historically been the most diversified in their activities. Their liabilities (sources of funds) are predominantly demand deposits, savings accounts, and time deposits. Assets (users of funds) are distributed among mortgages, government securities, business (commercial) loans, consumer loans and other items.

Casu et al (2006) added that since diversification will increase with the number of bank loans, larger delegated intermediaries will generate higher economies of scale in monitoring and this will allow for greater portfolio diversification than any individual lender could achieve.

Howells and Bain (2008) argued that it is generally recognized that financial decisions between two parties are often characterized by asymmetric information; an alternative solution is for intermediaries to take on the monitoring task. This involves the development of skills in discriminating between more and less risky projects and firms.one way in which this is done, of course is to demand information as a condition of the loan, another is to develop a long term association with successful clients so as to gain access to inside information yet another is to monitor carefully the ex post outcome of projects in which they have invested depositor's funds. These activities have a high fixed set up cost but are subject to economies of scale, with the result that while individuals are excluded from doing their own monitoring, the cost of each depositor when the service is provided by the bank is quite small.

The implication of this theory to the study is that banks will take advantage of economies of scale through their function of financial intermediation and monitoring especially in facilitating the depositor's funds (remittances), doing investments on behalf of diaspora clients and other transactions to gain profit. The assumption is that the more diaspora business they handle the higher the profitability and financial performance.

2.2.2 The Theory of Information Production

Casu et al (2006) argues that if information about possible investment opportunities is not free, then economic agents may find it worthwhile to produce such information. For instance surplus units could incur substantial search costs if they were to seek out borrowers directly. Banks have economies of scale and other expertise in processing information relating to deficit units.As banks build up this information, thy become experts in processing this information. As such they have an information advantage and depositors are willing to place funds with a bank knowing that this will be directed to the appropriate borrowers without the former having to incur information costs.

At one extreme, one can imagine the costs, pecuniary and otherwise, of direct lending where an individual lender has to search for contact and arrange for an individually negotiated legally binding contract to be drawn up. More realistically one can also imagine the costs faced by small savers trying to diversify their wealth across a range of securities. On each of these a minimum commission has to be paid and being fixed this therefore rises as a proportion of the value of the transaction as the transaction gets smaller. The lower costs are available through an intermediary. One standard contract covers each class of deposit and each type of loan. The intermediaries' search costs are incorporated in the cost of prime site premises and in their advertising. The consequence of such spending is that lenders and borrowers know what services are available and where. Although prime sites and advertising are very expensive, once again the scale of operations almost certainly means that these search costs, absorbed by intermediaries are less than the search costs that would be incurred by lenders and borrowers if they had to deal with each other directly (Howells and Bain, 2008).

The implication of the theory to the study is that as commercial banks in Kenya take a strategy of providing information to people in the diaspora especially in areas of investments, they will be able to attract more business from diaspora through diaspora banking. The assumption is that with more business the financial performance is expected to be high.

2.2.3 The Theory of Liquidity Transformation

Banks provide financial secondary claims to surplus units (depositors) that often have superior liquidity features compared to direct claims (like equity or bonds). Banks deposits can be viewed as contracts that offer high liquidity and low risk that are held on the liabilities side of a bank's balance sheets. These are financed by relatively illiquid and higher risk assets e.g. loans on the asset side of a bank's balance sheet. Banks can hold liabilities and assets of different liquidity features on both sides of their balance sheet through diversification of their portfolios. In contrast, surplus units (depositors) hold relatively undiversified portfolios (e.g. deposits typically have the same liquidity and risk features). The better banks are at diversifying their balance sheets, the less likely it is that they will default on meeting deposit obligations (Casu et al, 2006).

Howells and Bain (2008) add that financial intermediaries are able to reduce risk through a number of devises, the two principle ones are diversification and specialist management. The intermediary accepts a large number of small deposits creates a large pool and then distributes that pool among a number of borrowers who the intermediary can ensure are borrowing to fund different that is, diverse types of activity.

The implication of this theory to the study is that if banks will remain liquid as a result of getting remittances from the diaspora through diaspora banking, they will be able to meet their deposit obligations and also offer more loans to their customers and diversify the funds, therefore financial performance of a bank with a higher liquidity is expected to be high too .Nyanga (2012) in his study on determinants of financial performance of commercial banks in Kenya recommends that banks should improve on their liquidity more so the ability of the banks to promptly repay the depositors.

2.3 Determinants of Financial Performance in Commercial Banks

2.3.1 Capital Adequacy

The first pointer of the CAMELS model is Capital Adequacy. The capital of a bank provides a cushion for sudden financial difficulties. The composition of capital includes shareholders owned funds and other items set aside for the purpose. Even though stable capital leads to trust in the financial system capital should not be used as a replacement for sound management. Ratios being used to determine capital adequacy include capital to liabilities (CL) ratio and the capital to assets ratio (Gale & Ozgur, 2005). Financial institutions that ensure adequate provision of enough capital bring about trust in the financial system.

2.3.2 Assets

The second pointer of the CAMELS framework is Assets. An asset refers to ‘’something belonging to an individual or a business that has value or the power to earn money‟‟ (Aikeli, 2008). The financial health of financial institutions deteriorates with successive erosion in the value of their assets. The various pointers to the deterioration in the value of assets include the earning assets to total assets and the provisioning to gross advances ratios (Molyneux et al, 2007). A careful study of the trends in the asset quality offers a useful means of identifying trends in the assets quality as well as those that are likely to cause financial difficulties to the bank (Aikeli, 2008).

2.3.3 Management

The "M" in the CAMELS framework represents Management. Good management is very essential to the achievement of the objectives of the bank. Apart from the duty to organize the activities of the bank, the management are accountable to all those who have placed their money in the care of the bank. Generally, the various assessment criteria provide useful information about the performance of management. On the other hand, it is not easy to assess management performance with financial accounting ratios. It is therefore important to include other assessment mechanisms to be able to assess management (Greuning and Bratanovic, 2003). Tools that are useful for assessing management quality include total expenses to total income and operating expense to total expenses ratios (Chen, Guo, & Huang, 2009).

2.3.4 Earnings and Profitability

The "E" pointer of the CAMELS model also represents Earnings and Profitability. The earnings and profitability of a financial institution relates to, among others, its ability to persistently generate income to increase its own funds and reserves and also settle its debt obligations. Even though banks usually earned income through interest earning activities, earnings from fees and other innovative activities have also become major income earning items among current banks. Bank earnings have therefore been characterized with instability and risky activities. Assessing earnings, therefore, can be challenging. The tools for assessing bank earnings and profit levels include the return on assets (ROA), return on equity (ROE), and the net interest margin (NIM). These ratios are assessed over a period to be able to ascertain whether the banks’ earnings are increasing or decreasing. Periods of general increase in prices as well as management plans have the potential to influence bank earnings (Apostolos et al, 2011).

2.3.5 Liquidity

Another factor of the CAMELS model is Liquidity. Liquidity implies that a bank must have adequate cash and near cash assets needed to meet changes in bank momentary obligations as well as to supply financial resources for development. Pointers must include the origin of funds as well as huge disparities regarding when obligations fall due and the ability of the bank to settle them, (Olweny and Shipho, 2011). The liquid assets to total assets ratio and the loans to deposits ratio are used to assess liquidity. Adequate liquidity improves trust in the general financial set-up but can deteriorate if not appropriately managed. It is therefore important that banks keep enough liquid assets to meet their obligations (Apostolos et al, 2011).

2.3.6 Sensitivity to market risk

The final factor of the CAMELS framework is Sensitivity to market risk. Financial institutions deal in a greater variety of financial products making them susceptible to, among others, interest rate, foreign exchange risks and commodity price risk (Olweny and Shipho, 2011). The focus assessment is on how management would be able check and organize financial problems arising from these phenomena (Hays, Stephen and Arthur, 2009).

2.4 Empirical Literature

Anaafi (2012) did a study on the impact of diaspora banking transaction in the banking industry, the case of ADB, SG-SSB and Barclays bank branches in the eastern region. This study evaluates the perceptions of banking customers regarding the effect of technological innovations on banking services in the Eastern Region. The study focused on customers with banks that have at least one form of electronic banking product in the Eastern Region. The results of the study generally indicate that, out of the 257 respondents, 205 of them representing 79.8 % patronize electronic delivery product and service out of which users of the ATM occupies 58.8% the highest with EFT POS being the least with 3.1%.Turnaround time and service delivery were 85.5% and 80.4% respectively and resulted in overall customer satisfaction to 78.2%. These shows that electronic banking has contributed positively to the provision of banking services and the growth of the Ghanaian banking industry.

Nigel, Diego, Pierre Murekezi and Aaron (2013), this paper explore the cross-cutting issues surrounding remittances and leveraging or mobilizing the Diaspora, as potential partners and catalysts of national development. It highlights trends in remittance flow and behavior of remitters and the arguments for channeling remittances for development, economic stability and to reduce poverty. It also addresses the drawbacks and pitfalls in relying on or even interfering with these private funds and personal freedoms to use earnings in the way migrants desire. The writers further explore the ethical, social, legal and economic arguments for regulating or interfering with remittance flow, volume and cause, for the purpose of development in two-sense: (i) personal development and strengthening family budget; and or (ii) Investment and national economic development.

This is followed by a discussion on the policies and operational measures, such as incentive schemes, mechanisms, legal, regulatory and institutional reforms, which can be undertaken by Governments to enhance the volume and value of remittances. They require a multifaceted and multiple stakeholder / client-based approach, co-operation, participation and co-ordination among Governments and other actors, such as Diaspora / migrants, recipients, international organizations (IOs), non-governmental organizations (NGOs) and the corporate sector. The role of stakeholders must not be trivialized as they are likely to have a common stake in the success of these measures. Their crucial roles are also explored in this paper. Case studies, such as the success of Madeira (a region in Portugal), whose emigrants "lift the island out of economic crisis through private investments", and examples of policies and measures that have been initiated by Governments that have worked and others that were not as successful or plainly failed, are examined. Such programs include Mexico's matching funds program "Three-for-One-deal". The writers also highlight the significance of this area to the international development architecture, development in general, and the rule of law. As the writers assert, the Diaspora and remittances are being channeled for development, as an alternative source of private development finance, to reduce poverty in developing countries, thereby, complementing official development assistance.

Sharleen (2011) did a study on the Haitian diaspora impact on Haitian socio-political and economic development. This paper will look at the Haitian Diaspora in the United States and its active transnational link to Haiti. Since the days of post-Duvalierism, the Haitian Diaspora has actively participated in the developmental process of the country. Remittances are no longer the only way in which the Haitian diaspora assists. Seemingly there has been an increase in transnational activity via political and socio-economic organizations and associations. However, the addition of the Haitian Diaspora as a major force in Haiti's development process (as seen in the last 10 years) is uncertain. It is doubtful because the divided social structure of Haitian history, has transplanted into Haitian diasporic communities. The social construct of Haitian émigrés in the United States and their active role in politics and social-development affects the Haitian democratic and developmental process. Looking at how the Haitian Diaspora political and non-political organizations and associations operate, it becomes apparent that the fractured social class structure within the diaspora is divided by socio-economic status. Although a unified Haitian Diaspora has proven to be a strong lobby (swaying American policy and collective remittance contributions) the factions that exist beyond that have implications on sustaining the efforts taken on by the diaspora.

Sara (2014), did a study on the investigating the effects of diaspora banking services on customer satisfaction. The present study aimed to evaluate the factors of electronic banking services and investigates the effect of each of them on customers' satisfaction. The study was a descriptive-survey design. The statistical population was the customers of Mellat Bank of Dehloran in Ilam that completed the questionnaire and they were also familiar with the new bank services. For data collection, field study and questionnaire as the most important data collection instrument in survey study were applied. The data were analyzed by statistical methods. The results showed the positive effect of diaspora banking services on customers' satisfaction.

Addae (2014) did a study on the impact of diaspora banking on customer service and profitability of banks in Ghana. The study examined the impact of diaspora banking on customer service and profitability of banks in Ghana. Random sampling was used to select ten banks and two hundred and fifty customers all in Accra for the study. The study found that diaspora banking and hence Information and Communication Technology has impacted positively on customer service and profitability of banks though there are a number of challenges. It was recommended among others that there should be 24/7 monitoring of the Automatic Teller Machines(ATMs) so that any failure is addressed as soon as possible to guarantee customer retention. It was concluded that the government should provide adequate regulatory framework that will ensure customer protection and security of transactions; and again to achieve competitive advantage periodic training programmes on ICT should be organized by the banks to ensure that their employees are always abreast with current trends and programs in ICT.

Bett (2013) did a study with an objective to determine the effect of diaspora remittances on economic growth in Kenya. A quantitative research design in form of an econometric model was employed. Panel data was used to assess the impact of remittances on economic growth in Kenya. The sample of the study constituted 1 year period averages taken for the analysis over the past 10 year period using the latest available data for the period 2003 to 2012. On data analysis, the model used in the study was an extension of the neoclassical growth model.

The study concluded that diaspora remittances positively impact economic growth. The study recommends that while harnessing remittances for development, the issues that need to be prioritized are; making fund transfer easier and cheaper to enhance larger inflows, directing the inflows because increased positive growth effects of remittances are most likely to occur when remittances are transmitted in formal channels.

Ochieng (2013) did a study on the impact of exchange rate on Diaspora remittances in Kenya. The objective of the study was to establish the impact of exchange rate on diaspora remittances. A descriptive study was used in the research using secondary data obtained from the central bank of Kenya and the Kenya national beaural of statistics. The data was analyzed using a multiple regression model to obtain coefficient of the variables and SPSS was used to analyze the data. The findings of the study indicated that exchange rate does indeed has a positive impact on diaspora remittances to Kenya.in the findings it was also evident that this was not the only factor affecting diaspora remittances besides other prevailing factors like interest rate, inflation and other factors which were beyond the scope of this research.

Muchiri (2012) did a study with the objective of exploring the growth strategies adopted by cooperative bank as an operational orientation. The study adopted a descriptive design with main focus on qualitative and quantitative data. The study population focused on senior employees of cooperative bank that are involved in strategy formulation. The study utilized both primary and secondary data. The researcher used face to face interviews to collect information. Qualitative data was analyzed using content analysis. The study found that coop banks local markets strategies include branch banking, agent banking and M-banking among others while the international strategies include the diaspora account, money transfer services and foreign investment, however the local market forms the major share of the bank's income.

Ongwenyi (2013) did a study with an objective of analyzing the extent to which Kenyan banks have adopted real time gross transfer as an operational tool. Primary data was used in the study. The study revealed that banks have adopted RTGS in funds transfer with regard to procurement of services, procurement of goods, subscription to the government bonds, foreign remittances for Kenyans in the diaspora and with regard to purchase of property and assets mainly from the government to a very large extent.

Kaberia (2013) did a study to analyze the strategies adopted by KCB ltd to attract Kenyan investors in diaspora. The objective of the study was to determine various strategies employed by KCB ltd in an effort to attract diaspora to use KCB as a channel of sending and investing funds by incorporating the OLI theory. The study used primary data that was collected using interview guide. The study revealed that the bank possess ownership advantages which include its capital strength, economies of large size, technology, experience in foreign operations and product diversification. Therefore, the OLI theory partly explains KCB's strategy in attracting Kenyans in diaspora process but not fully, because there are other strategies other than the ownership, location and internalization but it provides a sound basis on the major strategies that KCB has used to attract Kenyan investors in diaspora.

Nyathira (2012), carried a study on the financial innovation and its effect on financial performance of commercial banks in Kenya. The purpose of the study was to assess the effect of financial innovation on commercial bank's financial performance as the key players in the banking sector over a period of 4yrs.the causal research design was used to carry out this study. The population of study was all the 43 commercial banks in Kenya as at 30th June 2012.the study used secondary data from published central banks' annual reports. The independent variable was financial innovations unique to commercial banks while dependent variable was consolidated financial performance of all banks. Study results indicated that financial innovation indeed contributes to and is positively correlated to profitability in the banking sector particularly that of commercial banks. This is further supported by high uptake of more efficient financial systems in substitution for the less efficient traditional systems.

Wathome (2013) carried another study on the effect of financial inclusion strategies on financial performance of commercial banks in Kenya. Causal study design was employed in the research. There were 43 commercial banks in Kenya which formed the target population for this study. Secondary data from financial statements of commercial banks was collected using data collection forms. The study collected data for the last five years starting year 2008 to 2012.data analysis was done using SPSS version 20 whereby inferential statistics was applied and a multiple regression model was employed. The study found that financial inclusion strategies had great effects on the financial performance of commercial banks in Kenya, as it was revealed that there was a greater variation on financial performance of commercial banks in Kenya due to changes in mobile phone banking, agency banking, micro banking, internet banking and Islamic banking which is an indication that changes in financial performance of commercial banks in Kenya could be accounted for by mobile phone banking, agency banking, micro banking, internet banking and Islamic banking.

Nyanga (2012) did a study on the determinants of financial performance of commercial banks in Kenya. The study was contacted on all the 43 commercial banks by December 2011; the research was designed as an explanatory study. Descriptive analysis, correlation analysis and regression analysis were used to perform the data analysis. The study found out that capital and exchange rates were negatively correlated with ROE while liquidity, operating cost efficiency, size, risk, GDP, and inflation had a positive influence on ROE. The study recommends that there is need for commercial banks to improve their performance in terms of their ROEs and ROAs.

Sawe (2011) did a study to assess the determinants of commercial bank profitability. The study specifically establishes the internal and external determinants of commercial bank profitability. The period of study was 2000-2009 and the data was obtained from central bank supervision reports and Kenya economic surveys. The study found the coefficients for liquidity, capital, expense management, bank size, market share, inflation and loan loss provisions as the most significant. On the other hand, coefficients for interest rate, exchange rate, concentration and GDP per capita were the least significant on profitability performance in Kenyan commercial banks. From this study therefore, coefficients for the internal determinants were found to be key to the profitability of commercial banks as most coefficients for internal determinants turned out to be significant.

2.5 Summary of Literature Review

From the financial theories highlighted, banks use the advantage of economies of scale in doing their business which enable them make profit. This is in regard with the monitoring activity, information production and liquidity transformation. Borrowers and savers on the other hand do not have economies of scale and in this case they have to use banks as intermediaries to do their business. Through bank intermediary, banks are able to do business with diaspora clients to increase their profitability translating to high performance.

The empirical literature mostly has focused on diaspora remittances and emerging trends in banking and financial inclusion. The studies show that diaspora remittances have gained popularity in the recent past and are being recognized as a major contributing factor in the Kenyan economy. Kenyan commercial banks have not been left out in the scrabble for the remittances as evidence in the strategies Kenyan banks are making to tap this new stream of revenue. The empirical studies also show that Kenyan commercial banks are also focusing on financial inclusion through various financial channels.

Whereas the financial theories show that banks use their advantage of economies of scale to tap businesses and make profit, there are other determinants of financial performance in commercial banks like liquidity, capital, expense management, bank size, market share, GDP, exchange rates, inflation and loan loss provisions. Whereas empirical literature shows that diaspora remittances have an effect on the economy, a study has not been done to show the effect of diaspora remittances on the banking industry. The studies also show how banks have placed their strategies to tap diaspora business and the financial innovations they have undertaken to improve their performance but a study has not been done to show the effect on the improved diaspora business to the financial performance of commercial banks. The study on financial inclusion shows how banks are keen on new trends of financial inclusion like agency banking, mobile banking, internet banking etc, the focus is mostly the unbanked with a major emphasis within the country but the study does not show how banks are focusing on financial inclusion of the people in the diaspora.my study focused on the effect of diaspora banking on financial performance of commercial banks in Kenya.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the research design that was employed in the study, the population of the study, data collection technique and the data analysis technique that was used.

3.2 Research Design

A research design constitutes the blue print for the collection, measurement and analysis of data. Research design aids the researcher in the allocation of limited resources by crucial choices in methodology. Research design expresses either the structure of the research problem-the frame work, organization or configuration of the relationships among variables of a study-or the plan of investigation used to obtain empirical evidence on those relationships (Cooper and Schindler, 2006). A descriptive study design was employed in the study. This is because the study is concerned with the relationship between different variables in trying to answer the research questions.

3.3 Population of the Study

The full set of cases from which a sample is taken is called the population (Saunders Lewis and Thornhil, 2007). In this study the target population was all the 43 commercial banks in Kenya obtained from CBK website as at the end of December 2013. A census of the commercial banks in Kenya was carried out.

3.4 Data Collection Techniques

The study employed secondary data, secondary data of the financial performance of commercial banks in Kenya and diaspora banking was obtained from CBK which is available in their annual reports. The data collected for the study covered 5 years 2009 and 2013.

3.5 Data Analysis Techniques

The data obtained from both the primary and secondary data was analyzed using the statistical package for social sciences (SPSS). Multiple regression analysis was used to analyze the data. The results were presented in tables from which the interpretations were drawn. Analysis of variance (ANOVA) was used to test the fitness of the model. ANOVA was used to test the mean score differences and test for significance at 95% confidence level and F-test at 5% significance level. The model that was used in the study to establish the effect of diaspora banking on financial performance of commercial banks in Kenya was presented as follows;

$$ROA = \beta 0 + \beta 1\ DD + \beta 2\ DL + \beta 3\ INF + \beta 4\ EXCH + \beta 5\ BS + u$$

Where,

ROA = is the return on assets of the bank which was used to measure the banks financial performance

DD = Diaspora deposits

DL = Diaspora Loan

INFL = Inflation

EXCH = Real Exchange Rate

RIR = Real Interest Rate

BS = Banks Size

u = Stochastic Error Terms

Where, $\beta 0$, $\beta 1$, $\beta 2$, $\beta 3$, $\beta 4$, $\beta 5$ are the respective parameters.

Operation definition of variable

Variables	Definition	Measurement
ROA	ROA is the Return on Asset	**ROA;** was measured using the banks ROA, ratio, this was used as the measure of financial performance
DD	DD is the amount of Diaspora Deposits	**Diaspora Deposits ;** was measured using the amount of diaspora deposits from Central bank and Banks, the study used the ration of Diaspora deposits over total deposit for the banks
DL	DL is the diaspora loan	**Diaspora Loan ;** was measured using the values of diaspora Loan obtained from Central Bank and Commercial Banks , the study used the ratio of diaspora loan over total loan
INFL	INFLT is the country inflation	**Inflation;** was measured using the inflation values obtained from Central bank and KNBS, the study used inflation values as obtained from CBK
EXCH	EXCH is the Real Exchange Rate	**Real Exchange Rate ;** was measured using the values of Real Exchange Rates obtained from Central Bank , the study used the natural log of real exchange rate
BS	BS is the banks size	**Banks Size ;** was measured using the natural logarithm of total assets held by the bank Kenya

CHAPTER FOUR: DATA ANALYSIS, INTERPRETATION AND PRESENTATION

4.1 Introduction

This chapter presents the data findings to determine the effect of diaspora banking on financial performance of commercial banks in Kenya. This data were collected from the Central Bank of Kenya and banks financial reports. Multiple linear regressions were used to establish the effect of diaspora banking on financial performance of commercial banks in Kenya. The study covered a period of 5 years from years 2009 to 2013.

4.2 Analysis and Interpretation

4.2.1 Descriptive Statistics

Table 4.1: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Size	43	.26	2.03	1.0112	.35885
ROA	43	.00	.38	.1428	.08524
DD	43	.00	1.42	.6667	.32351
DL	43	.00	1.76	.1045	.14981
Inflation	43	.00	6.86	6.3784	2.75524
RER	43	88.43	105.96	98.0962	5.74600
RIR	43	18.31	20.27	19.3307	.79527
Valid N (listwise)	43				

Source, Researcher (2014)

From the finding of the study it was found that, the mean size of the bank was 1.0112 and deviation of 0.35885, the mean profitability was found to be 0.1428, diaspora deposits had an average of 0.6667, diaspora loan had an average of 0.1045, inflation had an average of 6.37, real exchange rate was found to have an average of 98.0962 and real interest rate had an average of 19.3307.

4.2.2 Correlations Analysis

Table 4.2: Correlations

		ROA	Size	DD	DL	Inflation	RER	RIR
ROA	Pearson Correlation	1						
Size	Pearson Correlation	.266**	1					
DD	Pearson Correlation	.049	-.015	1				
DL	Pearson Correlation	.061	-.045	-.102	1			
Inflation	Pearson Correlation	-.145*	.143*	.058	.125	1		
RER	Pearson Correlation	.074	-.080	.254**	-.151*	-.846**	1	
RIR	Pearson Correlation	.023	-.037	.562**	-.163*	-.645**	.888**	1

*p<0.05, **p<0.01

Source, Researcher (2014)

The study conducted a Pearson moment correlation, to determine the strength of the relationship between the stduy variable. From the findings on the correlation analysis between Return On Assets and various independent variable, the study found that there was positive significant correlation between Return On Assets and size of the bank as shown by correlation factor of 0.266, the study also found a positive correlation between ROA and diaspora deposits as shown by correlation coefficient of 0.049, association between ROA and diaspora loan was found to have positive relationship as shown by correlation coefficient of 0.061, the study found that there was a positive correlation between real exchange rate and ROA as shown by correlation coefficient of 0.074 and relationship between real interest rate and ROA was found to have a positive correlation as shown by correlation coefficient of 0.023. However, ROA and inflation were found to have negative correlation with a correlation coefficient of -0.145. From the finding no multicollinearity was found between the variables as no variable was found to be a multiple of the other. The stduy revealed that there were significant relationships between the independent variables, an indication that there could be relationship between the independent variables.

4.2.3 Regression Analsyis

Table 4.3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.972[a]	.945	.891	.88133

Source, Researcher (2014)

Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable, from the findings in the above table the value of adjusted R squared was 0.891 an indication that there was variation of 89.1% on financial performance of commercial banks due to changes in Diaspora deposits, diaspora loan, inflation, real exchange rate, real interest rate and banks size at 95% confidence interval . This shows that 89.1% changes in financial performance of commercial banks in Kenya could be accounted for by changes in diaspora deposits, diaspora loan, inflation, real exchange rate, real interest rate and banks size. R is the correlation coefficient which shows the relationship between the study variables, from the findings shown in the table above there was a strong positive relationship between the study variables as shown by 0.972.

Table 4.4: Analysis of variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.588	6	.598	5.162	.001[b]
	Residual	4.408	38	.116		
	Total	7.996	42			

Source, Researcher (2014)

From the ANOVA statics, the study established the regression model had a significance level of 0.1% which is an indication that the data was ideal for making a conclusion on the population parameters as the value of significance (p-value) was less than 5%. The calculated value was greater than the critical value (5.162>1.684) an indication that diaspora deposits, diaspora loan, inflation, real exchange rate, real interest rate and banks size significantly influence the financial performance of commercial banks in Kenya. The significance value was less than 0.05 indicating that the model was significant.

Table 4.5: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.639	.396		3.133	.012
	Diaspora deposits	.400	.884	.823	4.792	.000
	Diaspora Loan	.138	.193	1.00	6.448	.008
	Inflation	-.173	.085	-.545	-2.984	.018
	Real Exchange Rate	.614	.394	.671	4.098	.017
	Real Interest Rate	.125	1.666	.138	1.976	.033
	Banks Size	.205	7.441	.029	.093	.027

Source, Researcher (2014)

The established regression equation was

$Y = 0.639 + 0.400\ X_1 + 0.138X_2 - 0.173\ X_3 + 0.614\ X_4 + 0.125X_5 + 0.205\ X_6$

From the above regression equation it was revealed that holding diaspora deposits, diaspora loan, inflation, real exchange rate, real interest rate and banks size to a constant zero , financial performance of commercial banks in Kenya would stand at would stand at 0.639, a unit increase in diaspora deposits would lead to increase in financial performance of commercial banks in Kenya by a factors of 0.400, a unit increase in diaspora loan would lead to increase in financial performance of commercial banks in Kenya by factors of 0.138 , a unit increase in inflation in the country would lead to decrease in financial performance of commercial banks in Kenya by a factor of 0.173,a unit increase in real exchange rate would lead to increase in financial performance of commercial banks in Kenya by a factors of 0.614, also unit increase in real interest rate would lead to increase in financial performance of commercial banks in Kenya by a factor of 0.125, further unit increase in banks would lead to increase in financial performance of commercial banks in Kenya by a factor of 0.205.

At 5% level of significance and 95% level of confidence, real interest rate had a 0.033 level of significance; bank size showed a 0.027 level of significance, inflation had a 0.018 level of significance, real exchange rate showed 0.017 level of significance, diaspora loan showed 0.008 level of significance whiles diaspora deposits showed 0.000 level of significance hence the most significant factor is diaspora deposits. Overall diaspora deposits had the greatest effect on financial performance of commercial banks in Kenya, followed by diaspora loan , real exchange rate , then inflation , bank size while real interest rate had the least effect to the financial performance of commercial banks in kenya. All the variables were significant ($p<0.05$).

4.3 Summary and Interpretation of Findings

From the finding the study revealed that 89.1% changes in financial performance of commercial banks in Kenya could be accounted for by changes in diaspora deposits, diaspora loan, inflation, real exchange rate, real interest rate and banks size. From the findings of R, which is the correlation coefficient , the study found that there was a strong positive relationship between the study variables.

The study further revealed that the regression model had a significance level of 0.1% which is an indication that the data was ideal for making a conclusion on the population parameters as the value of significance (p-value) was less than 5%. The study further revealed that diaspora deposits, diaspora loan, inflation, real exchange rate, real interest rate and banks size significantly influence the financial performance of commercial banks in Kenya. The established regression equation was $Y = 0.639 + 0.400 X_1 + 0.138X_2 - 0.173 X_3 + 0.614 X_4 + 0.125X_5 + 0.205 X_6$

From the above regression equation it was revealed that there was a positive relationship between diaspora deposits, diaspora loan, real exchange rate, real interest rate, banks size and performance of commercial banks in Kenya. The study also revealed that there was a negative relationship between inflation and financial performance of commercial banks in Kenya. From the significance value the study found that diaspora deposits had the greatest effect on financial performance of commercial banks in Kenya, followed by diaspora loan, real exchange rate, then inflation, bank size while real interest rate had the least effect to the financial performance of commercial banks in Kenya.

These finding concur with the finding of Dilip and Sonia (2011), who argues that the diaspora of developing countries can be a potent force for development for their countries of origin, through remittances but also importantly through promotion of trade, investments, research, innovations, knowledge and technology transfers. Diaspora Banking leads to enhanced profitability among commercial banks. Lloyd (2006) argues that the loan book, deposit book and size of the bank translate to high levels of financial performance. Nyathira (2012) argues that financial innovation indeed contributes to and is positively correlated to profitability in the banking sector particularly that of commercial banks. Wathome (2013) added that financial inclusion strategies had great effects on the financial performance of commercial banks in Kenya.

Sharleen (2011) found that although a unified Haitian Diaspora has proven to be a strong lobby (swaying American policy and collective remittance contributions) the factions that exist beyond that have implications on sustaining the efforts taken on by the diaspora. Sara (2014) found that the positive effect of diaspora banking services on customers' satisfaction. Addae (2014) found that diaspora banking and hence Information and Communication Technology has impacted positively on customer service and profitability of banks though there are a number of challenges. Bett (2013) found that diaspora remittances positively impact economic growth. Ochieng (2013) revealed that exchange rate does indeed has a positive impact on diaspora remittances to Kenya.in the findings it was also evident that this was not the only factor affecting diaspora remittances besides other prevailing factors like interest rate, inflation and other factors which were beyond the scope of this research.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

From the analysis and data collected, the following discussions, conclusion and recommendations were made. The responses were based on the objectives of the study. The researcher had intended to determine the effect of diaspora banking on financial performance of commercial banks in Kenya.

5.2 Summary of Findings

The objective of the study was to determine the effect of diaspora banking on financial performance of commercial banks in Kenya. Secondary Data was collected from Central Bank and banks financial reports and multiple regression analysis used in the data analysis. The study revealed that 89.1% changes in financial performance of commercial banks in Kenya could be accounted for by changes in diaspora deposits, diaspora loan, inflation, real exchange rate, real interest rate and banks size. From the findings of R, which is the correlation coefficient , the study found that there was a strong positive relationship between the study variables.

The study further revealed that the regression model had a significance level of 0.1% which is an indication that the data was ideal for making a conclusion on the population parameters as the value of significance (p-value) was less than 5%. The study further revealed that diaspora deposits, diaspora loan, inflation, real exchange rate, real interest rate and banks size significantly influence the financial performance of commercial banks in Kenya. The established regression equation was

$$Y = 0.639 + 0.400 X_1 + 0.138X_2 - 0.173 X_3 + 0.614 X_4 + 0.125X_5 + 0.205 X_6$$

From the above regression equation it was revealed that there was a positive relationship between diaspora deposits, diaspora loan, real exchange rate, real interest rate, banks size and performance of commercial banks in Kenya. The study revealed that there was a negative relationship between inflation and financial performance of commercial banks in Kenya. From the significance value the study found that diaspora deposits had the greatest effect on financial performance of commercial banks in Kenya, followed by diaspora loan, real exchange rate, then inflation, bank size while real interest rate had the least effect to the financial performance of commercial banks in Kenya.

5.3 Conclusion

The study revealed that there was a strong postive relationship between disapoara banking and financial performance of commercial banks in Kenya, thus the study concludes that diaspora banking positively affects the financial performance of commercial banks in Kenya.

The study further revealed that diaspora banking significantly influence the financial performance of commercial banks in Kenya.

The study established that diaspora deposits positively influence the financial performance of commercial banks in Kenya, thus the study concludes diaspora deposits positively affects the financial performance of commercial banks in Kenya.

The study found that diaspora loan positively influenced the financial performance of commercial banks in Kenya, thus the study concludes that diaspora loan positively influenced the financial performance of commercial banks in Kenya.

5.4 Recommendations for the study

There is need for commercial banks in Kenya to provide more platform in which people can access diaspora banking service as it was revealed that there was a positive relationship between diaspora banking and financial performance of commercial banks in Kenya.

There is need for central banks of kenya to institute various monetary policy measure that will help to check the country inflation rate as it was found that inflation negatively affect the financial performance of commercial banks.

There is also a need for Central bank of Kenya to provide enhanced regulation on diaspora banking as this will help in increasing the platform for people to access diaspora banking.

The study recommends that commercial banks in Kenya should have strategies to increase their size as it was found that size of the commercial banks increase their financial performance.

5.5 Limitations of the Study

This study was limited to the precision of data obtained from central bank of Kenya and banks financial reports, secondary data was extracted on the diaspora deposits, diaspora loan, inflation, real exchange rate, real interest rate, banks size and financial performance of Commercial banks.

The study was limited to determining the effect of diaspora banking on financial performance of commercial banks in Kenya, in attaining its objective the study was limited to 5 years period starting form year 2009 to year 2013.

The study was based on a five year study period from the year 2009 to 2013, a longer duration of time would have captured longer duration more data and probably given more reliable results in the study. This may have probably given a longer time focus hence given a broader dimension to the problem.

From the correlation analsyis, the study revealed that there was relationship between the independent variables themselves this could be largely attributed to fact that some independent variables were moderating variables which has relationship with both the independent and dependent variables of the study.

5.6 Areas for Further Research

The study sought to determine the effect of diaspora banking on financial performance of commercial banks in Kenya, the study recommends a study to be done on the relationship between diaspora banking and economic growth.

There is also a need to conduct a study on the relationship between Diasporas remittance and financial performance of commercial banks of Kenya.

The study recommends that a study should be done on the effects of diaspora remittance on country economic growth.

The study further recommends that there is need for a study on factors influencing adoption of diaspora banking by commercial banks in Kenya.

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APPENDICES

Appendix I: List of Commercial Banks in Kenya.

	Name Of Bank	Date Licenced	No Of Branches
1	African Banking Corporation	5/1/1984	10
2	Bank Of Africa Kenya Ltd	1980	18
3	Bank Of Baroda(K)	7/1/1953	11
4	Bank Of India	6/5/1953	5
5	Barclays Bank Of Kenya Ltd	6/5/1953	103
6	CFC Stanbic Bank Ltd	5/14/1955	20
7	Charterhouse Bank Ltd	11/11/1996	10
8	Chase Bank(K) Ltd	4/1/1991	18
9	Citibank N .A Kenya	7/1/1974	4
10	Commercial Bank Of Africa Ltd	1/1/1967	20
11	Consolidated Bank Of Kenya Ltd	12/18/1989	14
12	Co-Operative Bank Of Kenya	1/1/1965	87
13	Credit Bank Ltd	5/14/1986	7
14	Development Bank Of Kenya Ltd	1/1/1973	3
15	Diamond Trust Bank Kenya Ltd	1/1/1946	36
16	Dubai Bank Kenya Ltd	1/1/1982	5
17	Ecobank Kenya Ltd	1/11/2005	20
18	Equatorial Commercial Bank Ltd	12/20/1995	12
19	Equity Bank Ltd	28/12/2004	123
20	Family Bank Limited	1/1/1984	52
21	Fidelity Commercial Bank	6/1/1992	7
22	Fina Bank	1/1/1986	15
23	First Community Bank Limited	29/04/2008	18
24	Giro Commercial Bank Ltd	12/17/1992	7
25	Guardian Bank Ltd	12/17/1992	7
26	Gulf African Bank Ltd	1/11/2007	15
27	Habib Bank A .G Urich	1/7/1978	5
28	Habib Bank Ltd	2/3/1956	4
29	Imperial Bank Ltd	1/11/1992	16
30	I & M Bank	1/1/1974	19
31	Jamii Bora Bank Limited	9/10/1984	1
32	Kenya Commercial Bank	1/1/1896	165
33	K-Rep Bank	3/25/1999	31
34	Middle East Bank(K)Ltd	3/25/1980	3
35	National Bank Of Kenya Ltd	1/1/1968	54
36	NIC Bank Ltd	9/17/1959	16

37	Oriental Commercial Bank	8/2/1991	6
38	Paramount Universal Bank Ltd	10/1/1993	6
39	Prime Bank Ltd	3/1/1992	14
40	Standard Chartered Bank Kenya Ltd	10/1/1990	33
41	Trans-National Bank Ltd	8/1/1985	18
42	UBA Kenya Bank Ltd	24/09/2009	4
43	Victoria Commercial Bank	6/1/1987	3

Appendix II : Data

Table of Year 2009

Banks	**Size**	**ROA**	**DD**	**DL**	**Inflation**	**RER**	**RIR**
Kenya Commercial Bank Ltd	0.8721	0.0271	0.0957	0.0912	10.6%	96.52	18.51
Barclays Bank of Kenya Ltd	0.6370	0.1139	0.0566	0.1236	10.6%	96.52	18.51
Standard chartered bank	1.0569	0.1438	0.0057	0.0715	10.6%	96.52	18.51
Co-operative bank	0.3465	0.0185	0.0130	0.1009	10.6%	96.52	18.51
CFC Stanbic Bank Ltd	0.9041	0.1261	0.0347	0.0493	10.6%	96.52	18.51
Equity Bank Ltd	0.9626	0.0943	0.0062	0.2175	10.6%	96.52	18.51
Commercial Bank of Africa Ltd	0.7607	0.0773	0.0717	0.2358	10.6%	96.52	18.51
National Bank of Kenya Ltd	1.0285	0.0337	0.1449	0.0812	10.6%	96.52	18.51
Citibank N.A.	1.3030	0.2715	0.0334	0.0912	10.6%	96.52	18.51
Diamond Trust Bank	1.1834	0.1874	0.3488	0.2020	10.6%	96.52	18.51
NIC Bank Ltd	0.5409	0.0910	0.0349	0.2246	10.6%	96.52	18.51
I&M Bank Ltd1	0.8617	0.1378	0.0276	0.1957	10.6%	96.52	18.51
Prime bank	1.0671	0.2627	0.0356	0.0524	10.6%	96.52	18.51
Bank of baronda	1.7012	0.2211	0.1150	0.2216	10.6%	96.52	18.51
Bank of Africa	0.8094	0.2150	0.0176	0.1021	10.6%	96.52	18.51
Bank of India	1.3697	0.0919	0.0350	0.3431	10.6%	96.52	18.51
Imperial bank	1.0786	0.1862	0.0995	0.0133	10.6%	96.52	18.51
Eco bank	0.7163	0.1245	0.0221	0.2635	10.6%	96.52	18.51
Family bank	1.2039	0.3419	0.0673	0.0192	10.6%	96.52	18.51
Chase bank	1.0972	0.0527	0.0156	0.0068	10.6%	96.52	18.51
Fina bank	0.8696	0.1236	0.0826	0.0641	10.6%	96.52	18.51
ABC Bank	0.9423	0.0715	0.0133	0.1687	10.6%	96.52	18.51
Development bank of Africa	0.7620	0.1009	0.2635	0.2388	10.6%	96.52	18.51
Gulf Africa	1.2033	0.0493	0.0192	0.0717	10.6%	96.52	18.51
Habib AG Zurich	1.1979	0.2175	0.0068	0.0658	10.6%	96.52	18.51
K-Rep Bank	0.7470	0.2358	0.0641	0.0319	10.6%	96.52	18.51
Giro	0.5317	0.0812	0.1687	0.0483	10.6%	96.52	18.51
Consolidated Bank	0.6123	0.0912	0.2388	0.0673	10.6%	96.52	18.51
Guardian Bank	0.9033	0.2020	0.0717	0.0597	10.6%	96.52	18.51
Fidelity Bank	1.6293	0.2246	0.0658	0.0689	10.6%	96.52	18.51
Victoria Commercial Bank	0.9423	0.0715	0.0133	0.0826	10.6%	96.52	18.51
Habib Bank	0.7620	0.1009	0.2635	0.0086	10.6%	96.52	18.51
Southern Credit Banking Corporation	1.2033	0.0493	0.0192	0.1348	10.6%	96.52	18.51
Equatorial Commercial Bank	1.1979	0.2175	0.0068	0.2376	10.6%	96.52	18.51
First Community Bank Ltd	0.7470	0.2358	0.0641	0.0168	10.6%	96.52	18.51
Credit Bank Ltd	0.5317	0.0812	0.1687	0.2310	10.6%	96.52	18.51
Trans-National Bank Ltd	0.6123	0.0912	0.2388	0.0606	10.6%	96.52	18.51
Middle East Bank Ltd	0.2587	0.2747	0.2391	0.0056	10.6%	96.52	18.51
Paramount Universal Bank Ltd	0.8481	0.0593	0.0012	0.0134	10.6%	96.52	18.51
Oriental Commercial Bank Ltd	0.9595	0.0606	0.0479	0.5489	10.6%	96.52	18.51

Dubai Bank Ltd	1.1459	0.0554	0.0304	0.2591	10.6%	96.52	18.51
UBA Kenya Bank Ltd	0.7620	0.1009	0.9666	0.2635	10.6%	96.52	18.51
City Finance Bank Ltd	1.2033	0.0493	0.9336	0.0192	10.6%	96.52	18.51

Table Year 2010

Banks	Size	ROA	DD	DL	Inflation	RER	RIR
Kenya Commercial Bank Ltd	0.7873	0.0150	0.9088	0.0483	4.1%	99.7783	19.54
Barclays Bank of Kenya Ltd	0.6094	0.0826	0.9573	0.0673	4.1%	99.7783	19.54
Standard chartered bank	1.1073	0.1475	0.6396	0.0597	4.1%	99.7783	19.54
Co-operative bank	0.3313	0.0912	0.9504	0.0689	4.1%	99.7783	19.54
CFC Stanbic Bank Ltd	0.8696	0.1236	0.9222	0.0826	4.1%	99.7783	19.54
Equity Bank Ltd	0.9423	0.0715	0.9689	0.0133	4.1%	99.7783	19.54
Commercial Bank of Africa Ltd	0.7620	0.1009	0.9666	0.2635	4.1%	99.7783	19.54
National Bank of Kenya Ltd	1.2033	0.0493	0.9336	0.0192	4.1%	99.7783	19.54
Citibank N.A.	1.1979	0.2175	0.9326	0.0068	4.1%	99.7783	19.54
Diamond Trust Bank	0.7470	0.2358	0.7133	0.0641	4.1%	99.7783	19.54
NIC Bank Ltd	1.0345	0.0706	0.9215	0.2096	4.1%	99.7783	19.54
I&M Bank Ltd1	1.3296	0.0232	0.9249	0.0023	4.1%	99.7783	19.54
Prime bank	1.2017	0.2210	0.9339	0.0905	4.1%	99.7783	19.54
Bank of baronda	1.8068	0.1249	0.6206	0.1302	4.1%	99.7783	19.54
Bank of Africa	0.8141	0.0961	0.7077	0.0165	4.1%	99.7783	19.54
Bank of India	0.6506	0.1957	0.9413	0.0319	4.1%	99.7783	19.54
Imperial bank	1.1009	0.0524	0.9227	0.0699	4.1%	99.7783	19.54
Eco bank	1.0697	0.2216	0.9466	0.1862	4.1%	99.7783	19.54
Family bank	0.6828	0.1021	0.8787	0.0886	4.1%	99.7783	19.54
Chase bank	1.5112	0.3431	0.8689	0.0348	4.1%	99.7783	19.54
Fina bank	0.9580	0.0045	0.5796	0.0044	4.1%	99.7783	19.54
ABC Bank	1.2759	0.0625	0.9272	0.0000	4.1%	99.7783	19.54
Development bank of Africa	1.6767	0.3633	0.7932	0.0030	4.1%	99.7783	19.54
Gulf Africa	0.7470	0.2358	0.7133	0.0641	4.1%	99.7783	19.54
Habib AG Zurich	0.5317	0.0812	0.5871	0.1687	4.1%	99.7783	19.54
K-Rep Bank	1.4834	0.2074	0.7992	0.3548	4.1%	99.7783	19.54
Giro	0.8409	0.1011	0.5575	0.0448	4.1%	99.7783	19.54
Consolidated Bank	0.5317	0.0812	0.5871	0.1687	4.1%	99.7783	19.54
Guardian Bank	0.6123	0.0912	0.8339	0.2388	4.1%	99.7783	19.54
Fidelity Bank	0.8141	0.0961	0.7077	0.0165	4.1%	99.7783	19.54
Victoria Commercial Bank	0.8092	0.0851	0.6513	0.1301	4.1%	99.7783	19.54
Habib Bank	0.8294	0.1881	0.8775	0.0264	4.1%	99.7783	19.54
Southern Credit Banking Corporation	1.3296	0.0232	0.9249	0.0023	4.1%	99.7783	19.54
Equatorial Commercial Bank	1.2017	0.2210	0.9339	0.0905	4.1%	99.7783	19.54
First Community Bank Ltd	0.9423	0.0715	0.9689	0.0133	4.1%	99.7783	19.54
Credit Bank Ltd	0.7620	0.1009	0.9666	0.2635	4.1%	99.7783	19.54
Trans-National Bank Ltd	1.2033	0.0493	0.9336	0.0192	4.1%	99.7783	19.54
Middle East Bank Ltd	0.8481	0.0593	0.8498	0.0012	4.1%	99.7783	19.54
Paramount Universal Bank Ltd	0.9595	0.0606	0.9615	0.0479	4.1%	99.7783	19.54
Oriental Commercial Bank	1.0345	0.0706	0.9215	0.2096	4.1%	99.7783	19.54

Ltd							
Dubai Bank Ltd	0.7470	0.2358	0.7133	0.0641	4.1%	99.7783	19.54
UBA Kenya Bank Ltd	0.9595	0.0606	0.9615	0.0479	4.1%	99.7783	19.54
City Finance Bank Ltd	1.0345	0.0706	0.9215	0.2096	4.1%	99.7783	19.54

Table of Year 2011

Banks	Size	ROA	DD	DL	Inflation	RER	RIR
Kenya Commercial Bank Ltd	0.9531	0.0214	0.8998	0.0183	14%	99.8319	20.04
Barclays Bank of Kenya Ltd	0.5381	0.0543	0.9525	0.0770	14%	99.8319	20.04
Standard chartered bank	1.0566	0.1771	0.6321	0.0086	14%	99.8319	20.04
Co-operative bank	0.2706	0.1525	0.9448	0.1348	14%	99.8319	20.04
CFC Stanbic Bank Ltd	0.9146	0.2438	0.9040	0.2376	14%	99.8319	20.04
Equity Bank Ltd	0.9660	0.0655	0.9656	0.0168	14%	99.8319	20.04
Commercial Bank of Africa Ltd	0.9222	0.1038	0.9485	0.2310	14%	99.8319	20.04
National Bank of Kenya Ltd	1.2759	0.0625	0.9272	0.0000	14%	99.8319	20.04
Citibank N.A.	1.2644	0.2301	0.9195	0.0056	14%	99.8319	20.04
Diamond Trust Bank	2.0250	0.1203	0.6228	0.0134	14%	99.8319	20.04
NIC Bank Ltd	0.6090	0.0279	0.6826	0.5489	14%	99.8319	20.04
I&M Bank Ltd1	0.6820	0.0914	0.7819	0.2591	14%	99.8319	20.04
Prime bank	0.9813	0.2053	0.5606	0.0194	14%	99.8319	20.04
Bank of baronda	1.7918	0.3216	0.8399	0.0285	14%	99.8319	20.04
Bank of Africa	0.6119	0.1806	0.9379	0.0454	14%	99.8319	20.04
Bank of India	1.1459	0.0554	0.9058	0.0304	14%	99.8319	20.04
Imperial bank	1.1044	0.2795	0.9033	0.2139	14%	99.8319	20.04
Eco bank	0.6949	0.1407	0.8577	0.0366	14%	99.8319	20.04
Family bank	1.5251	0.3782	0.8559	0.0117	14%	99.8319	20.04
Chase bank	1.0482	0.0918	0.5657	0.0125	14%	99.8319	20.04
Fina bank	0.9595	0.0606	0.9615	0.0479	14%	99.8319	20.04
ABC Bank	1.0345	0.0706	0.9215	0.2096	14%	99.8319	20.04
Development bank of Africa	1.3296	0.0232	0.9249	0.0023	14%	99.8319	20.04
Gulf Africa	1.2017	0.2210	0.9339	0.0905	14%	99.8319	20.04
Habib AG Zurich	1.8068	0.1249	0.6206	0.1302	14%	99.8319	20.04
K-Rep Bank	0.8141	0.0961	0.7077	0.0165	14%	99.8319	20.04
Giro	0.8092	0.0851	0.6513	0.1301	14%	99.8319	20.04
Consolidated Bank	0.8294	0.1881	0.8775	0.0264	14%	99.8319	20.04
Guardian Bank	1.6114	0.2860	0.8366	0.0051	14%	99.8319	20.04
Fidelity Bank	0.7470	0.2358	0.7133	0.0641	14%	99.8319	20.04
Victoria Commercial Bank	0.5317	0.0812	0.5871	0.1687	14%	99.8319	20.04
Habib Bank	0.6123	0.0912	0.8339	0.2388	14%	99.8319	20.04
Southern Credit Banking Corporation	0.9033	0.2020	0.9045	0.0717	14%	99.8319	20.04
Equatorial Commercial Bank	1.6293	0.2246	0.8714	0.0658	14%	99.8319	20.04
First Community Bank Ltd	0.6506	0.1957	0.9413	0.0319	14%	99.8319	20.04
Credit Bank Ltd	1.1009	0.0524	0.9227	0.0699	14%	99.8319	20.04
Trans-National Bank Ltd	1.0697	0.2216	0.9466	0.1862	14%	99.8319	20.04
Middle East Bank Ltd	0.3465	0.0185	0.9404	0.0130	14%	99.8319	20.04
Paramount Universal Bank Ltd	0.9041	0.1261	0.9455	0.0347	14%	99.8319	20.04
Oriental Commercial Bank Ltd	0.9626	0.0943	0.9740	0.0062	14%	99.8319	20.04
Dubai Bank Ltd	0.9423	0.0715	0.9689	0.0133	14%	99.8319	20.04
UBA Kenya Bank Ltd	0.7114	0.2860	0.8366	0.0051	14%	99.8319	20.04

City Finance Bank Ltd	0.6820	0.0914	0.7819	0.2591	14%	99.8319	20.04

Table Year 2012

Banks	**Size**	**ROA**	**DD**	**DL**	**Inflation**	**RER**	**RIR**
Kenya Commercial Bank Ltd	0.8982	0.1071	0.9051	0.0425	10.6%	105.961	20.27
Barclays Bank of Kenya Ltd	0.6640	0.0433	0.9543	0.0020	10.6%	105.961	20.27
Standard chartered bank	0.8491	0.1730	0.6262	0.0705	10.6%	105.961	20.27
Co-operative bank	0.2587	0.2747	0.9527	0.2391	10.6%	105.961	20.27
CFC Stanbic Bank Ltd	0.8481	0.0593	0.8498	0.0012	10.6%	105.961	20.27
Equity Bank Ltd	0.9595	0.0606	0.9615	0.0479	10.6%	105.961	20.27
Commercial Bank of Africa Ltd	1.0345	0.0706	0.9215	0.2096	10.6%	105.961	20.27
National Bank of Kenya Ltd	1.3296	0.0232	0.9249	0.0023	10.6%	105.961	20.27
Citibank N.A.	1.2017	0.2210	0.9339	0.0905	10.6%	105.961	20.27
Diamond Trust Bank	1.8068	0.1249	0.6206	0.1302	10.6%	105.961	20.27
NIC Bank Ltd	0.8141	0.0961	0.7077	0.0165	10.6%	105.961	20.27
I&M Bank Ltd1	0.8092	0.0851	0.6513	0.1301	10.6%	105.961	20.27
Prime bank	0.8294	0.1881	0.8775	0.0264	10.6%	105.961	20.27
Bank of baronda	1.6114	0.2860	0.8366	0.0051	10.6%	105.961	20.27
Bank of Africa	0.5665	0.1507	0.9317	0.0558	10.6%	105.961	20.27
Bank of India	1.1140	0.0669	0.8922	0.0178	10.6%	105.961	20.27
Imperial bank	1.6767	0.3633	0.7932	0.0030	10.6%	105.961	20.27
Eco bank	0.7470	0.2358	0.7133	0.0641	10.6%	105.961	20.27
Family bank	0.5317	0.0812	0.5871	0.1687	10.6%	105.961	20.27
Chase bank	0.6123	0.0912	0.8339	0.2388	10.6%	105.961	20.27
Fina bank	0.9033	0.2020	0.9045	0.0717	10.6%	105.961	20.27
ABC Bank	1.6293	0.2246	0.8714	0.0658	10.6%	105.961	20.27
Development bank of Africa	0.6506	0.1957	0.9413	0.0319	10.6%	105.961	20.27
Gulf Africa	1.1009	0.0524	0.9227	0.0699	10.6%	105.961	20.27
Habib AG Zurich	1.0697	0.2216	0.9466	0.1862	10.6%	105.961	20.27
K-Rep Bank	1.3296	0.0232	0.9249	0.0023	10.6%	105.961	20.27
Giro	1.2017	0.2210	0.9339	0.0905	10.6%	105.961	20.27
Consolidated Bank	1.8068	0.1249	0.6206	0.1302	10.6%	105.961	20.27
Guardian Bank	0.8141	0.0961	0.7077	0.0165	10.6%	105.961	20.27
Fidelity Bank	0.8092	0.0851	0.6513	0.1301	10.6%	105.961	20.27
Victoria Commercial Bank	0.8294	0.1881	0.8775	0.0264	10.6%	105.961	20.27
Habib Bank	1.6114	0.2860	0.8366	0.0051	10.6%	105.961	20.27
Southern Credit Banking Corporation	0.7470	0.2358	0.7133	0.0641	10.6%	105.961	20.27
Equatorial Commercial Bank	0.5317	0.0812	0.5871	0.1687	10.6%	105.961	20.27
First Community Bank Ltd	0.9146	0.2438	0.9040	0.2376	10.6%	105.961	20.27
Credit Bank Ltd	0.9660	0.0655	0.9656	0.0168	10.6%	105.961	20.27
Trans-National Bank Ltd	0.9222	0.1038	0.9485	0.2310	10.6%	105.961	20.27
Middle East Bank Ltd	1.2759	0.0625	0.9272	0.0611	10.6%	105.961	20.27
Paramount Universal Bank Ltd	1.2644	0.2301	0.9195	0.0056	10.6%	105.961	20.27
Oriental Commercial Bank Ltd	2.0250	0.1203	0.6228	0.0134	10.6%	105.961	20.27
Dubai Bank Ltd	0.7470	0.2358	0.7133	0.0641	10.6%	105.961	20.27
UBA Kenya Bank Ltd	1.1017	0.2210	0.9339	0.0905	10.6%	105.961	20.27

City Finance Bank Ltd	1.2068	0.1249	0.6206	0.1302	10.6%	105.961	20.27

Table of Year 2013

Banks	Size	ROA	DD	DL	Inflation	RER	RIR
Kenya Commercial Bank Ltd	0.9721	0.1271	0.4922	0.1057	6.86	88.43	18.31
Barclays Bank of Kenya Ltd	0.7370	0.2139	0.4501	0.1566	6.86	88.43	18.31
Standard chartered bank	1.1569	0.2438	0.3164	0.1057	6.86	88.43	18.31
Co-operative bank	1.1569	0.3671	0.2067	0.0024	6.86	88.43	18.31
CFC Stanbic Bank Ltd	1.0041	0.3261	0.5882	0.1347	6.86	88.43	18.31
Equity Bank Ltd	1.2626	0.1943	0.5944	0.0162	6.86	88.43	18.31
Commercial Bank of Africa Ltd	1.2607	0.1773	1.4207	0.4130	6.86	88.43	18.31
National Bank of Kenya Ltd	1.1285	0.1337	0.5602	0.1349	6.86	88.43	18.31
Citibank N.A.	1.5030	0.2715	0.4824	0.1344	6.86	88.43	18.31
Diamond Trust Bank	1.4834	0.2074	0.7992	0.3548	6.86	88.43	18.31
NIC Bank Ltd	0.8409	0.1011	0.5575	0.0448	6.86	88.43	18.31
I&M Bank Ltd1	0.9617	0.1478	0.6934	0.0226	6.86	88.43	18.31
Prime bank	1.1671	0.2727	0.4134	0.2356	6.86	88.43	18.31
Bank of baronda	1.8012	0.2311	0.6270	0.2150	6.86	88.43	18.31
Bank of Africa	1.3094	0.2350	0.4741	0.0276	6.86	88.43	18.31
Bank of India	1.2644	0.2301	0.9195	0.0056	6.86	88.43	18.31
Imperial bank	1.5697	0.1019	0.5822	0.0450	6.86	88.43	18.31
Eco bank	1.2979	0.0626	0.8363	0.2097	6.86	88.43	18.31
Family bank	1.0786	0.1862	0.7656	0.0995	6.86	88.43	18.31
Chase bank	0.7163	0.1245	0.5965	0.0221	6.86	88.43	18.31
Fina bank	1.8768	0.1509	0.5706	1.7609	6.86	88.43	18.31
ABC Bank	1.0345	0.0706	0.9215	0.2096	6.86	88.43	18.31
Development bank of Africa	1.3296	0.0232	0.9249	0.0023	6.86	88.43	18.31
Gulf Africa	1.2017	0.2210	0.9339	0.0905	6.86	88.43	18.31
Habib AG Zurich	1.8068	0.1249	0.6206	0.1302	6.86	88.43	18.31
K-Rep Bank	0.8141	0.0961	0.7077	0.0165	6.86	88.43	18.31
Giro	0.8092	0.0851	0.6513	0.1301	6.86	88.43	18.31
Consolidated Bank	0.8294	0.1881	0.8775	0.0264	6.86	88.43	18.31
Guardian Bank	1.3296	0.0232	0.9249	0.0023	6.86	88.43	18.31
Fidelity Bank	1.2017	0.2210	0.9339	0.0905	6.86	88.43	18.31
Victoria Commercial Bank	1.8068	0.1249	0.6206	0.1302	6.86	88.43	18.31
Habib Bank	0.8141	0.0961	0.7077	0.0165	6.86	88.43	18.31
Southern Credit Banking Corporation	0.8092	0.0851	0.6513	0.1301	6.86	88.43	18.31
Equatorial Commercial Bank	0.8294	0.1881	0.8775	0.0264	6.86	88.43	18.31
First Community Bank Ltd	1.6114	0.2860	0.8366	0.0051	6.86	88.43	18.31
Credit Bank Ltd	0.7470	0.2358	0.7133	0.0641	6.86	88.43	18.31
Trans-National Bank Ltd	0.5317	0.0812	0.5871	0.1687	6.86	88.43	18.31
Middle East Bank Ltd	1.6293	0.2246	0.8714	0.0658	6.86	88.43	18.31
Paramount Universal Bank Ltd	0.6506	0.1957	0.9413	0.0319	6.86	88.43	18.31
Oriental Commercial Bank Ltd	0.9146	0.2438	0.9040	0.2376	6.86	88.43	18.31
Dubai Bank Ltd	0.8141	0.0961	0.7077	0.0165	6.86	88.43	18.31

UBA Kenya Bank Ltd	0.5697	0.1019	0.5822	0.0450	6.86	88.43	18.31
City Finance Bank Ltd	0.2979	0.0626	0.8363	0.2097	6.86	88.43	18.31