

**EFFECT OF CORPORATE GOVERNANCE ON FINANCIAL PERFORMANCE OF
COMMERCIAL BANKS IN KENYA (ACASE OF EQUITY BANK)**

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ABSTRACT

The study examined the Corporate Governance factors and Financial Performance of commercial banks in Kenya. The study aimed at establishing the effects of corporate governance practices and policies on financial Performance of commercial banks. A descriptive research design is in this study. The population involved in this study is ten (10) branches of Equity bank in Nairobi Kenya. A sample ratio of 0.27 is used to obtain sample representation of the entire population. Primary data is collected by administering questionnaires and Interview to each branch of the sampled banks. Secondary sources are also used to obtain information; data from the published annual reports and company sources spanning five years. The content validity of the two instruments of data collection is assured by ensuring that each of the items in the questionnaire and interview schedule addressed specific contents and objectives of the study. Statistical Package for Social Scientists (SPSS) was used and Spearman Correlation Coefficient and Multiple Regression Analysis to determine the magnitude of the relationship and prediction of financial performance respectively were applied. It was found out that corporate governance play an important role on bank stability, performance and bank's ability to provide liquidity in difficult market conditions.