

Contemporary Strategic Approaches towards Sustainable Competitiveness in the Kenya Banking Industry

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ABSTRACT

Today's local and global banking industry, like other business sectors is constantly under terrific fluidity occasioned by various factors that not only pose new challenges but also offer unique opportunities to the industry players. Technological developments, heightened customer expectations and increased levels of competition are just but a few among a plurality of factors that have heightened competition in the banking industry. This has compelled the industry players to develop new approaches and strategies as they seek to remain relevant and sustain competitiveness in such a dynamic industry. This paper is a narrative review of some of the current trending strategies adopted by leading banks in Kenya. Literature related to current innovative strategies adopted by Kenyan banks was analyzed from secondary sources, including research publications, and various banks' reports in the last four years. Some of the strategies discussed include; aggressive focus on small and medium-sized enterprises (SMEs) and low income earners; Various forms of diversification; Mobile banking; increased branch network through agency banking and ensuring easy accessibility and affordable banks products. The paper concludes that in order for banks operating in the Kenyan environment to succeed, they must continue to invest in and enhance the identified strategies so as to build and sustain their competitive fronts towards optimal performance. This paper recommends continued search and investment in technologically enabled products that enhance customer convenience and flexibility, diversified financial services, attracting and maintaining of masses through strong branch networks and partnerships as these are fundamental for any bank seeking to hold a strategic position in the Kenyan Banking Industry. Finally, the paper recommends that government and other regulatory bodies should set policies that encourage and reward innovation by commercial banks as this will not only enhance performance of these institutions but will also have a positive impact in the country's social economic development.

Keywords: Kenyan banking industry, diversification strategy, mobile banking

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