

# **Factors influencing pricing decisions in selected banks in the banking industry in Nairobi, Kenya.**

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## **Abstract:**

This project focused on the study of the factors influencing pricing decisions in selected banks in Nairobi in Kenya. Banks operate solely to earn profits. Banks profits are based generally on the price charged on customers' accounts and operations. Price charged affects the customers on whether to take or decline a particular product. Bank prices have all along been based on government policy, risk, income, number of customers, operational costs. The price keeps on fluctuating depending on the demand and supply and the factors mentioned above. Clients expect to access banking services when prices are favourable to them. Over the period the prices have continued to rise. It is on the basis of rising price that the study was conducted to ascertain the factors that influence pricing decisions. The objectives of the study were to establish the factors that influence effective pricing decisions in the banks products, suggest ways of increasing the market share of banks in the Kenyan economy and to suggest ways of stabilizing prices in the banking industry. Descriptive design was used in this research.

The study was conducted in selected banks within the city centre of Nairobi. The target population in the study area is forty five banks in Nairobi Kenya. Thirty one banks were sampled out using random sampling. Then, purposive sampling was used to select ninety three employees, three from each sampled bank. Both primary and secondary data was used for this research. Primary data was collected using open ended questionnaires and closed ended questionnaires. The drop and pick method was used to administer the questionnaires. Secondary data included all the relevant literature related to the factors influencing pricing decisions in the banking industry. The data was analyzed using descriptive statistics, measure of central tendency; percentages, graphical presentations, frequencies and tables that describe the phenomena under investigation. The findings of the study on the factors that influence pricing decisions in the banking industry include; government policy, risk, income, number of customers and operational costs which in turn affect the demand and supply in the market.