

**EFFECTS OF FINANCIAL MANAGEMENT ON FINANCIAL INSTITUTIONS
PERFORMANCE: A CASE STUDY OF KENYA COMMERCIAL BANK ELDORET.**

BY

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ABSTRACT

The purpose of the study was to investigate the effects of financial management on financial institutions. Financial management is intended to provide information that is useful in making business and economic decisions; to be reliable, information must be free from material error and have faithful representation, be neutral, complete and prudent. The research questions of study were; what are the effects of financial management on profitability? What is the impact of financial management on cost reduction? What is the relationship between financial management and growth? And what are the challenges of financial management? The research design used was case study; the study targeted a total population of 100 employees of Kenya Commercial Bank from which a 50% sample size was selected. Stratified random, purposive and simple random sampling was used in the study. This research was significant to the relative effectiveness of financial institutions, good financial management services which can be a differentiating factor and a chance to tap into the market of competitiveness from other financial institutions. Merchants should make sure that it is best to evaluate financial management practices as a means to increase consumer convenience, mobility and accessibility of their services and goods. The researcher concluded that banks should ensure that there is proper regulatory system for financial management services which will enable players in this system to carry on their work with minimal difficulties. Policy making authorities should make sure that proper and viable policies are put in place that will work to the advantage of financial management service and not to propose policies which will demoralize financial management services. The researcher has therefore recommended that banks should invent an effective way of enabling financial institutions in its development plans, its growth, profitability of the firm and cost reduction.