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PERFORMANCE OF REGULATED MICROFINANCE BANKS IN KENYA; DOES MARKET INTELLIGENCE MATTER?

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Abstract

The concept of performance is pertinent to organizations as it gauges how well organization utilizes its resources to make economic rent over given period of time. Regulated microfinance banks have been performing poorly as illustrated by huge losses declared by microfinance banks in their full year financial statements. Competitive corporate environment is incessantly operating to reduce rate of return on investment. To mitigate these competitive forces, organizations have resolved to collect data at their disposal and transform it into market intelligence through assessment and judgment. Thus, the current research sought to investigate effect of market intelligence strategy on performance of regulated microfinance banks in Kenya. The study was conducted among regulated microfinance banks in Kenya. The study was anchored on Porter's five forces model and balanced scorecard model. The study adopted

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positivism paradigm. The study embraced descriptive and explanatory research designs. The target population for the study was all the 13 regulated microfinance banks in Kenya as at the year 2019 out of which 344 employees out of 2,431 were selected using Yamane (1967) formula and then proportionate random sampling technique was used to determine sample size for each microfinance banks. Data analysis was carried out using descriptive statistics; mean and standard deviation and inferential statistics (correlation and regression analysis). The study found that market intelligence strategy plays a significant positive effect on the performance of regulated microfinance banks in Kenya. The study contributes to the body of knowledge by proposing a market intelligence model for improving performance. The study recommends further research be extended to other sectors.

Keywords: Regulated Microfinance Banks, Market Intelligence Strategy, Performance of Microfinance Banks

INTRODUCTION

Organization performance is the outcome accomplished in attaining both internal and external goals of an organization (Kinyua, 2015). Organization performance is achieved in a series of actions that trail some consistent flow starting from procurement and conformation of resources, developing competencies, moulding capabilities that eventually leads to greater performance (Spanos & Lioukas, 2001). According to Ouma and Kilika (2018) organization performance is the motivating drive of each organization as it decides survival or death, accomplishment or failure, growth or deterioration and amount of investments. Agha, Alrubaiee and Jamhour (2012) state that performance is ceaseless and supple practise that engages leaders and persons they supervise working as associates within the structure that arranges how they can best work together to attain set results. Gauging organization performance is crucial in assisting scholars and management to examine explicit activities of organizations and how organizations perform over time (Muchemi, 2012). Performance measurement has important function in modelling soundness of an organization and is a pertinent instrument in execution competitive strategies that can lead to enhanced organization performance (Surroca & Waddock, 2010).

Regulated microfinance bank in Kenya is an organization licensed by Central Bank of Kenya to carry on the business of providing financial services such as savings and deposits, loans, funds transfer and non-financial services to microfinance client (Ali, 2015). According to Dondo and Ongila (2006) regulated microfinance banks are licensed to offers financial

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intermediation and ensure provision of financial facilities to the low earner households, micro and small enterprises. Microfinance banks performs critical function in the country's economy.

Regulated microfinance banks face stiff competition from commercial banks, Saccos and other financial service providers (Okiro & Ndungu, 2013). According to King'ori, Kioko and Shikumo (2017) microfinance banks in Kenya faces severe competition from commercial banks whose appetite for growth of microloans have adversely affected profitability and market shares of microfinance banks. Osakwe, Chovancova and Ogbonna (2016) assert that in order for organizations to remain competitive, they must endeavour to gather information on the market and business environment.

Wright, Eid and Fleisher, (2009) avers that in order to generate and sustains competitive advantage, organizations must monitor collection of essential data about market and competitor undertakings, embracing all dimensions of business. In such atmosphere market intelligence has emerged as treasured aspect of offering a framework for collecting, analyzing and propagation of information. Thus, based on the above, the current study sought to investigate effect of market intelligence strategy on performance of regulated microfinance banks in Nairobi.

Statement of the Problem

It has been noted that in spite of their evolution and enormous contribution to socio economic development, microfinance banks face numerous challenges among them dwindling fortunes, uncertainty of returns, inadequate financial, technical and human resource base and poor development of sustainable strategies which adversely affect their competitiveness (Tashman & Marano, 2009). According to Central Bank of Kenya (2020) the overall performance of regulated microfinance banks have been on the downward trend. Profits before tax have been plummeting in consecutive years resulting to huge reported losses. Pre-tax loss grew to 2,240 billion in the year 2020 in comparison to pre-tax loss of 339 million in 2019. Regulated microfinance banks had a combined loss of 1.437 billion for the period ending December 31, 2018 in comparison to combined loss of Ksh. 622 million for the year ended December 31, 2017 (CBK, 2018). Pretax loss for the year ending December 31, 2016 was ksh. 377 million from ksh. 549 million in 2015 (CBK, 2016). Return on assets declined from one percent to negative zero point five percent in 2016, negative zero point nine percent in 2017, decline of negative two percent in 2018 (CBK, 2017; 2018; 2020) and a further deterioration to negative three in 2020 in comparison to negative zero point four in 2019. While return on shareholders fund plummeted from five percent in in 2015 to negative three point two percent in 2016, negative five point five percent in 2017, negative thirteen point eight in December 2018

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and a further decline to negative twenty eight in 2020 from negative three in 2019 (CBK, 2018; 2020).

There has never been consensus on research design, theories and data collections methods employed by researchers to carry out studies. Some used cross sectional designs while others were longitudinal designs combined with either descriptive data analysis or inferential statistical analysis. Kunle, Akanbi and Tubosun (2017) used a case study to research on marketing intelligence employed by Diamond Bank plc of Nigeria. The study found out that market intelligence indicators like contestant's sales information, market prospect, contestants' threats and risks had significant and positive effect on business competitive advantage. Ayub, Raisan, Iftekhar & Mushraq (2014) used exploratory research design to study function of market intelligence on strategic role in firm performance in Pakistan. The research findings revealed strong positive relationship between market intelligence by strategic role and firm performance. Lack of consensus on research design, theories and data collections methods employed to carry out studies have resulted to making it difficult to make authoritative conclusions and generalization of findings.

Empirical literature reviewed so far on market intelligence strategy, were conducted in different parts of the globe. Falahat, Ramayah, Soto-Acosta and Lee (2020) carried out a research in Malaysia on SMEs internationalization: The role of product innovation, market intelligence, pricing and marketing communication capabilities as drivers of SMEs' international performance.Sample size of 119 active exporting Malaysian SMEs was determined. Using partial least squares (PLS) structural equation modeling, the results revealed that market intelligence is a determinant of competitive advantage. Katsikea, Theodisou and Makri (2019) researched on the interplay between market intelligence activities and sales strategy as drivers of performance in foreign markets. The study was carried out in Greece. Findings indicate that export market intelligence generation and dissemination activities support and facilitate the development of effective export sales strategies, tailored to serve individual foreign accounts. Based on the above researches and findings, it is hard to generalize research findings to the current research context.

LITERATURE REVIEW

Theoretical Review

This study was anchored on the postulates of the Porter's five forces model and Balanced Scorecard Model. Porter's five forces model was authored by Michael E. Porter in 1980. It focused on the assessment of competitive forces influencing organizations which concentrated on tracing definite opponent activities and linking opponent assessment to

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competitive scheme, fashioned contextual for growth of competitive intelligence strategy as corporate discipline (Peyrot, Childs, Van Doren, & Allen, 2002). Porter seized dimension of skimming external environment to collect information on market and established five forces model to expound on powers fashioning rivalry in a sector (Teece, 2007). This well outlined systematic framework assists management to connect isolated aspects and their influence on an organization's operational environment (Tallon & Pinsonneault, 2011). The model identified customers, suppliers, prospective entrants, extant competitors and substitute goods as contestants that may be more or less noticeable, dependent on the sector (Porter, 1980). Thompson and Strickland (2003) assert that combined power of these forces governs potential profit of an industry.

New competitors to a business bring new capability, craving to increase market share and often considerable resources (Porter, 1979). Presence of entry hurdles limit the number of businesses in a sector thus, impacts on competitiveness among current competitor (Johnson, Scholes & Whittington, 2008). The lesser the hurdles to entry are, the greater the threat of new competitors is (Porter, 2008). The height of hurdles to access has been found steadily to be the most important forecaster of business profitability. Porter (1979) differentiates six major hurdles to entry: economy of scale, produce variation, capital necessities, cost drawbacks, admission to dissemination channels and government policy.

Bargaining force of supplier outlines risk that sellers portend organizations with increasing prices for goods and services. Authoritative sellers can squash profits out of a business unable to recover overhead. Negotiation force of sellers can be influenced by the size and number of sellers as well as obtainability of substitute clients (Slater & Olson, 2002). The power of customers can be explained as the flip side of influential sellers (Porter, 2008). If purchasers have great market power they are capable of pushing prices downward, prevail on enhanced quality or they can demand for extended services. These also lessen profitability of business.

Negotiating influence of purchaser is high if purchasers are many and able to swap easily to alternative seller (Slater & Olson, 2002). In the comprehensive sense all contestants within a business contest with industries that generate substitutes. Substitute products and services decreases profitability of an industry by outlining control on prices of their products and services (Porter, 1979). Documentation of alternatives is exploration of products or services that can accomplish the similar purpose as products of the considered industry. Hubbard and Beamish (2011) assert that there are numerous aspects that affect threat of alternatives, for instance: switching charges between substitute products/services and industry product or purchasers' obsession to buy alternatives.

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Competitive forces simplified micro-economic theory by utilizing only five forces. It affords prospect to appraise multifaceted connections of competitors in an industry in an organized way (Porter, 1979). Objective of five forces model is not only to measure business profits and charm but also to understand foundations of rivalry and root sources of profits (Porter, 2008). The framework was applied to the study to anchor market intelligence strategy.

According to Kaplan and Norton (1992) the Balanced Scorecard (BSC) model materialized out of recognized need to enumerate accomplishment on more than just financial performance. BSC evaluates variety of dimensions cutting across four fields: financial, customer, internal and learning dimensions (Nthiwa & Muchemi, 2020; Gama, 2017). Financial dimension is the first. Quantifying financial metrics is significant to establish whether organization's strategy and execution are supportive of overall mission of organization (Madsen and Stenheim, 2014). Second perspective is the customer foundation which concentrates on activities and practices that are essential to improve organization's effort to shine at providing value expected by customers. Classic dimensions within this foundation focus on customer retention, market segment, customer acquirement, customer satisfaction, and profitability. The dimension assesses client awareness of the organization since customers offer direct revenues through sales, their perception of organization is important to enhance and sustain sales (Casey & Peck, 2004).

The third dimension is internal foundation which centres on activities within an organization that are important in accomplishing customer and stakeholder goals. Aspects of the dimension focuses on innovation, operations, and after sale service. The dimension outlines corporate activities that create and supply goods and services to customers at same time generate activities that guarantee these procedures are functioning well to increase expertise of workers and attain greater internal business process (Bose & Thomas, 2007). Fourth foundation is innovation and learning dimension which outlines organization's capacity to consistently progress and innovate. This dimension contemplates on staff rewards, competences, data systems, inspiration and alignment. Awadallah and Allam (2015) assert that learning and growth dimension is principally significant for managers to find, enhance and better performance of intellectual resources which are important for enhancement of innovative product designs, production, distribution, promotion and to enhance market value of an organization beyond value of its physical resources.

The BSC has various advantages to organizations, distinctions notwithstanding, Madsen and Stenheim (2014) avers that BSC helps management to concentrate on plan, structure and vision. It also, assimilates both financial and non-financial anchored metrics to help management to concentrate on entire corporate policies that guarantee existence of corporate

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actions and events that contribute to customer values as well as to the long-term managerial strategy. Thus, the model was appropriate to current study since it postulates utilization of both financial and non-financial dimensions of performance which current study employed to measure dependent variable.

Conceptual and Empirical Review

Market Intelligence Strategy

Kunle, Akanbi and Tubosun (2017) focused on effect of marketing intelligence on business competitive advantage: a study of Diamond Bank Plc, Nigeria. Descriptive research design was utilized. A sample 292 employees of the bank were sampled and data gathered via self-administered questionnaire, as Pearson relationship, T-test and Regression were utilized to assess hypotheses. Study results showed that marketing intelligence indicators like interior chronicles, opponent's sales information, market prospect, opponents' threats and opponents' risks had significant and positive effect on business CA. However, reliability of study findings cannot be guaranteed in a case study as the researcher can control how facts are collected and controls the results. Extant research adopted both descriptive and explanatory research designs.

Ayub, Raisan, Iftekhar and Mushraq (2014) carried out a research on influence of marketing intelligence on strategic role in organizational performance using exploratory design. Sample size of 145 employees from 30 organizations related to different sectors operating in Islamabad and Rawalpindi, Pakistan. Structural equation model design was utilized to assess hypotheses. Research results showed strong positive connection between marketing intelligence and organization performance. Research findings also showed that many of business sector of Pakistan had incorporated and used MI system. Exploratory research technique used in this study does not support statistical analysis and making generalizations from the findings. The current study utilized descriptive and explanatory research designs.

Conceptualization and Hypotheses

Based on the conceptual, theoretical and empirical review conducted in this study, the study proposed a conceptual framework that predicts the effect of market intelligence strategy on performance of regulated microfinance banks in Kenya as shown in figure 1.

The conceptual framework provides an illustration of the effect of market intelligence strategy on performance of regulated microfinance banks in Kenya. Market intelligence strategy has been hypothesized as an explanatory variable for performance amongst regulated microfinance banks. Market intelligence strategy is conceptualized as customer segment

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information, product/service information, market knowledge, suppliers information, services delivered to customers and product packaging - differentiation performance variable is operationalized through indicators of return on assets (ROA), return on investment (ROI), customer retention and employee satisfaction.

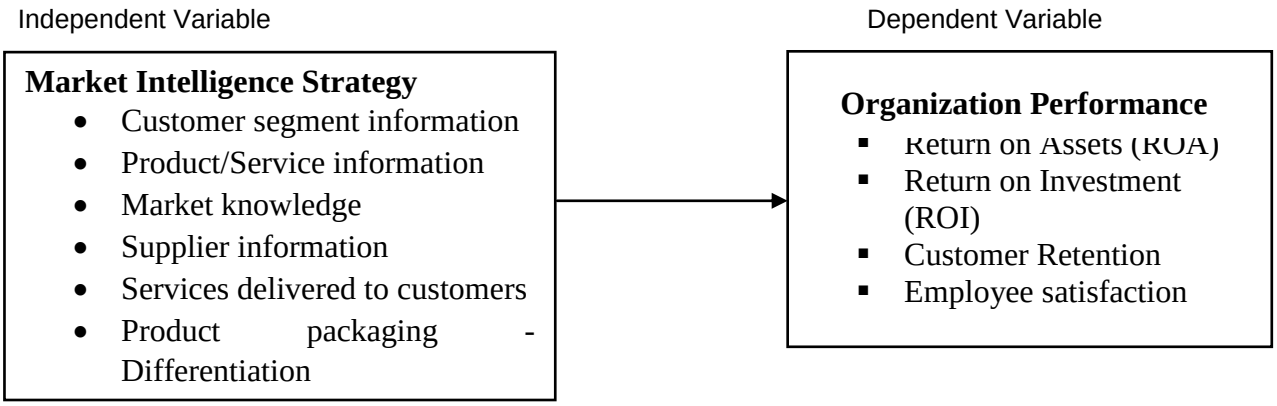

Figure 1. Conceptual framework

Research Hypotheses

H_0: *Market intelligence strategy has no significant effect on the performance of regulated microfinance banks in Kenya.*

H_1: *Market intelligence strategy has a significant effect on the performance of Kenya regulated microfinance banks in Kenya.*

RESEARCH METHODOLOGY

Research Design

This research study adopted descriptive and explanatory research design as recommended by Saunders, Lewis and Thornhill (2009). The choice of this design is appropriate as it helped the researcher achieve the research objectives by describing the data and characteristics about the population of phenomenon being studied; market intelligence strategy and organization performance. As noted by Saunders *et al*., (2007) explanatory study establishes causal relationships between variables. This study seeks to establish how market intelligence strategy influences the performance of regulated microfinance banks in Kenya.

Study Context and Population

This study focused on regulated microfinance banks in Kenya. Geographical location of the study was Nairobi since all regulated microfinance banks have their head office (s) in Nairobi. The population of this study comprised of all thirteen (13) regulated microfinance banks

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in Kenya as at 2019 (CBK, 2019). Regulated microfinance banks can be stratified into large, medium, and small on the basis of the size of their market share (CBK, 2019). Sample size of 344 respondents was computed by applying Yamane (1967) method for computing sample size from determinate population.

Research Data and Analysis

The study used questionnaires to collect primary data from the respondents. The questionnaire was self-designed by the author. The questionnaire had two sections. The first section collected information on the respondents' demographics while the second section collected data relating to the study variables. Cronbach's alpha (α) was used to measure the reliability of the research instrument. This study used Cronbach's alpha coefficient of 0.7 which was considered reliable as recommended by (Field, 2009). Qualitative data was analyzed using content analysis.

Descriptive statistics of the mean, standard deviation and percentages were calculated and interpreted for all the quantitative variables and the information was then presented inform of tables. Coefficient of determination (R^2) was used to test the significance of the model and measure the extent to which variation in organization performance is explained by variations in market intelligence strategy. F-statistic was also computed at 95% confidence level to test the overall significance of the model. Hypothesis testing was done using p-values to aid decision making regarding the null hypothesis. To enable the test of hypotheses a composite index for each variable was computed to transform the quantitative data obtained through the questionnaire. Diagnostic tests were conducted to confirm that data met the assumptions of regression analysis. Table 1 shows the results of the diagnostic tests.

Table 1. Diagnostic Tests Results

Diagnostic Test	Test	Observation	Conclusion
Normality	Shapiro-Wilk tests	P>0.05	Normally distributed
Linearity	ANOVA	P>0.05	Linear
Multicollinearity	Variance Inflation Factor	VIF<10	No Multicollinearity

RESEARCH FINDINGS

Response Rate

The study sought to collect data from 344 respondents from all 13 regulated microfinance banks in Kenya as at 2019. The Questionnaires returned are shown in the Table 2.

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Table 2. Response Rate Analysis

Strata	Strata Size	Target Sample	Actual Response	Response Rate
KWFT	Large MFB	125	75	60%
FAULU	Large MFB	112	83	74.10%
RAFIKI	Large MFB	46	43	93.50%
TOTAL		**283**	**201**	**71.00%**
SMEP	Medium MFB	16	11	68.75%
CARITUS	Medium MFB	11	9	81.81%
SUMAC	Medium MFB	9	6	66.67%
TOTAL		**36**	**26**	**72.20%**
REMU	Small MFB	4	4	100%
MAISHA	Small MFB	4	3	75%
UWEZO	Small MFB	4	3	75%
DARAJA	Small MFB	4	3	75%
CENTUARY	Small MFB	3	3	100%
CHOICE	Small MFB	3	3	100%
U&I	Small MFB	3	3	100%
TOTAL		**25**	**22**	**88%**
GRAND TOTAL		**344**	**249**	**72.38%**

Out of the 344 questionnaires distributed, 249 were filled and returned, forming a response rate of 72.4%. In the individual categories it was observed that there was 71.0% response rate among large microfinance banks, 72.2% for medium microfinance banks while 88.0% for small microfinance banks. Based on these results, small microfinance banks had the highest response rate at 88.0% followed by medium microfinance banks at 72.2% while large microfinance banks had the least response rate at 71.0%. The response rate was found to be adequate for analysis in line with observations made by Mugenda (2009) who concluded that a response rate of 50% is adequate for analysis and reporting, a rate of 60% is good while a response rate of 70% and above is excellent for analysis purposes.

Demographic Information

The study sought to obtain demographic information relating to respondents' gender, age, level of education, rank and numbers of years they have worked at the regulated microfinance bank. The results are as shown in Table 3.

Table 3. Demographic Information of the Respondents

Category	Frequency	Percentage
Gender		
Male	129	51.2
Female	120	48.8
Total	249	100

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Age of the Respondents		*Table 3…*
18 - 26 years	37	14.9
27 - 35 years	95	38.2
36 - 44 years	62	24.9
45 - 53 years	39	15.7
Above 54 years	16	6.4
Total	249	100
Level of Education		
Diploma	10	4
Degree	164	65.9
Masters	71	28.5
Doctorate	4	1.6
Total	249	100
Rank		
Senior	39	15.7
Middle	128	51.4
Junior	82	32.9
Total	249	100
Years of Experience		
Below 3 years	34	13.7
4 - 7 years	88	35.3
8 -11 years	76	30.5
Above 12 years	51	20.5
Total	249	100

From Table 3, results show that majority of the respondents were male as shown by 51.8% of the respondents while 48.2% were female. For age distribution, it was observed that majority of the respondents were in the age bracket 27 – 35 years at 89.2% followed by 36 - 44 at 24.9% , 45 - 53 at 15.7%, 18 - 26 at 14.9% while above 54 years at 6.4% . Concerning the highest level of education, majority of the respondents had bachelor's degrees at 65. 9%, Master's degrees at 28.5%, diploma at 4% while doctorate at 1.6%. It was also observed that majority of the respondents were middle level management at 51.4% followed by junior staff at 32.9% while senior management were at 15.7%. Finally, regarding the number of years worked in the regulated microfinance banks, the results show that most of the respondents 35.5% (88) had worked in the microfinance bank for between four and seven years, 30.5% (76) had worked for between 8-11 years, 20.5% (51) had worked for over 12 years while only 13.7% (34) had worked for 3 years and below.

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Descriptive statistics

Descriptive statistics provide a summary of the characteristics of the study variables using measures of central tendency and dispersion, specifically the mean and the standard deviation. The findings are presented in table 4.

Table 4. Descriptive Statistics

Variable	Reliability Cronbach's (α)	Aggregate Mean	Aggregate Standard. Deviation
Market Intelligence Strategy	.941	3.540	.948
Performance	.958	4.085	.889

The results showed that market intelligence strategy had a Cronbach's Alpha coefficient of 0.941 while performance of regulated microfinance banks had a coefficient of 0.958. All the variables had a Cronbach's Alpha coefficient greater than 0.7 Therefore, based on the recommendations of Field (2009), the research instrument was found to be reliable.

The mean score for market intelligence strategy was found to be 3.540 and a standard deviation of 0.948 which showed that market intelligence strategy had been deployed and practiced by regulated microfinance banks to a moderate. Finally, the aggregate results for organization performance of regulated microfinance banks showed a mean score of 4.085 and a standard deviation of 0.889

Test of Hypothesis

Hypothesis testing was done through multiple regression analysis. The findings of the tests were interpreted through the adjusted R^2 values and P values at the 0.05 significance level. The variable under study was regressed on performance indicators and a composite measure for all the variable computed to reflect overall variables. The results of the regression are as shown in the tables 5 below.

Table 5 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of Estimate
1	.839[a]	.705	.701	.40808

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ANOVA[a] for Market Intelligence Strategy and Organization Performance

Model		Sum of Squares	Df	Mean Square	F	Sig
1	Regression	97.278	3	32.426	194.721	.000[b]
	Residual	40.799	245	.167		
	Total	138.077	248			

Regression of Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		β	Std. Error	Beta		
1	(Constant)	.842	.138		6.104	.000
	Market Intelligence	.244	.048	.251	5.092	.000

The results in table 5 show that adjusted R^2 was 0.701, which was used to establish the predictive power of the study model. This implied that 70.1% of the variation in organization performance was explained by market intelligence strategy. The remaining 29.9% of the variation in performance was explained by other variables other than the ones in the model. The P value for the F statistic in table 5 was 0.000< 0.05, which indicates that the overall model was significant in predicting the organization performance of regulated microfinance banks in Kenya. The regression results for hypothesis showed β= 0.244 and P-value of 0.000. The p-value being less than 0.05 implied that the alternate hypothesis was supported, implying that market intelligence strategy had a significant positive effect on the performance of regulated microfinance banks in Kenya.

DISCUSSIONS AND IMPLICATIONS FOR THE THEORY

The objective of the study was to determine the effect of market intelligence strategy on the performance of regulated microfinance banks in Kenya. The corresponding alternate hypothesis was that market intelligence strategy has a significant effect on the performance of regulated microfinance banks in Kenya. The P-value of was 0.000 and being less than the 0.05 significance level, the study supported the alternate hypothesis and concluded that market intelligence strategy has a significant positive effect on the performance of regulated microfinance banks in Kenya. The conclusion was explained from different perspectives as follows: Descriptive statistics showed that market intelligence strategy was emphasized and practiced at a moderate level by regulated microfinance banks. This was interpreted to mean that regulated microfinance banks have disposition that obtains information about market, utilize

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acquired information to enhance its products and services to attract and retain customers thus better performance.

Theoretically, the postulates of Porter's five forces model seems to be well applied to the variable which skims external environment to collect information on market, facilitate identification of customers' benefits hence, accounting for the positive effect. Empirically, the study findings were consistent with the existing literature which show that acquisition of information on customer segment, product/service, market knowledge, suppliers, product packaging and services delivered to customers have a major role in boosting performance of regulated microfinance banks. The findings on this hypothesis make an important contribution to knowledge in strategic management in that previous studies by Kunle*., et al.,*(2017); Ayub*., et al.,* (2014) and Venter*., et al.,*(2014) had indicated a gap in the use of the variable in general, and that studies were carried out in other sectors and that performance of regulated microfinance banks had not been directly linked to market intelligence strategy. This study provides the link between market intelligence strategy and performance of regulated microfinance banks.

CONCLUSIONS AND RECOMMENDATIONS

Based on the findings, the study concluded that regulated microfinance banks in Kenya developed and deployed market intelligence strategy to a moderate extent. Secondly, deployment market intelligence strategy had a significant positive effect on the performance of regulated microfinance banks in Kenya. It is therefore prudent for these regulated microfinance banks to integrate market intelligence strategy into their organizations' overall strategy in order to boost their performance.

The findings of this study were limited to regulated microfinance banks in Kenya and may not be generalized in other context. The study thus, suggests that other studies be conducted in other contexts such as counties and other countries. Secondly, the findings of the study are limited to regulated microfinance banks in Kenya and may not be applicable to other forms of business organizations. This study also suggests that other studies be conducted on other forms of business organizations such as commercial banks, SACCOs, insurance companies and in other industries.

Finally, findings of the study were based on data collected for a period of five years from 2015 to 2020 and therefore, may not be used to make long term inferences about the effect of market intelligence strategy on performance of regulated microfinance banks in Kenya. This period experienced growth in the number of regulated microfinance banks in Kenya. For this reason, the majority of the regulated microfinance banks were still in their infancy stage and not

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well established. Within the same period, there was an outbreak of pandemic (COVID 19) which may have affected the operations and performance of these regulated microfinance banks in Kenya. The study, therefore, suggests that other studies be conducted covering a longer period beyond five years to determine whether the current findings are valid and provide a basis of generalization of the study findings.

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