

**EFFECT OF HOLIDAYS ON MONEY REMITTANCE  
ORGANIZATIONS: A CASE STUDY OF DAHABSHIL  
MONEY TRANSFER COMPANY LIMITED**

**BY**

**ABDIRIZAK MOHAMUD HASSAN**

**UNITED STATES INTERNATIONAL UNIVERSITY –  
AFRICA**

**SUMMER 2018**

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**A Research Project Report submitted to the Chandaria School of  
Business in Partial Fulfillment of the Requirement for the Degree of  
Masters in Business Administration (MBA)**

**UNITED STATES INTERNATIONAL UNIVERSITY-  
AFRICA**

**SUMMER 2018**

## STUDENT'S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

**Signed:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Abdirizak Mohamud Hassan (ID 622238)**

This project has been presented for examination with my approval as the appointed supervisor.

**Signed:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Mr. Kepha Oyaro**

**Signed:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Dean, Chandaria School of Business**

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## ABSTRACT

Money remittance plays a critical role in the economic development of Kenya as well as source of income to the recipients. Money remittance companies acts a go between the senders and recipients at both diaspora and local community. One of the major factors that influence operations of money remittance companies is bank holidays. Thus the study aims at establishing the effect of long holidays on Dahabshiil. The study sought to answer the following research questions: How do the holidays affect the money remittance companies? How do the holidays affect the money remittance customers? How do the holidays affect the Forex Exchange in Nairobi?

The study employed mixed approach research to investigate the effect of long holidays on Dahabshiil. The study population were employees and customers of Dahabshiil. A sample size of 234 respondents took part in the study. Purposive sampling, stratified and simple random sampling were used to select respondents. Primary data was collected using questionnaires and interview guide. Qualitative and quantitative approaches were used to analyse data collected.

The study found out that bank holiday makes business to be slow hence lowering the revenue in Dahabshill. Bank holiday also significantly reduced Dahabshill's performance. Bank holiday also makes customers to wait until the normal days to complete their transactions which leads to fewer customers served. Furthermore, during bank holiday Dahabshill increased transaction fee making the clients dissatisfied. However, some clients prefer to send or receive money during bank holiday which sometimes create a business boom for Dahabshill.

The study established that customers have to wait for several days in order to send or receive money during bank holidays. Customers also encounter low exchange rates as well as higher transaction charges during a bank holiday that makes them dissatisfied. It was also found that an increase in money remittance customers increases money remittance in Dahabshill.

The study further established that bank holiday causes fluctuation in the exchange rates that is the exchange tends to go down during bank holidays, in turn the exchange rate offered to customers is lower so as to cushion exchange rate loss risk. The study verified that a increase in exchange rates fluctuation decreases money remittance in Dahabshill.

The study concluded that bank holiday causes fluctuation of the exchange rates. Bank holiday also leads to increase in transaction fee that causes customers to be dissatisfied. Dahabshill get low revenue during bank holidays. The study recommended that a similar study be carried out to determine the impact of bank holiday on money remittance organizations in Kenya.

## **ACKNOWLEDGEMENT**

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## **LIST OF ACRONYMS/ABBREVIATIONS**

AIR	African Institute of Remittance
CBD	Central Business District
CBK	Central Bank of Kenya
CEE	Central and Eastern Europe
IBM	Internal Business Machine
IOM	International Organization of Migration
EUR	Euros
GDP	Gross Domestic Product
MEA	Middle East and Africa
MTOs	Money Remittance Organizations
RPS	Remittance Service Providers
RTGS	Real Time Gross Settlement
SACCOs	Savings and Credit Cooperative Organizations
SPSS	Statistical Package for Social Sciences
UK	United Kingdom
US	United States
USD	United States Dollar

## CHAPTER ONE

### 1.0 INTRODUCTION

#### 1.1 Background of the Study

Public holidays in Kenya or any part of the world are ideally time to rest from the long hours people work. In Kenya we have at least 11 gazetted public holidays. Since the promulgation of the new constitution in Kenya, the cabinet secretary has powers to gazette any other public holiday under the Holiday Act. During holidays, most businesses close except those offering essential services such as Hospitals, supermarkets and restaurants. While many companies may offer limited customer service support activities via the telephone, the majority of businesses remain closed to observe the Holidays (Ngigi, 2016).

If the holidays are observed on weekends especially on Sundays, it's a normal practice to roll it over to Mondays. Such long holidays often make organizations incur more costs in terms of security, logistics and payroll costs while it also positively affects in terms of increased sales. According to the Kenya labor Public/ National holidays (second schedule, par. 9, subsidiary to the Regulations of Wages and Conditions of Employment Act), Overtime shall be paid at the rates of one and one-half time hourly rate on weekdays, and at the rate of twice the basic hourly rate on Sundays and public holidays. There are different Regulations of Wages Orders in force, covering different sectors of the economy (Olowa, 2014).

Money transfer companies in Nairobi Central Business district don't only observe the official public holidays, they also observe unofficial holidays caused by demonstration and election. To minimize the risk of loss due to political violence, security expenses and in comparison with the possible income generated during both official and unofficial holidays, many organizations in the money remittance industry close shops in Central Business District (Ngigi, 2016).

The Money Remittance providers however, are engaged in wholesale Forex deals with the commercial banks during the holidays and they utilize the funds which are not collected by their customers. The treasury departments some money remittance companies perform cross exchanges and/or USD/KES exchange deals with banks and settlements are completed within two business days. A remittance is money sent by a

person in a foreign land to his or her home country. The amount of incoming remittances into Kenya are so huge that Central bank of Kenya has recognized as one of the important contributions to the national economic growth and development. The Central Bank of Kenya conducts a survey on remittance inflows every month through formal channels that include commercial banks and other authorized international remittances service providers in Kenya (CBK, 2016).

The establishment of the African Institute for Remittances is an initiative of the African Union Commission and its member states in collaboration with the World Bank and selected development partners (The European Commission, African Development Bank and the International Organization for Migration (IOM). The AIR is anchored within the African Union Commission. The African Institute for Remittances (AIR) was launched in Kenya at the Kenya School of Monetary Studies on 28th November, 2014. Kenya being one of the leading recipient of diaspora remittances in Africa after Nigeria, Ghana, Senegal and also being of the important migration corridors in Africa (World Bank, 2016) was selected to host this institute. The institute has already begun to facilitate meeting/events that connect the diaspora communities' associations with the leading Money Remittance Providers in the region.

The core objective of African Institute for Remittances is to develop capacity of the member states of the African Union, remittance senders and recipients and other stakeholders to implement concrete strategies and operational instruments to use remittances as development tools for poverty reduction. Remittances are 'multi-directional, voluntary, and private international monetary transfers that migrants make, individually or collectively, to people with whom they maintain close links.' They are also defined as 'cross-border person-to-person payment[s] of relatively low value. In practice, the transfers are typically recurrent payments by migrant workers (for example, those who send money to their families in their home country every month) (Scharwatt & Williamson, 2015).

According to International Organization for Immigration, Diaspora is described as 'individuals and members or networks, associations and communities, who have left their country of origin, but maintain links with their homelands. While African Union defines diaspora as 'consisting of peoples of African origin living outside the continent, irrespective of their citizenship and nationality and who are willing to contribute to the

development of the continent and the building of the African Union'. While The Government of Kenya describes the Kenyan diaspora as persons of Kenyan origin and non-resident Kenyans. Persons of Kenyan origin are 'foreign citizens of Kenyan origin or descent'. While non-resident Kenyans are Kenyan citizens who 'hold a Kenyan passport and/or have dual citizenship and reside outside the country whether for employment, business, vocation, education or any other purpose' (Olola, 2014).

The Kenyan Government's policy towards the diaspora is guided by the Diaspora Policy, which was launched on 20 January 2015. In the policy, the Government expresses its commitment to implement measures and interventions which will leverage the potential of Kenyans abroad to contribute to the country's transformation agenda, while meeting their needs and expectations through a mutually beneficial and lasting partnership (CBK, 2016).

An Exchange rate on the other hand, is a quotation of how much the domestic currency is worth in terms of the foreign currency and vice versa. This quotation can be direct or indirect. In a direct quotation, the foreign currency is set as the base. So the foreign currency is measured in terms of the local currency. While in an indirect quotation, the domestic currency is set as the base and the local currency is measured in terms of the foreign currency. Any exchange rate where a domestic currency is not involved, it's called Cross rate. E.g. USD/EUR while trading in Kenya (CBK, 2016).

Exchange rates can be floating or fixed. While floating exchange rates – in which currency rates are determined by market force – are the norm for most major nations, some nations prefer to fix or peg their domestic currencies to a widely accepted currency like the US dollar. Exchange rates can also be categorized as the spot rate – which is the current rate – or a forward rate, which is the spot rate adjusted for interest rate differentials (Scharwatt & Williamson, 2015).

The Central bank of Kenya is tasked with maintaining stability of the exchange rate in a manner that favours the Kenyan economy. The central bank of Kenya through its financial markets department compiles on daily basis the average indicative exchange rates for use by the Commercial banks, Money remittance providers, Forex Bureaus and the general public.

The exchange rate of Kenya shilling against the other major currencies has been stable for sometime now under the watch of Central bank (CBK, 2016). However, in some instances in the past, the exchange rate speculation and fluctuation was unstable and caused both huge benefits and losses accordingly. When remittances send from abroad are being paid in Nairobi, the money remittance customer has a choice to collect either in foreign currency or domestic currency. Since the trade currency in Kenya is Kenya Shillings, most of the customers prefer to collect their remittances in local currency. It's a new trend in the money remittance industry that customers appreciate when their remittances are terminated using mobile money transfers such as Mpesa or Airtel Money and this necessitates forex exchange.

Dahabshill Kenya is an indigenous African company, was founded in 1970. It was established as a new remittance enterprise to enable migrants to send money to family and friends back in their countries of East Africa. Dahabshill is considered more secure and more desirable alternative to informal means of money transfer during humanitarian crises and for development (Dahabshill, 2016). In Kenya, Dahabshill creates the network for transfers without necessarily owning any of the physical access points since it operates as a licensed remittance network (McLean, 2008).

Dahabshill offers the messaging and settlement portions of the transfer and relies on attracting and paying agents who have franchised the service based on standardized and contractual terms. Additionally, Dahabshill makes available foreign exchange services to individuals and also offer specifically tailored currency exchange solutions for import or export businesses and need foreign exchange and international payments. Dahabshill has grown to be the largest African money transfer business operating in 126 countries across the world, of which 40 are in Africa. Dahabshill is accessible at more than 24,000 agent locations worldwide. In Kenya, it has five branches of which four are in Nairobi and 1 in Mombasa and 30 agents spread across the country (Dahabshill, 2016).

## **1.2 Statement of the Problem**

Dahabshill Kenya is faced with tough choices to make: either to utilize the employee's productivity and double their remuneration for the number of holidays worked, or to forfeit the productivity of the employees. Dahabshill mainly offer two types of services to their clients namely the Once sending of remittances from customers within Kenya and abroad and payment/settlement of incoming remittance from within Kenya and abroad.

The second type of client are forex Exchange services for walk-in customers and also for the Remittance customers (Ngigi, 2016).

Their main customer base lies in the remittance compared to the exchange. This means that at any moment, they operate on credit balance where they are supposed to settle customers who are supposed to receive incoming transaction or outgoing remittance settlement. It is also considered that Dahabshill has business partners which need to be settled as soon as they pay on behalf of the remitting company (Scharwatt & Williamson, 2015).

The relationship between incoming and outgoing transactions are dynamic during public holidays. Days before the holidays are observed, remittances are sent from abroad by the diaspora communities for consumption by their families and relatives in Kenya (Ngigi, 2016). Locally, the money remittance companies also realize increase in customers who are either sending or receiving money or changing currencies.

Many banks and Forex Bureaus remain closed during the holidays while money transfer companies remain their branches open in Eastleigh. In Eastleigh, the shopping malls are always open and due to that close proximity to the shopping malls, the money transfer companies offer their services in Eastleigh. Some of the money transfer companies are located inside the shopping malls include Amal express, Amana Money Transfer, Global money transfer among others (Ngigi, 2016). As a result, Dahbshiil lose business opportunities as customers opt to cash in their remittance in Eastleigh. Furthermore, during bank holidays the currencies are less volatile owing to the fact that investors has minimal information to react. This makes exchange rates to move much less hence affecting performance of Dahabshill. The current study therefore seeks to examine the effect of bank holiday on Dahashiil money Transfer Company.

### **1.3 Purpose of the Study**

The purpose of this study was therefore to establish the effect of long holidays on money remittance providers in Nairobi: A case study of Dahabshill Money Transfer

### **1.4 Research Questions**

This study established:

1.4.1 How do the holidays affect the money remittance companies?

1.4.2 How do the holidays affect the money remittance customers?

1.4.3 How do the holidays affect the exchange rates in Nairobi?

## **1.5 Significance of the Study**

### **1.5.1 Dahabshill**

The study will be useful to the Dahabshill as it seeks to reveal ways in which bank holiday influence money Remittance Company, customer and money transfer. It hopes to suggest ways by which Dahashill may improve its money transfer business particular with regards to bank holidays.

### **1.5.2 Government of Kenya**

This study will help the Governments and other public and private institutions to create administrative structures and mechanisms for Government to tap (leverage) directly into these foreign inflows from the Diaspora as an asset for investment and national development.

### **1.5.3 Financial Institutions**

Financial institutions such as banks, micro-finance companies, SACCOs, Money remittance providers are also beneficiaries of this study since remittance providers effectively contribute to develop the financing capacities of the financial system, particularly in banking sector.

### **1.5.4 Kenyans in Diaspora**

The study is also useful to the Kenyan Diaspora. The government seems to have recognized the potential held by Kenyans abroad in this respect and would want to take it a step further. The Kenyan Diaspora could do more in direct investment and becoming agents that influence the flow of foreign investment in the country.

### **1.5.5 Researchers**

The study hopes to be of benefit to scholars since the findings of this study might add to the body of knowledge on money remittance and bank holiday. This study also hopes to advance research on how money remittance can be improved. This study also outlines areas where further research needs to be undertaken by other scholars.

## **1.6 Scope of the Study**

This study focused on Dahabshill Money Transfer Company limited. Thus the study took place in Nairobi Central Business District. The study concentrated on money transfer organization, that is, Dahabshill, its customers, and exchange rates. This study took place in December 2017.

## **1.7 Definition of Terms**

**1.7.1 Remittance.** A remittance is money sent/received by a person in a foreign land to his or her home country (Mwangi & Mwendwa, 2015).

**1.7.2 Spot Rate-** the current exchange rate of conversion (Sicat, 2013).

**1.7.3 Forex Bureaus** - Foreign Exchange houses which are officially licensed by Central Bank to conduct money exchange (Scawartt & Williamson, 2015).

**1.7.4 Inbound Remittance-** remittances that come from abroad or monetary inflow from abroad (Tailor, 2002).

**1.7.5 Outbound Remittance** – monetary outflow from domestic country to a board (McLean, 2008).

**1.7.6 Exchange Rate-** quotation of how much the domestic currency is worth in terms of the foreign currency and vice versa (Lavene, 2012).

## **1.8 Chapter Summary**

This study focused on the impact of bank holiday on money remittance organizations, money remittance customers as well as the impact of the holidays on exchange rates. This study established the relationship between the holidays and fluctuations in exchange rates. This chapter summarises the challenges and opportunities money remittance companies face during holidays and also during the days which the businesses are closed due to the political violence and demonstrations. In chapter two, this study discusses literature review. Chapter three entails research methodology. Chapter four presents the results and findings of the study while chapter five provides the summary, discussions, conclusions, and recommendations

## **CHAPTER TWO**

### **2.0 LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter gives literature review regarding the impact of holidays on Money Transfer companies on Dahabshill Money Transfer Company limited as well as the customers of Dahabshill Money Transfer Company limited. It also looks at the literature the impact of holidays on exchange rates offered by money remittance organizations, such as, Dahabshill Company limited. This section is divided into three major areas. The first section discusses the impact of holidays on Dahabshill money Transfer Company limited regarding income, expenditure, security among others. The second section considers the impact of holidays on Dahabshill money remittance customers in different branches, and the section entails the impact of holidays on the exchange rates offered by money remittance organizations during holidays (Taylor, 2002).

#### **2.2 Influence of Holidays on Money Remittance Organizations**

##### **2.2.1 Holidays**

A holiday is an official or unofficial time off a regular schedule of activities in observance of other periodic activities of religious, cultural, occupational, and festive significance. Holidays are essential in human life (Amavilah, 2009). Understanding the impact of holiday effect helps to develop a strategy to maximize revenue to the business and to forecast demand to control inventory more efficiently. In Europe, Finland has the most generous provision of public holidays (15) in Europe, followed by Spain (14) whereas Hungary, UK, and the Netherlands, have the fewest (8). Austria has 12 days public holidays while Sweden, Italy, France, and Denmark all provide employees with 11 public holidays. Belgium, Luxembourg, Norway, and Portugal all have ten. Germany typically celebrates nine public holidays, but this varies between states (McLean, 2008).

Some employees can receive up to 13. Interestingly, Norway and Sweden do not count Christmas Eve and New Year's Eve as public holidays although these are treated as such by employers. In Central and Eastern Europe (CEE), the Turkish Government mandates the most significant number of public holidays (14.5) followed by Russia (14) and

Slovakia (13). The Czech Republic and Lithuania both have 12 public holidays followed by Croatia (11), Poland and Ukraine (10) and Serbia and Romania (9) (Black, 2012).

In North America, Canada provides the most considerable number of public holidays (11), although this varies by province. The United States Government provides ten federal public holidays however private employers are not obligated to allow their employees to take these days off. (Black, 2012). Latin America is home to the highest and lowest public holiday provision of any of the countries surveyed. Colombia has the most generous number of public holidays (18) while Mexico has the lowest (7). Argentina and Chile have 15 public holidays with Brazil offering 12. Within the Middle East and Africa (MEA), United Arab Emirates is the least generous country with nine public holidays. Conversely, Morocco has a much higher allowance with 14 public holidays (Black, 2012). In Kenya, we have 12 gazetted holidays.

### **2.2.2 Money Remittance Services**

Money Remittance Service Providers (RSPs) typically operate within a network of agents for remittances to be sent and received. A typical operational procedure would include at least two sets of agents. One RSP agent collecting the funds from the sender while another agent functioning as a disbursing agent of the funds received. The most evident elements of the network access points typically include but not exclusively, banks, and wire transfer offices. Typical money remittance normally involves the transfer of money from one country to the other and therefore consists in sending money in foreign currency which is then converted to local currency by the receiving agent (World Bank, 2007). To remit money, the sender pays a service fee and the receiving agent receives the money and then informs that agent in the place where the recipient is located to release the money to the recipient in the currency preferred by the recipient (Mwangi & Mwenda, 2015).

The service fee and exchange rate, therefore, forms the bulk of RSP revenues (Suki, 2007). The service fee is paid by the remitter while the foreign exchange earning accrues when the transfer involves converting the sent sum of money to local currency from a foreign currency this currency conversion is realized when the recipient withdraws the remittance (Siriwardhane, 2007). RSPs can be classified as either informal RSPs or formal RSPs. The formal RSPs are MTOs, international banks and large RSPs located in more than one country. These formal RSPs commonly target particular migratory geographical

corridors. Informal RSPs, on the other hand, are composed of include unregistered MTOs such as hawala or hundi dealers and hand delivery through friends or trusted relatives (Siriwardhane, 2007).

The informal RSPs are less expensive compared to formal RSPs as they do not follow regulatory statutes and hence do not have to pay for compliance. Despite being unregistered, informal RSPs still commands a large share of international remittance, especially in conflict-prone regions. However, it is characterized by major security risks relative to formal RSPs. Globally, money remittance is one of the fastest growing sectors of the global economy. In fact, it is estimated that the industry is expected to grow to be worth 600 billion US Dollars in 2017 from 580 billion US Dollars in 2014 (Begde, 2016).

In Sub-Saharan Africa, the remittance market grew by 3.4% in 2016 up from 35.2 billion US Dollars in 2015 to 36 billion US Dollars in 2016 (World Bank, 2016). However, this growth has attracted emergence of new MTOs in addition to the existing RSPs. This further increases the competitive landscape in RSPs which has led to a persistent global drop in remittance service charges from 9% in 2013 to 8% in 2015 (Begde, 2016). This shows that RSPs have to consistently innovate and design competitive strategies to stay upbeat. RSPs therefore have tried exploring strategic alliances for cross-selling in order to tap into unique market niches; furthermore, MTOs have also explored the provision of other financial services in addition to remittance to the recipients who are mostly unbanked (Jaramillo, 2008).

Other strategies globally employed included home deliveries as well as the use of mobile or online transfers in order to explore uncharted territories in addition to existing traditional markets (Hao, 2010). Despite these innovative approaches to remittance, consumption of remittance services tend to be habitual purchase with tendencies for a strong customer loyalty (Jaramillo, 2008). This implies that the first provider becomes the long term RSPs the customer uses depending on first customer experience, hence providing the first and quality service is likely to guarantee a habitual purchase.

Despite higher growth (3.4%) in African remittance market compared to global growth of 1%, the costs of remittance in Africa is the highest globally averaging 10% in 2015 against the global 8% (World Bank, 2016). In fact, intra-African remittance costs are estimated to be as high as 20% (Scharwatt & Williamson, 2015). The slow decline in

remittance charges in Africa is partly blamed on lack of sufficient competition and lack of adoption of innovative products among RSPs (World Bank, 2013; Olowa, 2014).

### **2.2.3 Impact of Holiday on Money Remittance**

The remittance services market in Kenya is thriving regarding both remittance volume and the diversity of the providers, both internationally and domestically. As the industry evolves, it is capturing more segments of the society and extending its reach to traditionally underserved populations, especially in rural areas. This expansion provides access for some unbanked community members to financial services. As this chapter has explored the RSP market, it has focused on the attributes of good money transfer products and services—including accessibility, reliability, a sizable service network (including external major urban centers), and affordability. There is a growing volume of migrant remittances to Kenya, which correlates positively to the stock of migrants. For example,

Kenyan migrants' main destination is the United Kingdom and neighboring countries, and similarly, these are the primary sources of inward remittances. Currently, the Central Bank of Kenya's data covers only remittance inflows through the banking institutions. Banks do not categorize their money transfer items and instead treat remittances as part of the money transfer. This is important in understanding the dynamics of the market (CBK, 2016).

Accessibility to remittance services is facilitated by a wide range of institutions that provide transfer services. However, except for MTOs and mobile-phone money transfer agencies (such as M-PESA), which consider remittance service to be their core service, other RSPs treat remittances as an auxiliary service. The entry of nonbanking services responded to emerging gaps in the provision of financial services. Currently, mobile-phone money transfer is gaining the entry of an additional provider while at the same time trying to explore international services. This is expected to revolutionize the domestic and international money transfer services. To send US\$200, the charge ranges between 8.0 percent and 18.0 percent for international transfers and between 0.4 percent and 12.5 percent for domestic transfers. The transfer fee covers processing charges, inventory costs, and delivery costs.

When there is a partnership in the use of some transfer facilities, the transfer fee is shared in agreed-to proportions to cover the various costs. Most of the RSPs indicated that they

offer a wide range of products to remittance clients among their core services. However, the costs for such products, like the cost of maintaining a bank account, may be prohibitive in expanding the demand for other financial services. Furthermore, M-PESA may find it difficult to widen the scope of financial services provided its clients if banks do not offer such services where the M-PESA agents operate (Olowa, 2014).

The central bank defines the limits on single transactions for banks and foreign exchange bureaus and also indicates the threshold amounts for reporting to the central bank. RSPs are also expected to take note of situations where the client seems to be splitting the transfers and any other suspicious situations. The central bank also asks the banks and currency exchanges to gather information from the customers by asking for the identification of the senders and recipients (Scharwatt & Williamson, 2015).

## **2.3 Effect of Bank Holidays on Money Transfer Customers**

### **2.3.1 Money Transfer Customers**

The impact of the frequent Kenyan holidays is not only felt locally but also felt regionally/internationally. Think of our international transactions and foreign partners who need to conduct their business with the least possible delays. Nairobi being an economic hub in East Africa, it hosts many United Nations offices and other International Non-Governmental Organizations. Some of these organizations run a lot of projects in Somalia/Somaliland, Sudan, and South Sudan. In these countries, using money remittance providers is more efficient, cheaper and faster compared to using the commercial banks which are slower. Therefore the prolonged holidays and unplanned holidays affects the operations of these agencies and it's also negatively impacts on Dahabshill because when the funds are not available for transfer, no commissions are earned denying the company much-needed revenues (Olowa, 2014).

In a truly efficient financial system, settlements should be made in real time. If the RTGS system is down because the bank holiday, all the pending bank to bank transfers will clear only after the banking day is open, and that is according to the time determined by the central bank (Sicat, 2013). There are prudential reasons why the central bank might use banking days and hours as helpful breaks in the settlement process to keep the nation's financial system safer. But if we are to move forward more boldly into the future, some

reality check needs to be exercised. Of course, we make sure the fiscal and monetary authorities do their job of stabilizing the country's macro-economy.

With a reasonable set of holidays and the usual weekends, it might be tolerable to keep pace even if somewhat slowly with modern banking. But in a country with erratic and large numbers of public holidays and a cabinet secretary who can declare any day a public holiday, our nation's financial growth could be stifled. During the normal business days, businesses and consumers receive or access a lot of news and economic information including mortgage rates, inflation rates, stock exchange and exchange rates. But during the holidays, there is no economic data released from either central bank, TV channels or newspapers. The markets are subjected to manipulations during that break because the black market fills that transaction gap. Depending on what this means for the Kenyan economy (i.e., whether the data is good or bad) foreign exchange investors will buy or sell the dollar, influencing the value of the currency. However, on holiday like Public holidays in the US, none of this happens. What this means is that the US dollar (as well as the other currencies) are a lot less volatile, because investors have less information to react to. In other words, the foreign exchanges move much less during holidays (Lavelle, 2012).

The second way in which Bank holidays are connected to the first. Again, because this is a national holiday, all of the financial investors and traders who would normally be on the market, are instead at home with their families, likely resting or traveling. What this means is that this is another reason for the foreign exchange rates to be much less volatile on Public holidays, because quite simply there are fewer people exchanging currencies. Hence, again, the currencies move up and down a lot less during the holidays. (Lavelle, 2012). Banks are major players of forex trading because a major portion of forex market's turnover is from banks. Many have been lured into the forex trading and they continuously invest in the trade. Forex trading entails earning profits through currency exchange. The existence of forex market is brought by the high global marketplace and global trade that involves importation as well as exportation of goods and services which in turns requires payments to be made in order to close the deals. Thus forex exchange comes in handy.

The availability (24-hour) and liquidity of the forex market makes its faster to convert it back into money. However, during the bank holidays experts discourage trading on forex

due to little or no liquidity. Despite the fact that Saturday and Sundays are off, trading from Friday midnight is not recommended (CBK, 2016). During the holidays the market changes swiftly hence few people trade in forex due to slow rate of accessing information. Bank holidays have fewer chances for accomplishment in regards to forex trade.

The analysis forms an important aspect of the forex trading thus prior to trading its recommended that a trader should analyse various circumstances namely political, economical, political among others yet traders usually don't consider bank holidays leading to losses. Forex market comprises of commercial companies, central banks, management firms, and hedge funds. Money transfer companies, Forex Bureaus, and investors around the world. In this regard, McLean (2008) recommends that trading in forex is best when businesses are active and trading volumes are also high. Maximum benefits are not obtained from operating forex market every day due to the fact that banks are not open everyday. Primarily brokers are also not available on holidays. The trading volumes are usually small during bank holidays particularly in Canada and American banks.

### **2.3.2 How Bank Holidays Affect Money Remittance in Kenya**

During holidays, the holiday focused businesses such as leisure, hospitality and retailed industries benefit the most. While financial institution's benefits during the holidays come at the cost. Kenya is considered one of the best holiday destinations in the world and as such a big part of the Kenyan GDP depends on tourism and holiday seasons. It is one of the biggest foreign exchange inflow contributors in the economy, and the sector employs thousands of Kenyans mainly in Coast, Rift Valley, and other Kenyan provinces. Prolonged and very frequent bank holidays are disruptive of the economy's forward progress. A reasonable set of holidays spread over the year gives the nation's workers, and businesses pause to observe dates of national significance and reverence (Sicat, 2013). By the end of the year 2017, Kenya will have observed at least 15 national holidays in total. In Kenya, especially in Nairobi Central Business District, some ungazetted business closures are observed due to the political crisis, security fears or the simply unreliable business environment. Several ungazetted business closures were observed between August 2017 and beginning of November 2017 in Nairobi CBD.

When the holidays exceed this reasonable limit, as will be seen in the holidays of 2017 below, the nation's productivity is likely to be adversely compromised. It is also not often understood that intermittent and unplanned holidays can cause damage to the efforts designed to make the country's financial and capital markets catch up with global trends. (Sicat, 2013). Due to the general elections held in August 8th, 2017 in Kenya and the repeat presidential elections that were held on 26th of October 2017, there were several unplanned holidays in Kenya and in Nairobi's central business district where a lot of financial institutions are based. Its financial system handles a lot of transactions that principally involve most of the banks in the country – the commercial banks, SACCOs, Money remittance providers, Forex Bureaus, etc. In turn, these institutions facilitate the transactions of all economic agents like you and me – investors, savers, depositors, consumers, manufacturers, traders etc.

To handle the clearing and settlement of all these daily transactions, the Central Bank of Kenya employs RTGS (Real Time Gross Settlement) system. This system of payment works because each of these banking and bank-like institutions maintains deposit accounts with the central bank against which claims on these deposits can be settled (Sicat, 2013). There is only one big problem. The RTGS system operates only during the official working hours. In fact, it has a cut off time of 15:00 during business days which means during weekends and holidays it is closed. When our banks are not operating due to holidays and RTGS system is also on holiday, global counterparties cannot transact with them. Large transactions exceeding Kes 999,999 are forced to wait until the next business day. Thus, when the cabinet secretary has powers to declare public holidays, the planning of the activities during holidays are unpredictable, and therefore untold havoc is wrought on the clearing of important financial transactions.

The effect of the bank holidays is also felt adversely by money remittance providers in Nairobi such as Dahabshill Money Transfer Co Ltd. When customers are supposed to receive money from abroad, the clients may not be able to collect from Nairobi Town offices. The company incurs costs to make sure offices are open. Such costs include, cash holding costs, increased insurance premiums because of the possible political violence, hiring of extra armed security guards, staff transportation costs, financial costs related to remittances delivered through Mpesa, Telecommunications costs because all the customers have to be notified where and how they can receive or send money, marketing

costs, the use of frequent cash in transit services, staff over time and bonuses among other costs.

Bank holidays also come with opportunities when the incoming customer remittances are not collected on time and during the ungazetted business closures. The treasury department of Dahabshill Money Transfer Company utilizes the available and accumulated funds to trade with the banks on an hourly basis to maximize gains during that short period.

## **2.4 Effect of Bank Holidays on Exchange Rates**

### **2.4.1 Exchange Rate**

The theories of the exchange rate began to flourish in the beginning of 1960s. However, despite their large number and considerable diversity, most of them consider only some selected issues and there are few works carried out, conducting a comprehensive analysis of the factors influencing the exchange rate levels. The modern explanation of the long-term exchange rate determination is based upon the theory of purchasing power parity (PPP) between different currencies, which derives its essential validity from the law of the single price. According to the purchasing power parity theory, in the long run, identical products and services in different countries should cost the same. This is based on the principle that exchange rates will adjust to eliminate the arbitrage opportunity of buying cheaper goods or services in one country and selling it at increased prices in another (Sicat, 2013).

The theory only holds for tradable goods and ignores several real world factors, such as transportation costs, tariffs and transaction costs. The other assumption is existence of competitive markets for the goods and services in all countries. The relative version of the PPP doctrine avoids some of the weaknesses characteristic of its absolute version and continues to serve as the foundation for the theory of evolution of exchange rates over time. It assumes a causal link between the path of the price of a unit of one currency in terms of another and the relative dynamics of price levels in the respective two countries within a lengthy period of time. The determinants of the long-term behavior of exchange rates through time are essentially reduced to the same factors which govern the evolution of the domestic value of money. However, specific factors like changes in the structure of production (e.g. shift in relative weights of tradables and non-tradables), differences in

dynamics of labour productivity or changes in the magnitude and composition of aggregate demand are liable to induce not only temporary but also relatively durable divergences of exchange rates away from their presumed long-term equilibrium levels (Sicat, 2013).

Short-term behaviour of exchange rates can be explained by the uncovered interest parity condition (Sicat, 2013). The characteristic feature of this approach is regarding currencies basically as assets. Assuming free cross-border capital mobility and perfect substitutability of the domestic and currency deposits, the relative demand for currencies is largely determined by the expected yields, which they offer. That yield is dependent upon the rates of interest at home and abroad and upon the expected change in the rate of exchange of the two currencies (Olowa, 2014). The fundamental importance of the long-term rate of exchange, as explained by the PPP doctrine with all the attendant qualifications, resides within this context in anchoring the current exchange rate in expectations for the future, after accounting for the difference in the foreign and domestic interest rates. However, long-run general equilibrium implies, that both the PPP condition and the UIP condition hold simultaneously (Ngigi, 2016).

Exchange rates are one of the key factors that consumers consider in choosing RTPs or remittance products. As a result, information about exchange rates has the potential to help remittance senders make well-informed choices about which services best meet their needs, and to facilitate competition among RTPs (Ngigi, 2016). Any benefit for consumers of a particular exchange rate transparency measure will depend, however, on some elements. These include the role that exchange rates play in the overall prices that RTPs charge for transfers; the effect of other disclosure practices and requirements; the characteristics of exchange rates; and how consumers understand any communications about exchange rates.

When a consumer submits funds to an RTP, the exchange rate applied to the transaction is one of three factors that determine how much money the recipient abroad receives. The other two factors are: (1) fees charged at the time of transfer; and (2) fees deducted from the amount sent after the time of transfer. The same three factors determine the price of the remittance transfer. Consider the situation in which a consumer is attempting to send a constant amount of local currency to a recipient. When fees increase, the price of that transfer will increase. And, if the amount of foreign currency that is equivalent to one

U.S. dollar decreases, then the amount that a U.S. consumer will have to pay in U.S. dollars for the transfer will increase. In calculating the prices of remittance transfers, researchers and other market experts focus on the exchange rate “spread”: the percentage difference between the “retail” exchange rate applied to a remittance transfer and some “wholesale” exchange rate. The foreign exchange cost to the consumer is calculated as the spread times the amount transferred (net of fees) (Olowa, 2014).

Though there are a variety of ways to measure the wholesale exchange rate, the concept of exchange rate spread is well-recognized in the remittance transfer industry. As they do with fees, RTPs may increase or decrease exchange rate spreads to maximize profit or attract consumers. RTPs report as revenue the money that they earn due to exchange rate spreads. Exchange rate spreads can also help protect RTPs in case of unexpected changes in currency markets. Though industry practice is not consistent, RTPs might also alert consumers to their pricing practices by disclosing the exchange spread they add to some wholesale exchange rate such as the wholesale rate that the RTP receives or some reference rate (Olowa, 2014).

#### **2.4.2 Bank Holiday and Exchange Rate**

Exchange rate spreads can be useful because they can indicate whether any particular transaction is cheap or expensive as compared to another transaction in the same currency or another currency (Suki, 2007). Exchange rates themselves are less informative because, across currency pairs, they are measured on widely different scales. Furthermore, while RTPs can largely control spreads, many wholesale exchange rates fluctuate frequently in reaction to market conditions. This report will use the term “total price” to mean the sum of fees charged for a remittance transfer, plus the foreign exchange cost, where the foreign exchange cost is the transfer amount, net of fees, multiplied by the exchange rate spread. Foreign exchange cost will be based on the interbank rate, which is the rate used by large financial institutions exchanging very large amounts of currency with each other.

Unless otherwise specified, “exchange rate” will refer to the retail exchange rate, or the exchange rate applied to a specific transfer. By way of example, consider an RTP that charges a \$10 fee for all transfers to Kenya, and offers an exchange rate of 100 Kenya shillings per U.S. Dollar. The interbank rate is 102.00 Kenya shillings per U.S. dollar, so the spread between that rate and the retail rate is 2 percent. If a consumer wanted to

transfer \$200 to Kenya, the total price would be \$10 plus the foreign exchange cost: \$4.00, or 2 percent times \$200. In other words, the total price would be \$14. (Olowa, 2014).

As mentioned above, RTPs may vary the exchange rate spreads and fees they charge based on a range of factors, including the specific sending and receiving locations, the size of the transfer, the speed of transfer, the method of payment, and the method of pickup. These pricing variations may reflect both competitive dynamics and actual differences in the costs that an RTP incurs to send transfers. Based on information collected for representative transactions, the World Bank estimates that in early 2011, average total prices of \$200 transfers from the United States to 24 countries ranged from percent to 13 percent of the net transfer amount, depending on the destination country. For \$500 transfers, the average total price ranged from 2 percent to 9 percent of the net transfer amount (World Bank, 2016).

For these modest-sized transfers, the World Bank data show that foreign exchange costs tend to represent only a fraction of the total price. As shown in more detail in Appendix A, for \$200 or \$500 transfers to nearly all of the surveyed destinations, the average foreign exchange cost equaled between 0.5 percent and 2 percent of the transfer amount. To all but two countries, this average foreign exchange cost was less than half the average total price. For a consumer who sends \$300 abroad every month, foreign exchange costs of this magnitude would amount to a total annual cost of between \$18 (0.5 percent spread) and \$72 (2 percent spread). However, foreign exchange costs may be more important for larger transactions (McLean, 2008).

An RTP's fixed fees often represent a smaller percentage of the transfer amount for larger transfers. But foreign exchange costs—as a percentage of the transfer amount—tend to stay more constant over different transaction sizes (World Bank, 2016). The exchange is adversely affected by the bank holiday as noted by Suki (2008). In that limited information is available to the customers hence subject to manipulation by the service providers.

## **2.5 Chapter Summary**

This chapter presented the literature review of the study. The chapter was presented in line with the study questions. The literature review presents mixed evidence on the impact of bank holiday on money transfer organizations. The subsequent chapters discuss research methodology.

## CHAPTER THREE

### 3.0 RESEARCH METHODOLOGY

#### 3.1 Introduction

This section presents the methodology that was used in the research. Kothari (2004) observes that methodology provides researchers with “bent of mind” to scan and observe the field with great sense of objectivity. Methodology gives confidence in the research as it clarifies steps and processes applied to obtain and analyse data. Overall, the methodology ensures validity, reliability and objectivity of the study. The section discusses the research design, target population and sampling procedure, data collection methods and data analysis. At the end, the section gives chapter summary.

#### 3.2 Research Design

Research design is a grand plan of approach to a research topic. In literature, research design is regarded as the foundation for understanding the world of researcher and the participants as it gives the context or roadmap for generating, analysing and interpreting the variables. Various research designs exist and each is used depending on the topic, research objectives, audience, time and resources (Creswell, 2012). This study employed a mixed approach research, which combines quantitative and qualitative methods as they enable the researcher to generate different types of data that provide rich information for a study (Mugenda, 2008). Bryman and Bell (2007) describe mixed approach research as integration of qualitative and quantitative approaches within a single project and whose objective is to generate data that is mutually illuminating. The strength for using mixed approach is that enables to develop meta-inferences arising from using quantitative and qualitative data and analysis, hence enrich the study (Rao and Woolcock, 2003). In addition, authors like Berg (2009) argue that mixed approach enable a researcher to get a more insightful understanding of a phenomenon that otherwise cannot be achieved by using either of the methods in isolation. Also, the mixed methods increase confidence in the findings by confirming any presupposition using either of the approaches (Heale and Forbes, 2013).

In this study, quantitative approach, which involves measurement of quantity or amount (Bryman & Bell, 2007; Kothari, 2004; Saunders, Thornhill & Lewis, 2007), was used to generate data which were then be subjected to computing analysis. Quantitative method is

useful when conducting a large scale research such as surveys that involve many respondents. The quantitative approach enabled the study to generate measurable units that were analysed statistically and also be used to do a regression analysis to establish how the dependent variables relate to the independent variable.

The study also used qualitative approach to collect information that were not be generated through the questionnaires and particularly to give insights into some of the responses from the questionnaire. Qualitative method, as literature indicates, brings out quality and in depth information that cannot be easily captured through measurements. Kothari (2004) says qualitative approach is concerned with quality and investigates motives or underlying issues. Moreover, in literature, it is observed that qualitative method generates data that can be used to contextualise and interpret quantitative findings (Heale & Forbes, 2013).

Thus, in combining the different approaches the study benefits from the advantages of both quantitative and qualitative approaches, while mitigating against the weaknesses, which could arise if each was used in isolation of the other. Put together, the two methods help to reinforce each other, where the weaknesses are cancelled out and the strengths of each is enhanced.

### **3.3 Study Population and Sample Design**

#### **3.3.1 Population**

A population comprises of elements that meet the specified criteria upon which the study findings may be generalized. In another word, the population is often called the target population or the universe. A target population consists of a group of individuals who meet the criteria for generalization (Kothari, 2004). This study population comprises of all customer and employees of Dahabshill Money Transfer Company. The researcher in the current study sees the Dahabshill as being of the significance; due to the critical role it plays in the money remittance and economy of Kenya. The customers and employees of Dahabshill were included in the study because they have experiences, reflections, and thoughts that seem insightful for the study. Hence their opinion, attitudes, and perceptions on the subject matter of this study were deemed as being critically important to the study. There were 621 customers and 4 employees in the finance department at Dahabshill hence the study population was 625.

### **3.3.2 Sampling Design**

This is the procedure that guides the researcher towards selecting the appropriate sample. It guides the process of grouping units to the frame, to establish the sample size and allocate the sample to the categories in the sampling frame and final section of the sample (Johnson, Joslyn & Roynolds, 2001).

#### **3.3.2.1 Sampling Frame**

The sampling frame refers to an exhaustive list of elements from which potential respondents were drawn (Chandran, 2004). The sampling frame in this study comprises all customers of Dahabshill Money Transfer Money. The manager in charge of finance was also part of the study population. The list of these customers was provided by the customer care manager.

#### **3.3.2.2 Sampling Technique**

Stratified sampling technique was used in the study. The technique involves dividing a heterogeneous population into smaller units referred to as strata which are based on the population member's category or position i.e. corporate customers and individual customers. Simple random sampling was then used to select a number which was proportional to the sample size of each strata (Hearle & Forbe, 2013). Simple random sampling was then used to select the customers to be included in the sample. The study adopted a purposive sampling technique to select the employees in the finance department because it is appropriate in providing data to answer the research questions. Lohr (2010) defines purposive sampling as a technique that allows a researcher to select specific unit to be included in the study. Similarly, Mugenda (2013) says purposive sampling allows the researcher to focus on respondents who can give insights into the subject of study. Singh (2007) notes that purposive sampling is useful in situation where the researcher needs to reach a target group and where other methods like random or proportional selection processes may not provide the desired outcomes. Specifically, purposive sampling was used to select finance manager because he is privy to information that is considered crucial in enriching the subject of study.

### 3.3.2.3 Sample Size

As Kothari (2004) observes, a sample should not be too large or small, but be of an optimum size and should be efficient, representative, reliable, and flexible. A sample is made up of individuals who participate in the study, and it is from them that data are collected. A sample is part of the population that is procedurally selected to represent it. This study used both probability and non-probability sampling. The former involves random selection while the latter has no random selection (Kombo & Tromp, 2006). The study used the sampling formula by Yamane, where;  $e$  = tolerance at the preferred level of confidence,  $N$  = study population,  $n$  = sample size, take  $\alpha = 0.05$  at 95% confidence level. The sample size for the study was established as 234 respondents. Based on the formula the sample size can be determines as follows:

$$n = N / [1 + N (e^2) ]$$

Thus, the sample was;

$$n = 625 / 1 + 622 (0.05)^2$$

$$= 625 / 2.555$$

$$= 234$$

**Table 3. 1: Sampling Matrix Customers**

<b>Population</b>	<b>Sampling technique</b>	<b>Sample size</b>
Customers	Stratified and simple random sampling	230
<b>Total</b>		<b>230</b>

**Table 3. 2: Sampling Matrix for Employees**

<b>Population</b>	<b>Sampling technique</b>	<b>Sample size</b>
Employees	Purposive sampling	4
<b>Total</b>		<b>4</b>

### **3.4 Data Collection**

Data collection was done using questionnaires, in depth interviews and review of secondary data. Authorities in research observe that questionnaires are useful in gathering large number of quantifiable responses (Lohr, 2010). Questionnaires generate information about attitudes, behaviours, activities and responses to events and allow flexibility as respondents can answer them at their appropriate time (Saunders, Thornhill & Lewis, 2007). However, there is risk of many respondents not filling them and denying the researcher a richer database. For this study, the researcher developed the questionnaires, which were first preseted among a few group of respondents at Dahabshill and from their feedback, revised and later administered to the sampled respondents. The questionnaire were based on Likert Scale and the respondents were required to choose from alternatives that ranged between 1 to 5. The questionnaire is contained in Appendix A. The questionnaire were administered to 233 respondents at Dahabshill.

The second method was in depth interviews that were conducted with employees in the finance department. The employees were interviewed using interview guide, which is contained in appendix B.

In depth interviews were used because they provide a chance to get in depth information that would not necessarily come out through a questionnaire as ably articulated by Scarborough and Terebaum (2001). Moreover, interviews offer the chance to meet the subjects of the study and ask for details about their responses and get the appropriate context (Scarborough & Terebaum, 2001). However, interviews have shortcomings, including being time-consuming and unless properly organised and managed, can generate irrelevant information (Scarborough & Terebaum, 2001). The objective of the interviews, therefore, was to get qualitative responses to explain or clarify information obtained through the quantitative test.

The research also reviewed secondary data such as exchange rates and financial statements, which helped in giving the context and actual information on what is happening within Dhabshiil during bank holidays. This triangulation of the data collection methods enriched and inject rigour in the study. Indeed, this is particularly vital given that the study used purposive sampling, whose weak point is that it can be subjective as selection of participants is determined by the researcher. The other sampling techniques adopted counteracted this weakness.

### **3.5 Research Procedure**

A pretesting testing of the instruments was conducted to reinforce the validity of the instruments. A pretest performed in Western Union due to the small sample size in Dahabshill. The tools were administered to ten customers and two employees. The respondents were asked to complete the questionnaire and answer to questions as indicated in the instruments and then comment on the clarity of instrument and the relevance of individual items as they appeared on the instruments. The pilot study or testing helped in the identification of errors in the instruments, such as unclear instruction and inadequate space to write responses. This assisted in determining the extent to which the instruments were used in collecting data from the field.

The questionnaire and interview guide were pretested to ensure validity and reliability in a group of the respondents which were not be included in the actual study. Necessary modifications were made. Data were checked for accuracy before entry into the computer.

Validity implies the accuracy of the research instrument in measuring the study variables by measuring the exact thing it ought to measure. Mugenda (2008), the validity was ensured by having objective questions included in the questionnaire. This was achieved by pre-testing the instrument to be used to identify and change any ambiguous or offensive questions and technique. Two procedures were used to assess validity in this study. That is triangulation which is a qualitative cross-validation method and linking findings with the literature reviewed to see if there is corroboration. Triangulation involved comparing the information obtained from the three data collection methods during the research study to determine whether or not there was corroboration. The procedure aimed at searching for convergence of the information. The findings of this study concurred with the literature. This helped in making the inferences based on the current results accurate and meaningful.

The reliability of a measuring instrument is the degree of consistency that the instrument or procedure demonstrates as Saunder et al. (2007) states. According to Mugenda (2008), reliability is the extent to which results are similar to different forms of the same instrument or occasions of data collection and the extent to which measures are free from error. The researcher used the test re-test method in the pilot study, where women corporate leaders will repeat the exercise after a week. The researcher calculated the reliability coefficient between the two sets of scores in each question with the aid of the

Statistical Package for Social Science (SPSS). The researcher used Pearson's product moment correlation coefficient to calculate the reliability index. A reliability index of a minimum of 0.6 is satisfactory for any research instrument. The current research had a reliability of 0.60. The researcher calculated and got a reliable index, which enabled the decision that the instruments were reliable for use.

### **3.6 Data Analysis**

Research scholars define data analysis as the process of computing or synthesizing given measurements to determine the relationships that exist between data-groups and through that get answers to the research questions of the study (Kothari, 2004). Data collection was both quantitative and qualitative, therefore, the analysis involved descriptive and inferential statistical methods as well as qualitative analysis. ATLAS.ti was used as tool for qualitative analysis where data were transcribed, then grouped into categories and the codes created to describe the phenomenon as described by Creswell (2012). Quantitative data were analysed using descriptive and inferential analyses. Singh (2007) defines descriptive statistics as elements of a group or data score. These elements relate to data counts, proportions, rates and ratios; thus measures the distribution, location and spread. Descriptive statistics are represented in tables, graphs, and charts. Inferential statistics refer to a method of using sample characteristics to predict the nature of the population (Singh, 2007). This allows for generalising from a sample to a population with some degree of confidence and certainty.

In particular, the study sought to establish the relationship between the variables. Singh (2007) describe correlational analysis as a measure of association between two or more variables. It signifies the relationship between two or more variables, that is, if an increase in one variable leads to an increase of the other. The correlational analysis was used to establish the extent to which each of the independent variables explains the dependent variable; that is to which extent each of the independent variables affect the dependent variable. This is important as it provides information that can help the Dahabshill to determine which variables to give priority to achieve better performance. The study also performed a regression analysis to check the level of independence between the independent variables in their relationship with the dependent variable. A regression model was generated showing bank holiday and performance of Dahabshill. The regression coefficients were assessed for statistical significance using T-test. IBM

SPSS version 23.0 was used as the tool for data analysis. The impact of bank holiday on performance was expected to follow a regression model of nature:

$$Y = \alpha_0 + \alpha_1 X_1 + \alpha_2 X_2 + \varepsilon$$

Where;

Y= Money remittance

$\alpha$  = Intercept term

X<sub>1</sub>= Money remittance customers

X<sub>2</sub>= Exchange rates

$\varepsilon$ = Error term

The dependent variable was measured in terms of money remittance (denoted as Y). The independent variables included money remittance customers (X<sub>1</sub>) and exchange rates (X<sub>2</sub>)

### **3.7 Chapter Summary**

The purpose of the study is to explore the effects of bank holiday on money transfer organizations. This chapter has discussed the study methodology and design under the following themes: research design, population and sampling design, data collection, research process, and data analysis. Chapter four which follows next discusses findings obtained from the field. It covers the demographic information and presentation of the results based on research questions. It contains the tables, figures, summaries, and the researcher's description of what is significant and noteworthy about the items regarding the perception of how bank holidays affect money transfer organizations with particular emphasis to Dahabshill Money Transfer Company.

## CHAPTER FOUR

### 4.0 RESULTS AND FINDINGS

#### 4.1 Introduction

The chapter presents the findings of the study based on the analysis of data obtained from the respondents. This chapter is divided into sections namely response rate, general information, descriptive analysis, correlation, regression, and qualitative analysis.

#### 4.2 Response Rate

The study targeted 230 Dahabshill customers thus 230 questionnaires were distributed out of which 140 questionnaires were returned. After careful consideration two questionnaires were found to have incomplete responses hence 138 questionnaires were suitable for analysis. This gave a response rate of 60%. A response rate of 60% is considered good for data analysis (Mugenda, 2008).

#### 4.3 General Information

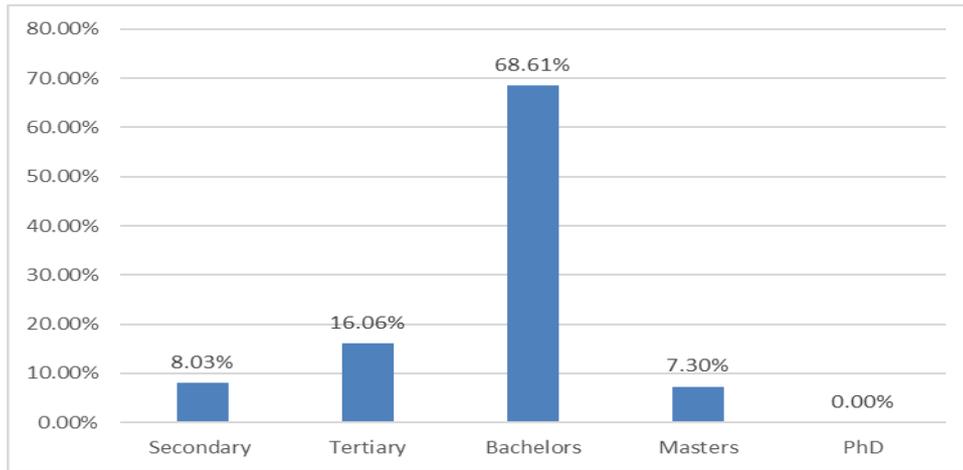
The study sought to determine the gender of the respondents. This was necessary because both male and female gender indicate different characteristics regarding their perception to a phenomenon. The findings show that 53% of the respondents were male while 47% of the the respondents were female. This shows that the views of both gender were considered in the findings of this study. The findings are summarised in Table 4.1.

**Table 4. 1: Respondents Gender**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Male	73	53
Female	65	47
<b>Total</b>	<b>138</b>	<b>100</b>

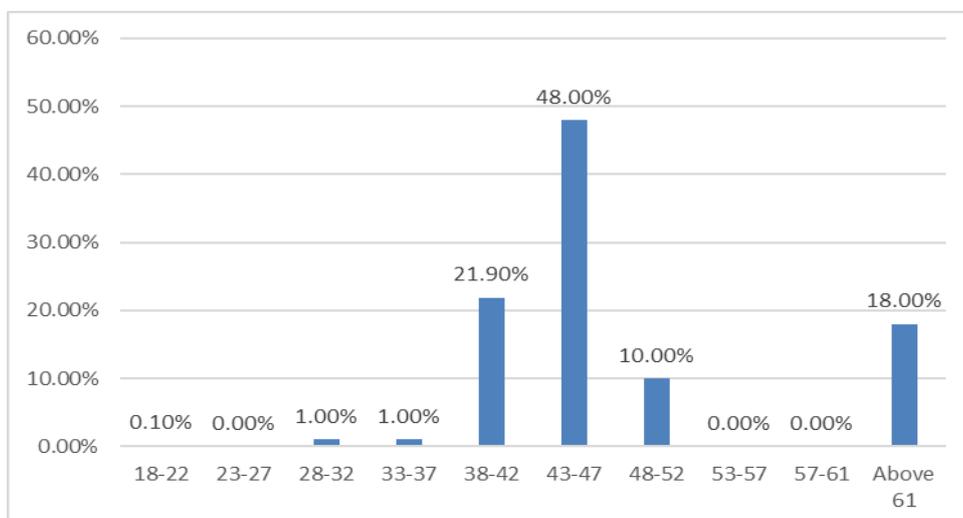
The study sought to determine the level of education of the respondents. The findings revealed that 68.61% of the respondents had bachelors' degree, 16.06% had tertiary education, 8.03% had secondary education while 7.30% of the respondents had attained masters' degree. This implies that the majority of the respondents had bachelors'

education hence better understanding of money remittance. The findings are summarised in Figure 4.1.



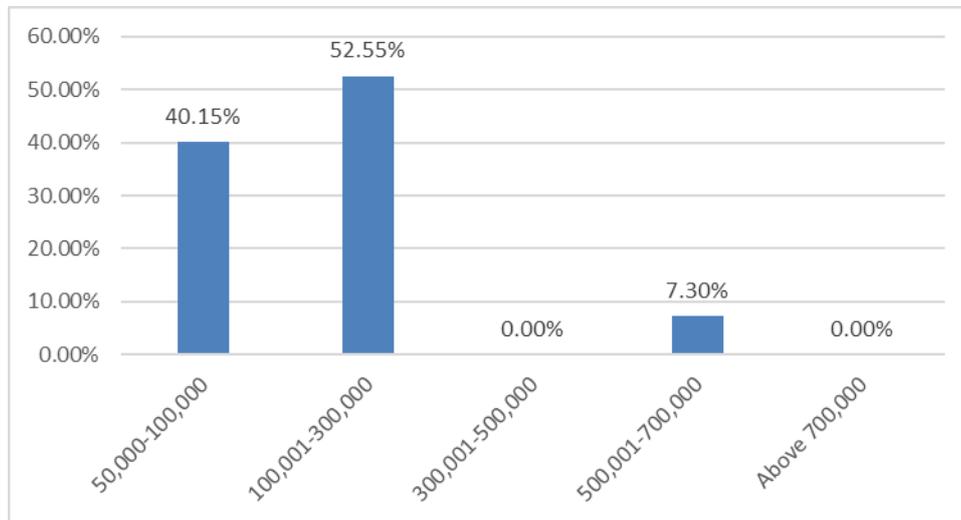
**Figure 4.1: Respondents' Level of Education**

The study sought to determine the age bracket of the respondents. This was important because older people tend to have better understanding of issues compared to younger people. The findings indicate that the majority of the respondents (48%) were in the age bracket of 43-47, 21.9% were in the age bracket of 38-42, 18% were above 60, 10% were in the age bracket of 48-52, 1% were 33-37, 1% of the respondents were in the age bracket of 28-32, 0.1% of the respondents were in the age bracket of 18-22 years while the rest scored 0. This imply that the majority of the respondents were mature people hence better understanding of money remittance. The findings are summarised in Figure 4.2



**Figure 4.2: Respondents' Age Bracket**

The study sought to determine income of the respondents. The findings reveal that the majority of the respondents (52.55%) had income of Kshs 100,001-300,000, 40.15% of the respondents had income of Kshs 50,000-100,000 while 7.30% of the respondents had income of 500,001-700,000. The findings are summarised in Figure 4.3.



**Figure 4.3: Respondents' Income**

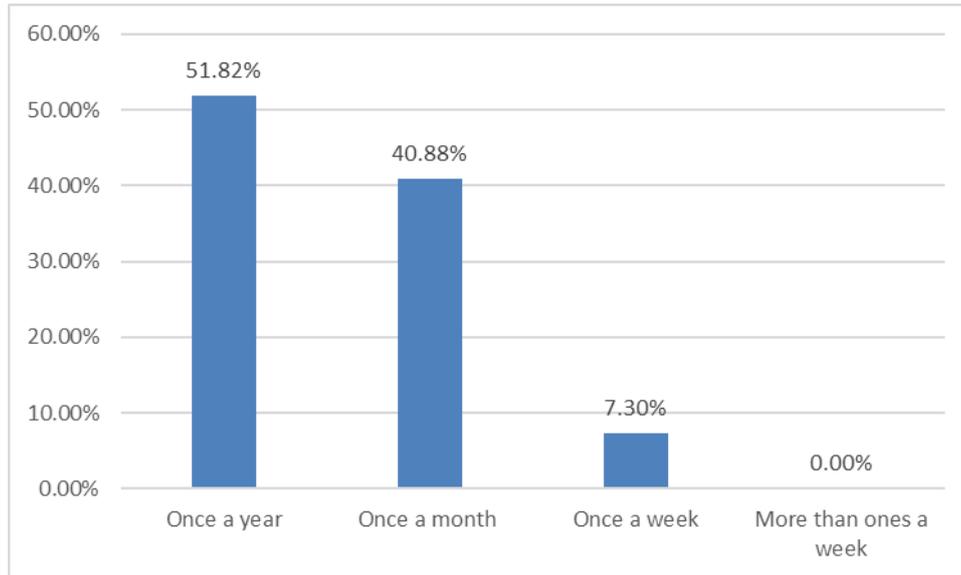
#### 4.4 Impact of Bank Holiday on Money Remittance Customers

The study sought to know whether respondents have ever sent or received money through Dahabshill money transfer. The findings show that 100% of the respondents had either sent or received money through Dahabshill money transfer. The findings are summarised in Table 4.2.

**Table 4. 1: Sent or Received Money through Dahabshill Money Transfer**

Response	Frequency	Percentage (%)
Yes	138	100
No	0	0
<b>Total</b>	<b>138</b>	<b>100</b>

The findings show that 51.82% of the respondents receive/send money through Dahabshill Once a year, 40.88% of the respondents receive/send money month while 7.30% of the respondent receive/send money through Dahabshill weekly as shown in Figure 4.4.



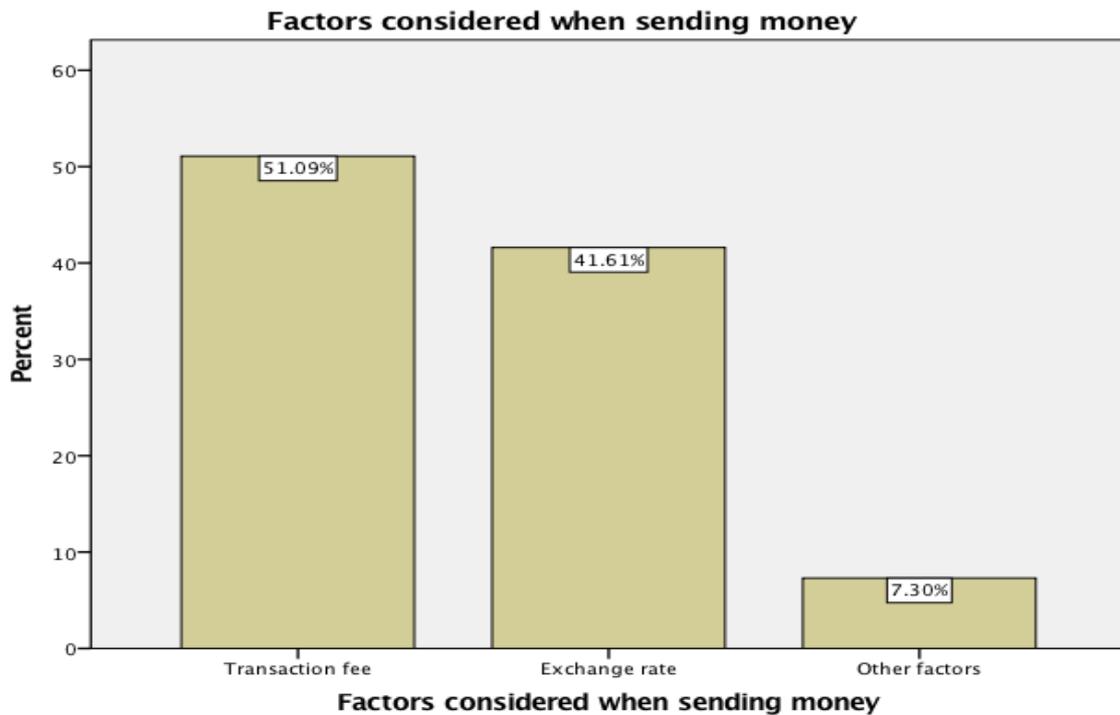
**Figure 4.4: The Frequency of Sending/receiving Money through Dahabshill**

The findings show that 55% of the respondents transacted Kshs 100,000-500,000 per transaction, 43% transacted less than Kshs 100,000 while 2% transacted Kshs 500,001-999,999. The findings are summarised in Table 4.3.

**Table 4. 3: Average Amount Per Transaction**

Average amount	Frequency	Percentage (%)
Less than 100,000	75	55
100,001-500,000	59	43
500,001-999,999	4	2
1,000,000 and above	0	0
<b>Total</b>	<b>138</b>	<b>100</b>

The study sought to determine the factors considered when sending money through Dahabshill money transfer. The findings indicate that 51.09% of the respondents considered transaction fee, 41.61% of the respondents considered exchange rates while 7.30% of the respondents considered other factors such as service quality. The findings are summarized in Figure 4.5.



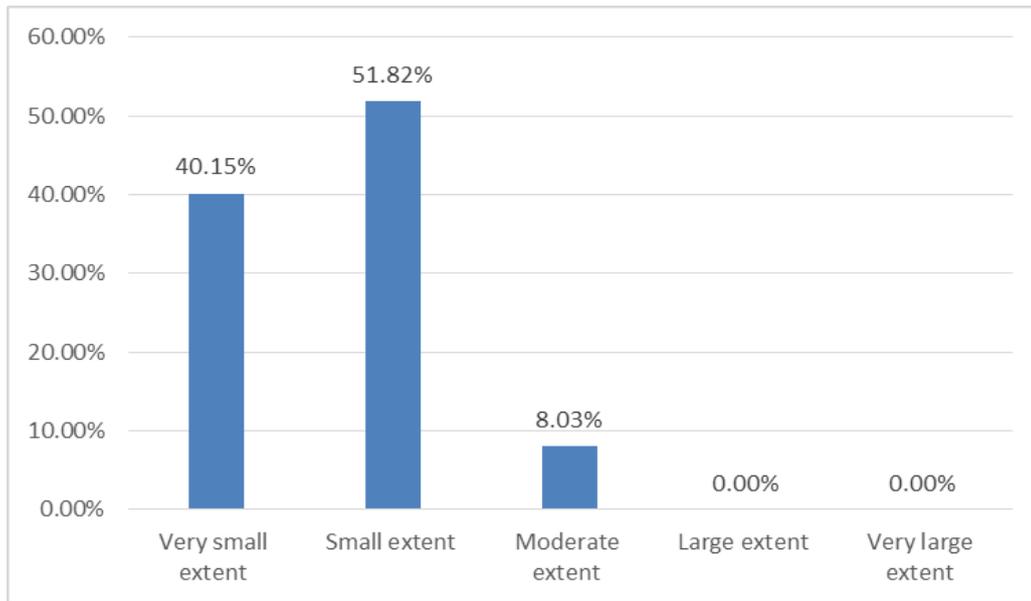
**Figure 4.5: Factors Considered When Sending Money through Dahabshill Money Transfer**

The study found out that 98.1% of the respondents do not get fixed transaction charges in Dahabshill on Bank Holidays while 1.9% got fixed transaction charges during Bank Holiday. The findings are summarised in Table 4.4.

**Table 4. 4: Got Fixed Transaction Charges on Bank Holidays in Dahabshill**

<b>Response</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Yes	3	1.9
No	135	98.1
<b>Total</b>	<b>138</b>	<b>100</b>

The findings indicate that 51.82% of the transaction charges during Bank Holiday in Dahabshill differed to a small extent, 40.15% of the respondents said transaction charges during Bank Holiday differed to a very small extent while 8.03% of the respondents said transaction charges during Bank Holiday differed to a moderate extent. The findings are summarised in Figure 4.6



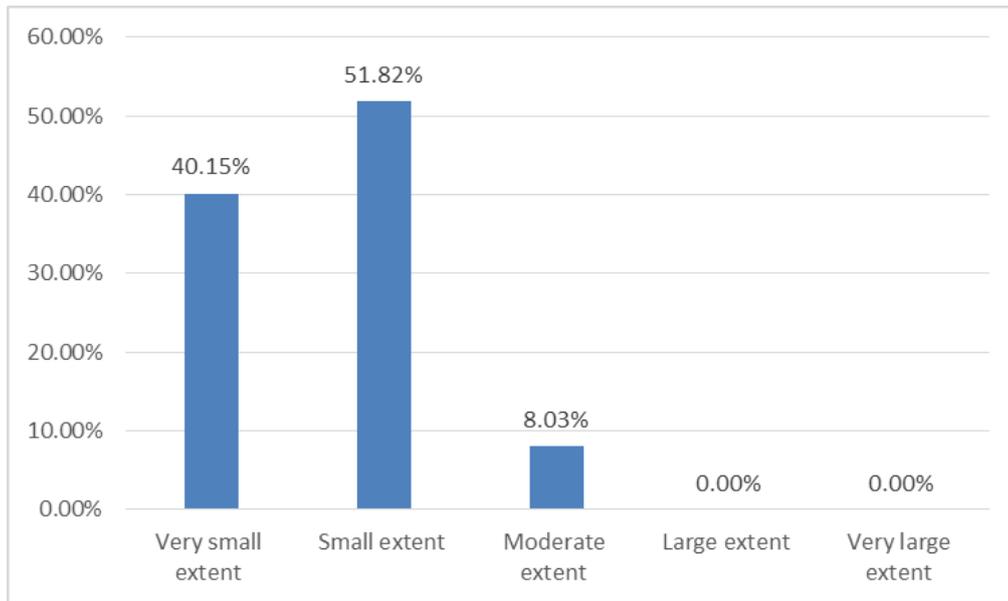
**Figure 4.6: Extent to which Transaction Charges Differed During Bank Holidays**

The findings indicate that 79.8% of the respondents said that exchange rates during Bank Holidays were not similar to those of the normal working days while 21.2% of the respondents said they were similar. The findings are summarised in Table 4.5.

**Table 4. 5: Bank Holiday Exchange Similar to those of Normal Work Days**

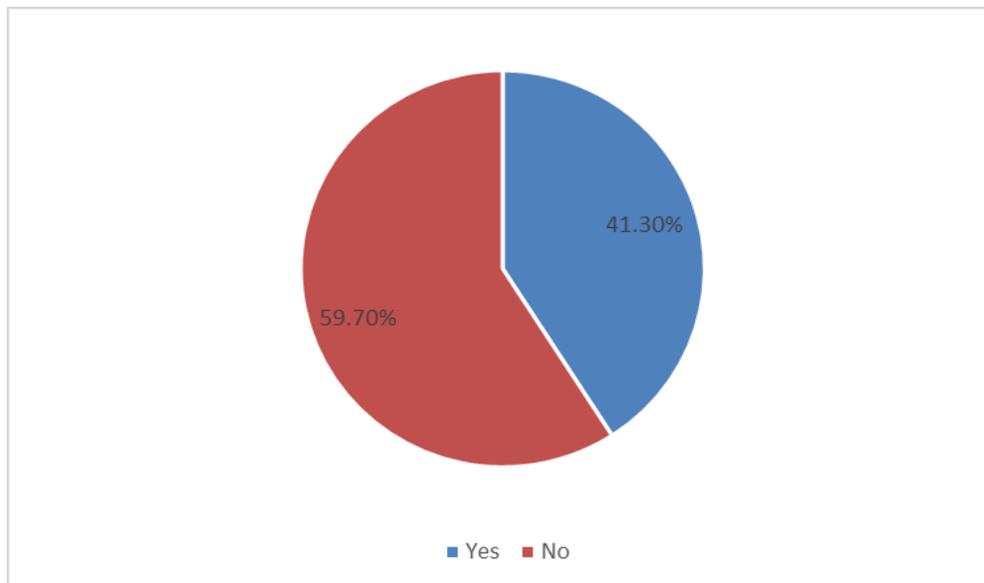
<b>Response</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Yes	28	21.2
No	110	79.2
<b>Total</b>	<b>138</b>	<b>100</b>

The findings show that 51.82% of the respondents said that exchange rate on Bank Holiday differed to a very small extent, 40.15% said it differed to a small extent while 8.03% said exchange rate on Bank Holiday differed to a moderate extent. The findings are summarised in Figure 4.7.



**Figure 4.7: Extent to which Exchange Rate Differ during Bank holiday**

The study found that 41.3% of the respondents have transacted at Dahabshill on a Bank Holiday while 59.7% of the respondents have not transacted at Dahabshill on a Bank Holiday. The findings are summarised in Figure 4.8.



**Figure 4.8: Ever Transacted at Dahabshill on a Bank Holiday**

The findings reveal that 98.8% of the respondents said that the exchange rate during Bank Holiday was not what they expected while 1.2% of the respondents said exchange rate during Bank Holiday met their expectations. The findings are summarised in Table 4.6.

**Table 4. 6: Exchange Rates on Bank Holiday Met Expectations**

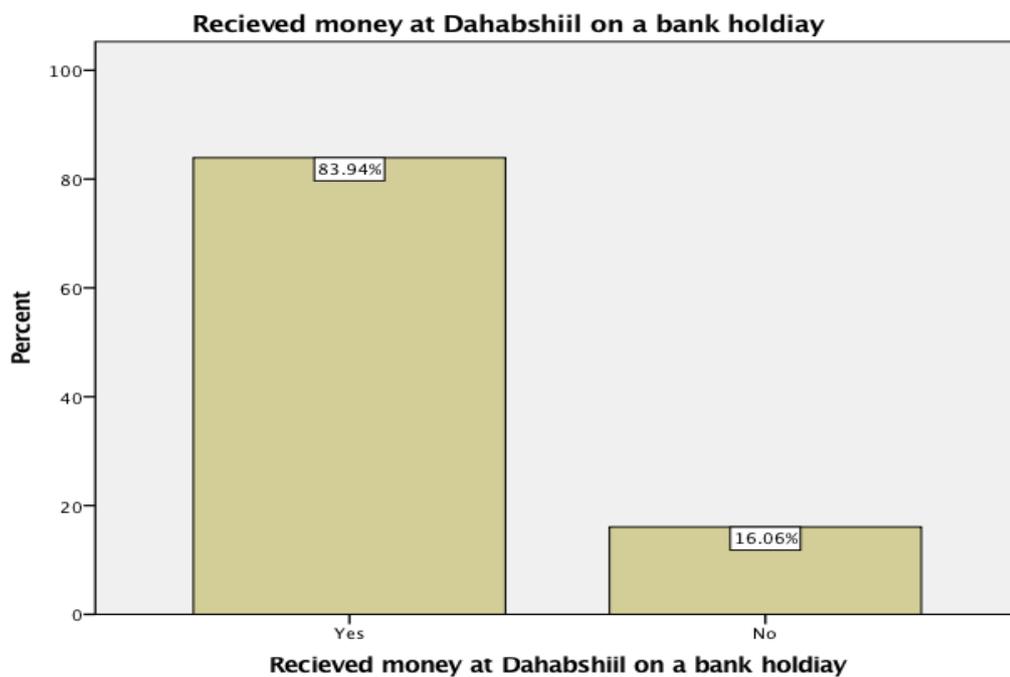
Response	Frequency	Percentage (%)
Yes	2	1.2
No	136	98.8
<b>Total</b>	<b>138</b>	<b>100</b>

The study found that 70.1% of the respondents were dissatisfied with the with exchange rate during Bank Holiday while 29.9% of the respondents felt satisfied with the exchange rate during Bank Holiday. The findings are summarised in Table 4.8.

**Table 4. 2: Satisfaction with Exchange Rates during Bank Holiday**

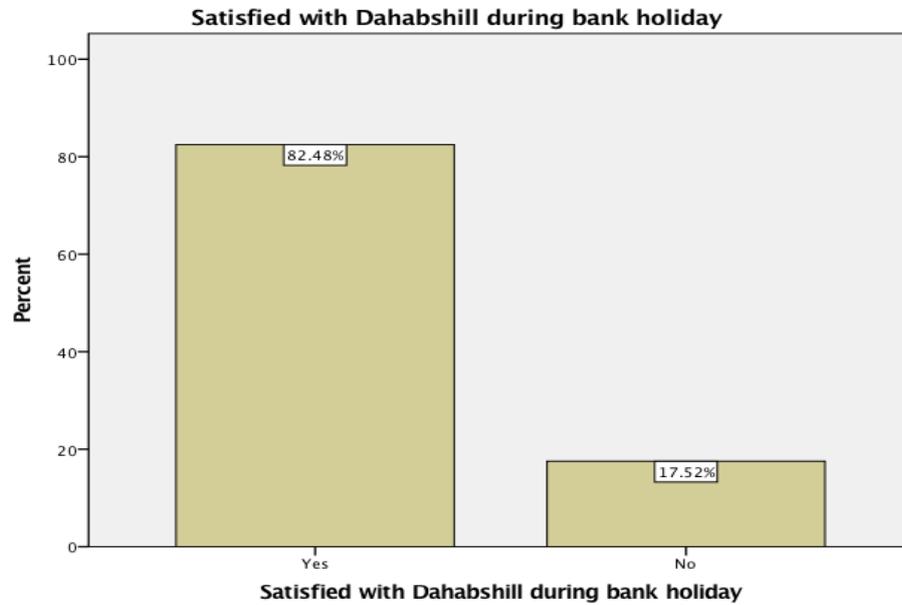
Response	Frequency	Percentage (%)
Satisfied	41	29.9
Dissatisfied	97	70.1
<b>Total</b>	<b>138</b>	<b>100</b>

The study revealed that 83.9% of the respondents have received money during Bank Holiday while 16.1% of the respondents had not received money at Dahabshill during Bank Holiday. The findings are summarised in Figure 4.9



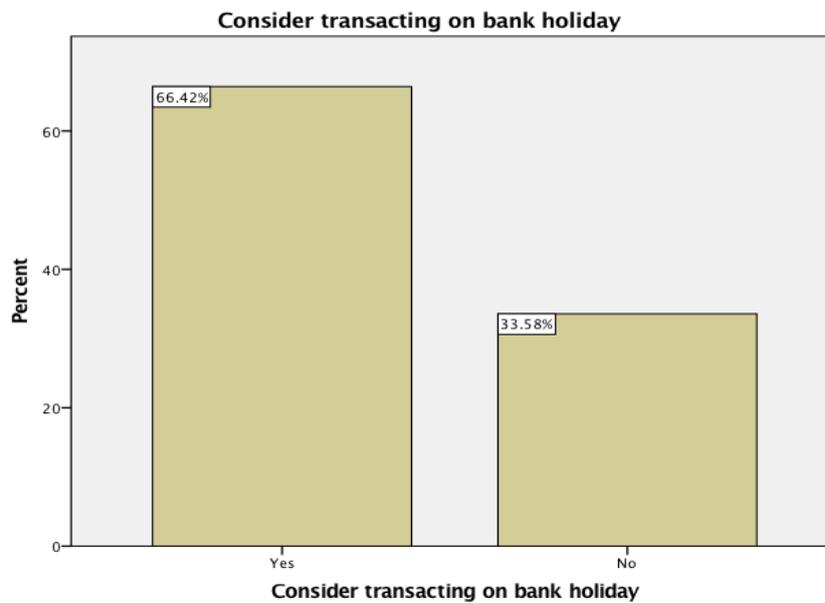
**Figure 4.9: Received Money at Dahabshill on a Bank Holiday**

The findings indicate that 82.5% of the respondents who received money at Dahabshill during Bank Holiday were satisfied while 17.5% of those who received money at Dahabshill during Bank Holiday were dissatisfied as shown in Figure 4.10.



**Figure 4.10: Satisfied with Dahabshill Services during Bank Holiday**

The findings indicate that 66.4% of the respondents would consider transacting at Dahabshill on a Bank Holiday while 34.6% would not consider transacting at Dahabshill on Bank Holiday. The findings are summarised in Figure 4.11



**Figure 4.11: Consider Transacting on a Bank Holiday**

#### 4.4.1 Correlation Analysis

As shown in Table 4.8, there is a significant positive relationship between money remittance and money remittance customers ( $r=.67$ ,  $p=.001$ ). This implies that an increase number of customers served during bank holidays leads to a increase in money remittance in Dahabshill. The study also established a significant negative relationship between money remittance in Dahabshill and exchange rates fluctuation during Bank holiday ( $r=-.62$ ,  $p=.010$ ). This implies that an increase in exchange rates fluctuation leads to a decrease in money remittance in Dahabshill. The findings are summarised in Table 4.8.

**Table 4. 8: Correlation Matrix**

Correlation	Y	X1	X2
Y	1		
X1	.67*	1	
	.001		
	138		
X2	-.62*	.01*	
	.01	.823	1
	138	138	

\*\* Two-Tailed Test (0.01 significant level)

Y= Money Remittance, X<sub>1</sub>= Money remittance Customers, X<sub>2</sub>= Exchange Rates

#### 4.4.2 Regression Analysis

The results from the model summary shows that 0.687 of money remittance during bank holiday in Dahabshill can be explained by exchange rate and money remittance customers in exclusion of other variables outside the model. The findings are summarised in Table 4.9

**Table 4. 9: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig. F Change
1	.746 <sup>a</sup>	.695	.687	.22567	.000

a. Predictors: (Constants), Money Remittance Customers, Exchange Rate

b. Dependent variable: Money Remittance

The findings from the analysis of variance shows that there is a significant relationship between money remittance customers, exchange rates, and money remittance in Dhabshill with F value of 107.447 at 0.000 significance level. The findings are summarised in table 4.10

**Table 4. 10: ANOVA**

		ANOVA <sup>a</sup>				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	54.722	10	5.472	107.447	.000 <sup>b</sup>
	Residual	6.417	127	.051		
	Total	61.139	137			

a. Dependent Variable: Money Remittance

b. Predictors: (Constant), Exchange rate, Money Remittance Customers

The findings from regression weights show that there is a significant negative relationship between exchange rates and money remittance in Dahabshill (Beta=-.664, p=0.000). This depicts that a unit increase in the exchange rate fluctuation leads to a decrease in money remittance in Dahabshill in Dahabshill by 0.664. The study also found a significant positive relationship between money remittance customers and money remittance (Beta=.119, p=0.000). This implies that a unit increase in money remittance customers leads to a increase in money remittance in Dahabshill by 0.119. The findings are summarized in Table 4.11.

**Table 4.11: Regression Weights**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.059	.265		11.525	.000
	Money Remittance Customers	.086	.041	.119	2.105	.000
	Exchange rate	-.707	.055	-.664	-12.875	.000

#### 4.5 Effect of Bank Holiday on Money Remittance in Dahabshill

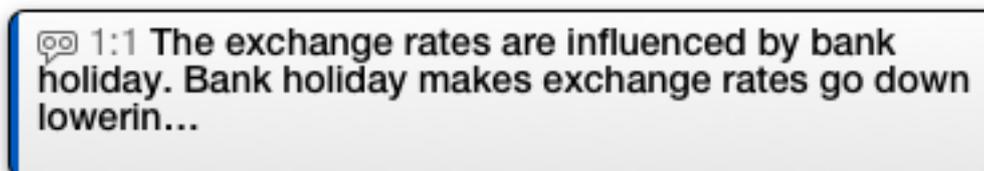
The second objective of the study was to determine effect of bank holiday on money remittance. The analysis of the interview guide indicated that there are bank holidays in Dahabshill calendar. The number of bank holidays in Dahabshill calendar are 12. It was further revealed that other than the gazetted bank holidays in Kenya, other days that affect Dahabshill business operations are political protests, elections among others. Due to bank holidays funds collection is delayed as some of the customers are unable to make it to the office to collect their money as shown in Figure 4.12.



1:2 On a bank holiday some customers cannot make it to town hence funds collection is delayed

**Figure 4.12: Effect of bank Holiday on Funds Collection**

The qualitative analysis showed that one of the effect of bank holiday on exchange rate is that bank holiday makes the exchange rate to fluctuate and mostly the exchange rate go down leading to low revenue from service charges as shown in Figure 4.13

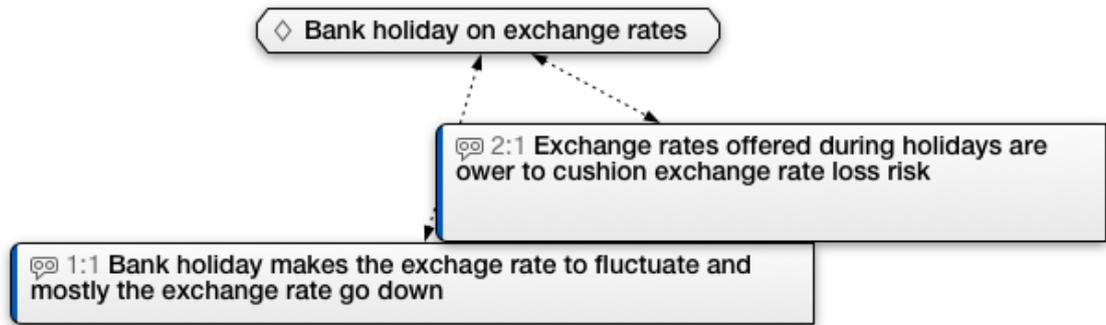


1:1 The exchange rates are influenced by bank holiday. Bank holiday makes exchange rates go down lowerin...

**Figure 4.13: Effect of Bank Holiday on Service Charges**

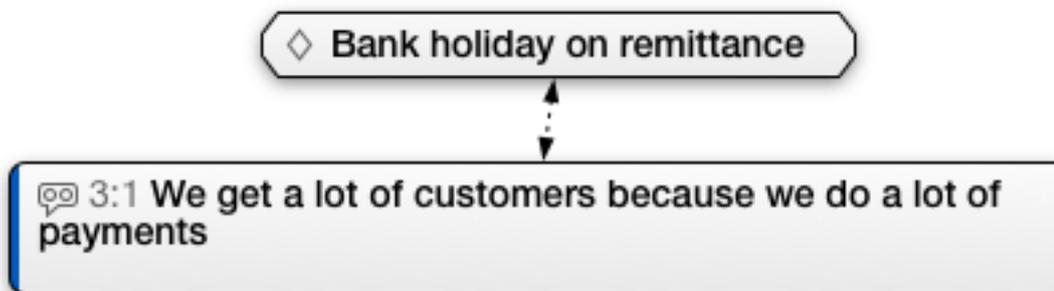
#### 4.6 Effect of Bank Holiday on Exchange Rates

The findings further revealed that exchange rates offered during holidays are lower to cushion exchange rate loss risk as shown in Figure 4.14



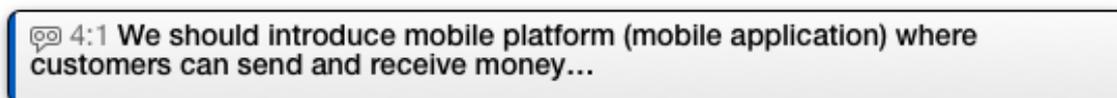
**Figure 4.14: Effect of bank Holiday on Exchange Rates**

The study found out that Dahabshill get a lot of customers because a lot of payments are made during bank holidays. This was one of the major benefits of Bank Holiday to Dahabshill. The findings are shown in Figure 4.15



**Figure 4.15: Benefits of Bank Holiday**

The study verified that in order to improve service quality during Bank Holiday, Dahabshill should introduce mobile platform (mobile application) where customers can send and receive money during bank holiday. The findings are presented in Figure 4.16.



**Figure 4.16: Ways to Improve Money Remittance during Bank Holiday**

#### **4.7 Chapter Summary**

This chapter has presented the results and findings of the study based on research questions of the study under the following themes: response rates, demographic characteristics of the respondents, effect of bank holiday on money remittance, effect of bank holiday on money remittance customers and effect of bank holiday on exchange rates. The next chapter presents summary, discussions, conclusions, and recommendations.

## CHAPTER FIVE

### 5.0 DISCUSSIONS, CONCLUSIONS, AND RECOMMENDATIONS

#### 5.1 Introduction

The study aimed at determining the impact of bank holiday on money remittance organization with particular emphasis to Dahabshill. In this chapter the conclusion of the study is made alongside, discussion, and recommendations.

#### 5.2 Summary of the Study

Thus the study sought to establish the effect of Bank Holidays on Dahabshill. The study was guided by the following research questions: How do the holidays affect the money remittance companies? How do the holidays affect the money remittance customers? How do the holidays affect the Forex Exchange in Nairobi? The employed mixed approach research to investigate the effect of long holidays on Dahabshill. The study population was employees and customers of Dahabshill. A sample size of 234 respondents took part in the study. Purposive sampling, stratified and simple random sampling were used to select respondents. Primary data were collected using questionnaires and interview guide. Secondary data was collected using document analysis. Qualitative and quantitative approaches were used to analyse data collected.

The study established that bank holiday affect Dahabshill in a number of ways. That is during bank holidays customers have to wait for several days to send or receive money in the process customer get dissatisfied. Furthermore bank holidays make exchange rate unpredictable because the central bank is closed. The study also found that business is low during bank holidays hence low revenue to Dahabshill. However, the benefits of bank holiday to Dahabshill is that some customers prefer to withdraw money or send money during bank holiday.

The study also found out that there is a negative correlation between exchange rate and performance of Dahabshill. A negative correlation was also found to exist between transaction fee and performance of Dahabshill. A unit increase in the exchange rates fluctuation leads to a decrease in money remittance in Dahabshill by 0.665 units. It was also revealed that a unit increase in money remittance customers increases money remittance in Dahabshill by 0.166 units.

## **5.3 Discussion**

### **5.3.1 Effect of Bank Holiday on Money Remittance Organizations**

The study verified that during bank holiday business is low hence Dahabshill get low revenue since the number of clients transacting during bank holiday are few. Furthermore, money remittance on a bank holiday affected by fluctuating exchange rates as well as the transaction charges. These lowers the number of customers remitting money through Dahabshill. However, income instances the number of customers remitting money on a bank holiday increases thus boosting money remittance. The findings concur with that of Ngigi (2016) who verified that the relationship between incoming and outgoing transactions are dynamic during public holidays. Days before the holidays are observed, remittances are sent from abroad by the diaspora communities for consumption by their families and relatives in Kenya (Ngigi, 2016). Locally, the money remittance companies also realize increase in customers who are either sending or receiving money or changing currencies.

Many banks and Forex Bureaus remain closed during the holidays while money transfer companies remain their branches open in Eastleigh. In Eastleigh, the shopping malls are always open and due to that close proximity to the shopping malls, the money transfer companies offer their services in Eastleigh. Some of the money transfer companies are located inside the shopping malls include Amal express, Amana Money Transfer, Global money transfer among others (Ngigi, 2016). As a result, Dahbshiil lose business opportunities as customers opt to cash in their remittance in Eastleigh. Furthermore, during bank holidays the currencies are less volatile owing to the fact that investors has minimal information to react. This makes exchange rates to move much less hence affecting performance of Dahabshill.

The availability (24-hour) and liquidity of the forex market makes it's faster to convert it back into money. However, during the bank holidays experts discourage trading on forex due to little or no liquidity. Despite the fact that Saturday and Sundays are off, trading from Friday midnight is not recommended (CBK, 2016). During the holidays the market changes swiftly hence few people trade in forex due to slow rate of accessing information. Bank holidays have fewer chances for accomplishment in regards to forex trade.

The analysis forms an important aspect of the forex trading thus prior to trading it is recommended that a trader should analyse various circumstances namely political, economical, political among others yet traders usually don't consider bank holidays leading to losses. Forex market comprises of commercial companies, central banks, management firms, and hedge funds. Money transfer companies, Forex Bureaus, and investors around the world. In this regard, McLean (2008) recommends that trading in forex is best when businesses are active and trading volumes are also high. Maximum benefits are not obtained from operating forex market every day due to the fact that banks are not open everyday. Primarily brokers are also not available on holidays. The trading volumes are usually small during bank holidays particularly in Canada and American banks.

### **5.3.2 Effect of Bank Holiday on Customer**

The study found that money transmittance customers have to wait for several days to send or receive money during bank holiday. Customer satisfaction with the money remittance services are low due to high transaction charges and low exchange rates. The majority of the customer would want to remit money on a bank holiday. This in turn lowers money remittance in Dhabshill. Other studies such as Lavelle (2012) opines that with a reasonable set of holidays and the usual weekends, it might be tolerable to keep pace even if somewhat slowly with modern banking. But in a country with erratic and large numbers of public holidays and a cabinet secretary who can declare any day a public holiday, our nation's financial growth could be stifled.

During the normal business days, businesses and consumers receive or access a lot of news and economic information including mortgage rates, inflation rates, stock exchange and exchange rates. But during the holidays, there is no economic data released from either central bank, TV channels or newspapers. The markets are subjected to manipulations during that break because the black market fills that transaction gap. Depending on what this means for the Kenyan economy (i.e., whether the data is good or bad) foreign exchange investors will buy or sell the dollar, influencing the value of the currency. However, on holiday like Public holidays in the US, none of this happens. What this means is that the US dollar (as well as the other currencies) are a lot less volatile, because investors have less information to react to. In other words, the foreign exchanges move much less during holidays (Lavelle, 2012).

The second way in which Bank holidays are connected to the first. Again, because this is a national holiday, all of the financial investors and traders who would normally be on the market, are instead at home with their families, likely resting or traveling. What this means is that this is another reason for the foreign exchange rates to be much less volatile on Public holidays, because quite simply there are fewer people exchanging currencies. Hence, again, the currencies move up and down a lot less during the holidays (Lavelle, 2012).

Banks are major players of forex trading because a major portion of forex market's turnover is from banks. Many have been lured into the forex trading and they continuously invest in the trade. Forex trading entails earning profits through currency exchange. The existence of forex market is brought by the high global marketplace and global trade that involves importation as well as exportation of goods and services which in turns requires payments to be made in order to close the deals. Thus forex exchange comes in handy (Lavelle, 2012).

### **5.3.3 Effect of Bank Holiday on Exchange Rates**

The study revealed that bank holiday causes exchange rate fluctuation particularly leading to lower exchange rates. This was attributed to the information asymmetry leading to speculations. This in turn reduces money remittance in Dahabshill. Similar observation was also made by Suki (2007) that exchange rate spreads can be useful because they can indicate whether any particular transaction is cheap or expensive as compared to another transaction in the same currency or another currency (Suki, 2007). Exchange rates themselves are less informative because, across currency pairs, they are measured on widely different scales.

Furthermore, while RTPs can largely control spreads, many wholesale exchange rates fluctuate frequently in reaction to market conditions. This report will use the term "total price" to mean the sum of fees charged for a remittance transfer, plus the foreign exchange cost, where the foreign exchange cost is the transfer amount, net of fees, multiplied by the exchange rate spread. Foreign exchange cost will be based on the interbank rate, which is the rate used by large financial institutions exchanging very large amounts of currency with each other.

Unless otherwise specified, “exchange rate” will refer to the retail exchange rate, or the exchange rate applied to a specific transfer. By way of example, consider an RTP that charges a \$10 fee for all transfers to Kenya, and offers an exchange rate of 100 Kenya shillings per U.S. Dollar. The interbank rate is 102.00 Kenya shillings per U.S. dollar, so the spread between that rate and the retail rate is 2 percent. If a consumer wanted to transfer \$200 to Kenya, the total price would be \$10 plus the foreign exchange cost: \$4.00, or 2 percent times \$200. In other words, the total price would be \$14 (Olowa, 2014).

As mentioned above, RTPs may vary the exchange rate spreads and fees they charge based on a range of factors, including the specific sending and receiving locations, the size of the transfer, the speed of transfer, the method of payment, and the method of pickup. These pricing variations may reflect both competitive dynamics and actual differences in the costs that an RTP incurs to send transfers. Based on information collected for representative transactions, the World Bank estimates that in early 2011, average total prices of \$200 transfers from the United States to 24 countries ranged from percent to 13 percent of the net transfer amount, depending on the destination country. For \$500 transfers, the average total price ranged from 2 percent to 9 percent of the net transfer amount (World Bank, 2016).

For these modest-sized transfers, the World Bank data show that foreign exchange costs tend to represent only a fraction of the total price. As shown in more detail in Appendix A, for \$200 or \$500 transfers to nearly all of the surveyed destinations, the average foreign exchange cost equalled between 0.5 percent and 2 percent of the transfer amount. To all but two countries, this average foreign exchange cost was less than half the average total price. For a consumer who sends \$300 abroad every month, foreign exchange costs of this magnitude would amount to a total annual cost of between \$18 (0.5 percent spread) and \$72 (2 percent spread). However, foreign exchange costs may be more important for larger transactions (McLean, 2008).

## **5.4 Conclusion**

### **5.4.1 Effect of Bank Holiday on Money remittance in Dahabshill**

The study concludes that bank holiday makes business to be slow hence lowering the revenue in Dahabshill. Bank holiday also significantly reduced Dahabshill’s performance.

Bank holiday also makes customers to wait until the normal days to complete their transactions which leads to fewer customers served. Furthermore, during bank holiday Dahabshill increased transaction fee making the clients dissatisfied. However, some clients prefer to send or receive money during bank holiday which sometimes create a business boom for Dahabshill.

#### **5.4.2 Effect of Bank Holiday on Money Remittance Customers**

Customers have to wait for several days in order to send or receive money during bank holidays. Customers also encounter low exchange rates as well as higher transaction charges during a bank holiday that makes them dissatisfied. It is also concluded that an increase in money remittance customers increases money remittance in Dahabshill.

#### **5.4.3 Effect of Bank Holiday on Exchange Rates**

It is concluded that bank holiday causes fluctuation in the exchange rates that is the exchange tends to go down during bank holidays, in turn the exchange rate offered to customers is lower so as to cushion exchange rate loss risk. It is further concluded that a increase in exchange rates fluctuation decreases money remittance in Dahabshill.

### **5.5 Recommendations**

#### **5.5.1 Recommendation for Improvement**

##### **5.5.1.1 Effect of Bank Holiday on Dahabshill**

This study recommends that should adopt mobile money platform so as to be able to serve their clients at the comfort of their homes during bank holidays. This will lift the barriers that customers face when they want to send or receive money during a bank holiday.

##### **5.5.1.2 Effect of bank Holiday on Money Remittance Customers**

Money remittance customers be cognisant of the bank holidays in Kenya and how they affect exchange rate and transaction fee. This way the customers may be able to take advantage of the opportunities that come with bank holiday and avoid inconveniences brought by bank holidays during remittance.

### **5.5.1.3 Effect of Bank Holiday on Exchange Rate**

Dahabshill should consider reviewing their exchange rate so as to make them attractive to its customers. Dahabshill should optimise exchange rate in such a way that the customers' expectations are met and also the company makes a sustainable revenue.

### **5.5.2 Recommendations for Further Studies**

This study suggests that another study be carried out to determine the effect of bank holiday on money remittance organizations in the entire country. Another study should be carried out to determine the impact of bank holiday for over a period of ten years so as to show its trend in Kenya particularly during the electioneering period.

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## **APPENDICES**

### **Appendix A: Introductory Letter**

Dear Sir/Madam,

#### **RE: REQUEST TO PARTICIPATE IN A RESEARCH STUDY**

I am Hassan, Abdirizak Mohamud, an International Masters of Business Administration student at USIU-Africa. I am carrying out survey entitled: “Impact of the bank holidays on money remittance organizations: the case of Dahashill Money Transfer Co Limited” The purpose of this research is to assess how bank holidays affect money remittance customers, exchange rates, and money remittance organizations. To complete the study, I will need to collect relevant information from you. I am therefore requesting permission to collect and use your information which will be achieved by using the accompanying questionnaire. Kindly note that any information you give will be treated with confidentiality and at no instance will it be used for any other purpose other than advancing money remittance business in Kenya only. Your assistance will be highly appreciated.

**Yours truly,**

**ADIRIZAK MOHAMUD HASSAN.**

**Appendix B: Questionnaire for the Customers**

**SECTION A: GENERAL INFORMATION**

1. Indicate your gender:

Male

Female

2. What is your highest level of education?

Secondary level

Tertiary level (colleges, polytechnics)

Bachelors

Masters

PhD

3. What is your age bracket?

18-22  23-27  28-32  33-37  38-42  43-47

48-52  53-57  57-61  Above 61

4. Indicate your monthly income:

50,000-100,000  100,001-300,000  300,001-500,000

500,001- 700,000  Above 700,000

5. What is your occupation? .....

**SECTION B: IMPACT OF BANK HOLIDAY ON MONEY REMITTANCE CUSTOMERS**

1. Have you ever sent or received money through Dahabshiil?

Yes

No

2. If your answer to question (6) is yes how often do you receive or send money through Dahabshill?

Once a year

Once a month

Once a week

More than Once a week

3. Approximate how much you transact per transaction?

Less than 100,000

100,000-500,000

500,001-999,999

1,000,000 and above

4. What factors do you consider most when sending money through Dahabshill?

Transaction fee

Exchange rate

Other factors (specify)

5. Do you get fixed transaction charges on a bank holiday?

Yes

No

6. If your answer to question (5) above is no, to what extent do the transaction charges differ during bank holidays?

Very small extent

Small extent

Moderate extent

Large extent

Very large extent

7. Do the exchange rates on bank holidays similar to the other working days?

Yes

No

8. If your answer to question (7) above is no, to what extent do the exchange rates differ on bank holidays?

Very small extent

Small extent

Moderate extent

Large extent

Very large extent

9. Have you ever transacted at Dahabshill during the bank holiday?

Yes

No

10. If your answer to (10) above is yes, was the exchange rate as expected?

Yes

No

11. If your answer to question (11) above is no, were you satisfied or dissatisfied with the exchange rate?

Satisfied

Dissatisfied

12. Have you ever received money at Dahabshill on the bank holiday?

Yes

No

13. Were you satisfied with the services you received at Dahabshill during the bank holiday?

Yes

No

14. Would you consider conducting another transaction on the bank holiday?

Yes

No

15. What would you recommend to the Dahabshill management to enhance customer service during the bank holiday?

.....  
.....  
.....

**The End**

**Thank you for participating**

**Appendix C: Interview Guide for Dahabshill Employees**

**SECTION A: GENERAL INFORMATION**

1. Indicate your gender:

Male

Female

2. What is your highest level of education?

Secondary level

Tertiary level (colleges, polytechnics)

Bachelors

Masters

PhD

3. What is your age bracket?

18-22  23-27  28-32  33-37  38-42  43-47

48-52  53-57  57-61  Above 61

4. How long have you worked in Dahabshill?

0-2 years

3-5 years

6-8 years

9-11 years

Above 11 years

5. Which department do you serve?

Finance

Administration

Human resource

Marketing

Customer care

**SECTION B: EFFECT OF THE BANK HOLIDAY ON DAHABSHILL**

1. Do you have the bank holiday on your business calendar? If yes, how many?

.....  
.....

2. Apart from the gazetted holidays, are there other days that affect your business operations? If yes, which Once?

.....  
.....

3. How do the bank holidays affect disbursing of the funds to your clients?

.....  
.....

4. How do the bank holidays affect money remittance?

.....  
.....

**SECTION C: EFFECT OF THE BANK HOLIDAY ON EXCHANGE RATES**

1. How do the bank holidays affect exchange rates in Dahabshill?

.....  
.....  
.....

2. How do exchange rates during bank holidays affect Dahabshill service provision?

.....  
.....  
.....

3. What benefits does Dahabshill accrue during the bank holidays?

.....  
.....

4. What recommendations would you suggest towards improving operations/services of Dahabshill during the bank holidays?

.....  
.....

**The end**

**Thank you for participating**