



**KENYA BANKERS**  
ASSOCIATION

# Uncharted Waters

Annual Report and Financial Statements  
2020 *(Abridged Version)*





# Uncharted Waters

The year 2020 came with an unprecedented business environment, adversely impacting all sectors of the economy. The banking industry responded to the COVID-19 health crisis in a timely manner and leveraged technological innovation to ensure business continuity. As we navigate through the challenges imposed by the COVID-19 pandemic, there is no doubt that the disruption has redefined the industry's resilience and innovation.



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# About Kenya Bankers Association

## BACKGROUND INFORMATION

Kenya Bankers Association (KBA) was registered as an Industry Association on 16<sup>th</sup> July 1962 by the Registrar of Trade Unions. In its formative years, the main aim of the Association was to cater for the interests of the member banks in negotiating terms and conditions of service of its unionisable employees and as far as possible standardize management practices so as to ensure harmony in the industry.

Over time, the ambition of the Association evolved to include promoting industry development and economic growth by engaging the government and the primary sector regulator, Central Bank of Kenya (CBK). This KBA ambition was reinforced in 2012 when the Association launched its new brand and ambition statement: *One Industry. Transforming Kenya.*

To reinforce the banking industry's ability to be a primary driver of the economy's development aspiration, the mandate of the Association was redefined and enshrined in the KBA 2014-2018 Strategic Plan. The core focus was broadened to include lobbying and advocacy, and championing industry development and innovation by coordinating the members and partnering with stakeholders on strategic initiatives. To support the Association's new mandate, KBA's values, vision and mission were redefined.

As the umbrella body of the institutions licensed and regulated by CBK with a current membership of 47 financial institutions representing total assets in excess of USD 37 billion, KBA continues to reinforce a reputable and professional banking sector in a bid to best support Kenyans, who entrust their ambitions and hard earned resources with its member banks.

## KBA CORE VALUES

Leadership, Innovation, Knowledge and Ethics.

## KBA VISION

A vibrant and responsive banking industry.



## KBA MISSION

To promote a competitive banking environment by championing industry development through thought leadership, research, innovation and advocacy.

### KBA Structure & Governance

KBA is an association of the 47 member banks and Secretariat that is situated at International House in Nairobi. The banks constitute the General Body and are represented by their Managing Directors or Chief Executive Officers.

The KBA General Body elects a Governing Council that is comprised of a minimum of 12 CEOs who represent the members and oversee the Secretariat's operations, programs and budget. Mr. Joshua Oigara is the current KBA Chairman and Chair of the Governing Council.

The KBA Secretariat has a full-time staff compliment of 16 employees who manage day to day operations under the leadership of Chief Executive Officer, Dr. Habil Olaka.

KBA activities are managed by the Secretariat which works in consultation with the following Committees and Sub Committees:

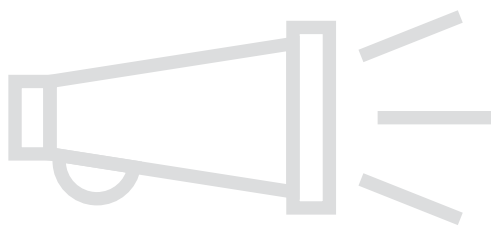
- 1. Operations & Technical Services Committee**
  - Clearing House Sub Committee
  - National Payments Sub Committee
  - Credit Sub Committee
  - Islamic Finance Advisory Sub Committee

- 2. Bank Fraud & Risk Committee**
  - Bank Security Sub Committee
  - Bank Forensics Sub Committee
  - Bank IT Systems, Risk & Security Sub Committee
- 3. Legal Affairs Committee**
- 4. Finance & Audit Committee**
  - Tax Sub Committee
  - Financial Markets Sub Committee
- 5. Compliance Committee**
- 6. Human Resources & Ethics Committee**
- 7. Public Relations Committee**

Promoting industry development and economic growth by engaging the government and sector regulator, Central Bank of Kenya (CBK)



# At a Glance



**53+**  
**MILLION**

KBA audience reach

**65**  
**committee meetings**

held in conjunction with the association's mandate

## TRAINING AND CAPACITY BUILDING AREAS

- COVID-19 Prevention Training
- Financial Crime Monitoring & Anti-Money Laundering
- Data Protection
- Customer Service and User Experience For Persons With Disability
- International Financial Reporting Standards (IFRS 9/ IFRS 16)
- Tax Matters (Withholding, Custom Duty, VAT, etc.)
- Sustainable Finance Initiative
- Security and Business Resumption Planning

**39**  
**webinars**

by KBA to facilitate policy engagement and industry growth and development

## Sustainable Finance Initiative



**33,213**  
Bank Staff Trained

**16**

**EMPLOYEES**



**KBA Secretariat**



Easy . Affordable . Instant .



**360** **BILLION** moved by PesaLink to date



## KEY POLICY ENGAGEMENTS

- Industry COVID-19 Pandemic Crisis Management Taskforce
- Banking Industry COVID-19 Webinar Series
- National Treasury Tax Proposals FY 2020-2021 Submission
- Insolvency Act & Regulations 2018 Review
- Submissions on Pandemic Response & Management Bill 2020
- Finance Bill 2020
- Law of Contracts Bill 2019
- Public Finance Management Bill 2019 & 2020
- Kenya Development Bank Bill 2020
- Land Registration (Electronic Transactions) Regulations 2020
- Companies (Beneficial Ownership Information) Regulations 2020
- Data Protection Bill 2019.
- Building Bridges Initiative (BBI)
- National Risk Assessment on Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT).
- Submissions on Amendments to the Excise Duty Act

## OTHER ENGAGEMENTS

- Stress Test Under Crisis Conditions
- Social Trends And Informal Economy Opportunities
- Bank Support For Built Environment Business Owners Amid COVID-19
- Effective Communication Strategy & Crisis Management
- Strategies For The New Normal: Managing Risks of Working Remotely During and After The COVID-19 Pandemic
- People and the Workplace in Light of COVID-19
- Spillovers And Feedback Loops: The Banking Industry's Response Scenarios to Effects of COVID-19
- Reshaping the Future of Industry and SMEs Through Digital Financial Inclusion
- COVID-19 Real Estate Implications
- Leading in Uncertain Times: Governance, Legal & HR Issues
- Impact of COVID-19 on Accounting & Reporting
- Navigating Credit Risk & Expected Losses

## KBA REPRESENTATION ON BOARDS, COMMITTEES AND TASKFORCES

### Regulatory



- Auctioneers Licensing Board
- ICPAK Taskforce on IFRS 9 Implementation
- National FATCA Taskforce
- National Taskforce on AntiMoney Laundering and Combating Financing of Terrorism (NTF)

### Security



- AntiMoney Laundering Advisory Board
- Central Bank/ Communications Authority Computer Incident Reporting Team (CIRT)
- KEPSA Security Sector Board
- National Counter-Terrorism Task Force

### Industry Stability, Growth & Development



- |   |  |  |
|---|--|--|
| <ul style="list-style-type: none"> <li>• National Treasury Taskforce on the SME Credit Guarantee Scheme</li> <li>• Kenya Deposit Insurance Corporation Board</li> <li>• Ministry of Lands Taskforce</li> <li>• Capital Markets Authority Master Plan Working Group</li> <li>• National Taskforce on Commodity Exchange</li> </ul> | <ul style="list-style-type: none"> <li>• Kenya Private Sector Alliance (KEPSA) Board</li> <li>• Federation of Kenya Employers Board</li> <li>• Kenya School of Monetary Studies Board</li> <li>• Higher Education Loans Board</li> <li>• Credit Information Sharing (CIS) Kenya Board</li> <li>• Judiciary's Business Court Users Committee</li> </ul> | <ul style="list-style-type: none"> <li>• Court Annexed Mediation Accreditation Committee</li> <li>• International Chamber of Commerce (ICC)</li> <li>• East African Community's Technical Working Group</li> <li>• KEPSA Gender Sector Board</li> <li>• National Research Fund</li> <li>• KEPSA Public Finance Sector Board</li> </ul> |
|---|--|--|



## ABOUT KENYA BANKERS ASSOCIATION

### KBA Members

In addition to widening the Association's scope, KBA has over the years recorded a commendable increase in membership. KBA proudly appreciates the leadership and involvement that each of the members continue to lend to the Association.

#### KBA Members as at 31<sup>st</sup> December 2020

1. Absa Bank Kenya Ltd
2. Access Bank Kenya Plc
3. African Banking Corp. Ltd
4. Bank of Africa
5. Bank of Baroda (K) Ltd
6. Bank of India Ltd
7. Caritas Microfinance Bank Limited
8. Chase Bank Ltd (In Receivership)
9. Citibank N.A. Ltd
10. Consolidated Bank of Kenya Ltd
11. Co-Operative Bank Kenya Ltd
12. Credit Bank Ltd
13. Development Bank (K) Ltd
14. DTB Kenya Ltd
15. DIB Bank Kenya
16. Dubai Bank Ltd (In Receivership)
17. Ecobank Kenya Ltd
18. Equity Bank Ltd
19. Family Bank Ltd
20. Faulu Microfinance Bank Ltd
21. First Community Bank Ltd
22. Guaranty Trust Bank Ltd
23. Guardian Bank Ltd
24. Gulf African Bank Ltd
25. Habib Bank A.G. Zurich Ltd
26. HF Group Kenya Ltd
27. Imperial Bank Ltd (In Receivership)
28. I & M Bank Ltd
29. KCB Bank Kenya Ltd
30. Kenya Women Microfinance Bank Ltd
31. Kingdom Bank Ltd
32. Mayfair Bank Ltd
33. Middle East Bank (K) Ltd
34. M Oriental Bank Ltd
35. National Bank Ltd
36. NCBA Bank Kenya Plc
37. Paramount Universal Bank Ltd
38. Postbank Ltd
39. Prime Bank Ltd
40. Rafiki Microfinance Bank Ltd
41. SBM Bank Ltd
42. Sidian Bank Ltd
43. Spire Bank Ltd
44. Stanbic Bank Ltd
45. Standard Chartered Bank (K) Ltd
46. UBA Kenya Bank Ltd
47. Victoria Commercial Bank Ltd



# KBA Governing Council

The KBA Governing Council is elected to represent three industry categories – large, medium-sized and small banks – as defined by the KBA Constitution.

## Governing Council Members as at December 2020

### *Chairman*



**Joshua Oigara**  
KCB Bank

### *Vice Chairman*



**John Gachora**  
NCBA Bank



**Gerald Warui**  
Equity Bank



**Dr. Gideon Muriuki**  
Co-Operative Bank



**Kariuki Ngari**  
Standard Chartered Bank



**Nasim Devji**  
DTB



**Jeremy Awori**  
Absa Bank Kenya



**Kihara Maina**  
I & M Bank



**Rebecca Mbithi**  
Family Bank



**Martin Mugambi**  
Citibank



**Moezz Mir**  
SBM Bank



**Olabayo Veracruz**  
Guaranty Trust Bank



**Abdalla Abdulkhalik**  
Gulf African Bank



**Peter Makau**  
DIB Bank Kenya



**Isaac Mwige**  
Middle East Bank Kenya



**Victor Kidiwa**  
Development Bank of  
Kenya



## ABOUT KENYA BANKERS ASSOCIATION

# KBA Committee Representatives



**Gerald Munyiri**  
Equity Bank



**Robley Ngoje**  
KCB Bank



**Azmaira Thobani**  
DTB Kenya



**Gladys Warirah**  
Standard Chartered  
Bank



**Brian Koletit**  
Citibank



**Suraj Shah**  
DTB Kenya



**Betty Chuma**  
Stanbic Bank



**Laban Omangi**  
Absa Bank



**Philip Wambua**  
ABC Bank



**June Opiyo**  
Stanbic Bank

**BANK FRAUD AND RISK Sub-Committee**

*Chair* Equity Bank (Gerald Munyiri)  
*Vice Chair* NCBA Bank (Sichana Jalala)  
*Secretary* KBA Secretariat

**CLEARING HOUSE Sub-Committee**

*Chair* Citibank (Brian Koletit)  
*Vice Chair* NCBA Bank (Michael Mucheru)  
*Secretary* Prime Bank Ltd (Sabina Manji)

**COMPLIANCE Sub-Committee**

*Chair* Absa Bank (Laban Omangi)  
*Vice Chair* DIB Bank Kenya (Daisy Namayi)  
*Secretary* Kenya Bankers Association (Kennedy Mutisya)

**CREDIT AND ISLAMIC FINANCE ADVISORY Committee**

*Chair* Absa Bank (Christine Mwangi-Marandu)  
*Vice Chair* ABC Bank (Boniface Kioko)  
*Secretary* Kenya Bankers Association (Samuel Tiriongo/ Josea Kiplangat)

**FINANCE AND AUDIT Committee**

*Chair* Standard Chartered Bank (Gladys Warirah)  
*Vice Chair* Middle East Bank (Mary Gitahi)  
*Secretary* Kenya Bankers Association (Kennedy Mutisya)

**FINANCIAL MARKETS Sub-Committee**

*Chair* ABC Bank (Philip Wambua)  
*Vice Chair* Absa Bank (Anthony Kirui)  
*Secretary* Standard Chartered Bank (Nicholas Mutua)

**HUMAN RESOURCES AND ETHICS Committee**

*Chair* KCB Bank (Robley Ngoje)  
*Vice Chair* Vacant  
*Secretary* Kenya Bankers Association (Raimond Molenje)

**IT SYSTEM RISKS & SECURITY Sub-Committee**

*Chair* DIB Bank (Silas Ogada)  
*Vice Chair* Equity Bank (Kelevilin Kimathi)  
*Secretary* KBA Secretariat

**LEGAL AFFAIRS Committee**

*Chair* Stanbic Bank (June Opiyo)  
*Vice Chair* NCBA Bank Kenya (Steve Atenya)  
*Secretary* Kenya Bankers Association (Raimond Molenje)

**NATIONAL PAYMENTS Sub-Committee**

*Chair* DTB Kenya (Suraj Shah)  
*Vice Chair* DIB Bank Kenya (Mark Odoyo)  
*Secretary* Kenya Bankers Association (Fidelis Muia)

**OPERATIONS AND TECHNICAL Committee**

*Chair* Standard Chartered Bank (Ken Makale)  
*Vice Chair* ABC Bank (Elizabeth Kimani)  
*Secretary* KBA Secretariat

**PUBLIC RELATIONS Committee**

*Chair* DTB Kenya (Azmaira Thobani)  
*Vice Chair* ABC Bank (Wambui Kaguongo)  
*Secretary* Kenya Bankers Association (Ms. Nuru Mugambi)

**TAX Sub-Committee**

*Chair* Stanbic Bank (Betty Chuma)  
*Vice Chair* Absa Bank (Peter Mungai)  
*Secretary* Kenya Bankers Association (Kennedy Mutisya)



# Management Profiles



### **DR. HABIL OLAKA**

#### **Chief Executive Officer**

Date of Appointment October 2010

Dr. Olaka was appointed as Chief Executive Officer of the Kenya Bankers Association (KBA) in October 2010. He is responsible for the strategic direction of the Association, covering industry advocacy, development and sustainability. Previously he was the Director of Operations of the East African Development Bank (EADB) based in Kampala after serving as the Resident Manager in Kenya. He earlier served the bank as the Head of Risk Management and as the Chief Internal Auditor.

Before joining the Bank, he had been with Banque Indosuez (now Bank of Africa) as the Internal Auditor. He started his career at the PricewaterhouseCoopers, Nairobi in the Audit and Business Advisory Services Division. He sits on a number of boards representing the KBA. These are Kenya Deposit Insurance Corporation (KDIC), Higher Education Loans Board (HELB), National Research Fund (NRF), Federation of Kenya Employers (FKE), and the Anti-Money Laundering Advisory Board (AMLAB) as alternate to KBA Chairman. He chairs the Public Finance Sector Board of the Kenya Private Sector Alliance (KEPSA). He is the National President of the Federation of Kenya Employers and the Chairman of the board of the Centre for Corporate Governance (CCG). He also sits on the board of the National Housing Corporation (NHC).

He holds a Doctor of Business Administration from USIU-Africa, a First-Class Honours BSc degree in Electrical Engineering from the University of Nairobi, and an MBA in Finance from the Manchester Business School in the UK. His DBA dissertation was on the influence of strategic leadership on the implementation of strategy in the commercial banks in Kenya.

He is a member of the Institute of the Certified Public Accountants of Kenya (ICPAK) and the CFA Institute. He is an alumnus of the Strathmore School of Accountancy and has a good command of the French language.



**FIDELIS MUIA**  
**Director of Technical Services**

Date of Appointment April 2006

Mr. Muia is the Director of Technical Services, Kenya Bankers Association. He is responsible for the co-ordination of industry initiatives geared towards enhancing technology and operations for the banking industry.

He has been instrumental in implementing projects that resulted in the modernization of the National Payment systems, having been involved in the development of the first two Central Bank of Kenya's National Payment Systems Strategies, and the formulation and drafting of The National Payments Systems Act 2012 and its regulations.

In his role at the Association, Mr. Muia led in the modernisation of the Banking Payment Systems from the Automated Clearing House implementation and the Cheque Truncation System, migration of Kenya's Payment Cards system to the EMV standard and the development of the Credit Information Sharing Mechanism in Kenya (CRBs).

Mr. Muia has represented the Banking industry in a number national initiatives like the Kenya Credit Guarantee Scheme development with the National Economic and Social Council (NESC), the formation of the Payments Association of Kenya among many other Government task forces and committees.

Mr. Muia has a wide range of knowledge in systems development and implementation, having worked in both the insurance and banking industries for more than 25 years.



**MS. NURU MUGAMBI**  
**Director of Communications and Public Affairs**

Date of Appointment April 2012

Ms. Mugambi has been the Director of Public Affairs and lead on the Sustainable Finance Initiative since April 2012. She has wide experience in the banking industry, having served as spokesperson and head of corporate and investor relations at Barclays. Previously, she has held management roles supporting Fortune 100 companies in the U.S., including fast moving consumer goods, telecommunications, forest products and healthcare companies. She has spearheaded several strategic KBA initiatives, including designing the Kenya Green Bond Program which saw Kenya become the first country in East and Central Africa to raise a corporate green bond.

Her contributions towards policy formulation have led the banking industry towards adopting numerous progressive practices, particularly in the areas of Sustainable Finance. For her contributions, she was awarded the Fellow of the Kenya Institute of Bankers (FKIB) designation in 2015, becoming one of the youngest women bankers to earn the prestigious designation. She was recognized in 2016 by the Eisenhower Fellowships program and U.S. President Barack Obama as an emerging African leader.

Winner of the Africa Sustainability Leadership Award (2013); and CEO Magazine's Most Influential Woman in Africa - Finalist (2013), Nuru has served on the statutory Judiciary Mediation Accreditation Committee and is currently a member of the National Treasury Taskforce on the SME Credit Guarantee Scheme. She is a founding member of the Kenya Chapter of Graca Machel's New Faces/New Voices Pan African network that promotes women's economic empowerment. She graduated with honors in Business Administration from Kennesaw State University (Ga.); and has an Executive MBA degree in Strategy from Georgia State University, Atlanta.



## ABOUT KENYA BANKERS ASSOCIATION



### **KENNEDY MUTISYA** **Chief Finance Officer**

Date of Appointment December 2012

Mr. Mutisya was appointed to the position of Chief Finance Officer in December 2012. He is a seasoned professional with 20 years of experience rotating through multiple roles within the finance function in East Africa company controlling, project finance, treasury, financial planning and analysis.

In his career he has worked in various industries, including banking, telecommunication, fast-moving consumer goods (FMCG) and insurance. He has held various positions, most recently Finance Manager at the Monarch Group of companies.

He earned a Bachelor of Arts degree in Economics and Business Studies from Kenyatta University, and is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).



### **RAIMOND MOLENJE** **Director Legal, Human Resource and Policy Advocacy**

Date of Appointment August 2018

Mr. Raimond Molenje joined Kenya Bankers Association in August 2018 and has over 16 years' experience in legal practice, human capital, and stakeholder engagement. He has been in private legal practice and held diverse management

roles as a corporate in-house legal counsel, human resource and industrial relations with leading organizations and corporations including: HR Advisor at De La Rue Currency and Security Print, Legal Manager at Federation of Kenya Employers (FKE) and HR Manager-Employee Relations at Equity Bank Group.

Molenje spearheads the effective and efficient management of legislative, regulatory and policy matters impacting the industry, coordinates the collective bargaining agreement negotiations with the Banking Insurance and Finance Union (BIFU) Kenya; involved in the Association's lobbying and policy initiatives and provides Company Secretarial support to the KBA Secretariat.

He is passionate about training and capacity building and serves as a Lecturer at the College of Human Resources Management. He is also a Board Member with: Auctioneers and Licensing Board under the Attorney General's Office and Mediation Accreditation Committee of the Judiciary representing the industry.

Molenje is an Advocate of the High Court of Kenya, Commissioner for Oaths and Notary Public. He is a practicing member with both the Law Society of Kenya (LSK) and the Institute of Human Resource Management (IHRM) and holds a Bachelor of Laws (LL.B) degree from the University of Nairobi, and Postgraduate Diplomas in Law from the Kenya School of Law; and International Human Resource Management from Cambridge International College, UK.

### **DR. SAMUEL TIRIONGO** **Director of Research and Policy**

Date of Appointment December 2020

Dr. Samuel Tiriongo (PhD) joined Kenya Bankers Association (KBA) in December 2020. He previously served as an economist with the Central Bank of Kenya for 13 years, of which he was attached to the Secretariat of the Monetary Policy Committee (MPC) for 11 years, providing research and analysis targeted at informing monetary policy decisions of the Committee. Additionally, he has been involved in various research assignments that have shaped industry discourse and policymaking, having published widely in peer reviewed research outlets on market microstructure, economic responses to crises, monetary policy communication, and credit market analyses, among other areas.

Dr. Tiriongo holds a PhD in Economics of the University of Dar es Salaam – Tanzania, conferred under the Collaborative PhD Programme in Economics for Sub-Saharan Africa of the African Economic Research Consortium (AERC). He has been a research fellow of the AERC since 2016 and was awarded in 2017 to participate in the AERC/IMF Visiting Scholars Programme. He has also received professional training from several leading organizations, key among them are International Monetary Fund (IMF), The World Bank, and Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI).

# Notice of the Annual General Meeting

24<sup>th</sup> May 2021

## **THE CHIEF EXECUTIVE OFFICERS OF KBA MEMBER BANKS**

Dear Sirs/Mesdames,

NOTICE OF THE 59<sup>TH</sup> ANNUAL GENERAL MEETING OF KENYA BANKERS ASSOCIATION TO BE HELD ON THURSDAY 24<sup>TH</sup> JUNE 2021 FROM 2:30PM VIRTUALLY – MICROSOFT TEAMS

Notice is hereby given that the 59<sup>th</sup> Annual General Meeting of Kenya Bankers Association will be held on Thursday 24<sup>th</sup> June 2021, from 2:30pm virtually through Microsoft Teams.

## **AGENDA**

1. Constitution of the Meeting and adoption of the Agenda.
2. Confirmation of minutes of the 58<sup>th</sup> Annual General Meeting held on 25<sup>th</sup> June 2020.
3. Matters arising from the minutes of the 58<sup>th</sup> Annual General Meeting.
4. Adoption of the Chairman's Report.
5. Integrated Payment Services Limited (IPSL) Update.
6. Consideration of the Audited Financial Statements for the financial year ended 31<sup>st</sup> December 2020.
7. Election of Members of the KBA Governing Council.
8. Any Other Business.

Yours Faithfully,



Dr. Habil Olaka  
Chief Executive Officer





# Chairman's Message



Joshua Oigara, CBS  
Chairman

Facilitative innovation spurred industry resilience in 2020; the year 2021 offers opportunities to sustain business continuity and supporting economic growth in the post-COVID era.

Undoubtedly, the COVID-19 pandemic sailed the banking industry – and all other sectors of the economy – into a rather unfamiliar business environment in the year 2020. The healthcare crisis remains one of the most significant risks to humanity and economic development globally, albeit the recent development and deployment of vaccines across countries.

The past year set off on a great sense of optimism and anticipation, with the overall economy scaling up to over 5 per cent in the initial months of the year. For the banking sector, the repeal of interest rate controls in late 2019 promised a fresh impetus at the start of 2020, particularly facilitating more lending to sectors of the economy previously crowded out of active lending.

Indeed, before March 2020, when the pandemic was reported in Kenya, the banking industry was collectively applying itself to implementing innovative business strategies to better support business recovery, especially among small and medium-sized Enterprises. Setting in on the cusp of the second quarter of the year, COVID-19 shifted the industry's focus

towards addressing the new challenge: sustaining livelihoods and ensuring business continuity.

As the pandemic progressed, the scope of enterprises in need of support stretched to include previously robust sectors, such as tourism and hospitality, manufacturing, education, among others. I gratefully note that the industry performed well, resiliently navigating the precarious challenge.

I would like to single out the industry's contribution to the National Emergency Response Fund, which voiced our longstanding responsive commitment to society. At the close of the year, the industry had raised about KSh 1.8 billion for the COVID-19 Emergency Response Fund, an intervention without which many hospitals and health workers would have been in dire need. I thank all the bank CEOs for championing their banks' contributions. I acknowledge our Governing Council Members, namely, Dr. James Mwangi and Jeremy Awori, who serve in the Emergency Response Fund.

Additionally, the Government played an instructive role through fiscal



## CHAIRMAN'S MESSAGE



The National Treasury, supported by KBA, convenes a public stakeholder workshop of the National Credit Guarantee Scheme.

interventions, including adjustments to the tax policies, which served to cushion Kenyans from the vagaries of the pandemic. Meanwhile, the Central Bank of Kenya was proactive in engaging the Governing Council to see how best the sector can intervene. As a result, a raft of industry-level initiatives were instituted to sustain operations and support disrupted businesses and households.

Perhaps the most prescient intervention to cushion the economy and free up liquidity on the onset of the pandemic was the reduction of the Cash Reserve Ratio (CRR) to 4.25 per cent from 5.25 per cent. As a result, bank employees were not only on the frontline, dutifully serving the public despite the health risk they and their families faced; but also were instrumental in working hand in hand with heads of households and business owners to renegotiate loan contracts and make life a little easier in the face of the worst health crisis in recent history.

At the close of the year, I couldn't have been prouder to call myself a banker. We demonstrated why our industry

and our institutions are the hinges that connect policy and regulation with the intended beneficiaries of a sound and stable financial sector. It is commendable that banks restructured customer loans at record levels. Loans worth KSh 1.63 trillion or 54.2 per cent of the total KSh 3 trillion loan portfolios were restructured. This is despite the fact that banks were facing a deteriorating book; ultimately, gross non-performing loans to gross loans significantly increased to 14.1 per cent by December 2020 compared to 12 per cent in December 2019. Moreover, banks worked with the regulator to zero-rate several bank charges, including digital payments and PesaLink, to encourage customers to shift to digital banking to reduce physical contact within branches and help businesses struggling to stay afloat.

Remarkably, the industry did not experience too much of an effect of foregone income due to the interventions mentioned above. From a general perspective, banking profitability for the year 2020 reduced compared to the prior year. The Central Bank of Kenya credit survey for the year showed that the pre-tax profit of 39

banks that were sampled reduced by 30 per cent in 2020, representing an aggregate KSh 112.8 billion reduction compared to 2019.

### Facilitating Financial Inclusion for All

The COVID-19 pandemic demonstrated the central role of technology in sustaining both banks' operations and supporting business continuity across sectors. I would like to commend the industry for the innovative foresight of continuously investing in digital technology and mobile banking solutions, which largely helped prevent the health crisis from degenerating into a banking crisis -- by enabling our customers to switch to digital banking channels quickly. Indeed, the KBA Customer Satisfaction Survey 2020 indicated an encouraging uptake of mobile and Internet banking services during the year, primarily characterised by restricted movement.

To sustain inclusivity efforts, the Association coordinated the Persons with Disability (PwD) Digital



KBA hosts bank SME Heads for a stakeholder workshop on the National SME Credit Guarantee Scheme.

Accessibility pilot study, which aimed at promoting access to financial services for the important segment of the banking public. A pioneering initiative in the African region, the programme saw seven banks volunteer to have their digital service channels and products assessed: Absa Kenya, Co-operative Bank, Equity Bank, Family Bank, KCB, Rafiki Microfinance Bank and Standard Chartered Bank. The assessment culminated in the Banking Industry PWD Digital Accessibility Report and Case Study, highlighting the challenges customers with disabilities encounter while accessing banking services. The report's recommendations have been adopted by the KBA General Body, with 22-plus banks having already developed roadmaps to enhance the digital banking experience for PwDs.

Banks are already working to introduce sign language and PWD sensitivity training for their staff. I am pleased to note that KBA Secretariat staff have also taken up sign language classes.

### Building Capacity and Supporting SME Recovery

The pandemic further revealed the vulnerability of micro-and small-sized enterprises, which make up 85 per

cent of all businesses in Kenya. A survey conducted by CBK in April 2020 approximated that 75 per cent of the businesses faced uncertainty if they failed to access working capital because they lacked credit buffers and other resources to survive the economic slowdown. Recognising that SMEs account for about 40 per cent of the National Gross Domestic Product and provide over 70 per cent of job opportunities, banks continued to provide credit support to customers drawn from the sector with a focus on traders. At the industry level, KBA sustained capacity building efforts under the Inuka Enterprise programme, reaching over 10,000 SMEs last year through online learning and engagement platforms in partnership with KBA member banks.

### Promoting Shared Industry Value

During the year 2020, KBA published various reports to augment the industry's lobbying and advocacy efforts. The publications included the State of the Banking Industry (SBI) Report 2020, which indicated that the banking industry was well-positioned to withstand market shocks induced by the pandemic. In its analysis, the

SBI highlighted the bearing of capital sufficiency and adequate buffers in sustaining the industry as a key line of defence against economic slowdown.

Similarly, the Association released the 2020 State of Sustainable Finance in Kenya's Banking Industry Report. The report indicated that over 85 per cent of banks in Kenya had aligned their credit policies to ensure responsible and sustainable lending practices. Launched in a virtual event presided over by State Department of Housing and Urban Development Principal Secretary Charles Hinga, the study also showed that over 71 per cent of banks had developed policies that promote optimal management of financial resources and natural capital (water use, clean air, and pollution control). Indeed, this report builds on the impressive strides the banking industry has made over the years in re-orienting business models to encompass sustainable development.

As we continue to navigate the travails of COVID-19, the importance of research-based advocacy and industry development will remain critical. I, therefore, thank all our member banks for supporting the Secretariat by providing data when called upon.

## CHAIRMAN'S MESSAGE



KBA staff interact with the deaf as part of training on basic Kenyan Sign Language interpretation.

### Outlook

Considering the pandemic, the industry will find it necessary to adapt to the economic dynamics imposed by the disruption. The heightened risk in the lending environment is bound to continue facilitating credit extension to sectors perceived to be less risky. This situation will call for more innovative solutions, including blended finance and the use of the moveable assets registry, to address credit access to vulnerable sectors, considering their important contribution to the economy. In this regard, incentives such as the National SME Credit Guarantee Scheme will also be necessary for the industry to provide clients with the liquidity required to keep our economy moving. The Association will also continue to work closely with the CBK to operationalise risk-based pricing as an important cog in promoting credit access.

Moreover, the continued engagements with stakeholders, such as the Central Bank of Kenya, National Treasury, Kenya Revenue Authority, Capital Markets Authority, Retirement Benefits Authority, among others, will continue to play a vital role that KBA plays as we seek to promote a multi-sector, multi-

stakeholder approach in addressing industry challenges.

### Appreciation

I would like to reiterate my appreciation to the industry for demonstrating leadership throughout the year. As the theme of this Annual Report notes, this was a period of *Uncharted Waters*. The challenges we encountered during the year only served to make us stronger and more resilient as an industry. The transition to the year 2021 promises more innovative solutions which will, without doubt, cement our collective commitment to optimise the financial sector's contribution to the economy.

At this point, let me acknowledge with gratitude the generous and unwavering support by the KBA Governing Council Vice-Chairman, Mr John Gachora. Mr Gachora has played an important role in providing counsel that has greatly helped shape the industry during the year. Similarly, I extend my appreciation to the KBA Governing Council for the commitment and willingness to share insights on addressing the challenges we faced over the year. Finally, I also thank all our member bank CEOs for supporting KBA activities despite

the hardships that came with the disruptions of the pandemic.

In closing, I commend the KBA Secretariat under Dr. Habil Olaka's leadership for sustaining industry activities and promoting cross-sector engagements that helped mitigate the severity of the health crisis. It always surprises me that KBA Secretariat is just 16 employees, yet they are able to accomplish so much on behalf of our industry.

Finally, I have no doubt that despite the persisting economic challenges, the industry is stable and in a good position to surmount the disruption and continue to live up to our enduring reputation of responsive resilience.

Joshua Oigara, CBS  
Chairman







# CEO's Message



Dr. Habil Olaka  
Chief Executive Officer

## Coronavirus Pandemic

KBA moved swiftly to address the industry's response to the Coronavirus (COVID-19) pandemic. KBA developed initial industry guidelines in consultation with Amref Health Africa (Amref) which were issued on 14<sup>th</sup> March 2020 -- two days after the Government confirmed the country's first case on 12<sup>th</sup> March. Furthermore, KBA convened a special industry crisis management taskforce to steer the industry on monitoring and reporting on COVID. The first output of the taskforce was the Industry Response Plan which was released to the industry on 23<sup>rd</sup> March 2020 and has been updated consistently in response to the evolving pandemic.

KBA through the Governing Council also engaged closely with the Central Bank on interventions including within payments and to promote liquidity and mitigate portfolio deterioration. To support the industry to quickly build capacity on how to mitigate COVID risks, the Secretariat organized a Webinar series which over the course of four months featured local and international speakers, and built industry capacity across various functions including, legal, credit, IT and operations, public affairs and human

resources. Additionally, KBA issued two survey instruments to members as part of the analytical work to inform the understanding of the Coronavirus pandemic on the economy and the financial sector.

Furthermore, KBA partnered with public and private sector organizations to disseminate the role the industry is playing in supporting customers and the economy overall. KBA was also instrumental in the formulation of the national Komesha Corona public awareness campaign which through KBA member banks had an audience reach of 55 million.

## Policy Engagement

As the banking industry advocacy organization, a key function of the KBA Secretariat is to engage with policymakers on matters that impact on banking industry performance. Over the course of 2020, KBA through the Secretariat supported by the various Committees, Sub-Committees and Working Groups engaged on several areas towards unlocking policy



KBA hosted a delegation of representatives from the Egyptian Banking Institute (EIB), who were in the country on a study tour to learn about the latest banking trends in Kenya.



Mediation Accreditation Committee Members: (from left to right) Mr. Munene Waruhiu, Institute of Certified Public Secretaries; Mr. Dickens Ouma, FKE; Justice George Odunga (Committee Chair and High Court Judge) and KBA Legal, HR & Policy Advocacy Director Raimond Molenje.

bottlenecks and introducing measures that streamline various operations. Following the revision of the Government fiscal budget cycle timelines, the Association submitted tax proposals to the National Treasury. The submissions sought to enhance efficiency in tax compliance and ease dispute resolution. Amendments to the Excise Duty Act were also submitted.

The Insolvency Act and Regulations 2018 review was conducted in consultation with the Attorney General's office, the focus being on business rescue, voluntary arrangement options for debtors and companies, protection of creditor rights and provision of second chance for debtors and companies in distress. Other legislations that KBA submitted amendments to include the Pandemic Response and Management Bill 2020, Finance Bill 2020, Law of Contracts Bill 2019, Public Finance Management Bill 2019 and 2020, Kenya Development Bank Bill 2020, Land Registration

(Electronic Transactions) Regulations 2020, Companies (Beneficial Ownership Information) Regulations 2020, and the Data Protection Bill 2019. KBA also conducted an extensive review and consultation on the Building Bridges Initiative (BBI) Report which had far-reaching implications. KBA's engagement included the BBI Taskforce, policymakers and other stakeholders for purposes of securing the industry's interests. KBA worked closely with the Kenya Private Sector Alliance (KEPSA) multi-sectoral forum to engage the BBI Taskforce.

Separately, KBA coordinated the banks' participation in the National Risk Assessment on Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT). This is the first time the Country is carrying out risk assessment to determine potential AML risks and exposures for purposes of developing appropriate mitigating measures, policies, and legislation to address these gaps.

## Labour Relations

During the course of 2020, the Association navigated the industrial relations engagements with the Banking Insurance and Finance Union that included court's intervention to have the collective bargaining agreement negotiated after an initial assessment of the COVID-19 impact to financial performance.

The Association continued to sensitize and provide guidelines on COVID-19 to the human capital teams within banks. Additionally, a memorandum of understanding between the Association and Kenya Institute of Bankers (KIB) was signed to enhance the capacity building framework for banks staff. The partnership will see the two organizations collaborate to train bank staff on key capacity areas, leveraging on KBA's digital training platform.



## CEO'S REPORT



Kenya Bankers Association CEO Dr. Habil Olaka and Huawei-Kenya Chief Executive Officer Mr. Will Meng during the signing a memorandum of understanding on partnership in financial ICT-related activities.

### IT System Security & Risk Management

Following a number of cyber security incidences reported across the industry over the first six months of 2020, the IT Security Sub-Committee engaged security experts to proactively identifying system loopholes and ways of alerting member banks of security vulnerabilities to enable the banks fix the errors before incidences occur. KBA continues to actively engage with national intelligence and the KEPSA security sector board towards enhancing system security and risk management.

### Clearing House Operations & Currency Centers

KBA continues to manage Clearing House and Currency Center operations in close coordination with the Central Bank of Kenya (CBK). We are pleased to report the construction of the Kisii Currency Centre was successfully completed. The project was a

partnership between KBA and CBK and the Center is hosted by Absa. The Kisii Center was launched by His Excellency President Uhuru Kenyatta on 21<sup>st</sup> October 2020.

KWFT Micro-Finance Bank is the latest member to join the Automated Clearing House as a direct member of the Clearing House in the Kenya Shilling Stream, effective January 2020. KBA has reviewed operations towards enhancing efficiency and has submitted a proposal to CBK towards this end. KBA has also undertaken to adopt the ISO 20022 Standard which is currently in place in Tanzania, with slight modifications to suit the Kenyan scenario.

The Clearing House Sub-Committee also held a Security Printers workshop in March 2020 to deliberate on the cheque security feature enhancements and ongoing developments in document security. These security enhancements will be incorporated in the next security review of the cheque standards.

### East African Community Interoperability

KBA is a key stakeholder in the East Africa payments system interoperability initiative. The project is funded by the World Bank and facilitated by the EAC Secretariat to ensure all member countries develop roadmaps for the integration of their payment systems for both banking institutions and mobile money services, in readiness for the regional integration that is part of the EAC roadmap to a single EAC currency.

### Industry Capacity Building

Throughout the year, KBA conducted and facilitated several capacity building programs for the members. Areas covered included financial crime monitoring and anti-money laundering, tax matters, data protection, and customer service and user experience for persons with disabilities. The objective of these programs is to create awareness on emerging trends, build industry capacity and share best practices.

### Creative Sector Engagement

The KBA Secretariat was approached by a local organization known as Art at Work, to work towards identifying ways in which the banking industry can engage the creative sector in developing sector specific financial products and services. Several meetings have been held with Art at Work, the Principal Secretary, Ministry of Culture, the Kenya Film Commission for purposes of developing a framework for the financial inclusion of the creatives beginning with the Music and Film players.



KBA SME Working Group members participated in the development of the National SME Credit Guarantee Scheme.



H.E President Uhuru Kenyatta officiated the opening of the Kisii Currency Centre. CBK and KBA jointly established the center to support banking operations for both the private sector and public institutions.



Central Bank of Kenya's Mr. Steve K'Odera makes a presentation during the release of the Banking Industry Customer Satisfaction Survey 2020.



KBA won the 2020 FiRe Award in the IFRS for SMEs category. The recognition is a result of rigorous evaluation process on globally accepted principles and best practice standards, including International Financial Reporting Standards (IFRSs).



KBA Chief Finance Officer Mr. Kennedy Mutisya, Accountant Mr. Arnold Wangila and Senior Technical Services Officer Patrick Kibui during the Data Protection sensitization workshop.



Mr. Kariuki Ngari, KBA Governing Council Member and Standard Chartered Bank CEO, hosts a #MyChatWithaBankCEO Chat discussion.

## CEO'S REPORT

Financial Sector Deepening (FSD) Kenya is supporting KBA to fund a study on the creative sector value chain with a view of identifying bottlenecks, as well as, opportunities for the industry to enhance financial inclusion in terms of lending and other services. The creative sector is estimated to be worth approximately KSh 85 billion.

### Digital Accessibility and User Experience

There are approximately 2.2 million Kenyans living with a disability. As the banking industry shifted to a digital first business model, the KBA Secretariat through the Customer Working Group engaged on a Digital Accessibility for Persons with Disabilities initiative. The pilot project kicked-off on 24 July 2020 and culminated in October 2020 with the industry adopting the pilot recommendations. The participating banks were Absa, Co-Op, Equity, Family Bank, KCB, Rafiki Microfinance Bank, and SCB. The project saw the seven banks supported on an internal assessment of their mobile app and USSD banking, as well as, bank statements. In addition, the banks' customer-facing internet pages were assessed for accessibility and bank staff and customers surveyed. The project was co-funded by FSD-Kenya and the participating banks. The KBA General Body adopted the recommendations which included ensuring all banks put in place roadmaps towards digital accessibility by March 2021 and commence reporting progress against internal plans from June 2021.

Additionally, the 2020 Banking Industry Customer Service Survey was conducted and attracted more than

15 thousand responses. The Survey indicated that customers were happy with their banking relationships and recognized that banks are working with them during the global health crisis. The report was released by the Secretariat and the top-performing banks were recognized with certificates.

### Gender Diversity

KBA partnered with Rwanda Bankers Association and Zambia Bankers Association to host the Africa Leading Women in Banking and Finance Conference which attracted 1,600 participants from 25 plus countries and featured the deputy governors of the central banks of Kenya and Zambia, as well as, keynote speaker Arunma Oteh, the former Vice President and Treasurer of the World Bank. Other key speakers were KBA GC Members Nasim Devji, DTB CEO and Rebecca Mbithi, Family Bank CEO; Absa Group (SA) Board Member Francis Okomo-Okello, Dr. Nancy Onyango of the IMF, Charles Mudiwa, Stanbic CEO, and Hedwige Nuyens, Managing Director of the International Banking Federation.

Co-sponsored by DTB, Stanbic, Safaricom, Mastercard and Strathmore Business School, the conference covered relevant topics such as the COVID-19 and fourth industrial revolution impact on the financial services sector; and effective and transformational leadership to drive institutional performance.

### Stakeholder Relations

Finally, as part of KBA's role of industry advocacy, the Secretariat sits on various

stakeholder boards, committees and taskforces. KBA's role is to ensure the banking industry, as well as, the broader financial services sector's interests are represented. During the year under review, KBA continued to discharge its duties – in spite of the COVID physical distancing restrictions – to ensure that the voice of the banking industry is always at the table. These boards include Kenya Private Sector Alliance (KEPSA) Board of Directions (Jeremy Awori); National Anti-Money Laundering Advisory Board (Joshua Oigara and Habil Olaka is the alternate); KEPSA Public Finance Sector Board (Habil Olaka); Federation of Kenya Employers (Habil Olaka); Higher Education Loans Board (Habil Olaka); National Research Fund (Habil Olaka); Kenya Deposit Insurance Corporation (Habil Olaka); Auctioneers Licensing Board (Raimond Molenje); National Taskforce on Anti-Money Laundering and Countering the Financing of Terrorism (Kennedy Mutisya); and Ethics Commission for Co-operative Societies (Ms. Nuru Mugambi).

Dr. Habil Olaka  
Chief Executive Officer





Mr. Kihara Maina, KBA Governing Council Member and I&M Bank CEO, hosts a #MyChatWithaBankCEO session.



Mr. Abdalla Abdulkhalik, KBA Governing Council Member and Gulf African Bank CEO, also hosted a #MyChatWithaBankCEO session.

**SPECIAL EDITION**

**TOPIC**  
**Banking Industry Growth and Consolidation Trends Amid Heightened Uncertainty**

**with Mr. John Gachora**  
 Group Managing Director, NCBA Group PLC

**FRIDAY**  
**30<sup>TH</sup> OCT, 2020 TIME: 10AM**  
 MARK YOUR CALENDAR

**LIVE Q&A SESSIONS** ✓

Join us at [chat.kba.co.ke](http://chat.kba.co.ke) as we discuss various trends in the banking industry.

**MY chat WITH A CEO**

**FOLLOW US ON TWITTER**  
 @KenyaBankers #CEOchat  
 Hosted by Kenya Bankers Association




**LIVE Q&A SESSIONS** ✓

Join us at [chat.kba.co.ke](http://chat.kba.co.ke) as we discuss various trends in the banking industry.

**MY chat WITH A CEO**

**Fridays from 10am**

**FOLLOW US ON TWITTER**  
 @KenyaBankers #CEOchat  
 Hosted by Kenya Bankers Association

 <b>Mr. Martin Mugambi</b> CEO, Citibank 8 <sup>th</sup> May, 2020	 <b>Mr. Jeremy Awori</b> CEO, Absa Bank 15 <sup>th</sup> May, 2020	 <b>Mr. Charles Mudiwa</b> CEO, Stanbic Bank 22 <sup>nd</sup> May, 2020
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# CEO'S REPORT



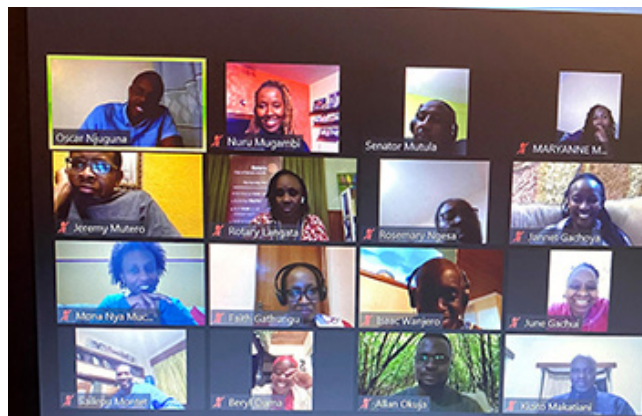
KBA CEO Dr. Habil Olaka (Left) with Kenya Climate Innovation Centre CEO Dr. Edward Mungai during the signing of an MOU on green finance.



KBA Public Affairs Director Ms. Nuru Mugambi (centre) pays a courtesy call to UK Finance with Matthew Conway, Director of Strategy and Policy, and Mark Sabah, Principal - International Affairs.



KBA Technical Services Director Mr. Fidelis Muia represented the Association as a panellist in an engaging session organized by the Ministry of Sports, Culture and Heritage. The session was convened to engage key stakeholders in the private and public sector to promote measures that will enable sustainability of the creative sector.



Ms. Mugambi gave a presentation on the banking industry to Rotary Club of Langata in July.

## KBA COVID-19 WEBINAR SERIES

### COVID-19 INSIGHTS FOR THE BANKING INDUSTRY

#### Understanding COVID-19.

#### WEBINAR

April 21, 2020 14:00-15:00hrs  
EAT 1-hour



Dr. Githinji Gitahi,  
Global CEO, Amref  
Health Africa



Edwin Macharia,  
Global Managing  
Partner, Dalberg



**Host**

Dr. Habil Olaka, CEO  
Kenya Bankers  
Association

## KBA COVID-19 WEBINAR SERIES

**COVID-19** INSIGHTS FOR THE BANKING INDUSTRY

Strategic leadership in times of global financial crisis.

WEBINAR

**April 28, 2020**

**14:00-15:00hrs EAT 1-hour**



Richard Njoroge,  
Partner, PWC



Frank Mwitii,  
Partner, Ernst & Young  
LLP



**Host**

Kennedy Mutisya,  
CFO  
Kenya Bankers  
Association

**COVID-19** INSIGHTS FOR THE BANKING INDUSTRY

People and the Workplace within the Industry in light of COVID-19.

WEBINAR

**May 12, 2020**

**14:00-15:30hrs EAT 1-hour 30-mins**



Jacqueline Mugo  
MBS, Executive  
Director, Federation of  
Kenya Employers



Peter Gitau, Chief  
Operating Officer,  
Standard Chartered  
Bank (K) Limited



**Host**

Raimond Molenje,  
Director Legal, Human  
Resource and Policy  
Advocacy - KBA

**COVID-19** INSIGHTS FOR THE BANKING INDUSTRY

Managing Risks of Working Remotely during and after the COVID-19 Pandemic.

WEBINAR

**May 19, 2020**

**14:00-15:30hrs EAT 1-hour 30-mins**



Robert Nyamu, Partner  
Technology Consulting  
& Financial Services  
Leader, East Africa  
Ernst & Young LLP



William Makatiani,  
Chief Executive  
Officer, Serianu



**Host**

Fidelis Muia, Director  
of Technical Services -  
KBA

**COVID-19** INSIGHTS FOR THE BANKING INDUSTRY

Effective Communications Strategies and Crisis Management.

WEBINAR

**May 28, 2020**

**10:00-12:00hrs EAT 2-hours**



Naomi Mutua,  
Deputy Managing  
Partner, Ogilvy  
Public Relations  
(Kenya)



Paul Oyier,  
Corporate Affairs  
Manager, Media  
Council of Kenya



Azmaira Thobani,  
Senior Marketing  
&  
Communications  
Manager, DTB



**Host**

Nuru Mugambi,  
Director of  
Communications  
and Public Affairs -  
KBA



## CEO'S REPORT

### KBA COVID-19 WEBINAR SERIES

**COVID-19** INSIGHTS FOR THE BANKING INDUSTRY

#### Social Trends & Informal Economy Opportunities.

WEBINAR

**June 16, 2020**

**11:00-12:00hrs EAT 1-hour**



Tamara Cook,  
Chief Executive  
Officer  
FSD-Kenya



Juliani, Musician  
& Advocate for  
Community  
Empowerment



Rob Burnet, CEO  
and Founder,  
Shujaaz Inc



**Host**

Nuru Mugambi,  
Director of  
Communications  
and Public Affairs -  
KBA

**COVID-19** INSIGHTS FOR THE BANKING INDUSTRY

#### Banking Sector Compliance Risks during COVID-19 Crisis.

WEBINAR

**June 19, 2020**

**10:00-11:30hrs EAT 1-hour 30-mins**



Julie Nyang'aya,  
Partner, Deloitte - Risk  
Advisory Function  
Lead



Joseph Githaiga,  
Director & Head of  
Regulatory  
Compliance and  
Advisory, PwC



**Host**

Kennedy Mutisya,  
CFO  
Kenya Bankers  
Association

**COVID-19** INSIGHTS FOR THE BANKING INDUSTRY

#### COVID-19 Impact on accounting and reporting.

WEBINAR

**June 23, 2020**

**14:00-15:30hrs EAT 1-hour 30-mins**



Michael Mugasa,  
Chairperson, ICPAK  
Professional  
Standards Committee  
& Partner, PWC



Charles Luo, Partner,  
Deloitte East Africa -  
Financial Institution  
Services Team Lead



**Host**

Kennedy Mutisya,  
CFO  
Kenya Bankers  
Association

**COVID-19** INSIGHTS FOR THE BANKING INDUSTRY

#### Reshaping one's view of the built environment.

WEBINAR

**September 16, 2020**

**15:00-16:30hrs EAT 1-hour 30-mins**



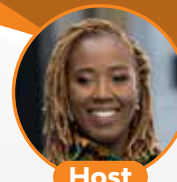
Dr. Vincent Ogutu,  
Vice-Chancellor  
Designate,  
Strathmore  
University



Mugure Njendu,  
President of  
Architectural  
Association of  
Kenya



Paige Steers, Senior  
Vice President,  
Public Relations -  
Americas Region,  
Jones Lang LaSalle



**Host**

Nuru Mugambi,  
Director of  
Communications  
and Public Affairs -  
KBA

# Report on the Integrated Payments Services Limited (PesaLink)



IPSL CEO Mr. Gituku Kirika, management and staff. The PesaLink platform recorded an increase in transaction volumes in 2020.

Real-time payments (RTP) rails are becoming the most critical innovation in the banking industry globally. A real-time payments rail is a digital infrastructure that facilitates real-time payments on a 24 x 7 x 365 basis. The banking industry in Kenya has not been left out on this journey with the launch of Kenya's real-time payment rail in 2017 under the PesaLink brand. There were over 54 real-time payment implementations globally as at December, 2020 with few other developments and implementations ongoing across the world.

PesaLink provides a shared payment infrastructure that facilitates irrevocable instant payments, helping drive digital

transformation initiatives, reducing transaction costs and providing immediate value into bank accounts. Unlike traditional inter-bank transfers such as electronic funds transfer (EFT) and real time gross settlement (RTGS), which respectively involve batch processing of transactions, within 2 - 3 business days for settlement and are not available round the clock. PesaLink provides a competitive advantage for bank customers, merchants and corporates for real-time transfers, within seconds, at a low fee, immediate value and same-day settlement capabilities. This has continued to be an exciting reality for over 6 million Kenyans registered on the PesaLink mobile phone platform and bank account mapping database.

With the COVID-19 pandemic, the year 2020 was challenging but at the same time positive in respect to PesaLink's contribution towards facilitating digital payments at no cost to Kenyans. Our strategy and commitment to the banking industry continues to focus on three main pillars:

- Building trust and confidence in the PesaLink platform.
- Improving overall customer experience.
- Securing the PesaLink ecosystem.

The year 2021 is significant for PesaLink based on industry and regulatory expectations. These include turning around the company towards profitability, generate income through alternate revenue streams, digitize payments and provide a platform for new uses cases driven by fintechs.

## Service and Product Innovation

PesaLink continued to invest in our people and systems with product and technology innovations which saw a continued improvement in the PesaLink customer journey as well as the platform's performance. Our milestones in 2020 included:

- Implementation of instant payment notification (IPN) for fintech initiated transactions
- Commenced the implementation of PesaLink 2.0 - the new PesaLink switch

## Security

As PesaLink continues to connect the banking ecosystem with sensitive data, cyber security remains top on our agenda, to secure our eco-system from cybersecurity risks and attacks. In 2020, industrywide IT Security audits were carried out on all our partners to ensure a safe and secure ecosystem. Fully understanding how dynamic cybersecurity threats are, we subject our systems at PesaLink to vulnerability scans and penetration testing throughout the year and use the findings to further strengthen our environment and deploy technologies that allow us to monitor transactions on a 24/7 basis.

This fitness-check has been an ongoing exercise to continually ensure confidence and trust in the ecosystem

as well as the integrity of transactions by all stakeholders.

## Optimization and Efficiency

With standard integration requirements to PesaLink shared with banks beginning from 2019 to improve on their technology infrastructure capability and operational efficiency, requirements in terms of technology, security and operations were updated and circulated to all connecting partners in November, 2020.

The level of compliance by banks has been impressive while others are at an advanced stage in optimizing their technology stack in readiness for PesaLink 2.0 migration. With the implementation and migration of banks to the new PesaLink 2.0, the transaction failure rate will reduce significantly with the introduction of new features and capabilities. To facilitate efficient monitoring and failure rate reduction on PesaLink, banks were provided with a real-time transaction monitoring dashboard.

## Customer Awareness and Satisfaction

During the zero-rating of transactions in response to COVID-19, PesaLink partnered with banks to run marketing campaigns on all media including several radio stations and television. In addition, we also put out different communication on various digital

channels. This saw an increase in transaction volume and active usage between May and June, 2020. Meanwhile, 30-days active users grew by 43.40 per cent.

## 2021 Outlook

The year 2021 is significant for PesaLink based on industry and regulatory expectations. These include turning around the company towards profitability, generate income through alternate revenue streams, digitize payments and provide a platform for new uses cases driven by fintechs. Various initiatives and improvement strategies are in the pipeline to position PesaLink as a shared service platform for the entire banking industry. Other initiatives are:

- Make PesaLink interoperable across banks, telcos and fintechs
- Moving Integrated Payment Services beyond switching services
- Commoditization of products and services
- Building a robust fintech engagement strategy to support banks transformation agenda

Post go-live of the new switch (PesaLink 2.0), PesaLink will expand to new use cases. We look forward to greater performance in the days ahead leveraging on the support of our banks, fintech community and shareholders to win payments back into the banking ecosystem.



# Report from the KBA Centre for Research on Financial Markets and Policy®

## Operating Economic Environment

The KBA Centre for Research on Policy and Financial Markets® continued to support the banking industry's strategic policy engagement through its analytical work on various market and policy dynamics. The operating economic environment was characterized by a significant slowdown in output that was largely attributed to the adverse effects of COVID-19 pandemic and its containment measures.

Given a narrowing fiscal space, monetary policy remained a key policy lever. The Monetary Policy Committee (MPC) of the Central Bank of Kenya (CBK) since the onset of the pandemic remained vigilant and maintained an accommodative monetary policy stance from April 2020 through the year. This resulted in an improvement in the market liquidity conditions, declines in money market interest rates and lending rates, and an improvement in private

sector credit growth. However, while private sector credit growth improved in the year, it tapered off at below double-digit levels towards the end of the year; largely considered to be sub-optimal to deliver a strong and sustainable economic recovery going forward.

## Research and Policy Engagements

### i) The 9<sup>th</sup> Annual KBA Banking Research Conference

The KBA Centre for Research on Financial Markets and Policy successfully hosted the 9<sup>th</sup> Annual KBA Banking Research Conference on September 23<sup>rd</sup>, 24<sup>th</sup> and 25<sup>th</sup>, 2020. The Research Conference is the Centre's flagship event through which ideas and insights in areas of interest to the banking industry are facilitated.

The theme of the Conference was: "Banking and Socio-Economic

Development: Market Structure, Behavioural Evolution and Policy Dynamics". Its goal was to stimulate a deeper understanding of how the interaction between the structure of the banking industry, the behavioural evolution of economic agents seeking financing, and the underlying regulatory environment influences the finance-economic growth nexus.

The Conference provided a forum for extending the analysis on this broad area of study in three linked directions:

- The first was interrogating the influence of the structure of the banking industry on funds allocation and pricing behaviour to inform the debate on the subject of market consolidation that, so far, has been devoid of determining how it would influence pricing behaviour and resources allocation.

- The second was the extent to which the evolving expectations of the non-financial sector economic agents influence the value proportion of the banking industry players – at the local, regional and international level – with a view to determining whether it meets the convenience, competitiveness and appropriateness criteria. This was especially so considering the fact that the provision of bank-like services by non-bank financial market players is an evident addition to the choices available to bank customers even when, in that regard, convenience supersedes competitiveness and appropriateness, the counterintuitive market expectations are worth understanding.
- The third was an examination of the policy and regulatory

environment underpinning the banking industry operations with a specific focus on how it relates to market stability, credit allocation, market structure, and the strategic regulatory intention of steering the market in the direction of optimising its role in socio-economic development

With the understanding that there are no trade-offs between the pursuit of stable financial markets and sustained growth, this strand of analysis meant to contribute towards enriching our understanding of the co-evolution of expectations of the financial market regulators and the regulated agencies in the pursuit of a deeper financial system.

The eight (8) papers presented at the conference were:

1. Price and Non-Price Competition Interactions: Implicit Pricing of Network Size and Differentiation

Effects - By Jared Osoro and Josea Kiplangat

2. Market Expectations versus Outcomes: Sectoral Credit Market Analysis in Kenya- By Caroline Kariuki and Jared Osoro
3. Does Financial Innovation Enhance Financial Deepening and Growth in Kenya? - By Roseline Misati, Jared Osoro, and Maureen Odongo
4. Competition and Credit Allocation in Kenya By Stephanie Kimani, Faith Atiti, and Raphael Agung
5. Cost-Benefit Analysis of Bank Regulation: Does Size Matter? By Hillary Mulindi
6. Market Structure and Bank's Pricing Behaviour – The Case of Kenya By David Mureithi
7. Macroprudential Regulation and Bank Stability: The Credit Market Signal - By Samuel Kiemo, Anne Kamau, Irene W. Rugiri and Camilla Talam



## STATE OF THE BANKING INDUSTRY REPORT 2020



August 2020

**LIVE**   
e-CONFERENCE

KENYA BANKERS ASSOCIATION 9<sup>TH</sup> ANNUAL

# BANKING RESEARCH E-CONFERENCE 2020

WED 23<sup>RD</sup> TO FRI 25<sup>TH</sup> SEPTEMBER AT 8:30am (EAT)

**THEME: Banking and Socio-Economic Development:**  
Market Structure, Behavioural Evolution and Policy Dynamics

To access the 2020 and  
past conference papers visit:  
[www.kba.co.ke/research-center](http://www.kba.co.ke/research-center)



Join the conversation  
on social media:  
@kenyabankers  
#KBAresearchconference

8. What Ails Bank Deposit  
Mobilization and Credit Creation  
in Kenya? By Benjamin O. Maturu

## ii) Publications

a. KBA Working Paper Series -  
Arising from the Annual KBA  
Banking Research Conferences  
are the KBA Working Paper  
Series publications. As at the  
end of the year under review  
forty-six (46) papers had been  
published in the series, drawing  
from the presentations of all  
the conferences so far hosted  
by the Centre. These papers  
are an authoritative source  
of knowledge that forms the  
basis of engagement with  
other stakeholders, particularly  
the regulator, Government,  
international partners and  
academia. The KBA Centre for  
Research on Financial Markets

and Policy® undertakes a  
rigorous review process before  
the papers are published in the  
KBA Working Papers Series.  
Some of the papers have  
subsequently been published as  
journal articles.

- b. The KBA Economic Bulletin – a  
publication that is an easy read  
with a succinct overview of the  
state of the economy and its  
outlook. During the year, KBA  
Economic Bulletin, Volumes  
27, 28 and 29 were published.  
The Bulletin has received  
positive feedback from the wide  
readership it is now drawing.
- c. Regular Research Notes – these  
are often issued regularly and the  
timing of its issuance is largely  
– but not exclusively – around  
the timing of the meetings of  
the Monetary Policy Committee  
(MPC) of the CBK. During the  
year eight (8) Research Notes  
– Note 45 to Note 52– were

issued and published on the KBA  
website.

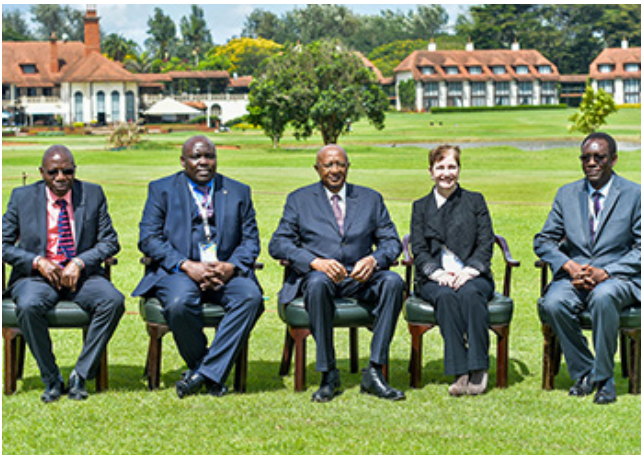
## iii) KBA Housing Price Index (KBA-HPI)

Subsequent to the presentation  
of the conceptual framework  
that underpins the KBA housing  
price index (KBA-HPI) during  
the 3<sup>rd</sup> Annual KBA Research  
Conference and the launch  
of the Index in February 2015,  
the KBA-HPI was consistently  
published every third week  
following the end of a given  
quarter. The index has received  
wide recognition and positive  
acknowledgement.

For more information about the  
Centre for Research on Policy and  
Financial Markets® please visit  
<http://www.kba.co.ke/research-center>



# Report on Credit Information Sharing



Various stakeholders attended the 5<sup>th</sup> Africa CIS Conference.



Participants follow proceedings during the conference.

The year 2020 came with its fair share of challenges due to the COVID-19 pandemic, which has had adverse effects on MSMEs and individual consumers of credit. Among various Government-instituted emergency interventions to cushion borrowers from the ravaging effects of the pandemic was the suppression of negative data updates to Credit Reference Bureaus for six months. These interventions coincided with the release of CRB Regulations, 2020 that brought a wide array of reforms to the CIS framework.

## CRB Regulations, 2020

The reforms accompanying the release of the Banking CRB Regulations 2020 included the introduction of a minimum threshold of KSh 1,000 for adverse listing, granting of first-time CRB clearance certificates free of charge, the inclusion of SACCO

societies as authorized subscribers, and withdrawal of Central Bank of Kenya (CBK) approvals for unregulated digital (mobile-based) and credit-only lenders previously allowed to share data through CRBs.

## Biennial 5<sup>th</sup> Africa CIS Conference 2020

The 5<sup>th</sup> Africa CIS Conference 2020 was held at Windsor Golf Hotel & Country Club from 13<sup>th</sup> to 14<sup>th</sup> February 2020. Organized by the National Treasury jointly with CIS Kenya with support from the World Bank and the Central Bank of Kenya, the Conference addressed the comparative contribution of key components of Credit Infrastructure namely: Credit Bureaus/Registries, Collateral Registries, and Insolvency / Debt Resolution. The then Economic Advisor to the National Treasury Dr.

Geoffrey Mwau, CBK Deputy Governor, Mrs. Sheila M'Mbijjewe, Lead Financial Sector Specialist at the World Bank Group – Ms. Luz Maria Salamina (and other representatives from the WBG) led active deliberations on this front by participants from Kenya's financial sector and experts from all parts of the African Continent.

## Interactive Sessions on Credit Rating and Risk-based Pricing

In partnership with Care Risk Solutions India CIS Kenya organized two virtual interactive sessions on Credit Rating and Risk-Based Pricing on 19<sup>th</sup> May 2020 and 9<sup>th</sup> to 11<sup>th</sup> December 2020. Credit Risk experts from CARE Risk Solutions shared global experience on the deployment of Rating and Risk-Based Pricing.



Central Bank of Kenya Deputy Governor Mrs. Sheila M'Mbijewe was a keynote speaker at the forum.



CIS Kenya CEO Mr. Jared Getenga making remarks at the 5<sup>th</sup> Africa CIS Conference.

## Industry Code of Conduct

CIS Kenya partnered with Palladium International to draft an appropriate Code of Conduct to support the establishment of CIS standards in line with CRB Regulations 2020. Once approved, this Code will apply to all non-regulated credit providers and contribute immensely to the quality and reliability of CRB's data, provide for risk-based pricing, and lead to unlocking capital for SMEs. At a virtual workshop organized to disseminate the CIS Code of Conduct 2020 on 23<sup>rd</sup> June 2020, industry participants endorsed the draft Code that was submitted to CBK for consideration. Subscribers to the Code will enjoy free access to the Data Validation Tool, Data Quality Support Services and the CIS e-learning platform.

## Program to Support Non-Banks to Join the CIS Framework

With support of FSD K, CIS Kenya undertook a six-month pilot project that commenced in July 2020 to prepare and test a process for onboarding of third-party credit providers. A total of 41 credit providers participated through the process that included four successful workshops organized with the involvement of the Leasing

Association of Kenya, Digital Lenders Association of Kenya, AMFI Kenya and the three CRBs. The output was an Onboarding Procedures Manual that was submitted to CBK for approval alongside the Code of Conduct.

## Stakeholder Engagement Activities in 2020

In addition to holding its 8<sup>th</sup> Annual General Meeting virtually on 26<sup>th</sup> June 2020, CIS Kenya engaged stakeholders in a three-day webinar series dubbed "CRB Risk Management Solutions" in August 2020. The series provided insights into the risk management solutions offered by the three CRBs to assist lenders to navigate the COVID-19 pandemic. An average of 67 participants attended the sessions, whose material is available on the CIS Learning Center. CIS Kenya also partnered with CARE Ratings in offering a course on IFRS 9 for Banks and Financial Institutions held on 16<sup>th</sup> July 2020.

## Communication and Consumer Engagements

In addition to organizing workshops and training, CIS Kenya continued to disseminate CIS messages to the public through social media platforms. The National Treasury rescheduled to 2021

plans for the National Public Awareness Campaign earlier targeted for 2020, to ensure the messages are well adjusted to reflect the COVID-19 context.

## Way Forward

Some of the policy directives issued by the government have resulted in major data gaps that have the potential to compromise the integrity of credit bureau databases and the reliability of credit bureau products in the long run. These gaps also create significant legal risks that arise whenever consumers' access to credit is constrained as a result of incomplete credit bureau records. It is on this basis that CIS Kenya with the support of the World Bank and the endorsement of CBK organized a local conference in March 2021 to provide an opportunity for CBK and leading sector players to review the impact of the COVID-19 pandemic and related policy and regulatory interventions to CIS mechanism in Kenya. The CBK Governor, Dr. Patrick Njoroge, who was the keynote speaker at the Conference, emphasized the three pillars that CBK will focus on going forward, namely: Risk Based Pricing, public awareness and expanding the scope of contributors to the CIS framework. A post-Conference Report will provide an opportunity to submit industry recommendations to CBK on areas requiring policy adjustments.







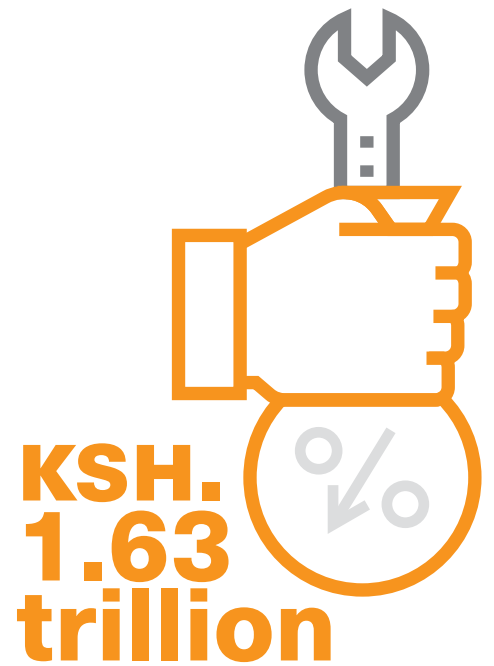
# Social Responsibility Report



More than  
**KSH. 1.8 billion**  
was donated by the Banking Industry towards the COVID-19 Emergency Response Fund

The scale of destruction owing to the COVID-19 pandemic in 2020, left lasting scars on millions of people world over. Scores of people were pushed to extreme poverty as they lost their livelihoods. Many had to exhaust their savings and assets to stay afloat while millions more lost their lives. Brookings Institution estimated that the widespread lockdown enforced to curb the spread of the virus cost the continent approximately US\$65 Billion.

Granted that the financial services sector players exercise considerable influence which does benefit People, Planet and Profit, their role in Kenya to mitigate the fallout from the health crisis was abundantly effective. Kenya's banking industry adoption of a broad-based inclusive growth mindset quickly enabled it to deploy measures that cushioned millions of households from the brink of devastation in 2020. The industry donated more than KSh 1.8 Billion to the COVID-19 Emergency Response Fund and provided loan holidays to their customers as a way of providing them with relief from the strain stemming from the health crisis. Banks went a step further and restructured customer loans amounting to KSh 1.63 trillion, as well as zero rated mobile transaction charges.



**KSH. 1.63 trillion**

worth of customer loans restructured in 2020

In 2020, the Kenya Bankers Association amplified the efforts made by member banks through initiating and also sustaining key industry-wide programs while at the same time, running essential consumer awareness campaigns that positively impacted the public.

## Enhancing Card, Mobile and Online Security in the New Normal

As a proactive measure to slow the spread of the virus, in 2020, the banking public were encouraged by the Association to go cash light and leverage on card, mobile and online platform services.

With increased usage of digital payment services, the risk of the banking public falling prey to fraudsters became a growing concern. To counter this, the Association rolled out the Kaa Chonjo Safety Awareness Campaign in



**OVER 51 million**

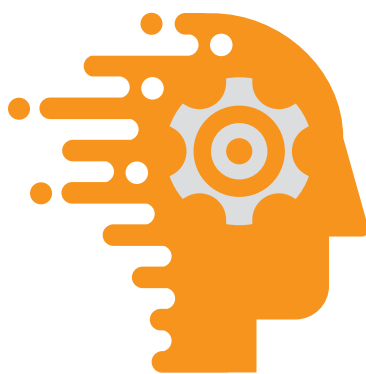
people were reached with key messages on card, online and mobile safety awareness.



partnership with Mastercard, PesaLink, Jamii Telecom Limited, Retail Trade Association of Kenya, and Consumer Grassroots Association. Themed 'Securing Financial Inclusion', the campaign conducted on social media and mainstream media reached over 51 million people. Banks supported the campaign by amplifying the safety awareness messages on their various platforms by using the hashtags, #KaaChonjo and #SecureYourBanking.

### Unlocking SMEs' Potential through Financial Literacy

Micro, Small and Medium-sized Enterprises (MSMEs) are the backbone of the country's economy. More than 7.4 million MSMEs in the country, provide employment to approximately 14.9 million Kenyans according to the Kenya National Bureau of Statistics (KNBS).



**12,671 MSMEs**

were supported through the Inuka Enterprise Program in 2020

Unfortunately, many MSMEs fail to celebrate their third year in business due to a myriad of challenges, such as, high competition from other businesses; insufficient working capital; and inaccessibility to affordable finance. In order to address this, the Association in 2018 launched the Inuka Enterprise Program. The capacity building program was carefully designed to de-risk entrepreneurs to enable them to access affordable finance, as well as sharpen their financial management skills to run viable and profitable businesses.

In 2020, KBA collaborated with Equity Group Holdings and the Kenya National Chamber of Commerce and Industry (KNCCI). Through the partnership, more than 10 thousand MSMEs drawn from various counties were reached through virtual trainings. DTB also held virtual Inuka SME trainings and reached another 260 MSMEs. In order to further support businesses during the harsh economic climate occasioned by the COVID-19 pandemic, the Association held 12 mentorship sessions on topics geared towards supporting businesses to navigate through the health crisis. Over 1,551 MSMEs were mentored in 2020. The total number of SMEs supported through the Inuka Enterprise Program in the year 2020 was 12,671.

### Entrenching a Customer Centric Culture

In the last three years, KBA has actively carried out customer service surveys with the goal of improving the banking public's overall experience. The surveys, since 2018, have been effective in providing industry direction on how to entrench customer centrisim.

In 2020, over 15,000 respondents drawn from Kenya's 47 counties provided feedback in the annual survey; 3 per cent of the respondents were Persons with Disabilities (PwDs). Bank clients, according to the feedback obtained from the survey, indicated that they opted for contactless banking channels to mitigate risk of exposure to the Novel COVID-19. About 43 per cent of the respondents expressed preference to mobile and internet banking. Only 16 per cent of those surveyed indicated that they needed to visit bank branches or contact call centres to transact or seek customer support.

# KAA CHONJO! BE **Alert**

MOBILE, CARD & ONLINE SAFETY

#SecureYourBanking

**TOP SECRET**

## Your PIN, Your Secret

Never save your Personal Identification Numbers (PIN) and passwords on your phone or keep the information in your wallet or purse.

Contact your bank for more information on card and online safety.

FOLLOW US ON TWITTER

@KenyaBankers #KaaChonjo



## INKA ENTERPRISE MENTORSHIP PROGRAMME SESSIONS



HOW COVID-19 IS AFFECTING SMALL BUSINESS AND WHAT YOU CAN DO

### COVID-19 Response Strategy for MSMEs.

FRIDAY, APRIL 17 | 11AM-12PM

Live on: [inukasme.co.ke/chats](https://inukasme.co.ke/chats)

WITH

**Annabelle Kanguru**

CORPORATE TRAINING AND BUSINESS MANAGEMENT CONSULTANT

#InukaSME



MANAGING PEOPLE DURING COVID-19

### How to effectively manage staff needs, track performance, avoid layoffs and observe employee rights during the COVID-19 Pandemic

THURSDAY, MAY 14 | 11AM-12PM

Join the live mentorship session by visiting: [inukasme.co.ke/chats](https://inukasme.co.ke/chats)

WITH

**Raimond Molenje**

DIRECTOR LEGAL, HUMAN RESOURCE AND POLICY ADVOCACY AT KENYA BANKERS ASSOCIATION

#InukaSME



### Opportunities For Businesses During COVID-19

THURSDAY, MAY 28 | 10AM-11AM

Register to join: [inukasme.co.ke/chats](https://inukasme.co.ke/chats)

WITH

**Waihiga K. Muturi**

SERIAL SOCIAL ENTREPRENEUR TRAINER

#InukaSME







# 15 179

## bank customers

drawn from the 47 counties participated in the 2020 Customer Service Survey

### 3%



of the 15,179 respondents were Persons with Disabilities (PwDs).



### 43%

of the respondents expressed preference to mobile and internet banking.

### 16%

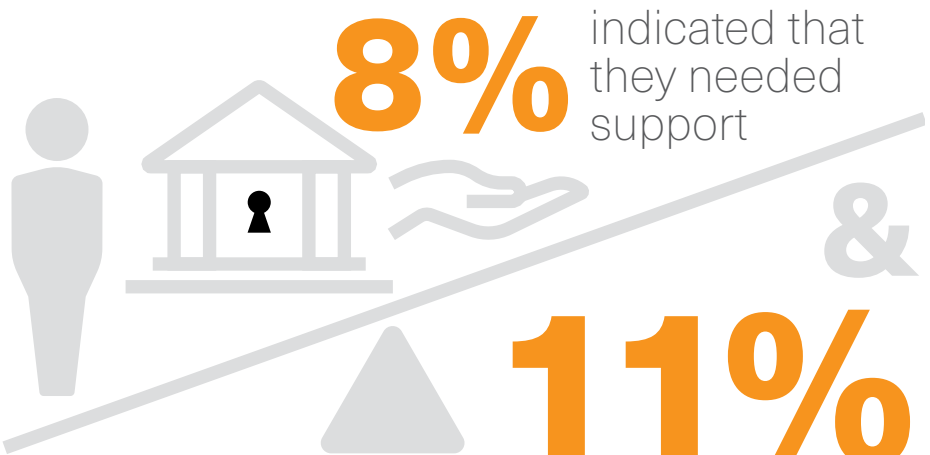


indicated that they needed to visit bank branches or contact call centres to transact or seek customer support



### 81%

of PwDs reported that they were able to use banking services independently



### 8%

indicated that they needed support

### 11%

occasionally require assistance

## INKUA ENTERPRISE MENTORSHIP PROGRAMME SESSION



**SOURCES OF CAPITAL AMID COVID-19 PANDEMIC**  
**Bank Support for Built Environment Business Owners Amid COVID-19 Pandemic.**

WEDNESDAY, JUNE 10 | 3PM-4PM **ON ZOOM**

#InukaSME

**WITH**  **Elizabeth Wasunna-Ochwa**  
 BUSINESS BANKING DIRECTOR, ABSA BANK KENYA PLC

**HOST**  **Arch. Wilson Mugambi**  
 AAK VICE-PRESIDENT  
 DIRECTOR AT INSIGNIA DEZYNS LTD



**Opportunities Available for SMEs in Advancing the Green Economy**

FRIDAY, JULY 31 | 10AM-11AM

To register for the webinar click the link provided

**WITH**  **Edward Mungai**  
 CEO OF THE KENYA CLIMATE INNOVATION CENTRE (KCIC)

**MODERATED BY**  **Nuru Mugambi**  
 KBA DIRECTOR OF PUBLIC AFFAIRS AND SUSTAINABLE FINANCE INITIATIVE LEAD



**How to Bounce Back Despite the COVID-19 Pandemic**

FRIDAY, AUGUST 14 | 10AM-11AM

To register for the webinar click the link provided

#InukaSME

**WITH**  **Frida A. Owinga**  
 IMPACT COACH & MENTOR



**How to run a bankable business amid the COVID-19 Pandemic and beyond**

Date: 4<sup>th</sup> September 2020 Time: 2:30pm – 3:30pm

**WITH**  **Margaret W. Kimani**  
 SENIOR, SBM, MANAGER & HEAD OF WOMEN & YOUTH BANKING

**MODERATOR**  **Arnold Wangila**  
 KENYA BANKERS ASSOCIATION ACCOUNTANT



**Effective Digital Marketing Strategies to Enhance your Business Visibility.**

Date: 4<sup>th</sup> November 2020 Time: 3:00pm – 4:00pm

**WITH**  **Rosemary Momanyi**  
 GOOGLE, SME LEAD, EAST AFRICA

 **Ramah Madiba**  
 KENYA NATIONAL CHAMBER OF COMMERCE AND INDUSTRY (KNCCI) HEAD OF ICT

 **Wilfred Omondi**  
 GOOGLE MY BUSINESS, PROJECT MANAGER

**MODERATOR**  **Hesborn Nyakundi**  
 KBA COMMUNICATIONS OFFICER





# SOCIAL RESPONSIBILITY REPORT



Standard Chartered Bank Client Experience Head Ms. Diane receives the bank's recognition in the 2020 Customer Satisfaction Survey. SCB was the best overall bank in digital experience



L-R: Diamond Trust Bank Contact Centre Head Ms. Sheila Bundi, Dr. Olaka and DTB Head of Service Excellence Ms. Azra Thobani during the presentation of a recognition certificate of the bank as the third best overall in customer experience.



Family Bank CEO Ms. Rebecca Mbithi (second left) receives the bank's recognition as the second best overall bank in digital experience.



L-R: Credit Bank Senior Marketing and Communication Manager Ms. Monica Chege and Contact Centre Head Ms. Judith Wanjala receive the bank's recognition as the best in digital experience in the Tier III category.



Respondents in the 2020 Banking Industry Customer Satisfaction Survey ranked Standard Chartered Bank as the best overall bank in digital experience, followed by Family Bank and DTB Kenya respectively.



KBA Public Affairs Director Ms. Nuru Mugambi was a panel speaker at the Bank of Africa International Women's Day Celebration



# Best Digital Banking Experience



## Tier 1

1. 
2. 
3. 



## Tier 2

1. 
2. 
3. 



## Tier 3

1. 
2. 
3. 

The survey also sought to establish the levels of accessibility for differently abled individuals. According to the findings, 81 per cent of PwDs reported that they were able to use banking services independently, while 8 per cent indicated that they needed support and 11 per cent occasionally requiring assistance.

The respondents rated Standard Chartered Bank as the best overall bank in digital experience, followed by Family Bank and DTB respectively. In tier rankings, Standard Chartered Bank took the top position in the Tier 1 category, followed by DTB, while Equity took the third position. Family Bank emerged best in Tier 2 with Ecobank and Prime Bank taking the second and third position respectively. Credit Bank topped in the Tier III category while Sidian and Bank of Africa took the second and third positions, respectively.

### Encouraging Gender Diversity in Leadership

Globally, according to a study by the Gender Equality in the Workplace, a mere 21 per cent of women in listed companies occupy managerial positions; with about 22 per cent in totality currently hold board-level positions.

Kenya Bankers Association initiated the Leading Women in Banking and Finance program to change the narrative and break the systemic gender divide that is pervasive in the financial services sector. To achieve this, the Association holds monthly events that are designed to build the capacity of bank female officials to take up senior management, c-suite and board-level positions. In 2020, the Association held six mentorship webinars and reached 303 bank female officials.

As a means to reach and support more women in the continent to scale higher in their leadership pursuits, KBA convened the Africa Regional e-Conference for Leading Women in Banking and Finance. Themed, "Breaking Barriers and Redefining Leadership in Africa," the conference which took place in October was attended by participants from more than 25 countries. A total of 1,692 people attended the symposium which also attracted high-profile speakers drawn from 17 countries. The event was hosted with the sponsorship support from DTB, Stanbic Bank, Mastercard, International Finance Corporation (IFC) and Safaricom. Strategic Partners of the conference included, New Faces New Voices, Kenyan Wallstreet, Strathmore University, Bankers Association of Zambia and Rwanda Bankers Association.



**1 692**  
women from  
25 countries

attended the Africa Regional e-Conference for Leading Women in Banking and Finance



**AFRICA REGIONAL  
e-CONFERENCE FOR**

Leading  
*Women*  
in Banking & Finance

HOSTED BY THE KENYA BANKERS ASSOCIATION

**15<sup>th</sup> - 16<sup>th</sup> OCTOBER 2020**

[www.africaleadingwomen.com](http://www.africaleadingwomen.com)

Speakers & Panelists

**Dr. Habil Olaka**  
Kenya Bankers Association  
(Co-Host)



**Nuru Mugambi**  
Kenya Bankers Association  
(Co-Host)



**Sheila M'Mbijewe**  
Dep. Governor,  
Central Bank Kenya  
(Chief Guest)



**Rekha Mhango,**  
Dep. Governor,  
Bank of Zambia



**Arunma Oteh**  
Oxford Scholar  
(Keynote Speaker)



**Joshua Oigara,**  
CBS, KCB Group  
CEO & MD



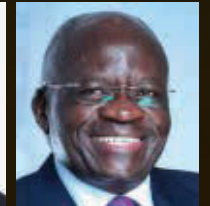
**Abena Osei-Poku**  
MD, Absa Bank,  
Ghana



**Nasim Devji**  
Group CEO & MD,  
DTB, Kenya



**Charles Mudiwa**  
Chief Executive,  
Stanbic Bank



**Francis Okello**  
Board Member  
Absa Group Ltd



**Rebecca Mbithi**  
CEO, Family Bank,  
Kenya



**Hedwige Nuyens**  
MD International  
Banking Fed. UK



**Joana Bannerman**  
MD, Access Bank,  
Zambia



**Mary Wamae**  
Group Executive  
Director, Equity  
Bank, Kenya



**Sylvia Mulinge**  
Chief Customer  
Officer,  
Safaricom



**Omokehinde Adebajo**  
MasterCard  
(Keynote Speaker)



**Eric Wilson**  
First VP, Citizen  
Trust Bank, USA



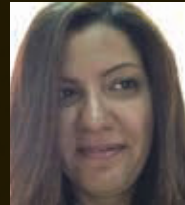
**Diane Karusisi**  
CEO, Bank of  
Kigali, Rwanda



**Juliana Rotich**  
Ushahidi  
Co-founder &  
Boya App



**Anne-Marie Chidzero**  
CIO FSD Africa



**Noha Shaker**  
Sec. Gen. Egypt  
FinTech Assoc.



**Esther Chibesa**  
MD - SS Africa  
Treasury & Trade  
Solutions, Citigroup



**Maserame Mouyeme**  
Director, Old  
Mutual, S. Africa



**Lindi Farisani**  
UBS Investment  
Bank, S. Africa



**Andia Chakava**  
Investment Dir.,  
Graca Machel  
Trust



**Agatha Juma**  
Story Curator &  
Director, Engage



**Mucha Mlingo**  
EQ Practitioner,  
PTS Africa



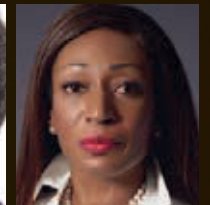
**Emily Kinuthia**  
Vision Board  
Coach,  
ActualEyezit



**Prof. Ruth Kiraka**  
Strathmore  
University



**Rose Ogega**  
CEO, Bloom  
Consultancy



**Ifeoma Dozie**  
MasterCard

In Strategic Partnership & Sponsorship by:



MONTHLY WEBINAR FOR



**Leading Women**  
in Banking & Finance

**TOPIC**  
Strategies to Clinch Board Positions

**Ms. Susan Kasinga**  
Board Member of Bank of Africa, UAP General Insurance and Greenlandfedha

**12<sup>th</sup> May 2020, 4:00pm-5:00pm**



*Theme: Breaking Barriers and redefining Leadership in Africa*

MONTHLY WEBINAR FOR



**Leading Women**  
in Banking & Finance

**TOPIC**  
**Navigating Your Career:** Lessons Learned about Reinvention and Impact

**Ms. Andia Chakava**  
Investment Director, Graca Machel Trust

**30<sup>th</sup> June 2020, 9-10am**  
On Microsoft Teams



*Theme: Breaking Barriers and redefining Leadership in Africa*

MONTHLY WEBINAR FOR



**Leading Women**  
in Banking & Finance

**TOPIC**  
**Standing-up for what you Deserve:** One Woman's Guide to Negotiating

**Ms. Adeolu Adewumi-Zer**  
Allianz Africa, Regional Head of Merges, Acquisition and Transformation

**14<sup>th</sup> July 2020, 2:30pm-3:30pm**  
On Microsoft Teams



*Theme: Breaking Barriers and redefining Leadership in Africa*

MONTHLY WEBINAR FOR



**Leading Women**  
in Banking & Finance

**TOPIC**  
Building a strong Personal Brand as a Leader

**Connie Aluoch**  
Founder, Connie Aluoch Styling Management

**29<sup>th</sup> September 2020, 2:30pm-3:30pm**  
On Microsoft Teams



*Theme: Breaking Barriers and redefining Leadership in Africa*

## Industry-wide Training on COVID-19

In 2020, KBA in partnership with Amref Health Africa convened a series of trainings to empower bank staff to mitigate the spread of the disease so as to ensure the business continuity for their respective firms. The sessions were structured to provide insights on the trends of the disease spread. Trainings also highlighted short to long-term measures that were to be implemented to safeguard the banking public and the banking workforce.

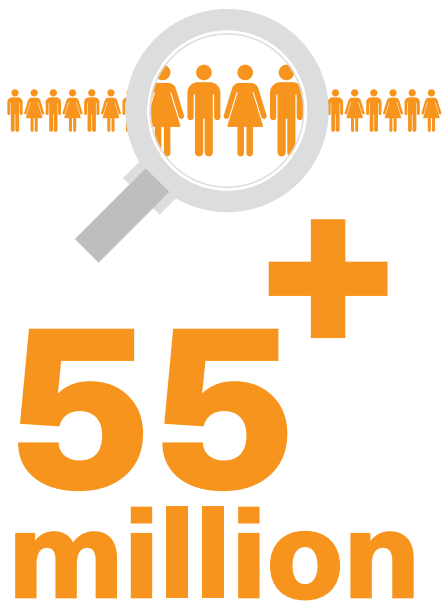
About 483 bank representatives were trained by Amref to onward train within their institutions. In the same year, Amref developed a self-training module which was deployed through the Sustainable Finance Initiative e-Learning platform and about 1,255 bankers were trained on the strategies of curbing the spread of the virus.

## Komesha Corona Campaign

In the spirit of supporting the Government of Kenya in reaching the

public with vital information regarding the Coronavirus, the Association and the banking industry supported the National Business Compact through co-championing the Komesha Corona Campaign. The National Business Compact, a coalition of industry Associations, companies, and health organizations, provided the roadmap for a unified approach in sensitizing the public. KBA together with member banks reached over 55 million people with the key messages on the COVID-19 through the hashtag #KomeshaCorona.





Kenyans were reached through the combined effort between the Association and member banks on messages to curb the spread of the virus.

**KOMESHA  
CORONA**

**Stay home.  
Avoid gatherings.  
Together, we can beat Corona.**

**#KomeshaCorona  
CALL 719 or DIAL \*719#  
IF YOU HAVE SYMPTOMS**

**KENYA BANKERS ASSOCIATION**

**National Business Compact on Coronavirus**

**PesaLink**  
Easy. Affordable. Instant.

**Sustainable Finance Initiative**

Over the years, KBA member banks have made significant strides in re-orienting their business goals to encompass sustainable development. KBA has been at the forefront in championing this endeavour when it roll-out the Sustainable Finance Initiative Guiding Principles which enabled financiers to balance their business goals with the economy’s priorities and socio-environmental concerns. To ensure the success and implementation of the Principles, KBA in

2020 implemented several activities that included:

**CAPACITY BUILDING**

In 2020, KBA received funding from WWF-Kenya in order to revamp the Sustainable Finance Initiative e-Learning platform. The revamped site was modernized to ease navigation. Additionally, the site was made disability friendly and interactive - learners are now able to engage each other directly by holding discussion forums to broaden their views on sustainability. In the same year, the Association with the support of Acorn Holdings developed

the firm’s case study that detailed its journey in making history when it issued Kenya’s and East African Region first green bond. To supplement the case study, the Association worked closely with WWF-Kenya in developing a module on the ‘Opportunities for Financiers in Advancing the Blue and Green Economy in Kenya.’ By the end of 2020, 33,213 bank employees had enrolled for the SFI online training while 27,949 had completed the training. Below is a summary of the completion and enrolment rates of member banks.

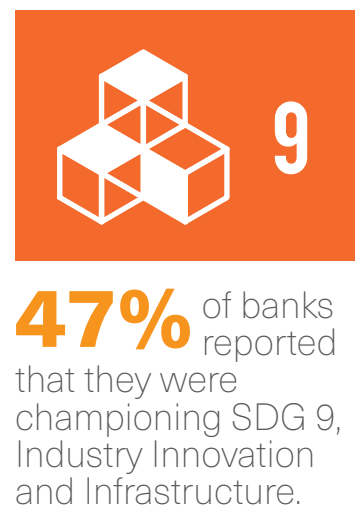
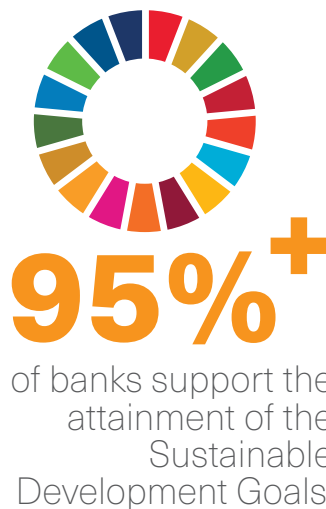
<b>Name of Bank</b>	<b>Percentage Registered</b>	<b>Percentage Completed</b>
Absa Bank Kenya Plc	91%	71%
African Banking Corp. Ltd	94%	46%
Bank of Africa	103%	91%
Bank of Baroda (K) Ltd	55%	44%
Bank of India	5%	2%
Citibank N.A.	58%	27%
Co-Operative Bank of Kenya Ltd	56%	40%
Consolidated Bank of Kenya Ltd	88%	81%
Credit Bank Ltd	98%	70%
Development Bank (K) Ltd	12%	7%
DTB Kenya (K) Ltd	100%	99%
DIB Bank Kenya	97%	80%
Ecobank Kenya Limited	100%	86%
Equity Bank Ltd	73%	68%
Family Bank Ltd	90%	87%
Faulu Microfinance Bank	80%	66%
First Community Bank Ltd	72%	61%
Guaranty Trust Bank Kenya Ltd	98%	95%
Guardian Bank Ltd	46%	32%
Gulf African Bank Ltd	100%	98%
Habib Bank A.G. Zurich	94%	69%
Housing Finance Company of Kenya Ltd	100%	87%
I & M Bank Ltd	101%	97%
Kingdom Bank Ltd	99%	94%
KCB Bank Kenya	101%	77%
Kenya Women Microfinance Bank	6%	5%
Mayfair Bank	0%	0%
Middle East Bank (K) Ltd	89%	77%
National Bank of Kenya Ltd	70%	52%
NCBA Bank Kenya PLC	100%	98%
Oriental Commercial Bank Limited	95%	90%
Paramount Universal Bank Ltd	106%	103%
Postbank	8%	4%
Prime Bank Ltd	44%	35%

# SOCIAL RESPONSIBILITY REPORT

Name of Bank	Percentage Registered	Percentage Completed
Rafiki Micro Finance	1%	0%
SBM Bank	71%	49%
Sidian Bank	104%	97%
Spire Bank Limited	95%	82%
Stanbic Bank Kenya	86%	67%
Standard Chartered Bank (K) Ltd	100%	100%
Access Bank	10%	3%
UBA Kenya Bank Ltd	25%	21%
Victoria Commercial Bank Ltd	100%	65%

## STATE OF SUSTAINABLE FINANCE REPORT RELEASE

In 2019, KBA initiated a Sustainable Finance Initiative voluntary reporting exercise that sought to determine the progress the Banking Industry had made in implementing the SFI Guiding Principles. The exercise revealed that 52.4 per cent of banks were on course in implementing the Principles, while 47.6 per cent of banks were actively implementing the Principles in their operations. More than 95 per cent of banks according to the report, support the attainment of the Sustainable Development Goals. Majority (47 percent) of the banks reported that they were championing SDG 9, Industry Innovation and Infrastructure.



H.E President Kenyatta attended the listing of Acorn Holdings' Green Bond on the London Stock Exchange. The bond was the first Kenya Shilling denominated corporate bond to be listed in the United Kingdom.



Central Bank of Kenya Governor Dr. Patrick Njoroge officiates the listing of the Acorn Green Bond at the Nairobi Securities Exchange.



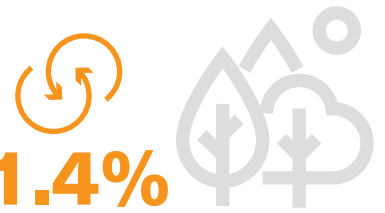
# Summary Report of Banks SFI Implementation Disclosure

**85.7%**



of banks reported that they monitor macroeconomic impact on firm's performance, including future impacts.

**71.4%**



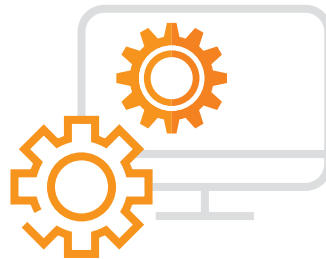
of banks reported that their bank developed policies that promote optimal management of financial resources (bank deposits) and natural capital (water use, clean air/ pollution control, wood/ paper, etc)

**85.7%**



of banks indicated that their credit policy ensures responsible and sustainable lending that promotes Kenya's sustainable economic development.

**90.5%**



of banks revealed that they leverage on technology to create new markets and reach underserved segments, including minority groups such as women, youth, and People Living with Disability.

**57.1%**



indicated that they engage commercial clients such as manufacturers and agriculture sector and determine their capacity to reduce environmental and social risks so as to be more sustainable.

**85.7%**



of banks indicated that they had launched a product in the last 12 months to target an underserved market segment. (SMEs, agriculture, informal sector, women, youth, PWDs).

**95.2%**



of banks conduct capacity building/ training programs for their customers.

**66.7%**



of banks have established a monitoring and evaluation of operations and lending in so far as its environmental and social footprint.

**52.4%**



of banks revealed that their management report on Environmental, Social and Environmental impact to the board credit committee or to the full board of directors.

**CO<sub>2</sub>**

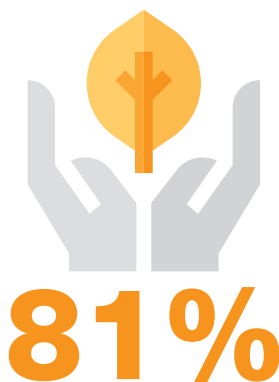


**52.4%**

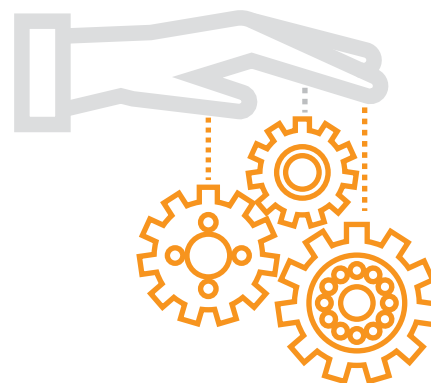
of banks revealed that they measure their carbon emissions/ carbon footprint (buildings, branches, ATMs, fleet, agents)



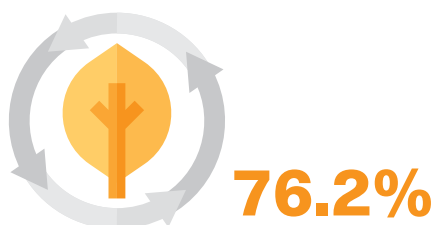
of banks indicated that their board have established formal governance structures that promote economic empowerment and enhances social and environmental aspects.



of banks surveyed stated that their management developed procedures that ensure compliance with local environmental laws including Climate Change Act), and labour standards.



of banks surveyed revealed that their bank's board of directors oversee the bank's sustainability agenda.



of banks have integrated Environmental and Social Management Systems/ Framework (ESM) in their lending practices.



of banks publish a comprehensive sustainability report that is not integrated in financial reporting.

**Paving the Way for an Inclusive Future for the Differently Abled**

In the same year, KBA in partnership with InAble and with the funding support from FSD Kenya coordinated a Persons with Disability pilot study, a first of its kind in Africa. Seven member banks agreed to have their digital channels and products assessed: Absa Kenya, Standard Chartered Bank, Rafiki Microfinance Bank, Family Bank, Cooperative Bank, Equity Bank and KCB Bank.

Through the assessment, the Banking Industry Persons with Disability Digital Accessibility Report and Case Study were developed in order to showcase the challenges differently abled persons faced while accessing banking services. In light of the findings, the report recommended that banks should ensure that their customers with disabilities are trained on how to use their emerging services and to dedicate special counters to serve customers with disabilities. In the study, banks were called upon to hire more employees that are differently abled. The study also revealed that PwDs preferred the use of bank branches followed closely by ATMs.

**Outlook**

Despite the havoc inflicted on the economy due to the health crisis, banks did not waver in their focus in advancing Sustainable Development. In truth, they rose to the occasion and provided a much-needed lifeline to millions of Kenyans across the 47 counties. They reallocated their resources to cushion households while also staying on course in supporting Kenya's realization of the SDGs.







