MARKET FORCES MOTIVATING CROSS-BORDER BANKING BY COMMERCIAL BANKS IN KENYA: A CASE STUDY OF KCB GROUP LIMITED

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DECLARATION

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

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This research project has been submitted for examination with my approval as the University Supervisor

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DEDICATION

The research project has been dedicated to the Almighty God, for His Graces and mercies.

My husband, Gabriel Wambua and son, Kalel Mark, for their unmeasurable love and constant reminder of my potential in life.

My mother, Ms. Lucy Wanjiru to whom I owe so much. I highly appreciate your love and support all these years. Thank you for being always there for me.

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This project has called upon the participation of various individuals and organizations without which it could not have been realized.

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ABSTRACT

This research sought to understand market forces motivating regional money-lending of Kenyan commercial money-lenders with a specific reference to KCB Limited Group. It was driven by the point that financial markets in Kenya, its legal and institutional structures are seen to be “superior” to the ones of bordering nations, the destructive growth of money-lenders in Kenya across the East African region seemed contradictory. The growth of global money-lending operations by Kenyan money-lenders within and outside East Africa put a need for an inquiry into what stimulates the resolution by a money-lender to venture outside the national borders or invest in their home country. This inquiry was timely given that a bulk of Kenyan populace remained unbanked yet some Kenyan money-lenders were expanding into regional markets thus having not fully exploited the existing domestic market. This research therefore pursued to study the Kenyan domestic-based market forces motivating regional money-lending by Kenyan commercial money-lenders and secondly to define host non-domestic country based market forces encouraging regional money-lending by Kenyan Commercial money-lenders, using KCB Limited Group as a case study. In doing so, the researcher interviewed 3 KCB Limited Group staff in-charge of regional expansion. As at September 2019, KCB Limited Group had 258 branches spread across 5 countries within the East African Market. Content analysis was used to analyze data. The research discovered main reason KCB Limited Group had moved to the 5 countries was prospects for future growth, such as to follow customers, to grow their revenue thus increasing profits, take advantage of governmental incentives, exploit money-lender-specific strengths, for long term growth, enhance competitiveness, spread their business risks, economies of scale and also improve money-lender’s the reputation as customers would view them as a strong brand due to its regional presence.

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ABBREVIATIONS AND ACRONYMS

CBK	Central Bank of Kenya
DRC	Democratic Republic of Congo
EAC	East African Community
EU	European Union
FDI	Foreign Direct Investment
FSD	Financial Sector Deepening
GDP	Gross Domestic Product
KCB	Kenya Commercial Bank
OECD	Organization for Economic Co-operation and Development

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Cross-border banking has been defined as presence of branches plus subsidiaries of money-lenders in a certain country whose headquarters are established in another country. (Cho, 1996). Market forces are economic forces of demand and supply that change the prices of goods and services without the government's control (Dobson, 2005). The market forces motivating Kenyan money-lenders to venture outside the borders have been noted to be high demand for money-lending services, conducive business environment, ease of compliance to regulatory requirements in the foreign countries and search for better returns (FSD, 2013). The money-lending internationalization has also been motivated by the deregulation of financial markets and globalization of economic activity. Money-lenders can venture into foreign markets through direct trans-boundary lending and borrowing via their domestic offices or using FDI, they can set up an affiliate overseas, thereby allowing for diversification of risks (Berger et al, 2004).

This study will apply different theories justifying trans-boundary money-lending. One of the theories applied is trade theory by Aliber (1976) that expounds on the regional expansion of firms using the relative advantage concept. Money-lenders with lower efficiency have a lower probability of sustaining their current share of the market and may not achieve their capital requirements, as compared to the foreign or money-lenders with higher efficiencies (Fisher and Molineux, 1996). Second theory is the portfolio theory by Markowitz (1950) which states that the level of rivalry and industry arrangement in the money-lending sector could be observed from the standpoint of net revenue. Vast return limits are mostly acquired in states where there is a greater proportion of money-lending activities, meaning having fewer money-lenders and manageable level of rivalry in that industry (Fisher and Molineux, 1996). The third is the internationalization eclectic model which asserts that for a firm's propensity to be involved in global activities, it is influenced by the following aspects: area explicit, internalization and possession explicit gains present at a particular period. From research, it is clear that geographical, cultural, legal systems, arbitrage possibilities and barriers to entry affect the international investment decisions for companies (Cho, 1996). Other factors like interest rate differences and growth differentials also affect the firms' ability to undertake trans-boundary trading.

Kenyan money-lending sector is influenced extraordinarily by the natural business variations, for example, mechanical advancements, shifting client requests, quickening execution of financial adjustments, expanded challenges, progression of both outside and household markets, denationalization of the public segment and value deregulations have forced money-lenders to re-strategize in order to stay afloat. Notwithstanding these commercial fluctuations, the industry has recorded remarkable increment in the quantity of new inventions and service offerings to target different customers by money-lenders so as to maintain and gain market share. However, there has been a lot of replication of these innovations across this financial sector and firms have had to invest significantly in continuous research and innovation (Chiteli, 2013).

1.1.1 Market forces motivating cross-border business

Globally, trading across borders has been on the increase in the last few decades. Companies are taking advantage of the various opportunities to expand their operations into non-domestic markets. At an international perspective, the entry of non-domestic firms usually affects the domestic host's industry systems in positive ways inferring better development and increased efficiencies (Micco and Monica, 2004). The growth of inter-states trade within the East African states has been fueled by multi-country projects like the pipeline project from Kenya to Rwanda through Uganda, the terrestrial and submarine high-speed telecommunications links, and also the development of the standard gauge railway (SGR) line from Uganda via Kenya and Tanzania to Rwanda. These have opened enormous opportunities for businesses across these countries and increase in trans-boundary business.

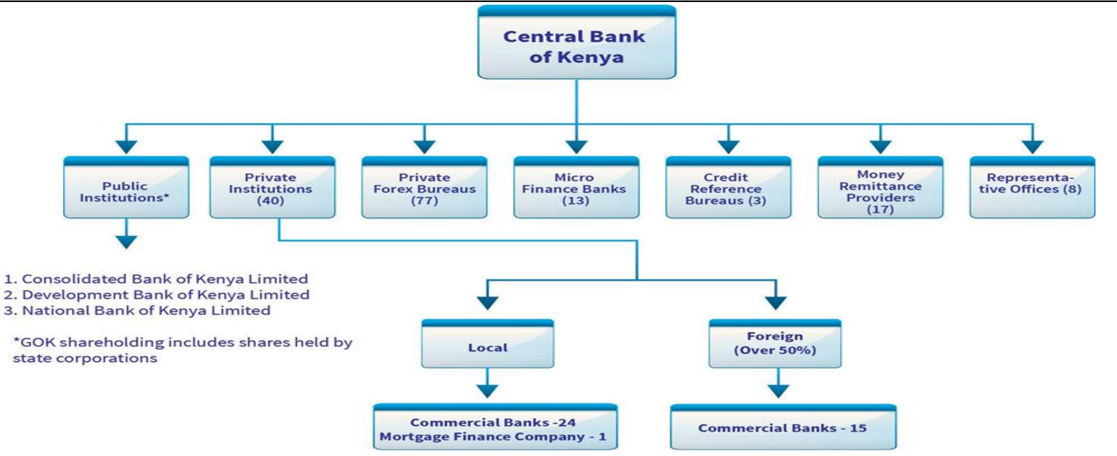
The upsurge in inter-states money-lending by Kenyan commercial money-lenders across East African states during current times brings about key questions and considerations such as what market factors motivate the money-lenders to decide to expand to other regions? Is the growth of Kenyan money-lenders by opening branches in other regional markets that are deemed to be less developed a suggestion that Kenyan money-lending industry has gotten to a level that can be considered optimal thus opening up into other geographical locations a good next step? Are the less mature markets in other EAC member states providing conducive conditions and ease of access for Kenyan money-lenders and does this signal a strength or weakness in their money-lending systems? Is the regional expansion facilitated by increased competition in the local market or is it motivated by the search of global prospects? Basis this, the necessity to study what the market forces motivating inter-states money-lending of Kenyan commercial money-lenders are was prompted.

1.1.2 Commercial banks in Kenya operating across borders

Kenya’s money-lending sector has experienced noteworthy improvements in terms of its regulatory and market structures, that have created opportunities to money-lending operations. One of the key developments was the strategic decision by some local banks to commence operating across the regional markets. 9 commercial money-lenders in Kenya had extended their business across domestic boundaries with some operating through subsidiaries within the East African Community member states as at end of year 2017 (Supervision CBK money-lender report, 2017). The report cites a total of 306 subsidiary branches around the EAC member states at the close of 2017, compared to a total of 297 branches as at end of December 2016. This growth was mainly driven by Equity Group's aggressive expansion drive in the DRC with 39 branches, 81 branches in Tanzania, 55 across Rwanda, 20 across Sudan plus 9 opened across Burundi (Supervision CBK money-lender report, 2017). This appetite for expansion across other inter-states by financial institutions in Kenya has not been mimicked by money-lenders operating in other East African states (FSD, 2019). This happens despite Kenya having what would be considered "superior" financial markets, institutional and legal frameworks. These factors make this kind of expansion seem paradoxical.

The arrangement of the Kenyan financial sector contains 43 financial establishments of which forty-two are business money-lenders and one is a home loan money organization (Supervision CBK money-lender report, 2017). From an ownership perspective of these 43 money-lending institutions, only 3 institutions were owned significantly by the Kenyan Government while the other 40, which represents 93% of the total population were privately owned. Of these 40 non-government owned money-lenders, 15 were owned by foreigners while the other 25 were locally owned with the major shareholders being Kenyans. Out of the 25 institutions owned by Kenyans, 24 of these are money-making money-lenders while 1 is a home loan money organization. Of these 15 institutions owned by foreigners, 3 were foreign money-lenders' branches while 12 were foreign money-lenders' subsidiaries (Supervision CBK money-lender report, 2017). This has been illustrated in the figure below:

Figure 1.1: Ownership Structure of Kenyan Banking segment



Source: CBK Supervision annual report (2017)

Through CBK, the money-lending industry in Kenya has been keen on furthering the trans-boundary agenda based on its dynamic participation in EA Fiscal Unification Practice in 2015, East and South AML Africa Assembly, who synchronize energies of Principal Money-lenders within the country affiliate countries concerning superior regional fiscal harmonization, solidity and amalgamation of commercial structures and Alliance for Financial Inclusion that was established to empower representatives that progress admission to high value monetary amenities for the deprived inhabitants among its member states (FSD, 2019).

1.1.3 Overview of KCB Group Limited

The antiquity of KCB Limited Group commenced from 1896 after their forerunner, the National Money-lender of India started its first branch in Zanzibar, making it the first and biggest commercial money-lender in Eastern Africa. They expanded their activities into Nairobi in the year 1904. In 1957, Grindlays Money-lender merged with National Money-lender of India to become National Grindlays Money-lender.

This was 60% acquired by the Kenyan Government in in the year 1963, in a bid to provide more Kenyans with money-lending services. In 1971, it gained total ownership of the money-lender taking complete control of the biggest money-making financial institution in the country renaming this to Kenya Commercial Money-lender. In 1998, KCB Tanzania Limited was attained to progress trans-boundary trading, and as at June 2019, they had 14 branches in Tanzania (KCB website).

In a bid to achieve their dream of being the chosen monetary result supplier in Africa with an international spread, this money-lender re-branded to its current name - KCB Bank Ltd around 2003. They also extended their coverage to Sudan, Southern in May 2006, and as at June 2019, they had 11 branches there. In 2007, the company moved to Uganda and currently has 15 branches there. As at end of 2009, KCB Rwanda commenced tasks via 1 branch around Kigali but has grown to 12 branches across Rwanda. Moreover, there are 5 branches in Burundi, bringing this to a total of 57 branches outside Kenya as at June 2019 (KCB's half year results (2019). KCB Group parent company which began in the year 2016, was mandated to oversee KCB Kenya and all its 5 regional branches across in Tanzania, Uganda, South Sudan, Burundi and Rwanda. As at June 2019, the Group had 258 branches with 5,979 staff across the region serving a total of 17.4 million customers as illustrated in Table 1.1:

Table 1.1: KCB Group Regional Presence

KCB Subsidiary	**Sum of Branches**	**Total staff**	**Quantity of ATMs**
KCB Bank Kenya	201	4,872	367
KCB Bank Uganda	15	302	17
KCB Tanzania	14	290	16
KCB Bank Rwanda	12	269	25
KCB South Sudan	11	125	3
KCB Bank Burundi	5	121	7
TOTAL	**258**	**5,979**	**435**

Source: KCB Half year results, June 2019

In line with its strategy to meet the ever growing demand by customers for superior money-lending services in East Africa region, KCB Limited Group has been pursuing a regional expansion plan since the year 2006, when it moved its local operations to South Sudan becoming the first regional entrant (Makau, 2010). The Money-lender's holding company has constantly injected surplus capital into the East African region while also adopting a new state-of-the-art information technology system, continuously reviewing its portfolio to satisfy the ever fluctuating customer needs.

1.2 Research problem

A lot of research has been done on trans-boundary business focusing on the internationalization of mature global organizations whereas constrained data exists on regional expansion of small firms from developing countries. The principle expectation of these trans-boundary business is to expand the economic development, reduce joblessness and creation of potential worldwide ventures for the future. The wide contextualization of trans-boundary business is the expansion in geography of financial operations of organizations over a nation's border (Kodongo and Natto, 2014). Scholarly investigation into regional expansion of firms has mostly been centered around an enterprise's global activities by simply doing analysis on product development, business operations or market trend analysis. Numerous researches in East Africa have concentrated on elements that impact entry point to the host nations. Indeed, even occasions where the studies analyze the indigenous money-lenders, the attention is on variables that hinder their pursuit for regional expansion. No study has offered a scholastic clarification of the market forces motivating regional money-lending of across Kenya and whether regional growth of these financial institutions makes economic sense.

Notable growth in cross-boundary operations by Kenyan financial institutions elicits a number of important questions as to why some money-lenders in Kenya would open branches across Eastern Africa. These questions are founded on the point that there are unexploited market opportunities in the country where overseas firms wish to take advantage of. According to Beck et al. (2010) many Kenyan adults are still not banked inferring that there is partial penetration of money-lending facilities. 2009 Fin Access Report noted that approximately 32% of Kenyan adults could not access money-lending institutions while about 28% could only access informal monetary facilities as at December 2010 (FSD, 2010). Nevertheless, the condition extended slightly over the period and by end of the year 2014, 26% of Kenyans' adult did not have access to money-lending institutions (FSD, 2014). This has marginally improved to 44.8% by mid this financial period (FSD, 2019). The exposure is still lower than 50% mark in spite of the money-lending industry controlling approximately 70% of total assets of the entire monetary segment. The revelations on Kenyan's fiscal admission status consequently propose a portion of distribution competence with regards to establishment of financial amenities in Kenya.

In that capacity, this analysis is why could resident money-lenders in less developed economies like Kenya, while the dominant part of its citizens are unbanked, look to move to foreign nations? Moreover, money-lenders that have an international presence are considered to be more active and efficient in lending compared to local money-lenders across Eastern Africa. This then raises the study probe for this research: Will inabilities to viably contest across resident industry emerging from distribution ineffectiveness form part of market forces enabling regional expansion among Kenyan moneymaking banks? That consequently enlightens necessity for an analysis to plug in the information crack as preceding research on this similar subject are marginal at top (Čihak, 2005). Subsequently, this information gap forms a pivotal motive for an investigation into two research questions: what are home-country based market forces and what destination country forces that motivate foreign money-lending by money-making banks, using KCB Limited Group as a case study?

1.3 Research objectives

Main aim of the research was to review which market forces are motivating cross-border money-lending in Kenya by commercial money-lenders with KCB Group as a case study. Specific aims of the research were:

i. To review resident country forces of the market which motivate regional money-lending in Kenya by commercial banks, using KCB Limited Group as a case study.

ii. To review destination country market forces which motivate regional money-lending in Kenya by commercial banks, using KCB Limited Group as a case study.

1.4 Importance of the study

The research added to existing theory plus practice. To theory, this study provided a deep understanding on market factor variance amongst Kenya as a country and other external markets which motivate KCB bank to open regional branches despite the existing untapped market opportunities in the country. Conclusions of research also added to practice as they could be applied during policy formulation of regional and international money-lending by industry regulator, CBK. By understanding favorable host-country market factors that motivated Kenyan money-lenders to grow outside county-wide, CBK could formulate guidelines which transform Kenyan money-lending industry that would assist the local money-lenders to fully exploit the untapped market.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter examined the literature pertinent to the study. It evaluated the theoretical literature on regional money-lending, empirical studies in addition to general literature available with regards to market forces motivating international money-lending by profitmaking money-lenders operating in Kenya. This finalized with a precipitate of literature studied as well as knowledge gap that study pursued to seal.

2.2 Theoretical foundation of the study

Different scholars did come up with different theories to explain the market forces motivating cross boundary money-lending by profitable money-lenders. These three main theories are the eclectic theory, portfolio theory and the trade theory.

2.2.1 Eclectic theory

This eclectic model of international organizations was advanced in 1977 via Dunning. It offers a background that contributes to the analysis of trans-boundary access into money-lending services. This theory offers a theoretical framework of trans-boundary or foreign money-lending founded on 3 principles which are internalization, location and ownership advantage. The presence of these three concept advantages permits international money-lenders to surpass the advantages enjoyed by local money-lenders as a result of tenure. Basis the aspects of financial services, specifically the money-lending sector, this theory forecasts that money-lenders are less likely to venture into international countries using trans-boundary trade rather than via foreign direct investment (Dunning, 1998).

The theory claims that a blend of internalization, location explicit plus ownership returns of the company predominant across a certain period defines the firm's degree of participation in multinational activities. Dunning (1998) noted that ownership-unique advantages are in particular achieved from non-fixed assets owned by the firm or common governance advantages specific to the organization possessing them. The greater the ownership advantages a business enterprise has, the more the incentive to embrace them. Eclectic philosophy will be relevant to current study via enlightening on the viewing of local country's market forces motivating commercial money-lenders doing international-border money-lending. Cho (1996) noted five different things that commercial money-lenders would utilize to achieve internalization advantages which include developed economy's information networks, reduced intra-money-lender costs of funds relocations, possibility of reduced earnings unevenness, effective and comprehensive client links and manipulation of transfer prices.

Many studies were completed on this topic and its probable stimuluses. Broad review of the examinations notes that place benefits in the destination nation render it gainful for the global firm to yield across the destination nation as opposed to generating home-based then distribute to the destination nation (Berger et al, 2004). A few instances of place benefits are modest feature costs a host state, significant prices of transport, taxes as well as enhanced contact to the host state clients. Variables in respect to place compensations in global funding incorporate contrasts from regulations, topographical scattering of the money-lender's customer list, prompting money-lenders to follow its wholesale clients, facts accumulation, besides the right to use a talented group of workers (Casson, 1994).

2.2.2 Portfolio theory

Markowitz initially developed this theory in 1950. It explains how investors who are not risk takers can build optimal portfolios to gain maximum returns based on a certain market risk level, highlighting that the higher the risk, the greater the rewards achieved by the investor. Based to this theory, an investor could build an effective borderline of assortments that are optimal which would offer a significant expected return for a particular risk level. Many studies use portfolio theory to explain trans-boundary money-lending based on linkages that money-lenders have internationally or from the fact that diversification of the portfolio encourages the money-lenders to seek new foreign markets (Fisher and Molineux, 1996).

The portfolio hypothesis highlights that regional expansion profits financial specialists since this extends the decision set of the assets they own. High relationships amongst local and overseas assets increase transnational threat of investments. Financial institutions may subsequently profit by possessing foreign resources as they can invest in assets that have a huge NPV in residential market place or could likewise expand site explicit risks. Based on the fact that money-lenders have high monetary distress expenses, greater expansion would be of higher value to them (Kerl and Niepmann, 2015). The portfolio concept will be relevant here for this research in enlightening on the visualization of market forces motivating international money-lending through interest rates differentials that lead to portfolio diversification so as to build optimal portfolios.

2.2.3 Trade theory

This concept, pioneered by Aliber 1976 uses the standard comparative advantage hypothesis to explain money-lenders internationalization. In view of this, increasingly effective money-lenders are bound to procure fundamental capital and keep up their market share, which may be picked up after fewer proficient money-lenders. In addition, financial institutions working across numerous areas may be dependent upon various regulations which decide the effectiveness with which they develop their services and products. Nations with stringent regulations unfavorably sway the money-lenders' product proficiency, and along these lines they might transfer to overseas nations to bypass it.

2.3 Cross-border trade in financial services

According to Goldberg Johnson (1990), trans-boundary or global trade in financial facilities is provision of monetary facilities between parties in neighboring countries, with the financial services firm in one country and the customer in the other. Globalization has changed the economy of the world. While the first stage of economic change was driven primarily by large corporations that had significant capital to expand globally, the increasing position of smaller firms in international trade is forming the next phase of economic growth. The progression of financial services is one aspect of the patterns towards worldwide economics and financial integration. The powers driving financial integration include technological and monetary advancements encouraging the advancement of flow of properties, facilities, people and wealth, and also activity of political powers disposing of the institutional and legitimate obstacles on trans-boundary trade through worldwide legal treaties or self-governing domestic reforms (Herrero and Pería, 2007).

Martinez, et al. (2004) noted that international trade in financial services can be of value to consumers through provision of progressively focused and proficient markets for financial services and thus stimulating economic development and advancement.

Liberalization planned for expelling anti-competitive restrictions on international trade in financial services and sound prudential regulations are therefore imperative policy objectives. Retail money-lending services engaging in trans-boundary trade have been conventionally much less vital than what is experienced in wholesale money-lending. De Paula and Alves (2007) noted that Europe's retail money-lending services previously used to be mainly crowded by national corporate entities and yet in North America, there was very little trans-boundary retail money-lending activity. This has been changing over the years with the increase of the internet penetration. Nevertheless, it's imperative to remember that setting up of financial services across borders is different from trans-boundary capital movements which can be defined as the transacting between people in different nations that comprises of transfer, creation, liquidation or modification of a capital asset.

2.4 Market Forces motivating trans-boundary banking

Various literature reviews have suggested different market forces that encourage trans-boundary money-lending which can be categorized into either home-country or host-country market forces.

Home country or 'push' market forces: These are the source-country contributing factors or forces discoursing businesses from expanding locally and choose to venture outside the national borders. Customarily firms choose to go global as a result of business and administrative experience and in the wake of aggregating adequate assets, for example, after a first sale of stock. In any case, it is additionally perceived that business people may go worldwide for an assortment of reasons including openings that draw them toward remote markets and dangers that push them away from their nations of origin.

Host-country or ‘pull’ market forces: These are the host-country’s macroeconomic conditions that could stimulate a scheme of across boundary expansion to be undertaken by a firm. The home-country and host-country market forces motivating trans-boundary trade have generally been categorized into four categories namely: market regulations, prospects for future growth, concentration of the industry and economic or market integration.

2.4.1 Impact of market guidelines on trans-boundary banking

Money-lenders would take advantage of the regulation differences and would invest higher capital in markets that had less stringent regulations before the global financial crisis happened from 1996 until 2009. Olgena (2014) analyzed if principles guidelines at local country influence money-lenders’ threat taking overseas by means of across border money-lending. His analysis found out the impacts are more grounded when fiscal institutions were less competently managed in country as well as are seen to occur independently from the consequence of destination-nation guidelines. Along these lines, they concluded that more stringent regulations lead to domestic money-lenders expansion into overseas markets. Bremas (2016) examined the stimulus of basic modification in overseas money-lending from the time when the worldwide fiscal crunch happened. Her research ensured to cover regulation approach and money related policy on trans-boundary money-lending. They noted that expanding autonomy at local country stimulates credit flowing overseas. Reinhardt and Sowerbutts (2015) discovered that progressively stringent capital prerequisites lead to more appeal via the un-money-lending segment for assets from fiscal institutions working in foreign countries. The study concluded that positive regulation policies in the foreign market would be an essential influence on the development of fiscal institutions into overseas countries.

2.4.2 Effect of forecasts for imminent progress on trans-boundary banking

While carrying out a research on across border money-lending in Europe, Demiralp (2001) give some proof commensurate to clarification of a trans-boundary money-lending, that's as a result of expanded rivalry in the money-lending industry brought about by money-related un-regulation. The outcomes of the study propose nations with high efficient economic markets may lead to trans-boundary money-lending. The observational proof uncovers that money-lenders extend through nations with probable financial development are more grounded. An aspect relating to prospects of future growth is the Local market opportunities. The availability of market opportunities in a certain country are reliant on the level and size of progress in that nation. GDP has been defined as the measure applied to determine the size of a nation's budget. Nonetheless, a country's population size determines the size of its market. Kodongo (2014) noted that if money-lenders and other firms can effectively and efficiently make use of the local market, they would not need to venture out of the country for them to recognize a degree of yield adequate enough to exploit their shareholders' net-worth. A high country's population may lead to a bigger market size of the firms' products and services.

2.4.3 Focus of banking segment

Probability of trans-boundary money-lending internationally may be influenced by the amount of concentration of this sector. Nahhas Barrell (2019) studied 19 European countries from 1999 to 2016 to understand how various factors in the lender country affect trans-boundary bank lending. The study applied a prolonged model based on characteristics in the host and home country. They mainly focused on importance of EU amalgamation in addition to competitive structure of national money-lending markets. Bremus (2015) studied 18 OECD countries to understand what happened after global financial crisis, the trans-boundary money-lending patterns changed and this might affect macroeconomic stability and local money-lending market structures in the long-term.

2.4.4 Expected returns differential

The study by Garieli Labone (2017) analyzed multiple sets of data from individual money-lenders that was longitudinal over a period of time. The study suggested that risk premia and sovereign risk linked to defaults decreased trans-boundary money-lending in the Europe Unification, besides more specifically to bordering nations. A percentage of un-bank's reserved segment lending had reduced significantly contributing very little to the advanced or the global economy's GDP. Studies by Mihaljek and Herrmann (2013), Heuchemer, Keimeier and Sander (2016) examined the enablers of trans-boundary money-lender loaning using wide array of data including twenty-eight (28) emerging and 17 advanced market economies from the year 1993 until 2008.

Differentials of interest rate: Correa et al (2015) looked at causes of trans-boundary money-lending flows for more than three years within a background of both home and destination state pairs. They discovered that there is an intensification in stream of movements of trans-boundary money-lending when there is a tight monetary policy in source or home countries. Notably, a domestic country's tight monetary policy corresponds to a reduction in local credit. Emter et al (2018) noted that trans-boundary money-lending inside EU amplified substantively before this crisis but afterwards, it retreated significantly and then stabilized to significant low levels in comparison to period before the crisis. The study applied numerous factors that may encourage joint trans-boundary money-lending across EU such as macro-prudential policies, money-lending levies and signs of money-lending sector health. It was highlighted that noteworthy advances that stood non-performing in home countries were a great hindrance to trans-boundary advancing across EU subsequent to international financial crunch.

2.4.5 Commercial or market amalgamation

According to the Epicenter for Commercial Program (2006), the money-lending industry integration has been noted to have a huge concentration of wholesale money-lending, most of them specializing in corporate finance and relationship money-lending, and a low concentration of retail money-lending. Distance between countries, institutional quality and host-country's Gross Domestic Product (GDP) are factors leading to of trans-boundary money-lending. Berger (2004) while examining trans-boundary money-lending determinants, noted that cultural and language differences, distance, multiple supervisory or regulatory structures and existence of various currencies impede trans-boundary money-lending mergers across Europe. In his study, he reviews various determinants of information costs which are common legal system, common language and distance. Level of Overseas direct investment (FDI) inflows across either home or destination state influence trans-boundary money-lending.

Overseas direct investment**:** This has been well-defined as a venture made by a business or person located in one country towards the achievement of objectives of a business located in another country. Money-lenders like other firms seek move to foreign countries to follow local customers doing business abroad in those countries so as to grow their profit margins. The variable usually used to capture this is the tendency to follow-the-customer. According to Fisher and Molyneux (1996), overseas participation in the financial division of emerging markets increased significantly during 1990s. By the culmination of that period, overseas held money-lenders in Eastern plus Central Europe were approximately 60% of money-lender possessions and about 45% in Nothern America, which was mostly attributed to escalation in foreign straight investment. Fither Molynux (1996), noted that the effect that this has on the budget of the home-based state can be categorized into 3 sections as discussed below:

Financial impact: This relates to investment at home is substituted by investment abroad. If there is no constant cost of capital of a firm, foreign and domestic investment projects will compete for use of firm’s resources that are relatively scarce and cheap. Feldstein (1994) noted that there was a point of changeover amongst foreign as well as domestic investments by US corporations as there was a direct relationship between U.S. domestic investments and FDI outflows. International money-lenders are seen to have huge financing possibilities as most have undeviating subsidy in source state, and thus the effect of their enlargement other regional countries may seem low in destination state. However, this may not be the case if there’s a significant catastrophe in host state where these financial institutions are parent money-lenders or their headquarters are located in these countries.

Structural impact: Blomstrom and Koko (1994) highlighted that firms’ investment abroad may affect the economy’s structure. This was based on the composition of exports. Even when FDI may not substitute exports in aggregate terms, research done on Swedish firms discovered that after the internationalization of domestic firms, there was a change in the exports composition. This was due to greater proportion of intermediate goods as home plants may provide inputs for foreign plants. FDI activity may also change the level of demand for labor in the home country. As firms move low-cost and low-skill activities to developing nations, labor demand of blue-collar workers will decrease relative to that of white-collar. Recent studies show that this may not be the case as FDI in developing states result in higher demand for both unskilled and skilled workers at home country.

Employment-related and production impact: Based on past literature, it has been noted that there is a direct relationship between the amount of FDI that businesses obtain from foreign production and country’s domestic exports (Lipsey, 2002). From an employment perspective, FDI has potential of decreasing domestic employment levels as a result of the multinationals can get cheaper labor from low-wage countries. According to Blomström, Lipsey and Fors (1997), U.S. multinationals decrease their labor intensity after a rise in foreign production, nevertheless that was the reverse for multinationals from Sweden which may be clarified by the variances in international expansion strategies by multinational firms. While the investment decisions of Swedish firms are driven by technological advantages, the U.S. firms favor factor cost advantages. Japan firms use same strategies as US firms but employment levels in the destination state are not reduced as they are keen on life-time employment habits in Japan. However, there is no available evidence of impact of FDI on the employment level in home country’s money-lending sector. This would be very minimal if any, especially for the money-lenders operating retail abroad due to the small economies of scale or there is substitution of service provision in the domestic country. Based on the above 3 factors, there are good reasons to believe that the impact of FDI on home country is weak.

2.5 Empirical literature review

It has been generally noted that detailed and reliable research on trans-boundary money-lending is non-existent. Past studies done on this topic have noted the economic conditions in the host and home nations appear to be crucial elements of the external money-lending funds. Ficarelli and Pizzolo (1998) gauged a prototype that enlightens the judgement if to extend a firm's operations overseas, through reviewing around 1,800 money-lenders from 28 OCD nations for the eons 1993 until 1996. Additionally, the supplementary proficient a company, the almost certain it's to magnify its operations to other countries. The level of transparency of the host budget, estimated as capacity of bilateral profession is measurably precarious yet this does not have an extremely huge marginal impact on investment decisions of the money-lenders. Empirical studies that have tested different internationalization theories found out that there were numerous features applicable to internationalization of money-lenders. These include the presence of local state trade abroad, legal regulations in the destination state markets (Buch, 2003; Merrett, 2002; Herrero and Pería, 2007), economic factors such as population size as well as levels of domestic deposits and changes in exchange rates (Saunders and Goldberg, 1980).

There are different market forces that motivate internationalization of firms across different industries and these include differences in tax regimes, existence of regional trading blocs such as the East African community, regulatory risks and costs, diplomatic support and liberalization (Emter et. al, 2018). These are viewed from various perspectives such as political, operational or economic risks. High market risks resulting from political instability or market uncertainties reduce investor confidence. Economic risks are measured through analysis of the economic conditions such as unemployment levels, GDP, monetary or fiscal policies. Firms that seek to engage in trans-boundary trade thus need to understand these risks before venturing into new markets. The companies also need to have a strategic plan of the capacity and resources required during the internationalization process as this outlines whether they have the financial and human resources that will enable them to trans-boundary or not. However, adequacy of these resources does not assure success in internalization and yet the shortfall of both financial and human resources can be dreadful to corporations desiring to internationalize (Buch and DeLong, 2004).

A study by Bella (2005) on internalization of minor traditional UK industrialized firms reviewed plus applied a qualitative approach through interviewing of 30 key decision makers of involved in internationalization of small firms based in different UK regions. Through this in-depth analysis, the study found out that the international orientation of many small firms is influenced by company policies linked to management or ownership changes. They also noted that there is a close interrelationship between market focus and product policies and process or product innovations were instrumental for successful international expansion. Schoenmake and Laecke (2007) studied the international money-lending determinants using the world's largest money-lenders as evidence. They reviewed domestic factors that explicate level of internationalization of the world-wide's leading commercial money-lenders. The findings of this study was that the country's size, economic or trade integrations like EU and the money-lending system concentration were significant contributors of internalization.

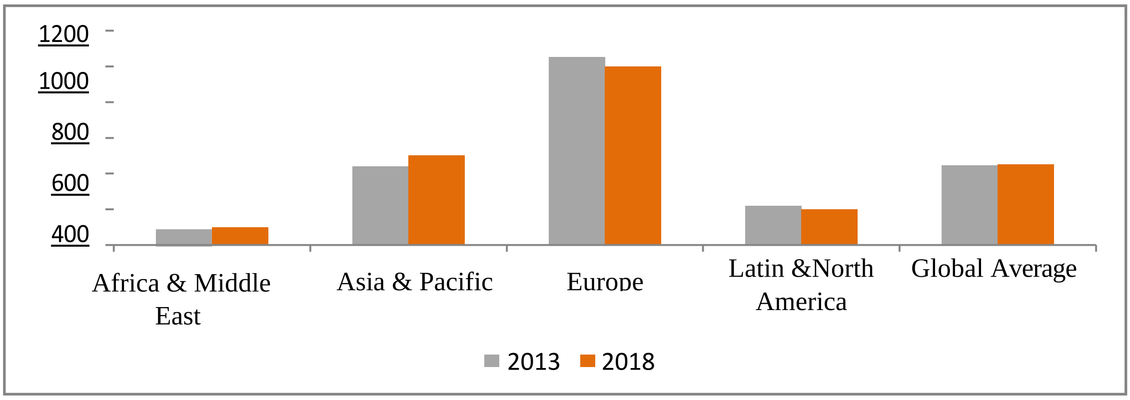
2.5.1 Global trends on banking internationalization

These are the changes that have been noted globally during the internationalization of the money-lending industry.

2.5.1.1 Global Bank subsidiaries and branches (2013-2018)

Greenfield venture is a strategy used by parent companies globally to internationalize by setting up a subsidiary in a different country. Many international money-lenders venture into different nations through opening subsidiaries and branches in the host countries. Figure 2.1 demonstrates the quantity of branches of external money-lenders (2013-2018) categorized by region. From this, sum of branches of extraneous money-lenders have increased in all the regions except Europe, Latin and North America which explains the application of the Greenfield venture strategy used by international money-lenders to increase profits and diversify their risks (IMF Global Financial Stability Report, 2018).

Figure 2.1: Quantity of Branches of Overseas Financial Institutions (2013 - 2018)

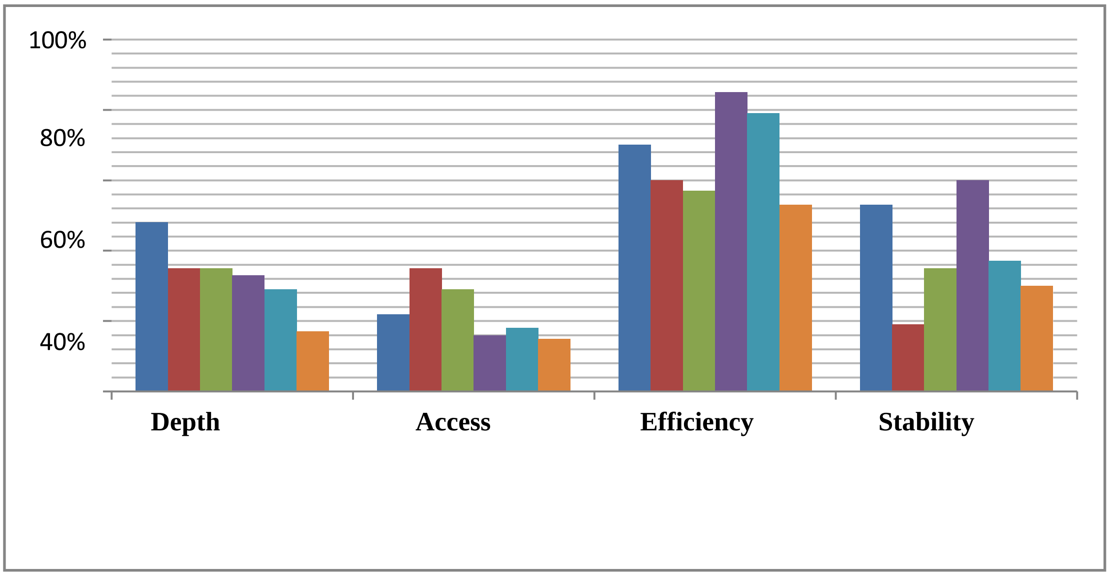


Source: IMF Global Financial Stability Report (2018)

2.5.1.2 Characteristics of global fiscal organizations

As shown in Figure 2.2, global financial institutes are viewed from 4 main characteristics – depth of market penetration, access to customers, efficiency of their operations, and their stability. From a study done by Cihak et al (2012), they found out that in terms of depth, Pacific and East Asia led among all the sub-regions while Sub-Saharan Africa (SSA) had the least market penetration. With regards to access to money-lending institutions, Europe had the best access compared to all the regions while SSA had the least. From the money-lending efficiency perspective, all regions recorded a low percentage of less than 50 percent. North Africa and Middle East were however the most efficient among all regions. In terms of stability, SSA's money-lending stability rating was about 30 percent, raising the question on whether this led to increased money-lending internationalization in Africa from other regions. Could stability of North Africa and Middle East money-lenders be the reason behind Islamic trans-boundary money-lending to Non-Muslim countries in Africa? (Cihak, 2012).

Figure 2.2: Characteristics of Global Fiscal Institutions

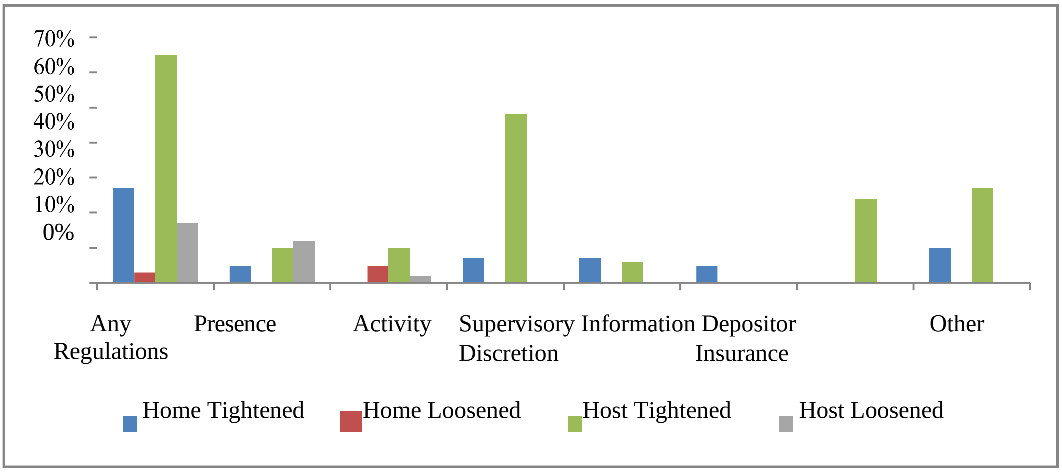


Source: Cihak et al (2012)

2.5.1.3 The drivers of changes noted in banking internationalization

As shown in Figure 2.3, proportions of host and home countries with regulations tightened for any regulation categories were about 25% and 65% respectively and those with loosened regulations in all classifications were estimated at 3% and 7% respectively. This meant that many host countries tightened their regulations so as to protect either their local emerging banks. At national level, there was no much change in regulations tightening. Many countries were noted to have tightened their regulations on international operations or reinforced their supervisory bodies by granting them more power to regulate foreign money-lender branches in their countries.

Figure 2.3: Global Changes in Regulations of International Banking (2014-2018)



Source: IMF Global Financial Stability Report (2018)

2.5.2 African trends on banking internationalization

According to a study done by IMF (2012) on prospects in addition to trials for trans-boundary governance, new entrants into African money-lending industry make decisions on integrating their affiliate operations with the parent or home-country money-lenders, merge or acquire an existing money-lender or through product or service differentiations. Previous studies have noted that many Pan-African money-lenders form subsidiaries or branches, with branches being more favored as a form of foreign entry in different countries. They noted that there were 21 money-lenders out of 48 African countries that had entered their host countries through branches which is about 44% compared to a 21% of these who had opted for subsidiaries, as represented in Table 2.2.

Table 2.2 Number of States in Africa with Bank Branches and Subsidiaries

Countries with Branches	Countries with Subsidiaries	Total countries sampled
21	10	48
44%	**21%**	

World Bank study also noted that many money-lenders had to make a tough decision on whether to merge and acquire an existing money-lender or apply Greenfield venture strategy. This is because the acquisition of operations of an existing financial institution can assist in gaining easy and fast access to widespread operations though this comes with challenges like differences in conflicting corporate cultures. Even when using the Greenfield investment, some financial institutions have suffered huge start-up costs when entering a destination state. Barclays bank for example, had its South Africa subsidiary fully acquired and now operates under Absa Group in different countries. Standard bank also merged with CFC bank in Kenya to become CFC-Stanbic bank. Equity group has reported to be among the best performing money-lender with branches and subsidiaries across East and Central Africa. Notably, the mobile money market is also expanding in developing countries. Kenya recorded highest percentage of adults utilizing mobile money account to receive cash. Countries with the largest percentage of people using mobile phones to receive cash have a relative lower number of branches of commercial money-lenders implying that technology assists to eliminate physical barriers.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

Chapter three started by addressing the research design. Information collection methodology was then discussed and eventually, the researcher discussed the method of scrutinizing records that was applied.

3.2 Research design

In investigating market forces motivating trans-boundary money-lending via KCB Group company, a case study was applied. According to Bachor (2000), case studies provide comprehensive analysis of the problem statement being studied and it is useful in studying the 'why' and 'how' of the study topic. One or a few of the entities of the study population are examined extensively, and in our case, the research was focused on the responses received from KCB Limited Group.

3.3 Data collection

Principal data was used in this research which was collected from 3 KCB bank staff heading regional operations at the money-lender's headquarters situated in Nairobi, Kenya. The data collection instrument utilized was an interview guide. According to Goddard and Melville (2001), an interview involves a face-to-face or telephone verbal interaction between the interviewer, who is the researcher, and the interviewee, who is the respondent. Interviews offer a clarity of questions being asked and responses received can be achieved, and intensive in-depth information can be obtained by the researcher.

The researcher applied a face-to-face interview to collect data, using an interview guide divided into 2 sections which are: section one involved demographics of the interviewees and section 2 was on KCB Limited Group and trans-boundary money-lending. This was structured with both closed and open-ended questions that were answered by three interviewees heading the regional operations at KCB Limited Group. The questions were derived from the literature review and were divided between market place features that stimulate money-lenders to trans-boundary.

3.4 Data analysis

Content analysis was used by the researcher for data investigation as this was a case study on KCB company. Content enquiry was described by Kothari (2004) as the procedure applied to make explanations via an impartial and organized distinguishing proof of explicit features of information. It is the investigation of the documents' contents and oral materials. Before carrying out the data analysis, the interviewer reviewed all the responses received to ensure that material captured was consistent with the information conveyed by the interviewees. The interviewer collated and summarized the main themes enclosed in the interview guide answers and this assisted in the evaluation and interpretation of data to understand market forces motivating trans-boundary money-lending by KCB organization.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The fourth chapter presents the analysis of data, findings and interpretations on gathered data from field to address identified research problem.

4.2 Background information

Collected data was analyzed and interpreted under themes that reflected the research objectives in line with the main research objective of determining the market forces motivating regional money-lending by Kenyan commercial money-lenders, using KCB Group as a case study. The interviewees in this study included 3 regional managers and 1 operations manager from KCB Group Headquarters at Nairobi, Kenya. From the background information of the interviewees, they were requested to specify the duration they have been with KCB Limited Group and their gender. From the findings, 2 of the interviewees were male and indicated that they had been working in their current positions for more than 5 years, while the other 1 interviewee was female who had worked at KCB Group for more than 10 years.

4.3 Main reasons for setting operations regionally/ globally in certain countries

The interviewees noted that KCB Group had opened branches/subsidiaries in various countries to internationalize operations such as forex exchange, international remittances, corporate and retail services, account opening, withdrawals, deposits, money transfer, lending, internet money-lending, mobile money-lending, ATM services and clearing. In investigating market forces motivating trans-boundary money-lending by KCB Limited Group to the 5 countries where they have currently opened branches, the interviewees indicated that the main reasons of moving to these countries were to follow customers, to grow their revenue thus increasing profits, take advantage of governmental incentives, exploit money-lender-specific strengths, for long term growth, enhance competitiveness, spread their business risks, economies of scale and also improve money-lender's the reputation as customers would view them as a strong brand due to its regional presence. The interviewees were also asked to comment on whether KCB Limited Group was planning to open other new regional Branches/ subsidiaries. It was noted that the money-lender had recently sealed off a pact with Japan's Sumitomo Mitsui Money-lender Corporation (SMBC) in a bid to drive trans-boundary trade and deepen financial inclusion, through expanding their financial offerings provided to clients in both East Africa and Japan, thus enabling more trans-boundary trade flows.

4.4 Market forces motivating cross-border banking by KCB Limited Group

The interviewees were asked to comment on the different market forces determining internationalization of KCB Group. This was categorized into four categories as outlined in the literature review: market regulations, prospects for future growth, concentration of the industry and economic or market integration.

4.4.1 Market regulation forces and cross border banking

The responses received on market regulation forces in Kenya (home country) influencing trans-boundary money-lending by KCB Limited Group were: Interest rate capping law in the nation – 2 interviewees noted that this law that was effected in August 2016, that required money-lenders to set their lowest rates of interest on all deposits in interest generating accounts to seventy percent of Kenya's base rate had a negative outcome on the money-lenders' monetary results and thus pushed them to move some of their operations regionally. The other 1 interviewee noted that this capping law did not significantly impact KCB's decision to move to other regional markets as they had already drafted their strategy on regional expansion and this did not change significantly due to the effects of this law.

Existing Monetary policy stance in Kenya: All the 3 interviewees noted that the tight monetary policy in Kenya had an effect on KCB's credit portfolio with a favor to foreign borrowers against domestic credit, but this does not a strong correlation to the decision to internationalize. The firmness level of the Kenyan financial sector: All the interviewees had a similar view that the money-lending segment stability in Kenya is a strong motivator of the money-lender's decision to open regional branches. This is because with an unstable financial sector, the currency is unstable leading to negative financial performance, and they would rather operate in countries with a stable financial sector.

The responses received on market ruling forces across the host countries influencing regional money-lending by KCB Limited Group were: Existence of college regional supervision in the destination country: All the interviewees noted that this factor does not significantly affects KCB's decision to trans-boundary. Fiscal policy standpoint in the destination country: All the interviewees noted that this factor does not significantly affects KCB's decision to cross borders. Stability level of the economic segment in the destination country: All the interviewees noted that this factor does not significantly affects KCB's decision to cross borders.

4.4.2 Prospects of imminent growth and cross-border banking

The responses received on features of projections of future development in Kenya influencing regional money-lending by KCB Limited Group were: The number of Kenyan population that is unbanked: All the interviewees noted that this factor significantly affects KCB's decision on trans-boundary money-lending. The lower the percentage of unbanked Kenyan population, the higher the chances that KCB will look for other new regional markets to venture into. Necessity for market variation by Kenyan money-lenders: All the interviewees noted that this factor does not significantly affects KCB's decision on trans-boundary money-lending.

Hostile macro-economic setting in country's budget: Political factors such as war, instability insecurity among others were noted to negatively affect internationalization of KCB as well as other money-lenders. Size of country's fiscal subdivision comparative to supplementary countries: All the interviewees noted that this factor does not significantly affects KCB's decision on trans-boundary money-lending. Fintech dissemination in the country's market: All the interviewees noted that this factor does not significantly affects KCB's decision on trans-boundary money-lending. Great quantity of country's inhabitants or clients living or working in the host countries: All the interviewees noted that this factor significantly affects KCB's decision on trans-boundary money-lending. The higher the number of Kenyan citizens or clientele living or working in the host countries, the higher the chances that KCB will follow customers into those countries.

The responses received on these aspects in destination countries influencing trans-boundary money-lending were: KCB organization was enticed by Sudan government to commence operating in that country as there was a large unbanked market thus motivating it to engage in trans-boundary money-lending. The ease of business registration and certification when setting up KCB branches in new markets and lower capital necessities compulsory in the new markets, has been a contributing factor motivating KCB to engage in trans-boundary money-lending. All the interviewees noted that this factor does not significantly affects KCB's decision on trans-boundary money-lending. All the interviewees noted that this factor does not significantly affects KCB's decision on trans-boundary money-lending.

4.4.3 Banking segment concentration and cross border banking

The responses received on aspects of the money-lending segment focus in Kenya influencing trans-boundary money-lending by KCB were: The size of the Kenyan money-lending structure: Greater size for this leads to additional money-lenders that can operate in this market. Oligopoly arrangement of Kenyan money-lending system: All the interviewees noted that this factor does not significantly affects KCB's decision on trans-boundary money-lending. Autonomy of entry of overseas money-lenders into Kenya: Ease of entry into counties such as Uganda and Rwanda motivated KCB to engage in trans-boundary money-lending. Amplified rivalry across diverse money-lender tiers among Kenya money-lenders: Very high competition was indicated by all interviewees as a market threat inbuilt to the money-lending sector. Currently, there are 43 money-lenders operating in Kenya, and therefore KCB opens branches in other regions to counter this competition.

The responses received on these aspects of the money-lending industry absorption in destination countries influencing trans-boundary money-lending by KCB were: Size of the destination state: KCB moved into the Tanzanian and Ugandan market as they are enormous. Status of rivalry in the money-lending industry of destination state: One interviewee noted that KCB decided to open branches in Uganda so as to follow the customers as well a presence of substantial trade between the 2 states.

4.4.4 Economic or Market combination and trans-boundary banking

The responses received on aspects of the economic or market assimilation in the host countries influencing trans-boundary money-lending by KCB Limited Group were: Increased level of Overseas direct savings inflows in the destination state. Level of candidness of economy in destination state: It was highlighted by the 3 interviewees that setting up of KCB branches in the opened states, such as Burundi, is much easier with minimal provisions as such markets tend to bring into line their financial control framework. As a result, local clients in such countries have been expanding their businesses into the opened states and thus KCB goes for these clients in order to serve them better. One of the interviewee appreciated the fact that changes in political system and new constitution can give assurance in those markets. Accordingly, other industries and investors get to these markets and build a need for commercial banks services, thus KCB takes these opportunities and ventures there. Simplicity of doing trade in destination state: The interviewees highlighted that favorable economic platforms in a foreign country are a key external agent of change. An established economic development and strong financial systems in certain countries like Rwanda, where they currently have 14 branches, have made them venture into those markets. Limited trade barriers in the destination state in search of money-lending services.

4.4.5 Other factors motivating cross-border banking by KCB Limited Group

Interviewees indicated that some additional features not earlier mentioned were: Spreading of risk - The money-lender's high risk appetite and their need to spread and expand threat was noted as a contributing motivator of KCB Group moving locally and internationally. An additional vital factor that has driven KCB Group to operate in other countries is the need to rise in development and magnitude. The factor of attractiveness of the destination state attracted positive response answers from all the 3 interviewees. They also noted that market size, individual income per capita and favorable GDP in the host countries are the prerequisites for KCB's growth and profits. Product demand or unsolicited proposals from foreign countries, among other market forces such as political stability, availability of markets, social set ups, CBK approvals and liquidity ratio of the money-lender were noted as motivating factors motivating KCB to open branches in other countries.

4.5 Discussion of findings

The study established actually KCB Group had internationalized most of its operations and had opened branches in 5 different regions thus being involved in crossing national borders. The money-lenders' interest to venture into other markets in Kenya has been motivated by various home and host-country market factors namely increase of revenue and profits, to meet the ever-changing customer expectations, improve reputation, for long term growth, to enhance competitiveness, spreads business risk and protects home market. The internationalization of KCB has been motivated by both home-country (Kenya) and host-country market forces, especially prospects for future growth.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter covered five key segments, which comprised of summary of results, inference of study, limitations come across during study, commendations for guiding principle creation and practice in addition to suggestions for imminent research.

5.2 Summary

This study recognized that KCB had internationalized various operations like forex exchange, international remittances, corporate and retail services, account opening, withdrawals, deposits, money transfer, lending, internet money-lending, mobile money-lending, ATM services and clearing. The most important market factors motivating trans-boundary money-lending were noted as the need to follow customers, to move to international competition, to take advantage of governmental incentives, to exploit firm specific strength, for long term growth, to increase revenue, to increase profit, to enhance competitiveness, to spread business risk, to protect home market, economies of scale, to improve the reputation of money-lender, to increase brand identity, due to saturation of local market, due to improvements in information technology and due to improvements in infrastructure.

5.3 Conclusions

Businesses are progressively more steered on a transnational playing arena. At the present time, there are additional defies being faced by money-lender while trying to generate more revenue. Internationalization of KCB has been motivated by both home-country (Kenya) and host-country market forces, especially prospects for future growth.

5.4 Limitations of the study

Due to tight schedules of the 3 staff interviewed at KCB Group, the study encountered difficulties in gaining access to the respondents and the interviewer had to keep rescheduling their time to align with the availability of the respondents. As per the money-lender's data privacy policy, information on trans-boundary money-lending is treated with discretion and evidence obtained would be solely used for this purpose.

5.5 Recommendations for policy and practice

Money-lenders participate in a strategic role in contemporary economies and in the welfare of people and businesses. This study gives a recommendation that administrators of commercial money-lenders should discuss the openings that exist in unexploited and prospective international markets for profit increase and satisfaction reasons. Where the global market place is expanding for intense competitions and amplified relations, a corresponding policy should be established by commercial money-lenders to continue to exist in future. As the commercial money-lenders make every effort for development in new international markets, they should assess and evaluate the market forces that influence internationalization procedure of commercial money-lenders.

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APPENDIX

APPENDIX I: INTERVIEW GUIDE

Part One: Background data

Designation of interviewee	
Total eons worked in KCB Group	
Gender of interviewee	

Q1. (a) What is the one main reason that motivated KCB Limited Group to build-up offices/subsidiaries in their current operating countries?

Q1. (b) Is KCB Limited Group planning to open other new regional Branches?
If 'Yes', which country in Africa will these branches/ subsidiaries be in, and why the choice in these countries?

Part Two: Market forces motivating transnational banking
Section One: Market regulation forces and trans-boundary banking

Q2 (a). How have the following market regulation forces in **Kenya** swayed trans-boundary money-lending by KCB Limited Group?

i. Interest rates surpassing law in the state

ii. Prevailing fiscal program in the state

iii. The solidity level of the financial segment in the state

Q2 (b). How have the following market regulation forces in the **host nations** prejudiced trans-boundary money-lending by KCB Limited Group?

	Uganda	**Tanzania**	**Rwanda**	**South Sudan**	**Burundi**
i. Existence of college regional supervision in destination state					
ii. Fiscal program in destination state					
iii. Level of control of financial segment in destination state					

Section Two: Projections for imminent growth and trans-boundary banking

Q3 (a). How have the following aspects on predictions of future progression in **Kenya** inclined trans-boundary money-lending by KCB Limited Group?

i. Total not-banked Kenya's inhabitants

ii. Prerequisite for market divergence by Kenyan money-lenders

iii. Disparaging macroeconomic setting in Kenya's economy

iv. Magnitude of Kenya's financial segment relative to that of destination state(s)

v. Status of fintech dissemination in Kenyan market

vi. Quantity of Kenyan residents living or employed in the destination state(s)

Q3 (b). How have the following aspects on forecasts of imminent growth in **host countries** influenced trans-boundary money-lending by KCB Limited Group?

	Uganda	**Tanzania**	**Rwanda**	**South Sudan**	**Burundi**
i. Status of not-banked inhabitants in destination state					
ii. Auspicious macroeconomic atmosphere in destination state					
iii. Magnitude of destination state's financial area					

<u>Section Three: Banking segment focus and trans-boundary banking</u>

Q4 (a). How have the following aspects of money-lending segment concentration in **Kenya** influenced trans-boundary money-lending by KCB Limited Group?

i. Extent of Kenyan money-lending system

ii. Oligopoly arrangement of Kenyan money-lending system

iii. Sovereignty of entrance of foreign money-lenders in Kenya

iv. Increased rivalry across diverse money-lender tiers in Kenya

Q4 (b). How have these aspects of money-lending industry concentration in **host nations** influenced trans-boundary money-lending by KCB Limited Group?

	Uganda	**Tanzania**	**Rwanda**	**Sudan**	**Uganda**
i. Scope of destination state					
ii. Arrangement of destination state's money-lending structure					

iii. Rivalry level in bank industry of destination state					

<u>Section Four: Economic or Market combination and trans-boundary banking</u>

Q5 (a). How have the following aspects in **Kenya** influenced trans-boundary money-lending by KCB Limited Group?

i. External direct outlay influxes in Kenya

ii. Level of ingenuousness of Kenyan economy

iii. Tradeoff bonds between Kenya and host nations

Q5 (b). How have the following aspects of in **host nations** influenced trans-boundary money-lending by KCB Limited Group?

	Uganda	**Tanzania**	**Rwanda**	**South Sudan**	**Burundi**
i.Amplified External direct venture in destination state					
ii.Easiness of closing deals in destination state					
iii.Restricted profession blockades in destination state					

<u>Section Five: Any other market forces inspiring trans-boundary banking in Kenya</u>

Q6 (a). Apart from what is mentioned above, what are the other market forces in **Kenya** that impact trans-boundary money-lending by KCB Limited Group?

Q6 (b). Apart from what is mentioned above, what are the other market forces in **host states** that sway trans-boundary money-lending by KCB Limited Group?

END

Thank you for answering questions asked