

**THE EFFECT OF REGULATION ON PROFITABILITY OF BANKS
(CASE OF KENYA COMMERCIAL BANK)**

BY

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE AWARD OF A DEGREE IN BACHELORS OF
COMMERCE (FINANCE OPTION)**

MOUNT KENYA UNIVERSITY

2014

ABSTRACT

This project was focusing on effect of regulation on profitability of banks whereby commercial banks are subjected to certain requirements, restrictions and guidelines.

The study employed a descriptive research design. The study target population was drawn from the four most profitable commercial banks in Kenya. Purposive sampling was used to select respondents from credit department lending department of each commercial bank

Sampling was done to analyze the respondents 'views about to establish effects of central banks' monetary policies on the lending behavior of commercial banks in Kenya. The data was coded to enable the responses to be grouped into various categories

Tables and other graphical presentations as appropriate were used to present the data collected for ease of understanding and analysis. The study established and concluded that CBR, cash reserve ratio, open market operation and uncertainty caused by possible outcomes caused by monetary policy changes influences profitability of commercial banks in Kenya it then recommended that central bank commit commercial banks to open market operations to control short term interest rate and the supply of base money in an economy and also study be done on the effect regulation policies have on borrowing behavior for the consumer to look at how monetary policy influences borrowers decision making.