



CENTRE FOR RESEARCH ON
FINANCIAL MARKETS AND POLICY

CALL FOR PAPERS

Theme: Banking Industry’s Response to the Economy’s Development Aspirations

As a continuation of the broad theme of *“Putting Banking at the Centre of the Economy’s Growth”*, the KBA Centre for Research on Financial Markets and Policy® will this year put a spotlight on how resource allocation by the Kenya’s banking industry is aligned to the economy’s development aspirations.

There is a general appreciation of the nexus between finance and economic performance, with the former considered to have a strong causal effect on the latter and not necessarily vice versa. A deeper understanding of this nexus is essential as it serves as a pointer to the channels of credit allocation that best serve the growth agenda.

Growth in the banking industry assets is linked to the channelling of credit towards investment and trade as well as the government and households. It is possible that channelling more financial resources towards consumption (both household and public) could mean less funding for investment. It is equally possible that banks’ funding of consumption as well as trade have implications – both positive and negative – on the economy’s trade balance.

The extent of these possibilities require empirical determination. Three key research questions are at the core of this analytical undertaking:

- Is the pricing of deposits and credit a reflection of the credit patterns to government, businesses and households?
- If bank credit to government and household potentially crowds out investment, is the effect the same regardless of whether it is credit to housing or government?
- Is there a behavioural pattern when it comes to sector distribution of credit as the banking industry aligns itself to the economy’s growth path?

Addressing these three areas will provide insights on the following:

- Banks’ deposit mobilisation behaviour and its relationship with fiscal policy and monetary policy stances.
- Whether increased household credit is an avenue for empowerment or another form of “crowding out” of investment resources.
- Whether household credit and government borrowing have the same effects on the economy’s sustainable growth
- Whether export-oriented agriculture and/or industry is credit constrained or international market conditions constrained
- Whether credit trends bridge external balance or drive a wedge on external balances.

The KBA Centre for Research on Financial Markets and Policy® wishes to take this opportunity to invite you to submit a proposal for the paper to be presented in the 5th Annual Kenya Bankers Association Banking conference to be held in September 2016. The emphasis of the conference will be on high–quality research on the theme motivated above, with a clear balance between theory and application, and policy relevance of the research findings.

The Kenya bankers association will give a honorarium for each paper selected for the conference. Further, all conference papers will be reviewed for possible publication on the KBA centre on financial markets and policy® Working Paper Series (<http://www.kba.co.ke/research-center/working-paper-series>).

Requirements

1. Researchers should submit a written research proposal to the KBA. All proposals should be strongly aligned to the above motivated theme. *“Putting Banking at the Centre of the Economy’s Growth”*. Each proposal should not be more than four pages.
2. The research area can focus on either one of the areas outline or bring out dimensions of linkages to other areas in the theme line.
3. The proposal should include a research abstract that outlines the
 - Motivation of the study
 - Key hypotheses to be tested
 - Research methodology
4. A brief biography of the researcher/ research team including their professional qualifications and research experience is required.

Key dates

22nd April 2016	Deadline to submit research proposal
29th April 2016	Selection of research papers and notification of authors
25th July 2016	The full research papers completed by the authors and submitted to KBA Centre of Research on Financial Markets and Policy®
August 2016	Technical Review Workshop
September 2016	5th Annual KBA Banking Research Conference

Submissions

Researchers who wish to submit their research proposals can do so via the following:

Email: research@kba.co.ke

Mail: Attention to - The Director, KBA Centre for Research on Financial Markets and Policy; 13th Floor, International House; P.O Box 73100 - 00200, Nairobi

