GROWTH OF THE BANKING INDUSTRY

Some of the drivers of the banking industry that determine the growth of a bank include Compound Annual Growth Rate (C.A.G.R.) in Profits Before Tax, total assets, customer deposits and loan advances. Kenyan banks are portraying robust growth in the recent years. At the beginning of the millennium, the country had only 5 local banks out of the total 43. This has changed over the years. There are 13 foreign-owned banks now, one mortgage company (Housing Finance Company of Kenya), seven representatives of foreign banks and 9 deposit-taking microfinance institutions. However, there are only two Islamic banks; Gulf African Bank and First Community Bank. Three banks are state-controlled; Consolidated Bank of Kenya, National Bank of Kenya and Development Bank of Kenya.

The lending banks have reported growth in interest incomes and growing returns from loans and advances as the main growth drivers. Banks are also utilising technology to stimulate growth in the banking industry, for example mobile banking, done using cell and smart phones. With the drastic increase of use of mobile phones in Kenya, banks have made it convenient for its customers to access their accounts and carry out transactions. Equity Bank for instance launched its own sim card and virtual network, Equitel, which not only helps one access their bank account, but also make calls, browse the internet and send text messages. Other banks have launched mobile applications which offer various services from withdrawing, depositing & transferring money, paying bills, applying for loans and advances, opening accounts, buying airtime for mobile phones and also prepaid services for electricity tokens among others.

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