EFFECT OF CORPORATE GOVERNANCE ATTRIBUTES ON LENDING ABILITY OF COMMERCIAL BANKS IN KENYA

BY

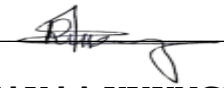
RUTH MAKAA UKUNGU

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, FACULTY OF BUSINESS AND MANAGEMENT SCIENCES, UNIVERSITY OF NAIROBI

NOVEMBER, 2021

DECLARATION

I, the undersigned, declare that this is my original work and has not been presented to any institution or university other than the University of Nairobi for examination.

Signed:  Date: 16/11/2021

RUTH MAKAA UKUNGU

D61/9838/2018

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

Signed:  Date: November 30, 2021

DR. WINNIE NYAMUTE

DEPARTMENT OF FINANCE AND ACCOUNTING

UNIVERSITY OF NAIROBI

ACKNOWLEDGEMENT

I want to express my gratitude to Dr. Winnie Nyamute, my supervisor, for her guidance and support during the entire research writing process, as well as my friends and colleagues for their significant contributions to making this research process a success.

DEDICATION

This research project is dedicated to my family.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF ABBREVIATIONS

ANOVA	Analysis of Variance
CBK	Central Bank of Kenya
CEO	Chief Executive Officer
CG	Corporate Governance
NPL	Non-Performing Loans
NSE	Nairobi Securities Exchange
OECD	Organization for Economic and Cooperation Development
ROA	Return on Assets
ROE	Return on Equity
ROS	Return on Sales
SPSS	Statistical Package for Social Sciences
VIF	Variance Inflation Factors

ABSTRACT

Kenyan commercial banks have increased their digitization efforts, putting financial innovations at the forefront, to strengthen their network base, decrease staff expenses, operate competitively with staff and enhance profitability. However, despite all this increased digitization, some banks have experienced a drop in profitability, others have been placed under statutory management, and still others have closed their doors. Apart from the competition for customers amongst Kenyan commercial banks, corporate governance has been hypothesized as an issue that would be influencing their lending ability. This research sought to bring out the effect of corporate governance attributes on the lending ability among banks in Kenya. The research established the effect of board size, gender diversity and board independence on lending ability among banks. Credit risk, capital adequacy and bank size were used as the control variables in the model. Descriptive research design was used. The target population was the 38 banks in Kenya. Research variables data were derived from audited company's annual financial statements from 2016 to 2020 for all 38 banks making 190 observations. Regression and correlation analysis were used to test the study hypotheses by establishing the relationship between corporate governance attributes and lending ability. The results indicated R^2 of 0.958 which implied that the selected independent variables contributed 95.8% to variations in lending ability. The study also found that board size (β=0.141, p=0.002), gender diversity (β=0.310, p=0.000) and bank size (β=0.927, p=0.000) had a positive and significant relationship with lending ability among banks. Credit risk has a significant negative effect on lending (β=-0.287, p=0.000) while board independence (β=0.030, p=0.116) and capital adequacy (β=0.036, p=0.103) were not statistically significant. The study recommends that policy makers should focus on board size as this contributes to lending ability of the banks. The study also recommends that CBK which is the regulator should make it mandatory to all banks to have gender diversity in their boards as this will contribute significantly to banks' lending ability.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

How a firm's governance is structured, has a direct effect on its capacity to deliver and this is likely to have a bearing on the main business of the organization. Corporate governance attributes have the potential to influence immediate goals as well as future goals of the company. Corporate governance is supported by many academic studies that demonstrate that it helps a business both create and improve shareholder value (Korent, Dundek & Calopa, 2014). According to some researchers, good corporate governance allows companies to save money compared to those that do not (Okiro, Aduda & Omoro, 2015).

On a theoretical perspective, this study drew support from agency theory, stakeholder theory and stewardship theory that have attempted to elaborate how CG attributes relate to lending ability. Jensen and Meckling (1976) agency theory focused on the distinction between ownership and control and the monitoring activities of the board. The board solves the agency problems between executive and owners by replacing and compensating managers that fail to serve the interest of the shareholders which is value creation. The agency theory simply looks at the function of managers in fulfilling stakeholder interests whereas the above examines a network of connections that goes beyond just the managers. According to the stewardship theory, directors and executives manage their careers so as to portray their stewardship to their organizations. The management actions, together with those of the shareholders, will determine how the company is managed (Donaldson & Davis, 1991).

The recent failures of multinational companies like Lehman Brothers, Xerov, Enron, as well as WorldCom, among others, have strengthened the significance of corporate

governance in organizations, according to (Dibra, 2016). Kenya, like other industrialized economies as well as developing countries in the area, does not lag behind when it comes to corporate governance among commercial banks. Despite a tight regulatory framework, corporate governance issues are still experienced among commercial banks (Koech & Ogolla, 2018). This is evidenced by the recent collapse of Chase Bank and Imperial Bank and the struggles experienced by National Bank. Commercial banks in Kenya provide a good context to examine CG attributes effect on lending ability.

1.1.1 Corporate Governance Attributes

Corporate governance attributes are methods and structures put in place for controlling and directing a business, as well as managing affairs among managers, shareholders, board members, and other stakeholders, while preserving their rights and fostering openness (Sarbah & Xiao, 2019). Corporate governance attributes can also be said to be a framework formulated to control and directs an organization based on principles of good governance; fairness, accountability, transparency, independence and responsibility (Naimah & Hamidah, 2017). Corporate governance attributes, as per Iqbal (2015), are a way of ensuring that business is done fairly, effectively, and openly in order to attain goals of an organizational via effective practices as well as procedures. The current study adopts the definition by Sarbah and Xiao (2019) due to its wider applicability in previous literature.

Firms with effective CG attributes are more likely to be transparent in their disclosures and are more likely to meet shareholder's need of wealth maximization by investing effectively than firms with weak CG attributes. For CG to be effective, top management need to set the right tone. High ability managers have the capacity and

capability of upholding the principals of CG. They are well trained and are more transparent in their disclosures (Chen et al., 2017). By abiding by the set CG attributes, these managers invest efficiently thus increasing their firm's operational efficiencies (Bidabad et al., 2017). CG has attracted renewed global attention as a result of major financial scandals and collapse of corporations courtesy of lack of adequate internal control systems that enhance financial transparency and accountability (Salem et al., 2019).

Mamatzakis and Bermpei (2015) operationalized corporate governance attributes in terms of managerial ownership, bank executive's compensation, senior managers' bonuses as well as allowances, CEO power structure, and gender diversity. Board as well as committee structure, composition of board of directors, governing systems and processes, board autonomy, components of audits, as well as the manner the corporate bodies circulates and publishes information to stakeholders are all significant corporate governance qualities (Olick, 2015). As per Wasike (2012), corporate governance attributes involve; the corporation's directors 'board characteristics, the ownership structure of the corporation, financial transparency and information disclosure. The current study operationalized CG attributes in relation to board independence, gender diversity and board size.

1.1.2 Lending Ability

Lending ability represent the entire loans total value that a financial institution is capable to advance without violating the available prudential regulations (Barnor, 2014). It can also be described as the loans owed to a lender, and it is typically treated as an asset on the statement of financial position of the lender's (Khan & Sattar, 2014). Credits are one of the highest yielding assets a bank can add to its asset

report, and they account for the majority of profits (Kithinji, 2010). Hamisu (2011) points out that credit formation poses significant risks to both the money lender as well as the borrower. The risk of a counterparty failing to honor the agreement on the appropriate date or at a stated time will put the bank's business in jeopardy and prevent it from running smoothly.

Total loans and advances are perceived to be the assets for the bank. As such the rise in lending to the public by banks directly implies the growth in the balance sheet for the bank and ultimately improved lending ability via increased interest income on the loans and advances by the bank. On the other hand, increased bank lending to the public implies welfare to the public via increased access to loans and advance that in turn increases their personal household consumption. As such the size of the bank, amount of demand deposits, the non–performing loans amount as well as the bank's capitalization level all have a bearing in influencing resources available for lending to the public (Loderer, 2009).

There are no specific measures of a bank's loan levels. However, going by the changes that occurs in the financial statements these are the financial position statement and comprehensive income statement, one can determine whether the firm bank loan levels are increasing or not. The key indicators to establish the lending ability is increase in total assets which is given by increase in loans, advances and interest income (Loderer, 2009). This study measured lending ability using loan book value in a given period.

1.1.3 Corporate Governance Attributes and Lending Ability

Theoretical link between corporate governance attributes and lending ability has been explained by some theories such as the agency theory that predicts that CG attributes

positively impact lending ability. Jensen and Meckling (1976) noted firm owners may find relief in the fact that the agents' actions will favor the owners provided that they are given appropriate incentives and they are appropriately monitored. As a result, the director's function becomes one of monitoring management's actions who as per the stewardship theory has the fiduciary duty of making sure the interests of the shareholders are well guarded. Strict monitoring done by the shareholders will increase the chances of full disclosures hence a positive corporate governance attributes impact on lending ability among companies.

Shleifer and Vishny (1997) argue that adoption of a strong corporate governance structure aids in obtaining more capital, resulting in an increase in the development of the business. Good corporate governance encourages investors to put their money into businesses like this. Competitiveness in a dynamic environment requires companies to be creative and to adjust strong corporate governance policies and frameworks (OECD, 2004).

Padachi, Ramsurrun and Ramen (2017) indicated a positive relation between the corporate governance index value of firms and their lending ability. Business governance and corporate competitiveness were shown to be positively correlated, according to the study. The findings of this research are confirmed by those of Opanga (2013) who found a favorable correlation between governance as well as financial success among insurance firms in Kenya. However, an earlier research by Luyima (2015) found that although financial success is positively correlated with other aspects of performance such as customer performance, learning, and growth, the connection between corporate governance and lending ability was neutral.

1.1.4 Commercial Banks in Kenya

CBK definition of a bank is an entity conducting or planning to carry out banking operations in Kenya. Included in commercial banking is the activities of deposit acceptance, extending credit, processing financial transactions in addition to offering financial services in other areas. Specifically, the industry contributes significantly to the financial sector, with a special focus on the mobilization of saving and the provision of loans to businesses and consumers. The CBK is the regulating authority in the Kenyan banking industry. The banking segment has 1 mortgage finance company, 38 commercial banks, as well as 13 microfinance companies in the industry. There are 11 of the 38 listed at the NSE (CBK, 2020).

The banking segment in Kenya has faced several cases of bank collapse which has been attributed to corporate governance. The downfall of Dubai Bank of Kenya, Imperial Bank as well as Chase Bank in the year 2015 and 2016 offers good examples. The wave of bank mergers, acquisitions, as well as failures that swept Kenya as well as the rest of the world in the 1990s served as a wake-up call for Kenya's Central Bank, which strengthened its bank supervision arm in 2001 as well as again in 2013 and 2015. In order to attain this, the CBK has released prudential rules on corporate governance on several occasions, which all institutions registered under Kenya's Banking Act Cap 488 must follow (CBK, 2020).

Commercial banks have performed variably in terms of lending ability, with some seeing an increase in ROA while others have seen a decline. Over the past few years, we have seen certain banks, like Chase bank and National bank record declining performance to the extent of being acquired, and we have also seen more mergers among competing banks, all in an effort to maintain financial stability in the market

(CBK, 2020). This clearly demonstrates the need to investigate whether corporate governance attributes has an impact on lending ability.

1.2 Research Problem

Corporate governance attributes has been associated with numerous benefits including reducing the agency conflicts among stakeholders of a firm. A desirable structure of governance would assist in ensuring that resources of the firm would be utilized properly by management to benefit other stakeholders (Mgammal, Bardai & Ku Ismail, 2018). Lamport et al. (2011) stated that, prior studies argue that good governance attributes impacts positively on the performance of firms. Gaining a clear understanding of sound governance procedures is very important to helping businesses prevent fraud and building a positive image. It additionally becomes vital for companies to improve firm performance, improve the environment for investing as well as to boost (Braga & Shastri, 2011).

Kenyan commercial banks have increased their digitization efforts, putting financial innovations at the forefront, to strengthen their network base, decrease staff expenses, operate competitively with staff and enhance profitability. However, despite all this increased digitization, some banks have experienced a drop in profitability, others have been placed under statutory management, and still others have closed their doors. Apart from the competition for customers amongst Kenyan commercial banks, corporate governance has been hypothesized as an issue that would be influencing their lending ability (Miruka, 2020). Commercial banks in Kenya provide a good context to find CG attributes effect on lending ability.

Several research studies have been done in this area on the international context. Abdirashid (2017) established that quality of management does affect the lending

ability of banks in Tunisia. This was centered on only one variable leaving a gap on other determinants of banks' lending ability. Agbeja, Adelakun and Olufemi (2015) who studied capital adequacy and lending ability of commercial banks in Nigeria found a positive association between bank lending ability and capital adequacy. Findings showed that higher levels of equity increased the chances of the banks to report higher lending ability. This study did not address other factors such as CG attributes that can influence lending ability.

Locally, most studies conducted have focused on individual determinants of lending ability. Ngure (2018) focused on the influence of Interest Rate Capping (IRC) on lending ability among microfinance banks in Kenya and concluded that IRC reduced lending ability. Kimutai and Jagongo (2013) sought to examine the factors influencing credit rationing by banks in Kenya. It was determined from the study that three factors namely loan characteristics, observable characteristics and firm characteristics influence credit rationing. The study unlike the current study did not focus on lending ability. As a consequence of the foregoing, it is clear that studies on lending ability have mostly focused on individual factors. Further the available studies have not investigated the influence of CG attributes on lending ability as majority have focused on financial performance which is a different concept. The current study intended to bridge this research gap by answering the research question; what is the effect of CG attributes on lending ability of commercial banks in Kenya?

1.3 Research Objective

To investigate the effect of corporate governance attributes on lending ability of commercial banks in Kenya.

1.4 Value of the Study

The research conclusions will add in corporate governance theories development like agency theory, stakeholder theory as well as stewardship theory. Scholars as well as academicians can even use the outcomes of the research to further investigate and undertake research in this area. As a result, future academics and academicians could use this research as a reference point in their research.

The research may offer information on affiliation between CG attributes and lending ability among Kenyan banks. Managers are likely to develop a clear strategy for improving their management and administration strategies. The information can be used by the banks to enhance their delivery mode as well as strengthen their position against competitors.

The study's findings may likewise help the structuring and legislature of Kenyan policies and regulations that help companies to advance their administration conveyance via improved and progressively effective procedures. This is helpful in making reasonable changes and improves the industry with a general point of advancement of the economy.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter clarifies the theories on which corporate governance attributes and lending ability is based. It further discusses the previous empirical studies; knowledge gaps identified and summarizes with a conceptual framework and hypotheses displaying the expected study variable relationship.

2.2 Theoretical Framework

The segment examines theories which underpin the research of CG attributes and lending ability. Theoretical reviews covered are agency, stakeholder as well as stewardship theory.

2.2.1 Agency Theory

It forms the present study's anchor theory. Jensen and Meckling (1976) agency theory describe an ‘agent' as someone who works on behalf of another person. The problem with the principal-agent relationship is that principals cannot contractually specify what the agent can do in any case (Moenga, 2015). Three factors can exacerbate the problems that arise from the principal-agent relationship: opportunism, sunk costs, and secret facts (Njau, 2016). Hidden information happens whenever agents have information that the principal does not have and the agent possess an opportunity to keep the info hidden from the principal, all other factors held responsible. Hidden knowledge has the effect of allowing the agent to ‘shirk' or minimize efforts to the disadvantage of the principal. The convention that CG is essential to guarantee agent conduct is directed toward principal interests has implications for why corporate governance best practice structures can give productivity benefits as well as competitive gains to businesses (Aimone & Butera, 2016).

Despite this, agency theory is not without flaws. The agency theory fails to account for several of the complexities and challenges those agents confront in carrying out the principal's tasks and assignments. Furthermore, the control mechanisms proposed in relation to agency theory are costly as well as ineffective economic wise, since shareholders' interest protection measures can interfere with the implementation of strategic plans, restrict collective activities, change plans of investment, as well as disregard other stakeholder interests, resulting in a decrease in their obligation to the economic value development (Segrestin & Hatchuel, 2011).

Suitability of Agency theory to this research is because it clarifies in what management, as the agent, is supposed to fulfill their perfect fiduciary mandate of acting in principals' best interests and to prepare and offer principals with financial reports. As a result, agency theory is thought to provide a sound theoretical basis for the research's primary objective which is the affiliation between CG attributes and lending ability.

2.2.2 Stakeholder Theory

Freeman (1984) proposed the theory with the intention of being utilized as a management tool. However, since then it has progressed into a firm theory with a lot of explanatory power. The stakeholder theory is a methodological framework for organizational ethics and management that focuses on ethical as well as moral ideologies in the management of public and private organizations. Stakeholder theory stresses the importance of maintaining a balance of stakeholders' interests as the primary determinant of organizational strategy.

The single-valued objective supposition, according to which advantages go to a firm's stakeholders, is a source of criticism for this theory. According to Jensen (2016), there

are additional ways to assess an organization's performance apart from the benefits stakeholders receive. The factors comprise flow of information from top administration to lower-level employees, the work conditions, and interpersonal relationships inside the company.

Stakeholder theory is applicable to this research since it provides support for agency theory, which failed to capture all other important stakeholders who depend on financial results to make economic decisions, like regulators, credit suppliers, staff, financial analysts, as well probable investors, among others. It lays a theoretical basis for understanding how various individuals and entities both inside as well as outside of a firm need accurate information, which can be ensured by adhering to the corporate governance code and other regulatory directives strictly. As a result, the theory should include theoretical justifications for all practical goals so that, when directors board as well as administration have at heart all stakeholders' best interests, they can comply fully with the CG code as well as make sure performance measures offered to interested parties are precise, appropriate, as well as are a reflection of the true state of the firm.

2.2.3 Stewardship Theory

This theory was proposed by Donaldson and Davis (1991). It emerges as a critical counterpoint to agency theory. A manager's principal purpose, as per stewardship theory, is to maximize the company's output since a manager's passion for success as well as achievement is gratified whenever the firm performs effectively. This theory counters the agency theory by arguing that managerial opportunism is unimportant. Stewardship and agency theory mainly differ in that stewardship theory substitutes the absence of confidence that agency theory relates to with reverence for authority and

the desire of managers to behave ethically. According to stewardship theory, managers in publicly held firms are discouraged from operating against the interests of shareholders by their concern for their own reputations and career development, so agency costs should be naturally reduced (Donaldson & Davis, 1991). Because of detailed understanding of organizational operations, like data access as well as technical skills, an insider-dominated board, according to Muth and Donaldson (1998), is more successful. Compensation incentivizes shareholders' agents to work for the good of all stakeholders. True stewards and executives adhere to corporate governance code as well as regulatory directives, and disclosing to stakeholders the true quality earnings (Chen et al., 2016).

Pastoriza and Ario (2018), for example, argue that stewardship theory is oversimplified and impractical since people are inclined to become stewards owing to contextual as well as psychological reasons. These elements do not affect all executives, but the question remains: what happens to the organizational goal when the company's management theory and the manager's psychological characteristics are out of alignment? Moreover, while stewardship theory claims that becoming a steward is essentially the consequence of a logical process, it is unclear whatever underlying mechanisms lead a person to choose to be a steward. As per Daodu, Nakpodia and Adegbite, (2017) the question is how a person can determine whether or not he has a steward's nature. It's critical to understand what drives a person to look beyond his self-interest as well as resolution of inter-motivational conflict inside himself.

Pertinence of stewardship theory to the research is since it complements stakeholder theory, which captures all other important stakeholders other than management who

depend on financial results to make economic decisions, like owners, government, credit suppliers, financial analysts, potential investors as well as staff potential investors, among others. It offers a theoretical framework for recognizing how successful agents who are firm managers regulate their professions by carrying out their responsibilities with highest dignity, adhering to the corporate governance code, and providing accurate, appropriate, and beneficial reports to all interested parties at periodic intervals without putting any stakeholder at a vulnerable position.

2.3 Determinants of Lending Ability

There are various lending ability determinants of a firm; these factors are found either within or outside the firm. Internal factors are firm-specific and can be manipulated internally. They are corporate governance attributes, bank size, capital adequacy and credit risk. Factors outside a firm that influence lending ability include; regulatory environment, political stability, corruption amongst others (Athanasoglou et al., 2005).

2.3.1 Corporate Governance Attributes

A theoretical association between corporate governance attributes and lending ability has been clarified by theories like; the agency theory predicts corporate governance has a positive effect on lending ability. Jensen and Meckling (1976) noted owners of the firm can find relief in the fact that the agents' actions will favor the owners provided that they are given appropriate incentives and they are appropriately monitored. As a result, the director's function is to oversee management's actions, which, as per the stewardship theory, has the fiduciary duty of ensuring the shareholders' best interests are guarded. Strict monitoring done by the shareholders

will reduce the chances of earnings manipulation hence a positive affiliation between corporate governance as well as lending ability among firms.

Adoption of a strong corporate governance structure aids in obtaining more capital, resulting in an increase in the development of the business (Shleifer & Vishny ,1997). Good corporate governance encourages investors to put their money into businesses like this. Competitiveness in a dynamic environment requires companies to be creative and to adjust strong corporate governance policies and frameworks (OECD, 2004).

2.3.2 Bank Size

Firm size determines by how much legal as well as financial elements affect a bank. As big businesses gather cheap capital and generate enormous incomes, the size of the bank is strongly related to enough capital (Amato & Burson, 2007). The book value of the entire assets of the bank typically determines its size. Additionally ROA is positively associated with bank size showing that large banks can accumulate economies of scale hence reducing operational costs while increasing loan volumes (Amato & Burson, 2007). Bank size is related to capital rations, according to Magweva and Marime (2016), and profitability rises with size.

Burson and Amato (2007) said a company's size depends on the organization's assets. It can be argued that the more the assets owned by a bank the more the investments it can make which generate bigger returns compared to smaller firms with less assets. In addition, a bigger company may have more collateral that may be utilized as safety for more loan facilities than smaller companies (Njoroge, 2014). Lee (2009) argued that the assets being controlled by entity impacts profitability level of the firm from one period to another.

2.3.3 Capital Adequacy

Core capital to assets ratio is often known as bank capitalization. It illustrates the relationship between equity and total assets. It demonstrates a bank's capacity to stay viable through risk regulation. In a study, Berger and DeYoung (1997) demonstrated a negative link between capital sufficiency and performance. In imperfect financial markets, firms with adequate capital should limit borrowings to support a particular asset class and therefore minimize the expected bankruptcy cost.

A bank with enough capital indicates that a better performance is anticipated on the market. The findings of Athanasoglou et al. (2005) have shown that the capital stocks are favorably associated with bank profitability and indicate a solid financial position for Greek banks. Berger et al. (1987) also showed a positive causation of the influence from capital and profitability.

2.3.4 Credit Risk

Credit risk poses a substantial challenge to the firm's solvency since it represents a risk to its existence (Sufi & Qaisar, 2015). It is normally assessed as the ratio of NPL to total loans. Lenders provide loans knowing the borrowers would repay without any default, without falling into the non-performing category (Bhattarai, 2016). There will be disastrous consequences for the bank's profits if non-performing loans remain on the books. It is possible that banks have not implemented an effective measure to manage credit risk (Afriyie & Akotey, 2012).

In the banking industry, moral hazards and asymmetric knowledge are associated with credit risk. When it comes to profits of the bank, credit risk has a large impact because a substantial part of a bank's revenue is from loans with interest. However, the threat posed to the financial sector by credit risk is undeniable. Credit risk must be

addressed effectively (Bhattarai, 2016). Past research show that bank assets quality is a strong indicator of lending ability. Examples of credit risk indicators include non-performing loans, which might potentially destabilize the bank's general credit system and diminish its value (Afriyie & Akotey, 2012).

2.4 Empirical Review

Local as well as global researches have determined the affiliation between CG attributes and lending ability, the objectives, methodology and prior research results have been discussed in this segment.

2.4.1 Global Studies

Chaabouni and Selmi (2016) aimed at explaining the determinants of credit rationing in Tunisia. Their study focus was on the information factor between firms and banks, given the limitation of lenders and borrowers contracts despite existence of legal rules and proper application. The study was restricted to the case of SMEs because of their role in industrial network. A survey was used to analyze the behavior of credit managers who dealt with loan applications of SMEs. The conclusion of the findings revealed that credit managers in Tunisia are risk averse, and that makes them ration credit. It was also found that inefficient recovery procedures, accounting documents reliability and the risk of adverse selection are some of the determinants of this rationing.

Mazlan, Ahmad and Jaafar (2016) examined factors affecting credit levels and profitability for Indian banks. The study employed panel data method of analysis between 1997 and 2009 and the research findings revealed an inference contrary to the established and expected outcome. The study found out that interest rates had no

significant influence on credit levels of commercial banks and further that asset size of the bank has insignificant effect on level of commercial banks profitability.

Afzalur (2019) investigated if board independence has an impact on the economic performance of Bangladeshi listed firms. This research uses a simultaneous equation approach to monitor the possible endogeniety problem by using data from 135 Dhaka Stock Exchange listed firms and accounting and market performance indicators. According to this report, board independence and firm economic results do not have a positive relationship. In addition, board size has a major positive effect on both board independence and firm results, according to this report. Though board independence is a key feature of corporate board practices in many developed countries, it may still be a mirage in Bangladesh. This study was performed in Bangladesh which has a difference socio-cultural and economic environment from Kenya where the current study will be undertaken.

Brahma, Nwafor, and Boateng (2020) investigated the connection between gender diversity, selected female characteristics, and financial performance of 100 UK firms. Based on critical mass theory and evaluating gender diversity as number of female boardroom representation, this research confirms a positive as well as substantial association between gender diversity and corporate performance. Whenever three or more females are named to the board, the conclusions become far more significant and unambiguous than when two or fewer females are chosen. Further research demonstrates that female age, educational achievement, as well as the existence of female board members who simultaneously serve as executive directors are all favorably connected with post-appointment financial output. The results are unaffected after accounting for endogeneity issues and utilizing different indices of

firm success, like ROA as well as Tobin's Q. The social and economic setting of UK is different from Kenya where the current study will be conducted.

Ouni, Mansour, and Arfaoui (2020) sought to see how gender diversity affected the financial performance of active Canadian firms' directors as well as executive committees, as well as the mediating position of social, environmental, as well as governance orientation. The research sample consisted of 133 Canadian businesses, with 925 findings over an 18-year period (2002–2019). Gender diversity in turnover impact on firm financial results is empirically supported in this paper, which reflects 53% of the variation. The research not only supports the positive impact of gender diversity on performance, but it also shows a mediating process involving a company's environmental, social, and governance orientation, which accounts for nearly 4% of the overall gender diversity effect on performance. This study focused on only one aspect of corporate governance attributes.

2.4.2 Local Studies

Ngure (2018) studied how interest rate capping influenced credit growth among micro finance banks in Kenya. The selected population was 11 microfinance institutions allowed to engage in deposit taking by the CBK. Analysis of data was made using descriptive analysis, correlation analysis and logit regression analysis. Logit results showed that there existed a significant difference on the effect of asset quality on credit growth of MFI banks in Kenya resulting from interest rate capping. Logit results also indicated a strong correlation between credit growth and liquidity. The result further showed that a significant difference exists on the effect of liquidity on credit growth of microfinance banks resulting from interest rate capping. The model

results also showed that there is a significant difference on how capital adequacy influences credit growth of microfinance banks resulting from interest rate capping

Kemunto (2019) sought to establish the bank-specific determinants of NPLs in Kenya. 43 commercial banks in operation in Kenya as at 31st December 2018 were the population of the study. Secondary data was acquired for 5 years (January 2014 to December 2018) on an annual basis. The research design adopted was descriptive cross-sectional design whereas association between variables was determined by a multiple linear regression model. The results demonstrated that there was a positive and significant relationship between bank size and loans to deposit ratio. Capital adequacy was found to have a negative and statistically significant influence on NPLs. The study found that interest rates have a statistically insignificant influence on NPLs among banks.

Rono (2019) aimed to determine the impact of board gender diversity on Kenya's commercial bank's business performance. The research was done via an explanatory research design with a population of 146 workers and a sample of 106 respondents. Purposive sampling technique was deployed for this particular study and a closed-ended questionnaire was utilized in primary data collection. Regression analysis was conducted. The conclusions indicate that board gender diversity and business performance have a strong as well as substantial relationship. The research discovers that board gender diversity is crucial for leadership capacity building in the organization. The study presents a conceptual gap as other attributes of CG were not considered.

Ibrahim, Ouma and Koshal (2019) examined gender diversity impact on the financial performance of Kenyan insurance companies. The research looked at data from

Kenya's 55 insurance companies. The female directors' number on the boards of Kenyan insurance companies was used to measure gender diversity. A total of 412 board directors, CEOs, and chief finance officers provided primary data. To interpret the data, descriptive as well as inferential statistics were utilized. In assessing the firm's performance, the accounting-based assessments of ROA as well as ROE were used. The regression analysis outcomes show gender diversity has a substantial as well as positively impacted financial performance of Kenyan insurance organizations. The research presents a conceptual gap as other attributes of CG were not considered.

Miruka (2020) pursued to find corporate governance impact on Kenyan banks financial performance. Precisely, the study focused on board independence effect on financial NIC bank performance.135 employees at 8 NIC bank branches within Nairobi Central Business District served as the research population. Stratification was done based on three management levels: Managers, head of departments and operations staff where a sample of 101 employees was sampled. A questionnaire was utilized for data collection while 81 responded. The data analysis was performed via SPSS while the results presented in Figures and Tables. The study revealed that an independent board results in candid discussion of pertinent issues and positively impacts on performance. The research reveals a conceptual gap as it concentrated on only one aspect of CG attribute.

2.5 Summary of the Literature Review and Research Gaps

The theoretical reviews showed the predicted affiliation between CG attributes and the lending ability. Major influencers of lending ability have been discussed. From the reviewed studies, there is a knowledge gap requiring to be filled. From the studies reviewed, there are varied conclusions concerning the relation between CG attributes

and lending ability. The differences from the studies can be explained on the basis of different operationalization of CG attributes by different researchers thereby indicating that findings are dependent on operationalization model. Further, the prior studies concentrated on the influence of CG attributes on performance leaving a gap on lending ability which was the current research focus.

Additionally, many studies done employed different designs for which some relied on empirical review to conclude while others relied on existing literature in measuring how the variables relate. Researchers showed varied inconclusive findings and failed to indicate the exact relationship that CG attributes as measured by board size, gender diversity as well as board autonomy has on lending ability. This shows the need for more research in future studies to close the gap through conceptualizing the effect of CG attributes on lending ability.

2.6 Conceptual Framework

Figure 2.1 displays the predicted relation between the variables. CG attributes being the predictor variable given by board size, gender diversity and board independence. The control variables were capital adequacy indicated by core capital to weighted assets risk, credit risk shown by NPL to total loans and total assets natural log showing bank size. Lending ability was the response variable given by log total gross loans.

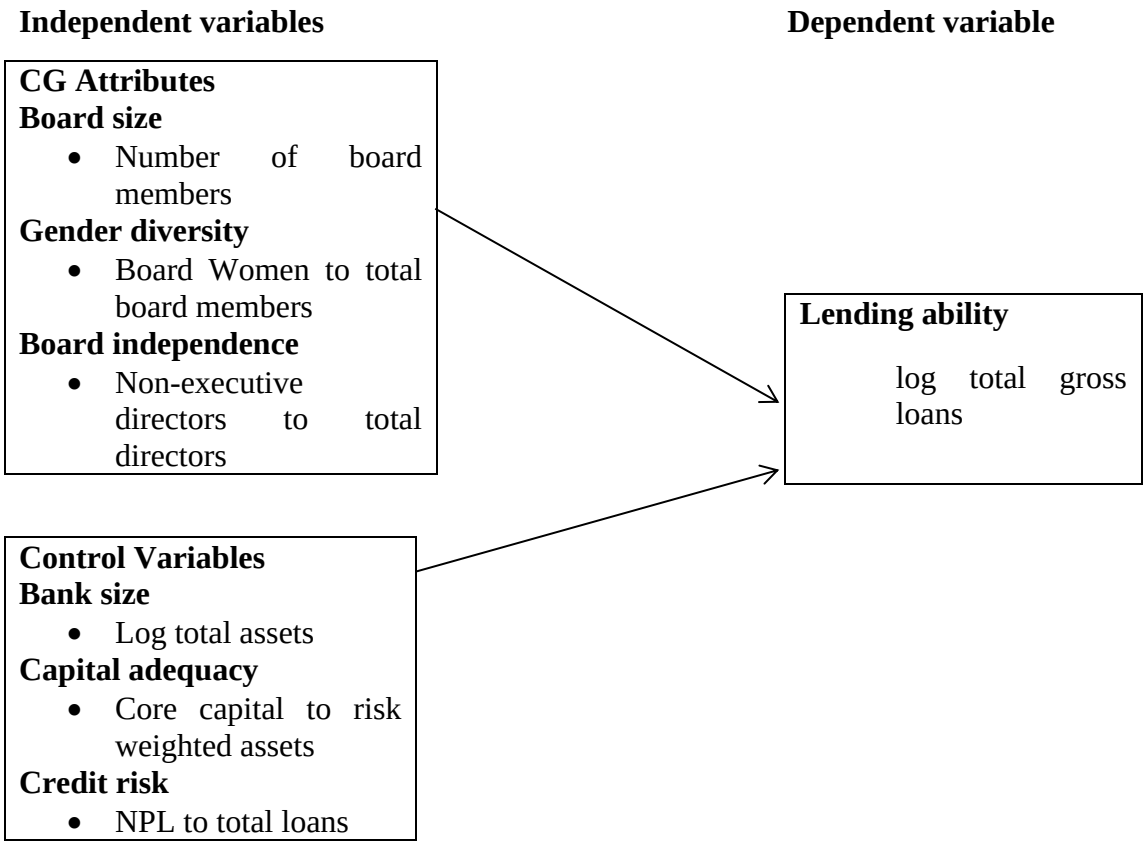


Figure 2.1: The Conceptual Model

Source: Researcher (2021)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter designates the approaches utilized in accomplishing the research objective which was to determine how CG attributes affects lending ability. In particular, the study highlighted the; the design, data collection, diagnostic tests as well as analysis.

3.2 Research Design

A descriptive design was adopted to determine how CG attributes and bank lending ability relate. This design was appropriate since the nature of the phenomena is of key interest to the researcher (Khan, 2008). As per Cooper and Schindler (2008). It was also sufficient in defining the interrelationships of the phenomena. This design also validly and accurately represented the variables thereby giving sufficient answers to the research questions.

3.3 Population

A population is all observations from a collection of concern like events specified in an investigation (Burns & Burns, 2008). The current study's population was all 38 banks as of December 2020. The research used a census technique because the population was relatively small, and thus all elements of the population were studied (see appendix I).

3.4 Data Collection

Secondary data was depended on in this investigation that was sourced from annual published financials of the banks from 2016 to 2020 and taken in forms of data collection. The study period was chosen as it provided adequate data for robust

regression analysis. The publications were extracted from CBK financial publications of the specific listed firms. The specific data collected included board members number, figure of women in the board, non-executive directors' number, total assets, total loans, NPLs, risk weighted assets and core capital.

3.5 Diagnostic Tests

To ascertain the model viability, a number of diagnostic tests were done, like normality, stationarity, multicolinearity, homogeneity and autocorrelation. The assumption of normality is that the dependent variable's residual would be normally distributed and closer to the mean. This was accomplished by use of the Jarque-Bera Test. In instances where one of the variables had no normal distribution, it was adjusted using the logarithmic adjustment methodology. Stationarity test was utilized in determining if the statistical characteristics such as variance, mean, as well as autocorrelation change with the passage of time. This property was ascertained via the augmented Dickey Fuller test. In the event the data does not meet this property, the data was transformed using natural logarithm. Robust regression was also used as it provides better regression coefficients than ordinary least square (Khan, 2008).

Autocorrelation is a measure of how similar one time series is when compared to its lagged value across successive timings. The measure of this test was done using the Wooldridge test and in the event that the presumption is breached the robust standard errors were used in the model. Multicollinearity exists when a perfect or near perfect linear relation is made between a number of independent variables. Variance Inflation Factors (VIF) as well as tolerance levels were utilized. Any multicolinear variable was eliminated and a new measurement used in place of the variable having co-linearity. Heteroskedasticity confirms if the errors variance in a regression lies among

the independent variables. This was tested using the Levene test and if data does not meet the homogeneity of variances assumption, robust regression analysis was employed as it provides better regression coefficients when outliers exist in the data (Burns & Burns, 2008).

3.6 Data Analysis

In data analysis, version 25 of SPSS software was used. Tables presented the findings quantitative manner. Descriptive statistics were employed in the calculation of central tendency measures as well as dispersion such as mean as well as standard deviation for every variable. Inferential statistics relied on correlation as well as regression. Correlation determined the magnitude of the affiliation between the variables in the research and a regression determined cause and effect among variables. A multivariate regression linearly determined the relation between the dependent as well as independent variables.

3.6.1 Analytical Model

The following equation was applicable:

$$Y= \beta_0 + \beta_1X_1+ \beta_2X_2+ \beta_3X_3 + \beta_4X_4+ \beta_5X_5 + \beta_6X_6 +\varepsilon$$

Where: Y = Lending ability given as the natural logarithm of total gross loans

β_0 =y intercept of the regression equation.

β_1, β_2, β_3, β_4, β_5, β_6 =are the regression coefficients

X_1 = Board size given as the number of members in a board

X_2 = Gender diversity as measured by the ratio of women in the board to total board members

X_3 = Board independence as measured by the ratio of non-executive directors to total directors in the board

X_6 = Credit risk as given by the ratio of NPL to total loans

X_5 = Capital adequacy as measured by the ratio of core capital to risk weighted assets

X_4 = Bank size given by the natural logarithm of total assets

ε =error term

3.6.2 Tests of Significance

Parametric tests were used to determine the general model's and each individual variable's relevance. The F-test determined the overall model's significance and this was achieved by means of ANOVA while a t-test determined coefficient significance.

CHAPTER FOUR: DATA ANALYSIS RESULTS AND FINDINGS

4.1 Introduction

This chapter deals with the analysis of data. The objective of the research was to establish the relationship between corporate governance attributes and lending among commercial banks in Kenya. Patterns were studied by descriptive and inferential analysis, that were then analyzed and conclusions drawn on them, in accordance with the specific objectives.

4.2 Descriptive Statistics

The study sought to describe the data in terms of their mean and standard deviations. The descriptive analysis was necessary as it helps in understanding the characteristics of the collected data before conducting inferential analysis. The results are as shown in Table 4.1

Table 4.1: Descriptive Results

	N	Minimum	Maximum	Mean	Std. Deviation
Lending ability	190	5.463	8.729	7.41182	.601091
Board size	190	5.000	18.000	9.39474	2.695670
Gender diversity	190	.171	.600	.48227	.082894
Independence	190	.571	.944	.86980	.069755
Credit risk	190	.001	.883	.14506	.143613
Capital adequacy	190	.028	2.126	.23639	.208635
Bank size	190	14.775	20.616	17.71376	1.348796
Valid N (listwise)	190				

Source: Research Findings (2021)

Table 4.1 shows the descriptive analysis, with 190 observations for each variable based on the product of the number of cross-sectional units and the number of periods studied (38*5 =190). The dependent variable was lending ability while the

independent variable was corporate governance attributes (board size, gender diversity and board independence). Finally, the control variables were credit risk, capital adequacy and bank size.

4.3 Diagnostic Tests

To ascertain the model viability, a number of diagnostic tests were done, like normality, stationarity, Multicollinearity test, homogeneity of variance and autocorrelation.

4.3.1 Normality Test

To test whether the collected data assumed a normal distribution, normality test was conducted using the Jarque-Bera Test. The threshold was that, if the p value is greater than 0.05, then the data assumes a normal distribution.

Table 4.2: Test for Normality

	Jarque-Bera Coefficient	P-value
Lending ability	3.624	0.201
Board size	4.304	0.302
Gender diversity	4.428	0.404
Board independence	2.763	0.315
Credit risk	3.153	0.327
Capital adequacy	4.239	0.400
Bank size	4.145	0.301

Source: Research Findings (2021)

The normality test results revealed a p- value above 0.05 thus the null hypothesis rejection and acceptance of the alternate hypothesis meaning the normality test revealing normal distribution in the data.

4.3.2 Multicollinearity Test

Multicollinearity exists when a perfect or near perfect linear relation exist between a number of independent variables. Variance Inflation Factors (VIF) as well as tolerance levels were utilized.

Table 4.3: Multicollinearity

	Collinearity Statistics	
Variable	**Tolerance**	**VIF**
Board size	0.714	1.401
Gender diversity	0.629	1.590
Board independence	0.697	1.434
Credit risk	0.703	1.422
Capital adequacy	0.661	1.513
Bank size	0.677	1.477

Source: Research Findings (2021)

The outcomes in Table 4.3 specify that all the variables had a VIF values <10 and tolerance values >0.2 suggesting that Multicollinearity did not exist.

4.3.3 Heteroskedasticity test

Cross-sectional units tend to exhibit homoskedastic error processes; however, unit-specific variances are more common and are referred to as group-wise heteroscedasticity. The command with the heftiest weight is used in computing the Breuch Pagan group wise Heteroscedasticity when residuals are utilized. The null hypothesis states that $\sigma^2_i = \sigma^2$ for i =1...Ng, where Ng is the number of cross-sectional units. Table 4.4 shows Heteroskedasticity Test Results.

Table 4.4: Heteroskedasticity Results

Modified Wald test for group wise heteroskedasticity in regression model
H0: sigma(i)^2 = sigma^2 for all i
chi2 (190) = 342.62
Prob>chi2 = 0.0817

Source: Research Findings (2021)

The null hypothesis of Homoskedastic error terms is not rejected, according to the results in Table 4.4, which are supported by a 0.0817 p-value

4.3.4 Autocorrelation Test

Autocorrelation is a measure of how similar one time series was when compared to its lagged value across successive timings. The measure of this test was done using the Wooldridge test.

Table 4.5: Test of Autocorrelation

Wooldridge test for autocorrelation in panel data **H0: no first-order autocorrelation**
F(1, 190) = 0.328
Prob> F = 0.5514

Source: Research Findings (2021)

From the results of Table 4.5, the null hypothesis of no serial correlation is not rejected given that the p-value is significant (p-value = 0.5514).

4.3.5 Stationarity Test

Stationarity test was utilized in determining if the statistical characteristics such as variance, mean, as well as autocorrelation change with the passage of time. Table 4.6 shows Levin-Lin Chu unit root test results.

Table 4.6: Levin-Lin Chu unit-root test

Levin-Lin Chu unit-root test			
Variable	**Hypothesis**	**p value**	**Verdict**
Lending ability	Ho: Panels contain unit roots	0.0000	Reject Ho
Board size	Ho: Panels contain unit roots	0.0000	Reject Ho
Gender diversity	Ho: Panels contain unit roots	0.0000	Reject Ho
Board independence	Ho: Panels contain unit roots	0.0000	Reject Ho
Credit risk	Ho: Panels contain unit roots	0.0000	Reject Ho
Capital adequacy	Ho: Panels contain unit roots	0.0000	Reject Ho
Bank size	Ho: Panels contain unit roots	0.0000	Reject Ho

Source: Research Findings (2021)

Based on the findings in Table 4.6, the null hypotheses that: Panels contain unit roots were rejected for all the variables, because the p values were less than 0.05. This implied that the panel data for all the variables were stationary.

4.4 Correlation Results

Correlation analysis was carried out to establish the strength and direction of association between each predictor variable and the response variable. The results in Table 4.7 show the nature of relationships between the study variables in terms of magnitude and direction.

Table 4.7: Correlation Results

		Lending ability	Board size	Gender diversity	Independence	Credit risk	Capital adequacy	Bank size
Lending ability	Pearson Correlation	1						
	Sig. (2-tailed)							
Board size	Pearson Correlation	.195**	1					
	Sig. (2-tailed)	.007						
Gender diversity	Pearson Correlation	.185*	.135	1				
	Sig. (2-tailed)	.011	.064					
Independence	Pearson Correlation	.108	.083	.933**	1			
	Sig. (2-tailed)	.139	.256	.000				
Credit risk	Pearson Correlation	-.377**	-.137	-.012	.051	1		
	Sig. (2-tailed)	.000	.059	.867	.481			
Capital adequacy	Pearson Correlation	.075	.099	.001	.012	.106	1	
	Sig. (2-tailed)	.301	.174	.985	.866	.146		
Bank size	Pearson Correlation	.975**	.226**	.197**	.118	-.332**	-.033	1
	Sig. (2-tailed)	.000	.002	.006	.104	.000	.654	

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).
c. Listwise N=190

Source: Research Findings (2021)

The results in Table 4.7 reveal that board size and lending ability are positively and significantly correlated (r=0.195) at 5 % significance level. In addition, the results show that gender diversity and lending ability are positively and significantly correlated (r=0.185) at 5 % significance level. This implies that both gender diversity and lending ability change in the same direction. Further, results show that board independence and lending ability are positively but not significantly correlated (r=0.108) at 5 % significance level. In regards to the control variables, credit risk exhibited a negative and significant association with lending ability while bank size had a positive and significant association with lending ability. Capital adequacy did not exhibit a significant association with lending ability as shown by a p value greater than 0.05.

4.5 Regression Results

Regression analysis was carried out to establish the extent to which lending ability is explained by the selected variables. The regression results were presented in Table 4.8 to 4.10.

Table 4.8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.979[a]	.958	.956	.125915

a. Predictors: (Constant), Bank size, Capital adequacy, Independence, Board size, Credit risk, Gender diversity

Source: Research Findings (2021)

From the findings as represented by the adjusted R^2, the independent variables that were studied explained 95.8% of the variations in lending ability among banks in Kenya. This therefore means the six variables contributed 95.8% of the variations in

lending ability of banks in Kenya while other factors not studied in this research contribute 4.2%.

Table 4.9: ANOVA Analysis

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	65.386	6	10.898	687.359	.000[b]
	Residual	2.901	183	.016		
	Total	68.288	189			

a. Dependent Variable: Lending ability
b. Predictors: (Constant), Bank size, Capital adequacy, Independence, Board size, Credit risk, Gender diversity

Source: Research Findings (2021)

ANOVA statistics in Table 4.9 show that the data had a 0.000 level of significance hence this indicates that the data is ideal for making conclusions on the variables.

Table 4.9: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.481	.041		-6.336	.000
	Board size	.141	.045	.149	3.169	.002
	Gender diversity	.310	.020	.315	4.344	.000
	Independence	.030	.076	.015	1.347	.116
	Credit risk	-.287	.069	-.269	-4.163	.000
	Capital adequacy	.036	.0004	.026	1.640	.103
	Bank size	.927	.008	.958	56.567	.000

a. Dependent Variable: Lending ability

Source: Research Findings (2021)

The coefficient of regression model was as below;

$$\mathbf{Y = -0.481 + 0.141X_1 + 0.310X_2 - 0.287X_3 + 0.927X_4}$$

Where:

Y = Lending ability X_1 = Board size; X_2 = Gender diversity; X_3=credit risk; X_4 = Bank size

4.6 Discussion of Research Findings

The objective of this study was to establish the effect of CG attributes on lending ability of banks in Kenya. The study utilized a descriptive design while population was the 38 banks. Data was obtained from all the 38 banks. The study relied on secondary data which was obtained from CBK and individual firms annual reports. The specific attributes of CG considered were; gender diversity, board size and board independence. The control variables were credit risk, bank size and capital adequacy. Data was analyzed using both descriptive and inferential statistics. The results are discussed in this section.

The results of correlation analysis revealed that gender diversity had a significant positive association with lending ability among banks in Kenya. The results further revealed that board size had a positive and significant association with lending ability which implies that when the board size is increasing, lending ability is also positive. Board independence exhibited a positive but not significant association with lending ability. The association between credit risk was found to be negative and significant while the association between bank size and lending ability was found to be positive and statistically significant. Capital adequacy did not exhibit a significant association with lending ability.

The regression results revealed that the six selected predictor variables explain 95.8% of changes in lending ability among banks in Kenya. The explanatory power was also significant as the p value was 0.000 which is less than 0.05. This implies that the model was sufficient in describing the cause and effect among the study variables.

Individually, board independence had no significant influence on lending ability while the results further revealed that board size and gender diversity were significant determiners of lending ability. Credit risk was found to have a significant negative effect on lending ability while bank size was found to have a significant positive influence on the level of lending ability while capital adequacy was not statistically significant.

These results concur with Afzalur (2019) who investigated if board independence has an impact on the economic performance of Bangladeshi listed firms. This research uses a simultaneous equation approach to monitor the possible endogeniety problem by using data from 135 Dhaka Stock Exchange listed firms and accounting and market performance indicators. According to this report, board independence and firm economic results do not have a positive relationship. In addition, board size has a major positive effect on both board independence and firm results, according to this report.

The results also concur with Ouni, Mansour, and Arfaoui (2020) who sought to see how gender diversity affected the financial performance of active Canadian firms' directors as well as executive committees, as well as the mediating position of social, environmental, as well as governance orientation. The research sample consisted of 133 Canadian businesses, with 925 findings over an 18-year period (2002–2019). Gender diversity in turnover impact on firm financial results is empirically supported in this paper, which reflects 53% of the variation. The research not only supports the positive impact of gender diversity on performance, but it also shows a mediating process involving a company's environmental, social, and governance orientation, which accounts for nearly 4% of the overall gender diversity effect on performance.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter reviews the results from the previous chapter, it further derives conclusions as wells as the limitations encountered during the study. In addition, it provides recommendation for policy makers and gives suggestions on areas where further studies can be done.

5.2 Summary of Findings

The objective of this research was to assess how CG attributes influence lending ability of Kenyan banks. The selected variables for this investigation included; gender diversity, board size, board independence, capital adequacy, credit risk and bank size. A descriptive research design was selected to complete the research. Secondary data was gathered from CBK and an analysis made using SPSS. Yearly data for 38 banks for five years from 2016 to 2020 was obtained from their annual reports.

The first objective was to assess the effect of board size on lending ability among banks in Kenya. The correlation results at 5 % significance level show that board size had a positive correlation with lending ability. This implies that improvement in board size would lead to increase in lending ability. Regression results (β=0.141, p=0.002) show that there was a positive and significant effect of board size on lending ability among banks.

The second objective was to establish the effect of gender diversity on lending ability among banks in Kenya. The correlation results at 5 % significance level show that gender diversity had a positive and significant correlation with lending ability. This implies that improvement in gender diversity would lead to increase in lending ability.

Regression results (β=0.310, p=0.000) show that there was a positive and significant effect of gender diversity on lending ability among banks Kenya.

The third objective was to examine the effect of board independence on lending ability among Kenyan banks. The correlation results at 5 % significance level show that board independence had a positive but not significant correlation with lending ability. This implies that improvement in board independence would not necessarily lead to increase in lending ability. Regression results (β=0.030, p=0.116) show that there was a positive but not significant effect of board independence on lending ability among banks.

The fourth objective was to examine the effect of credit risk on lending ability among Kenyan banks. The correlation results at 5% significance level show that credit risk had a negative correlation with lending ability. This implies that an increase in credit risk would lead to a decrease in lending ability. Regression results (β=-0.287, p=0.000) show that there was a negative and significant effect of credit risk on lending ability among banks.

The fifth objective was to examine the effect of capital adequacy on lending ability among Kenyan banks. The correlation results at 5 % significance level show that capital adequacy had a positive correlation with lending ability. The correlation was however not statistically significant. Regression results (β=0.036, p=0.103) show that there was a positive and not significant effect of capital adequacy on lending ability among Kenyan banks.

The sixth objective was to examine the effect of bank size on lending ability among Kenyan banks. The correlation results at 5 % significance level show that bank size had a positive correlation with lending ability. This implies that improvement in bank

size would lead to increase in lending ability. Regression results (β=0.927, p=0.000) show that there was a positive and significant effect of bank size on lending ability among Kenyan banks.

5.3 Conclusions

The study purpose of the research was to find out the association between corporate governance attributes and lending ability. The findings indicated that gender diversity had a positive and significant effect on lending ability. This may mean that boards with a high proportion of women are beneficial in bank lending because they have diverse expertise to aid form better decisions, and are harder for their powerful CEOs to dominate. Increased diversity enables a firm to include more diverse opinions and bringing different areas of technical expertise.

The study results further indicated that board size had a positive and significant effect on lending ability which might mean that boards with a large board size are beneficial in enhancing a bank's lending ability. This might be explained by the fact that having a large board size enhances monitoring as it is likely to have more diverse expertise compared to a small board.

The study results showed that board independence had a positive but not significant effect on lending ability. This may mean that the higher proportion of independent non-executive and executive directors increased board effectiveness in monitoring managerial opportunism and preventing self-interest thereby consequently, increased lending ability but not to a significant extent.

In addition, the results revealed that credit risk has a significant negative effect on lending ability. This implies that firms with high levels of NPLs relative to total loans are likely to record low lending ability. This can be explained by the fact that high

NPLs leads to a reduction in interest income. Further, the study revealed that bank size has a significant positive effect on lending ability. This might be explained by the fact that banks with more assets are able to take advantage of investment opportunities when they arise.

5.4 Recommendations for Policy and Practice

The study findings reveal that board size had a positive and significant effect on lending ability. The study therefore recommends that shareholders of banks should strive to enhance their board size as this contributes to lending ability of the bank. Policy makers such as CBK should also come with policies and guidelines of the minimum number of people that should be in a board.

Further, gender diversity was discovered to have a significant as well as positive impact on lending ability. The research thus suggests that shareholders of the banks in Kenya ought to guarantee that there is an appropriate number of women in the board to enhance smooth coordination within the board as the results are indicative that more diversified boards in terms of gender lead to higher levels of lending.

Further, the study found out that credit risk has a significant negative influence on lending ability of banks. This study recommends that banks should come up with effective evaluation mechanisms to ensure that they do not end up with high level of NPLs in their books. The study also recommends that banks should strive to increase their asset base as big banks are likely to issue more loans than small banks.

5.5 Limitations of the Study

The focus was on some of the elements that are thought to affect the lending ability of Kenyan banks. The study focused on six explanatory variables in particular. However, there are other factors that are likely to influence a bank’s lending ability. Some are

controlled by the bank, such as management efficiency and internal controls, while others are not.

The research used secondary quantitative data. The study did not take into account qualitative data that could explain other factors that influence the relationship between CG attributes and bank's lending ability. Qualitative methods like focus groups, open-ended surveys, and interviews can aid in the development of more definite outcomes.

The study focused on a five-year period (2016 to 2020). It's unclear whether the results will last for a longer period of time. It is also unclear whether similar results will be achieved after 2020. In order to account for key economic events, the study should have been conducted over a longer period of time.

The researchers utilized an OLS regression model to analyze the data. Because of the limitations of employing regression models, such as erroneous and deceptive outcomes that cause the value of the variable to change, it was not possible to generalize the conclusions of the research with accuracy. More so the result could be different if more data was added in the regression.

5.6 Suggestions for Further Research

The study findings revealed an R square of 95.8%. This implies that there are other factors that affect lending ability among the banks that were not addressed by the research. Other researches ought thus to focus on other factors for example; CEO tenure, incentive compensation, board composition in terms of expertise, audit committee, among other corporate governance aspects that affect lending ability among the banks.

The study was limited to banks in Kenya. Additional research on other Kenyan companies should be conducted. Future research should also look into how CG attributes affect other factors besides the lending ability, such as company value, efficiency, and growth, to name a few.

The focus of this research was drawn to the last five years. Future studies may span a longer time period, such as ten or twenty years, and might have a significant impact on this study by either complementing or contradicting its conclusions. A longer study has the advantage of allowing the researcher to capture the effects of business cycles such as booms and recessions.

Finally, this research relied on a regression model, which has its own set of limitations, such as errors and misleading results when a variable is changed. Future study should concentrate on models such as the Vector Error Correction Model in order to investigate the numerous relationships between CG attributes and lending ability.

REFERENCES

Afzalur, R. (2019). Firm characteristics and compliance with IAS/IFRS: Evidence from South Asia companies. *Journal of Financial Reporting and Accounting, 17* (3), 383-410.

Aimone, J. A., & Butera, L. (2016). *Hidden costs of control under aligned monetary incentives*, Oxford: Oxford University Press.

Almajali, Y.A., Alamro, S.H., & Al-Soub, Y.Z (2012). Factors affecting financial performance of Jordanian insurance companies listed at Amman stock exchange. *Journal of Management Research*, 4(2), 91-101

Amato, L. & Burson, T. (2007). The effects of firm size on profit rates in the financial service, *Journal of Economic and Economic Research*, 8(1), 61- 81

Athanasoglou, P., Sophocles, B., & Matthaois, D. (2005). Bank-specific, industry-specific and macroeconomic determinants of bank profitability. *Journal of International Financial Markets, Institutions and Money*. [Online] 121-136. Available from: http://ssrn.com/abstract:1106825

Baba, F., & Nasieku, A.M. (2016). What do financial intermediaries do? *Journal of Banking & Finance*, 25(3), 271–294

Bidabad, B., Amirostovar, A., & Sherafati, M. (2017). Financial transparency, corporate governance and information disclosure of the entrepreneur's corporation in Rastin banking. *International Journal of Law and Management*, *59*(5), 636–651.

Brahma, S., Nwafor, C., & Boateng, A. (2020). Board gender diversity and firm performance: the UK evidence. *International Journal of Finance and Economics*

Burns, N. & Burns, S. (2008). *The practice of nursing research: Conduct, critique and utilization*: 5th Edition: St Louis, Elsevier Saunders

Capital Markets Authority (2020). Guidelines on corporate governance practices by public listed Companies in Kenya, *Gazette Notice No. 3362*

Chen, Jianguo, Smith, D. J., & Wirth, C. G. (2017). How is Investment Efficiency Related to Investment Transparency? *SSRN Electronic Journal*.

Chen, X., Cheng, Q., & Wang, X. (2016). *Does increased board independence reduce earnings management? Evidence from recent regulatory reforms* (Mimeo). University of Wisconsin-Madison and Chinese University of Hong Kong.

Cooper, R., & Schindler, S. (2008). *Business research methods.* New York: Mc Grawhill

Daodu, O., Nakpodia, F., & Adegbite, E. (2017). *Institutional Perspectives on Corporate Governance reforms in Nigeria.* In *corporate governance in developing and emerging markets* 1st Edition. New York: Routledge.

Donaldson, L., & Davis, J. (1991). Stewardship theory or agency theory: CEO governance and shareholder returns. *Academy of Management Review, 20(1),* 65-73.

Freeman, R. E. (1984). *Strategic management: A stakeholder approach. Cambridge*: Cambridge university press.

Ibrahim, H. B., Ouma, C. and Koshal, J. N. (2019).Effect of gender diversity on the financial performance of insurance firms in Kenya. *International Journal of Research in Business and Social Science (2147- 4478)*, 8(5), pp. 274–285.

Iqbal. N & Khan, N (2015). Evolution of corporate governance practices and conventional banks profitability. *Journal of Business & financial affairs*, 4(2), 1-4

Jensen, M. C. (2016). The modern industrial revolution, exit and the failure of internal control systems. *Journal of Finance*, 48(3), 831-880

Jensen, M. C., & Meckling, W. H. (1976).Theory of the firm: Managerial behaviour, agency cost and ownership structure. *Journal of Financial Economics, 3*(4), 305–360

Khan, J. A. (2008). *Research methodology*. New Delhi. APH Publishing Corporation

Koech, S., & Ogollah, K. (2018). Effect of Corporate Governance on the Financial Performance of Commercial Banks in Kenya: Case Study of Chase Bank Kenya. *Strategic Institution, 15*(2), 141-173

Korent, D., Đunđek, I., & Čalopa, M. (2014). Corporate governance practices and firm performance measured by Croatian Corporate Governance Index (CCGI®), *Economic Research-Ekonomska Istraživanja*, 27:1, 221-231,

Lamport, M J, Latona M N, Seetanah B & Sannassee R V (2011). Relationship between corporate governance and firm performance: Evidence from a sample

of top 100 Mauritian companies. *Faculty of Law and Management, University of Mauritius*

Lee, J. (2009). Does the size matter in firm performance? Evidence from US public firms, *Internal Journal of the Economic of Business*, 16(2), 199- 203

Luyima, A. N. (2015). *Corporate Governance and Organisational Performance of Insurance Companies in Kenya.* Nairobi: University of Nairobi.

Mamatzakis, E. &Bermpei, T. (2015). The effect of corporate governance on the performance of US investment banks. *Financial Planning Review*, *24*(2), 191-239.

Mgammal, M. H., Bardai, B., & Ku Ismail, K. N. I. (2018).Corporate governance and tax disclosure phenomenon in the Malaysian listed companies. *Corporate Governance: The International Journal of Business in Society*, *18*(5), 779-808.

Miruka, T. (2020). *Effect of corporate governance on financial performance of banks in Kenya: a case study of NIC bank headquarter in Nairobi, Kenya.* Unpublished MBA Research project, United States International University–Africa.

Moenga, G. O. (2015). *The Effect of Corporate Governance on the Financial Performance of Microfinance Institutions in Kenya*. Unpublished PhD dissertation, Nairobi: University of Nairobi.

Muth, M. M. & Donaldson, L. (1998). Stewardship Theory and Board Structure: A Contingency Approach. *Corporate Governance: An International Review 1*(7): 5- 28.

Mwangi, A. K. (2018). *Effect of Audit Committee Characteristics on Quality of Financial Reporting among non-Commercial State Corporations in Kenya*. Retrieved from http://hdl.handle.net/123456789/4598

Mwangi, M., & Murigu, J. (2015). The Determinants of Financial Performance in General Insurance Companies in Kenya. *European Scientific Journal*, 11(1), 288 – 297

Naimah, Z. & Hamidah. (2017). The Role of Corporate Governance in Firm Performance. *SHS Web of Conferences, 34* (13003), 1-6.

Njau, K. D. (2016). *The Effect of Adoption of Public Financial Reforms on the Performance of County Governments in Kenya*. Unpublished PhD dissertation, Nairobi: University of Nairobi.

Nzuve, I. (2016). *Financial performance measurement of manufacturing small and medium enterprises in Pretoria: A multiple exploratory case study*. Unpublished Project. University of South Africa

OECD (2020). Board Practices: Incentives and Governing Risks, Corporate Governance, Paris: OECD Publishing.

OECD. (2004). *Corporate Governance, Value Creation and Growth - The Bridge between Finance and Enterprise.* Retrieved from OECD Website.

Okiro, K, Aduda, J & Omoro, N. (2015). The effect of corporate governance and capital structure on performance of firms listed at the East African Community Securities Exchange. *European Scientific Journal*, 11(7), 504-533.

Olick, L. (2015). *The effect of corporate governance on financial performance of 50 microfinance banks in Kenya*. An Unpublished MBA Research Project, University of Nairobi.

Opanga, O. B. (2013). *The Relationship Between Corporate Governance and Financial Performance: A Study of Insurance Firms in Kenya.* Nairobi: University of Nairobi.

Ouni,.Z, Mansour,.J & Arfaoui,.S (2020).board/executive gender diversity and firm financial performance in Canada: the mediating role of environmental, social, and governance (ESG) orientation," sustainability, *MDPI, Open Access Journal,12*(20),1-17

Padachi, K., Ramsurrun, V., & Ramen, M. (2017). Corporate Governance and Firms' Performance of Mauritian Listed Companies. *International Journal of Financial Management and Reporting Analysis, 1 (1),* ISSN 1694-366X

Pastoriza, D., & Ariño, M. A. (2018). Does the ethical leadership of supervisors generate internal social capital? *Journal of Business Ethics, 118*(1), 1–12.

Rono,B.(2019). *Effect of corporate governance on business performance of Kenya commercial bank.* Unpublished MBA project, United States International University–Africa.

Salem, I., Damak, S., & Hussainey, K. (2019). Corporate governance and risk disclosure quality: Tunisian evidence. *Journal of Accounting in Emerging Economies, ahead-of-print*.

Sarbah, A. & Xiao, W. (2019). Good Corporate Governance Structures: A Must for Family Businesses. *Open Journal of Business and Management, 3* (1), 40-57.

Segrestin,.B & Hatchuel,.A (2011).Beyond Agency theory, a post-crisis view of corporate law. *British Journal of Management,22*(9);484-499

Shleifer, A., & Vishny, R. W. (1997). A survey of corporate governance. *Journal of Finance*, *52*(2), 737–783.

APPENDICES

Appendix I: Commercial Banks in Kenya

1	ABSA Bank Kenya	1916
2	Access Bank Kenya	8th January 1985
3	African Banking Corporation Limited	8th December 1994
4	Bank of Africa Kenya Limited	30th April 2004
5	Bank of Baroda (K) Limited	1st July 1953
6	Bank of India	5th June 1953
7	Citibank N.A Kenya	1st July 1974
8	Consolidated Bank of Kenya Limited	18th December 1989
9	Co-operative Bank of Kenya Limited	1st July 1968
10	Credit Bank Limited	30th November 1994
11	Development Bank of Kenya Limited	20th September 1996
12	Diamond Trust Bank Kenya Limited	15th November 1994
13	DIB Bank Kenya Limited	13th April 2017
14	Ecobank Kenya Limited	16th June 2008
15	Equity Bank Kenya Limited	28th December 2004

16	Family Bank Limited	1st May 2007
17	First Community Bank Limited	29th April 2008
18	Guaranty Trust Bank (K) Ltd	13th January 1995
19	Guardian Bank Limited	20th December 1995
20	Gulf African Bank Limited	1st November 2007
21	Habib Bank A.G Zurich	1st July 1978
22	I&M Bank Limited	27th March 1996
23	Kingdom Bank Limited	2nd March 2010
24	KCB Bank Kenya Limited	1st January 1896
25	Mayfair CIB Bank Limited	20th June 2017
26	Middle East Bank (K) Limited	28th November 1980
27	M-Oriental Bank Limited	8th February 1991
28	National Bank of Kenya Limited	1st January 1968
29	NCBA Bank Kenya PLC	5th November 2019
30	Paramount Bank Limited	5th July 1995
31	Prime Bank Limited	3rd September 1992
32	SBM Bank Kenya Limited	1st April 1996

33	Sidian Bank Limited	23rd March 1999
34	Spire Bank Ltd	23rd June 1995
35	Stanbic Bank Kenya Limited	1st June 2008
36	Standard Chartered Bank Kenya Limited	1910
37	UBA Kenya Bank Limited	25th September 2009
38	Victoria Commercial Bank Limited	11th January 1996

Source: CBK (2020)

Appendix II: Secondary Data

Bank	Year	Lending ability	Board size	Gender diversity	Independence	Credit risk	Capital adequacy	Bank size
1	2016	7.184	9.000	0.327	0.727	0.143	0.165	16.934
1	2017	7.166	9.000	0.489	0.889	0.157	0.153	16.945
1	2018	7.202	10.000	0.500	0.900	0.183	0.156	17.058
1	2019	7.250	10.000	0.500	0.900	0.199	0.184	17.145
1	2020	7.284	10.000	0.500	0.900	0.149	0.154	17.196
2	2016	7.577	18.000	0.544	0.944	0.232	0.164	18.054
2	2017	7.499	18.000	0.544	0.944	0.261	0.162	17.841
2	2018	7.438	11.000	0.544	0.944	0.282	0.158	17.808
2	2019	7.326	11.000	0.544	0.944	0.338	0.160	17.709
2	2020	7.204	11.000	0.489	0.889	0.414	0.108	17.600
3	2016	7.453	10.000	0.475	0.875	0.075	1.962	18.038
3	2017	7.561	10.000	0.475	0.875	0.085	0.305	18.233
3	2018	7.625	10.000	0.475	0.875	0.059	0.323	18.381
3	2019	7.619	10.000	0.475	0.875	0.088	0.347	18.628
3	2020	7.672	10.000	0.475	0.875	0.083	0.327	18.781
4	2016	8.164	9.000	0.489	0.889	0.042	0.184	19.300
4	2017	8.227	9.000	0.314	0.714	0.052	0.179	19.375
4	2018	8.226	9.000	0.314	0.714	0.056	0.180	19.420
4	2019	8.249	10.000	0.314	0.714	0.061	0.164	19.600
4	2020	8.290	10.000	0.314	0.714	0.056	0.167	19.740
5	2016	7.252	13.000	0.314	0.714	0.020	0.423	17.557
5	2017	7.284	13.000	0.418	0.818	0.014	0.457	17.683

Bank	Year	Lending ability	Board size	Gender diversity	Independence	Credit risk	Capital adequacy	Bank size
5	2018	7.315	13.000	0.418	0.818	0.021	0.540	17.852
5	2019	7.265	13.000	0.418	0.818	0.071	0.439	17.954
5	2020	7.110	13.000	0.433	0.833	0.094	0.484	17.951
6	2016	7.425	9.000	0.433	0.833	0.058	0.283	18.295
6	2017	7.438	11.000	0.433	0.833	0.019	0.264	18.453
6	2018	7.570	11.000	0.433	0.833	0.037	0.256	18.403
6	2019	7.422	11.000	0.433	0.833	0.016	0.276	18.266
6	2020	7.415	11.000	0.433	0.833	0.026	0.272	18.386
7	2016	8.015	7.000	0.433	0.833	0.106	0.179	19.189
7	2017	8.048	9.000	0.457	0.857	0.075	0.184	19.251
7	2018	8.056	11.000	0.457	0.857	0.083	0.173	19.320
7	2019	8.085	11.000	0.457	0.857	0.080	0.157	19.317
7	2020	6.965	11.000	0.457	0.857	0.055	0.094	16.464
8	2016	6.962	5.000	0.467	0.867	0.118	0.079	16.449
8	2017	6.925	5.000	0.467	0.867	0.153	0.051	16.415
8	2018	6.926	5.000	0.467	0.867	0.153	0.028	16.372
8	2019	6.867	5.000	0.475	0.875	0.257	0.135	16.289
8	2020	6.851	5.000	0.475	0.875	0.064	0.155	16.146
9	2016	6.898	10.000	0.475	0.875	0.072	0.228	16.320
9	2017	6.987	10.000	0.475	0.875	0.075	0.148	16.490
9	2018	7.115	10.000	0.475	0.875	0.072	0.145	16.701
9	2019	7.183	10.000	0.475	0.875	0.087	0.150	16.891
9	2020	8.319	10.000	0.489	0.889	0.034	2.126	19.652

Bank	Year	Lending ability	Board size	Gender diversity	Independence	Credit risk	Capital adequacy	Bank size
10	2016	8.415	10.000	0.489	0.889	0.039	0.228	19.679
10	2017	8.458	10.000	0.489	0.889	0.062	0.227	19.774
10	2018	8.390	10.000	0.489	0.889	0.101	0.162	19.841
10	2019	8.426	10.000	0.489	0.889	0.098	0.151	19.940
10	2020	6.941	10.000	0.489	0.889	0.260	0.251	16.613
11	2016	6.964	10.000	0.489	0.889	0.210	0.236	16.607
11	2017	6.924	10.000	0.489	0.889	0.298	0.232	16.545
11	2018	6.898	11.000	0.489	0.889	0.369	0.315	16.547
11	2019	8.249	10.000	0.489	0.889	0.024	0.146	19.420
11	2020	8.270	10.000	0.489	0.889	0.032	0.185	19.609
12	2016	8.292	11.000	0.489	0.889	0.067	0.190	19.711
12	2017	8.286	11.000	0.489	0.889	0.063	0.211	19.750
12	2018	8.299	11.000	0.489	0.889	0.068	0.209	19.772
12	2019	5.463	10.000	0.489	0.889	0.554	0.701	14.775
12	2020	6.329	9.000	0.499	0.899	0.004	0.299	15.474
13	2016	6.705	5.000	0.499	0.899	0.010	0.149	16.011
13	2017	7.472	5.000	0.499	0.899	0.062	0.250	17.775
13	2018	7.389	5.000	0.499	0.899	0.163	0.194	17.668
13	2019	7.214	5.000	0.499	0.899	0.377	0.160	17.794
13	2020	7.115	5.000	0.499	0.899	0.174	0.166	17.813
14	2016	7.330	7.000	0.500	0.900	0.145	0.162	18.138
14	2017	8.431	7.000	0.500	0.900	0.027	0.202	19.875
14	2018	8.425	7.000	0.500	0.900	0.063	0.197	19.976

Bank	Year	Lending ability	Board size	Gender diversity	Independence	Credit risk	Capital adequacy	Bank size
14	2019	8.446	7.000	0.500	0.900	0.055	0.204	20.078
14	2020	8.473	7.000	0.500	0.900	0.071	0.159	20.167
15	2016	8.564	6.000	0.509	0.909	0.087	0.198	20.328
15	2017	7.579	6.000	0.509	0.909	0.037	0.144	18.213
15	2018	7.700	6.000	0.509	0.909	0.120	0.208	18.057
15	2019	7.638	6.000	0.509	0.909	0.192	0.199	18.052
15	2020	7.645	6.000	0.509	0.909	0.162	0.195	18.020
16	2016	7.704	6.000	0.509	0.909	0.141	0.187	18.183
16	2017	7.039	6.000	0.509	0.909	0.235	0.115	16.494
16	2018	7.039	6.000	0.509	0.909	0.320	0.140	16.521
16	2019	6.988	6.000	0.509	0.909	0.408	0.153	16.670
16	2020	6.956	6.000	0.509	0.909	0.488	0.091	16.699
17	2016	6.996	10.000	0.509	0.909	0.415	0.081	16.747
17	2017	7.292	10.000	0.509	0.909	0.092	0.265	17.528
17	2018	7.289	10.000	0.509	0.909	0.111	0.255	17.286
17	2019	7.313	10.000	0.509	0.909	0.109	0.239	17.277
17	2020	7.294	10.000	0.509	0.909	0.147	0.260	17.452
18	2016	7.316	9.000	0.509	0.909	0.109	0.243	17.186
18	2017	6.966	9.000	0.517	0.917	0.030	0.176	16.497
18	2018	6.953	9.000	0.517	0.917	0.017	0.190	16.504
18	2019	6.983	9.000	0.517	0.917	0.045	0.202	16.576
18	2020	6.956	9.000	0.517	0.917	0.076	0.227	16.600
19	2016	6.959	9.000	0.517	0.917	0.069	0.222	16.612

Bank	Year	Lending ability	Board size	Gender diversity	Independence	Credit risk	Capital adequacy	Bank size
19	2017	7.188	9.000	0.523	0.923	0.084	0.158	17.023
19	2018	7.209	9.000	0.523	0.923	0.092	0.187	17.117
19	2019	7.287	9.000	0.523	0.923	0.093	0.162	17.260
19	2020	7.354	9.000	0.523	0.923	0.106	0.187	17.322
20	2016	7.356	9.000	0.535	0.935	0.153	0.171	17.374
20	2017	6.596	9.000	0.600	0.909	0.079	0.321	16.141
20	2018	6.581	9.000	0.600	0.909	0.187	0.391	16.342
20	2019	6.798	9.000	0.600	0.909	0.074	0.246	16.885
20	2020	6.826	9.000	0.600	0.909	0.092	0.273	17.027
21	2016	7.724	7.000	0.600	0.909	0.044	0.181	18.087
21	2017	7.736	7.000	0.600	0.909	0.069	0.177	18.091
21	2018	7.696	7.000	0.600	0.909	0.108	0.170	18.028
21	2019	7.638	7.000	0.600	0.909	0.249	0.153	17.919
21	2020	7.586	7.000	0.600	0.909	0.236	0.146	17.849
22	2016	8.107	15.000	0.600	0.909	0.025	0.202	19.072
22	2017	8.129	15.000	0.600	0.909	0.029	0.182	19.165
22	2018	8.185	15.000	0.600	0.909	0.087	0.186	19.297
22	2019	8.169	14.000	0.600	0.909	0.108	0.179	19.332
22	2020	8.195	14.000	0.600	0.909	0.098	0.216	19.429
23	2016	7.007	8.000	0.314	0.714	0.052	0.163	16.636
23	2017	6.971	8.000	0.418	0.818	0.172	0.201	16.574
23	2018	6.920	8.000	0.418	0.818	0.133	0.193	16.371
23	2019	8.539	7.000	0.418	0.818	0.045	0.154	20.140

Bank	Year	Lending ability	Board size	Gender diversity	Independence	Credit risk	Capital adequacy	Bank size
23	2020	8.586	7.000	0.418	0.818	0.071	0.180	20.204
24	2016	8.626	7.000	0.600	0.909	0.077	0.166	20.287
24	2017	8.659	7.000	0.600	0.909	0.063	0.195	20.387
24	2018	8.729	6.000	0.600	0.917	0.102	0.190	20.616
24	2019	6.558	6.000	0.517	0.917	0.159	0.393	15.471
24	2020	6.442	6.000	0.517	0.917	0.181	0.571	15.449
25	2016	6.408	7.000	0.517	0.917	0.382	0.449	15.495
25	2017	6.776	7.000	0.517	0.917	0.137	0.312	15.952
25	2018	6.822	7.000	0.517	0.917	0.082	0.387	16.110
25	2019	6.862	7.000	0.517	0.917	0.072	0.332	16.174
25	2020	6.875	7.000	0.517	0.917	0.094	0.309	16.168
26	2016	6.833	7.000	0.457	0.857	0.193	0.344	16.333
26	2017	7.831	8.000	0.475	0.875	0.112	0.140	18.647
26	2018	7.741	8.000	0.475	0.875	0.175	0.071	18.535
26	2019	7.719	7.000	0.475	0.875	0.300	0.054	18.515
26	2020	7.679	7.000	0.457	0.857	0.391	0.037	18.559
27	2016	7.662	16.000	0.475	0.875	0.356	0.115	18.534
27	2017	8.059	16.000	0.538	0.938	0.091	0.206	18.926
27	2018	8.059	16.000	0.538	0.938	0.113	0.230	18.948
27	2019	8.078	13.000	0.523	0.923	0.109	0.223	19.144
27	2020	8.068	13.000	0.538	0.938	0.122	0.187	19.155
28	2016	6.769	14.000	0.457	0.857	0.052	0.241	16.169
28	2017	6.763	14.000	0.529	0.929	0.083	0.274	16.059

Bank	Year	Lending ability	Board size	Gender diversity	Independence	Credit risk	Capital adequacy	Bank size
28	2018	6.771	14.000	0.529	0.929	0.106	0.295	16.071
28	2019	6.751	14.000	0.489	0.889	0.132	0.285	16.107
28	2020	6.810	14.000	0.489	0.889	0.121	0.245	16.161
29	2016	7.613	12.000	0.600	0.917	0.017	0.173	17.990
29	2017	7.595	12.000	0.600	0.917	0.036	0.222	17.995
29	2018	7.591	12.000	0.600	0.917	0.049	0.225	18.172
29	2019	7.566	13.000	0.600	0.917	0.061	0.373	18.422
29	2020	7.568	13.000	0.600	0.917	0.102	0.414	18.505
30	2016	8.014	10.000	0.500	0.900	0.102	0.151	18.798
30	2017	6.688	10.000	0.500	0.900	0.883	0.128	16.087
30	2018	6.643	10.000	0.500	0.900	0.729	0.164	16.261
30	2019	7.087	10.000	0.500	0.900	0.253	0.243	18.073
30	2020	7.189	10.000	0.500	0.900	0.852	0.231	18.099
31	2016	7.098	5.000	0.400	0.800	0.128	0.247	16.766
31	2017	7.128	5.000	0.400	0.800	0.238	0.232	16.854
31	2018	7.057	5.000	0.400	0.800	0.278	0.165	16.776
31	2019	7.118	5.000	0.400	0.800	0.204	0.144	17.047
31	2020	7.162	5.000	0.400	0.800	0.197	0.179	17.091
32	2016	8.007	11.000	0.509	0.909	0.041	0.187	19.155
32	2017	8.063	11.000	0.509	0.909	0.050	0.181	19.185
32	2018	8.116	11.000	0.509	0.909	0.067	0.168	19.332
32	2019	8.166	11.000	0.509	0.909	0.094	0.174	19.454
32	2020	8.184	11.000	0.509	0.909	0.100	0.183	19.495

Bank	Year	Lending ability	Board size	Gender diversity	Independence	Credit risk	Capital adequacy	Bank size
33	2016	8.061	12.000	0.600	0.917	0.101	0.212	19.271
33	2017	8.089	12.000	0.600	0.917	0.083	0.209	19.339
33	2018	8.101	12.000	0.600	0.917	0.090	0.185	19.471
33	2019	8.074	12.000	0.600	0.917	0.117	0.195	19.469
33	2020	8.110	12.000	0.600	0.917	0.095	0.177	19.526
34	2016	6.920	8.000	0.350	0.750	0.333	0.175	16.488
34	2017	6.871	8.000	0.350	0.750	0.168	0.163	16.440
34	2018	6.719	8.000	0.350	0.750	0.427	0.127	16.227
34	2019	6.648	8.000	0.350	0.750	0.560	0.220	16.037
34	2020	6.520	8.000	0.433	0.833	0.711	0.206	15.741
35	2016	6.823	9.000	0.314	0.714	0.110	0.216	16.162
35	2017	6.804	9.000	0.314	0.714	0.116	0.223	16.155
35	2018	6.820	9.000	0.418	0.818	0.242	0.291	16.142
35	2019	6.821	9.000	0.418	0.818	0.221	0.211	16.141
35	2020	6.787	9.000	0.418	0.818	0.286	0.202	16.047
36	2016	6.437	8.000	0.418	0.818	0.018	0.238	15.867
36	2017	6.485	8.000	0.400	0.800	0.019	0.387	15.539
36	2018	6.515	8.000	0.475	0.875	0.044	0.388	15.688
36	2019	6.538	8.000	0.475	0.875	0.128	0.332	16.545
36	2020	6.560	8.000	0.475	0.875	0.243	0.254	16.594
37	2016	7.118	11.000	0.475	0.875	0.033	0.193	16.812
37	2017	7.184	11.000	0.475	0.875	0.025	0.255	16.925
37	2018	7.276	11.000	0.171	0.571	0.001	0.227	17.073

Bank	Year	Lending ability	Board size	Gender diversity	Independence	Credit risk	Capital adequacy	Bank size
37	2019	7.354	11.000	0.171	0.571	0.031	0.211	17.292
37	2020	7.376	11.000	0.171	0.571	0.051	0.202	17.401
38	2016	7.236	9.000	0.171	0.571	0.175	0.200	17.270
38	2017	7.234	9.000	0.314	0.714	0.173	0.200	17.265
38	2018	7.232	9.000	0.489	0.889	0.171	0.200	17.261
38	2019	7.231	9.000	0.489	0.889	0.169	0.199	17.256
38	2020	7.229	9.000	0.489	0.889	0.167	0.199	17.251