

A SURVEY ON THE EXTENT TO WHICH COMMERCIAL BANKS HAVE  
PENETRATED THE KENYAN MARKET

BY

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OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF  
NAIROBI.

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## DECLARATION

I declare that this project is my original work and has not been presented to any other institution of higher learning for any award.

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11/11/09

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

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This is presented in partial fulfillment for the award of degree of Master of Business Administration in the University of Nairobi

## INDICATION

This project is dedicated to God for giving me life and hope, similarly to my beautiful children Collins and Rita who through their patience and support made it possible for me to accomplish this work.

I also dedicate this work to my husband Sylvester who through his encouragement, gave me the energy to complete the project

Thank you all who held my hand. You all mean a lot to me,

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My sincere gratitude goes, to my supervisor, Mrs. Mary Kinoti for her tireless effort and support to ensure that the work was carried out to the required standards and in time.

I wish to thank all respondents who willingly completed the questionnaires and contributed in making this project a success.

I also thank God for the strength He gave me to pursue this course to the end

at least. I wish to sincerely thank all the members of my family for their moral and spiritual support throughout the period I was undertaking the course.

## ABSTRACT

The objectives of the study were to establish the extent to which commercial banks have penetrated the Kenyan market and identifying the factors that influence the market penetration of the commercial banks in Kenya.

The factors considered include competition, possibility of new entrants, clients, services offered, and ownership of banks, competitor future goals, current strategies and government regulation.

The core of the study was to establish the processes used by the commercial banks to gain market share and how successfully they have penetrated the market, as well as how well they have dealt with challenges of competition.

The respondents were drawn from commercial banks operating within Nairobi Central Business District. The survey was carried out using a detailed questionnaire which was completed by the corporate marketing managers as well as retail marketing managers of the respective banks. Response was obtained from 75 of them out of a target sample size of 90.

Results indicated that majority of commercial banks consider market penetration is an extremely important aspect in the long term survival of the banks. This has been necessitated by the increasing competition within the industry with each player trying to command as much market share as is possible.

Further results showed that commercial banks are very keen on market penetration strategies and most have a planning department to take care of this responsibility and that most are focusing on long term rather than short term strategies. The study also established that commercial banks are investing in innovation and technology in order to create new niches in the market, effectively reaching more of the unbanked population in the country. Results showed that the business market leads the urban market in seeking banking services.

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## CHARTER ONE: INTRODUCTION

### I.I Background of the Study

For over a century, economists and policy makers have debated the relative merits of bank-based versus market-based financial systems. Recent research, however, argues that classifying countries as bank-based or market-based is not a very fruitful way to distinguish financial systems. Results from a previous study (Levine, 2002) indicate that although overall financial development is robustly linked with economic growth, there is no support for either the bank-based or market-based view.

Market structure encompasses the degree of competition, which reflects the number of market players and the diversity of financial assets, the market share of individual participants, ownership structure and control, policy regime (controlled vs uncontrolled), and the adequacy of the legal and regulatory framework (Fry, 1995). In a market where the government sets interest rates and credit ceilings, allocation of resources is inefficient because of uneven credit rationing criteria and the lack of incentive by banks to compete for public deposits. In addition, the allocation of funds to poor performing sectors increases the credit risk for commercial banks. With interest ceilings, however, banks are constrained in charging the appropriate interest rate on loans, and the only option is to offer the minimum possible interest rate on deposits. Further, the presence of government-owned and controlled banks create an uncompetitive environment and to some extent make it difficult to enforce the set regulatory framework, weakening the stability of the banking sector.

Financial reform emphasizes the abolition of interest rate and credit ceilings and the promotion of a competitive environment with reduced government control and ownership. Although achieving competitiveness does not imply nonexistence of an interest rate spread, Ho and Saunders (1981) note that the size of the spread is much higher in a non-competitive market, which also calls for strengthening the regulatory and legal framework to enhance the stability of the market. Caprio (1999) notes that a weak legal system, where the courts are not oriented toward prompt enforcement of contract and property rights are ill defined, increases credit riskiness and banks have little incentive to charge lower rates. Clio (1988), in addition, observes that the liberalization theory

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overlooks endogenous constraints to efficient allocation of resources by the banking sector, where, in the absence of a well functioning equities market, efficient allocation of capital is not realized even with financial liberalization. Fry (1995) explains that in the absence of direct financial markets and an equity and bonds market, financial institutions absorb too much risk, as business enterprises rely excessively on debt finance. Ibus. conclude Denurguc-Kunt and Hui/inga (1997). the interest spread fluctuates, reflecting the substitution between debt and equity financing. As the equity market expands, offering competitive returns, banks increase their deposit rates to compete for funds from the public. The expanded market also reduces the risk absorbed by the banking sector and banks charge competitive lower lending rates, reducing the interest rate margin and hence acquiring higher market penetration I bus. remarks fry (1995), even in an oligopolistic-banking system, there is need for competition from the direct financial market

Empirical results show that market imperfections widen the interest rate spread In and Saunders (1981), approximating market power with bank size. found a significant difference in spread between large and small banks, where smaller banks had higher spreads than the large banks. Barajas et al (1996) also show a significant influence of loan market power on the interest spread, Iikayam (1997) observes that in a competitive banking system The interest rate spread derives solely from central bank variables (including the discount window loans, reserve requirement and interest on liquid assets on deposit with the central bank), while under a monopolistic (or oligopolistic) structure the interest rate spread is in addition affected by elasticity's of demand for credit and deposits, he also found that there was more market power in the credit market than the deposit market. In addition, considering monetary policy, Mkayam (1997) found that an increase in money supply under elastic demand reduces the spread more in a monopolistic than in a competitive market

### 1.1.11 The Concept of Market Penetration

Market penetration is the increase in market share of an existing product, or a promotion of a new product through strategies such as bundling, extensive advertising, lower prices, or volume discounts. It can also refer to Measure of the extent of a product's sales volume relative to the total sales volume of all competing products, expressed as a percentage (businessdictionary.com). Asnofl\* (1957) often referred to as the father of strategic management sees market penetration as one of growth strategies. He defines it as pushing existing products in their current market segments

Market penetration can be traced through the evolution of strategic management practices. In the 1970s much of strategic management dealt with s/c. growth, and portfolio theory. The Profit Impact of Marketing Strategies (IMMS) study was a long term study, started in the 1960s and lasted for 19 years, that attempted to understand the PIMS, particularly the effect of market share. Started at General Electric, moved to Harvard Business School in the early 1970s, and then moved to the Strategic Planning Institute in the late 1970s, it now contains decades of information on the relationship between profitability and strategy. Their initial conclusion was unambiguous: The greater a company's market share, the greater will be their rate of profit. The high market share provides volume and economies of scale. It also provides experience and learning curve advantages. The combined effect is increased profits (Buzzell and Gale, 1987). The study's conclusions continue to be drawn by academics and companies today. "PIMS provides compelling quantitative evidence as to which business strategies work and don't work" - Tom Peters.

The benefits of high market share naturally lead to an interest in growth strategies. The relative advantages of horizontal integration, vertical integration, diversification, franchises, mergers and acquisitions, joint ventures, and organic growth were discussed. The most appropriate market dominance strategies were assessed given the competitive and regulatory environment. There was also research that indicated that a low market share strategy could also be very profitable. Schumacher (1973), Woo and Cooper (1982), Levenson (1984), and later Traverso (2002) showed how smaller niche players obtained very high returns.

By the early 1980s the paradoxical conclusion was that high market share and low market share companies were often very profitable but most of the companies in between were not. This was sometimes called the "hole in the middle" problem. This anomaly would be explained by Michael Porter in the 1980s.

The management of diversified organizations required new techniques and new ways of thinking. The first CEO to address the problem of a multi-divisional company was Alfred Sloan at General Motors (GM). GM was decentralized into semi autonomous "strategic business units" (SBU'S), but with centralized support functions.

One of the most valuable concepts in the strategic management of multi-divisional companies was portfolio theory. In the previous decade Harry Markowitz and other financial theorists developed the theory of portfolio analysis. It was concluded that a broad portfolio of financial assets could reduce specific risk. In the 1970s marketers extended the theory to product portfolio decisions and managerial strategists extended it to operating division portfolios. Each of a company's operating divisions was seen as an element in the corporate portfolio. Each operating division (also called strategic business units) was treated as a semi-independent profit center with its own revenues, costs, objectives, and strategies. Several techniques were developed to analyze the relationships between elements in a portfolio. Companies continued to diversify until the 1980s when it was realized that in many cases a portfolio of operating divisions was worth more as separate completely independent companies.

### 1.1.2 Commercial Banks in Kenya

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 Central Bank of Kenya (CBK). The banking sector was liberalized in 1995 and exchange controls lifted.

The CBK, which falls under the Minister for Finance's docket, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system. The CBK publishes information on Kenya's

commercial banks and non-banking financial institutions, interest rates and other publications and guidelines. The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banks' interests and also addresses issues affecting its members.

As at 1 January 2009 there were forty six banking and non bank institutions, fifteen micro finance institutions and one hundred and nine foreign exchange bureaus. Over the last few years, the Banking sector in Kenya has continued to grow in assets, deposits, profitability and product offering. The growth has been mainly underpinned by factors such as the wide industry network expansion strategy both in Kenya and in the East African community region and also the automation of a large number of services and a move towards emphasis on the complex customer needs rather than traditional off the shelf banking products.

Players in this sector have experienced increased competition over the last few years resulting from increased innovations among the players and new entrants into the market. The continued expansion of the banking industry has witnessed a 23.7% increase in the number of employees compared to last year. The industry has further increased the number of banks that have invested in new electronic banking applications. A salutory effect of this has seen a shift from the traditionally conservative industry experiment to diverse new electronic based products.

After many years of being seen as unprofitable business, there is renewed interest in the Small and Medium Enterprises (SMEs) segment with a growing number of banks investing in branch expansion networks in the otherwise previously unbanked rural and remote town centres. The year 2007 saw new entrants in the banking industry. During the year, Family Finance Building Society sought approval to convert to a commercial bank. A leading indigenous regional banking group in sub-Saharan Africa has strengthened its presence in East Africa. The year saw the phenomenal growth of Equity bank with injection of 11 billion by capitalist venture Helios Finance.

Competition increased in 2007 with the entry of fully-fledged Islamic banks after the Minister for Finance opened a window for Sharia compliant products in his annual

budget speech for 2006/2007 financial year. Promoters of Islamic banks, who have expressed interest, are encouraged that Africa is an attractive emerging market for Islamic finance, with Kenya positioned as the gateway to East and Central Africa. However, the implication of the destruction and sporadic violence that erupted in the country against a backdrop of controversial presidential elections and delays in announcements paint a dark shadow over the banking sector. The effects are indeed immense and portend widespread implication for Kenya as an emerging economy that has recently been rated the fastest growing and most preferred by investors seeking emerging markets.

The growth momentum in Kenya was supported by increased credit to the productive private sectors in the economy. In tandem with this economic growth, financial institutions in Kenya took advantage of the favorable operating economic environment. These gains could however not consolidate the banking sector owing to the 2008 financial meltdown and the current global financial crisis that could spill over to Kenya.

Economic recovery since the signing of the power-sharing arrangement in 2008 has been slow, due to the impact of the post-election damage to vital infrastructure and the global food, fuel and financial crises that followed later in the year. Economic growth declined by 1.3 percent in the first quarter of 2008, then improved to 3.2 percent in the second quarter, before falling to 2.1 percent during the third quarter. The overall growth for 2008 is projected to be about 2.3 percent. This is the lowest growth rate recorded since 1996. Agriculture, the mainstay of the economy, contracted due to poor weather. Value added in manufacturing also fell, but wholesale, retail trade and construction recorded positive growth.

The banking industry is expected to pick up in 2009 but this can only happen amid improved domestic economy, expanding business opportunities and a robust monetary policy stance. Institutions are expected to continue rolling out new products as they expand the branch and ATM Networks (Pesa Point and others) in the forthcoming year.

It is also anticipated that further consolidation will take place in the industry through mergers and acquisitions as institutions seek to achieve economies of scale required to



effectively compete and expand into the increasingly lucrative mass market. Ins will however take effect after the banking sector has overcome challenges for instance, the new regulations under the Banking Act 2008, which took effect on 1 January 2009 requires banks and mortgage firms to build a minimum core capital of Kshs 1 billion by December 2012. This requirement, it is hoped, will help transform small banks into more stable organizations. The implementation of this requirement poses a challenge to some of the existing banks and they may be forced to merge in order to comply. The global financial crisis experienced in late 2008 is expected to affect the banking industry in Kenya especially in regard to deposits mobilization, reduction in trade volumes and the performance of assets. Another challenge is the declining interest margins in the banking sector

## 1.2 Market penetration of the problem

Market penetration is one of the four growth strategies of the Product-Market Growth Matrix defined by Ansoff. Market penetration occurs when a company enters a market with current products. The best way to achieve this is by gaining competitors' customers (part of their market share). Other ways include attracting new users of your product or convincing current clients to use more of your product/service (by advertising etc). Ansoff developed the Product-Market Growth Matrix to help firms recognize if there was any advantage of entering a market.

The benefits of high market share naturally lead to an interest in growth strategies. Irrelative advantages of horizontal integration, vertical integration, diversification, franchises, mergers and acquisitions, joint ventures, and organic growth were discussed. The most appropriate market dominance strategies were assessed given the competitive and regulatory environment. There was also research that indicated that a low market share strategy could also be very profitable. Schumacher (1973). Woo and Cooper (1982). Lovinson (1984). and later Traverso (2002) showed how smaller niche players obtained very high returns.

Market penetration occurs when the product and market already exists. The penetration that brands and products have can be recorded by market research companies who offer panel measurement services to calculate this and other consumer measures. In these cases penetration is given as a percentage of a country's households who have bought that particular brand or product at least once within a defined period of time. Doing business in Kenya requires an understanding of the country environment, including factors influencing consumer lifestyle choices (Euromonitor International, 2009).

Kenya's robust banking industry may have improved tremendously in terms of profitability and product offering over the last 10 years but the growth does not reflect in the country's overall development. According to the Banking Survey 2007, poverty is still rampant because agriculture, the mainstay of the economy has not received adequate funding from the banks (Njenga, 2007). Studies show that bank funds are still limited, insufficient and inaccessible to small scale farmers in the rural areas. It is the essence of banks to aggressively seek market penetration to assist in the growth of the economy as they themselves grow. However, with the emergence of micro finance institutions like Equity and K Rep targeting the small trader and the rural small scale farmers the trend could be reverted. That these banks have grown tremendously compared to their peers over the period they have been in existence has changed the previous perception that there was no business in lower retail segment of the market.

Market penetration in Commercial banks is an issue of concern to many Kenyans and government. Commercial banks include a range of social and financial services needed by individuals who need to secure the continued financial and social security of their families and dependants safe and transact business with. Commercial bank is one solution for family financial security. However, the market penetration for the commercial banks has experienced low penetration to the market.

Previous studies have not concentrated on a survey on the extent to which commercial banks have penetrated the Kenyan market, for example Chmutai (2006) did a survey of the adoption of relationship marketing strategies in the coop bank of Kenya. Okutoyi (1988) researched on the relationship between the use of strategic marketing and bank performance in Kenya, Ndambuki (2000) studied the state of social marketing in the

Kenyan banking sector. A social marketing perspective by non governmental organizations and Kimani (2003) researched on product strategy in the marketing of financial services: A survey of the commercial banking sector in Kenya. None of these research studies has focused on the extent to which commercial banks have penetrated the Kenyan market. The research study is motivated by this gap in knowledge and intends to determine the extent to which commercial banks have penetrated the Kenyan market.

### 1.3 Research Questions

- (i) What are the determinants of market penetration for commercial banks in Kenya?
- (ii) To what extent have the commercial banks penetrated into the urban sector in Kenya?

### 1.4 Objectives of the Study

- (i) To find out the determinants of commercial banks market penetration in Kenya.
- (ii) To determine the extent to which commercial banks in Kenya have penetrated the Kenyan market.

### 1.5 The Significance of the Study

To the management the study will act as a guide in their steps towards developing competitive advantages and pursuing market leadership in the industry. The study will also be a reference material to such managers. Market penetration is an important aspect for any firm's growth and development. The banks in Kenya need to raise their market share by banking the unbanked population. To the researchers and academics, this study will be a reference material for future research. This study will also be helpful to the government and other policy makers in making the best blue prints to regulate this sector.

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Introduction

In financial markets, there is a wealth of both theoretical and empirical literature that establishes the importance of economic stability for financial sector development: the preeminence of competitive market forces to establish interest rates and allocate credit; the critical role of supporting infrastructure (regulatory, supervisory, legal, accounting, and auditing systems), and the need for well-governed and well-managed financial institutions

Beginning with the seminal article by Slight and Weiss (1981), another body of theoretical literature has established the existence of market imperfections and credit shortages, even when all of the above elements are in place. The empirical literature on developing countries, summarized in an IEG background paper (IIEG 2003), finds some evidence of credit constraints, particularly for small and medium enterprises (SME) and micro enterprises.

A market is any one of a variety of different systems, institutions, procedures, social relations and infrastructures whereby persons' trade, and goods and services are exchanged, forming part of the economy. It is an arrangement that allows buyers and sellers to exchange things. Markets vary in size, range, geographic scale, location, types and variety of human communities, as well as the types of goods and services traded. Some examples include local farmers' markets held in town squares or parking lots, shopping centers and shopping malls, international currency and commodity markets, legally created markets such as for pollution permits, and illegal markets such as the market for illicit drugs.

In mainstream economics, the concept of a market is any structure that allows buyers and sellers to exchange any type of goods, services and information. The exchange of goods or services for money is a transaction. Market participants consist of all the buyers and sellers of a good who influence its price. This influence is a major study of economics and has given rise to several theories and models concerning the basic market forces of supply and demand. There are two roles in markets, buyers and sellers. The market

facilitates trade and enables the distribution and allocation of resources in a society. Markets allow any tradable item to be evaluated and priced. A market emerges more or less spontaneously or is constructed deliberately by human interaction in order to enable the exchange of rights of services and goods.

### 2.1.1 Market Penetration

Market penetration is one of the four growth strategies of the Product Market Growth Matrix defined by Ansoff. Market penetration occurs when a company enters 'penetrates a market with current products. The best way to achieve this is by gaining competitors' customers (part of their market share). Other ways include attracting new users of your product or convincing current clients to use more of your product/service (by advertising etc). Ansoff developed the Product-Market Growth Matrix to help firms recognize if there was any advantage of entering a market. Market penetration occurs when the product and market already exists. The penetration that brands and products have can be recorded by market research companies who offer panel measurement services to calculate this and other consumer measures. In these cases penetration is given as a percentage of a country's households who have bought that particular brand or product at least once within a defined period of time.

Measuring market penetration accurately is essential to defining a market and discovering new opportunities, financial institutions use demographics and marketplace intelligence to determine what products and services to offer to both their traditional and online customers and where to locate new branches and ATM machines. Although by regional standards Kenya's financial system is relatively well developed and diversified, major structural impediments prevent it from reaching its full potential. Cross country comparisons, however, show the importance of a well developed financial sector for long-term economic growth and poverty alleviation. Experience from other developing economies has shown the detrimental effect of government ownership and the positive impact that foreign bank ownership can have on the development of a market based financial system. Analyzing and decomposing the high interest rate spreads and margins in Kenya helps identify structural impediments that drive the high cost of and low access to financial services like limited information sharing on debtors, deficiencies in the legal

and judicial system, the limited number of strong and reputable banks, and non transparency and uncertainty in the banking market are major impediments to the development of Kenya's financial system, and to reducing spreads and widening access (Beck, I horsten and I'uchs. Michael J. 2004)

Analysis of data from a large cross-country survey of enterprises finds that foreign bank entry benefits firms of all sizes. although it seems to benefit larger firms more. Ivisting evidence on the elTect ol foreign bank penetration on lending to small and medium size enterprises is ambiguous. Case studies of developing countries show that foreign banks lend less to such firms than domestic banks do. But cross-country studies find that foreign bank entry fosters competition and reduces interest rates, benefits that should extend to all firms. Clarke. Cull, and Martinez Peria (2001) used data from a large cross country survey of enterprises to investigate tlus issue. Their results suggest that foreign bank penetration improves financing conditions (both the quantities of financing and the terms) for enterprises of all sizes, although it seems to benefit larger firms more.

Culture, which is one of the most abstract constructs affecting human behavior, can be described and defined in many ways. One may conceive culture in terms of its parts and components (Baligh, 1994). functional segments, such as the economic system, the family, education, religion, government and social control, language and communication and transformation ami technology, are commonly listed parts within a culture (Culpan. 1991) lo the individual consumer, these social, economic and institutional structures and related macro environmental influences determine the overall context, or "objective reality", in which he or she makes a purchasing decision Beliefs, values, logic and decision rules are also basic components of a culture. I hey arc internalized ami constitute the "subjective reality" of individual consumer People's behavior is not random or directionless, but instead comes from these basic components. Ucncc people's behavior is both a component and a reflection of the culture in which they are embedded (Baligh. 1994). In this sense, culture can be seen as an underlying framework, consisting of the objective reality as manifested in societal institutions and the subjective reality which comprise socialized predispositions and beliefs that guides individuals' perceptions of observed events and personal interactions, and the selection of appropriate responses in



social situations (Johansson, 1997). Before the establishment of the banking sector in Kenya people were used to crude means of finance. As culture is a hard habit that never dies, many still conceive it hard to change. According to Hofstede (1980), uncertainty avoidance »s the degree to which societies can tolerate uncertainty and ambiguity. Cultures with low uncertainty avoidance exhibit greater tolerance for risk and people in such societies tend to be more innovative and entrepreneurial and are more willing to try new things

The diffusion literature also shows that adoption and diffusion of new products and ideas are influenced by socioeconomic factors. Recent research points to a myriad of social economic factors, such as GDP per capita, education literacy level of the population, cosmopolitanism, mobility, and women in labor force (Gatignon et al., 1989), urbanization (Yeniurt and Townsend, 2003), openness (Kobison and Crenshaw, 2002), access to media (Maitland and Bauer, 2001), service sectoral development (Kobison and Crenshaw, 2002), PC ownership (Maitland and Bauer, 2001), heterogeneous vs. homophilous communications (Takada and Jain, 1991), and electricity consumption, telephones per capita, life expectancy and physicians per capita (Ijzerman et al., 1993). As argued by Yeniurt and Townsend (2003), the social-economic infrastructure of a country may be a more concrete and direct manifestation of a culture's impact on consumer behavior. Therefore, a proxy for the social-economic infrastructure needs to be included in the present study not only to explicitly control for its effect on internet use and access, but also in recognition that it may also moderate the effects of the cultural dimensions.

Meanings, values, ideas and beliefs of a social group are articulated through various cultural artifacts, such as products, information and communication technologies (Hasan and Ditsa, 1999). Douglas and Isherwood (1979) posit that people from different cultures use products as a means of communication. According to McCracken (1986), in a consumer society, cultural meaning moves from the culturally constituted world (the original location of cultural meaning) to consumer goods (carrying and communicating cultural meaning) and then from these goods to the individual consumer. The nature of cultural influence can be seen as a circular process from which meaning is created.

maintained and transmitted within a society (Melon and Malhotra, 2003). There had been a culture of associating banking with social class in Kenya. This trend is however ending with heightened competition and emergence of microfinance institutions which are eating up the established banks market share. This increased competition is poised to raise banking sector market penetration.

In a review of the literature, Rogers (1983) reported that 73 per cent of past studies support a positive relationship between education and innovation. From a causal perspective, education and socio-economic development are mutually related, i.e. each fosters the other, a compelling body of research links education to economic development and growth (Schweke, 2004). Education facilitates socio-economic development by "lubricating" the movement of workers between sectors by providing necessary skills and attitudes and encouraging rapid rural-to-urban migration as literate agricultural workers seek better lives in cities. An educated work force reduces training costs while at the same time allowing an accelerated pace of technological change in the workplace. By the same token, more affluent nations have higher levels of literacy, considerable public and private support for education and extensive arrays of educational institutions. Thus, it is logical to expect that the demand of technological innovations and related skills will be driven, at least in part, by the degree of education in a population (Uobison and Crenshaw, 2002). Moreover, the effects of the cultural dimensions are apt to be influenced by the relative education achievement levels of countries. In general, we expect that the effect of cultural dimensions that are positively related to internet use and access will be enhanced by education levels, whereas education is expected to mitigate the effect of negative cultural influences.

Market penetration can be used as a strategy for entering a new market by adopting aggressive pricing. Goods are priced at a very low gross profit margin, relying on high turnover to cover overheads. The aim is to penetrate the market with the new product and quickly to capture a large market share. After market penetration is achieved, prices can be raised if there is sufficient brand loyalty. However, there is a risk that low prices may be permanently associated with the product by consumers.



### 2.1.2 Measures of market penetration

Market penetration (existing markets, existing products): Market penetration occurs when a company enters a market with current products. The best way to achieve this is by gaining competitors' customers (part of their market share). Other ways include attracting non-users of your product or convincing current clients to use more of your product service, with advertising or other promotions. Market penetration is the least risky way for a company to grow.

### 2.1.3 Industry context

The basic function of a banking firm is financial intermediation, and its core product is making loans and accepting deposits. The banking industry has undergone tremendous changes in recent years, brought about by the forces of deregulation, technological developments, and globalization. These changes have provided much greater opportunities for competitive differentiation and have led to a significant increase in the degree of competition in this previously regulated and largely uniform industry. In essence the economics of the industry have changed from being 'supply driven' to being 'demand led.'

Along with the increase in the intensity of competition, there has been a concomitant shift in the nature or the bases of competition. While previously competition focused on preemptive entry into key geographical and product markets to establish advantage, now it focuses more on developing key organizational resources and capabilities such as innovation, efficient production processes, strong credit culture, etc. This shift in competitive emphasis has occurred, because the regulatory protection and other collective imperfections which previously provided sustainable advantage in this industry are slowly fading away. Consequently, market participants increasingly deem the accumulation and development of valuable resources to be the most durable source of competitive advantage in the banking industry.

#### 2.1.4 Competitive advantage

Organizations have long sought how to achieve a competitive advantage in dynamic environments. Some suggest that advantages are achieved by placing a renewed emphasis on delivering superior quality products and services to customers (Zcithaml, Parasuraman, and Berry 1985; Day and Wenslcy, 1988; Bitncr, 1992). Others feel that organizations should take a more pragmatic approach by implementing 'best practices' (Miles and Snow, 1978; Bourgeois, 1980; Snow and Hrebimak, 1980; McKec, Varadarajan, and Pride, 1989; Venkatraman and Prcscott, 1990). Finally, some have suggested a more cerebral or cultural approach which requires organizations to engender a market orientation (Kohli and Jaworski, 1990; Narver and Slater, 1990; Jaworski and Kohli, 1993; Day, 1994, 1998).

#### 2.1.5 Sales (irovth

Most firms value sales growth. The business press and corporate annual reports frequently include statements like: "We plan to double sales in the next five years." or "Our objective is to be a \$2 billion company within 7 years." The popular business press contains many examples of companies that focus on sales growth as a key to profitability and performance.

#### 2.1.6 Market share

Separate literatures examine the association between market share and profitability (Gale, 1972; Mancke, 1974; Buzzell, Gale and Sultan, 1975; Henderson, 1980, Venkatraman and Prcscott, 1990) and the association between increases in market share and profitability. The *market share* literature mainly investigates whether market share and underlying market characteristics, such as economics of scale, confer competitive advantage (Gale, 1972; Buzzell *et al.*, 1975; Henderson, 1980). In other words, do firms with high market share have higher returns than those with low market share? Mancke (1974) suggests the market share benefits may come from unobserved variables that create a spurious relation. To empirically investigate this possibility, Jacobson and Aaker (1985) and Jacobson (1988, 1991) statistically control for unobserved characteristics and substantially reduce the estimated associations between market share and profitability.

Woo (1987) also questions the market share profitability association by finding highly profitable low market share firms generally firms with well protected niche positions.

Other studies investigate the relation between *market share growth* and profitability. Compared with the market share literature, the market share growth literature is relatively small. Studies on market share growth emphasize the competitive conditions in the industry and the benefits of timing, such as first mover advantages (Iiebcmian and Montgomery, 1988). These studies examine whether the benefits of additional market share justify the costs of developing it (i.e., growing more rapidly than the industry). Montgomery and Wemerfelt (1991) find that market share gains do not correlate with changes in firm value in the brewing industry'. They conclude that the value of market share building strategies critically depends on industry-specific conditions. Kumclt and Wensley (1981) suggest market share growth correlates with returns because the same unobserved variables influence both profitability and market share growth. Hence, they conclude investing in market share growth has no intrinsic value.

To summarize, these two literatures give only a partial picture of the association between sales growth and firm performance. First, market share growth and sales growth are different concepts. In a growing industry, a firm could grow more slowly than the industry and consequently have a decline in market share but an increase in total sales. Second, the market share literature primarily investigates the competitive aspects of sales growth-how investment in market share strengthens the product market position of the firm.

While previous research on the relationship between market share (MS) and business profitability (BP) has found a positive relationship, its nature (i.e. direct versus spurious), its context-specificity, and the validity of MS as a predictor of BP have not been adequately addressed. Prescott, Kohli and Venkatraman (1985) conducted an empirical assessment on major assertions and contradictions in regard to market share profitability relationship. Their major findings were that (1) the association between MS and BP is context specific; (2) both direct and spurious relationships exist, and their relative strengths vary across environments; and (3) the validity of MS as a predictor of BP is context-specific.

Market share has generally been accepted as a measure of the dominance of a firm over its industry (Caves and Porter, 1978; Davies and Geroski, 1997; Mueller, 1986; Shepherd, 1975; Worchester, 1957). There has been some disagreement over the specific level of market share that must be attained by a firm in order to become dominant.

### 2.1.7 Profitability

Why are some firms consistently more profitable than others? Developing an understanding into the determinants of superior performance has fascinated strategy scholars since the beginnings of the field. Indeed, it is the fact of these persistent inter-firm performance differences that was the origin of the strategy concept (Kumclt. Schendel and Teece, 1991). Other important questions such as why firms differ, how they behave, how they choose strategies, and how they are managed, are subsumed by this one overarching question (Porter, 1991).

Early researchers working in the tradition of the Mason/Bain structure-conduct performance (SCP) paradigm attributed differential firm performance to the structural nature of the industry. Beginning in the 1970s, strategy researchers started looking for answers within the industry and modified the SCP to advance the concept of strategic groups and mobility barriers to account for intra-industry heterogeneity and performance variation. This framework argues that stable, persistent firm profits derive from the economic structure within industries and that strategic group membership and its associated collective behavior is the primary source of durable differences in firm profitability within industries (Caves and Porter, 1977; Porter, 1979).

The importance of diversity among the demand and cost curves of firms within the same industry was first discussed in detail by Chamberlain (1932). This was a precursor to the concept of 'strategic groups', which was first observed by Hurni (1972), and then developed in a series of papers by Caves and Porter (1977, 1978) and Porter (1979) to explain observed intra-industry differences in profit performance.

## 2.2 Models for Measuring Market Penetration

### 2.2.1 Whipple Methodology

A distinction of the Whipple Methodology is that it is non-regressive. From a single sampling (survey or market test), three categories of market formative criteria (demand, access and recognition ) are cross tabulated and plotted to define a penetration volume and a volume of equilibrium on the same X-Y-Z axis with 3, 9, 27, 81 or 243 data points and a common zero. All computations and extrapolations use variables taken directly from the survey, standard conventions based upon empirical data and/or assumptions (educated guesses or estimates) where precise statistical or empirical data is unavailable.

## CHAPTER THREE: RESEARCH METHODOLOGY

### 3.1 Introduction

This chapter describes the methods that were used in collection of data pertinent in answering the research questions. It is divided into research design, target population, description of research instruments, description of the data collection procedures and description of data analysis procedures.

### 3.2 Research Design

The research design that was employed in this study was descriptive survey research design. This method was preferred because it allowed for quantitative analysis of the data obtained enabling drawing of conclusions that are valid for generalization.

### 3.3 Target Population

The target population for this study were banks incorporated under the company law of Kenya. Cap 480. As at December 2008 there were forty five banking and non bank institutions, fifteen micro finance institutions (PWC. 2009). This study was based on 45 commercial banks incorporated and operating in Kenya as shown in appendix I. Two high level managers namely, retail manager and corporate manager, were selected from each commercial bank as respondents of this study and Census survey method was employed.

### 3.4 Data Collection method

Primary data was collected using a semi structured questionnaire that was personally administered to managers of all the banks by the researcher. The questionnaire had both closed ended questions and open ended questions offering possible reasons for engaging in market penetration and respondents were asked to indicate their level of agreement for each statement. The researcher used a drop and pick method since majority of the targeted respondents were too busy to fill in the questionnaire on the spot and therefore needed extra time for the same.

### 3.5 Data Analysis

The research was both quantitative and qualitative in nature. This was so because both methods supplement each other. Qualitative methods provide the in depth explanations while quantitative methods provide the hard data needed to meet required objectives. The data collected was checked for completeness ready for analysis. The data from the field was first coded according to the themes researched on the Study. Descriptive statistics and mean scores were particularly beneficial in analysis of the obtained data. Descriptive statistics was used to generate percentages which were presented in tables and figures. Qualitative data from open questions was interpreted and presented in prose.

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PRESENTATION OF THE FINDINGS

4.1 Introduction

This chapter deals with data analysis, interpretation and presentation of the findings based on an 83.3 % response rate as shown by Table 4.2.1

4.2 Personal information of respondents

Two top level managers, the Retail manager and the corporate manager were selected from each commercial bank as respondents of the study. Managers were targeted as respondents as they are key players in decision making, policy and strategy formulation and implementation

4.2.1 Response rate

The expected response rate was 90 managers obtained from 45 commercial banks, with the researcher targeting two managers from every bank, both the Retail manager and the corporate manager. From a target of 90 respondents the actual response rate was 75 respondents. 42 corporate managers and 42 Retail managers, giving a response rate of 83.3%

Table 4.2.1 Response rate

Population Category	Expected Number	Actual Rate	(%) Response Rate
Managers and Retail managers	90	75	83.3%
Total	90	75	83.3%

Source: Author (2018)

4.2.2 Number of years worked

IIIC respondents were asked to indicate the number of years they had worked for their respective banks and rated using this scale, less than 1 year, 2-5 years, 6-10 years and more than 10 years. As can be seen from the table below, majority of the respondents had



worked for the commercial banks for 6-10 years with a score of 59%, with the least having worked for less than a year with a score of 4%.

Table 4.2.2 Number of years worked

Number of years worked	Years worked	Mean score
Less than 1 year	3	4%
2-5 years	18	24%
6-10 years	44	59%
More than 10 years	10	13%
Total	75	100%

Source: Author (2009)

#### 4.2.3 Gender of respondents

The table below clearly indicates that majority of the respondents were male registering a strong 87% versus the females 13%. This was captured from the 75 respondents.

Table 4.2.3 Gender of respondents

Gender	Number of respondents	% Response
Male	65	87%
Female	10	13%
Total	75	100%

Source: Author (2000)

#### 4.2.4 Age of the respondents

75 respondents were captured out of an expected target of 90 respondents. These respondents were asked to state their age with regard to the following age bracket

30 years and below

31-40 years

41-50 years

51-60 years

Above 60 years

As can be seen from the Table 4.2.4 majority of the respondents were in the age limit of 41-50 years scoring a 50% response. Respondents within the age limit of 31-40 years registered 25%. Those within the age bracket of 30 years and below and between 51-60 years registered a score of 11% and 3% respectively whereas those respondents below 60 years were less significant with a 3% score.

Table 4.2.4 Age of respondents

Age	Number of respondents	% Response
30 years and below	8	11%
31-40 years	19	25%
41-50 years	38	50%
51-60 years	8	11%
Above 60	2	3%
Total	75	100%

Source: Author (2000)

#### 4.2.5 Level of Education of the respondents

The Table 4.2,5 indicates that majority of the respondents are graduates with a response score of 68 % followed by the post graduates with 24 %, the under graduates were very low registering a score of 8 % with no respondents on the certificate level of education.

Level of education	Number of respondents	% Response
Post graduate	18	24%
Graduate	51	68%
Under graduate	6	8%
Certificate	0	0
Total	75	100%

Source: Author (2009)

#### 4.3 Determinants of market penetration

The respondents were asked to rate the following determinants of market penetration on their degree of significance within the commercial banks with regard to market penetration using the scale 4 = most significant, 3 significant, 2 less significant and 1 Not significant at all

A mean score of less than 1.49 will be interpreted to mean not significant at all. 1.5-2.49 will be interpreted to mean less significant whereas 2.5-3.49 will be interpreted to mean Significant \ mean score of 3.5-4.49 will be interpreted as most significant

Aggressive advertising stands out as the most significant determinant of market penetration as can be seen from the table below with a strong mean score of 3.90 This is essentially so because advertising creates awareness both to the existing customers as well as potential customers of a particular product or service thus creating demand for the product' service. Advertising also reminds the customers of the existing products services \* well as new products/ services.

High marketing expenditure was also rated as a most significant determinant of market penetration with a mean score 3.64. Commercial banks have heavily invested in marketing in order to keep abreast with aggressive competition. The marketing budget covers all expenses related to advertising, sales promotion, trade discounts and also expenses incurred in the launch of new products-services

Having highly distinct (highly differentiated) products is one of the other factors that were highly rated as a significant determinant of market penetration, with a mean score 3.33. Highly distinct products are easily identified and customers are able to easily make their choices on the products that best suit their needs.

Attracting new users within the existing market closely followed as a significant determinant of market penetration with a mean score of 3.30. and this is usually done through sales promotions/ offers and trade discounts. These offers entice new users who, in the process are converted to permanent users effectively expanding the market share of the banks.

Convincing existing customers to use more of the products service also came out as a significant determinant of market penetration with a mean score of 3.25.

Aggressive public relations scored a mean of 2.77 which was interpreted as a significant determinant of market penetration.

Mergers, which are one way of buying competitors, also had a significant mean score of 2.75 as a determinant of market penetration. Mergers were so rated probably due to the coming into effect of the Finance Act 2008 (effective from first January 2009). which requires banks and mortgage firms to build a minimum core capital of Kshs. one billion by December 2012, meaning that some key players in the banking industry are eyeing the probability of buying out competitors who may not meet this requirement

table 4.3.1 Determinants of market penetration

Variables	Most significant (4)	Significant (3)	less significant (2)	Not significant (D)	Total score	Mean score
Attracting new users with existing products	35	28	12	0	218	3.30
Aggressive advertising	68	7	0	0	291	3.90
Aggressive personal selling	12	31	32	0	205	2.73
Aggressive public relations	15	28	32	0	208	2.77
Attracting non-users	12	9	54	0	181	2.44
Convincing existing customers to use more of the product	33	28	11	0	244	3.25
Buying competitors/mergers	26	32	14	3	206	2.75
Discouraging competitors by creating barriers through low cost leadership	9	18	48	0	186	2.48
Highly differentiated products	33	36	6	0	250	3.33
High marketing expenditure	49	25	1	0	273	3.64
Aggressiveness to retaliate	13	11	5	46	141	1.88

#### 4.4: The extent to which commercial banks have penetrated the market

Respondents were asked to rate their banks on the extent in which they had penetrated various markets and the rating scale was as follows: 5 - Very high extent, 4 - Large extent, 3 - Moderate extent, 2 - Small extent, 1 - No extent at all.

A mean score of less than 1.49 was interpreted as no extent at all. 1.5 - 2.49 as small extent, 2.5 - 3.49 as moderate extent, 3.5 - 4.49 large extent and more than 4.5 was interpreted to mean a very high extent.

As can be seen from the table below commercial banks have fully penetrated the various markets but in varying degrees. Commercial banks have moderate penetration in the government/Institution market with a mean score 1.39. This leaves room for very stiff competition between banks for the existing market and through creating of new niches in the market to expand market share.

The insurance industry according to the response obtained is largely covered by the banks with a mean score 3.55

Majority of the commercial banks have penetrated the women market on a moderate extent registering a mean score 2.0.

The youth market also has big potential with most banks registering moderate penetration extent with a mean score of 2.63. This shows that banks need to develop products/services that will best suit the needs of the youth in order to encourage them to seek banking services.

The business professional market is well serviced and covered by the commercial banks with a strong mean score of 3.9. There is however a reasonable population of the working group which is still un-banked.

Generally, the results show a moderate penetration in to the market hv commercial banks. This means that commercial banks still have a lot to do to capture more of the un banked population.

I able 4.4.1 the extent t» which commercial hanks have penetrated the market

Variable	Very High extent (5)	large extent (4)	Moderate extent (3)	Small extent (2)	No extent at all (1)	Total Response rate	Mean
Government/Institution	1	12	45	17	0	104	1.39
Insurance Industry	8	35	22	10	0	266	V55
Women market	1	9	21	45	0	194	2.6
Youth market	3	12	10	52	0	197	2.63
Business/Professional market	12	47	15	1	0	295	3.9

4.5 Target group most significant in increasing market share.

Seven categories were selected by the researcher in order to understand their significance in increasing the market share of the various commercial banks. They were rated using the following scale: 4 - Very significant, 3 - significant, 2 - Less significant and 1 - not significant at all. Less than 1.49 would be interpreted to mean not significant at all. 1.5-2.49 would be interpreted to mean less significant, 2.5-3.49 would be interpreted to mean significant, and 3.5-4.49 also meant a very significant.

The table below clearly shows that the Business people are very significant in increasing market share within the commercial banks with a mean score of 3.56, the working class proved very significant with a mean score of 3.30, the large scale farmers had a mean score of 3.05 which meant that they are significant. The old proved to be less significant with a mean score of 2.12 and foreigners achieving a mean score of 2.21

Table 4.5.1 Target group most significant in increasing market share

Variable	Very Significant (4)	Significant (3)	Less Significant (2)	Not significant at all (1)	Total score	Mean
Youth Students		24	38	13	161	2.15
Working class	23	52	0	0	248	3.30
Old	0	0	66	0	159	2.12
Business Professional	42	33	0	0	267	3.56
Small scale farmers	12	43	0	0	130	1.73
Large scale farmers	34	21	10	10	229	3.05
Foreigners	18	30	19	0	166	2.21

Source: Author (20119)



## 5.1 Introduction

This chapter gives a summary of the important findings of the study undertaken to conclude and make recommendations based on the study finding.

## 5.2 Summary of findings

Market penetration is an important aspect in the marketing strategy and product development of commercial banks in Kenya. Banks are effectively competing for the existing market as well as creating new niches in the market through development of new products tailored to better suit customer needs. Technological advancements are key ingredients in the whole process.

Key determinants of market penetration, as found out by the study include; aggressive advertising, attracting new users within the existing market, mergers (as a way of buying out competitors), as well as having highly differentiated (distinct) products. The Finance Act 2008 is already re-aligning the focus of competition within the banking sector with possible mergers in the foreseeable future.

The fact that banks have identified target groups that were not formerly thought to bring lucrative business to the industry such as the youth/ students and farmers as priority groups in their expansion of market share indicates that competition is driving the banks to reach the un-banked population and this could bring a boom in such areas of the economy that were underperforming including farming and SME's which will in turn create more jobs and invigorate economic growth in general. The need for credit is there in these groups and the fact that banks are now seeing this as an investment opportunity will avail money for these areas to flourish.

As shown by the research finding, majority of the banks have moderately penetrated the urban market which largely is comprised of institutions, the government and businesses.

The fact that banks are now prioritizing certain groups of the population that were un-banked in their market expansion strategies is an indicator that market penetration in urban Kenya is not yet saturated.

### 5.3 Conclusion

As shown by the research finding, majority of the banks have moderately penetrated the urban market which is largely comprised of institutions, the government businesses. The fact that banks are now prioritizing certain groups of the population, who were largely un-banked in their market expansion strategies is an indicator that market penetration in urban Kenya is not yet saturated.

The banking industry in Kenya has expanded. This has been fuelled by enabling legislation such as deregulation of the industry which has in turn fuelled stiff competition among the players in the industry. This, together with new technological advancement, has in turn forced the banks to come up with new and more convenient products to the customer. It has seen the development of paperless banking, sharia banking, internet mobile banking among other innovations. These products have created new niches which have hence attracted more people, especially those that were formerly un-banked. Areas of the economy that were not well serviced in terms of provision for credit are now an area of focus for many banks as they seek to increase their market share in the highly competitive market.

Banks need to redouble their efforts in order to attract and eventually offer banking services to a considerable population who are still un-banked, even in the urban sector.

#### 5.4 Recommendations

This study recommends the following:

That commercial banks need to put more resources to the area of market research in order to properly analyse the needs and priority areas of the market.

That commercial banks further consider giving fairly priced products services in order to more effectively reach the low income groups of the population who are still largely unbanked.

#### 5.5 Limitations of the study

Limitations encountered during this research project were the data collection procedure as most of the respondents were out of the office and therefore the researcher had to spend a lot of time waiting for the respondents to return to office.

#### 5.6 Suggestions for further research

The study suggests further research be conducted in the rural market to assess the penetration of banks in this expansive population.

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## APPENDIX I: LIST OF COMMERCIAL BANKS IN KENYA

1. African Banking Corporation
2. Bank of Africa
3. Bank of Baroda
4. Bank of India
5. Barclays Bank of Kenya
6. CK Bank
7. Charterhouse bank
8. Chase bank
9. Citibank
10. City Finance bank
11. Co-operative bank of Kenya
12. Commercial Bank of Africa
13. Consolidated bank
14. Daima bank (Statutory)
15. Development bank of Kenya
16. Diamond Trust bank
17. Dubai bank
18. First ABS bank
19. First Bank
20. Equatorial Commercial bank
21. Equity bank
22. Family bank
23. Fidelity Commercial
24. First Bank
25. Giro commercial bank
26. First Bank
27. Habib A.G. Zurich
28. First Bank
29. Imperial Bank



30. Investment and Mortgages bank
31. K Rep bank
32. Kenya Commercial bank
33. Kenya Post Office Savings Bank
34. Middle East bank
35. National bank of Kenya
36. National Industrial Credit bank
37. Oriental Commercial bank
38. Paramount Universal bank
39. Prime Bank
40. Southern Credit bank
- JI Stanbic bank
42. Standard Chartered bank
43. Trans-National bank
44. Victoria Commercial bank
45. Iico Bank

VPPKNWX II: BLANK SAMPLING QUANTIFICATION

## QUESTIONNAIRE FOR 1MB BANKS

Dear Respondent,

The purpose of this questionnaire is to aid in the collection of data for a research project to be submitted to the University of Nairobi for academic fulfillment. All the information provided will only be used for the purpose of this project and will be treated with total confidence.

Instructions

Kindly answer all questions by ticking or explaining as appropriate as per your opinion and based on the facts. Where possible you can quote figures.

### GENERAL INFORMATION

Name of the bank...

Branch.

1. Indicate your title in the space below

Top Management

Middle management

Lower management

2. How long have you served in the bank?

Less than 1 year

2-5 years

6-10 years

More than 10 years

Part I: Personal Information

1 What is your gender?

Male

Female

4 Please tick your age as appropriate

30 yrs and Below

31 - 40 yrs

41 - 50 yrs

51 - 60 yrs

Above 60 years

5 What is your level of education? (Tick where appropriate)

Post graduate

Graduate

Under graduate

Diploma

Certificate

**Pari II: Contextual Determinant\***

6. Rate the following factors with regard to the extent to which they determine market penetration in your bank. 4 - Most Significant, 3- Significant, 2 - Somewhat Significant, 1 - Not significant at all.

Attracting new users with existing products	r i r
Aggressive advertising	r i r
Aggressive personal selling	( i i
Aggressive public relations	[ I (
Attracting non-users	[ i [
Convincing existing customers to use more of the product	r i i
<b>Buying competitors/ Mergers</b>	[ I I
Discouraging competitors by creating barriers through low cost leadership	[ ] I
<b>Highly differentiated products</b>	I I I
<b>High marketing expenditure</b>	I J I
<b>Aggressiveness to retaliate</b>	I ) f

/. **Do you consider market penetration of importance to the banking sector?**

Yes [ 1 ]

No [ ]

**Pari iii: (•ulilcline to Show the Extent to which Commercial Hanks have penetrated the urban Market (Nairobi).**

8. How do you rate the extent to which your bank has penetrated the government/  
institution Market?

- Very large extent            I J
- I arge extend                \ ]
- Moderate extent            [ ]
- Small extent                [ |
- No extent at all            I J

9 How do you late the extent to which your bank has penetrated the insuiance  
industry?

- Very large extent            | |
- Large extent
- Moderate extent            | |
- Small extent                [ ]
- No extent at all            f ]

Hi How do you rate the extent to which your bunk has penetrated the women Market?

- Very large extent            | ]
- I-arge extent                | |
- Moderate extent            ( |
- Small extent                [ j
- No extent at all            f )

11 How do you rate the extent to which your bank has penetrated the youth Market?

- Very large extent            [ ]
- Large extent                [ ]
- Moderate extent
- Small extent
- No extend at all            [ |

12. How do you rate the extent to which your bank has penetrated the business Market?

Very large extent	1
Urge extent	]
Moderate extent	I ]
Small extent	
No extent at all	f J

1). Which areas do you have a wider market?

Urban	f I
Rural	f J

14. Which target group is the most significant in increasing market share within your bank? (4 = very significant, 1 \* Significant, 2 = less significant.!) Not significant at all)

	4	3	2	1
Youth's students	[ )	[ 1	( ]	1 1
Working	1 1	I 1	I 1	1 1
Old	r i	I 1	( )	I 1
Business people	[ i	[ I	I ]	1 1
Small scale farmers	1 1	[ 1	I 1	I 1
Large scale farmers	t J	I 1	1 ]	1 1
Foreigners	i 1	[ 1	I ]	I 1

Any other suggestion or comments

**I thank you.**



