

The Relationship amongst Interest Rate Risk, Bank Competitiveness, and Financial Performance: Evidence from Commercial Banks in Kenya

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Abstract

The banking sector in Kenya plays a crucial role in financial intermediation and significantly contributes to economic development. Consequently, even minor variations in the financial performance of this industry can have significant effects on the economy. Despite the regulations and actions implemented by the regulatory authority, certain banks continue to face difficulties in their financial performance. Thus, the purpose of this study was to investigate the effect of interest rate risk on the financial performance of commercial banks in Kenya. Moreover, this study endeavoured to ascertain the moderating effect of bank competitiveness on the relationship between interest rate risk and financial performance of commercial banks in Kenya. The theories underpinning this study included Financial Intermediation Theory, Liquidity Preference Theory of Interest Rates, and Market Power Theory. The study further embraced an explanatory research design. The study used a census approach rather than sampling, considering the target population comprised all thirty-nine (39) commercial banks that were operating in Kenya as of December 2023. The study analysed data using descriptive statistics and panel multiple regression analysis. The results of the study revealed that interest rate risk portrayed a significant effect on the financial performance of commercial banks in Kenya. The results further showed that bank competitiveness indicated an insignificant moderating effect on the association between interest rate risk and financial performance. The study recommends that the management of Kenyan commercial banks should strengthen the adoption and implementation of effective techniques for measuring and monitoring interest rate risk in order to pinpoint the origins and extent of the risk.

Keywords: *interest rate risk, bank competitiveness, financial performance, commercial banks.*

1.1 Introduction

Since commercial banks have a significant impact on how the nation distributes its financial resources, their importance in an economy cannot be overstated (Akims, 2020). Banks are essential to financial intermediation, which strengthens national economies, by accepting deposits from clients and providing loans to borrowers for investment reasons. Banks must move money from the surplus fund sector to the deficit fund sector in order to boost efficiency (Abdul & Ochenge, 2020). However, commercial banks take on a lot of financial risks as part of their essential function as financial intermediaries. Since it is unlikely that hazards will be totally removed from commercial banks' daily operations, effective risk mitigation techniques should be put into place or integrated into their business models (Baido & Akoto, 2019). Financial stability in the banking industry depends on a robust and ideal financial system (Alkhazaleh & Almsafir, 2014). Accordingly, the process of economic development is disrupted when the financial sector's activities fail (World Bank, 2016).

Shayanewako and Tsegaye (2018) define interest rate risk as the potential loss of investment income arising from unfavourable fluctuations in interest rates. Shayanewako and Tsegaye (2018) further argue that a change in interest rate can cause contradiction amongst the funds received from loans verses funds paid to depositors. Interest rate risk also entails the possibility of incurring losses on investment due to unfavourable fluctuations of rates of interest. Moreover, the level to which financial performance is impacted usually is indicated by the up and down movement in interest rates in the market (BCBS, 2011). Further, BCBS (2011) document destructive fluctuations in interest rates pose prospective or present danger to banks resource earnings. However, excessive interest rates affect banks earning and capital base. Wood and McConney (2018) assert that interest rate risk impacts directly on financial instruments of a firm as a result of volatility of rates of interest. Nzuve (2016) links fluctuations in the rate of return of derivatives and bonds (convertible financial assets) to interest rate risk.

Competitiveness is the capacity of a bank to forge sizeable macroeconomic opportunities and transform them to profitability. A bank must seek to influence the environment in its favour and acquire an acceptable position through seizing available opportunities to enable it to capture more market share (Musau, Muathe & Mwangi, 2018). Hu and Xie¹ (2016) state competition may raise both positive and negative concerns about the potential risk-taking behaviours of banks. Furthermore, when commercial banks decide to reduce interest charged on loan to clients as consequence of competition, this goes a long way to ensure minimal default in payment of the loan facilities by the borrowers (Tan, 2018).

Commercial banks in Kenya in an effort to maintain equilibrium and enable simple transactions between firms and organisations facilitate movement of money in the Kenyan economy (Muriithi, 2014). Additionally, commercial banks in Kenya encourage domestic and foreign investment that supports the growth of new sectors and the state of the economy. Gizaw, Kebede and Selvaraj (2015) argue that these are financial institutions organised for the purpose of accepting customer deposits and honouring withdrawals, amongst other functions with a goal of maximising shareholders value.

1.2 Problem Statement

Banking institutions in Kenya significantly foster economic growth to a greater degree (Ongore & Kusa, 2013). The year 2022 saw commercial banks contribution of 7.2 percentage points to the real GDP growth (CBK, 2023). To ensure realizable returns translated to sustainable financial performance amongst commercial banks, Central Bank of Kenya initiated several financial reforms: Interest Rate Cap (2015), Risk Management Guidelines (2013) and Banking

Amendment Act (2012), amongst other prudential guidelines. Notwithstanding the government interventions, Central Bank of Kenya report of 2019 still availed proof of a cumulative average declining trend in commercial banks financial performance over several years with ROE trend indicating 29.8%, 28.7%, 26.6%, 25.2%, 24.5%, 22.30%, and 24.3% from 2012 to 2018 respectively. The declining trend of return on equity has brought about high concerns among various stakeholders.

Studies linking the core variable and emanating from various nations are evidently available (Iglesias-Casal, Silva, Neto, & Lopez-Penabad, 2022; Ahmed, Shakoor, Khan, & Ullah 2021; Al-slehat, 2021; Ali & Oudat, 2020). Notably, owing to the variation in regulatory frameworks, economic factors and market peculiarities (such as acquisition and mergers, efficiency, consolidation and size) conclusions of these studies cannot be applicable in the Kenyan context. Studies undertaken in Kenya nevertheless provided mixed findings, which are, however, indeterminate. In reference to interest rate risk, Ahmed, Shakoor, Khan, and Ullah (2021) reported a negative association connecting financial performance and interest rate risk. Conversely, Onyango and Kalunda (2023) observed a positive linkage connecting interest rate risk and financial performance. The current study unlike the previous studies appraised the moderating role of bank competitiveness on the relationship between interest rate risk and financial performance of commercial banks. On this account, and through search for a stable financial performance in the banking sector, there exist numerous competing forces. In line with the omissions highlighted in the foregoing literature, therefore, forms the basis and inspires the current study.

1.3 Research Objective

To investigate the effect of interest rate risk, and bank competitiveness on financial performance of commercial banks in Kenya

1.4 Research Hypotheses

The hypotheses developed for empirical testing are:

H₀₁: Interest rate risk has no significant effect on financial performance of commercial banks in Kenya

H₀₂: Bank competitiveness has no significant moderating effect on the relationship between interest rate risk and financial performance of commercial banks in Kenya.

2.0 Literature Review

2.1 Theoretical Literature Review

2.1.1 Financial Intermediation Theory

Diamond advanced it in 1984. The theory has attained high relevance for providing insight on how banks link savers to borrowers through financial intermediation. Banks have the obligation of channeling resources from less productive areas to more productive areas in order to improve efficiency in the financial system (Otuori, 2013). The theory presupposes financial institutions more so banking industry, as financial intermediaries are the major source of investment resources to organisations. Because of the theory, therefore it is paramount to note that it furnishes a strong framework for analysis of key banking policy issues relating to various transactions utilized by financial intermediaries (Ndebbio, 2004). The core function as regards risk to financial institutions as financial intermediaries is to find modest way to incorporate risk in their normal business activities. The inconsistency between the demands for investments and the supply for savings is usually a function of management of financial risk. Financial

intermediaries on a level that is acceptable can absorb financial risk by market forces because of the role they play in maintaining a sufficiently diversified portfolio. With minimising risk, banks can post good financial performance (Harelimana, 2017). The theory may be applied to determine commercial bank's role in matching demand for investments and supply for saving but also screening and monitoring role to enhance overall sound financial position of the financial institution. The theory as such, provides a crucial function within the modern economy through resource mobilisation while strengthening stability in financial performance.

2.1.2 Liquidity Preference Theory of Interest Rates

According to Keynes (1936), who advanced it, demand and supply of funds directly influence the short-term rates of interest. Further, the theory postulates that organisations are therefore obligated to prefer higher premiums or higher interest rates on investment instruments that mature in the long-term as compared to short-term. This therefore follows that holding liquid cash is the opportunity cost of not investing that cash in short-term investment vehicles. The short-term rate of interest is directly related to demand for funds while supply of funds is usually a fixed quantity set by a country's central banking authority. Nikolaou (2009) support the view that, the economy's demand for funds is dictated by various factors ranging from investment to consumption functions.

The theory pertains to interest rate risk, which presents a significant challenge for the banking sector due to the frequent changes in the central bank's base rate. Liquidity preference suggests that lenders require a liquidity premium when committing funds for longer durations, as future interest rates are uncertain (Bektas, 2014). For banks, this implies that they need to strategically determine the pricing for long-term loans and modify their lending rates in response to shifts in the central authority's monetary policy. A mismatch between short-term liabilities, such as deposits, and long-term fixed-rate loans can expose banks to considerable losses if interest rates rise.

2.1.3 Market Power Theory

Bhagwati (1965) put this idea forward. It manifests in the ability of businesses to generate and profitably change prices while diverting them from the competitive level. Institutions are able to influence prices for their products and services that may be less favorable to consumers. This is possible because the company has a relative ability to influence the price of products and services in the market by manipulating the level of supply, demand or both. The whole scenario is attributed to the imperfect competition paradigm (Bourke, 1989). The philosophy advanced by the theory suggests that business entities merge in order to maintain competitive advantage and possibly adjust commodity prices to levels that are considered unrealistic by other competitive players in the market (Malik, 2014). Market Power Theory informs this study through bank competitiveness and its effect on banks' financial performance. Potential advantages that accrue to commercial banks when they increase their scale of service delivery are directly correlated to their financial performance (Genchev, 2012). Commercial banks with larger market share are attributed to having boosted financial performance through increased profitability. This can be traced to the advantages of economies of scale. Consequently, banks take advantage of their market power through their dominance to generate more financial resources. This theory therefore supported the study through the study variables.

2.2 Empirical Literature Review

2.2.1 Interest Rate Risk and Financial Performance

The impact of rising interest rate risks on Kenya's investment banks' performance is examined by Onyango and Kalunda (2023). Both quantitative and qualitative methods were used in the investigation. The study's participants were selected from sixteen (16) investment banks. The information was gathered between 2011 and 2019. The analysis of primary data was qualitative. The findings showed that interest rate risk has a small but considerable positive impact on the investment banks' financial performance in Kenya. The study carried out an investigation of Kenyan investment banks, which is noteworthy. To close the gap, this study examined data for Kenya's commercial banking sector as a whole, rather than only the investment banks covered by the earlier research.

In their 2022 study, Iglesias-Casal, Silva, Neto, and Lopez-Penabad investigated whether the effects of negative interest rate policies (NIRPs) differed according to the bank's business model and how risk-taking and profitability were impacted in the European banking sector. A dataset covering 2596 banks and 29 European nations from 2011 to 2019 showed that NIRPs lower ROA prospects. Moreover, a decrease in short-term interest rates therefore lowers the net interest margin because interest rates are already negative. Conversely, the study is a cross-national investigation encompassing several European nations. Kenya was the focal study's location.

The study conducted by Ahmed, Shakoor, Khan, and Ullah (2021) examined how interest rate risk affected Pakistani commercial banks' financial standing from 2006 to 2017. Loans plus advances were used to measure the risk of interest rate, while three financial metrics, ROA, ROI, and ROE, depicted the financial standing. The findings demonstrate that interest rate risk has a major negative impact on Pakistani commercial banks' financial performance. The results are in opposition to research by Wood and McConney (2018) and Kolapo and Fapetu (2015), who found a positive correlation. The present study was driven by this discrepancy. The differing results provided greater flexibility in the introduction of a moderator variable (bank competition) and the implications it had for the other variables investigated. As a result, the moderator variable yields more consistent and tangible outcomes.

2.2.2 Bank Competitiveness and Financial Performance

Arodi, Winnie, Nyamute, Okiro, and Angima (2023) looked into bank performance and funding sources mediated by the bank's competitiveness. A descriptive research design was selected. Secondary data were gathered from 35 (thirty-five) Kenyan banking institutions undertaking banking business from 2011 to 2021. Bank rivalry was operationalised through the use of bank size. The findings indicate that bank competition has a major mediating effect in the link between performance and funding sources. Nonetheless, by gauging bank competitiveness was gauged based on bank size and mediated between funding sources and performance. The present investigation employed HHI to gauge bank competitiveness, which subsequently functioned as a moderator and mitigated the correlation between financial risk and bank financial performance.

Ekananda (2023) published research on the various ways in which different regime levels may influence how banking competition promotes financial stability. The regime determines the occurrence of nonlinear impact. A non-linear threshold model of regression constitutes the basis for the entire process by the study. Five ASEAN nations provided the data to the researchers. Nonetheless, the research on its own accord demonstrated that every nation has a

distinctive economic regime; consequently, this analysis is beneficial for the circumstances of banking competitiveness and the stability of the financial system at every distinct regime level. As a result, the study was cross-national when compared to the current study's national focus. Nevertheless, the political, economic, and social dynamics that exist in every nation determine the nature of each particular regime.

The goal of Chepkoech, Mulwa, and Manduku (2022) was to determine how company competitiveness affected Kenyan commercial banks' financial performance. The 39 commercial banks that were granted a 10-year licence to operate in Kenya between 2011 and 2020 made up the target population. According to the study's findings, Kenyan commercial banks' financial performance was negatively, though statistically significantly, impacted by their market share. The study's conclusions support those of Jiang, Levine, and Lin (2018), although they go counter to those of Hu and Xiel (2016), who contend that rivalry has a favourable impact on profitability. There is greater opportunity to examine the moderator variable (bank competitiveness) and the implications it has for the research variables because of the different findings. As a result, the moderator variable yielded more consistent and tangible outcomes.

2.3 Conceptual Framework

The segment revealed indirect and direct relationships among variables under investigation. The framework presented the relationship between the predictor and the response variables diagrammatically. The indirect and direct relationships disclose the interrelationship existing among interest rate risk, bank competitiveness and financial performance. Figure 1 clearly depicts such relationship.

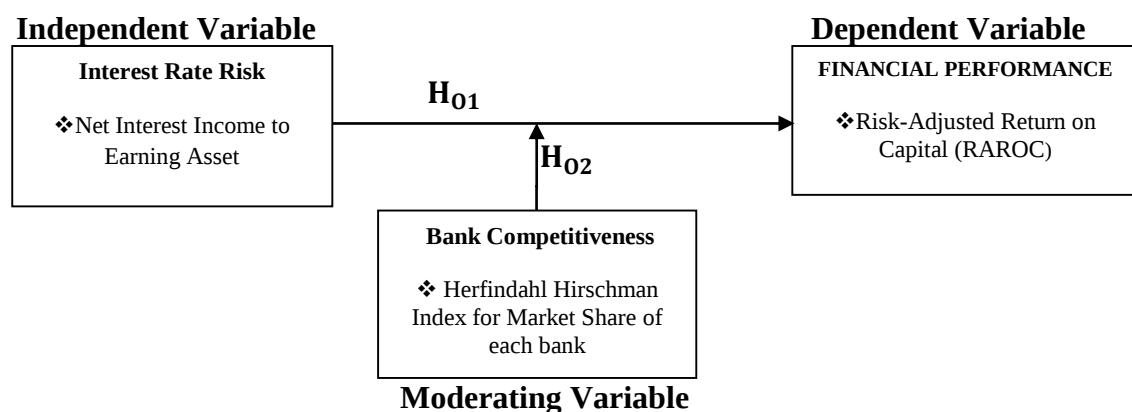


Figure 1: Conceptual Framework

3.0 Methodology

3.1 Research Design

This investigation embraced an explanatory research design approach, which allowed the study to appropriately establish a relationship interlinking financial performance and interest rate risk. The researcher was unable to manipulate variables of interest under this design (Leavey, 2017).

3.2 Empirical Model

The researcher formulated an empirical model that estimated a linear panel regression model as advanced by Green (2012) because study data contained both time series and cross-sectional dimensions. The general empirical model to be adopted therefore was as follows:

$$Y_{it} = \beta_0 + X'_{it}\beta + \varepsilon_{it} \dots \dots \dots (3.1)$$

Where: Y_{it} represented financial performance of bank i at time t ; i indicated the individual banks, $i = 1 \dots 39$ while t was the time period, $t = 2008 \dots 2023$; X'_{it} represented a vector of the independent variables, β coefficients to be estimated, β_0 was a constant error term, while ε_{it} was the composite error term.

3.3 Target Population

As of December 31, 2023, there were thirty-nine (39) commercial banks in Kenya, according to the Central Bank of Kenya report from that year. Thus, all the thirty-nine (39) commercial banks that were in operation from 2008 to 2023 made up the study's population of interest. Since the Central Bank of Kenya licenses and oversees Kenya's commercial banks, it was a reliable provider of financial information regarding the banking sector for the study.

3.4 Sampling Design

The study considered a census approach as ideal given the small population of study. Therefore, all the thirty-nine (39) commercial banks that were operational for the period 2008-2023 formed the data for the study. The census approach augments the validity of the data collected by incorporating complete information about study cases (Cooper & Schindler, 2014).

3.5 Data Analysis and Presentation

In data analysis, transforming research data into a usable form (Greene, 2012) is essential. After cleaning the data, an Excel sheet ratio calculation program was employed to calculate suitable ratios for each of the banks across time. Consequently, data were formatted to the required parameters to enable import from an Excel worksheet to STATA 14 software. STATA 14 tool was run on the data to support the analysis through descriptive and inferential statistical analysis. Descriptive statistics included the mean, standard deviation, maximum and minimum values to summarize and profile bank status of credit risk, commercial banks' financial performance and bank competitiveness trends. The inferential statistics were carried out through correlation and panel multiple regression analysis to ascertain the role of interest rate risk on the financial performance of commercial banks in Kenya.

4.0 Findings and Discussions

4.1 Descriptive Statistics

Descriptive statistics for interest rate risk, bank competitiveness, and financial performance were included in this segment. Provided are the descriptive statistics of the study variables' mean, standard deviation, minimum and maximum values, and other statistics for the years 2008–2023. Table 1 presents the descriptive statistics.

Table 1: Descriptive Statistics

Variable	Observations	Minimum	Maximum	Mean	Standard Deviation
Interest Rate Risk	624	2.3631	8.4822	5.4073	1.0693
Bank Competitiveness	624	0.0014	0.6812	0.1471	0.1608
RAROC	624	-1.1033	2.0224	0.2182	0.2541

The mean value for interest rate risk was 5.4073, with a standard deviation of 1.0693. This indicates minimal variations in interest rate value. This is also evident through the minimum and the maximum values for interest rate risk of 2.3631 and 8.4822, respectively. Additionally, the study data for interest rate risk implies that a few commercial banks are at risk of losses because of variations in interest rates whose values are set by market forces. The minimal variations can also be traced back to 2016 when the Central Bank of Kenya established an interest rate cap.

Bank competitiveness as operationalised by HHI portrays a moderately low volatile industry over the years with a mean of 0.1471 and a standard deviation of 0.1608. The low mean for bank competitiveness can be traced to the fact that Kenya has a few banks dominating the banking industry and therefore lacks intense competition. CBK report (2022) indicated that nine (9) banks control 76.6 percent of the market share.

The mean Risk Adjusted Return on Capital was 0.2182 and a standard deviation of 0.2541, while -1.1033 was observed as the minimum value and 2.0224 as the maximum value. This shows relatively high deviations from the observed Risk Adjusted Return on Capital values. This implies that although some banks were posting strong financial performance, others were posting consistent declines in their financial performance. Moreover, since the mean Risk Adjusted Return on Capital is less than the standard deviation, it reveals a broad spectrum of fluctuations in the financial performance of commercial banks. This further suggests the dataset was sourced from various banks.

4.2 Correlation Analysis

It is paramount to ascertain the existing link between interest rate risk, bank competitiveness, and Kenya's commercial banks' financial performance. This link was established through correlation analysis, which captured the Pearson correlation approach. Presented in Table 2 are the correlation results

Table 2: Results for Correlation Test

Variable	RAROC	Credit Risk	Bank Competitiveness
RAROC	1.0000		
Interest Rate Risk	0.1568* 0.0462	1.0000	
Bank Competitiveness	0.2529* 0.0000	-0.2261* 0.0000	1.0000

Table 2 presents the results for interest rate risk positively and significantly correlating with the financial performance (Risk Adjusted Return on Capital) of commercial banks in Kenya ($r = 0.1568$, $p = 0.0462$). The significant correlation between interest rate risk and financial performance underscores the strategic importance of integrating interest rate risk mitigation strategies into banking operations, and prioritising best practices in mitigation strategies.

Bank competitiveness ($r = 0.2529$, $p = 0.000$) was significant and portrayed a positive correlation with financial performance. Study results suggest that an increase in bank competitiveness corresponds to an increase in banks' financial performance. The study further suggests that banks should avoid investing in expanding market share but concentrate on expanding their asset portfolio base. Financial sector reforms, evidenced by increased capitalization, adopting risk mitigation measures, and lowering the cost of financial services, spur bank competitiveness and overall bank competition (KBA report, 2020).

4.4 Hypothesis Testing

This segment presents the hypothesis testing results based on the specific objectives of the study. The two hypotheses of the study H_{01} , and H_{02} , informed the financial performance perspective. Furthermore, the hypotheses were analysed through a random panel regression model that tested the relationship between interest rate risk and financial performance (operationalized through Risk Adjusted Return on Capital).

Table 3: Effect of Interest Rate Risk and Financial Performance

RAROC	Coef.	Std. Err.	Z	P> Z	[95%Conf.	Interval]
Interest Rate Risk	0.38865	0.34394	1.13	0.000	-0.32946	0.49457
_cons	1.62453	0.64722	2.51	0.001	0.38652	5.04533
Wald chi2 (1) = 9.74						
Prob> chi2 = 0.0000						
R-sq overall = 0.5871						

Key: RAROC = Risk Adjusted Return on Capital, IRR = Interest Rate Risk, ϵ = Error Term

The following null hypotheses were tested through the optimal random effect panel regression model obtained from Table 3.

H_{01} : Interest rate risk does not have a significant effect on the financial performance of commercial banks in Kenya.

H_{02} : Bank competitiveness does not have a significant moderating effect on the relationship between interest rate risk and financial performance of commercial banks in Kenya

4.4.1 Bank Interest Rate Risk and Financial Performance

The corresponding H_{01} was developed and assessed at a 0.05 significance level. Table 3 presents bank interest rate risk p-value of 0.0000 and a coefficient value of 0.38865. The alpha value in Table 3 (0.0000) is lower than the required alpha value (0.05). The findings therefore demonstrate that bank interest rate risk has a significant positive effect on the financial

performance. Based on the results, the study consequently rejected H_{01} , which supports the idea that bank interest rate risk has no appreciable sway on the financial performance. The research adopted the alternative hypothesis: bank interest rate risk influences financial performance significantly. The findings are consistent with the Liquidity Preference Theory of Interest Rates, which advocates that banks must set prices of long-term loans and adjust their lending rates according to the changes in monetary policy, because a disconnect between short-term liabilities such as deposits and long-term fixed-rate loans can leave banks vulnerable to substantial losses if interest rates increase.

4.4.2 Bank Competitiveness as a Moderating Variable

Bank competitiveness was introduced at this level to interact at an individual level with the interest rate risk variable. Table 4 presents how bank competitiveness moderated Kenyan banks' financial performance and interest rate risk element.

Table 4: Step II Bank Competitiveness as a Moderating Variable

RAROC	Coef.	Std. Err.	Z	P> Z 	[95%Conf.	Interval]
Interest Rate Risk	0.02591	0.13639	0.19	0.062	0.01057	0.05105
IRR*BCC	0.06497	0.04813	1.35	0.198	0.02068	0.12154
_cons	22.17352	18.32522	1.21	0.134	-9.41943	48.23162
Wald chi2 (2) =						
9.37						
Prob> chi2 =						
0.0000						
R-sq overall =						
0.6528						

The following regression model was formulated as a result of the findings depicted in Table 4.

$$\text{RAROC} = 22.17352 - 0.02591\text{IRR} - 0.06497\text{IRR*BCC} + \epsilon$$

Where:

RAROC = Risk-Adjusted on Capital

IRR = Interest Rate Risk

IRR*BCC = Interest Rate Risk Interacting with Bank Competitiveness

Table 4 presents empirical results of the moderation test for interest rate risk and bank competitiveness interaction producing a coefficient value of 0.06497. The implication was that a rise in both variables by a unit, increases financial performance by 0.06497. Table 4 furnishes 0.198 as the p-value of the interaction between bank competitiveness and risk of interest rate. The investigation failed to reject H_{02} , and presented an insignificant relationship. The conclusions made denoted that the link existing between interest rate risk and Kenya commercial banks financial performance is not significantly moderated by competitiveness of the bank.

5.0 Conclusion

The study concluded that interest rate risk is fundamental factor determining Kenya commercial banks financial performance. The correlation analysis findings indicated that interest rate risk was positively correlating with commercial banks financial performance in Kenya. Further, the outcome obtained from the panel multiple regression analysis documented interest rate risk having a significant effect on Kenya commercial banks' financial performance. This collaborates with the notion that financial performance of commercial banks is dependent largely on financial intermediation services. Therefore, commercial banks' exposure to extended or shorter periods of adverse movement in interest rates influences heavily on financial performance. The study also revealed that bank competitiveness had an insignificant moderating effect on the relationship between interest rate risk and financial performance of banks in Kenya.

6.0 Policy Recommendations

Bank managers should strengthen the adoption and implementation of effective techniques for measuring and monitoring interest rate risk in order to pinpoint the origins and extent of interest rate risk. Identifying the sources and magnitude of interest rate risk can aid in evaluating the possible implications of interest rate variations on the bank's net interest margin. Interest rate risk analyses should be conducted routinely under both standard and stressful conditions. The bank must also create early warning indicators that signal increasing exposure to adverse rate shifts, allowing for prompt action before significant financial losses arise. Additionally, diversifying interest rate-sensitive assets and liabilities is essential for reducing concentration risk. Financial institutions need to focus on innovation and digital change as a core element of their competitive edge. The rapid growth of financial technology (FinTech) and mobile banking in Kenya has transformed the financial landscape, allowing customers to access banking services more easily and at lower costs. Bank executives should allocate resources to develop robust digital platforms, strengthen cyber security practices, and leverage data analytics to enhance service quality and customer satisfaction.

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