

**RESPONSE STRATEGIES TO ENVIRONMENTAL CHALLENGES BY
COMMERCIAL BANKS IN KENYA**

BY

MALOBA SOLOMON AKHURA

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE MASTER OF BUSINESS
ADMINISTRATION DEGREE, SCHOOL OF
BUSINESS, UNIVERSITY OF NAIROBI**

OCTOBER, 2014

DECLARATION

This project is my original work and has not been submitted to any other University for any degree award

Signature

Date

MALOBA SOLOMON AKHURA

D61/70688/2009

Declaration by Supervisor

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

Signature

Date

Mr. JEREMIAH KAGWE

Department of Business Administration,

School of Business,

University of Nairobi

ACKNOWLEDGEMENT

I thank the Almighty God for the gift of life. Thank you for being with me all through. I acknowledge my family for being beside me all the way. Your support and encouragement has seen me this far. I also acknowledge my supervisor Mr. Jeremiah Kagwe who guided me throughout the research period. Special thanks to my other lecturers notably Prof.Aosa and Dr.Yabs for their objective comments and criticisms which enormously added value to the project.

Finally, I must not forget my MBA classmates, Kevina, Ann, Grace and Antony who were part of this great journey. Many thanks also goes to the Management and Staff at Barclays Bank for their great support.

DEDICATION

I dedicate this project to my wife Mary, our children Mercy, Joy and Joe for whom I wish this will be an inspiration to them and to my mother, Kathini who taught me the value of education. I love you all very much.

TABLE OF CONTENTS

Declaration.....	ii
Acknowledgement.....	iii
Dedication	iv
Abbreviations and Acronyms	viii
Abstract.....	ix
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the Study	1
1.1.1. Environmental Challenges.....	2
1.1.2. Response Strategies	2
1.1.3. The Banking Industry in Kenya.....	3
1.1.4 The Commercial Banks in Kenya.....	4
1.2 Research Problem	4
1.3 Research Objectives.....	7
1.4 Value of the Study	8
CHAPTER TWO: LITERATURE REVIEW.....	9
2.1 Introduction.....	9
2.2 Theoretical Foundation	9
2.3 Organizations and Environmental Challenges.....	10
2.3.1 The Political and Legal Factors	11
2.3.2 Economic Factors.....	12
2.3.3 Technological Influences	12
2.3.4 The Socio-Cultural Factors	13

2.3.5 Empirical Evidence on Environmental Complexity	13
2.4 Response Strategies to Environmental Challenges	14
2.4.1 Diversification Strategy	14
2.4.2 Cost Leadership	16
2.4.3 Mergers and Acquisitions	17
2.4.4 Outsourcing Strategy	18
CHAPTER THREE: RESEARCH METHODOLOGY	19
3.1 Introduction.....	19
3.2 Research Design.....	19
3.3 Population of the Study.....	19
3.4 Data Collection	19
3.5 Data Analysis	20
CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION.....	21
4.1 Introduction.....	21
4.2 Findings of the Study	22
4.2.1 Environmental Challenges	22
4.2.2 Response Strategies to Environmental Challenges.....	24
4.3 Discussion.....	26
CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND	
RECOMMENDATIONS.....	28
5.1 Introduction.....	28
5.2 Summary of Findings.....	28
5.3 Conclusion	29

5.4 Recommendations.....	29
5.5 Limitations of the Study.....	30
5.6 Suggestions for Further Studies	31
REFERENCES.....	32
APPENDICES.....	36
Appendix I: Introduction Letter.....	36
Appendix II: Questionnaire	37
Appendix III: List Commercial Banks Licensed to Operate in Kenya as at 31 Dec 2012.....	39

ABBREVIATIONS AND ACRONYMS

CBK	-	Central Bank of Kenya
CBs	-	Commercial Banks
COO	-	Chief Operations Officer
FIs	-	Financial Institutions
MFCs	-	Mortgage Finance Companies
NBFIs	-	Non-Bank Financial Institutions

ABSTRACT

Organizations face environmental challenges and to survive they must adopt appropriate responses. Commercial banks in Kenya face challenges from their external environment. The study sought to identify the challenges commercial banks face in their external environment and how they respond to those challenges. The study was a survey of all the commercial banks in Kenya. The findings were that commercial banks in Kenya face political, economic, technological and socio-cultural challenges in their operations. The commercial banks respond to these challenges by appropriate responses such as diversification, cost leadership, mergers and acquisitions and outsourcing. The study concludes that to survive, commercial banks in Kenya need to respond appropriately to the environmental challenges they face. Based on the findings, it is recommended that commercial banks should constantly identify the environmental challenges they face in the political, technological, socio-cultural and economic arena and adopt appropriate responses to those challenges in order to survive in a highly competitive market. The study faced limitations in that it focused only on commercial banks and did not cover the whole banking industry including cooperative societies, micro-finance institutions and mortgage companies. Suggestions for further research include an industry study to cover all the members of the industry including commercial banks, micro-finance companies, cooperative societies and mortgage companies to identify industry specific challenges. Further research can also be done on the impact of mobile and internet banking on the banking industry and how the industry has responded to that challenge.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Every industry including banking has an underlying structure or a set of fundamental economic and technical characteristics which give rise to competitive forces. A firm can clearly improve or erode its position within an industry through its choice of strategy. Competitive strategy, then, not only responds to the environment but also attempts to shape the environment in its favor (Porter, 1985). The strategist must therefore seek to position his or her firm to cope best within its industry environment or to influence that environment in the firm's favor. They have to identify the environmental changes in the industry including government regulations, globalization, and technology, uncertain consumer demand, increased competition, changing demographics, economic downturn, increased levels of education among consumers and develop the necessary strategic responses in order to survive.

The banking industry in Kenya is characterized by intense competition, serious poaching and luring of talented personnel from one bank to the other. There has been the introduction of innovative technology-driven products which are more customer-friendly. Various products have been designed to suit different categories of customers. The banks indulge in the use of strong and persuasive marketing communication efforts to promote their products, although bank products offered by competitors seem alike. New products and services are easily replicated by rivals. The commercial banks also face great risk of loan defaulters due to tough economic times. The only difference is the quality of service and how quick the banks are able to develop response strategies to effectively counter these challenges in the environment.

1.1.1. Environmental Challenges

Environmental challenges are those factors that have been identified to have an impact on the performance of an organization in various ways. These challenges include economic factors, technological challenges, political and legal challenges, and socio-cultural factors (Mathenge 2008). The environment in which organizations operate is constantly changing and this impact on the organization in different ways. Since the turn of the millennium, the general business environment has become more volatile, unpredictable and very competitive.

The challenges have caused some organizations which cannot cope to stop their operations due to huge losses (Ansoff and McDonnell, 1990). Huge fines due to non-compliance with various regulatory requirements by the governments has also been a serious environmental challenge. Changes in the business environment are leading to new and greater demands on strategic responses. Pearce and Robinson (2007) say that there is a need to adopt new strategies that match the challenges from the environment.

1.1.2. Response Strategies

Pearce and Robinson (2007) define response strategies as steps that are taken by various organizations to cope with challenges in the environment. Dynamic environment changes impact on organizations' goals and objectives. This makes it difficult for an organization to remain viable. To be able therefore to stay ahead of competition, it's imperative for organizations to continually scan the environment. This enables the organization to adjust their strategic responses to accommodate the demands of the environment. The appropriate response strategies will guarantee a competitive edge.

Cost leadership, diversification strategy, credit risk management strategy and competitor analysis are some of the responses strategies used by commercial banks to counter challenges in the environment (Mathenge 2008). According to (Fleisher 2003), competitor analysis is the management tool used in marketing and strategic management in an assessment of the strengths and weaknesses of current and potential competitors. It provides both an offensive and defensive strategic context through which to identify opportunities and threats.

Under cost leadership, a bank sets out to become the low cost service provider within the industry and hence develops a range of banking services and products and serves many industry segments. The sources of cost advantage are varied in the banking industry considering the structure of the banking environment. According to Reis and Trout (1982), low cost producers typically sell a no-frills, standard product and place considerable emphasis on absolute cost advantage from all sources. Principally, diversification strategy may help banks to more survive in face of crisis. Conceptually, diversification should have a positive effect on corporate performance as it helps companies achieve economies of scale, greater scope and leverage the experience to other markets (Elsas et al 2010).

1.1.3. The Banking Industry in Kenya

In Kenya, the banking industry is composed of the Central Bank of Kenya (CBK), as the regulatory authority and the regulated; Commercial Banks, Non-Bank Financial Institutions and Foreign Exchange Bureaus. As at 31st December 2012 the banking industry comprised 45 institutions, 43 of which were commercial banks and 2 mortgage finance companies, and 130 Foreign Exchange Bureaus.

Commercial banks and mortgage finance companies are licensed and regulated under the Banking Act, Cap 488 and Prudential Regulations issued there under. Foreign Exchange Bureaus are licensed and regulated under the Central Bank of Kenya Act, Cap 491 and Foreign Exchange Bureaus Guidelines issued there under (CBK, 2012).

1.1.4 The Commercial Banks in Kenya

There are 43 commercial banks that operate in Kenya, 30 are locally owned and 13 are foreign owned. (CBK, 2012).The banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the CBK. The banking sector was liberalized in 1995 and exchange controls were subsequently lifted.

During the period ended 31 December 2009, the Kenyan banking sector registered significant growth in asset base largely supported by growth in deposits, injection of capital and retention of profits. The sector registered high capital adequacy and liquidity ratios and a decline in the level of nonperforming loans compared to same period in 2008. Some Banks like Kenya Commercial Bank, Diamond Trust Bank, Standard Chartered Bank, Barclays Bank, Equity Bank have expanded their operations in the region to enhance their profitability. The independence of Southern Sudan has also opened a new frontier for Kenyan banks like Kenya Commercial Bank and Equity Bank to open branches there with positive growth reported in the first year.

1.2 Research Problem

Ansoff and McDonnell(1990) state that successful environment serving organizations are open systems in that continued organizational survival depends on its ability to secure rewards from its environment which replenishes the resources consumed in the

conversion process and also ensures social legitimacy. They further argue that a major escalation of environmental turbulence in the 1990s has meant a change from a familiar world of marketing and production to an unfamiliar world of new technologies, new competitors, new consumer's attitudes and new dimensions of social control.

In an increasingly competitive banking industry in Kenya, the absence of well-defined competitive strategies leads to weak competitive positions and hence performance below the industry average (Waweru, K. 2009). In Kenya, the banking industry has faced two major banking crises, attributed to serious environmental and the consequent increase in poor financial performance in the mid-1980s and during the early and late 1990s (CBK 1990). Between 1993 and 1996, 6 commercial banks and 12 NBFIs faced insolvency problems while in 1998, 5 banks were placed under statutory management (Waweru, K. 2009). According to Waweru (2009), various factors attributed to the banking industry crisis include: poor credit risk management, political and legal factors, poor cost management strategies, poor diversification strategies, inadequate technological investment and conflict of interest in those cases where shareholders participate in day-to-day management of their banks.

The absence of well-defined competitive strategies results in weak competitive positions. Organizations therefore need to analyze both the general environment and the immediate local environment to understand the threats and opportunities facing them. Management is sensitive to the context in which it is practiced, that is, the environmental and organizational factors. The banking industry in Kenya has not been spared the business challenges that have dogged many companies today, which require organizations to build new capabilities to maintain a competitive edge, (Wakwoma, 2007). The new capabilities

have to be matched with the environment in order to attain a strategic 'fit'. According to Aosa (1992), strategy is creating a fit between the external characteristics and internal conditions of an organization to solve a strategy problem mainly a mismatch between the internal characteristics of an organization and its external environment. Johnson, Scholes and Whittington (2005) refer to this as a Strategic drift, that is, the inability of an organization's internal capacity to respond to environmental challenges. The organizations therefore must adopt their strategies to the new environment (Ansoff and McDonnell, 1990). Organizations must also scan their environment to predict environmental changes (Thompson and Strickland, 2005).

Political developments in Kenya have also led to increased growth of commercial Banks over the last ten years since the Narc government took over from the previous KANU regime which had stifled growth through its lack of proper governance. There has been increased optimism since then and this has resulted in unprecedented branch expansion by the banks only interrupted by the post-election violence of early 2008. However with the successful referendum held in August 2010, there are projections that the economy is back on the right track and expected to exceed the 2007 levels. The increased cooperation among the coalition partners has led to stability in the political arena and enhanced investor confidence which translates to greater need for banking services in the country.

Regional integration among the East African countries of Kenya, Uganda, Tanzania, Rwanda and Burundi through the East African Cooperation protocol has led to a wider market for industry and business in the region. Some Banks like Kenya Commercial Bank, Diamond Trust Bank, Standard Chartered Bank, Barclays Bank, Equity Bank have expanded their operations in the region to enhance their profitability. The recent

independence of Southern Sudan has also opened a new frontier for Kenyan banks like Kenya Commercial Bank and Equity Bank to open branches there with positive growth reported in the first year.

Several studies have been done on responses by commercial banks on environmental challenges by various researchers. These studies have however, focused mainly on specific aspects of commercial banking like relationship marketing (Lugho, 2007), custodial services (Mwikya, 2008) product diversification strategies (Wakwoma, 2007) and challenges to strategy implementation (Jerono, 2008).

Studies on the commercial banks have also been done in the past. These studies include impact of complexities of the environment on performance of commercial banks (Goretti, 2008), Waweru (2009), studied various factors attributed to the banking industry crisis. The various environmental challenges facing the Banking industry need to be documented and the strategic responses that have been undertaken noted. Studies done in this area are not conclusive. This study sought to answer the following research question: What are the environmental challenges facing commercial banks in Kenya and what are the response strategies to environmental challenges in the banking sector in Kenya?

1.3 Research Objectives

The study had two objectives;

- (i) To determine the environmental challenges facing the commercial banks in Kenya.
- (ii) To identify response strategies to the environmental challenges by the commercial banks in Kenya.

1.4 Value of the Study

This study is beneficial to the management in the banking industry by providing a source of information on the environmental changes in the market. Therefore the commercial banks are be able to scan there environment well thus will result to improved performance. Recommendation of response strategies is valuable to the commercial banks in achieving a competitive advantage.

To academician, the study has added to the existing body of knowledge and provides a basis for further research on the topic. This study has provided a point of reference to other researcher who may want to do related studies. Recommendations of areas of further research will provide another platform to develop other studies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents the literatures that have been done on environmental challenges and response strategies to the competitive environment. The factors that influence the external environment and the response strategies are highlighted in this chapter.

2.2 Theoretical Foundation

This section discusses the theoretical foundation to the study. The resource dependence theory and the Porters competitive theory framework. A number of studies have explored the conditions under which a business competitive advantage is sustainable according to the resource dependency theory (Ansoff and McDonnell 1990).

Ansoff and McDonnell list four (4) essential requirements for a resource or skill to be a source of sustainable competitive advantage. According to Ansoff and McDonnell, for resources or skills to constitute a source of sustainable competitive advantage they must possess the following characteristics; they must be valuable, they must be rare among a firm's current and potential competitors, they must be imperfectly imitable and finally; there must not be any strategically equivalent substitutes for the resource or skill. The three generic strategies offer fundamentally different routes to competitive advantage, combining a choice about the type of competitive advantage sought with the scope of the strategic target in which competitive advantage is to be achieved.

This theory states that there is the remote environment that represents factors originating beyond the firm's reach but have an effect on its operations. These include the political, economic, social, technological, environmental and legal factors. Then there are factors

that originate from the industry and these include the five forces (Porter, 1980) namely barriers to entry, competitive rivalry, availability of substitutes and the bargaining power of buyers and suppliers.

There are also factors that influence a firm's immediate competitive situation and these include the firms stakeholders like suppliers, creditors, immediate competitors, customers, shareholders. The organizations are therefore dependent on the environmental turbulence and must adapt their strategies to the ever-changing environment in order to survive and achieve growth.

Porter (1980) developed the concept of strategic groups within an industry. Companies in such a group are faced with mobility barriers that apply to groups within an industry. Strategic group analysis helps companies identify their closest competitors, ability to move from one strategic group to another and to identify strategic problems.

2.3 Organizations and Environmental Challenges

According to Njeri, (2008), all organizations are environment serving and dependent for their inputs and outputs. Ansoff and McDonnell (1990) observed that environmental serving organizations are in constant two way interaction with the environment. The environment is therefore an important factor in the organization's strategy. It determines which direction the organization will take in the future. There are many different influences on the environment and makes it difficult to comprehend on which ones are important to the organization because they are all interconnected and cannot be treated in isolation. According to Johnson and Scholes (1997) the environment is full of uncertainty. The pace of technological change and speed of global communications mean more and faster change now than ever before.

Pearce and Robinson (2007) state that the firm's external environment consists of three interrelated sets of factors that play a principal role in determining the opportunities, threats and constraints that the firm faces (Mathenge,2008). There is the remote environment that represents factors originating beyond the firm's reach but have an effect on its operations. These include the political, economic, social, technological, environmental and legal factors. Then there are factors that originate from the industry and these include the five forces (Porter, 1980) namely barriers to Entry, competitive rivalry, availability of substitutes and the bargaining power of buyers and suppliers. There are also factors that influence a firm's immediate competitive situation and these include the firms stakeholders like suppliers, creditors, immediate competitors, customers, shareholders. The organizations are therefore dependent on the environmental turbulence and must adapt their strategies to the ever-changing environment in order to survive and achieve growth. According to Johnson and Scholes (1997) organization has to engage in environmental scanning, undertake an audit of the environmental influences, and examine the immediate environment of the organization to arrive at its competitive position in the market.

2.3.1 The Political and Legal Factors

Johnson, Scholes and Whittington (2005) list government stability, taxation policy, foreign trade regulations and social welfare policies as political influences that can impact on an organization. Pearce and Robinson (2007), state that the direction and stability of political factors are a major consideration for managers on formulating company strategy. According to Mathenge (2008) political factors may have both negative and positive effects of a firm's profitability for example restrictive laws intended

to safeguard the environment, employees, government revenue will reduce income to the firm while subsidies, government strategic plans may favor a particular industry and encourage its growth.

2.3.2 Economic Factors

Economic factors concern the nature and direction of the economy in which a firm operates. Mathenge (2008) states that each firm must consider economic trends in the segments that affect its industry to cater for changing consumer patterns affected by economic influences. Pearce and Robinson (2007) list prime interest rates, inflation rates, and trends in the growth of the Gross National Product as the economic factors that influence business decisions. Economic influences include business cycles, interest rates, inflation, unemployment and disposable income (Johnson, Scholes and Whittington, 2005).

2.3.3 Technological Influences

According to Mathenge (2008), technological advances create new products, production techniques and ways of managing and communicating. All firms must therefore strive to understand the existing technologies available and possible future advances in their industry to be able to take advantage of the numerous benefits of technological advancement. Technological advancement has changed the fate of many industries and some have become redundant and obsolete requiring massive transformation and restructuring.

Technological innovations have led to changes in the operational efficiencies of the banks leading to increased access to the market. Such innovations include the advent of the Automated Teller Machines; improved Information Technology Platforms which have

enabled the banks offer better services to their customers and also capture customers from Banks that have not invested in Information technology. The development of Information Technology has enabled Internet banking and enhanced international trade through faster international settlements of transfers.

2.3.4 The Socio-Cultural Factors

According to Pearce and Robinson (2007), the social factors that affect a firm involve the beliefs, values, attitudes, opinions and lifestyles of persons in the firm's external environment, as developed from cultural, ecological, demographic, religious, educational and ethnic conditioning.

Johnson, Scholes and Whittington (2005), identify population demographics, income distribution, social mobility, lifestyle changes, attitudes to work and leisure, consumerism and levels of education as the major factors that influence the social environment.

2.3.5 Empirical Evidence on Environmental Complexity

Environmental complexity reflects the degree of heterogeneity or diversity factors, activity or situation faced by firms (Benito et al. 1999). Environmental complexity arises because individual's inability to predict anything accurately. Environmental complexities often have higher uncertainty and turbulence characteristics, as the crisis that hit Indonesia since 1997. Griffin (2004) explains that uncertainty is a driving force caused by the change and complexity. Rate of change or upheaval environment shows the extent to which the environment can be relatively simple or relatively complex or dynamic. Environmental turbulence is an unexpected change, sometimes without any warning at all. The most common form of turbulence is a crisis-type.

Environmental uncertainty and turbulence triggered by business needs, consumer tastes, increased competition, technological change, economic and social issues (Braglia and Petroni 2000). Meanwhile, Luke (2001) connects the complexity of competitive environment, technology, regulation, and international development. Miller (1993) said that indicators of environmental uncertainty are as follows: product, economic, competition, and government policies. Rapid technological change, deregulation, and globalization have increased competition and turbulence and complexity. These conditions force managers to adopt new ways and use other organization form that is more responsive (Hamel and Prahalad, 1994).

2.4 Response Strategies to Environmental Challenges

Pearce and Robinson (2007) define response strategies as steps that are taken by various organizations to cope with challenges in the environment. Dynamic environment changes impact on organizations goals and objectives. This makes it difficult for an organization to remain viable. To be able therefore to stay ahead of competition, it's imperative for organizations to continually scan the environment. This enables the organization to adjust their strategic responses to accommodate the demands of the environment. The appropriate response strategies will guarantee a competitive edge.

2.4.1 Diversification Strategy

Principally, diversification strategy may help banks to more survive in face of crisis (Elsas et al 2010). Conceptually, diversification should have a positive effect on corporate performance as it helps companies achieve economies of scale, greater scope and leverage the experience to other markets (Ackoff, 1981). However, empirical studies on the role of diversification on performance of company give different results.

Montgomery and Wernerfelt (1988) pointed out that diversification has a negative impact on performance. Diversification often increases the cost of operation, causing conflict in form of greater managerial and organizational complexity (Schnitzer 1999). Berger and Ofek (1995) have examined the effects of diversification of products or services and examine the international diversification on corporate performance.

The results of other empirical studies shown that diversification strategy has an impact on banking performance Li and Rwegasira (2008) found that association between diversification strategy and corporate performance is positive and significant. Lu and Yao (2006) found an association between diversification and firm performance. Elsas, et al (2010) gives a new point of view the direct and indirect effects of diversification strategies on firm value, by distinguishing the aggregate effects of diversification and growth through interaction, and vertical integration.

Companies diversify in order to expand the scope of industrial companies. Diversification is considered more efficient because of resource transfer between segments. Therefore, the company's resources can be used more optimally. This happens if companies make related-diversification. When companies perform unrelated-diversification, inter-segment transfer of resources is hard to do. Reis and Trout (1982) stated the company that diversifying in related-business provides good results on ROI and ROE compared with companies that diversifying in unrelated-business. From some of these findings we can conclude that there is no consistency of the results because relationship between diversification and performance (diversification-performance linkage) depending on industry characteristics (Pitts and Lei 2003).

2.4.2 Cost Leadership

Under cost leadership, a bank sets out to become the low cost service provider within the industry and hence develops a range of banking services and products and serves many industry segments. The sources of cost advantage are varied in the banking industry considering the structure of the industry. According to Reis and Trout (1982), low cost producers typically sell a no-frills, standard product and place considerable emphasis on absolute cost advantage from all sources.

To achieve a cost advantage in the banking services delivery requires significantly low overheads, abundant sources of cheap labour and efficient procedures for training staff. The low cost strategy is probably the clearest of the three strategies. A low cost producer must find and exploit all sources of cost advantage. The sources of cost advantage which may be varied could include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. The achievement and sustenance of overall cost leadership by a bank depends on pricing at or close to the industry average in order to achieve above-average industry performance. Although a cost leader relies on cost leadership for its competitive advantage, it must attain proximity in the bases of differentiation compared to its competitors to be an above-average performer.

The bases of differentiation, however, cannot be overlooked, if a product suffers a negative perception in terms of quality comparable to those of competitors, a cost leader may be forced to discount prices well below competing products to gain sales, nullifying the benefits of its favourable cost position (Peattie and Peattie, 1994). Proximity, as it applies to differentiation means that the price discount required to obtain an acceptable

market share does not offset a cost leader's cost advantage, and therefore the cost leader will earn above-average returns.

According to Porter (1985), the strategic logic of the cost leadership usually requires that a firm be the cost leader, and not one of several firms jostling for that position. The strategy is largely dependent on preemption, unless major technological change allows a firm to radically change its cost position. The theme that runs through the entire strategy is low cost compared to competitors, although it cannot be achieved to the detriment of quality and high service standards.

2.4.3 Mergers and Acquisitions

It is the expectation of all the stakeholders involved in the process of M&A that the organization to emerge from the combination operates in a more efficient manner than the two organizations did separately. The reason behind this assumption is due to the fact that the new firm benefits from economies of scale and synergies drawn from the combination should reduce operating costs and/ or capital investments, thus improving cash flow. Measures that have been used by various authors to establish whether the aforementioned benefits have been harnessed following the business combination process include; evaluating the new entities financial performance and overall productivity (Krishnmurthy, 2008).

In the series of studies that had been carried out elsewhere since 1921, researchers had been unable to demonstrate that merger active firms were more profitable, or had higher stock prices, following the merger activity. Barney (2002) indicated that the financial performance of the company can be expressed in terms of income generated from its operation, after offsetting expenses when the profitability of the firm is arrived at.

2.4.4 Outsourcing Strategy

The role of outsourcing on firms' profitability the definition of success may vary, but any activity that fails to enhance shareholders interest and value cannot be deemed as a success. A long-term decline in shareholder wealth after an outsourcing can term the combination process to be a failure. The success of any outsourcing strategy was measured by the core competences generated to create value or enhance value. It is measured using the parameters such as market attractiveness and competitive positioning as a result of cost leadership and product differentiation. This can result in the long term profit sustainability and the creation of shareholders wealth.

Ansoff and McDonnell (1990) described environmental turbulence as 'a combined measure of the changeability and predictability of the firm's environment'. Each firm needs to conduct a scenario planning to diagnose its pattern of future challenges, threats and opportunities, then design and implement its unique response to these challenges.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

Research is the process of finding solutions to problems through planned and systematic collection analysis and interpretation of data. The research methodology highlights the overall approach to be taken in the research in terms of the research design, population, data collection and data analysis.

3.2 Research Design

This study has used cross sectional survey research design. According to Mugenda and Mugenda (1999), survey research explores facts and gets information about a particular area of study. Survey research gets information about conditions that already exist and attempts to draw reasons, or causes, for the existing condition.

Mugenda and Mugenda (1999) contends that survey research has the advantage of being easily applicable and thus will be considered for the study so as to establish the response strategies to environmental challenge in the Banking Sector in Kenya.

3.3 Population of the Study

The target population of this study was all the commercial banks in Kenya (See appendix III). According to 2012 CBK's banking survey, there are 43 commercial banks operating in Kenya.

3.4 Data Collection

The study employed both primary data and secondary data. Primary data refers to the information the researcher obtains from the field. This data is important since it gives first-hand information about an area of study. The data was obtained by use of a semi-

structured questionnaire in all the commercial banks. The questionnaire was administered using drop and pick method. The questionnaire has various advantages because they allow the respondents to give their responses in a free environment and help the researcher get information that will not have been given out had interviews been used. The questionnaires were hand delivered to the various offices which hosts the managers. The respondents were the chief operations officers (COO) who are involved in the strategy formulation. These respondents were considered to be resourceful in providing the required data since they are the persons responsible for strategic management of various commercial banks in Kenya.

Secondary data on the other hand was obtained from existing bank publications and annual reports. Central bank's annual reports on the banking industry provided rich secondary data for the study. Data relating to the various response strategies of various banks was considered relevant.

3.5 Data Analysis

For data collected to have a meaningful meaning, it needed to be analyzed in a way that it will be easily understood. The data was checked for completeness and consistency. The data was then be coded to enable the responses to be grouped into categories.

Descriptive statistics was used mainly to summarize the data. These included percentages and frequencies. Analysis of the data obtained through the questionnaires was also done using bar graph and pie chart which provide an easy understanding of the results.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the analysis and findings of the study as set out in the research methodology. The method of data collection was done through questionnaires which was administered through the drop and pick method. The research objectives were to determine the environmental challenges facing the commercial banks in Kenya and to identify response strategies to the environmental challenges by the commercial banks.

Primary data was collected from chief operating officers of commercial banks who are members of corporate strategy development team. To achieve the objective of the study the interview guide was broken down into two sections, general information and specific information. General information sought to find out the banks general information while specific information sought to find data on the challenges facing commercial banks in Kenya and the strategic responses undertaken by the commercial banks.

Data collection targeted respondents comprising top level managers mainly Chief Operations Officers (COO) who are involved in formulation of strategy in the commercial banks. Out of the 43 banks sampled, twenty five banks replied giving a response rate of 58 percent. The research data collected were quantitatively analyzed for in-depth understanding and interpretation and percentages used.

4.2 Findings of the Study

The following paragraphs discuss the findings of the study. The first section discusses environmental challenges while the second discusses response strategies to the environmental challenges.

4.2.1 Environmental Challenges

The respondents were asked what environmental challenges have commercial banks in Kenya faced in recent years. The respondents confirmed that they have faced challenges in the political, economic, socio-cultural, technological and environmental arenas due to a fast changing environment.

The research indicated that 88.4 percent of the banks are greatly affected by economic challenges, 9.3 percent to a great extent and 2.3 percent to a moderate extent. Economic challenges include rising oil prices, foreign currency fluctuations and increased wage bill of the civil service which has reduced government spending thus affecting money supply in the economy. This affects interest rates and reducing lending by commercial banks to the public.

Socio-cultural challenges have been found to have an impact on the operations of commercial banks in Kenya. The findings of the study have shown that 46.5 percent of the banks are very greatly affected, 18.6 percent to a great extent, 16.3percent to a moderate extent and 2.3 percent were not affected by socio-cultural challenges. The changing demographics including tastes and preferences of consumers have affected the operations of commercial banks that have had to increase their visibility among the youth and invest in modern technology like internet banking and mobile banking. The impact of increased competition on commercial banks was also noted. Micro-finance institutions

and mobile banking solutions for example M-pesa, by mobile phone providers have reduced the commercial banks' revenue base and market share. The commercial banks are faced with a challenge of attracting and retaining customers at both the retail and corporate levels.

The findings of the study have shown that 81.4 percent of the banks in Kenya are very greatly affected by technological challenges, 11.6 percent to a great extent and 7 percent to a moderate extent. Technological advancements have impacted on the commercial banks financials by forcing them to regularly invest in technology updates of their existing systems because they have to update or lose out to the competition.

Recent technological innovations include mobile banking, internet banking and mobile money transfer services which have been embraced by most banks. This is evident by the strategic alliances between banks and mobile phone service providers for example, Safaricom to facilitate mobile money transfer platforms like M-Pesa and M-Shwari. Agency banking is another strategy adopted by the banks to reach out to more customers who may find it convenient to bank at the nearest bank agent rather than go to the bank. This reduces operational costs to the banks, improves visibility of the banks and creates employment for the agents.

All the banks studied responded that they are affected by political and legal challenges. 60.5 percent were very greatly affected, 18.6 percent greatly affected and 14 percent were moderately affected. The Consumer Protection Act (2012) has come into force and has forced the banks to pay more attention to the needs of their customers and ensure customer is always happy to avoid litigation from unhappy customers. The prudential guidelines set by the Central Bank of Kenya have limited the penetration of banks in the

country due to stringent anti-money laundering rules and risk management policies. The 2013 elections in Kenya had put most business decisions on hold and the devolution implementation is proving to be a challenge to the central and county governments.

4.2.2 Response Strategies to Environmental Challenges

The study sought to identify response strategies employed by commercial banks to the environmental challenges they face in order to attract and retain customers in a rapidly changing environment. Several strategies are employed including diversification, cost leadership, mergers and acquisitions, organizational restructuring and outsourcing.

Diversification Strategy

The study sought to determine the usefulness of diversification as a strategic tool used by commercial banks in response to environmental challenges. Data obtained showed that diversification is used in 86 percent of the banks as a strategic tool to increase market share and gain competitive advantage.

Some banks have diversified into related markets like the mortgage market, asset financing and credit card segments. This helps the banks acquire a foothold in markets that were previously handled by specialized institutions like Housing Finance for mortgages. Therefore a customer can have a one stop shop for all his needs in one place the bank. The growth of the SME (Small and Medium Enterprise) segment in the economy has also seen banks flocking to harvest customers who were previously found in cooperatives and micro finance institutions.

Cost Leadership Strategy

This strategy aims at achieving a competitive advantage by reducing the cost of doing business as compared to others. The study found out that it is a common strategy used by most banks in their pursuit of higher returns for their shareholders and greater market share. 93 percent of the respondents confirmed the use of cost leadership strategies as a response to environmental challenges. This is achieved by low overheads, efficient procedures and cheaper products for their customers.

The bank that sets the pace in cost reduction in a particular area for example lower mortgage rates becomes the market leader in that area. This is usually accompanied by aggressive advertising to emphasize the particular advantage. As the saying goes, first impressions last, the first bank to lower their interest rates or have cheaper accounts will be deemed to be better even when others follow suit.

Mergers and Acquisitions

Mergers and acquisitions is the least used strategy, only 18.6 percent reported using it among the commercial banks because it involves the merging of different operational and organizational cultures which may turn out to have negative effects on the profitability and staff morale. Therefore it is not a popular strategy for most banks that want to retain their identity and heritage and would do so as a last resort.

In Kenya, CFC and Stanbic bank merged to form CFC Stanbic bank in 2007. The other merger was the acquisition of ABSA (South Africa) by Barclays PLC of England. This agreement has given ABSA the control and management function of all Barclay's operations in Africa. The above two examples have led to staff redundancies and layoffs as the two institutions merge. There was anxiety among staff whether they will be

retained in the new structure or not, operational paralysis also emerged as the new structures took effect leading to reduced growth in the short term.

Outsourcing Strategy

The study found out that 94 percent of the banks have embraced outsourcing of non core duties and services to other service providers in order to focus on their core business and reduce costs. Outsourced services include provision of security services like cash in transit, recruitment of employees, payroll management, document archival, legal and insurance services. This has enabled the banks to focus on core duties, reduce overheads and increase profit margins which increase shareholder value.

The banks are however faced with challenges of outsourcing including lack of a pool of service providers, risk of non-compliance to internal procedures by the providers leading to reputational damage and resistance by staff who are afraid of being made redundant. This challenge can be mitigated by proper sourcing and vetting of service providers, and training of staff to make them understand the benefits of outsourcing on their productivity and business profits.

4.3 Discussion

Porter's Competitive theory states that firms are environmentally dependent through factors outside their control both in the external and industry environment. These factors include the political, legal economic, socio-cultural and technological challenges. These factors have been identified in the study as challenges facing commercial banks in Kenya. The findings are comparable with the other studies noted in the literature review which have also shown that organizations face environmental challenges and must adapt their strategies to the ever changing environment in order to survive.

Strategic responses to the environmental challenges are necessary if an organization is to survive in a fiercely competitive environment. The responses that an organization adopts are dependent on its internal capacity or resources. An organization's resources and competencies will determine the strategic response it will adapt to the environmental challenges faced. This compares well to the resource dependency theory which states that an organization needs to develop unique skills and resources in order to achieve competitive advantage. The findings also revealed that diversification, mergers and acquisitions, outsourcing and cost leadership indicated in the literature review are strategies that have been adopted by commercial banks in Kenya to mitigate the environmental challenges.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, conclusions, and recommendations from the findings. The study focused on determining the environmental challenges facing commercial banks in Kenya and identifying response strategies employed by the commercial banks to the environmental challenges. From the findings, it was observed that environmental challenges do exist and banks have adopted various response strategies to remain operational in a rapidly changing environment.

5.2 Summary of Findings

One of the objectives of the study was to determine the environmental challenges facing commercial banks in Kenya. These have been identified as the political, social-cultural, economic, technological, environmental and legal environments which all have an impact on commercial banks operations. Commercial banks in Kenya need to constantly identify trends in the environment which can impact positively or negatively on the operations of the individual banks or the industry as a whole.

The other objective was to identify strategies employed by commercial banks in response to the environmental challenges. The study found that commercial banks have adopted strategies such as diversification of products and services, mergers and acquisitions, cost leadership strategies, and outsourcing in order to attract and retain customers, improve market share and meet shareholder expectation of increased return on investment. These

strategies can be combined or used in a way that is specific to each individual bank based on its capabilities and strategic plan.

5.3 Conclusion

The objectives of this study were to: to identify the environmental challenges faced by commercial banks in Kenya and determine the response strategies adopted to mitigate those challenges. It is evident from the study commercial banks have experienced various challenges in the environment including political upheaval, uncertainty due to general elections, economic challenges and rapid changes in the technological arena.

This has to the banks having to adopt various strategic responses to counter the challenges experienced. The increased diversification of products by the banks, adopting current technology in the core banking platform, mergers and acquisitions and mobile and internet banking have transformed the banking industry in Kenya. Commercial banks are therefore constantly adapting to the environment and are assessing the environmental trends in order to survive and prosper.

5.4 Recommendations

Based on the findings it is recommended that commercial banks should constantly be aware of the environmental challenges they face from political, legal, economic, technological and socio-cultural influences. It is also recommended that commercial banks develop appropriate response strategies to mitigate the impact of the challenges they face. Diversification, mergers and acquisitions, outsourcing and cost leadership strategies are some of the responses that they can adopt in order to survive.

Commercial banks should also promote the use of internet banking as a solution to long queues in the branches. Customers can conduct their business from the comfort of their offices just as if they were in the bank. This will reduce overheads but customers need to be educated and assured of the security of their funds if they use internet banking. Commercial banks should also develop new products that will be appealing to the large number of people who do not have bank accounts, develop loan products that are tailored for small scale traders and generally adopt better credit appraisal mechanisms that will apply unique interest rates for individual borrowers depending on their credit history rather than have a common interest rate for all loan applicants.

5.5 Limitations of the Study

The study focused mainly on the commercial banks in Kenya but did not cover the entire banking industry in Kenya which includes the microfinance, mortgage and cooperative societies sectors which are part of the larger banking industry. The study also focused on the environmental challenges prevailing in Kenya, but did not take into account the international banking environment which the Kenyan banking industry is part of. Changes in the international banking environment such as the Basel rules and international sanctions regulations also impact on the operations of commercial banks in Kenya.

The study did not cover all the response strategies that commercial banks can adopt to mitigate the environmental challenges they face. Agency banking, strategic alliances, regional expansion are some of the strategies that were not captured in this study.

5.6 Suggestions for Further Studies

This study was restricted to commercial banks in Kenya. For further research, the entire banking industry can be studied to include the cooperative societies and microfinance institutions as well as the mobile phone companies' solutions such as M-pesa to arrive at more conclusive findings of the whole industry. The impact of international banking environment on Kenyan commercial banks is also another area of research.

The development of technology has also introduced new risks such as identity theft, unauthorized system access by fraudsters. The identification of the risks involved by increased reliance on technology by the banks and what measures need to be taken to mitigate those risks need to be studied.

REFERENCES

- Ackoff, R. L. (1981) *Creating the Corporate Future*, John Wiley and Sons, New York.
- Ansoff, H. I. & McDonnell E. J. (1990). *Implanting Strategic Management*. London: Prentice Hall.
- Aosa, E. (1992). An Empirical investigation of aspects of Strategy formulation and implementation within large private manufacturing companies in Kenya. *Unpublished PHD thesis*, University of Strathclyde, Scotland.
- Barney, J. (2002). *Gaining and Sustaining Competitive Advantage*, 2nd ed. Upper Saddle River, N.J.: Prentice Hall
- Berger, R. & Ofek, W. (1995), *Strategic Management Concepts and Cases*, McGraw-Hill/Irwin
- Benito, D. & Schnitzer, M. (1999) Bank Competition and Enterprise Restructuring in Transition Economies, *Economics of Transition*, 7 (1999 b)
- Braglia, M. & Petroni, G. (2000). *Strategic Management, Concepts and Readings*, Irwin/McGraw Hill, Boston, M.A.
- Central Bank of Kenya. (2012). *Bank Supervision Report*. Nairobi: CBK Annual Report
- Elsas, R, Hackethal, A. & Markus, H. (2010). The anatomy of bank diversification, *Journal of Banking & Finance*, Volume 34: 1274–1287.
- Griffin, T. (2004), *Strategic and Competitive Analysis: Methods and Techniques for Analysing Business Competition*, Prentice Hall
- Goretti, M (2008). Human resource audit practices and corporate performance: A survey of commercial banks in Kenya. *Unpublished MBA project*, University of Nairobi.

- Hamel, G. & Prahalad, C.K. (1994), "Corporate Imagination and Expeditionary Marketing, *Harvard Business Review* 69 (July- August) 81-92
- Jerono H, (2008). Relationship marketing practices and their impact on customer retention in the commercial banks in Kenya. *Unpublished MBA project*, School of Business, University of Nairobi.
- Johnson G. & Scholes K. (1997). *Exploring Corporate Strategy*. New Delhi: Prentice Hall.
- Johnson, G. & Scholes, K. (2002). *Exploring Corporate Strategy*. Sixth Edition, Prentice Hall of India, New Delhi.
- Johnson G, Scholes K & Whittington R (2005), *Exploring Corporate Strategy*, 6th edition Prentice Hall, Europe
- Krishnamurthy M. (2008). *Strategic Management: Building and Sustaining Competitive Advantage (3rd ed.)*, Thomson: South-Western, Canada
- Li, X. & Rwegasira, K. (2008). Diversification and corporate performance in China: an agency theory perspective, *Journal of Transnational Management*, Vol. 13 No. 2.
- Lu, Y. & Yao, T. (2006) *Diversification and economic performance: An empirical assessment of Chinese firms*. *Asia Pacific Journal of Management*, 20: 243–265.
- Lugho A.J (2007). Responses of banks offering custodial banking services to environmental changes affecting the banking industry in Kenya. *Unpublished MBA project*, School of Business, University of Nairobi.
- Luke P. (2001) *Strategic Management: Competitiveness and Globalization (Concepts and Cases)* 5th ed. Ohio Thomson Learning.

- Mathenge, P.W (2008). Strategic Responses of small and medium sized enterprises operating within the Nairobi Central Business District to changes in their environment. *Unpublished MBA project*, School of Business, University of Nairobi.
- Montgomery, R. & Wernerfelt, H. (1988) *Strategic Management and Business Policy (10thed.)* Prentice Hall.
- Miller, R.L. (1993) *Fundamentals of Business Law (5th Ed.)*
- Mugenda, O. & Mugenda A. (1999). Research Methods: *Quantitative and Qualitative Approaches*. Acts Press, Nairobi.
- Mwikya C, (2008). Challenges of Cash Budget implementation, case of commercial banks in Kenya. *Unpublished MBA project*, School of Business, University of Nairobi.
- Njeri, K. (2008). Strategic responses by NSSF to changing environmental conditions in Kenya. *Unpublished MBA project*, School of Business, University of Nairobi.
- Pearce, J. A. & Robinson R. B. (2007) *Strategic Management: Formulation, Implementation, and Control (7thed.)* Irwin/ McGraw-Hill, Boston.
- Peattie, S. & Peattie, N. (1994). *Strategic Management and Business Policy (10thed.)* Prentice Hall.
- Pitts R.A. & Lei D. (2003) *Strategic Management: Building and Sustaining Competitive Advantage (3rded.)*, Thomson: South-Western, Canada.
- Porter, M.E. (1980), *Competitive Strategy: Techniques for Analyzing Industries and Competitors*, The Free Press, New York

- Porter, M.E. (1985), *Competitive Advantage: Creating and Sustaining Superior Performance*, The Free Press, New York
- Reis, P. & Trout, M. (1982), “*Banking Industry Consolidation: efficiency Issues*”, working paper No. 110 presented at the financial system in the decade ahead: A Conference of the Jerome Levy Economics Institute April 14-16, 1994.
- Thompson, A., Strickland, A.J. & Gamble, J. (2005) *Crafting and Executing Strategy: The Quest for Competitive Advantage*. New York: McGraw-Hill.
- Wakwoma, W. (2007). A survey of the product diversification strategies adopted by firms in the banking industry in Kenya. *Unpublished MBA project*, School of Business, University of Nairobi.
- Waweru, K. (2009). Response of National Bank of Kenya to competitive forces in the Banking industry. *Unpublished MBA project*, School of Business University of Nairobi.

APPENDICES

APPENDIX I

INTRODUCTION LETTER



UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

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

P.O. Box 30197
Nairobi, Kenya

DATE 5-10-2013

TO WHOM IT MAY CONCERN

The bearer of this letter SOLOMON AKHURA MALOBA
Registration No. D61/70688/2009

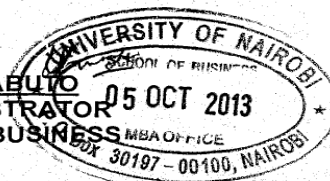
is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

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

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

Thank you.

PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS



APPENDIX II
QUESTIONNAIRE

This questionnaire seeks information on environmental challenges facing commercial banks in Kenya and strategic responses of commercial banks to environmental challenges. All the information will be treated confidentially and for academic purpose only. Please respond to all items in the questionnaire.

Part A: Demographics

1. Name of Bank.....
2. Position held.....
3. Number of Branches.....

Part B: Environmental challenges faced by Commercial banks in Kenya

4. What environmental challenges has your bank faced in recent years?

	Yes	No
Political	<input type="checkbox"/>	<input type="checkbox"/>
Economic	<input type="checkbox"/>	<input type="checkbox"/>
Social-cultural	<input type="checkbox"/>	<input type="checkbox"/>
Technological	<input type="checkbox"/>	<input type="checkbox"/>
Environmental	<input type="checkbox"/>	<input type="checkbox"/>

5. Please indicate the extent to which the above factors have impacted on your organization

Use a 5-point scale where 1=Not at all and 5= large extent

Political	5	4	3	2	1
Economic	5	4	3	2	1
Social-cultural	5	4	3	2	1
Technological	5	4	3	2	1
Environmental	5	4	3	2	1

Part C: Response Strategies to Environmental Challenges

6. How has your bank responded to the above challenges?

Use a 5-point scale where 1=Not at all and 5= strongly agree

Diversification	5	4	3	2	1
Cost leadership strategy	5	4	3	2	1
Mergers and Acquisitions	5	4	3	2	1
Outsourcing strategy	5	4	3	2	1

Thank you for your cooperation.

APPENDIX III

LIST COMMERCIAL BANKS LICENSED TO OPERATE IN

KENYA AS AT 31 DEC 2012

1. Kenya Commercial Bank Ltd
2. Equity Bank Ltd
3. Barclays Bank of Kenya Ltd
4. Standard Chartered Bank Ltd
5. Cooperative Bank of Kenya Ltd
6. CFC Stanbic Bank Ltd
7. Commercial Bank of Africa Ltd
8. National Bank of Kenya Ltd
9. Citibank NA
10. Diamond Trust Bank Ltd
11. NIC Bank Ltd
12. I&M Bank Ltd
13. Prime Bank Ltd
14. Bank of Baroda Ltd
15. Bank of Africa Ltd
16. Bank of India
17. Imperial Bank Ltd
18. Ecobank Ltd
19. Family Bank Ltd
20. Chase Bank Ltd
21. Fina Bank Ltd
22. African Banking Corporation Ltd
23. Development Bank of Kenya Ltd
24. Gulf African Bank Ltd
25. Habib AG Zurich
26. K-Rep Bank Ltd

27. Giro Bank Ltd
28. Consolidated Bank of Kenya Ltd
29. Guardian Bank Ltd
30. Fidelity Commercial Bank Ltd
31. Victoria Commercial Bank Ltd
32. Habib Bank Limited.
33. Southern Credit Banking Corporation Ltd
34. Equatorial Commercial Bank Ltd
35. First Community Bank Ltd
36. Credit Bank Ltd
37. Trans-National Bank Ltd
38. Middle East Bank Ltd
39. Paramount Universal Bank Ltd
40. Oriental Commercial Bank Ltd
41. Dubai Bank Ltd
42. UBA Kenya Bank Ltd
43. City Finance Bank Ltd

Source: CBK (2012)