

TURNING POINTS

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019 (ABRIDGED VERSION)

TURNING POINTS

From breakthroughs on policy bottlenecks to market players coming together to create shared value through innovative digital lending platforms, 2019 was shaped by turning points that will define the banking industry's responsive course for years to come.

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ABOUT KENYA BANKERS ASSOCIATION

BACKGROUND INFORMATION

Kenya Bankers Association (KBA) was registered as an Industry Association on 16th 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 45 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 45 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, Mr. 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 REGULATORS

AT A GLANCE



committee meetings

held in conjunction with the association's mandate



MILLION KBA audience reach

TRAINING AND CAPACITY BUILDING AREAS

Clearing House Operations

Customer Service

Cybercrime

Data-based Product Development

FinTech's and Third-Party Integrations

Foreign Account Tax Compliance Act (FATCA)

FX Global Code

International Financial Reporting Standards (IFRS) 16

> Security and Business Resumption Planning

Sustainable Finance

Tax Matters (Withholding, Custom Duty, VAT, etc.)

convened and sponsored events

by KBA to facilitate policy engagement and industry growth and development

Sustainable Finance Initiative

28,523 Bank Staff TRAINED





Pesa Link Easy.Affordable.Instant.

Ksh 165 Billion

moved by PesaLink

Embu
Meru
Kiambu
Mombasa
Kisumu
Nairobi

🛈 Kisii

⊙ Nakuru ⊙ Nyahururu ⊙ Nyeri



Banking (Amendment) Act, 2016

Bank Assurance (Draft) Regulations 2018

Banking Penalties (Draft) Regulations 2017

Capital Gains Tax

Data Protection Bill 2019

Draft Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Agricultural, Construction and Mining Equipment Employment Act Bill 2019

Financial Markets Bill 2018

Financing of Micro, Small and Medium-sized Enterprises

Guidelines on Cash Deposits and Withdrawals

Housing Fund Regulations 2018

Industry Fraud and Cybercrime

Insolvency Bill 2018

Lands Act

Law of Contracts Bill 2019

Ministry of Lands Digitization Taskforce on Electronic Land Transactions Mobile Equipment on Matters Specific to Agricultural, Construction and Mining Equipment

Moveable Property Security Rights Act

National Payment Systems Act

National Policy and Draft Bill on the Credit Guarantee Scheme

Public Finance Management Bill 2019

Retrospective Imposition of Excise Duty and VAT

Robin Hood Tax

Unclaimed Financial Assets

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)

INDUSTRY STABILITY, GROWTH & DEVELOPMENT

Capital Markets Authority Master Plan Working Group

Court Annexed Mediation Accreditation Committee

Credit Information Sharing (CIS) Kenya Board

East African Community's Technical Working Group

Federation of Kenya Employers Board

Higher Education Loans Board

International Chamber of Commerce (ICC)

SECURITY

AntiMoney Laundering Advisory Board Central Bank / Communications Authority Computer Incident Reporting Team (CIRT) KEPSA Security Sector Board

National Counter-Terrorism Task Force

Judiciary's Business Court Users Committee Kenya Deposit Insurance Corporation Board

KEPSA Gender Sector Board

Kenya Private Sector Alliance (KEPSA) Board

KEPSA Public Finance Sector Board

Kenya School of Monetary Studies Board

Ministry of Lands Taskforce

National Research Fund

National Taskforce on Commodity Exchange

National Treasury Taskforce on the SME Credit Guarantee Scheme

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 31st DECEMBER 2019

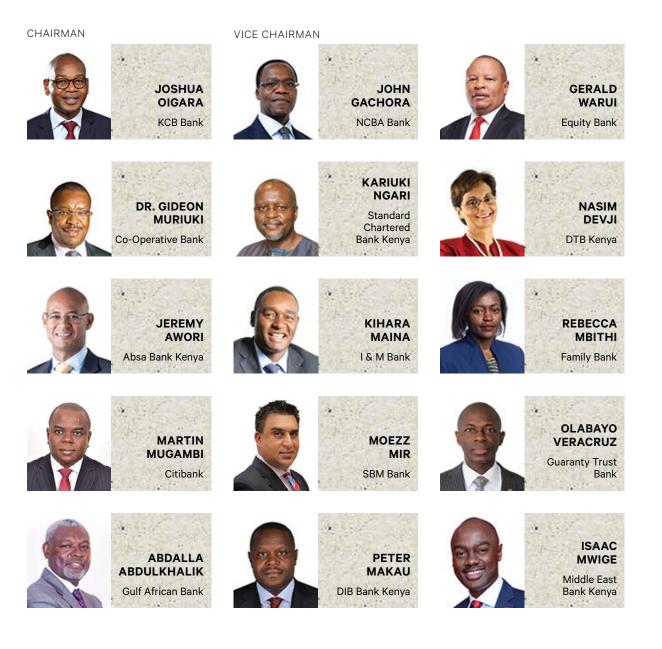
- 1. Absa Bank Kenya Ltd
- 2. African Banking Corp. Ltd
- 3. Bank of Africa Kenya Ltd
- 4. Bank of Baroda (K) Ltd
- 5. Bank of India Ltd
- 6. Citibank N.A. Ltd
- 7. Consolidated Bank of Kenya Ltd
- 8. Co-Operative Bank Kenya Ltd
- 9. Credit Bank Ltd
- 10. Development Bank (K) Ltd
- 11. DTB Kenya Ltd
- 12. DIB Bank Kenya
- 13. Dubai Bank Ltd (In Receivership)
- 14. Ecobank Kenya Ltd
- 15. Equity Bank Ltd
- 16. Family Bank Ltd
- 17. Faulu Microfinance Bank Ltd
- 18. First Community Bank Ltd
- 19. Guaranty Trust Bank Ltd
- 20. Guardian Bank Ltd
- 21. Gulf African Bank Ltd
- 22. Habib Bank A.G. Zurich Ltd
- 23. HF Group Kenya Ltd

- 24. Imperial Bank Ltd (In Receivership)
- 25. I & M Bank Ltd
- 26. Jamii Bora Bank Ltd
- 27. KCB Bank Kenya Ltd
- 28. Kenya Women Microfinance Bank Ltd
- 29. Mayfair Bank Ltd
- 30. Middle East Bank (K) Ltd
- 31. M Oriental Bank Ltd
- 32. National Bank Ltd
- 33. NCBA Bank Kenya Plc
- 34. Paramount Universal Bank Ltd
- 35. Postbank Ltd
- 36. Prime Bank Ltd
- 37. Rafiki Microfinance Bank Ltd
- 38. SBM Bank Ltd
- 39. Sidian Bank Ltd
- 40. Spire Bank Ltd
- 41. Stanbic Bank Ltd
- 42. Standard Chartered Bank (K) Ltd
- 43. Transnational Bank Kenya Ltd
- 44. UBA Kenya Bank Ltd
- 45. 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 2019



KBA COMMITTEE REPRESENTATIVES









ROBLEY

NGOJE

KCB Bank













BANK FRAUD AND RISK Sub-Committee

Chair Equity Bank (Gerald Munyiri) Vice Chair NCBA Bank (Sichana Jalala) Secretary Kenya Bankers Association (Fidelis Muia)

CLEARING HOUSE Sub-Committee

Chair Citibank (Brian Koletit) Vice Chair NCBA Bank (Michael Mucheru) Secretary National Bank of Kenya (Caleb Ogutu)

COMPLIANCE Sub-Committee

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

CREDIT Sub-Committee

Chair Absa Bank (Christine Mwangi-Marandu) Vice Chair ABC Bank (Boniface Kioko) Secretary Kenya Bankers Association (Jared Osoro)

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 Co-op Bank (Mutahe Karuoro)

HUMAN RESOURCES AND ETHICS Committee

Chair KCB Bank (Robley Ngoje) Vice Chair (Ms. Wangare Gathu) Secretary Kenya Bankers Association (Raimond Molenje)

IT SYSTEM RISKS & SECURITY Sub-Committee Chair NCBA Bank (Kabuthia Riunge) Vice Chair Vacant Secretary Gulf African Bank (Wilson Maina)

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

11

Chair DTB Kenya (Suraj Shah) Vice Chair DIB Bank Kenya (Abubakar Ali) Secretary Kenya Bankers Association (Fidelis Muia)

PUBLIC RELATIONS Committee

Chair Stanbic Bank (Willis Angira) Vice Chair ABC Bank (Wambui Kaguongo) Secretary Kenya Bankers Association (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. 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 School of Monetary Studies, Kenya Deposit Insurance Corporation, Higher Education Loans Board, National Research Fund, Federation of Kenya Employers, and the Anti-Money Laundering Advisory Board (as alternate to KBA Chairman). He chairs the Public Finance Sector Board of the Kenya Private Sector Alliance (KEPSA). He also sits on the board of Centre for Corporate Governance.

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.



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. 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 womens' 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.



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).



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Mr. Osoro was appointed in January 2013. He has over 15 years' experience as a practicing economist in the financial sector.

Before his current appointment, he served as Bank Economist for the East African Development Bank, a position he held for more than 10 years. His professional interest is in the areas of International Macroeconomics, Financial Economics, Economic Policy and Modeling, and Development/Project Financing Economics. Attesting to this interest, he has published numerous essays for a technical audience as well as for a wider readership.

He holds a Master of Science Degree in Economics from the University of Zimbabwe and a Bachelor's Degree in Economics from the University of Nairobi, and has received post-graduate training in Project Financing Economics from Bradford University (United Kingdom), and Development Evaluation Economics from World Bank and Carleton University (Canada).



Mr. Raimond Molenje joined Kenya Bankers Association in August 2018 as Head of Legal, Human Resources and Industrial Relations. He has over 15 years' experience in the dual areas of legal practice and human capital advisory, having worked as a practicing advocate, corporate in-house Legal Counsel at a government parastatal, and in several legal, HR and labour relations roles. He most recently served as HR Advisor at De La Rue Currency and Security Print.

Prior to that he was Legal Manager at Federation of Kenya Employers (FKE) before joining Equity Bank Group as HR Manager, Employee Relations. Molenje is an Advocate of the High Court of Kenya, Commissioner for Oaths and Notary Public. He is passionate about training and capacity building and as such serves as Board Member and Lecturer at the College of Human Resources Management.

He is also a Board Member with: Auctioneers and Licensing Board as well as Mediation Accreditation Committee of the Judiciary. He is a practicing member with both Law Society of Kenya (LSK) and Institute of Human Resource Management (IHRM). He 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.

NOTICE OF THE ANNUAL GENERAL MEETING

26th May 2020

THE CHIEF EXECUTIVE OFFICERS OF KBA MEMBER BANKS

Dear Sirs/Mesdames,

NOTICE OF THE 58TH ANNUAL GENERAL MEETING TO BE HELD ON THURSDAY 25TH JUNE 2020 FROM 2:30PM (Virtually – Teams Link)

Notice is hereby given that the 58th Annual General Meeting of Kenya Bankers Association will be held on Thursday 25th June 2020, from 2:30p.m, virtually through Teams platform.

AGENDA

- 1. Constitution of the Meeting and adoption of the Agenda.
- 2. Confirmation of minutes of the 57th Annual General Meeting held on 27th June 2019.
- 3. Matters arising from the minutes of the 57th Annual General Meeting.
- 4. Adoption of the Chairman's Report.
- 5. IPSL Update.
- 6. Consideration of the Audited Financial Statements for the financial year ended 31st December 2019.
- 7. Election of Members of the KBA Governing Council.
- 8. Any Other Business.

Yours Faithfully,

Dr. Habil Olaka Chief Executive Officer

CHAIRMAN'S MESSAGE

CHAIRMAN'S MESSAGE





Responsive lending underpinned the banking industry's trajectory in 2019; the year 2020 presents us with unique challenges which will require a collaborative approach to create value for the economy through policy interventions and customer-centric initiatives.

The year 2019 will undoubtedly be considered a significant turning point in the recent annals of Kenya's banking industry. It was the year of landmark customer-centric initiatives, as well as, far-reaching changes in the regulatory space. In addition, 2019 saw the industry commendably maintain its resilience path which ultimately culminated in success, considering the market dynamics that prevailed during the business period.

At the year's onset, for example, the macro-economic environment was still reeling in hampered overall growth – largely associated with the Banking Amendment Act (2016), particularly from the perspective of credit access for the important micro-level growth drivers of the economy. The situation called for further operational and strategic realignments to meet the emerging regulatory and market needs.

It was, thus, plausible that the industry developed a raft of innovative solutions intended to reinvigorate growth, acknowledging the important interdependence between the welfare of small enterprises and the overall performance of the economy. This deliberate focus became the industry's overriding and consistent determination for the year.

In this light, the industry pooled its synergies together and continued to initiate novel digital lending solutions targeted at enhancing enterprise growth and deepening financial inclusion. On this note, I gratefully acknowledge all our member banks for the efforts, which continued to hoist Kenya's flag high above our regional peers in the area of digital finance. I am firmly convinced that this impressive trend-setting scorecard informed the hosting in Kenya of the Inaugural Afro-Asia Fintech Festival that was held in Nairobi in July, 2019. Besides providing a great networking opportunity with global and local thought leaders, the festival facilitated the sharing of insights on ways of nurturing Fintech ecosystems in Kenya and beyond. It was encouraging to see banks sponsor the event and showcase the industry's ground-breaking innovations



KBA Chairman Mr. Joshua Oigara (centre), Vice Chairman Mr. John Gachora (left) and CEO Dr. Habil Olaka during the 2018 Annual General Meeting.



L-R: Kenya Association of Manufactures Vice Chairman Mr. Mucai-Kunyiha, Gulf African Bank Managing Director and KBA Governing Council member Mr. Abdalla Abdulkhalik, Office of the President SME Advisor Ms. Anne Mutahi and Parliamentary Caucus on SDGs and Business Chair Hon. Gideon Ochanda in a panel discussion during the launch of the Association's 2019-2023 Strategic Plan.

In the regulatory arena, the year 2019 marked the repeal of the Banking Amendment Act, a move that was facilitated by the introduction of the Finance Bill 2019. A significant milestone triggered by the advocacy initiatives conducted by the Kenya Bankers Association, the development heralded a new era of responsive and responsible banking. I am happy to note that the industry has continued to work with customers with an aim to facilitate access to affordable credit and enhance customer satisfaction.

Notably, these efforts resonate with the industry's Strategic Plan for the for the period 2019 to 2023, whose objectives include deepening financial inclusion by facilitating affordable banking services through tech-driven innovations and enhanced operational efficiency in the sector. Banks' initiatives have also sought to meet the regulatory requirements outlined by the Central Bank of Kenya (CBK) Banking Sector Charter, particularly on the adoption of customer-centric business models; risk-based credit pricing; transparency, as well as, information disclosure; and entrenchment of ethical culture.

PROMOTING ENTERPRISE

The importance of Micro, Small and Medium-sized Enterprises (MSMEs) cannot be gainsaid. Since MSMEs are inalienable catalysts of growth, the banking industry continued to support the enterprises throughout 2019 despite policy bottlenecks. Recognising that small businesses contribute an estimated 40 percent to the National Gross Domestic Product, and create more than 70 percent of employment, underlines the need to continue exploring ways of further supporting enterprises towards promoting sustainable economic development.

To this end, the industry has rolled out a wide range of products designed to meet the unique needs of MSMEs. These include the Stawi product that was developed by four of our member banks. Similarly, in conjunction with promoting industry efforts on enterprise development, KBA held the inaugural Inua Biashara Day which was officiated by His Excellency President Uhuru Kenyatta. The event was attended by approximately 4,000 participants cutting across the MSME sector and our stakeholders, including industry associations, the Kenya Chamber of Commerce and Industry, the Government and development finance agencies. The MSME showcase was a first for the banking industry. The forum highlighted the industry's unity of purpose with regard to in building the value proposition for the business community. It was a great success and we look forward to hosting more such fora.

SHOWCASING INDUSTRY VALUE PROPOSITION

In a bid to showcase how banks create shared value and bolster KBA's lobbying and advocacy agenda, the industry unveiled various reports that tracked our sector's contribution to the economy. These reports included the Total Tax Contribution Report, which was published by KBA in partnership with PwC. The survey provided valuable insights about the role the industry plays in mobilizing tax revenue for economic development. From the responses of 38 banks, we were able to establish that the industry contributed excess of KSh. 108 billion in 2017 and KSh. 99 billion in 2018, including through corporation tax, VAT,



Mr. Oigara speaks during the inaugural KBA Inua Biashara Day SME showcase. The event was presided over by H.E President Uhuru Kenyatta and attended by Ministry of Agriculture, Livestock, Fisheries and Cooperatives Cabinet Secretary Hon. Peter Munya, Central Bank of Kenya Governor Dr. Patrick Njoroge, Head of Public Service Dr. Joseph Kinyua and US Ambassador to Kenya Mr. Kyle McCarter, among others.

withholding tax and PAYE. This is a tremendous contribution to the fiscal budget. I have no doubt that this report will continue to enrich and reinforce discourse on the sector's relevance to the economy and inform tax policy frameworks moving forward. Set to be published for the next three years, the report will certainly augment KBA's and member banks' knowledge base in engagements with diverse stakeholders from a fact-based perspective.

Similarly, KBA released the Kenya Banking Industry Shared Value Report which revealed that banks contributed approximately KSh. 2.1 billion in Corporate Social Responsibility (CSR) in 2018 and about KSh. 6.7 billion in the last three years. Among the top-ranking social investment areas for banks include: Education, Health and Environment. The report was launched by the KBA Governing Council in Parliament during an open day event convened by the Kenya Parliamentary Caucus on Sustainable Development Goals (SDGs). The findings of the study continue to aid the Association's advocacy efforts in ensuring parliamentarians remain alive to the fact that the industry is creating long-term value for society and the environment.

In addition, KBA unveiled the State of the Banking Industry Report. The research, with key findings that were underpinned by an assessment covering 15 years of industry performance, sought to contribute towards the understanding of the banking industry in a comprehensive manner that also addresses our various external stakeholders. The report analyses aspects of the market including policy and regulation, business environment and stakeholder expectations, recognising the extent to which they are linked. To be published annually, the report will continue to offer insights on the significance of regulatory and market developments on banking sector performance. Our lobbying efforts are only as strong as the proof points we are able to provide the KBA Secretariat team. The Secretariat team will continue to engage in research-based advocacy, and we encourage all members to provide information when called upon to do so. We thank the member banks for supporting these efforts which ultimately ensure industry growth and development.

RESPONSE TO THE GLOBAL PANDEMIC

As we look forward to the year 2020, we already have seen signs that the year will be another extra ordinary year for the industry. I believe the Coronavirus pandemic (COVID-19) is one of our greatest challenges of the 21st Century.

I'm proud of how KBA has quickly partnered with the Central Bank of Kenya to develop policy interventions and align to support all our industry staff, customers and stakeholders. While its early days, we already see the Kenyan spirit of umoja coming through. So much of our world has changed in a very short time but what remains constant is that which makes us Kenyans: we smile in the face of adversity, and we do not hesitate to help when called upon. Banks and bankers have been stepping up to support the national effort during this health crisis. As an industry, we have been educating our stakeholders through the Komesha Corona campaign and KBA Go Digital Banking campaign. We also committed to raise KSh. 1 billion for the National COVID-19 Emergency Fund, which was established by His Excellency President Kenyatta and is overseen by stakeholders representing the private sector.

I am deeply thankful to all the CEOs who have stepped up and answered the call. So far, we have been able to raise approximately KSh. 1.7 billion for the COVID-19 Fund.



Participants visit exhibition booths set up by banks during the Inua Biashara Day organised by the Association. Close to 30 banks displayed SME products at the event.

We sincerely thank all the banks for their contributions. We know more donations are coming in and we welcome members to continue supporting the national effort. Banks have also gone above and beyond the call of duty to work with their clients to cushion them from the adverse effects of the pandemic. Estimates from Central Bank indicate that within the first 2 months of the first COVID case in Kenya, banks had restructured more than KSh. 82 billion worth of facilities. This is quite commendable, and we encourage the members to continue to work with their clients, together we will win!

APPRECIATION

As I conclude, I would like to note that the theme for this annual report, Turning Points, signals changes in the sector regarding regulatory shifts that occurred in 2019. It is also a rallying call for the industry to ponder the bearing of COVID-19 on existing business models. The Association through the Secretariat supported by the KBA Governing Council will continue to advocate for policies that will facilitate a conducive environment for banks to thrive.

Let me take this opportunity to appreciate the Vice Chairman, Mr. John Gachora, for always being available to provide guidance on industry policy matters. I thank the entire KBA Governing Council for their commitment and support which greatly helped the industry navigate challenges in 2019. On behalf of the Council, I thank all the member bank CEOs for their leadership and support of KBA activities.

Finally, I recognise the efforts by the KBA Secretariat, led by Dr. Habil Olaka, particularly with regard to supporting our member banks. It is encouraging that the industry has established continuing engagements and improved relations with stakeholders such as the National Treasury, Central Bank of Kenya, Capital Markets Authority, Retirement Benefit Authority, the Kenya National Chamber of Commerce and Industry, among other stakeholders.

I firmly believe that together, we will maximize the opportunities and overcome the global health crisis and other challenges that face us in 2020. Stay safe, and God bless you all.

Alconson Aa

Joshua Oigara Chairman

CEO'S MESSAGE





Kenya Bankers Association continues to lead on key policy engagements on behalf of the banking industry and broader financial services sector. These include with the Ministry of Lands' Digitization Workforce that is mandated to develop regulations to facilitate the digitization of the land registry. The project will see property registration at the Nairobi registry reduce from 73 working days to 12 working days. KBA is also engaging the Ministry to ease the transfer of mortgages. Other regulations include the Insolvency Bill and Regulations 2018, Law of Contracts Bill 2019, Bancassurance (Draft) Regulations 2018, Unclaimed Financial Assets, Data Protection Bill 2019, Employment Act Bill 2019, Public Finance Management Bill 2019, and Financial Markets Conduct Bill 2018. In line with the Affordable Housing pillar of the national Big Four Agenda, KBA participated in the review of the Housing Fund Regulations 2018. KBA also engages with the National Treasury on Fiscal Budget submissions.

LEGAL AFFAIRS

KBA continued to successfully represent the banking industry's collective challenges arising from diverse legislative and regulatory bodies. During the period, KBA successfully petitioned the Courts in the following court cases:

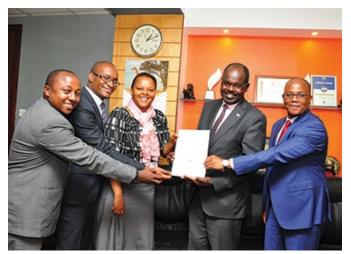
 Petition against the Next of Kin law requiring the maintenance of next of kin details for all customers with KSh. 1 million penalty for each account in violation;

- Petition against the law barring the current industry best practice on withdrawal and deposit control measures aimed at curbing money laundering; and
- Petition by Boniface Oduor leading to the declaration of the interest rate capping law as unconstitutional in March 2019.

Other petitions that were ongoing included the challenge to the retrospective imposition of Excise Duty on bank charges; and the petition to allow payment and processing of Stamp Duty on the iTax system without the conditional requirement of payment of Capital Gains Tax. In all these cases, KBA works to ensure that the legal rights of banks are protected while recognizing the concerns of our external stakeholders.

INDUSTRIAL RELATIONS

KBA successfully negotiated the Collective Bargaining Agreement for all unionisable staff within the Industry for the two-year period 2019-2021 with the Banking Insurance and Finance Union (BIFU), leading to enhanced benefits and conditions of employment for all unionisable staff in the industry. We are proud of our long history that spans over two decades of fostering harmonious industrial relations with no single collective dispute registered between KBA and the Union.



L-R: ACI-Financial Markets Authority of Kenya Treasurer Mr. Edwin Tekere, outgoing Vice President Mr. Martin Runo, Chairperson Ms. Mutahe Karuoro, KBA CEO Dr. Habil Olaka and KBA Chief Finance Officer Mr. Kennedy Mutisya during the signing of an MOU aimed at promoting development in the financial markets.



L-R: KBA Research and Policy Director Mr. Jared Osoro; World Bank Financial Sector Consultant Ms. Leah Kiwara; FSD Kenya Head of Regulation Mr. Gitau Mburu; and KBA Head of Legal, HR and Industrial Relations Mr. Raimond Molenje after a consultative meeting on the collateral registry survey.

CLEARING HOUSE OPERATIONS

KBA owns and operates the Automated Clearing House in conjunction with the Central Bank of Kenya. During the year, the Clearing House operations saw marked improvement through various efficiency projects. Automated direct debit processing was introduced with a view to reduce the turnaround time for direct debits mandate processing from 14 days to 4 days. The migration of the Domestic Foreign Currency Clearing aligning the clearing cycle to the local currency cycle was also successfully implemented. The Automated Clearing House Sub-Committee carried out successful scenario testing at the disaster recovery site; and hosted a refresher training on clearing processes and procedures, as well as, the KBA dispute arbitration process. The year closed with KBA Associate Member Micro Finance Banks directly accessing the Clearing House.

CURRENCY CENTRES

KBA in partnership with Central Bank of Kenya has commenced the establishment of the Kisii Currency Center which will be hosted by Absa. KBA continues to partner with CBK on



Dr. Olaka interacts with some of the Members of Parliament that attended the forum where the Banking Industry Shared Value Report was launched at Parliament buildings.



Participants in the two-day Data and Product Development workshop that was attended by more than 30 senior bank managers.

maintaining currency centers in Meru, Nyeri and Nakuru and refurbished the centers during the year. KBA members have been instrumental in supporting the centers, enhancing cash management efficiency in the regions. KBA in conjunction with the CBK Currency Department also conducted trainings for banks' currency staff in Nairobi, Mombasa, Nyeri and Meru.

CYBERSECURITY AND INDUSTRY RISK MITIGATION

The Communications Authority of Kenya and KBA are working to establish a sector-wide framework to combat Cybersecurity threats and a sector Network Security Operations Control strategy is being considered. Meanwhile, KBA is championing a standardized incident reporting framework. The Association continues to engage in best practice sharing towards supporting industry capacity to mitigate system risk. Recent engagements include a study tour to Nigeria to study the country's risk mitigation practices. Nigeria has in place a system which centrally stores biometric identification and authorized signatories. As a strategy to contain fraud, this system is shared across all commercial banks' agents to facilitate real-time KYC checks before a transaction is processed. The findings of the visit will inform a Technical Working Group on Shared KYC, a project that has been supported by the KBA Governing Council.

MOVABLE COLLATERAL REGISTRY

The online moveable collateral registry was established to facilitate access to credit from financial institutions by use of one's moveable assets such as motor vehicles, livestock and household items. The registry enables online searches, registrations, and amendments or cancellation of notices through the e-Citizen platform. As of the end of January 2019, there were 183,487 loans registered with assets worth KSh. 3.65 trillion and more than 13,000 searches were conducted since the launch of the registry in May 2017. KBA, FSD Kenya and World Bank conducted a user assessment survey for the Collateral Registry stakeholders, including all banks. The report was submitted to the Attorney General's Office towards improving on the system which helps to stimulate access to credit.



Banking Insurance and Finance Union (Kenya) and KBA member banks' management during the signing of a Collective Bargaining Agreement (CBA) for the period between 1st March 2019 to 28th February 2020. The CBA provided for a 6 percent salary increase for the unionisable employees and improved benefits including medical care, house, leave, and shift work allowances.

CUSTOMER SERVICE

KBA in conjunction with the Institute of Customer Service carried out a survey to gain insights on sentiments from bank customers. More than 11 thousand responses were received by the Association and the results of the survey were released. Overall, banks were rated by the banking public as having improved in the area of customer service and user experience. The banking public also valued industry efforts to enhance digital banking platforms, with an emphasis on mobile banking.

CAPACITY BUILDING

During the year, KBA facilitated numerous capacity building workshops for the member banks, the topics covered include IFRS 16 and the FX Global Code. KBA partnered with FSD-Kenya to host a two-day training on data analytics. The "Data and the Future of Finance" training centred on the demand-side data, supply-side data and real economy data that banks can utilise to create innovative market strategies and design more relevant products that address the unmet needs of consumers. KBA also continues to support the Leading Women in Banking and Finance initiative which aims to promote diversity at senior levels within the industry.

Dr. Habil Olaka Chief Executive Officer



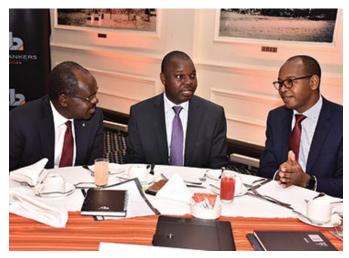
L-R: Standard Chartered Bank Client Experience Head Ms. Diane Korir, KCB Chief Operating Officer Mr. Samuel Makome, Credit Bank CEO Ms. Betty Korir, Equity Bank Customer Care Manager Ms. Susan Wakonyo and KBA Communications and Public Affairs Director Ms. Nuru Mugambi during the presentation of certificates to banks recognised for customer service excellence in 2019. Equity Bank, Standard Chartered Bank and Credit emerged top overall, respectively.



L-R: Kenya Parliamentary Caucus on SDGs and Business Chairman Hon. Gideon Ochanda, Gulf African Bank Managing Director and KBA Governing Council Member Mr. Abdalla Abdulkhalik, KBA Chairman Mr. Joshua Oigara, KBA CEO Dr. Habil Olaka, Kenya Association of Manufacturers Vice Chair Mr. Mucai Kunyiha and Office of the President SME Advisor Ms. Anne Mutahi during the launch of the Association's 2019-2023 Strategic Plan.



L-R: KBA Research Officer Mr. Josea Kiplang'at, Research and Policy Director Mr. Jared Osoro, Dr. Olaka, Stanbic Bank Regional Economist Mr. Jibran Qureishi and NCBA Head of Treasury Mr. Raphael Agung during the release of the State of the Banking Industry report.



Dr. Olaka, Hon. Ochanda and Mr. Oigara during the launch of the Association's Strategic Plan.



KBA Chief Finance Officer Mr. Kennedy Mutisya speaks during the Data Protection Act sensitization workshop that was organised by the Association for member banks.



L-R: Public Sector Accounting Standards Board of Kenya Chief Executive Officer Mr. Fred Riaga, KBA Member Services Officer Ms. Eva Miricho and KBA Accountant Mr. Arnold Wangila during 2019 FiRe awards. The Association emerged tops in the SME category.



H.E President Uhuru Kenyatta addresses participants during the Inaugural Inua Biashara Day.



Central Bank of Kenya Governor Dr. Patrick Njoroge and Deputy Governor Ms. Sheila M'Mbijjewe were among the guests who attended the Treasurers workshop organised by the Association.



L-R: KBA Communication and Public Affairs Director Ms. Nuru Mugambi, IPSL CEO Ms. Agnes Gathaiya, KBA Chairman Mr. Joshua Oigara, KBA CEO Dr. Habil Olaka, Research and Policy Director Mr. Jared Osoro and KCB Communication Manager Mr. Peter Mwaura during the research conference.



Kenya Revenue Authority Deputy Commissioner for the Policy and Tax Advisory Mr. Caxton Ngeywo speaks during the unveiling of the Total Tax Contribution of the Kenya Banking Sector report.



Mr. Osoro makes a presentation during the Moody's Analytics forum on Financial Markets.



The Payments Association of Kenya convened a forum to discuss ways of facilitating efficiency and innovation in payments services. The Association was represented by KBA Technical Services Director, Mr. Fidelis Muia, who observed that low prices driven by competition has increased convenience for customers.

REPORT ON INTEGRATED PAYMENTS SERVICES LIMITED (PESALINK)

REPORT ON INTEGRATED PAYMENTS SERVICES LIMITED (PESALINK)



DTB Managing Director and KBA Governing Council Member Ms. Nasim Devji when she visited the PesaLink booth during the Afro-Asia Fintech Festival.

The biggest revolution in the global payments industry in the last decade has probably been the advent of Real-Time Payments. The banking industry in Kenya has not been left out on this journey. In 2017, the industry, under the auspices of the Kenya Bankers Association launched a Real-Time Payment platform for the entire banking industry called PesaLink.

At the time of PesaLink's launch, there were less than 10 instant payment switches globally. Today there are over 48, with about 16 more in development across the world. Indeed, Real-Time Payments, Instant Payments, Faster Payments or whatever we choose to call them, are the future of financial services. These implementations provide a shared payment infrastructure that facilitates financial inclusion, help drive digital transformation initiatives, reduce transaction cost and provide immediate value into bank accounts.

Unlike traditional inter-bank transfers which involve batch processing of transactions, 2-3 business days for settlement and deferred value into beneficiary's account, PesaLink provides a competitive advantage for bank customers, merchants and corporates for real-time transfer, within seconds, at a low fee, immediate value and same-day settlement capabilities. This has



IPSL CEO Agnes Gathaiya was a panellist in a forum hosted by Metta on payment security. During the session, Ms. Gathaiya shared her insights on the role different players in the payments space play in the digital ecosystem; ways to detect and respond to fraud; and building customer trust with secure frictionless payments.

continued to be an exciting reality for 3.5 million Kenyans already subscribed to the services.

In 2019, we continued to focus on 3 main pillars:

- Building trust and confidence in all our stakeholders
- Increasing customer awareness
- Securing the ecosystem

SERVICE AND PRODUCT INNOVATION

PesaLink continued to invest in our people and systems with product and technology innovations which saw the continued improvement in the PesaLink customer journey as well as performance of the service. Some of our milestones in 2019 include:

- Transfer Advice (Receipt) to both sender and receiver as a payment confirmation downloadable in PDF format.
- 2. Instant notification for successful transactions
- Supporting banks to improve on their internal processes by providing a transaction portal to view transactions online real-time

One of the value additions was the ability for customers to link up to 5 different bank accounts in 5 different banks using their mobile number making it convenient for them to transfer funds. The largest growth area has been the uptake of the service by merchants collecting payments via PesaLink and directly into their preferred business accounts at no extra cost. This greatly reduces their costs of doing business and they are able to receive value instantly to purchase stocks, business expenses etc. This is an area that we are keen on growing in 2020.

The year also saw a 75% growth in transaction processing when compared to 2018. The most popular component of the service has been P2P accounting for 80% and the other 20% being driven by merchants and partner aggregators of payments.

The year also saw a 75% growth in transaction processing when compared to 2018.

SECURITY

Cyber security continues to be a vital function in our business and as a custodian of a critical platform for the Kenya's banking industry, we continue to put measures in place to ensure that our eco-system is secure from cybersecurity risks and attacks.

In 2019, we carried out another round of IT Security audits on all our partners in order to ensure that all players in the ecosystem maintain a minimum-security threshold to securely offer instant payments in their environments while also ensuring that they do not introduce vulnerability to other players.

We all emerged more secure from this rigorous process as any identified gaps were quickly remediated. 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 harden our environment and deploy technologies that allow us to monitor transactions 24/7. 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

To ensure improved operational efficiency in processing PesaLink transactions across banks, we developed and circulated minimum technology and operational standards and the level of compliance by banks have been impressive while others are the advanced stage of optimizing their technology stack. Banks have also adopted PesaLink for processing bulk transactions and enhancing operational efficiency at the back end of banks.

CUSTOMER AWARENESS AND SATISFACTION

In the year 2019, we carried out various initiatives targeting both P2P and banks in an effort to build confidence and drive usage of the service. We ran 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 usage evidenced by a 78% growth in value successfully delivered and a 63.50% growth in number of transactions as compared to 2018. Meanwhile, 30-days -active users grew by 43.40%.

PesaLink also partnered with the Eastleigh District Business Association and 9 banks with branches is Eastleigh to educate its membership on the advantages of going cashless. This very successful campaign saw PesaLink and EDBA host joint townhalls and our agents visit merchants door to door on an education campaign that aimed to take the war on cash head on.

Another initiative aimed at providing insight into our customers was the introduction of a real time Net Promoter Score (NPS) survey. Customers who completed PesaLink transactions were polled on their user experience. Our average score for the 6 months of the survey is 67%. The overall results have then been distributed with each bank receiving its individual score and customer feedback. We have used this data to build a plan for improved customer journeys with each bank that we are now in the process of working with the banks to implement. We intend to continue with these initiatives in the year 2020 for greater impact.

OUTLOOK FOR 2020

The 2020 is significant for PesaLink. Various initiatives and improvement strategies are in the pipeline to position PesaLink as a shared service platform for the entire banking industry through which digital transformation initiatives of banks can be accelerated at a reduced cost and improved efficiency with an expected output for banks which includes, high revenue stream, better customer satisfaction, higher velocity of money within the ecosystem and improved operational efficiency.

We look forward to greater performance in the days ahead.

REPORT FROM THE KBA CENTRE FOR RESEARCH ON FINANCIAL MARKETS AND POLICY®



KBA Research and Policy Director Mr. Jared Osoro moderates a panel discussion during the launch of the State of the Banking Industry Report.

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. With the operating environment as demonstrably inclined towards more regulation of the banking industry, the Centre spearheaded the KBA research agenda towards modalities of navigating the market in a manner that can allow an efficient accomplishment of the intermediation mandate of banks.

The regulated interest rates regime that had been in place for nearly three years – the Banking (Amendment) Act having been enacted in 2016 – came to an end with the repeal of the capping law in November 2019. On the back of dwindling growth in credit to the private sector that was largely attributed to the interest rate controls, the economy's growth was driven basically by Government fiscal programmes.

Whereas the macroeconomic conditions as seen in inflation and foreign exchange trends were largely stable, the Monetary Policy Committee (MPC) of the Central Bank of Kenya (CBK) remained vigilant, leaning towards more accommodation. The MPC acknowledged the impairment of its policy framework by the interest rates regulation and was evidently sanguine of its efficacy soon after the repeal of the Banking (Amendment) Act to remove the caps as demonstrated in its signal of lowering the Central Bank Rate (CBR) in its last decision of 2019.



Mr. Joshua Oigara, DIB Kenya CEO Mr. Peter Makau and HF Group CEO Mr. Robert Kibaara during the 8th Annual Research Conference.

RESEARCH AND POLICY ENGAGEMENT

i.

The 8th Annual KBA Banking Research Conference The KBA Centre for Research on Financial Markets and Policy successfully hosted the 8th Annual KBA Banking Research Conference on September 12th and 13th, 2019. The Research Conference is the Centre's a flagship event through which ideas and insights in areas of interest to the banking industry are facilitated.

The theme of the Conference was: "Banking Industry Growth and Stability Dynamics – Market Power, Financial Technology and Optimal Intermediation". The goal of the Conference was to stimulate a deeper understanding of how the structure of the banking industry can influence market competition and consequently the efficiency of credit allocation to the real economy.

Emerging analytical work on the link between market structure, credit allocation and overall economic performance hinges on the aspect of market power as could be influenced by the relative size of market players. The Conference provided a forum of extending the analysis on this broad area of study in two linked directions:

 The first is the extent to which organic growth, and mergers and acquisitions in the banking industry is shaping market competition. The interplay between these aspects is a potential harbinger of changes in market concentration and power. There is therefore a case for an empirical investigation on market concentration, potential consolidation, and what that portends for the intermediation process.

 The second is the extent to which partnerships with non-bank actors, notably financial technology firms and mobile network operators is shaping market power, competition and intermediation. An area of empirical interest will be the of the interrogation of the possible link of the market power amongst the non-bank players to the market power amongst banks.

The connection between the two areas of analysis is seen on the back of financial technology increasingly changing the shape of banking industry in the sense that competition in the provision of financial services is well beyond the formal regulated institutions. While there are regulatory differentials, customer expectations are not asymmetrical.

Further, financial technology presents opportunities as well as challenges to market players – especially banks – that need to be rigorously evaluated and understood. The interaction of these two segments – banks on the and financial technology players - is likely to shape the extent of market realignment and has both growth and market stability dimension.



KBA Chairman Mr. Oigara, bank CEOs, Dr. Olaka and Mr. Osoro with some of the researchers who presented papers at the 8th Annual Bankers Research Conference. Pictured include, Absa bank CEO Mr. Jeremy Awori, Co-Op bank credit director Mr. Anthony Mburu, and KBA Research officer Mr. Josea Kiplang'at

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

- Market Power and Intermediation Efficiency: Blind Spots and Empirical Clarity by Jared Osoro and Kiplang'at Josea – KBA Centre for Research on Financial Markets and Policy[®].
- Do Mergers and Acquisitions Impact Bank Lending Behaviour in Kenya? by Farida Abdul - Kenyatta University and Rogers Ochenge - Embu University
- The Effect of Mobile Money on Banking Sector Stability in Kenya by Samuel Tiriongo and Peter Wamalwa – Central Bank of Kenya.
- The Effects of Fintech on Bank Market Power and Risk Taking Behaviour in Kenya by David Muriithi Ndwiga – Independent Researcher.
- Is the Evolution of Fintech/ Digital Financial Services Complementary to Bank Performance in Kenya? by Roseline Misati, Anne Kamau, Leonard Kipyegon and Lewis Wandaka - Central Bank of Kenya.
- Bank Stability and Competition The case of Kenya by Raphael Agung, Faith Atiti and Stephanie Kimani - NCBA Bank
- Banking Sector Competition and Efficiency in Kenya Samuel Kiemo and Anne Kamau - Central Bank of Kenya
- Fintech and Banks Collaboration: Does it Influence Efficiency in the Banking Sector? by Davis Bundi Ntwiga, University of Nairobi.

ii. Publications

a. KBA Working Paper Series

Arising from the Conference are the KBA Working Paper Series publications. As at the end of the year under review, thirty (30) 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 wider stakeholders – regulators, Government, international partners and academia.

b. The KBA Economic Bulletin

This is a quarterly publication that is an easy read with a succinct overview of the state of the economy and its outlook. During the year, four (4) issues of the KBA Economic Bulletin, Volumes 21 - 24, were published. The Bulletin has received positive feedback from the wide readership that it is now drawing.

c. Regular Research Notes

These are often issued regularly and the timing is such issuance is largely – but not exclusively – around the timing of the meetings of the monetary policy committee (MPC of the CBK meeting. During the year seven (7) Research Notes – Note 34 to Note 40– were issued and published.

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 3rd Annual 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. The KBA is at an advanced stage of having the Index, together with abstracts of its publications, published on tan international platform.

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

REPORT ON CREDIT INFORMATION SHARING





CIS-Kenya Chief Executive Officer Mr. Jared Getenga (left) during the Data Act sensitization workshop.

In 2019, the Credit Information Sharing Kenya (CIS-Kenya) rolled out a number of initiatives which sought to address various industry needs. The initiatives focused on the CIS mechanism, regulatory dynamics, and the convergence of the CIS mechanism with risk-based pricing models.

As part of the Ease of Doing Business assessments, the World Bank undertakes reviews on ten different aspects of every country's business environment. In the results released in November 2019, Kenya recorded an improved ranking in the Ease of Doing Business and, of the ten areas of assessment, Kenya's best performance was in the "Getting Credit Indicator" where a score of 95 of the possible 100 points was registered. A big contributor to this high rating was the 'Depth of Credit Information Index" where Kenya scored the maximum 8 out 8 points and the 'Credit Bureau Coverage of the Adult Population' rose to an impressive 36.4 percent.

CIS MECHANISM ON POLICY AND REGULATORY DYNAMICS

In 2019, CIS Kenya worked with the National Treasury towards development of CIS National Policy that will guide all future legal and regulatory reforms around CIS. A draft CIS National Policy was presented in a Stakeholder Dissemination Workshop on 19th September 2019. The revised draft will, as part of the next phase, be exposed to broader public consultation in 2020.

One of the most significant issues that the draft policy will seek to address is the introduction of a comprehensive regulatory oversight for CIS that encompasses all contributors of data to credit bureaus. The current version of the draft is available at: https://ciskenya.co.ke/draft-cis-national-policy/

CIS MECHANISM CONVERGENCE WITH RISK-BASED PRICING

As recognized in the Kenya Banking Sector Charter, the use of credit bureau scores in determination on risk attributable to individual borrowers is expected to be a key differentiating factor in loan pricing. This is especially relevant in the liberalized interest rate regime that followed the removal of interest rate caps in November 2019.

In order to enhance the predictive value of credit bureau scores, the data that informs the scores must reflect high degree of accuracy, comprehensiveness and timeliness. This is especially true in the Kenya landscape where digital lending has grown tremendously. As a response to these trends, CIS Kenya contributed to the move to daily submission of data to credit bureaus by leading industry efforts around revision of the Data Submission Templates that were issued by the Central Bank in June 2019. As part of the preparatory capacity building initiatives, CIS Kenya conducted various workshops leading to the launch of daily submissions in September 2019.

CIS KENYA 2019 HIGHLIGHTS

DEVELOPMENT OF A DATA VALIDATION AND SUBMISSION TOOL

This transformational tool (referred to as *CIS ValiData*), was developed by CIS Kenya in the second half of 2019, as a solution to the persistent data quality and data submission challenges observed over the years. The *CIS ValiData*, due to launched in 2020 has three main features. First, it will facilitate data validation within institutions before submission based on standard industry-agreed data validation rules. Second, it will allow for simultaneous submission to the three bureaus at the click of a button and, third, it will allow for monitoring of data quality and provision of data quality support by CIS Kenya as part of its contribution to improving data quality.

ESTABLISHMENT OF THE CIS E-LEARNING CENTER

CIS Kenya established an E-Learning platform that aims to enhance CIS knowledge and strengthen Compliance, interpretation of Credit Reports and introduction to Risk-Based Pricing. The Learning Center <u>https://www.cislearning.org</u>/ complements institutional capacity building in credit risk management and related areas, in response to changes in regulation, technology and business models.

IMPLEMENTATION OF A SUSTAINABLE FINANCE TOOL FOR NON-BANK FINANCIAL INSTITUTIONS.

With the support of WWF Kenya, CIS Kenya developed a customer appraisal tool to assist MFIs in implementation and measurement of SF factors.



Participants engage in a discussion during the CIS-Kenya CIS Mechanism workshop.

STAKEHOLDER ENGAGEMENT ACTIVITIES IN 2019

In addition to organizing workshops around new data submission approach, CIS Kenya led industry engagements towards development of a Communication Strategy that was developed in 2019. This strategy will inform the 12-month-long CIS Financial Literacy and Public Awareness Campaign in 2020/21. The campaign will provide an opportunity for the public to understand the operations of credit bureaus. Lenders will contribute to this campaign by articulating specific benefits due to borrowers arising from positive scores.

SUMMARY AND WAY FORWARD

Due to the growing interest in the linkages between CIS and related credit infrastructure, CIS Kenya will take a lead in promoting conversations on comprehensive reforms affecting credit bureau infrastructure, collateral registries, credit guarantee schemes and insolvency regimes. This approach will inform the deliberations of the 5th Africa CIS Conference to be held on 13th - 14th February 2020 in Nairobi and other CIS Kenya workshops going forward.

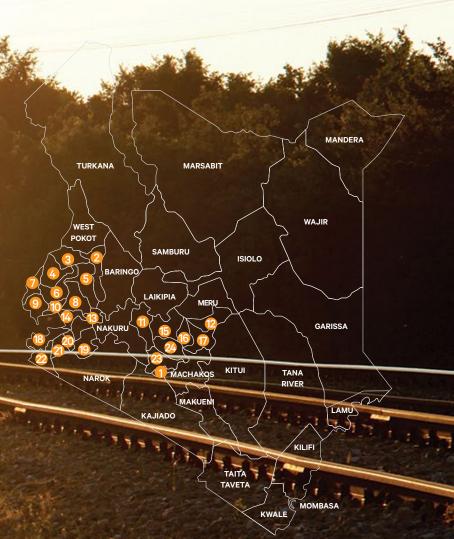
SOCIAL RESPONSIBILITY REPORT

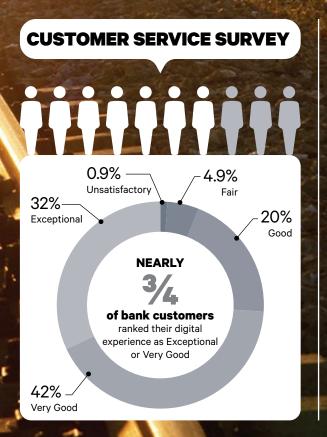




TRAINING REACH

	1.	Nairobi	13.	Kericho
	2.	Keiyo-Marakwet	14.	Kisumu
	3.	Trans Nzoia	15.	Nyeri
	4.	Bungoma	16.	Kirinyaga
	5.	Uasin Gishu	17.	Embu
	6.	Kakamega	18.	Homa Bay
	7.	Busia	19.	Bomet
	8.	Nandi	20.	Nyamira
	9.	Siaya	21.	Kisii
	10.	Vihiga	22.	Migori
	11.	Nyandarua	23.	Kiambu
	12.	Tharaka	24.	Murang'a
Υ.				









KENYA'S FIRST GREEN BOND BY ACORN HOLDINGS

SOCIAL RESPONSIBILITY REPORT

Today, advancing sustainable development is no longer a luxury but an essential factor to safeguard long-term business success. Globally, financiers are increasingly aware of their unique position in accelerating positive change in their communities. They are integrating into their business strategies innovative ways to promote sustainable economic development.

Likewise, Kenya's Banking Industry is making commendable progress in re-orienting its business priorities from maximizing private gains to being more socially and environmentally conscious. Presently, banks are aligning their business goals to deliver enhanced benefits for Profit, People, and Planet. In 2018 alone, banks in Kenya spent approximately KSh. 2.1 Billion in Corporate Social Investments (CIS) to address environmental degradation, health and education gaps in the country. Additionally, over the years, KBA member banks have continued to initiate programs that uplift the underserved segments in society from poverty. Such initiatives are fortifying the industry's stance in its pursuit to balance shareholder demands with socioeconomic and environmental concerns.

To help bolster member banks' initiatives, the Association has led key industry-wide programs, education and consumer awareness campaigns that have positively impacted millions of Kenyans. The following are highlights of the initiatives that were driven by the Association in 2019.

FACILITATING THE ADVANCEMENT OF FINANCIAL LITERACY

A key element in ensuring a robust financial system is secured greatly hinges on the back of having a financially enlightened consumer. Banks have invested considerably in financial literacy programs as a means to empower the public to make informed and sound financial decisions.



Over the years, KBA has supported its members in this endeavour by coordinating the Global Money Week (GMW) campaign. The campaign is designed to encourage children and youth to learn about the importance of managing money wisely. In addition, the campaign has a component that enables participants to gain an understanding of ways to create livelihoods and enlightens them on the benefits of pursuing entrepreneurship in the future.

In 2019, a total of 252 students took part in a job shadow exercise in various banks to mark the GMW. Through the job shadow exercise, the students, in addition to learning about financial management, were able to gain insights on the various career opportunities available in the banking industry.

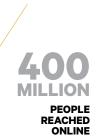




L-R -Airtel Kenya Director Mr. Vincent Wakaba, KBA CEO Dr. Habil Olaka, Central Bank Governor Dr. Patrick Njoroge, Consumer Grassroots Association Executive Director Ms. Alice Kemunto, Retrak-Kenya CEO Ms. Wambui Mbarire, VISA Country Manager for Kenya Victor Ndlovu, and MasterCard Business Head for East Africa Mr. Adam Jones during the launch of the Kaa Chonjo campaign.

In the same year, KBA successfully concluded the Youth in Business (Y-Bizna) three-year program that was designed to empower over 300 young men from informal settlements to engage in meaningful work to improve their living standards and consequently, reduce the number of crime incidences in the country. Through the program, a KSh. 1 million revolving fund was established, and 21 youths were able to access the capital to start or expand their businesses. The beneficiaries from the program were drawn from Mathare, Huruma and Kariobangi Slum in Nairobi, as well as, Kisauni Slum in Mombasa. KBA partnered with Kenya Community Development Foundation (KCDF); Youth, Arts, Development and Entrepreneurship Network (YADEN) in Nairobi and Dream Achievers Youth Organization (DAYO) in Kisauni, Mombasa to implement the program.





PROMOTING CARD, MOBILE, AND ONLINE SECURITY

Since 2012, KBA has been at the forefront in leading the industry in the promotion of card, mobile and online safety awareness messages through the "Kaa Chonjo" Campaign. In 2019, the Association in collaboration with banks, MasterCard, VISA, Airtel, Retail Trade Association of Kenya (RETRAK), PesaLink and Consumer Grassroots Association (CGA) educated the public on how to safeguard their Personal Identification Numbers (PINs) and passwords while transacting. The campaign garnered an approximated online reach of close to 400 million people. On mainstream media the campaign had a reach of over 7 million people.

To boost our reach further, KBA together with the CGA held a roadshow in Roysambu, Githurahi 45, Ruiru, Juja, Thika, Kenol, Sabasaba, Maragua, Murang'a, Sagana, Kagio and Kutus towns. Through the roadshow 150 posters and 1700 flyers were distributed. As a result of the awareness campaign, card and ATM fraud-related cases have been on the decline due to increased levels of awareness.



The first group of Inuka SME programme participants was issued with completion certificates in an event held in Nairobi in 2019.

INUKA ENTERPRISE PROGRAM – A PATHWAY TO BUSINESS EXCELLENCE

Micro, Small, and Medium-sized Enterprises (MSMEs) are the bedrock of Kenya's economy. About 80 percent of jobs in Kenya are created by MSMEs. Despite their vital role in economic development, many enterprises continue to grapple with access to affordable credit and markets.

As a means to address this challenge, KBA launched the Inuka Enterprise Program in October 2018. The program was designed to de-risk MSMEs to enhance their ability to access credit from banks and also educate them on ways to expand their market reach.

In the same year, the Association signed a memorandum of understanding (MOU) with the Kenya Chamber of Commerce and Industry (KNCCI) to train its members under the Inuka Enterprise Program. Among those trained in 2019 included bank customers, bank employees and KNCCI members. To date, the banks that have supported the program include DTB Kenya, Gulf



African Bank, Prime Bank, Equity Bank, Credit Bank and National Bank.

TPAINED

The year also accorded the Association an opportunity to develop a Marketplace feature on the Inuka Enterprise Program e-learning platform. Through the Marketplace page, Inuka learners were able to showcase their services and products in order to increase their sales and tap into new markets. In the last two-years, a total of 2,844 MSMEs were reached through online and face-to-face training under the program.

In recognition of the efforts the Association has put in place to support MSMEs, in 2019, the National Treasury appointed a KBA representative to be part of a Task Force that will spearhead the establishment of the National SME Credit Guarantee Policy and operating company. The scheme will enable the State and investment partners to guarantee commercial loans in order to address Kenya's depressed credit market. Last year, KBA led in the collection of feedback from member banks on a feasibility study that was seeking to determine the value proposition of the credit guarantee scheme. The Task Force is at an advanced stage in establishing the scheme.

Kenya National Chamber of Commerce and Industry President Mr. Richard Ngatia (right), Dr. Olaka and KNCCI Board Chairman Mr. James Mureu during the signing of an MOU for cooperation in enterprise development.



A trainer takes learners through a face-to-face training session of the Inuka Enterprise programme.



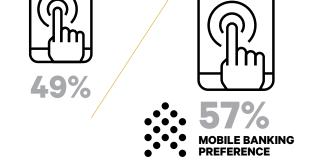
L-R: Nedbank Regional Representative Mr. Jap Van Luijk, Metropol Senior Credit Manager Mr. David Mburu, entrepreneur Mr. Wahiga Muturi, KNCCI Trade Research and Policy Manager Mr. Onesmus Masinde and Ms. Roselyne Njino, KBA Senior Communications Officer discuss strategies of promoting business growth.

2019

ENHANCING A CUSTOMER CENTRIC CULTURE IN THE INDUSTRY

Since 2018, KBA has conducted customer satisfaction surveys with the intent of enhancing the banking public's experience. The survey has been instrumental in giving the industry insights on how to deepen customer centrism. In 2019, KBA carried out the annual survey and over 11 thousand respondents shared their feedback. In the findings, the industry received a commendable satisfaction level rating of 83 percent. Out of the respondents surveyed, 32 percent indicated their digital experience was "Exceptional" with 42 percent scoring banks' digital services as "Very Good". The survey also revealed that use of mobile banking rose to 57 percent in 2019 from 49 percent recorded in the previous year. KBA has for the last two years collaborated with the Association's Customer Service Working Group to develop the survey instrument. The annual exercise has been instrumental in enabling banks to gather the public's sentiments on their service delivery.





2018

FUTURE OF FINANCE TRAINING

In 2019, KBA in conjunction with Financial Sector Deepening (FSD) Kenya designed a two-day training to equip bank Retail Strategy Managers and Retail Product Managers with knowledge of designing relevant and sustainable products. The training also focused on FinAccess data, as well as, other socio-economic data that are designed to aid banks in designing relevant products for the majority of society, and key subgroups such as women. The training was attended by over 30 senior bank officials. The interactive session enabled the participants to have insights on data-based approaches to inform their product development strategies. The program was facilitated by international experts from CGAP, CENFRI and Usable Data.

LEADING WOMEN IN BANKING AND FINANCE INITIATIVE

The world over, companies are gaining an appreciation of the immense opportunity a diverse leadership set-up has to offer. They are taking into consideration their ability to tap into new and innovative viewpoints to spur creativity and profits as a result of promoting gender diversity in leadership. With this as a cause, since 2016, KBA has actively coordinated various forums to build the capacity of bank female officials to take up board, c-suite and senior management positions. The initiative also seeks to advance dialogue and establish solutions to obstacles

that have hindered women's capacity to scale higher in their career pursuits. In 2019, KBA held four quarterly forums and reached over 70 senior bank female officials. The topics covered included, "State of Women in Leadership in Africa;" "Emotional Intelligence in Leadership: A Valuable Leadership Attribute;" and "Reflections: Thought Patterns that Inhibit Inclusivity." Last year's participants reported new perspective on their approach to management.



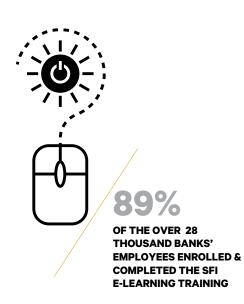
KBA Director of Communication and Public Affairs Ms. Nuru Mugambi makes remarks during a Leading Women in Banking and Finance Initiative forum.



L-R: Credit Bank Chief Executive Officer Ms. Betty Korir, Guaranty Trust Bank CEO Ms. Ibukun Odegbaike and DTB Kenya Managing Director Ms. Nasim Devji during a forum to held to bid Ms. Odegbaike farewell as she returned to GT Head Quarters.

SUSTAINABLE FINANCE INITIATIVE

Over the years, KBA has actively championed the entrenchment of the Sustainable Finance Initiative (SFI) Guiding Principles as a means to ensure the financial services sector is alive to the need to balance their financial goals with the economy's priorities and socio-environmental concerns. Some of the Initiatives that were undertaken to ensure the successful implementation of the SFI Guiding Principles included:



CAPACITY BUILDING

To ensure that the banking industry is well equipped to implement the industry-wide adopted SFI Guiding principles, the Association developed an E-learning platform. With the funding support from the FMO (Dutch Development Bank) and DEG (German Investment Corporation), a comprehensive curriculum was developed to deepen bank staffs' understanding of the importance of creating long-term value for their clients, firm, environment and the economy. In 2019, KBA continued to build the capacity of bank employees through the initiative which resulted in aiding the enrolment of 28,523 staff onto the e-learning platform. In total, 25,026 had completed the training as at December 2019. A new module on green bonds was also developed in 2019 by the Association with the support of the Green Bonds Program- Kenya partners. To date, 3,735 bank employees were able to complete the training on the value of creating a green bonds market in the country. Below is a summary of the SFI enrolment and completion rate for member banks.

SFI E- LEARNING TRAINING ENROLMENT AND COMPLETION REPORT

NAME OF BANK	Percentage Registered	Percentage Completed
Absa Bank	67%	54%
African Banking Corp. Ltd	94%	46%
Bank of Africa	100%	99%
Bank of Baroda (K) Ltd	53%	43%
Bank of India	5%	2%
Citibank	58%	27%
Co-Operative Bank of Kenya Ltd	56%	40%
Commercial Bank of Africa Ltd	100%	98%
Consolidated Bank of Kenya Ltd	88%	81%
Credit Bank Ltd	85%	65%
Development Bank (K) Ltd	12%	7%
DTB Kenya Ltd	100%	99%
DIB Bank Kenya	83%	74%
Ecobank Kenya Limited	100%	94%
Equity Bank Ltd	73%	69%
Family Bank Ltd	90%	87%
Faulu Microfinance Bank	80%	66%
Fidelity Commercial Bank Ltd	3%	2%
First Community Bank Ltd	68%	61%
Guaranty Trust Bank Kenya Ltd	97%	95%
Guardian Bank Ltd	42%	32%
Gulf African Bank Ltd	100%	87%

NAME OF BANK	Registered	Percentage Completed
Habib Bank A.G. Zurich	94%	69%
Housing Finance Company of Kenya Ltd	100%	87%
I & M Bank Ltd	100%	96%
Jamii Bora Bank Ltd	100%	95%
KCB Ltd	100%	84%
Kenya Women Microfinance Bank	6%	5%
Mayfair Bank	0%	0%
Middle East Bank (K) Ltd	89%	77%
National Bank of Kenya Ltd	69%	52%
NIC Bank Ltd	100%	98%
M-Oriental Commercial Bank Limited	95%	90%
Paramount Universal Bank Ltd	102%	99%
Postbank	8%	4%
Prime Bank Ltd	44%	35%
Rafiki Micro Finance	1%	0%
SBM	18%	7%
Sidian Bank	100%	92%
Spire Bank Limited	96%	84%
Stanbic Bank Kenya	86%	67%
Standard Chartered Bank (K) Ltd	100%	100%
Trans-National Bank Ltd	10%	3%
UBA Kenya Bank Ltd	25%	21%
Victoria Commercial bank Ltd	105%	73%

CATALYST AWARDS

To recognize the strides made by the Banking Industry in implementing the SFI-Guiding Principles and to celebrate institutions that practice catalytic finance, the Association annually holds the SFI Catalyst Awards. In 2019, KBA celebrated firms that had shown leadership in integrating sustainable finance practices in their operations. The winners for the 2019 SFI Catalyst awards were feted during an awards ceremony that was presided over by the Governor of Central Bank of Kenya, Dr. Patrick Njoroge.

Prior to the ceremony, a pool of sustainability experts were engaged by the KBA secretariat to analyse and assess 47 entries received from 14 progressive firms. The 2019 SFI Catalyst Awards judging panel constituted of:

- 1. Ms. Joyce Njogu Head of KAM Consulting, Kenya Association of Manufacturers
- 2. Eng. Dan Ndenga Co-founder of Miltech (Returning judge)
- 3. Mr. Sandy Okoth Regional Sustainable Finance Expert, WWF
- 4. Dr. Peter Muriu Senior Lecturer, University of Nairobi (Returning judge)
- 5. Prof. Kenneth Ameshi Professor of Sustainable Financial Systems at the University of Edinburgh and Chair in Business & Sustainable Development Director at the Sustainable Business Initiative.

The following is a summary of the winners of the 2019 SFI Catalyst Award.

CATEGORY 1	BEST IN SUSTAINABLE FINANCE
Position	Bank
1 st Place	Standard Chartered Bank (K) Ltd
2 nd Place	Co-Operative Bank of Kenya Ltd
3 rd Place	Equity Bank Group

CATEGORY 2 A

CLIENT CASE STUDY - Financing Small and Medium Enterprises

Position	Bank
1 st Place	Co-Operative Bank of Kenya Ltd
2 nd Place	Kenya Women Microfinance Bank
3 rd Place	Equity Bank Group

CATEGORY 2 B CLIENT CASE STUDY - Financing Commercial Client

Position	Bank
1 st Place	Equity Bank Group
2 nd Place	Commercial Bank of Africa Ltd
3 rd Place	Co-Operative Bank of Kenya Ltd

CATEGORY 2 C	BANK CASE STUDY - Operations
Position	Bank
1 st Place	Standard Chartered Bank (K) Ltd
2 nd Place	Co-Operative Bank of Kenya Ltd
3 rd Place	Equity Bank Group

CATEGORY 2 D	BANK CASE STUDY - Promoting Gender Inclusivity
Position	Bank
1 st Place	Kenya Women Microfinance Bank
2 nd Place	Equity Bank Group
3 rd Place	Standard Chartered Bank (K) Ltd

C	CATEGORY 2 E	FINANCING THE INFORMAL SECTOR
F	Position	Bank
	1 st Place	Equity Bank Group
	2 nd Place	Co-Operative Bank of Kenya Ltd
	3 rd Place	National Bank of Kenya Ltd



Central Bank of Kenya Governor Dr. Patrick Njoroge is joined by KBA CEO Dr. Habil Olaka in presenting Co-Operative Bank an award during the SFI Catalyst Awards. The bank was recognised as the overall winner and best in the SME finance category.



Equity Bank was recognised as the best in Financing Commercial Clients and best in financing the informal sector.



Kenya Women Microfinance Bank (KWFT) Managing Director Mr. Mwangi Githaiga along with the bank's management team receive an award for the most improved bank in Sustainable Finance and the best in promoting gender inclusivity.



Capital Markets Authority Chief Executive Officer Mr. Paul Muthaura (right) hands over an award to SCB chief operating officer Peter Gitau. The bank won best in sustainable finance and operations.



FMO - Dutch Development Bank, Senior Sustainable Associate Ms. Lonneke Noteboom presents an award to representatives NCBA Bank during the 2019 SFI Catalyst Awards.

CATEGORY 3	MOST INNOVATIVE BANK
Position	Bank
1 st Place	Equity Bank Group
2 nd Place	Standard Chartered Bank (K) Ltd
3 rd Place	Co-Operative Bank of Kenya Ltd

CATEGORY 4	BEST IN SUSTAINABLE FINANCE IN THE EAST AFRICA REGION
Position	Bank
1 st Place	NCBA Bank
2 nd Place	KCB Bank Ltd

MOST IMPROVED BANK

Kenya Women Microfinance Bank

BEST OVERALL WINNER	
Position	Bank
1 st Place	Co-Operative Bank of Kenya Ltd
2 nd Place	Equity Bank Group
3 rd Place	Kenya Women Microfinance Bank

Speaking during the Awards Ceremony, Central Bank of Kenya (CBK) Governor, Dr. Patrick Njoroge said, "Banks should focus on mainstreaming their operations with the future in mind." He also lauded the Green Bond Program – Kenya partners for actively encouraging the sector to embrace green finance.



KCB Chief Operating Officer Mr. Samuel Makome presents the 2019 Shared Value Report to Members of the Parliamentary Caucus on SDGs. The report showed that the banking industry paid tax revenue to the National Government in excess of KSh. 73 Billion and has been a key stakeholder in the realization of the SDGs.



Parliamentary SDG Caucus Chairman Hon. Dr. Gideon Ochanda (left), Senate Speaker Hon. Kenneth Lusaka and KCB Chief Operating Officer, Mr. Samuel Makome during the launch of the Banking Industry Shared Value Report at Parliament grounds.



The KBA Y-Bizna beneficiary Mr. Kevin Uduny (centre) interacts with H.E President Uhuru Kenyatta and Dr. Njoroge during the Inua Biashara Day ceremony.

GREEN BOND PROGRAM - KENYA

To actualize the intention of the SFI Guiding Principles, KBA founded the Green Bonds Program-Kenya in partnership with the Nairobi Securities Exchange (NSE), the Climate Bonds Initiative (CBI), FSD Africa and FMO. The Program was developed to encourage the establishment of a green bonds market in the country. In 2019, through the program, Acorn Holdings Ltd issued East Africa's first-ever certified green bond. The bond was structured by Stanbic Bank and guaranteed by GuarantCo. The property developer was able to raise KSh. 4.3bn to finance the construction of green and environmentally friendly accommodation for 5,000 students. Banks were the most active investors in the transaction.

In the same year, the partners were able to engage the Parliamentary Committee on Finance and Budget with a proposal to introduce a tax exemption on green bond issuances in the 2019 Finance Bill. This proposal was assented by H.E. President Uhuru Kenyatta.

The year 2019 also provided KBA an opportunity to convene a workshop in conjunction with UNEP FI. During the workshop UNEP FI presented the Global Sustainable Banking Principles and the Sustainability Champions also ratified the commencement of voluntary reporting on the SFI Principles. Additionally, Sustainable Finance champions from KBA member banks ratified the commencement of voluntary reporting on the SFI Guiding Principles.

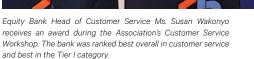


Ministry of Agriculture, Livestock, Fisheries and Cooperatives Cabinet Secretary Hon. Peter Munya speaks during the Inua Biashara Day.

OUTLOOK

Corporate Social Investment (CSI) continues to be a driver of positive transformation in our world today. In response, the Banking Industry continues to refine its frameworks and allocate resources to align with the present needs and Kenya's realisation of the Sustainable Development goals and Paris agreement.







Bank of Africa team led by Mr. Patrick Karari receive the bank's recognition as the best in customer service in the Tier II category.



Credit Bank Chief Executive Officer Ms. Betty Korir (right) receives the bank's recognition as the 3^{d} overall and best in the Tier III category.



Absa Bank Marketing Director Ms. Caroline Ndungu and Hon. Ochanda at the KBA booth during the unveiling of the Banking Industry Shared Value Report at Parliament grounds.



Stakeholders during the commemoration of the first corporate green bond in East and Central Africa that was issued by Acorn and structured by Stanbic Bank with backing by GuarantCo and Helios.



Junior Achievement Kenya receive a dummy cheque for KSh. 4 million shillings intended to set-up the "Her Biz-Up" girls' entrepreneurship programme.



Standard Chartered Bank Head of Client Experience Ms. Diane Korir (3rd from right) and the customer experience team receive the bank's recognition as the 2rd best overall winner in the 2018 Customer Service Survey.



Kenya National Chamber of Commerce and Industry President Mr. Richard Ngatia, DTB Manging Director Nasim Devji and KBA Vice Chairman Mr. John Gachora took part in a panel discussion during the Inua Biashara Day.



L-R: Family Bank Managing Director Ms. Rebecca Mbithi, Dr. Olaka, Interswitch CEO Romana Rajput, and James Murigu Metropol Corp. Executive Director during the 2019 Chairman's Ball.

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