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**INVESTMENT DIVERSIFICATION AND PERFORMANCE OF NON-BANK FINANCIAL INSTITUTIONS IN NYAMIRA COUNTY, KENYA**

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**ABSTRACT**

*The purpose of this study was to establish the effects of investment on the performance of non-bank financial institutions in Nyamira County. The study aimed to establish the effects of investment (Capital Investment , Technology Investment, Marketing Investment and Human Capital Investment) on the performance of non-bank financial institutions in Nyamira County.The study was guided by Capital Structure Theory, Innovation-Diffusion Theory, Marketing Mix Theory and Human Capital Theory. The study used explanatory survey design for data collection, analysis and reporting of findings. The target population of the study was the non-banking financial institutions in Nyamira County. Data collection was done through structured questionnaires. The data collected was analyzed using descriptive statistics. The study concluded that; Capital investment boosts non-bank financial institutions' performance by enhancing their capacity for growth, innovation, and competitiveness, technology investment enhances non-bank financial institutions' performance by improving efficiency, customer service, and data management, marketing investment amplifies non-bank financial institutions' performance by attracting more customers and increasing brand visibility, human capital investment strengthens non-bank financial institutions' performance by enhancing employee skills, motivation, and productivity. The study recommends that one, Non-bank financial institutions should focus on capital investment initiatives so as to enhance their performance. Secondly, Non-bank financial institutions should effectively implement technology aspects such as digital Channels and Services, Data Analytics and AI so as to enhance their performance. Thirdly, Non-bank financial institutions should effectively implement marketing aspects such as Customer Acquisition Cost so as to attract and retain high capital base that can enhance their performance. Lastly, Non-bank financial institutions should adopt effective human capital investment in recruitment and promotion.*

***Key words:*** *Non-Bank Financial Institutions, Capital Investment, Technology, Marketing, Human Capital*

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## INTRODUCTION

The development of a state is intrinsically linked to the growth and flourishing of its financial institutions. The financial institution is actively engaging in the banking industry through its actions, whether directly or indirectly. The banking industry plays a crucial role in facilitating the flow of funds from surplus units to deficit units, thereby mobilizing the financial sector and stimulating economic activity. The banking industry plays a pivotal role in driving the economic success of a nation through its conduct and operations. The financial sector in Kenya encompasses a diverse range of institutions, including banks, non-bank financial institutions (NBFIs), and microfinance institutes.

Non-Bank Financial Institutions (NBFI) play a crucial role in the financial landscape of any nation. These institutions, although distinct from traditional banks, serve as significant pillars of the financial system, contributing to economic growth and stability. Their importance cannot be overstated, as they provide essential financial services and fill gaps that traditional banks may not address adequately. Consequently, recognizing the significance of NBFI is imperative for policymakers, regulators Non-Bank Financial Institutions (NBFIs) have played a crucial role in the financial system of Kenya by offering additional financial services that are typically not provided by traditional banks.

Non-Bank Financial Institutions (NBFIs) possess a wide range of products and services that exhibit great flexibility, enabling them to effectively fulfill the expectations and requirements of customers. This inherent adaptability empowers NBFIs to maintain a competitive edge within the dynamic financial market. Similar to traditional banks, Non-Bank Financial Institutions (NBFI) are providing small-scale loans to aspiring entrepreneurs, serving as crucial seed capital for business ventures. The implementation of this solution has the potential to address and resolve the existing inefficiencies in the process of fund disbursement. According to the findings of Kenya Banker Association, Non-Bank Financial Institutions (NBFIs) play a crucial role as significant financial intermediaries by gathering funds from diverse sources and subsequently channeling these funds towards various sectors through lending activities. However, it is imperative to note that they are prohibited from accepting a deposit upon request. Moreover, it is imperative to note that they are prohibited from engaging in the operation of a current account.

According to Carmichael and Pomerleano (2002), Alan Greenspan, the Chairman of the US Federal Reserve in 1999, asserted that economic savings have the potential to significantly alter capital investment. This transformation serves as a safeguard in case the primary form of intermediation encounters any failures. Non-Bank Financial Institutions (NBFIs) play a crucial role in complementing traditional banks by effectively fulfilling the intermediary function in credit distribution. Since its inception, the banking industry has been marked by intense competition. In the realm of financial services, banks typically provide standardized offerings, while Non-Bank Financial Institutions (NBFI) adopt a more tailored approach to cater to the unique needs and demands of individual clients. Furthermore, it is worth noting that individuals who opt for Non-Bank Financial Institutions (NBFI) in order to gain a competitive edge have the opportunity to specialize in a specific sector. The strategic implementation of targeting, specializing, and unbundling by non-bank financial institutions (NBFIs) serves to enhance competition within the financial sector. The banking sector is widely recognized as a significant component of financial institutions across the globe. However, it is crucial to acknowledge the substantial contributions made by Non-Bank Financial Institutions (NBFI) in enhancing the performance of financial sectors.

NBFIs were initially established in the USA to get around interstate banking restrictions and restrictions on non-bank ownership of bank imposed under the1927 McFadden and the 1956 Bank Holding Company Acts. Banks comprise a large proportion of the financial sector in most countries but there are non-bank institutions which also contribute immensely to the financial sector performance. Because these NBFIs operate without a banking license, in some countries their activities are largely unsupervised, both by government regulators and credit reporting agencies. Thus, a large NBFI market share of total financial assets can easily destabilize the entire financial system.

Asset managers, insurance companies, pension funds, hedge funds, and stockbrokers are among the regulated financial services entities in Africa supported by non-bank financial institutions.We assist clients with pure money market investments, as well as fund flows between them and their investments and cross-border flows. They design solutions to help clients de-risk and hedge their situations 2014 (ICPAK)

In Kenya, as in other countries, non-bank financial intermediaries supplement the commercial banks mainly in deposits and in lending out credit to potential investors. According to the Banking Act in Kenya a non-bank financial intermediary is a company other than a commercial bank authorized to conduct financial business. A financial intermediary therefore accepts money deposits payable on demand or after the expiry of a fixed period or after notice of intention of withdrawal. It acts as a custodian of deposits. This definition excludes building societies and insurance companies which in some countries are regarded as financial intermediaries. Thus a NBFI is not the same as a commercial bank, even though it provides similar services.

Investments are often made indirectly through intermediaries, such as pension funds, banks, brokers, and insurance companies. These institutions may pool money received from a large number of individuals into funds such as investment trusts andunit trusts to make large scale investments. Each individual investor then has an indirect or direct claim on the assets purchased, subject to charges levied by the intermediary, which may be large and varied. It generally, does not include deposits with a bank or similar institution. Investment usually involves diversification of assets in order to avoid unnecessary and unproductive risk (Polo 2008).

According to Ahmed and Chowdhury (2007), the basic restrictions that existed in the banking industry created the groundwork for NBFIs' fast development. First, the central bank of a country's regulations prevent banks from providing financial services to all areas of business; second, banks are always faced with a maturity mismatch because they must meet long-term financing needs with short-term resources; and finally, banks are not always able to extend their operational horizon through product innovations. These regions present fresh potential for NBFIs to seize with vigor.

NBFIs are currently seen as an important sub-sector of the financial system that has been quickly growing in importance due to their ability to address the different financial needs of businesses (Islam & Osman, 2011).

**Statement of the Problem**

In the current economic climate characterized by significant challenges and volatility, the role of financial institutions has grown increasingly crucial. These injections effectively channel surplus funds towards the diverse productive activities within the economy. Therefore, the presence of efficient financial institutions is crucial for ensuring the sustained prosperity of any nation. Non-Bank Financial Institutions (NBFIs) play a crucial role in addressing the deficiencies in financial intermediation that arise from commercial banks. These institutions offer a diverse range of financial services, thereby bridging the gaps in the financial sector.

Non-Bank Financial Institutions (NBFIs) are of utmost importance in facilitating the development of the financial market and fostering economic growth in Bangladesh. Leasing companies play a crucial role in supporting manufacturers by offering lease financial services that facilitate uninterrupted production operations. Insurance companies play a crucial role in safeguarding the interests of various business enterprises by offering risk protection services. These services enable businesses to receive compensation in the event of loss or damage to their valuable assets. Finance companies play a crucial role in facilitating the acquisition of assets for entrepreneurial endeavors by providing funds to venture capitalists. This financial support enables the initiation of new business ventures, thereby contributing to economic growth and innovation. Non-Bank Financial Institutions (NBFIs) play a pivotal role in providing corporations with a reliable and sustainable source of long-term financing. NBFIs also extend services to various sectors like textile, agriculture, small and cottage, chemicals, trading, pharmaceuticals, transport, food and beverage, leather products, and construction and engineering. It is this pivotal role of NBFIs that motivated the study which delved into investment diversification and its effect on performance of non-bank financial institutions on investment in Nyamira County.

**Objective of the study**

The General Objective of the Study was to ascertain the effect of investment diversification on the performance of non-bank financial institutions in Nyamira County. The specific objectives of the study include:

- To establish the effect of Capital Investment on the performance of non-bank financial institutions in Nyamira County
- To establish the effect of Technology Investment on the performance of non-bank financial institutions in Nyamira County
- To establish the effect of Marketing Investment on the performance of non-bank financial institutions in Nyamira County
- To establish the effect of Human Capital Investment on the performance of non-bank financial institutions in Nyamira County.

**Research Hypothesis**

- **$H0_1$:** There is no statistically significant effect of Capital Investment on the performance of non-bank financial institutions in Nyamira County.
- **$H0_2$:** There is no statistically significant effect of Technology Investment on the performance of non-bank financial institutions in Nyamira County.
- **$H0_3$:** There is no statistically significant effect of Marketing Investment on the performance of non-bank financial institutions in Nyamira County.
- **$H0_4$:** There is no statistically significant effect of Human Capital Investment on the performance of non-bank financial institutions in Nyamira County.

## LITERATURE REVIEW

### Capital Structure Theory

The idea, sometimes linked to Modigliani and Miller, posits that the performance of a corporation is influenced by its capital structure, specifically the composition of debt and equity. Non-bank financial institutions have the opportunity to boost their performance by improving leverage and resource allocation when investing in capital through equity and debt. The theory that is applicable in this particular scenario is known as the "Capital Structure Theory." The association of this concept is frequently attributed to the groundbreaking contributions of Franco Modigliani and Merton Miller, as evidenced by their fundamental research articles in the field of corporate finance. The initial hypotheses were formulated throughout the 1950s and 1960s and have subsequently undergone several adaptations and modifications. The seminal work on the original hypothesis can be attributed to Modigliani and Miller (1958). The topic under consideration is the cost of capital, corporation finance, and the theory of investment.

The core concept connecting Capital Structure Theory and the impact of capital investment on the performance of non-bank financial organizations centers on the notion that the composition of equity and debt financing, known as capital structure, influences the cost of capital and, consequently, the institution's performance. Non-bank financial institutions possess the opportunity to impact their cost of capital, hence influencing their profitability, risk exposure, and long-term sustainability, through the strategic selection of their capital structure. Hence, the aforementioned theory offers a conceptual framework for comprehending the manner in which decisions regarding capital investment can significantly impact performance, since they play a crucial role in shaping the capital structure of the institution.

### Innovation-Diffusion Theory

The "Innovation-Diffusion Theory" is a highly pertinent framework within this particular context. The theory under consideration was formulated by Everett Rogers and is extensively examined in his seminal work: Rogers, E. M. (1962). The concept of "Diffusion of Innovations" is a widely recognized and influential theory in the field of social sciences. The Innovation-Diffusion Theory encompasses several key components that contribute to its comprehensive understanding and applicability. These components serve as the foundation for analyzing the diffusion process of innovations within various contexts and offer valuable insights into the factors that In contemporary society, novel concepts, methodologies, or technological advancements are frequently introduced to both societal and market domains. These innovative ideas, practices, or technologies serve as catalysts for progress and development, propelling societies and markets towards enhanced growth and prosperity. Various categories can be employed to classify them, taking into account their perceived attributes, including relative advantage, compatibility, complexity, trialability, and observability.

The relationship between Innovation-Diffusion Theory and the impact of technology investment on the performance of non-bank financial institutions is rooted in comprehending the systematic adoption of technological innovations, which is influenced by a multitude of factors. The application of this theory holds significant potential for non-bank financial institutions, as it enables them to strategically plan their technology investments in order to optimize their diffusion and enhance their impact on performance. Organizations have the ability to customize their adoption strategies in order to effectively target various adopter categories and effectively address perceived barriers to adoption. This strategic approach can significantly impact the overall performance outcomes of these organizations. The theory at hand offers valuable insights into the effective management and optimization of technology diffusion within an institution, ultimately leading to enhanced performance.

### Marketing Mix Theory (4Ps - Product, Price, Place, Promotion)

The Marketing Mix Theory, commonly known as the 4Ps framework, holds a significant position as a fundamental concept in marketing strategy. This paper elucidates the four fundamental components that organizations can employ to exert influence on consumer behavior and establish a triumphant marketing strategy: The term "product" encompasses both tangible and intangible offerings that are provided by a company in order to fulfill the needs and desires of its target market. The comprehensive evaluation of a product encompasses various aspects such as product design, features, quality, branding, and packaging. Pricing strategy encompasses the critical task of determining the optimal price for a product or service. This decision holds significant implications for the success and profitability of a business. Pricing decisions are influenced by several critical factors, including cost, competition, perceived value, and market demand. These factors play a pivotal role in shaping the pricing strategies adopted by businesses. By carefully considering these elements, organizations can effectively determine the most appropriate and competitive pricing for their products or services. The concept of place primarily revolves around the equitable distribution and enhanced accessibility of resources and services. The process of determining the distribution strategy for a product or service encompasses the careful deliberation of various factors, such as the selection of appropriate channels, strategic placement of outlets, and efficient management of logistics. Promotion encompasses a comprehensive range of activities that are strategically employed to effectively communicate and promote a product or service to the intended target audience. The scope of marketing encompasses various strategies and techniques, such as advertising, sales promotions, public relations, and digital marketing.

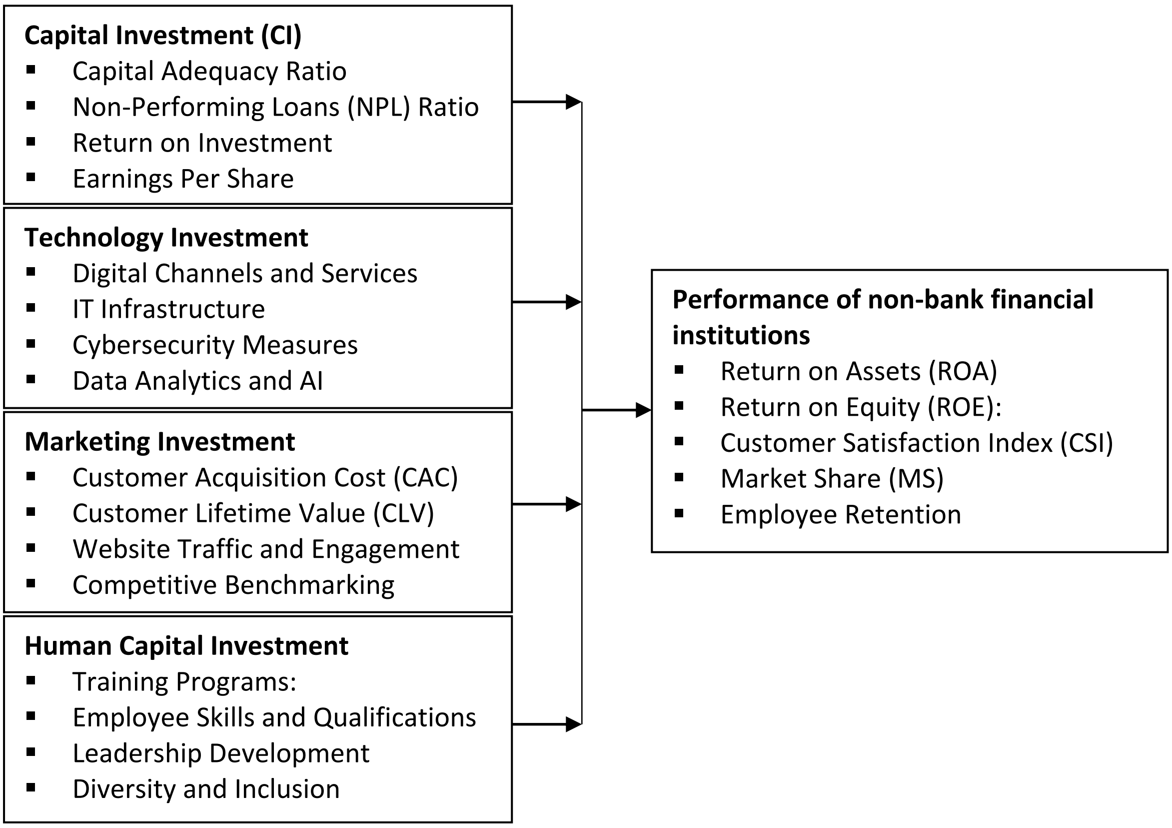
The correlation between Marketing Mix Theory (4Ps) and the impact of marketing investment on the performance of non-bank financial institutions is rooted in the strategic allocation of marketing investment to maximize the effectiveness of the four fundamental components of the marketing mix. By strategically aligning marketing investment with these key elements, non-bank financial institutions can effectively customize their strategies to better cater to the diverse needs of their customers, thereby establishing a significant competitive edge in the market. Investing in various strategic elements such as product innovation, competitive pricing, efficient distribution, and impactful promotion can significantly enhance overall performance by effectively attracting and retaining customers. These factors play a crucial role in contributing to the long-term success of an institution.

**Human Capital Theory**

According to the foundations of human capital theory, the allocation of resources towards the enhancement of employees' education, training, and professional growth can result in a workforce that possesses more expertise and efficiency. Within the realm of non-bank financial institutions, the allocation of resources towards human capital investment, specifically in the realm of employee training and development, has the potential to provide positive outcomes such as enhanced customer service, improved risk management, and increased operational efficiency. These improvements, in turn, have the capacity to significantly influence the overall performance of such institutions. The theory that is applicable in this particular circumstance is known as the "Human Capital Theory." The concept of Human Capital Theory has undergone significant development and elaboration by numerous economists and researchers throughout its history. Although without a one authoritative origin, the topic has garnered significant attention within the realms of labor economics and human resource management literature. Human Capital Theory is an economic framework that posits the notion of human knowledge, skills, abilities, and experiences as valuable assets, commonly denoted as "human capital." The aforementioned thesis postulates that allocating resources towards the advancement and instruction of persons results in enhanced productivity, heightened earning capacity, and superior economic consequences in general.

The theory posits that allocating resources towards the development of human capital has the potential to enhance the proficiency and productivity of the labor force. Within the realm of non-bank financial organizations, the presence of a highly skilled and experienced workforce holds the potential to enhance customer service, facilitate informed financial decision-making, proficiently handle risks, and optimize operational efficiency. The relationship between Human Capital Theory and the impact of investing in human capital on the performance of non-bank financial organizations is rooted in the notion that allocating resources towards enhancing employees' knowledge and abilities can result in favorable outcomes. When non-bank financial companies allocate resources towards enhancing the human capital of their personnel, they effectively enhance the overall caliber of their workforce. Consequently, this can result in more effective decision-making, heightened levels of customer satisfaction, less occurrences of operational errors, and eventually enhanced overall performance.

**Conceptual Framework**




**Independent Variables** **Dependent Variable**

**Figure 1: Conceptual Framework**

## Empirical Review

Financial times (2000) present comparative data for 60 large pool schemes in Kenya, Europe and USA. The data revealed that in Kenya, 50.2% of the fund is invested in real estate compared to 7.0% in Europe. Equity only formed 11.8% of the fund in Kenya compared to 34.2% and 53.1% in Europe and USA respectively. Bonds and bills took up 16.3% of the Kenyan fund while they took up 12.6% and 22.7% of the European and American funds respectively. Offshore investments only formed 5.5% of the Kenyan fund compared to 26.5% and 11.1% of the European and USA funds respectively. The treasury managers have a good reason for making such investment decision. The different proportions in the different countries could be due to the different factors in these countries. .

There are various studies that have been undertaken in Kenya on the relationship of bank and non bank financial performance in investment and economic development, and their findings variables are diverse; Kipngetich (2011) did a study on the relationship between interest rates and financial performance of commercial banks in Kenya and found that there is a positive relationship between interest rates and financial performances of commercial banks. Thus companies should therefore prudently manage their interest rates to improve their financial performance. Interest rate was found to have negative relationship with the profitability of companies in aviation industry.

Investment banks are principally involved in underwriting debt and equity offerings, trading securities, making markets and providing corporate advisory services. Investment banks are also active counterparties in a variety of derivative transactions. Confusing matters further, some investment banks, including those without true bank subsidiaries, will engage in bank-like activity. It is not uncommon for investment banks to provide bridge loans and stand-by financing commitments for mergers and acquisitions (Saunders & Cornett, 2011).

Merchant banking has changed more than perhaps any other category of banking. Merchant banks used to exist to finance international trade, providing financing, letters of introduction and credit, for ocean-going voyages. Merchant banks then evolved into something more like what private equity is today; very few institutions call themselves "merchant banks" today (Acha, 2012).

The housing bubble and subsequent credit crisis brought attention to what is commonly called "the shadow banking system." This is a collection of investment banks, hedge funds, insurers and other non-bank financial institutions that replicate some of the activities of regulated banks, but do not operate in the same regulatory environment (Kipngetich, 2011).

The shadow banking system funneled a great deal of money into the U.S. residential mortgage market during the bubble. Insurance companies would buy mortgage bonds from investment banks, which would then use the proceeds to buy more mortgages, so that they could issue more mortgage bonds. The banks would use the money obtained from selling mortgages, to write still more mortgages (Acha, 2012).

Islamic banks exist to fill the need for financial services that are compliant with Islamic rules concerning interest. Sharia law forbids the charging, or acceptance, of interest or other fees related to borrowing money. In the place of interest, Islamic banks make use of profit sharing arrangements, "safekeeping" agreements, joint ventures, leasing and cost-plus accounting to extend credit in a way that is compliant with Sharia (Desaro, 2012).

Contractual savings institutions (also called institutional investors) give individuals the opportunity to invest in collective investment vehicles (CIV) as a fiduciary rather than a principal role. Collective investment vehicles pool resources from individuals and firms into various financial instruments including equity, debt, and derivatives. Note that the individual holds equity in the CIV itself rather what the CIV invests in specifically. The two most popular examples of contractual savings institutions are pension funds and mutual funds.

The two main types of mutual funds are open-end and closed-end funds. Open-end funds generate new investments by allowing the public to purchase new shares at any time, and shareholders can liquidate their holding by selling the shares back to the open-end fund at the net asset value. Closed-end funds issue a fixed number of shares in an IPO. In this case the shareholders capitalize on the value of their assets by selling their shares in a stock exchange.

Capital formation is the increase in capital stock of a country. It raises productive potential of a country. The chief objective of any DFI is to increase long-term capital formation particularly in the industrial sector. This capital formation results in the improvement of macroeconomic indicators especially GDP growth, employment, and incomes. NBFIs are ways and means of capital formation.

NBFIs form a significant part of financial markets. They underwrite public issues of corporations. They provide much needed capital to new start-ups through venture capital. They are the source of liquidity in these markets. The effective functioning of financial markets largely depends on NBFIs.

Not all NBFIs are development-oriented but among them which enjoy this distinctive feature are recipients of the bulk amount of grants and aids from country governments and donor agencies. *Khushhali Bank of Pakistan,* for example receives grants from Asian Development Bank (ADB) in this regard.

## METHODOLOGY

Explanatory survey design was used to explore the effects non bank financial institutions on investment in Nyamira County. This design was suitable because it aims at collecting information from respondents on the types and roles of NBFIs in the study area (Orodho and Kembo, 2006).

The targeted population of this study was 51 NBFIs officials from various institutions in the area and 51 locals and clients of such institutions in Nyamira county. These 102 respondents were selected purposefully because they are directly involved. Census sampling technique was utilized in the study.

The main tool used to collect data from respondents were structured questionnaires. To ensure reliability of the questionnaires test–retest method was used. Data was analyzed using descriptive statistics like weighted mean, percentages and frequency distribution. Simple regression analysis was used to establish the relationship between non-banking financial institution and investments in Nyamira County

The regression model was :

$$\mathbf{Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon}$$

Whereby: **Y** = Performance of non-bank financial institutions

$\beta_0$ = Constant

$\beta_1 - \beta_4$= Measure of sensitivity of variable X to changes in Y

$X_1$ = Capital Investment;

$X_2$= Technology Investment;

$X_3$= Marketing Investment

$X_4$= Human Capital Investment

$\varepsilon$ = Error Term.

## FINDINGS AND DISCUSSIONS

### Response rate

From 102 questionnaires that were dispatched for data collection, 97 questionnaires were returned completely filled, representing a response rate of 95.1% which is good for generalizability of the research findings to a wider population.

### Descriptive statistics

These are descriptive statistics based on the study's independent variables (Capital Investment,, Technology Investment, Marketing Investment, Human Capital Investment) in as far as they are perceived to influence performance of non-bank financial institutions in Nyamira County (dependent variable). They are summarized responses measured by Likert scale of measurement showing measures of central tendency (mean) and dispersion (standard deviations, variance) plus how the data set has skewness (asymmetric) and kurtosis (peakedness).

In summary the means of independent variables (Capital Investment, Technology Investment, Marketing Investment, Human Capital Investment) are near to to 4 which is agree on likert scale of measurement, implying that most respondents agreed that Capital Investment, Technology Investment, Marketing Investment and Human Capital Investment strongly influence the performance of non-bank financial institutions in Nyamira County.

**Table 1: Descriptive Statistics**

| | N | Range | Min | Max | Mean | Std. Deviation | Variance | Skewness | Kurtosis |
|---|---|---|---|---|---|---|---|---|---|
| Capital Investment | 113 | 4 | 1.00 | 5.00 | 3.5617 | 1.02499 | 1.051 | -.521 | -.494 |
| Technology Investment | 113 | 4 | 1.00 | 5.00 | 3.7292 | .92737 | .860 | -.690 | .078 |
| Marketing Investment | 113 | 4 | 1.00 | 5.00 | 3.6130 | 1.10736 | 1.226 | -.610 | -.567 |
| Human Capital Investment | 113 | 4 | 1.00 | 5.00 | 3.7587 | 1.23814 | 1.533 | -.425 | -.836 |
| Performance of non-bank financial institutions in Nyamira County | 113 | 4 | 1.00 | 5.00 | 3.6953 | 1.07837 | 1.163 | -.747 | -.308 |

**Multiple Regression Analysis**

Multiple regression analysis in table 2 shows an R square of 0.807, thus we infer that the conceptualized factors in the study model (Capital Investment, Technology Investment, Marketing Investment, Human Capital Investment) explains 80.7% of the variations in the performance non-bank financial institutions in Nyamira County while other factors not in this study model accounts for 19.3%, thus, it is a good study model.

**Table 2: Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change |
| 1 | .898[a] | .807 | .800 | .48246 | .807 | 112.885 | 4 | 108 | .000 |

**:ANOVA[a]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 105.103 | 4 | 26.276 | 112.885 | .000[b] |
| | Residual | 25.139 | 108 | .233 | | |
| | Total | 130.242 | 112 | | | |

a. Dependent Variable: Performance of non-bank financial institutions in Nyamira County
b. Predictors: (Constant), Capital Investment, Technology Investment, Marketing Investment, Human Capital Investment

ANOVA results in table 2 shows that the F-statistical value is significant (F=112.885, *significant* at *p<.01*), confirming the fitness of the model. That is, from the study model, the significant F value (F = 112.885; *p = 0.000 at p<.01*),) show that the four independent variables (Capital Investment, Technology Investment, Marketing Investment, Human Capital Investment) are indeed different from each other and that they affect the dependent variable (performance of non-bank financial institutions in Nyamira County ) in different ways.

Further, from the values of unstandardized regression (β) coefficients with standard errors in parenthesis in table 1, all the independent variables; Capital Investment,; β = 0. .175 (0.068) at *p<0.05*; Technology Investment,; β = 0.452 (0.087) at *p<0.05;* Marketing Investment; β = 0.203 (0.054) at *p<0.05,* Human Capital Investment*; β = 0.257 (0.050) at p<0.05;* were significant predictors of performance of non-bank financial institutions in Nyamira County (dependent variable).

**Table 3: Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .199 | .055 | | 3.615 | .000 |
| | Capital Investment | .175 | .074 | .171 | 2.384 | .019 |
| | Technology Investment | .452 | .087 | .389 | 5.201 | .000 |
| | Marketing Investment | .203 | .054 | .208 | 3.787 | .000 |
| | Human Capital Investment | .257 | .050 | .295 | 5.105 | .000 |

a. Dependent Variable: Performance of non-bank financial institutions in Nyamira County.

It is important to note from table 3 that Technology Investment has the highest (β) coefficients (0.452), Human Capital Investment came second with (β) coefficients (0.257), reiterating the importance of engaging in dynamic technological innovations with regular human capital developments so as to enhance performance of non-bank financial institutions in Nyamira County. Though capital investment came last, Capital Investment,; β = 0. .175 (0.068) at $p<0.05$ it was significant implying that heavy engagement in capital investment can significantly influence performance of non-bank financial institutions in Nyamira County.

The final multiple regression model for the study is;

$$Y = 0.199 + 0.175X_1 + 0.452X_2 + 0.203X_3 + 0.257X_4$$

Where;

Y= performance of non-bank financial institutions in Nyamira County
$X_1$= Capital Investment
$X_2$= Technology Investment
$X_3$= Marketing Investment
$X_4$= Human Capital Investment

**CONCLUSIONS AND RECOMMENDATIONS**

First, the study concludes that Capital investment boosts non-bank financial institutions' performance by enhancing their capacity for growth, innovation, and competitiveness.

Secondly, technology investment enhances non-bank financial institutions' performance by improving efficiency, customer service, and data management.

Thirdly, marketing investment amplifies non-bank financial institutions' performance by attracting more customers and increasing brand visibility.

Fourthly, human capital investment strengthens non-bank financial institutions' performance by enhancing employee skills, motivation, and productivity.

First Non-bank financial institutions should focus on capital investment initiatives such as s Capital Adequacy Ratio, reduced Non-Performing Loans (NPL) Ratio, high return on Investment and boosting earnings Per Share so as to enhance their performance

Secondly, Non-bank financial institutions should effectively implement technology aspects such as digital Channels and Services, IT Infrastructure, Cyber security Measures, Data Analytics and AI so as to enhance their performance.

Thirdly, Non-bank financial institutions should effectively implement marketing aspects such as Customer Acquisition Cost, Customer Lifetime Value, Website Traffic and Engagement and Competitive Benchmarking so as to attract and retain high capital base that can enhance their performance.

Lastly, Non-bank financial institutions should adopt effective human capital investment approaches such as training Programs:, employee Skills and Qualifications, leadership Development plus Diversity and Inclusion in recruitment and promotion so as to attract and retain high flier employees that can steer the institutions overall performance to higher scales.

**Areas for further studies**

A similar study can be done banking institutions so as to compare empirical findings. Secondly, a longitudinal study can be done using time series data for a span of five years so as to compare empirical findings.

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