

**EVALUATION OF GOVERNMENT REGULATIONS ON GROWTH OF  
FINANCIAL MARKETS IN KENYA.**

**A CASE OF CAPITAL MARKET AUTHORITY (CMA)**

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## ABSTRACT

The aim of this study was to examine and investigate the effects of governments regulations on growth of financial markets in Kenya, the specific objectives of the study are to examine the effect of government and regulatory agencies policies and regulations on growth of financial markets in Kenya, to examine the effects of investors awareness on growth of financial markets in Kenya. The study reviewed literature on the following issues financial markets, capital markets, money markets and their growth, financial innovation and the growth of financial markets, the role of Nairobi stock Exchange and capital markets, government regulatory agencies regulation and policies, investors awareness in financial markets, investors awareness and growth of financial markets. Findings according to the research, over 60% of the respondents have more than two years experience in the financial market in Kenya. Financial Innovations According to the information gathered the major financial market in Kenya are mutual funds and new credit facilities each with a representation of 25 %. Technology 90 % of the respondents state that technology influences growth of financial markets in Kenya with 40% stating that it led to reduced cost and also enhances customer satisfaction and increases efficiency and effectiveness in financial system. Government and regulatory policies According to the information gathered 70% of the respondents hold the view that Government and regulatory policies and regulation as being liberalization of financial market systems; Investor awareness influences growth of financial markets in Kenya by enhancing investor participation and also enhancing investor confidence and those efforts by agencies in the financial markets to create investor awareness is by use prospectus, brochures and also educational programs and conferences. From the summary of the major findings above it was deduced that the major financial innovation in the financial markets in Kenya as mutual funds, unit trust, new credit facilities and e-banking. Technology From the major findings and conclusion it was deduced that firms and companies in the financial markets are adopting electronic banking, automated trading system, online banking and mobile phone banking as forms of technology. Government and regulatory policies influence the growth of financial markets in Kenya and the major government and regulatory policies are liberalization of financial market system, privatization of government and regulatory policies and regulation influence growth of financial markets in Kenya by maintaining investor confidence in the financial system confidence. Recommendations Financial Innovations Firms and companies in the financial markets in Kenya should develop financial innovations that are tailored to customer satisfaction and that enhance the growth of the financial markets in Kenya. Technology Financial markets firms and companies should also enhance on technological development and advancement. Government and regulatory policies Government should develop policies and regulations that create a conducive environment for participation and investment in the financial market system. Investor Awareness The capital market authority should design education programs, conference that creates investors awareness