EFFECT OF FINANCIAL STRUCTURE ON FINANCIAL PERFORMANCE OF LISTED COMMERCIAL BANKS IN KENYA

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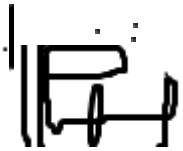
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THIS DISSERTATION HAS BEEN SUBMITTED TO THE FACULTY OF BUSINESS, COMMUNICATION AND COMPUTER SCIENCE IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION OF ST. PAUL'S UNIVERSITY

NOVEMBER, 2021

DECLARATION

This dissertation presents my original work which has not been presented in any learning institution.

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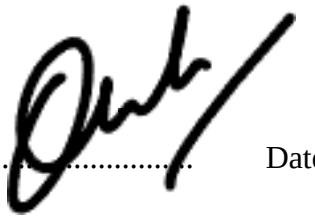
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DEDICATION

I wish to dedicate this dissertation to my husband D. M. Wachira for tirelessly supporting and sincerely guiding me during the period of my study.

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ABBREVIATIONS AND ACRONYMS

CBK	Central Bank of Kenya
CFI	Corporate Finance Institute
CLRM	Classical Linear Regression Model
EPS:	Earnings per Share
FGLS	Feasible Generalized Least Squares
I & M	Investments and Mortgages
IPO	Initial Public Offering
LTDTE	Long Term Debt to Total Equity
MM	Modigliani–Miller
NIM	Net Interest Margin
OLS	Ordinary Least Square

OPERATIONAL DEFINITION OF TERMS

Financial structure: This is the particular combination of financial debt as well as equity used by a firm to finance its overall procedures and growth, where debt can be found in the kind of bond issues/loans, while equity might be available in the type of common stock, chosen stock/ maintained profits.

Debt: This refers to a long-term liability a business takes on by borrowing money from its bank.

Equity: This refers to possession of properties that might have financial obligations or various other obligations affixed to them, it is measured for bookkeeping purposes by subtracting liabilities from the value of the assets.

Long-Term Debt: This refers to debt that matures in more than one year; can be viewed as financial statement reporting by the issuer and financial investing.

Share Capital: This refers to the portion of a company's equity that has been gotten by the issue of shares in the company to a shareholder, usually for cash.

Short Term Debt: This refers to a firm's financial responsibilities that are anticipated to be settled within a year, consisting of short-term small business loan, accounts payable, earnings, lease settlements, and revenue tax obligations payable.

ABSTRACT

The study sought to determine the effect of financial structure on financial performance of listed commercial banks in Kenya. This research study was pegged on Modigliani and Miller theory, Pecking order theory, Compromise Theory and also Market Timing Theory. This research study employed Panel research data as well as additionally targeted all the eleven (11) listed business financial institutions in Kenya for duration of five (5) years covering in between 2015 and 2019. Demographics method was taken on in investigating all the 11 noted commercial banks in Kenya. Data extraction sheet was used for the purposes of data collection. With the help of STATA software program, data was assessed utilizing descriptive stats and also panel regression analysis. The outcomes were comprehensively presented in tables and also charts. In order to determine the appropriateness of the empirical design, the study carried out diagnostic tests specifically; multicollinearity, heteroscedasticity, autocorrelation, stationarity as well as also Hausman test. The results for generated a coefficient of 0.3594 indicating that retained earnings, short-term debts, long-term financial debts and also share capital jointly had an outcome of 35.94 percent of economic performance of listed commercial banks in Kenya as measured by return on assets. The results revealed that retained profits positively and also substantially affected financial efficiency of listed banking institutions, there was a positive though trivial association between short-term financial debt and also economic performance; it was also observed that long-term financial debt favorably as well as substantially affected economic efficiency of listed commercial banks in Kenya. Ultimately, the research established that there was a positive and significant relationship between share capital as well as financial performance of banks listed in Kenya. Based upon the findings, the research concluded that economic performance of listed commercial financial institutions in Kenya had been erratic in between the year 2015 and also 2019 in which some banks had been registering increasing return on assets as others sign up declining financial performance in terms of return on assets. The research likewise noted industrial banks in Kenya had actually been continuously recording combined results with regards to retained profits as occasionally the retained earnings were rising while in some years were decreasing throughout the five-year period of in between 2015 and also 2019. Therefore, managements of listed commercial banks in Kenya must strive to make sound and well-informed choices when it involves the economic framework they choose when it pertains to funding their operations since economic framework has considerable impact.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

A good financial performance of commercial banks contributes to a sound and rewarding financial market in addition to a more powerful monetary system which is much better able to withstand negative shocks (Odhiambo, 2015). Poor efficiency can lead to financial institution runs, bank situations and result in a major financial dilemma. Baba and Ashogbon (2019) believe that, the monetary efficiency of listed business financial institutions can be checked via analysis of the different indications like complete possessions, total shareholder equity by comparing to earnings of the financial institutions. The success shows the economic performance of a financial institution (Hallunovi & Berdo, 2018). Improving on monetary efficiency is the utmost goal of any kind of organization and also it is essential to gauge monitoring as the people as well as teams within the organization that adds towards the economic goals of the organization (Musah, Abdulai & Baffour et al 2020). In measuring financial performance, several ratios are used such as Return on Equity, Return on Asset, and net interest margin, among others, are used (Murthy, 2015).

Financial structure remains a highly controversial topic among researchers of corporate finance. The controversy emanates from varying views, perception and theories on how optimum financial structure can be achieved so as to minimize a firm's cost of capital and maximize firm value (Mutua, 2016). Commercial banks have found themselves in crossroad trying to achieve optimal mode of financial structure financing. The selection of the mode of financing is vital and is critical to the operational sustainability of commercial banks (Kipesha & Moshi, 2014). However, studies have shown that in most scenarios, commercial banks fail to select the most appropriate form for capital financing a situation that disrupts their operations impacting their financial performance (Sathyamoorthi, Mapharing, Mphoeng & Dzimiri, 2020; Khan, Siddique & Sarwar, et al 2020). Financial structure entails debt (bonds), equity (stock) or hybrid of the two and remains a topic of keen interest to corporate firms and academic scholars owing to the fact that the mode of funding impacts the cost and availability of capital, which further impacts the operational of the commercial bank.

Global Perspective of Financial structure

The European banking sector has actually been through a major change over the last 20 years, merging waves (Lazarides, Drimpetas & Kyriazopoulos, et al 2015), sovereign financial obligation dilemmas (Lazarides et alia, 2015), restructuring and also approach changes, legal-auditing-accounting reforms, are several of the adjustments that happened. The European Union has actually applied, encouraged and also advertised several efforts that impacted the economic performance of banking sector in the region (Pereira, 2018). The main objective of all the initiatives is to make a market with typical lawful regulatory framework as well as to enforce a convergence pattern. Nearly 7,000 cases of bank mergers have occurred in the United States of America since 1980, although the phenomenon has occurred in the United Kingdom and other European countries.

In Pakistan, many commercial banks struggle to sustain their operations a situation attributed to weak financial structure (Mehar, 2018). Many commercial banks have to rely on debt financing to finance their business operations in Pakistan (Gohar & Rehman, 2016). It is claimed that struggling sustenance of commercial banks and collapse is related to weak financial structure though this claim is yet to be empirically determined. In Bangladesh, commercial banks struggle to maintain optimal financial structure because of underdeveloped bond and equity market (Siddik, et al. 2017).

Regional Perspective of Financial structure

In Ghana, debt financing among commercial banks stands at 84% of total capital out in which short term debt is 77% notwithstanding the increased minimum equity capital among the banks (Musah, 2017). According to Musah (2017), long-term debt and short-term debt ratios impact negatively the profitability of commercial banks in Ghana. In Nigeria, the over reliance on debt finance by commercial banks exerts adverse impacts on their return on asset (Nwude & Anyalechi, 2018).

In Uganda, commercial banks have been struggling to keep optimal financial structure with aim of enhancing profitability and sustainability. According to Serwadda (2019) banks' performance in Uganda has deteriorated since 2010 evidence by rising cases of loan defaults and collapse of banks. In 2012, National Bank of Commerce, collapsed where its deposits were taken over by Crane Bank, (Serwadda, 2019; Kijjambu, 2015). The collapse of National Bank of Commerce was attributed to weak financial structure according to Kijjambu (2015).

Harelimana (2017) noted that commercial banks have been struggling in Rwanda to make an optimal balance in financing their operations based on debt or equity. Osambo, et al. (2017) further noted that commercial banks in Rwanda fail to balance the use of debt and equity in financing bank operations a scenario that hinders optimal financial performance.

Local Perspective of Financial structure

In Kenya, commercial banks' financial performance has been erratic with some banks registering rising profitability as others register declining profitability. In some instances, many commercial banks in Kenya have been closed. In Kenya, the collapse of Imperial bank limited and Dubai Bank in 2015 and Chase bank in 2016 was attributed to weak financial structure (Nyabaga & Matanda, 2020). This raises concerns as to what transpired in the years 2015 and 2016 when the banking sector experienced 5% and 10% profitability dips respectively which it is yet to fully recover (Ndungu, 2019). Other banks have been forced to enter into merger or acquisition in Kenya (Giro and I&M) (NIC Bank and CBA bank) with aim of strengthening their financial structure. In 2017, Fidelity bank was acquired by SBM holdings. The average profitability ratios for return on equity, earnings per share and return on equity were 15.95%, 29.01% and 273.14% respectively and the trends indicated a decline in the past three years from 2016 to 2018 (Mujwahuzi & Mbogo, 2020).

The decision to strengthening financial structure is essential not just as a result of the need to optimize returns to different organizational constituencies, but additionally due to the impact such a decision have on a company's capability to take care of its competitive environment (Madrara, 2012). However, this is not always the case as most commercial banks fail to compile an appropriate mix of financing their operations threatening their ultimate survival (Serwadda, 2019). Consequently, poor decision on composition of debt and equity, for example wrong mix of debt and equity can result in high cost of capital, increases financial risk thus lowering the profitability and in the long run can lead to corporate failure.

Poor selection of appropriate financial structure may result to high cost of capital and thus a recipe to corporate failure (Ali & Chowdhury, 2014). Financial structure selection is a vital decision in organization as it has a direct effect on a decision relating to profitability of any business enterprise. Thus, financial structure is among the critical financing mechanisms of banks that is closely related to its survival (Saona, 2010). Capital is essential in the operational sustenance of commercial banks, maintaining public trust, and also in mobilizing the availability of adequate deposits for their customers.

1.1.1 Financial structure

Financial structure describes the mix of finances that a firm depends on to sustain its operations (Nwude & Anyalechi, 2018). The mix of financing comprises either use of equity, debt or both (hybrid) (Huang & Pan, 2016). Importance of financial structure cannot be overemphasized since it is closely related to the value of the firm. Consequently, poor decision on composition of debt and equity may result to costly capital adversely impacting the operations of the firm (Ali & Chowdhury, 2014). Financial structure selection is very vital in any organization as it has a direct effect on a decision relating to profitability of any business enterprise. Thus, financial structure as a financing decision technique of commercial banks is closely related to its survival (Saona, 2010). Capital is essential in the operational sustenance of commercial banks.

Financial structure entails various types of securities held by a firm as debt and long-term finance. The securities of comprise preference shares, retained earnings (internal equity) and ordinary shares (external equity) (Margaritis & Psillaki, 2010). Ordinary share capital is generated by selling ordinary shares to the shareholders in the public domain (Haron, 2016). Share capital is the total capital of a firm divided into shares. A firm held by shareholders requires sufficient capital to finance its operations. Funds raised by issuing shares in return for cash or other considerations. Ordinarily, a company raises its capital through debentures (debt capital) and sale of shares (share capital). These funds breathe life into the business entity enabling it to commence operations thereby achieving the objectives for which it was set up. Share capital connotes the amount of value contributed to the firm by shareholders.

Retained earnings defines a portion of net earnings from a firm that are not paid to shareholders as dividends but retained by the firm to be injected back to the business or used to settle firm debts. In the financial statement, retained earnings are recorded as shareholders' equity. Capital reserves and revenue reserves are examples of retained earnings (Bandyopadhyay & Barua, 2016). Revenue reserves are type of earnings by a firm used to compensate or cover up a fall or decline in profits so as to sustain the firm as plough back. Revenue reserves are affordable forms of financing a company and also used in raising credit rating of when seeking credit financing.

Short-term financial obligations describe things that will certainly be utilized, transformed to fluid money, mature as well as paid rapidly within a year. Temporary properties are typically funded by short-term liabilities (Kipesha, et al, 2014) as well as are determined as a

proportion of short-term obligations to total possessions. Short-term debt is a form of funding with a maturation of shorter or equal to one year as well as needs to be repaid 3-4 months. Short term funding is chosen when financial resources are quickly needed as well as there is little need for long term commitment (Peavler, 2014). The advantage of operating with short-term financial obligation is smaller sized taxes to an organization for instance, Short-term car loans attract low-cost interest levies as most loan providers' do not levy rates of interest unless there is default on the regards to involvement (Kahl, et al., 2015).

Long term financial obligation entails rigorous lawful arrangements in between the business and suppliers of the debt which is generally acquired in interest to a firm as well which is connected with economic distress to a firm (Birru, 2016). Long-term monetary responsibility is gauged as long-lasting obligations split by complete possessions. This is considering that a high financial obligation level boosts the amount of interest that is anticipated to be paid routinely which could paralyze the liquidity level of the firm. (Sivalingam & Kengatharan, 2018).

1.1.2 Financial Performance

This is how a firm uses resources to generate own revenue. Financial performance connotes the health of the firm across time. According to Al-Matari et al. (2014) firm performance can be analyzed using balanced scorecard that focuses on four critical aspects financial, internal business process and learning, customers, internal and growth. Some of measures of financial performance among listed commercial banks return on equity, Net Interest Margin and return on assets and Net Interest Margin (Sangmi & Nazir, 2010; Poudel, 2012).

Net Interest Margin is the value of interest income produced by the bank after deducting the amount of interest levied by lenders in relation to aggregate assets (Huang & Pan, 2016). Net income is a ratio of income generated minus lenders interest to total assets. According to Sinkey (1992), return on asset has been perceived to be a comprehensive measure financial performance. ROA may also be used to describe managerial efficiency of a firm. ROA helps describe the ability of a bank to convert its resources into revenue earnings.

1.1.3 Overview of Commercial Banks in Kenya

Commercial financial institutions in Kenya play the function of accepting deposits from consumers and also lending institutions (Central Bank of Kenya, 2019). It also plays the function of holding cash in support of depositors as well as creating financial platform to support savings. Additionally, commercial banks play major role in financial growth of a

country by paying tax obligation income while lending federal government funds to finance developing projects (Business Finance Institute, 2019). Kenya has 43 commercial banks (CBK, 2019). Twenty nine of these are local while 14 are foreign owned. CBK is the supreme financial institution with the mandate of developing and also applying monetary plans in Kenya while regulating business banks procedures.

The regulating features of the CBK consist of stating the minimal capital demands before an entrance is signed up to provide banking or economic solutions. Central Bank of Kenya functions as the banker to the commercial banks and comes to be the lending institution of last options to financial institutions which are experiencing financial problems (Corporate Money Institute, 2019). Commercial Financial institutions Organizations are accredited and also regulated pursuant to the stipulations of the Firms Act, Financial Act, Reserve bank of Kenya policies and also prudential guidelines provided by CBK on routine basis. Based on the CBK policies, banks need to hold minimum of 14% of their accumulated assets as core resources (CBK, 2019). Commercial financial institutions managing significant big amount of funding have the ability to take up on even more risky and also gratifying financial investments as compared to banks holding less resources and also need to rely upon debt funding.

1.2 Problem Statement

Commercial banks remain to be an integral part of financial growth of a country because it gives financial assistance to the economic sector as well as governments (Baily & Elliott, 2013). Puatwoe as well as Piabuo (2017) contend that countries with secure monetary field appreciate a quick financial growth than those with less secure and also messy economic market and that a healthy financial market is a requirement for sustainable economic growth. Hamza and Khan (2019) indicate that steady and high performance of banking market institutions is an indication of boosted profitability as well as stability in the financial sector. An increase in profitability of the commercial banks means better performance by both the banks and insurance firms leading to more availability of capital for investment.

There has been fluctuation in performance of commercial banks in Kenya with some banks registering rising profitability as others register declining profitability. This raises concerns as to what transpired in the years 2015 and 2016 when the banking sector experienced 5% and 10% profitability dips respectively (Ndungu, 2019). The decrease in earnings of Kenyan commercial banks was also observed in the years 2013, 2014 as well as 2015 where ROE was 20.94%, 20.88% as well as 17.38 specifically (Cytonn Financial investment record, 2017).

Likewise, in the year 2018, major tier 1 banks witnessed sharp decline in their profits with combine ROE of 17.03% (Ndungu, 2019). This decline in profits forced some commercial banks out of the market. For instance, the collapse of Imperial bank limited, Chase bank and Dubai Bank was attributed to weak financial structure though this yet to be empirically defined (Ndungu, 2019). Other banks have been forced to enter into merger or acquisition in Kenya (Giro and I&M) (NIC Bank and CBA) with aim of strengthening their financial structure. In 2017, Fidelity bank was acquired by SBM holdings.

Financial structure remains a highly controversial topic among researchers of corporate finance. The controversy emanates from varying views, perception and theories on how optimum financial structure can be achieved so as to minimize a firm's cost of capital and maximize firm value (Mutua, 2016). The selection of the mode of financing commercial banks is vital and is critical to the operational sustainability of commercial banks (Kipesha & Moshi, 2014). However, in most scenarios, commercial banks fail to select the most appropriate form for capital financing a situation that disrupts their operations impacting their financial performance. Financial structure entails debt (bonds), equity (stock) or hybrid of the two and remains a topic of keen interest to corporate firms and academic scholars owing to the fact that the mode of funding impacts the cost and availability of capital, which impacts the operational of the commercial bank.

On average, capital adequacy ratio for commercial banks in Kenya is currently at 18% which is way above the regulatory requirement of 8%. As Gropp and Heider (2019) concluded, regulations are a second-order determinant of bank financial structure in Kenya. The Central Bank of Kenya (CBK) adopted the Basel II capital requirements which suggest that banks should have capital adequacy ratios of at least 8%. As noted by Beck, Demirguc-Kunt and Peria (2018), banks have averaged 18% as far as capital requirements are concerned and this is way above the recommended ratio of 8%.

For a firm to make critical decisions regarding on how to finance its operations, an appropriate and suitable mix of financial structure is required. These capital financing decisions are not only vital in the maximization of firms' returns but also as survival technique in the turbulent and competitive business environment (Yosia, 2017). However, this is not always the case as most commercial banks fail to compile an appropriate mix of financing their operations threatening their ultimate survival (Serwadda, 2019). Consequently, poor decision on composition of debt and equity, for instance wrong mix of debt/equity can result costly capital, increased financial risk thus lowering the profitability

and in the long run can lead to corporate failure. Empirical literature further reveals limited consensus among practitioners and scholars on the impact of financial structure on commercial banks' financial performance with some scholars pointing out positive relationship (PHAM, 2020; Omare, 2019; Mardones & Cuneo, 2020); while other negative relationship (Le & Phan, 2017). The presence on non-consensus on how financial structure relates with commercial bank performance motivated this study in the context of Kenyan commercial banks.

1.3 Objectives of the Study

1.3.1 General Objective

To determine the effect of financial structure on financial performance of listed commercial banks in Kenya.

1.3.2 Specific Objectives

Specific objectives of the study were:

i. To establish the effect of retained earnings on financial performance of listed commercial banks in Kenya.
ii. To determine the effect of short-term debt on financial performance of listed commercial banks in Kenya.
iii. To establish the effect of long-term debt on financial performance of listed commercial banks in Kenya.
iv. To assess the effect of share capital on financial performance of listed commercial banks in Kenya.

1.4 Research Hypotheses

The research hypotheses for the study were:

H_{01}: Retained earnings have no significant effect on financial performance of listed commercial banks in Kenya.

H_{02}: Short term debt has no significant effect on financial performance of listed commercial banks in Kenya.

H_{03}: Long term debt has no significant effect financial performance of listed commercial banks in Kenya.

H_{04}: Share capital has no significant effect on financial performance of listed commercial banks in Kenya.

1.5 Significance of the Study

1.5.1 Bank Management

The results may be of significant importance to commercial banks, policymakers and future scholars. The results will be of significant importance to commercial banks in Kenya in selecting the appropriate mix when financing their operations either through debt or equity. Commercial banks may ensure optimum mix in the selection of debt and equity in their financial structures to maximize financial performance and remain operations.

1.5.2 Policy Makers

The results may also be of vital importance to policymakers that include Central Banks of Kenya. The policy regulators will stand better chance of enacting financial structure policies that may aid banks in the optimal selection between equity and debt as mode of financing.

1.5.3 Academicians

The results may also form the basis for future research on financial structure and how it impacts performance. The results will act as reference point for future scholars and researchers.

1.6 Scope of the Study

The study focused on Eleven (11) listed commercial banks in Kenya in the period between 2015 and 2019. Yearly panel data on the banks was utilized in the study where secondary data was extracted from the financial annual reports of commercial banks and CBK publications. The analysis of the study was based on panel regression model.

1.7 Limitation of the Study

The limitation of secondary data is the originality of data as the internet is characterized by different data from numerous sources. However, the researcher addressed this challenge by ensuring that the data used in the study was sourced from the right sources which include CBK and official websites for commercial banks. This was mitigated by assuring participants that the information is only meant for academic research. Some commercial banks were anticipated to have missing financial records for some years. This was to be mitigated by running unbalanced data model.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

2.2 Theoretical Review

Theoretical review provides propositions of theories and how they link variables in a study. The main theory that anchored the study was Modigliani and Miller in the 1958‘s, and the other theories are here below:

2.2.1 Modigliani and Miller Theorem

The Modigliani-Miller (1958) theory on the irrelevancy of resources framework implicitly presumes that the marketplace possesses complete information concerning the tasks of firms and that the details asymmetry influences monetary advancement (Miller, 1988). The MM financial framework irrelevance concept assumes that the funding mix is inapplicable to the worth of the company (Villamil, 2008). The theory makes an assumption that both the investors as well as the private firms have the identical information affecting the marketplace issues. The assumption made in the version portrays ideal details concerning the performance of the business (Titman, 2001).

Two resources irrelevance suggestions were advanced by Modigliani in addition to Miller. The preliminary referral was the arbitrage-based irrelevance suggestion which recommended that experts would certainly take part in arbitrage to guarantee that financial growth would not be influenced by its use (Cline, 2015). However, the timeless arbitrage-based irrelevance idea had substantial restraints that tested its applicability considered that it neglected important elements such as bargain rates, tax obligation responsibilities, harmful selection, firm problems, sponsor customers' impacts, insolvency costs and the mix between financing as well as procedures of the firm (Heinkel, 1982).

The principle additionally thought symmetric information amongst experts in excellent financing markets. Miller as well as Modigliani (1963) proposed the second sources structure irrelevance proposal which presumed that, when a company selects a supplied monetary investment strategy, the financing framework it will pick would certainly not affect its worth.

The Modigliani-Miller thesis points out that an organization's resources framework is not a factor in its worth. Market value is identified by the present value of future earnings.

However, the Modigliani-Miller theory has been criticized for assuming that market conditions are perfect which is not realistically true. In addition, proving Modigliani-Miller theory using arbitrage has also been questioned and criticized (Ahmeti & Prenaj, 2015). In the absence of perfect capital markers, arbitrage will be of no value because levered and unlevered firms in the same business environment shall have distinctive values at the market. However, the perception that there is tax free market is unrealistically true. In addition, the management of the firm is the representative of the firm’s shareholders. This assumption does not hold because capital market is never perfect, confirming that firm financing depends on the state of the market and investment decision approaches of the firms (Ahmeti & Prenaj, 2015).

The Modigliani and Miller Theorem was considered relevant in this study. The assumptions of the theory are very important in setting optimal financial structure of an organization by selecting appropriate mix of preference share capital, long-term loans, debentures, short terms forms of financing, retained earnings and other forms of financing to run business operations. Form of financial structure is very important because any violation of the assumptions identified above renders commercial banks unable to run efficiently. It guides the appropriate selection of forms of financing banks operations.

2.2.2 Pecking Order Theory

Pecking Order Theory by Donaldson (1961) anticipates that due to the info asymmetry between the company as well as outside investors concerning the real value of both present procedures as well as future earnings streams and also prospects, outside capital will certainly constantly be fairly costly compared to internal funding (Frank & Goyal, 2003). The pecking order theory suggests that companies follow a particular hierarchical style in funding their operations. They initially utilize inside produced funds in the form of preserved profits, adhered to by financial obligation, and ultimately outside funding. The choice is a representation of the preferred expense of the readily available resources of funds, as a result of the trouble of info asymmetries between the firm and also potential money providers.

The underlying arguments and suggestions of the pecking order theory have been heavily criticized. Shahar, et al. (2015) questions the legitimacy and argument that shortage of internal funds is what only motivates firms to seek external funding support. The assumption

ignores the effects of institutional elements that influences firm's selection of the mode of funding as suggested by other theories (Zurigat, 2009). Some of the institutional elements include government interventions, borrower/lender engagement and level of interest rates. Further, Cull and Xu (2005) argues that the desire by a firm to reinvest its profit funds into large projects is limited and often depends on firms' ability to obtain external funds. Cull and Xu (2005) further argues that government interventions via monetary policies in the event of financial crisis may make cost of internal funds costlier than cost of borrowing.

This chain of command concept is extremely important since it signals to the general public just exactly how a firm is doing. The pecking order theory is applied in this research to establish just how business banks use reserved incomes as their favored mode of funding its business activities. Basing on the position concept, business financial institutions would certainly have reduced rate of interest repayments given that they are expected to use equity (retained incomes) as their major source of funding. Commercial financial institution needs to first rely on its internally produced funds notify of retained revenues to finance itself prior to looking for outside funds. In case interior funding is restricted or inaccessible, the financial institution can then resort for making use of financial debt to fund itself. The ones that are not very successful are expected to use more debt and hence pay more in interest costs.

2.2.3 Trade-off Theory

Myers (1984) argues that the benefits arising from tax shield is counterbalanced by agency costs and firm's cost arising from financial distress. To achieve balanced leverage, the benefits from interest payment have to balance with expenses that arise when issuing debt (Hackbarth, et al., 2007). The equilibrium between tax savings resulting from debts, fall in agent cost and financial difficulties has a significant effect of financial growth (Myers, 2001). Trade-off theory argues that borrowing by a firm continues till a point where marginal benefits of tax shield on extra debt is balanced by rising value probable expenses from financial distress (Abdeljawad, et al., 2013). Firm value will fall because of financial difficulties.

Tradeoff theory is very reliant in informing banks when to finance its operation partly through debt and through equity. According to the trade-off theory of financial structure, a bank has to select wisely when to finance and how much of debt and equity are required to finance their operations. The selection of either debt or equity should be informed by an agreed balance of costs and benefits. The merit of using debt to finance bank operations is tax

benefits of debt. However, there are also costs associated with the use of debt to finance bank operations and include non-bankruptcy costs and bankruptcy costs of debt. Marginal benefits declines with more us of debt, and in that regard a bank must balance the use of debt and equity in financing its operations.

2.3 Empirical Review

2.3.1 Retained earnings and Financial Performance

A study by Javed and Shah (2015) used Pearson correlation matrix at firm's level for correlations between different components of earnings. This paper points out that elements of retained earnings significantly and positively affects net future earnings of the firms. However, the study focused on firms and stock returns in Pakistan contrasting this study that focuses specifically on commercial banks presenting contextual gap.

Thirumalaisamy (2020) studied efficiency effects of corporate earnings retentions. The time scope of the study scope was 2002-2016 focusing on retained earnings growth of Indian firms. It was established from the study that retained earnings are not put in an effective way and this impacts the corporate profitability of Indian firms. Firms may attain profits; however, shareholders face losses because of discounted retained earnings at the stock market.

Wu et al. (2016) conducted a study on how earnings management impact ASEAN banks' performance. The time scope of the study was 2007-2014 and study population was the ASEAN commercial banks. Bank performance was measured using profitability and managerial ratios. The study found a negative and significant relationship between earnings management practices and ASEAN banks' performance. Financing commercial banks may differ from region to region based on modes of financing hence the need to undertake the study in the context of Kenyan commercial banks.

Bassey, et al. (2016) investigated how retained profit impacts corporate performance by focusing at Niger Mills Company. Data was extracted from Niger Mills Company Ltd. Results revealed that retained earnings of Niger Mills Ltd is significant predictor of retain profits. Retained profits can boost future earning of the Niger Mills Ltd. However, the study

focused on Niger Mills Company whose nature of business operations differs significantly from banking business presenting contextual gap.

2.3.2 Short Term Debt and Financial Performance

Gohar and Rehman (2016) investigated how resources framework impacts financial institutions' performance: empirical proof from Pakistan. Explanatory research layout was taken on in this research. Short-term financial obligation has an adverse and considerable relationship with financial institutions efficiency in Pakistan. There is absence agreement on the impact of short-term debt and profitability among commercial banks across countries presenting contextual gap. Moreover, the study focused on commercial banks in Pakistan whose financial structure may differ from financial structure of Kenyan commercial banks presenting contextual gap.

Pradhan and Khadka (2017) investigated how debt financing affects profitability of Nepalese commercial banks. The independent variables of the study were long term financial debt, total debt, short-term financial obligation to total properties, passion income, and bank dimension as well as financial obligation to equity proportion. Short-term debt, interest revenue and bank dimension disclosed a positive and also considerable partnership with financial institution profitability. Long term financial obligation, financial debt equity and total financial debt had unfavorable connection with the productivity of commercial banks. There is lack consensus on the impact of short-term financial debt and profitability among commercial banks across countries presenting contextual gap. Moreover, the study focused on commercial banks in Nepal whose financial structure may differ from financial structure of Kenyan commercial banks presenting contextual gap.

Pastory, et al. investigated (2013) studied how financial structure impacts performance of commercial banks measured using ROA. It was established that short term debt negatively impacts bank performance measured using return on assets. The results depicts non consensus among scholars on when to use short term debt and how does it impact profitability of commercial banks presenting conceptual argument.

Serwadda (2019) performed a study on the impacts of resources structure on financial institutions' efficiency, the Ugandan perspective. Panel data was drawn out from banks economic reports as well as thus panel version was utilized to analyze the connection in between capital framework and also efficiency of commercial banks in Uganda It was

established that long term and also short-term debt positively as well as substantially impacts financial institution efficiency in Uganda.

Muchugia (2013) determined the how debt as setting of funding affect success of business banks in Kenya. This was a comprehensive research study focusing on 43 business banks in Kenya. The moment scope of the research study was 2008-2012. The results of the research study revealed that short-term financial obligation has a positive and likewise connection with the profitability of business financial institutions. Temporary debts are affordable and also draw in low interest rate that promotes financial institution productivity. Long-term financial obligation adversely influences success of banks. There is no consensus on the result of short- term financial obligation as well as productivity amongst industrial financial institutions throughout countries offering contextual gap.

2.3.3 Long Term Debt and Financial Performance

Birru (2016) identified exactly how resources structure impacts the business bank monetary performance in Ethiopia. The duration of the research study was 2011-2015 which used panel data. Financial performance was gauged using ROA and also ROE. The researcher found that long-term financial obligations are positively yet insignificantly related to the monetary efficiency of commercial banks in Ethiopia gauged utilizing both ROA as well as ROE. The research additionally used various regression models contrasting current research that used panel data to evaluate the connection in between capital framework as well as economic performance. Several regression models are not appropriate in evaluating panel data offering technical space. Additionally, the study concentrated on business financial institutions in Ethiopia whose capital framework may differ from financial structure of Kenyan commercial banks presenting contextual gap.

Mutua (2016) while concentrating on commercial financial institutions in Kenya examined just how resources structure affects monetary efficiency. The researcher used descriptive research design. The research study populace was 34 commercial financial institutions that had functioned over the study duration of one decade (2005-2014). The researcher concluded that long-term debt is insignificantly related to the profitability of commercial banks. There are those research studies that showed that long-term debt has a significant impact on earnings of business financial institutions. Adeniyi et al. (2020); Ali and Chowdhury (2014) yet the arise from this study agreements this presenting non consensus on how much time term debt connect with financial institution performance for thus a reason theoretical debate.

While focusing on commercial banks in Kenya, Magero (2014) investigated how financial structure choice affects financial performance. The time scope of the study was 2009-2013 hence panel data was collected. Multiple regression models were employed to determine the effect of financial structure on commercial bank performance. The study revealed that amongst the determinants of financial structure, capital reserve and long-term debts had a strong positive relationship with ROA and ROE. The researcher stated that multiple regression models is not fit analyzing panel data presenting methodological gap and hence incorrect parameter estimates might be established which renders study conclusion on the relationship between the financial structure and banking performance incorrect.

Kuria (2013) while focusing on commercial banks in Kenya investigated how financial structure affects commercial bank financial performance. The study population was 35 banks operational for the period 2008-2012. Simple linear regression model by use of SPSS was used to determine the relationship between financial structure and bank performance. The results of the study revealed insignificant effect of financial structure on financial performance. Multiple regression model is not fit analyzing panel data presenting methodological gap and hence incorrect parameter estimates might be established which renders study conclusion on the relationship between the financial structure and banking performance incorrect.

2.3.4 Share Capital and Financial Performance

Dudycz (2019) studied the effect of share capital on company performance. The research focused on initial public offering (IPO) companies debuting on the Warsaw Stock Exchange covering the years 1998–2013. It reveals that a large percentage of share capital in equity reduces capital flexibility but can also be a signal to improve companies' market performance. It also shows that after an initial public offering, the market's information efficiency diminishes, which means, among other things, that pre- initial public offering accounting information has a negligible effect on the companies' market performance after the initial public offering. The focused on initial public offering (IPO) whose mode of operations may differ from that of commercial banks presenting contextual gap.

In Tunisia, Aymen (2013) conducted a study to determine how financial structure impacts bank financial performance. Bank performance was measured suing ROE, ROA and net interest margin. The study population was 19 commercial banks in Tunisia covering the period 2000 and 2009. It was found that share capital positively and significantly affects

financial performance of banks measured using ROE, ROA and net interest. The study focused on commercial banks in Tunisia whose financial structure may differ from financial structure of Kenyan commercial banks presenting contextual gap.

Ebaid (2009) investigated how capital-structure selection impacts bank performance in Egypt. ROE and ROA were used as measures of bank performance. Long term debt, short term debt and total debt are measures of financial structure. Descriptive research design was utilized. It was established that share capital and long-term debt significantly impacts return on assets but insignificantly impacts ROE. A conclusion was made that changes in financial structure affects the performance of the firm. The research focused on commercial banks in Egypt whose financial structure may differ from financial structure of Kenyan commercial banks presenting contextual gap.

Omai et al. (2018) examined just how share funding money impacts the earnings of oil marketing companies in Kenya. Cross-sectional study style was adopted in this study with research population being 35 firms over the period 2007-2016. Collections of sets of questions were made use of to collect main data together with secondary data. The outcomes suggested that share capital has an unfavorable but unimportant partnership with productivity. This research focused on petroleum marketing firms whose operations and financial structure differs from that of commercial banks presenting contextual gap. The study also failed to determine a panel model to illustrate the linkage between share capital and financial performance presenting methodological gap.

2.4 Summary of Literature Review and Research Gaps

The review of earlier literature concerning capital framework as well as monetary efficiency of companies has given evidence of various understanding voids existing in literature. Empirical literary works additionally exposes a non-consensus connection in between capital framework as well as bank performance with some scholars explaining positive partnership other unfavorable partnership while others no partnership. A research study by Adeniyi, et al. (2020) on financial structure and commercial banks efficiency in Nigeria exposed that financial obligation adversely as well as substantially influences the success of commercial banks.

Nwude and also Anyalechi (2018) performed a research study on exactly how prime structure influences performance of business financial institutions in Nigeria. Results of the study showed that debt finance is negatively as well as substantially related to return on asset

whereas debt-equity ratio is positively and also significantly associated to ROE. There is no consensus on the result of short-term financial obligation on earnings of commercial banks throughout nations presenting contextual gap.

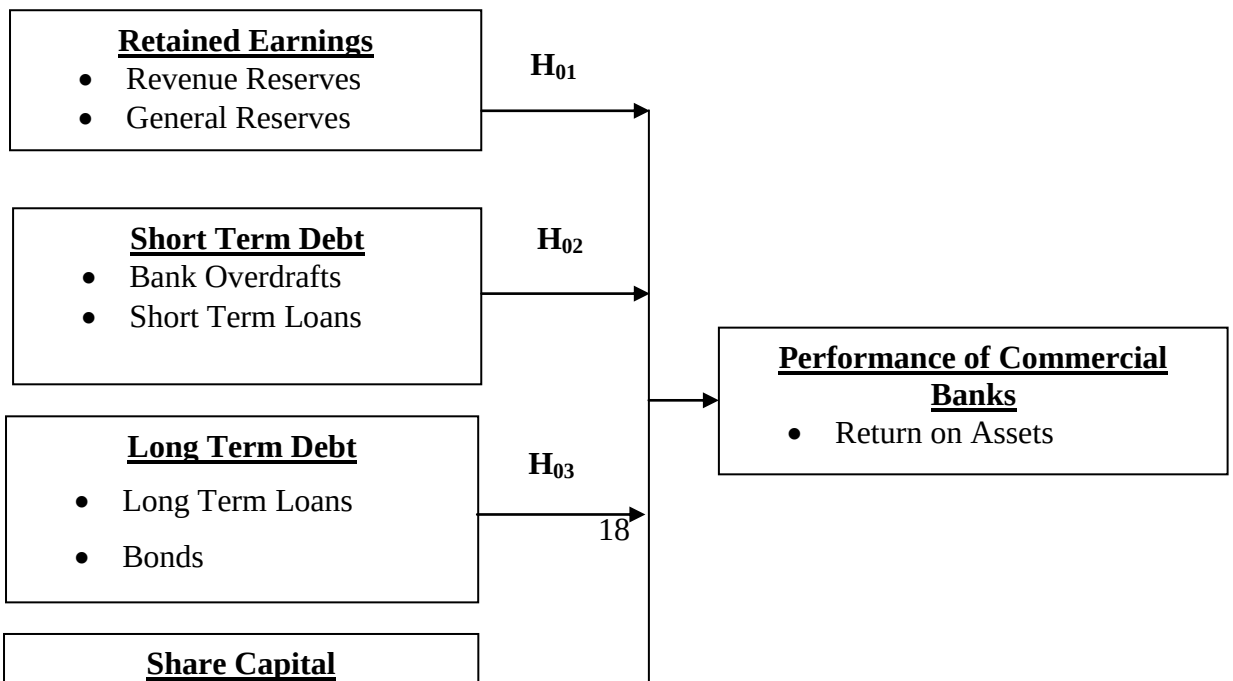
Pastory, Marobhe and Kaaya et al (2013) portrayed negative nexus in between funding structure and bank efficiency in Tanzania. Nonetheless, Makoni, (2014) on money and also company features in Tanzania showed only take advantage of operationalized financial debt to equity as well as financial obligation to total funds favorably and substantially effects return on equity. In Uganda, Yosia, (2017) while researching the result of debt monitoring on commercial bank economic efficiency in Uganda revealed that stakeholders play a huge duty in enhancing the credit rating plan for instance making sure that long term debts can be recouped beyond one financial year as well as short term financial debts are recuperated in one financial year.

Furthermore, Serwadda (2019) in a research study on the impacts of resources structure on financial institutions' performance, the Ugandan perspective, came to the conclusion that complete financial obligation positively as well as dramatically effects return on possessions. Nonetheless, a research study by Harelimana (2017) on exactly how debt funding influences banks' efficiency, Rwanda concluded that financial obligation level favorably as well as substantially influence the productivity for both I&M financial institution and other financial institution of Kigali. The visibility on non-consensus on how capital framework effects bank efficiency motivated this research in the context of Kenyan commercial financial institutions.

2.5 Conceptual Framework

Figure 1 is a pictorial relationship of study variables.

Independent Variables **Dependent Variable**



H_{04}

Figure 1: Conceptual Framework

Source: Researcher (2021)

2.5.1 Retained Earnings

Retained earnings as portion of income earned by the firm is injected back to the business or used to settle firm debts (Khan, et al. 2012). Revenue reserves are type of earnings by a firm used to compensate or cover up a fall or decline in profit revenue so as to sustain the firm as plough back instead of distributing them as dividends to shareholders (Javed & Shah, 2015).

It is just one of one of the most recommended source of given that it is typically the most low-cost resources source contrasted to equity as well as economic financial obligation (Bean, 2008). It is clawed back to sustain the procedures of business in addition to different parts of the funding. Reserved revenues obtains which as recommended by Kim as well as additionally Suh (2010) is the net earnings reserved shielded by a service as opposed to affecting the capitalists as returns, is just among the essential retentions produced by organizations.

2.5.2 Short Term Debt

Short-term assets and liabilities are can easily be liquidated, have fast maturity time period and payable within period of time. Short-term debts are also referred to as current liabilities and comprise income taxes payable, lease payments, wages, accounts payable and short-term bank loans. According to Gatsi et al. (2010), firms significantly make use of short-term debt to fund their obligations in the short term. Short-term liabilities usually finance short term possessions (Guin, 2011). Short-term financial obligations are computed as ratio of short-term liabilities to total assets. García-Terul as well as Martinez -Solano (2007) argues that short-term financial debt has positive relationship with strong development. Likewise, Yazdanfar and Öhman (2015) kept in mind that short term debt financing favorably and also dramatically influences economic efficiency of the company.

2.5.2 Long Term Debt

Long-term debt entails rigorous contractual agreement between the firm as well as companies of financial debt which is typically related to high interest rates to a firm and also monetary distress value (Tailab, 2014). Long-term financial obligation is gauged as long-term liabilities divide by total assets. This is because a high financial debt degree increases the quantity of loan repayment that is anticipated to be paid consistently which may cripple liquidity degree of the company (Vermoesen, et al. 2013). Long-term debt is the most preferred resource of financial obligation funding among reputable company institution, mainly through their asset base as well as security is a demand for lots of deposits-taking banks (Foyeke, et al. 2016).

2.5.4 Share Capital

A firm may choose to sell shares to raise capital to finance their operations. A firm often raises its capital in the form of debt capital and share capital (form of shares) (Colombo, 2007). These funds breathe life into the business entity enabling it to commence operations thereby achieving the objectives for which it was set up (Chowdhury & Chowdhury, 2010). Share capital is raised by a firm by issuing shares to the public at a fee (Younus *et al.*, 2014). Share capital depicts the value contributed by shareholders to the firm.

Share capital is commonly measured by the Book value which compares market of the shares as compared to firm value all as indicated in the financial reports (Muradoglu, et al. 2010). The above is done in ratio form by calculating price per share over share capital value. The value of capital refers to the difference between assets book value and total value to all financial obligations commonly known as liabilities and then it is divided over the outstanding share capital shares as indicated by the statement of the financial position (Dudycz, 2019). Thus from the above argument, the share capital net book value is equated to the equivalent value of remaining assets; this goes a long way in giving the net worth of the enterprise in case there is need for liquidation.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methodology that was used in undertaking the study.

3.2 Research Philosophy

Research philosophy has important assumptions regarding the technique the researcher considers in a research study (Saunders, Lewis & Thornhill, 2007). There are two extreme philosophical views relating to expertise and fact. These are Positivism as well as Phenomenology.

This study adopted the positivistic philosophy. The researcher opted for positivistic philosophy because in order to empirically establish the partnerships in between the variables, hypotheses are created as well as examined as well as the findings generalized. In this positivist paradigm, the scientific processes were followed in hypothesizing fundamental rules then deducing the observations so as to determine the truth or reject the said hypothesis about the relationship that exists between the study variables. The research study for that reason seeks to confirm the recommendations with empirical tests by operationalizing variables in the theoretical framework to permit measurement.

3.3 Research Design

This research study adopted a causal research study design which is most appropriate due to the fact that panel data was utilized. It is a specific style of longitudinal research in which the device of evaluation is followed at specified intervals over an extended period of time, in many cases over a variety of years. The design suited this research study as it aided in the financial decision making of the organization resources framework and also economic efficiency of listed commercial financial institutions in Kenya. The design tries to expound

on the operational effect of the variables. The advantage of the design is that it clarifies a perceived problem at any given time appropriately.

3.4 Target Population

Study population involves the collection of cases the researcher was interested in and that they intend to make generalizations on listed financial institutions (Sim & Wright, 2000). This study targeted all the eleven (11) listed commercial banks in Kenya for a period of five (5) years covering between 2015 and 2019.

3.5 Census

The study conducted a census of all the eleven (11) listed commercial banks in Kenya. The justification was on the basis that there were only eleven listed commercial banks and therefore there was no need to sample since the population was manageable.

3.6 Data Collection Procedure

The researcher used data collection sheet to extract and compile the required secondary data for analysis from the financial statements. The secondary data encompassed panel information. The cross-sectional information contained the firms while the period for collection of data was the years between 2015 and 2019, due to the fact that the information through was current data and also easily offered. The information for all the variables in the study was extracted from the yearly published monetary reports of the commercial banks listed in NSE covering the years 2015-2019.

The financial records where the data was drawn out from consisted of the earnings declaration, declaration of monetary placement and also the notes to the accounts. Consequently, the sample data was collected over five-year duration. Consistent with Mathuva (2015), a number of filters were applied in order to ensure accuracy of the collected data. Banks with anomalies such as unfavorable values in their overall assets, resources and devaluation were eliminated. Observation of products from the declaration of monetary placement as well as statement of monetary performance revealing signs contrary to practical expectations were eradicated.

3.7 Data Analysis

With the aid of STATA software, data was analyzed using descriptive statistics, correlation analysis and panel regression analysis. Panel data have observations of multiple phenomena

acquired over numerous amount of time for the same companies or people (Hsiao, 2007). The data was preferred due to the fact that it discloses adjustments at the specific commercial bank level, establishes time order of variables and also demonstrated how connections arise (Frees, 2004). The results were presented using tables, bars and charts. The following was the panel data model used:

$$\mathbf{Y_{it}= \beta_0+ \beta_1X_{1it} + \beta_2X_{2it} + \beta_3X_{3it} + \beta_4X_{4it}+e}\text{…….……3.1}$$

Where;

Y_{it}= Financial Performance

X_{1it}= Retained Earnings

X_{2it}= Short Term Capital

X_{3it} = Long Term Debt

X_{4it} = Share Capital

3.7.1 Operationalization and Measurement of Variables

Table 2: Operationalization and Measurement of Variables

Variable Type	Variable	Measurement
Independent	Retained Earnings	Revenue Reserve, General Reserve
Independent	Short Term Capital	Bank Overdrafts, Short Term Loans
Independent	Long Term Debt	Long Term Loan, Bonds
Independent	Share Capital	Ordinary Share Capital, Preference Share Capital
Dependent	Financial Performance	Return on Assets

3.8 Panel Diagnostic Tests

3.8.1 Panel Unit Root Test

System origin examination was carried out using the Levi lechun (LLC) examination to evaluate whether the variables were fixed or non-stationary.

3.8.2 Multicollinearity

For the purposes of testing for the presence of multicollinearity, (VIF) was used.

3.8.3 Test for Fixed or Random Effects

Hausman examination was used to examine for arbitrary Impacts as well as in case the Hausman test determines the fixed impacts design as ideal, after that the scientist examinations for inclusion of time-fixed impacts in the research study evaluation.

3.8.4 Normality Tests

This research used a Skewness and also Kurtosis test to check whether the data is normally distributed or otherwise.

3.8.5 Autocorrelation

The Woodridge test for autocorrelation was utilized. Serial correlation is a common problem experienced in panel for analysis of data as well as requires to be made up in order to accomplish the excellent results. According to Wooldridge (2002), failing to recognize in addition to mean serial relationship in the distinctive error term in a panel style will certainly result right into intolerant standard errors along with inefficient requirements estimate.

3.8.6 Heteroscedasticity

To evaluate for heteroscedasticity, the Breusch-Pagan/Godfrey test was utilized.

3.10 Ethical Consideration

A research permit was sought from the NACOSTI to allow use of secondary data from the Central Bank of Kenya website. The study ensured data collected was treated with the confidentiality it deserved, that is, it was used for academic research only and nothing else.

CHAPTER FOUR

PRESENTATION, DISCUSSION AND INTERPRETATION OF FINDINGS

4.0 Introduction

This chapter presents the analyzed results interpretation and discussion of the findings which was done per objective.

4.1 Descriptive Statistics

Results in Table 4 shows the descriptive statistics results of all the study variables.

Table 4: Descriptive Statistics

Variable	Minimum	Maximum	Mean	Std. Deviation
ROA	-.0094441	.0609744	.0312302	.0137582
Retained Earnings	.000661	.4237247	.1884999	.0894042
Short Term Debt	.0456321	.1402249	.0731191	.0175067
Long Term Debt	.1616541	.2707416	.2327274	.0233682
Share Capital	.0235622	.0923234	.064715	.0150529

As depicted by results on Table 4, the minimum return on assets recorded by the banks between 2015 and 2019 was -0.0094441, while the maximum ROA was 0.0609744.The results show that the banks recorded a mean ROA of 0.0312302 with a standard deviation of 0.0137582 between the year 2015 and 2019. The positive average ROA indicates that the banks were generally financially stable within that period. The results also show that the minimum retained earnings for the banks was 0.000661with a maximum of 0.4237247. The

average retained earnings for the banks were 0.1884999 with standard deviation of 0.0894042. This implies that within the period 2015 and 2019 the banks retained part of their profits to inject back into banks' operations as opposed to distributing them among shareholders in the form of dividends.

The results further show that the minimum short term debt for the banks was 0.0456321and a maximum of 0.1402249. The mean of short term debt was 0.0731191and standard deviation of 0.0175067. Additionally, the results show that the minimum long term debt for the banks between 2015 and 2019 was 0.1616541 and a maximum of 0.2707416. The mean long term debt was 0.2327274 and standard deviation of 0.0233682. Finally, the results show that the minimum share capital was .0235622 and maximum of 0.0923234. The mean capital share was 0.064715with a standard deviation of 0.0150529.

4.2 Trend Analysis

Figure 2 shows the trend analysis for performance of listed commercial banks in Kenya for the period between 2015 and 2019 measured in terms of return on assets.

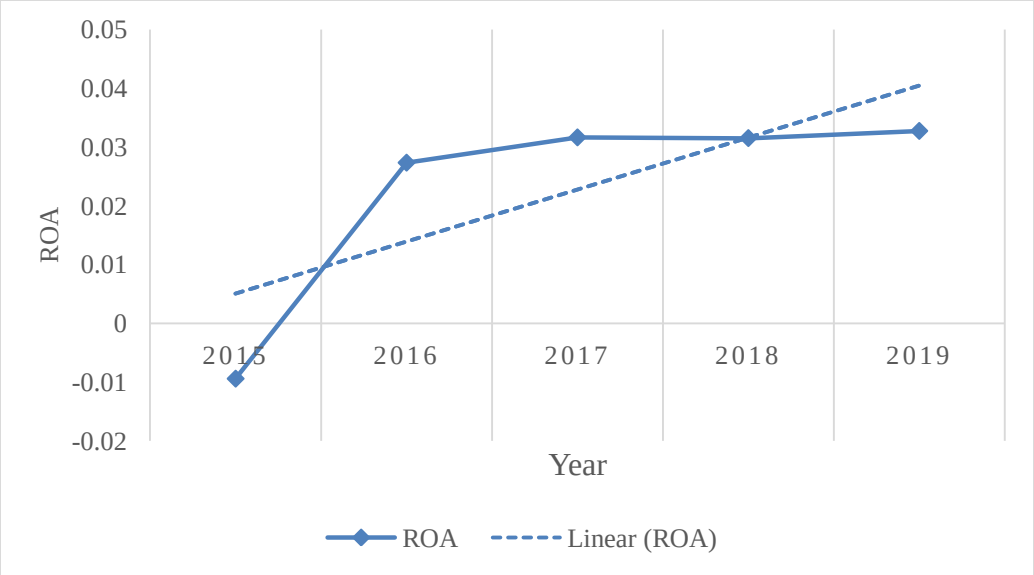


Figure 2: Trend Line for Financial Performance

The trend line show that the average ROA for the banks was -0.0094441 in 2015, which increased slightly to 0.02731 in the year 2016 before increasing further slightly to 0.03161 in 2017. The results show that the banks recorded an improvement in performance between 2017 and 2018 when they recorded an average return on assets of 0.03149 in 2018 which represents a significant increase compared to what they recorded in the year 2017. The performance increased further in 2019 to 0.03371. The results imply that the listed

commercial banks exhibited erratic performance between 2015 and 2019. The results are consistent to the assertion by Ndungu (2019) that there has been fluctuation in performance of commercial banks in Kenya with some banks registering rising profitability as others register declining profitability. This decline in profits forced some commercial banks out of the market; for instance, the collapse of Imperial bank limited, Chase bank and Dubai Bank was attributed to weak financial structure though this yet to be empirically defined.

Figure 3 shows the trend analysis for retained earnings of listed commercial banks in Kenya for the period between 2015 and 2019.

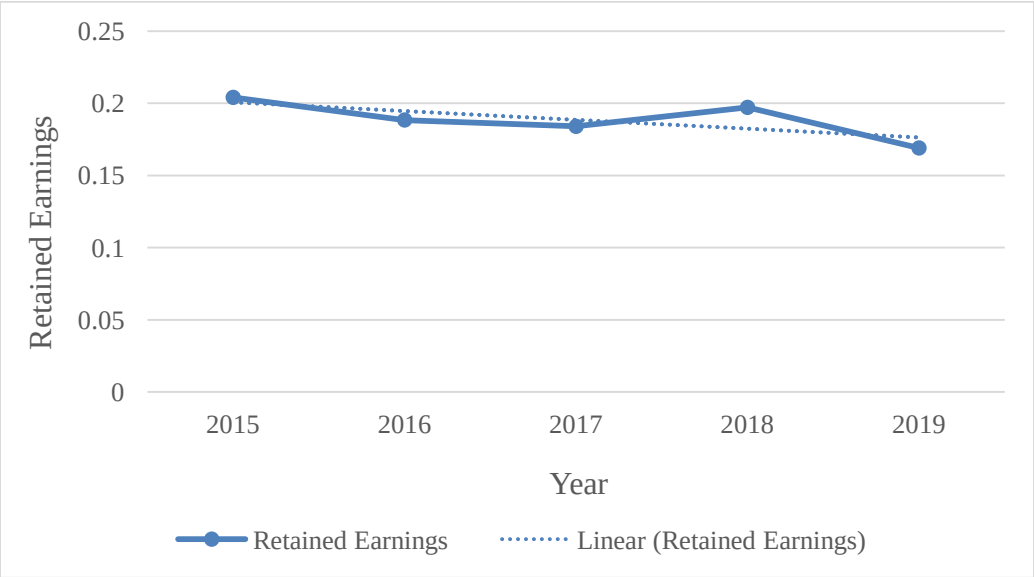


Figure 3: Trend Line for Retained Earnings

The results depicts that the banks recorded an average of retained earnings of 0.20405 in 2015, which declined significantly to 0.18839 in the year 2016 before declining further in 2017 to 0.18397. The results also show that the retained earnings for the banks increased in 2018 to 0.19712 before dropping to a low of 0.1690 in 2019. The results imply that the retained earnings recorded by the banks between 2015 and 2019 was erratic. Figure 4 shows the trend analysis for short term debt of listed commercial banks in Kenya for the period between 2015 and 2019.

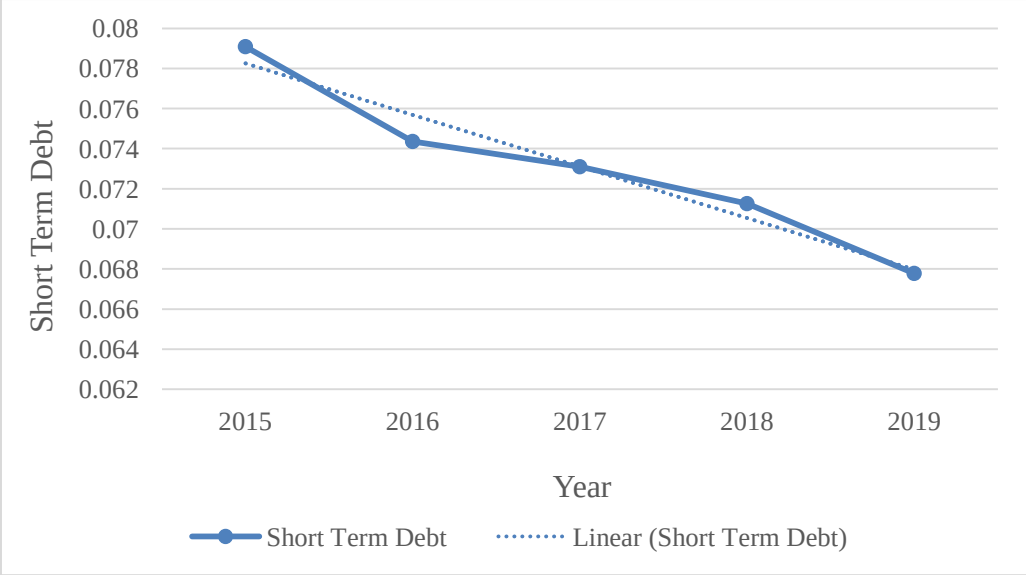


Figure 4: Trend Line for Short Term Debt

The results in Figure 4 show that the short-term debt for the commercial banks was 0.07909 in 2015. This figure declined to 0.07436 in 2016 before dropping further to 0.0731 in the year 2017. The results dropped even further to 0.07126 in 2018 before dropping significantly to a low of 0.06778 in the year 2019. These results imply that between 2015 and 2019, listed commercial banks in Kenya recorded consistent drop in short term debts. Figure 5 shows the trend analysis for long term debt of listed commercial banks in Kenya for the period between 2015 and 2019.

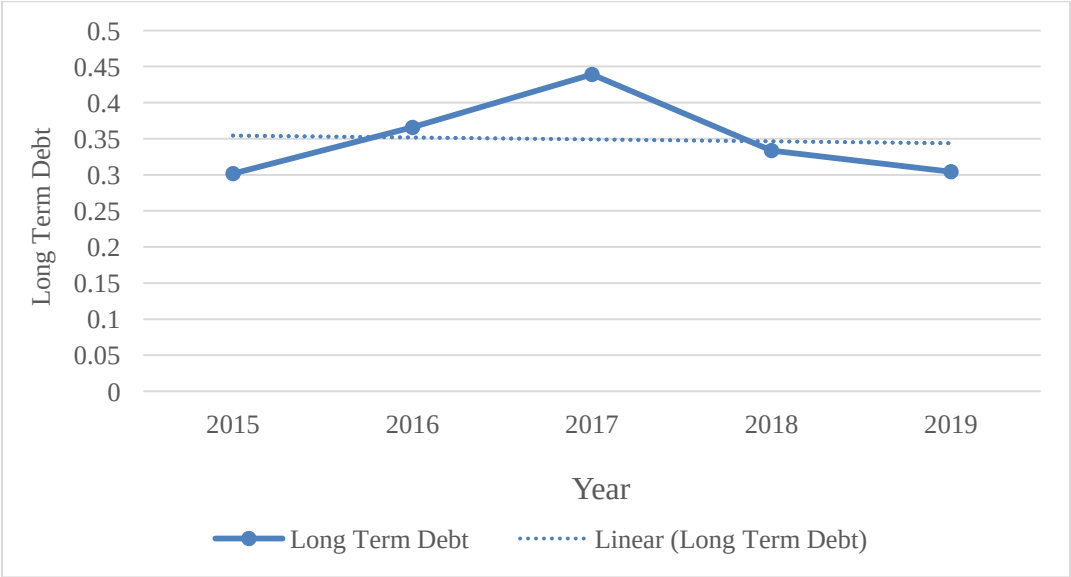


Figure 5: Trend Line for Long Term Debt

Based on the trend line in Figure 5, the banks recorded a long-term debt of 0.3018 in 2015, long term debt of 0.3658 in 2016, which then increased further to 0.4392 in 2017 before

declining to 0.3337 in 2018 and declined further to 0.3045. This implies that the long-term debt for the banks was fluctuating between 2015 and 2019. Figure 6 shows the trend analysis for long term debt of listed commercial banks in Kenya for the period between 2015 and 2019.

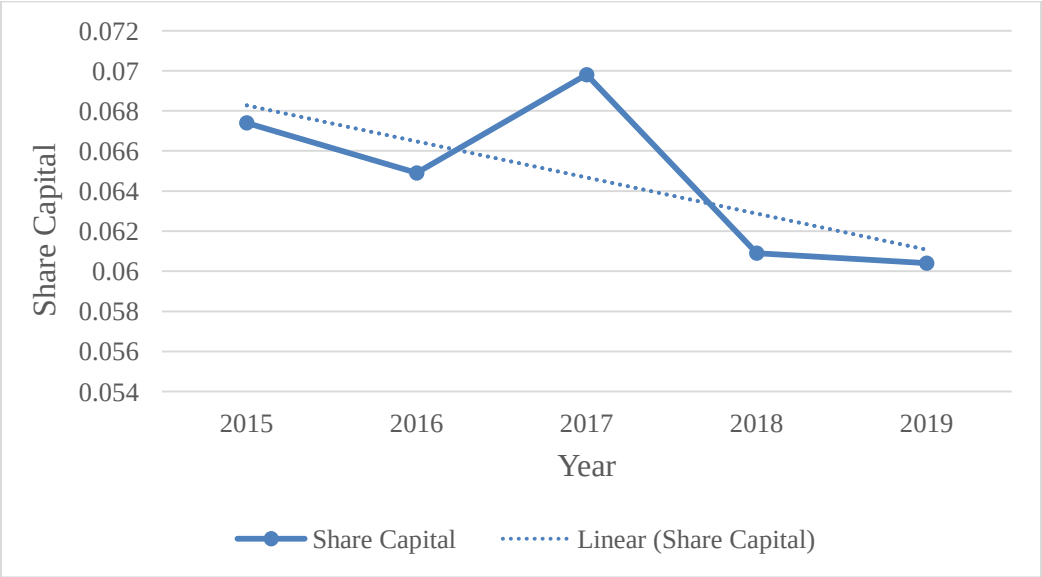


Figure 6: Trend Line for Share Capital

The results in Figure 6 depicts an erratic share capital by listed commercial banks in Kenya between 2015 and 2019. Based on the results, the share capital for the banks was generally erratic between 2015 and 2019. In 2015 the share capital for the banks averaged 0.0674, in 2016 the banks recorded an average share capital of 0.0649 which represented a significant decline compared to what they recorded in 2015. In the year 2017, the banks recorded capital share of 0.0698 which represented significant improvement compared to 2016 before dropping significantly to 0.0609 in 2018 then finally declining to a low of 0.0604 in 2019. The results imply that the listed commercial banks in Kenya recorded fluctuating results in terms of share capital between 2015 and 2019.

4.3 Correlation Analysis

Table 5: Correlation Matrix

	ROA	Retained Earnings	Short Term Debt	Long Term Debt	Share Capital
ROA	1.0000				

Retained Earnings	0.5795*	1.0000			
Short Term Debts	0.3257*	0.5824*	1.0000		
Long Term Debts	0.2875*	0.4478*	0.2927*	1.000	
Share Capital	0.3111*	0.6070*	0.6767*	0.4390*	1.000

The results in Table 5 depicts positive and significant association in between retained incomes and financial performance of listed industrial financial institutions in Kenya (0.5795 *), the outcomes revealed a positive and also significant association in between short-term finances and also monetary performance (0.3257 *). Additionally, the outcomes show that long-term debt was favorably and also significantly connected with financial efficiency of the commercial financial institutions in Kenya in between 2015 as well as 2019 (0.2875 *). Finally, the connection results program that there declared as well as significant organization in between share funding and also financial efficiency (0.3111 *). The results are in agreement with the final thought made by Muchugia, (2013) which suggested that short-term funding had a favorable and also substantial connection with the success of industrial banks in Kenya.

4.4 Diagnostics Tests

The study carried out different diagnostic tests to detect potential problems with residuals and model specification.

4.4.1 Stationarity Test

The LLC test was utilized in conducting unit root test and the results presented in Table 6.

Table 6: Stationarity Tests

Variable	Adjusted t-Statistic	P-value	Comments
ROA	-5.6824	0.0129	Stationary
Retained Earnings	-1.7278	0.0420	Stationary
Short Term Debt	-5.3498	0.0000	Stationary
Long Term Debt	-7.0573	0.0000	Stationary
Share Capital	-4.3341	0.0000	Stationary

Table 6 showed that all the research study variables were stationary (i.e. absence of system roots) at 5% degree of relevance. The research study as a result ended up that the entire variables offer did not have system origin. This recommended that the end results gotten were not spurious (Gujarati, 2003).

4.4.2 Normality Test

Table 7: Normality Test

	Skewness/Kurtosis tests for Normality				
Variable	**Obs**	**Pr(Skewness)**	**Pr(Kurtosis)**	**adj. chi2(2)**	**Prob>chi2**
ROA	55	0.2880	0.1356	6.45	0.3970
Retained Earnings	55	0.2169	0.5613	1.95	0.3771
Short Term Debt	55	0.32321	0.4232	8.400	0.0610
Long Term Debt	55	0.1897	0.2480	9.38	0.0920
Share Capital	55	0.5150	0.3876	1.22	0.5442

Table 7 showed that the P-values were greater than the crucial 0.05 and therefore concluded that the information was generally dispersed.

4.4.3 Multicollinearity

In this study, VIF was adopted in testing for the presence of Multicollinearity and results were as depicted in Table 8.

Table 8: Multicollinearity Test Results

Variable	**VIF**	**1/VIF**
Retained Earnings	1.87	0.535902
Short Term Debt	2.03	0.491638
Long Term Debt	1.33	0.749399
Share Capital	2.25	0.444693

The findings depict absence of multicollinearity since the VIF for all the variables were less than 10.

4.4.4 Homoscedasticity Test

Homoscedasticity test was done to find out if the variance of the error terms is constant for each observation. In cases where there is no homoscedasticity then what we have is heteroscedasticity. Breusch-Pagan test was used to test for Homoscedasticity and findings displayed in Table 9.

Table 9: Homoscedasticity Test

Breusch-Pagan / Cook-Weisberg test for Homoscedasticity
Ho: Constant variance
Variables: fitted values of ROA

chi2(1) = 8.78
Prob > chi2 = 0.3018

Since the p-value (0.3010) was greater than 0.05 as depicted by results in Table 9, the conclusion was that there was no presence of heteroscedasticity in the data.

4.4.5 Autocorrelation

To test for this assumption of linear regression models, Wooldridge test was utilized and results were a presented in Table 10.

Table 10: Autocorrelation

Wooldridge test for autocorrelation in panel data
H0: no first-order autocorrelation
F(1, 4) = 0.012
Prob > F = 0.9169

Based on the above findings, the inference was that residuals are not auto correlated.

4.5 Relationship between Financial Structure on Financial Performance

Table 11: Relationship between Financial Structure on Financial Performance

	Random effects
Variable	**ROA**
Retained Earnings	.0918411***
	(0.000)
Short Term Debt	.0188585
	(0.884)
Long Term Debt	.0312206***
	(0.012)
Share Capital	.082908***
	(0.008)
	.0106387
_cons	(0.534)
	25.84***
Wald statistics	(0.000)
	4.49
Hausman test	(0.0344)
R Squared	0.3594

$\mathbf{Y_{it}}$=0.0106387+0.0918411+0.0188585X_{2it}+0.0312206X_{3it}+0.082908X_{4it}

Where:

Y_{it} = Dependent variable (Financial Performance) of bank *i* at time t

$X_{1\,\mathbf{it}}$ = Retained Earnings of bank *i* at time t

$X_{2\,\mathbf{it}}$ = Short Term Debt of bank *i* at time t

$X_{3\,\mathbf{it}}$ = Long Term Debt of bank *i* at time t

$X_{4\,\mathbf{it}}$ = Share Capital of bank *i* at time t

The panel regression Table 11 showed that the coefficient of determination R Square was 0.3594 showing that retained earnings, short term debts, long term debts as well as share resources collectively explains 35.94 percent of the variation in financial performance of listed commercial banks in Kenya as measured utilizing by return on properties. This suggests that, 35.94 percent of the variation in return on assets is influenced by that maintained revenues, short-term financial obligations, long-term financial obligations and share funding. The remaining 64.06 percent of the variant in the financial efficiency of noted business financial institutions in Kenya is influenced by various other variables which were not part of the current research.

The results show that retained earnings had significant effect oin financial performance of commercial banks which was also positive (β =.0918411, p=0.000<.05), the findings also revealed a positive effect which was however insignificant between short term debt and financial performance (β =.0188585, p=0.884>.05). The results further show that long term debt positively and significantly influenced performance (β =.0312206, p=0.012<.05). Finally, the results depict positive relationship which was also significant between share capital and performance (β =.082908, p=0.008<.05).

These panel regression results are contrary to the findings of a research by Wu et al. (2016) which argued that there is an adverse and substantial association in between maintained earnings as well as monetary efficiency of commercial banks. The research study suggested that funding commercial financial institutions might differ from area to region based on sources of financing therefore the requirement to undertake the research in the context of Kenyan business financial institutions. The results are also contrary with the conclusions made by Pastory et al. (2013) that short term debt negatively impacts bank performance measured using return on assets. The results also disagree with the assertion by Mutua (2016) that Long-term debt is insignificantly related to the profitability of commercial banks. Finally, the results concurs with the findings of a study by Aymen (2013) in Tunisia which

found that share capital positively and significantly affected financial performance of banks in Tunisia measured using ROE, ROA and net interest.

4.6 Hypotheses Testing

Objective One

The first hypothesis was tested by utilizing panel regression as well as determined based on p-value. The acceptance/rejection condition was that, if the p value is less than 0.05, we decline the H_{01} yet if it is higher than 0.05, the H_{01} is not declined. The results of Table 12 suggest that reserved revenues had a statistically significant influence on monetary performance ($p< 0.05$). The null hypothesis was therefore rejected. The research hence adopted the alternative hypothesis that retained earnings have significant effect on financial performance of provided financial institutions in Kenya. Theory testing outcomes follow the findings of a research by Muthui, et al. (2017) which found that retained earnings had a favorable effect on the growth of financial institutions in Kenya.

Objective Two

The third hypothesis was examined by using panel regression as well as determined using p-value. The acceptance/rejection standard was that, if the p value is less than 0.05, we deny the H_{02} however if it is greater than 0.05, the H_{02} is not refuted. The reason Table 12 reveal that temporary debt had substantial impact on monetary performance ($p > 0.05$). The void hypothesis was consequently not rejected. The research because of this took on the void theory that temporary monetary debt no considerable impact on financial efficiency of detailed industrial financial institutions in Kenya. The outcomes contrast those of Musah (2017) which found that financial institutions in Ghana are extremely leveraged with financial obligation funding constituting 84% of total resources out of which 77% is short term financial obligation in spite of the rise in minimal equity capital of these banks.

Objective Three

The third hypothesis was evaluated by using panel regression along with found out making use of p-value. The acceptance/rejection demand was that, if the p well worth is less than 0.05, we decrease the H03 yet if it is above 0.05, the H03 is not declined. Table 12 show that

long-term monetary debt had significant influence on economic performance ($p < 0.05$). The null hypothesis was not consequently rejected. The research study for this reason handled the different theory that long-term financial debt has significant result economic performance of provided industrial banks in Kenya. The outcomes were in argument with the findings of a study by Adeniyi, Marsidi and Babatunji (2020) that there was an adverse significant connection between long-term financial debt and profitability of industrial financial institutions in Nigeria. However, the outcomes were in agreement with the searchings for of Birru (2016) which suggested that long term debt had a positive partnership with financial efficiency of commercial financial institutions in Ethiopia measured making use of both ROA and ROE.

Objective Four

The fourth hypothesis was analyzed by making use of panel regression as well as figured out utilizing p-value. The acceptance/rejection requirement was that, if the p worth is less than 0.05, we deny the H04 however if it is greater than 0.05, the H04 is not decreased. The results in Table 12 show that share funding had a statistically substantial outcome on financial effectiveness ($p < 0.05$). The null hypothesis was subsequently turned down. The research study for this reason took on the different theory that share capital significant effect on financial performance of listed industrial financial institutions in Kenya. The searching for is contrary to the findings of a research study by Omai, et al. (2018) which exposed that share capital had an unfavorable however irrelevant effect on profitability at 5% degree. The outcomes were however consistent with those of Ebaid (2009) which discovered that share funding and also long-lasting debt has a significant relationship with return on possessions but irrelevant relationship with return on equity.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter includes the summary of the findings, the conclusions, and recommendations.

5.2 Summary of Findings

Here the results were presented per objective.

Retained revenue is the amount of take-home pay left over for business after it has actually paid returns to its shareholders. A financial institution generates earnings that can be favorable (earnings) or negative (losses). Earnings provide a great deal of space to the bank management to use the surplus cash earned. Commonly this revenue is paid to investors, yet it can likewise be reinvested back into the bank for growth purposes. The cash not paid to shareholders counts as retained revenues. The descriptive statistics results revealed that the minimum retained earnings for the listed commercial banks in Kenya between 2015 and 2019 were 0.000661 with a maximum of 0.4237247.

The average retained earnings for the listed commercial banks were found to be 0.1884999 with standard deviation of 0.0894042. This implies that the banks were generally operating on retained profits within the period 2015 -2019. The trend analysis results revealed that the listed commercial banks in Kenya recorded an average of retained earnings of 0.20405 in 2015, which declined significantly to 0.18839 in the year 2016 before declining further in 2017 to 0.18397. The results also show that the retained earnings for the banks increased in 2018 to 0.19712 before dropping to a low of 0.1690 in 2019. The results imply that the retained earnings recorded by the banks between 2015 and 2019 were erratic.

Correlation analysis results depicted a positive and substantial association between retained revenues and monetary performance of listed commercial financial institutions in Kenya in between 2015 to 2019. The panel regression results disclosed that reserved revenues favorably and considerably impacted monetary performance of business financial institutions. Ultimately, null hypothesis was that reserved revenues have no considerable effect on financial performance of listed commercial financial institutions in Kenya Since maintained

incomes had a statistically considerable effect on financial performance ($p<0.05$), the void hypothesis was declined and alternative theory adopted that retained earnings have substantial effect on economic efficiency of provided commercial banks in Kenya.

Descriptive statistics results revealed that the minimum short term debt for the listed commercial banks in Kenya between 2015 and 2019 was 0.0456321 and a maximum of 0.1402249. The mean of short term debt was 0.0731191 and standard deviation of 0.0175067. Additionally, the trend analysis results revealed that the short term debt for the commercial banks was 0.07909 in 2015. This figure declined to 0.07436 in 2016 before dropping further to 0.0731 in the year 2017. The results dropped even further to 0.07126 in 2018 before dropping significantly to a low of 0.06778 in the year 2019. These results imply that between 2015 and 2019, listed commercial banks in Kenya recorded decline in short term debts.

Correlation results revealed that there was a positive as well as considerable relationship between short term debts and also financial performance. Panel regression evaluation results revealed that there was a positive as well as unfavorable relationship between short-term financial obligation and monetary efficiency of listed financial institutions in Kenya in between 2015 as well as 2019. Lastly, the study checked null hypothesis that short term financial obligation has no substantial effect on monetary efficiency of listed commercial banks in Kenya Considering that short-term debt had insignificant impact on monetary efficiency ($p > 0.05$). The null theory was not rejected. The research study thus adopted the void theory that short-term financial debt has no considerable effect on economic efficiency of listed commercial financial institutions in Kenya.

The results revealed that the minimum long-term debt for the listed commercial banks in Kenya between 2015 and 2019 was 0.1616541 and a maximum of 0.2707416. The average long-term debt was 0.2327274 and standard deviation of 0.0233682. In addition, the trend line analysis revealed that the banks recorded a long-term debt of 0.3018 in 2015, long term debt of 0.3658 in 2016, which then increased further to 0.4392 in 2017 before declining to 0.3337 in 2018 and declined further to 0.3045. This implies that the long-term debt for the banks was fluctuating between 2015 and 2019.

Correlation analysis results illustrated a favorably and substantially association between long term financial debt and economic efficiency of the commercial financial institutions in Kenya in between 2015 to 2019. Further, the results were affirmed by panel regression evaluation results which revealed that long term obligations positively impacted financial efficiency of

noted business banks in Kenya in between 2015 as well as 2019. Finally, a null theory was evaluated that long-term financial debt has no significant result economic performance of noted commercial financial institutions in Kenya Since long term financial obligation had considerable impact on economic efficiency of listed commercial financial institutions in Kenya ($p<0.05$), the null hypothesis was rejected. The research hence embraced the alternative theory that long-term financial obligation has significant result economic performance of listed commercial financial institutions in Kenya.

Descriptive statistics results indicated that the minimum share capital for the listed commercial banks in Kenya between 2015 and 2019 was 0.0235622 with a maximum of 0.0923234. The mean share capital was 0.064715 with a standard deviation of 0.0150529. To reinforce this, trend analysis results revealed that in 2015 the share capital for the banks averaged 0.0674, in 2016 the banks recorded an average share capital of 0.0649 which represented a significant decline compared to what they recorded in 2015. In the year 2017, the banks recorded capital share of 0.0698 which represented significant improvement compared to 2016 before dropping significantly to 0.0609 in 2018 then finally declining to a low of 0.0604 in 2019. The results imply that the listed commercial banks in Kenya recorded fluctuating results in terms of share capital between 2015 and 2019.

Correlation analysis outcomes revealed that there was positive and also substantial association between share funding and financial performance. Panel regression analysis results exposed a positive and substantial relationship in between share funding and financial performance of noted commercial financial institutions in Kenya. Ultimately, theory was evaluated that share funding has no considerable result on economic performance of detailed business financial institutions in Kenya. Since share resources had a statistically significant effect on financial performance based on the regression evaluation outcomes ($p<0.05$), the void hypothesis was rejected. The research study thus embraced the alternate theory that share capital had no considerable effect on monetary performance of provided business banks in Kenya.

5.3 Conclusions

The general financial performance of listed commercial banks in Kenya has been erratic between the year 2015 and 2019 in which some banks had been registering rising return on assets as others register declining financial performance in terms of return on assets. The study also concludes that listed commercial banks in Kenya recorded mixed results with regards to retained earnings as sometimes the retained earnings were rising while in some

years the retained earnings were declining across the five-year period of between 2015 and 2019. Based on the results, the study also concludes that the listed commercial banks in Kenya recorded erratic outcome in terms of their average short-term debts, long term debts and share capital.

Further the study concludes that financial structure is important since it is closely related to the financial performance of listed commercial banks in Kenya. Consequently, poor decision on composition of debt and equity is likely to results into costly capital adversely impacting the operations of the bank. The study concludes that financial structure of a bank comprising of retained earnings, short term debts, long term debts and share capital selection is very vital among listed commercial banks in Kenya as it has a direct effect on a decision relating to financial performance of these commercial banks. Therefore, it suffices to conclude that financial structure as a financing decision technique of listed commercial banks in Kenya is closely linked to its survival of these banks.

Additionally, the study concluded that the more profitable a bank becomes, the more likely the retained earnings will increase and the more the bank can internally finance its operations. Thus, the theory of corporate financing has been fulfilled. The study concludes that it is important to state that complete analysis and the findings are revealed that; financial performance is determined by price to book value and dividend yield. Price to book value and dividend yield are positively and significantly correlated as claimed. There is a positive and significant association between retained earnings as well as economic efficiency. Long term debt as well as share resources favorably and dramatically impacts economic efficiency of provided commercial financial institutions in Kenya However, short term financial obligation does not have substantial result on financial performance of noted business banks in Kenya.

5.4 Recommendations

Based on the findings and conclusions above, this study recommends to the management of listed commercial banks in Kenya that they should strive to make sound and well-informed decisions when it comes to the financial structure they settle for when it comes to financing their operations since financial structure has been found to influence financial performance of banks. In particular, banks should focus on retaining part of their profits and not use all of the earned profits in paying for dividends.

Policy makers and regulators should enhance and implement policies that help listed commercial banks maintain the right level of retained earnings, short term debts, long term

debts and share capital to ensure that performance of commercial banks is not adversely affected too high or too low liquidity levels.

5.5 Suggestions for Further Studies

This study adopted four predictor variables namely, retained earnings, short term debt, and long term debt and share capital. Future research studies can incorporate other sources of capital for listed commercial banks such as equity financing and non-equity financing. This study did not involve a moderating variable. It is therefore important that future studies can introduce moderating variable to similar study such as interest rates and firm size in their models then compare the findings with those of this study.

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APPENDICES

Appendix I: Secondary Data Collection Template

Year	Bank	ROA	Revenue Reserve	General Reserve	Bank Overdraft	Short Term Loan	Long Term	Bond	Ordinary Share Capital	Preference Share Capital
2015	1									
2016	1									
2017	1									
2018	1									
2019	1									
2015	2									
2016	2									
2017	2									
2018	2									
2019	2									
2015	3									
2016	3									
2017	3									
2018	3									
2019	3									
2015	4									
2016	4									
2017	4									
2018	4									
2019	4									
2015	5									
2016	5									
2017	5									
2018	5									
2019	5									
2015	6									
2016	6									
2017	6									
2018	6									
2019	6									
2015	7									
2016	7									
2017	7									
2018	7									
2019	7									
2015	8									
2016	8									

2017	8									
2018	8									
2019	8									
2015	9									
2016	9									
2017	9									
2018	9									
2019	9									
2015	10									
2016	10									
2017	10									
2018	10									
2019	10									
2015	11									
2016	11									
2017	11									
2018	11									
2019	11									

Source: Researcher (2021)

Appendix II: Data Collected

Bank	Year	ROA	Retained Earnings	Short Term Debt	Long Term Debt	Share Capital
Absa Bank	2015	0.018036949	0.300559404	0.14022494	0.2179609	0.0867
Absa Bank	2016	0.028413994	0.295443791	0.093777675	0.2444539	0.0846
Absa Bank	2017	0.025119278	0.23548128	0.057174936	0.244517	0.0861
Absa Bank	2018	0.023917944	0.21866771	0.06878155	0.2458824	0.0801
Absa Bank	2019	0.023972231	0.211553474	0.065821744	0.2466457	0.0675
CFC Stanbic Holdings Ltd	2015	0.0402404	0.061082637	0.061082637	0.1953082	0.0489
CFC Stanbic Holdings Ltd	2016	0.036745044	0.045632091	0.045632091	0.1937835	0.0462
CFC Stanbic Holdings Ltd	2017	0.038022113	0.058786806	0.058786806	0.199984	0.0526
CFC Stanbic Holdings Ltd	2018	0.040954975	0.053571256	0.053571256	0.1962705	0.0442
CFC Stanbic Holdings Ltd	2019	0.039305187	0.057185071	0.057185071	0.1892245	0.0417
Co-operative Bank of Kenya Ltd	2015	0.030839652	0.214610683	0.076784215	0.1849801	0.0750
Co-operative Bank of Kenya Ltd	2016	0.030912971	0.254526266	0.073755321	0.2492877	0.0676
Co-operative Bank of Kenya Ltd	2017	0.036709028	0.258149263	0.07461517	0.252769	0.0839
Co-operative Bank of Kenya Ltd	2018	0.039231944	0.25583361	0.074514609	0.2524871	0.0728
Co-operative Bank of Kenya Ltd	2019	0.029542448	0.199719299	0.062784611	0.2541503	0.0744
Diamond Trust Bank Kenya Ltd	2015	0.025100307	0.216745925	0.070635381	0.1616541	0.0626
Diamond Trust Bank Kenya Ltd	2016	0.029011691	0.206250271	0.079861434	0.2356081	0.0558
Diamond Trust Bank Kenya Ltd	2017	0.032468881	0.218539232	0.076614428	0.2396173	0.0601
Diamond Trust Bank Kenya Ltd	2018	0.03555304	0.161044498	0.070657119	0.2449717	0.0537
Diamond Trust Bank Kenya Ltd	2019	0.029413243	0.159781934	0.067666825	0.247045	0.0532
Equity Bank Ltd	2015	0.047389287	0.278882643	0.100134813	0.2198745	0.0864
Equity Bank Ltd	2016	0.055248119	0.257716013	0.112603758	0.2481312	0.0923
Equity Bank Ltd	2017	0.050952374	0.249417985	0.104355947	0.2508757	0.0720
Equity Bank Ltd	2018	0.053074385	0.423724718	0.101728583	0.2536401	0.0730
Equity Bank Ltd	2019	0.060974433	0.340967221	0.095512571	0.2549272	0.0869
Housing Finance Co Ltd	2015	0.019252956	0.141149567	0.062041809	0.1981477	0.0499
Housing Finance Co Ltd	2016	0.021112399	0.13351677	0.053674913	0.2157074	0.0521
Housing Finance Co Ltd	2017	0.016886748	0.142377672	0.058393794	0.2185647	0.0582
Housing Finance	2018	0.017302258	0.138644905	0.05628211	0.2167023	0.0492

Co Ltd						
Housing Finance Co Ltd	2019	0.014384659	0.145740011	0.055399756	0.2160297	0.0426
I&M Holdings Ltd	2015	0.039305187	0.22333759	0.066773456	0.2148903	0.0605
I&M Holdings Ltd	2016	0.0402404	0.202695986	0.058556952	0.235379	0.0681
I&M Holdings Ltd	2017	0.036745044	0.204361026	0.069781101	0.2359971	0.0764
I&M Holdings Ltd	2018	0.038022113	0.257580724	0.067140791	0.2382192	0.0676
I&M Holdings Ltd	2019	0.040954975	0.221911615	0.070594834	0.2405456	0.0523
Kenya Commercial Bank Ltd	2015	0.035167755	0.217256371	0.08596829	0.2457118	0.0827
Kenya Commercial Bank Ltd	2016	0.034833203	0.205818188	0.09466786	0.2536072	0.0719
Kenya Commercial Bank Ltd	2017	0.03638974	0.201199199	0.092441493	0.2575333	0.0850
Kenya Commercial Bank Ltd	2018	0.038510249	0.220029978	0.089153026	0.2593374	0.0794
Kenya Commercial Bank Ltd	2019	0.042122724	0.203365422	0.079810835	0.2615263	0.0713
National Bank of Kenya Ltd	2015	-0.00944405	0.051429393	0.078965922	0.1816056	0.0553
National Bank of Kenya Ltd	2016	0.001251691	0.014786179	0.070310968	0.2361741	0.0509
National Bank of Kenya Ltd	2017	0.003408667	0.006983289	0.070631886	0.2371879	0.0697
National Bank of Kenya Ltd	2018	0.001403547	0.00919876	0.063056692	0.2347391	0.0610
National Bank of Kenya Ltd	2019	0.006516899	0.000660974	0.051429393	0.2342663	0.0521
NIC Bank Ltd	2015	0.028012635	0.255867053	0.061521036	0.2351684	0.0531
NIC Bank Ltd	2016	0.03442515	0.193026078	0.056110352	0.2339158	0.0466
NIC Bank Ltd	2017	0.028572401	0.192024822	0.060867531	0.2362555	0.0461
NIC Bank Ltd	2018	0.029982922	0.172807811	0.058234835	0.2360721	0.0236
NIC Bank Ltd	2019	0.029318268	0.165996028	0.060221755	0.2707416	0.0579