

**ASSESSMENT OF FINANCIAL SYSTEMS ON MARKET BASED
ECONOMY: A CASE OF KENYAN BANKS**

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ABSTRACT

The purpose of this research is to assess the financial system on market based economy. Maintaining the economy and providing adequate liquidity in the Kenyan market are the major challenges the government of Kenya faces. The economic growth has been changing every now and then and at the same time there is inadequate liquidity in the market hence slows economic growth. The objective of the study is to determine how efficient the financial policies are to the economy of the country. By determining the role played by financial policies to market based economy through financial instrument, these roles will help the government to improve the economy. The approach used by the researcher is a Case study. The target populations in this study are the banks and the persons involved in making business and economic policies of the country. The data collection method is secondary data hence there is no sampling frame for the study. Data collected is analyzed both qualitatively and quantitatively. From this research, it is evident that commercial banks and the entire banking sector play a very vital role in the improvement of the economy of the country through the proper implementation of the financial policies. Hence there exist a need for the active co-operation and harmony between the banking sector and the financial system authorities in terms of policy formulations and decisions making.