



KENYA BANKERS
ASSOCIATION

NEW FRONTIERS

**Annual Report and
Financial Statements 2021**
(Abridged Version)



NEW FRONTIERS

The economic environment in 2021 was well poised for recovery. The banking industry leveraged on opportunities towards reinvigorating the recovery by supporting enterprises and households affected by COVID-19. The year 2022 presents opportunities to explore further strategies towards deepening financial inclusion and optimizing the banking industry's contribution to the economy.

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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 further redefined in the Association's 2019-2023 Strategic Plan.

As the umbrella body of the institutions licensed and regulated by CBK with a current membership of 44 financial institutions representing total assets in excess of KSh. 6 Trillion, 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 44 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. John Gachora, Group MD, NCBA Bank, is the current Chairman of the KBA Governing Council.

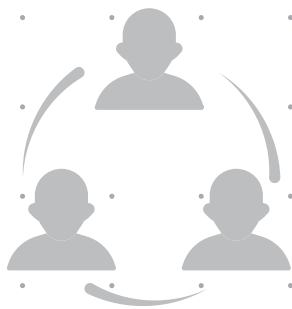
The KBA Secretariat has a full-time staff compliment of 18 employees who manage day to day operations under the leadership of Chief Executive Officer, Dr. Habil Olaka.

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 & 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



87 committee meetings

held in conjunction with the association's mandate



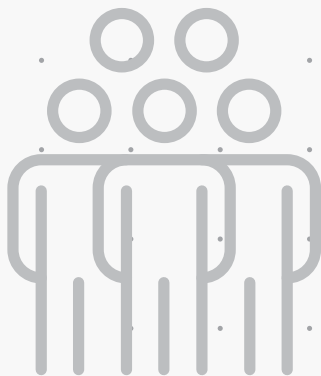
55+ million

KBA Audience Reach



51 webinars and workshops

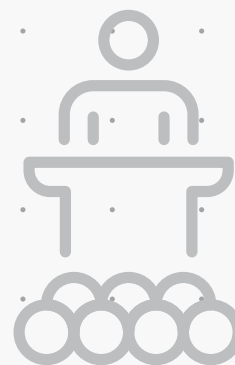
by KBA to facilitate policy engagement and industry growth and development



18 employees
KBA Secretariat



41k+
MSMEs trained



Sustainable Finance Initiative

27k

27,000 bank staff have been Trained on Sustainable Finance



Easy . Affordable . Instant .



1.1+ trillion
moved by PesaLink to date

Training and Capacity Building

- Forward-Looking Risk Management
- AML / CFT Sanctions-Fincrime in the Wake of COVID-19 Pandemic
- Emerging Trends In AML/CFT Sanctions
- AML/CFT Regulatory Framework
- Technology & Data In AML/CFT
- Data Privacy Organizational Strategy
- Privacy Notice and Policy Management
- Data Lifecycle Management
- Data Subject Rights and Processing
- Data Security
- Data Privacy and Anti-Money Laundering

Key Policy Engagements

- Sectional Properties Act
- National Land Information Management System (Ardisasa)
- Kenya Valuation Standards
- Collateral Registry
- Data Protection Act
- Industry Fraud And Cybercrime
- Capital Gains Tax
- National Payment Systems Act
- Lands Act
- Moveable Property Security Rights Act
- National Policy and Draft Bill on the Credit Guarantee Scheme
- Financing of Micro, Small and Medium-sized Enterprises
- Draft Protocol to the Convention
- Ministry of Lands Taskforce on Electronic Land Transactions

INDUSTRY ADVOCACY**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

- | | | |
|---|---|--|
| - Capital Markets Authority Master Plan Working Group | - Higher Education Loans Board | - KEPSA Public Finance Sector Board |
| - Court Annexed Mediation Accreditation Committee | - International Chamber of Commerce (ICC) | - Kenya School of Monetary Studies Board |
| - Credit Information Sharing (CIS) Kenya Board | - Judiciary's Business Court Users Committee | - Ministry of Lands Taskforce |
| - East Africa Bond Exchange (EABX) | - Kenya Deposit Insurance Corporation Board | - National Research Fund |
| - East African Community's Technical Working Group | - KEPSA Gender Sector Board | - National Taskforce on Commodity Exchange |
| - Federation of Kenya Employers Board | - Kenya Private Sector Alliance (KEPSA) Board | - 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 2021

1. Absa Bank (K) Plc
2. ABC Bank Ltd
3. Access Bank (K) Plc
4. Bank of Africa (K) Ltd
5. Bank of Baroda (K) Ltd
6. Bank of India
7. Caritas Microfinance Bank Ltd
8. Citibank N.A Kenya
9. Consolidated Bank of (K) Ltd
10. Co-Operative Bank of (K) Ltd
11. Credit Bank Ltd
12. Development Bank (K) Ltd
13. DTB Kenya Ltd
14. DIB Bank (K) Ltd
15. Ecobank (K) Ltd
16. Equity Bank (K) Ltd
17. Family Bank Ltd
18. Faulu Microfinance Bank Ltd
19. Guaranty Trust Bank (K) Ltd
20. First Community Bank Ltd
21. Guardian Bank Ltd
22. Gulf African Bank Ltd
23. Habib Bank AG. Zurich
24. HFC Limited
25. I&M Bank Ltd
26. KCB Bank (K) Ltd
27. Kenya Women Microfinance Bank Plc
28. Kingdom Bank (K) Ltd
29. Mayfair CIB Bank Ltd
30. Middle East Bank (K) Ltd
31. M Oriental Bank Ltd
32. National Bank of (K) Ltd
33. NCBA Bank (K) Plc
34. Paramount Bank Ltd
35. Postbank
36. Prime Bank Ltd
37. Rafiki Microfinance Bank Ltd
38. SBM Bank (K) Ltd
39. Sidian Bank Ltd
40. Spire Bank Ltd
41. Stanbic Bank (K) Ltd
42. Standard Chartered Bank (K) Ltd
43. UBA (K) Bank Ltd
44. 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 2021

Chairman



John Gachora
NCBA Bank
Group Managing Director

Vice Chair



Rebecca Mbithi
Family Bank
Chief Executive Officer



Joshua Oigara
KCB Bank
Chief Executive Officer



Dr. Gideon Muriuki
Co-Operative Bank
Group Managing Director & CEO



Gerald Warui
Equity Bank
Managing Director



Nasim Devji
Diamond Trust Bank
Group Managing Director & CEO



Kariuki Ngari
Standard Chartered Bank
Managing Director



Jeremy Awori
Absa Bank Kenya



Kihara Maina
I & M Bank
Chief Executive Officer



Martin Mugambi
Citibank N.A Kenya
Managing Director & CEO



Moezz Mir
SBM Bank
Chief Executive Officer



Olabayo Veracruz
GT Bank
Managing Director



Peter Makau
DIB Kenya Bank
Chief Executive Officer



Isaac Mwine
Middle East Bank
Managing Director



Johnson Kiniti
Development Bank of Kenya
Ag. Chief Executive Officer

KBA COMMITTEE REPRESENTATIVES



Elizabeth Kimani
ABC Bank



Philip Wambua
ABC Bank



**Christine Mwai-
Marandu**
Absa Bank



Laban Omangi
Absa Bank



Peter Mungai
Absa Bank



Brian Koletit
Citibank



Catherine Mugane
DTB Kenya



Kabuthia Riunge
KCB Bank



Robley Ngoje
KCB Bank



Catherine Njoroge
Stanbic Bank



Edgar Mwandawiro
SBM Bank

COMPLIANCE Committee**CHAIR** Absa Bank (Laban Omangi)**VICE CHAIR** DIB Bank Kenya (Daisy Namayi)**SECRETARY** Kenya Bankers Association (Kennedy Mutisya)**FINANCE AND AUDIT Committee****CHAIR** DTB Kenya (Catherine Mugane)**VICE CHAIR** SBM Bank (Davis Ayako)**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)**Tax Sub Committee****CHAIR** Absa Bank (Peter Mungai)**VICE CHAIR** Equity Bank (Lydia Ndirangu)**SECRETARY** Kenya Bankers Association (Kennedy Mutisya)**HUMAN RESOURCES AND ETHICS Committee****CHAIR** KCB Bank (Robley Ngoje)**VICE CHAIR** Sidiān Bank (Wangare Gathu)**SECRETARY** Kenya Bankers Association (Raimond Molenje)**IT SYSTEM RISKS & SECURITY Committee****CHAIR** SBM Bank (Edgar Mwandawiro)**VICE CHAIR** Equity Bank (Kelevilin Kimathi)**SECRETARY** KBA Secretariat (Fidelis Muia)**Bank IT System Risks & Security Sub Committee****CHAIR** KCB Bank (Kabuthia Riunge)**VICE CHAIR** Co-Operative Bank (Leah Kimata)**SECRETARY** Family Bank (Anthony Chesaro)**Bank Security Sub Committee****CHAIR** GT Bank (Ben Shichenga)**VICE CHAIR** Equity Bank (Edward Muchiri)**SECRETARY** DIB Kenya Bank (Hillary Godana)**SECRETARY** Standard Chartered Bank (Faith Lumumba)**LEGAL AFFAIRS Committee****CHAIR** NCBA Bank Kenya (Steve Atenya)**VICE CHAIR** HF Group Limited (Belinda Ng'ang'a)**SECRETARY** Kenya Bankers Association (Raimond Molenje)**OPERATIONS AND TECHNICAL Committee****CHAIR** ABC Bank (Elizabeth Kimani)**VICE CHAIR** Equity Bank (Miring'u Ng'ang'a)**SECRETARY** KBA Secretariat (Fidelis Muia)**Clearing House Sub Committee****CHAIR** Citibank (Brian Koletit)**VICE CHAIR** NCBA Bank (Michael Mucheru)**SECRETARY** Prime Bank (Sabina Manji)**Credit and Islamic Finance Advisory Committee****CHAIR** Absa Bank (Christine Mwai-Marandu)**VICE CHAIR** ABC Bank (Boniface Kioko)**SECRETARY** Kenya Bankers Association (Samuel Tiriongo)**National Payments Sub Committee****CHAIR** Co-Operative Bank (Michael Nangole)**VICE CHAIR** DIB Bank Kenya (Doreen Mulera)**SECRETARY** Kenya Bankers Association (Fidelis Muia)**PUBLIC RELATIONS Committee****CHAIR** Stanbic Bank (Catherine Njoroge)**VICE CHAIR** ABC Bank (Wambui Kaguongo)**SECRETARY** Kenya Bankers Association (Christine Onyango)

MANAGEMENT PROFILES



Dr. Habil Olaka, EBS
Chief Executive Officer

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.

He is a member of the International Advisory Committee of the Chartered Banking Institute in the UK.

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), Federation of Kenya Employers (FKE), and the Anti-Money Laundering Advisory Board (AMLAB) as alternate to KBA Chairman. 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). He is an alumnus of the Strathmore School of Accountancy and has a good command of the French language.



Kennedy Mutisya
Chief Finance Officer

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).

**Fidelis Muia**

Director of Technical Services

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.

**Christine Onyango**

Director of Communications and Public Affairs

Ms. Onyango joined the Association in February 2022 from I&M Bank, where she served as the Head of Marketing for 10 years. She has a cumulative 19 years' experience within the banking industry, having worked for a Fortune 500 company and one of the largest banks in the US (Bank of America), Credit Bank Limited and Gulf African Bank. Christine is a recognized leader in matters marketing, corporate communication and business strategy delivering results through effective marketing campaigns, brand and relationship management. She is a holder of bachelor's degree in Business Administration & Management from Amberton University, Dallas, TX and Associate degree in Business Administration & Management from Colin County Community College, Plano, TX.



Raimond Molenje

Director Legal, Human Resource and Policy Advocacy

Mr. Raimond Molenje joined Kenya Bankers Association in August 2018 and has over 17 years' experience in legal practice, human capital, and stakeholder engagement with special interest in business member organisations. He has held management roles as corporate legal counsel, human resource and industrial relations specialist 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 advocacy matters impacting the industry, continues to successfully coordinate the collective bargaining agreement negotiations with the Banking Insurance and Finance Union (BIFU) Kenya; involved in the Association's lobbying and policy initiatives with diverse stakeholders and provides Company Secretarial and human capital 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 the Auctioneers and Licensing Board under the Attorney General's Office as well as the 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

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

12th May 2022

THE CHIEF EXECUTIVE OFFICERS OF KBA MEMBER BANKS

Dear Sirs/ Mesdames,

NOTICE OF THE 60TH ANNUAL GENERAL MEETING OF KENYA BANKERS ASSOCIATION TO BE HELD ON THURSDAY 23RD JUNE 2022 FROM 2:30PM AT SERENA HOTEL, NAIROBI

Notice is hereby given that the 60th Annual General Meeting of Kenya Bankers Association will be held on **Thursday 23rd June 2022 at the Serena Hotel, Nairobi.**

AGENDA

1. Constitution of the Meeting and adoption of the Agenda.
2. Confirmation of minutes of the 59th Annual General Meeting held on 24th June 2021 and confirmation of the minutes of the 242nd General Body Meeting of 24th March 2022.
3. Matters arising from the minutes of the 59th Annual General Meeting and 242nd General Body 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 31st December 2021.
7. Declaration of results of the elected Members to the KBA Governing Council.
8. Any Other Business.

Yours Faithfully,



Dr. Habil Olaka, EBS

Chief Executive Officer

CHAIRMAN'S MESSAGE



CHAIRMAN'S MESSAGE



The banking industry enhanced efforts towards supporting economic recovery in 2021; the year 2022 presents opportunities to deepen financial inclusion through responsive lending models and capacity building initiatives.

In many ways, 2021 marked the beginning of a possible “new normal” following the lifting of COVID-19 containment measures imposed at the onset of the COVID-19 pandemic in 2020. This was made possible following successful mass vaccinations, driven by well executed government and private sector efforts. I am glad to say that KBA members stood with the community and contributed significantly towards the availability of COVID-19 vaccines for their employees, their families and, indeed, the community.

Unlike the previous year, 2021 experienced significant economic growth on account of the easing of COVID-19

containment measures. The re-opening of the economy offered much-needed relief across sectors, providing additional momentum to a fledgling post-COVID recovery. However, the recovery continued to be fragile, necessitating sustained efforts towards building back better while ensuring inclusive recovery.

In this regard, I would like to commend the banking sector for its efforts towards anchoring the economy; and continuing to support bank customers through credit accommodations and extending financing while also managing attendant credit risks. It is commendable that the industry collectively restructured loans worth KSh. 1.7 trillion between March 2020 and February 2021 towards supporting customers navigate through the pandemic.

The banking sector’s asset quality continued to improve with the NPL ratio to gross loans declining to 13.1 percent in December 2021, from 14.5 percent in December 2020. The banking industry also continued to be sufficiently liquid and adequately capitalised, demonstrating its resilience and continued ability to support private sector recovery. Banking sector liquidity closed the year at 56.2 percent in December 2021, compared to 54.5 percent in December 2020 and 49.7 percent in December 2019. This impressive resilience was spurred by innovation in both the arena of lending products and adaptive customer service solutions.

The resilience of the banking sector has been supported by a conducive policy and regulatory environment, and on behalf of the banking industry, I acknowledge with gratitude the important role the regulator — Central Bank of Kenya — continued to play in coming up with targeted interventions aimed at supporting affected sectors to weather the pandemic. I have no doubt that continued cross-sector collaboration will remain a key element as we gear up for the year 2022. As an industry, we commit our readiness and willingness to work with all stakeholders in efforts towards full economic recovery.

EXPANDING INCLUSION FRONTIERS

Over the years, the banking sector has been committed to achieving an inclusive financial system through various bank-level interventions and industry collaborations. In 2021, the industry continued to ramp up efforts towards supporting inclusion for Persons with Disabilities in line with the aspirations of the industry’s Strategic Plan for

the period 2019 to 2023. Under the Plan, the industry collectively seeks to support financial inclusion for vulnerable groups, including the youth, women and Persons with Disabilities. I am happy to note that the industry has not reneged on this important commitment and continues to implement initiatives geared towards ensuring products and services resonate with the needs of Persons with Disabilities.

The unveiling of the Deaf Elimu Banking Kenyan Sign Language (KSL) self-training tool — a solution that seeks to support bank staff to learn KSL and serve Deaf customers better— was a key highlight in 2021. The App culminated from the various recommendations contained in KBA's Banking Industry Accessibility Report and Case Study, published in 2020. The report highlighted the need to facilitate a better banking experience for the Deaf community and Persons with Disabilities in general. In its findings, the report indicates that Deaf customers are some of the most dissatisfied bank clients on account of communication challenges. To address this challenge, the study recommends industrywide measures towards ensuring bank branches have staff who can communicate in Kenyan Sign Language.

With regard to supporting industry-wide implementation of accessibility initiatives, I am happy to note that the KBA Secretariat has developed an industry roadmap to guide the industry's inclusion ambitions in a phased approach. It will be instructive for KBA member banks to continue championing the inclusion measures to facilitate full accessibility to banking services by the year 2024 or sooner.

SUPPORTING SME RESILIENCE

The pandemic has had an adverse impact on SMEs not only globally but also at the domestic level. The recovery process highlights the need to support enterprise development for a sustainable and inclusive economic recovery. Collectively, SMEs make a direct contribution of about 30 percent of the total value added in the economy. Recognising the catalytic role of MSMEs in the economy, the industry continued to explore additional opportunities to support their recovery in the year 2021. Key among these interventions was the Inuka Enterprise Program, which seeks to enhance the creditworthiness of small businesses through capacity building. It is encouraging

that the program reached more than 40,000 enterprises in 2021, with plans to scale even further. Since inception in 2018, the program has trained over 50,000 MSMEs. KBA will continue to work closely with the CBK on risk-based pricing as an important cog in promoting credit access for enterprises.

I have no doubt that in 2022, the industry will continue to engage stakeholders to leverage on opportunities such as the Credit Guarantee Scheme and the Moveable Property Security Registry to facilitate further access to capital for enterprises. These efforts are informed by the fact that small businesses are the engine of the economy.

HIGHLIGHTING INDUSTRY SHARED VALUE

In 2021, the KBA Secretariat released various publications to support the industry's lobbying and policy advocacy efforts. They included the Tax Contribution of the Kenya Banking Sector Report, which highlighted the significant contribution the industry makes towards Kenya's tax revenue. The banking sector contributed 27 percent of all taxes collected in Kenya in 2020 and 2019, despite the adverse impact of the COVID-19 pandemic. In addition, KBA published the State of the Banking Industry (SBI) Report 2021, which reaffirmed the industry's stability despite the effects of the pandemic. The Association's Micro, Small and Medium Enterprises Survey Report 2021 indicated that 90 percent of SMEs under KBA's Inuka Enterprise Program were registered, signalling a high level of formalization. I encourage member banks to continue supporting KBA's research efforts, given the importance of research in spurring further industry-wide growth and supporting advocacy initiatives.

OUTLOOK

The banking industry has resiliently navigated challenges in the business environment over the past two years. Underpinning this success has been the industry's characteristic responsiveness and innovation. These elements will remain important as we transition to the year 2022. Indeed, innovation will continue to play a key role in facilitating access to affordable credit through enhanced operational efficiency and satisfactory customer experience; while adaptiveness will support the industry to align to the dynamic needs of our customers. In efforts towards deepening access to credit, banks will also find data useful in designing products aligned with the ever-



L-R: KBA CEO Dr. Habil Olaka, Deaf eLimu Plus Founder Hudson Asiema and FSD Kenya CEO Tamara Cook during the signing of a partnership agreement on the Association's Digital Accessibility project. The partnership culminated in the Deaf eLimu Banking bank-environment Kenyan Sign Language self-training mobile App and website.



KBA Chair John Gachora held a meeting with Cabinet Secretary for ICT, Innovation and Youth Affairs Joe Mucheru and SME Advisor to the President Anne Mutahi to discuss ways of supporting growth and development of youthful Kenyan enterprises.

evolving needs of customers. In addition, strategies on ways of addressing climate-related risks will remain at the centre of the industry's discourse in the next year with the growing clamour for greener lending. The industry will, therefore, find it necessary to invest in capacity building programs aligned to these emerging needs.

APPRECIATION

On behalf of the KBA Governing Council, let me thank all our members for once again providing leadership and expanding the boundaries of possibilities in the past year. This Annual Report's theme is New Frontiers, emphasising our collective commitment to continue creating value for the economy. The year 2022 presents a great opportunity to deepen financial inclusion and harness technology to serve our customers even better. I have no doubt that the industry stands ready to create adaptive solutions to emerging challenges in collaboration with all our stakeholders.

In closing, I would also like to extend my appreciation to the KBA Governing Council Vice-Chair, Ms. Rebecca Mbithi. It has been my distinct honour to serve the industry alongside Ms. Mbithi, whose ideas have continued to inform solutions to industry challenges over the last year. On the same note, I thank all members of the KBA Governing Council for their willingness and readiness to provide counsel on industry matters across the year. Similarly, I thank our member bank CEOs for continuing to support KBA's initiatives. The deep spirit

of collaboration we have witnessed in 2021 signals the industry's commitment to achieve more for the economy in 2022.

Finally, allow me to appreciate the KBA team led by Dr. Habil Olaka for continuing to develop and roll out various transformative initiatives on behalf of the industry. Through the Secretariat, the industry continues to progressively engage with stakeholders such as the Central Bank of Kenya, the National Treasury, the Kenya Revenue Authority, the Capital Markets Authority, the Retirement Benefits Authority, among others. These engagements continue to play a pivotal role in creating solutions to industry challenges in a participatory manner.

As we transition to 2022, I remain confident that the banking sector will continue to leverage on opportunities to support growth and enhance its contribution to the national development agenda.

John Gachora, MBS

Chairperson



Dr. Olaka addresses banks' representatives during the presentation of the 2021 Customer Satisfaction Survey recognition certificates.



KBA Director Legal, HR and Policy Advocacy Director Raimond Molenje (centre) during the 2021-2023 Collective Bargaining Agreement negotiations.



L-R: PwC partner Job Kabochi, KBA Chief Finance Officer Kennedy Mutisya and KBA Tax Sub-Committee Chairperson Peter Mungai during the release of the Total Tax Contribution of the Kenya Banking Sector Report.



Mr. Mutisya (Right) receives the Association's recognition for excellence in the IFRS category during the 2021 FiRe awards ceremony.



Kenya Revenue Authority Domestic Taxes Commissioner Rispah Simiyu speaks during the release of the Total Tax Contribution of the Kenya Banking Sector Report.



KBA coordinated a session to brief Persons with Disability and etiquette trainers on the Association's Digital Accessibility Project.



CEO'S MESSAGE

CEO'S MESSAGE



Dr. Habil Olaka, EBS

Chief Executive Officer

FINANCIAL HIGHLIGHTS 2021

Industry operations in the year 2021 were undertaken on the backdrop of challenges associated with the COVID-19 pandemic. Although the effects of the disruption abated significantly in 2021, access to credit to small enterprises remained constrained, demanding innovative lending solutions. In this regard, the Association enhanced its lobbying and advocacy activities, working together with a wide range of stakeholders to support business recovery in the economy.

For the KBA Group to undertake and fund its program activities as budgeted, the Group generates income from various sources comprising of subscription fees, switch income, entrance fees and from other income sources. During the financial year 2021, total income generated by the KBA group was KSh. 422.06 million in comparison to KSh. 411.41 million generated in the FY 2020. The increase in total income represents a 2.59 percent increase from the previous year. The improved income is attributed to increase in switch income earned by IPSL as more bank customers adopted and used the PesaLink platform.

The Association has made marked progress to broaden its income streams by introducing new services that have generated additional income. The subsidiary, IPSL, has

equally made steady growth in increasing the transaction base for the users of the PesaLink platform. In the period under review, IPSL's focus was directed towards expanding its income stream base from over relying on P2P income stream to other income streams such as aggregator fees and bulk transaction fees.

As a result of adopting this strategy, the total income for the year for IPSL posted an increase of 32.21 percent, closing at KSh. 42.53 million in comparison to KSh. 32.17 million earned in the previous year. The usage of the PesaLink platform has witnessed a significant increase by bank customers and we expect this trend to be sustained in the coming years as various initiatives aimed to make the company profitable are implemented by IPSL Board of Directors and the Management.

KBA group expenditure allocation for the year was mainly distributed to fund:

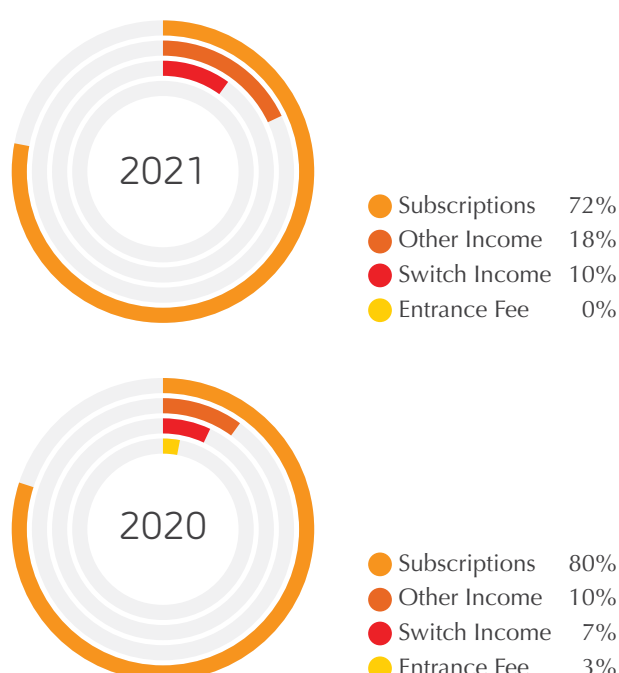
- Administrative expenditure, KSh. 313.94 million.
- Project related activities, KSh. 144.71 million.
- Establishment expenditure, KSh. 127.77 million.
- Finance costs, KSh. -1.16 million.

It is important to note that despite the level of activities in the year relatively increased compared to the

previous year due to reduced COVID-19 restrictions, a cost rationalization of 5 percent was realized compared to FY 2020. The cost reduction is largely attributed to expenditure reduction in finance cost amounting to KSh. 5.11 million after the Bank of Baroda loan was liquidated. An additional KSh. 19.17 million savings was realized from prudent management of administrative expenditure related activities.

A summary of both the revenue distribution and expenditure utilization for the KBA Group for the year is illustrated below.

Revenue Distribution FY 2021



Consolidated Expenditure

	2021	2020
Expenditure*	Amount in KSh	Amount in KSh
Project Related Expenditure	144,706,885	146,245,525
Administrative Expenses	313,942,465	333,116,034
Establishment Expenses	127,765,952	133,244,810
Finance Expenses	(1,163,709)	6,276,150
Total Expenditure	585,251,593	618,882,519

*Expenditure of KBA and IPSL



KBA CEO presents recognition certificates to banks that excelled in the 2021 banking industry Customer Satisfaction Survey. Family Bank was ranked as the best overall bank in digital experience, followed by Standard Chartered Bank and Equity Bank respectively.

Policy Engagements

In executing its mandate as the industry's advocacy group, KBA continued to engage policy makers on issues that have a bearing on the industry. Supported by various Committees, Sub Committees and Working Groups, the KBA Secretariat engaged on a wide range of policy aspects, in efforts geared towards unlocking policy challenges through facilitatory measures.

In consideration of the forthcoming general elections, the government's fiscal budget for the FY2022/2023 was brought forward. To this end, the National Treasury called for public submissions in respect to preparation of the next financial year's budget. The Association, through the Tax Sub Committee, submitted the banking sector's tax proposals in August 2021 for consideration.

Following the Ministry of Lands' discontinuation of manual land transactions at the Nairobi Land Registry, the National Land Information Management System (Ardhi-sasa) was launched on 27th April 2021. The electronic system presented various challenges to the industry. Consequently, KBA and the Law Society of Kenya (LSK) held various sessions with banks to address the user experience concerns. The Association also engaged on the Sectional Properties Act, which came into force on 28th December 2020. The legislation provided for the division of buildings into units to be owned by individual proprietors and common property to be owned by proprietors of the units.



In collaboration with the Kenya Private Sector Alliance, KBA coordinated a vaccination initiative that facilitated the vaccination of close to 3,000 people.



KBA participated in the Mediation Accreditation Committee interviews to recruit mediators to serve under the Court Annexed Mediation Program.

Separately, the Institute of Surveyors of Kenya (ISK) launched the Kenya Valuation Standards to guide Valuers, Customers and Stakeholders during valuations and enhance accountability, efficiency, and professionalism in property valuations. KBA continues to work with ISK to sensitize member banks on the new valuation standards.

Industrial Relations

In 2021, KBA led the banking industry to successfully conclude union negotiations for the 2021 to 2023 period. The Agreement provided enhanced terms and conditions covering over 20,000 unionisable employees within the industry. Under the agreement, the unionisable employees received a four percent salary increment for the previous year 2020 and a further three percent pay rise for the year 2021. The enhanced terms and conditions of work for the unionisable staff demonstrated the industry's commitment to efficient and effective service delivery to the banking public amidst the COVID-19 pandemic. Bank employees played an important role as essential workers throughout the COVID-19 pandemic, continuing to deliver uninterrupted services to the banking public.

COVID-19 Vaccination Drive

The Association in partnership with the Kenya Private Sector Alliance (KEPSA) and the Ministry of Health coordinated the vaccination of over 50,000 individuals including banking industry staff, their family members

and the public with the single jab, Johnson and Johnson COVID-19 vaccine. This initiative enabled banks to fully resume their operations and better supported the banking public and businesses to mitigate the effects of COVID-19 pandemic.

Capacity Building

The Association sustained capacity building initiatives in 2021 as part of efforts towards promoting industry best practices and building knowledge on ways of creating long-term value. Under the Sustainable Finance Initiative (SFI), KBA spearheaded enhanced utilization of the training platform. Three new projects were added into the program: Environmental Risk; Blended Finance and the Persons with Disability Project. These projects reinforced the SFI principles under the principles on Managing and Mitigating Environmental Risk (SFI Principle 3); and Growth Through Inclusivity and Innovation (SFI Principle 2).

In partnership with the Business Registration Service (BRS), KBA also held sessions for practical training of staff drawn from banks, microfinance banks and SACCOs who are involved in the day-to-day operations of the collateral registry. Further, KBA partnered with the Judiciary Training Institute to undertake tax training for commercial judges focused on the banking industry. Through the Compliance Sub Committee, KBA convened a training session on the Data Protection Act. The program aimed to sensitize banks on data protection aspects, including designing



KBA hosted a delegation representing the COMESA Business Council to discuss digital retail payments.



KBA conducted a mid-term review of its 2019-2023 Strategic Plan

and implementing data protection programs. The session also sought to prepare banks to comply with the Data Protection Act.

In collaboration with Moody's Analytics, KBA continued to provide capacity building to credit market practitioners on issues of relevance to the industry. Under the program, the Association hosted a webinar on Forward-Looking Risk Measurement, with perspective on East African Banks. The webinar was held in recognition of the fact that over the last decade, banks have made and continue to make significant reviews of their risk management models, given the evolution of the business environment with the uncertainty created by the pandemic.

Under the Environmental Risk Project, PwC has commenced analysis of environmental and water compliance risks that banks and clients in manufacturing and real estate are exposed to. KBA is working with NCBA, I&M, Kingdom Bank, National Bank, Middle East Bank and M-Oriental Bank on detailed insights and will issue a survey to all members for broader feedback. The project has been endorsed by Kenya Property Developers Association (KPPDA), Kenya Association of Manufacturers (KAM), and the Petroleum Institute of East Africa (PIEA) and through these organizations, banks will benefit from their client insights. The draft policy paper was circulated to the KBA Governing Council in October 2021 for consideration.

To enhance industry technical capacity in the compliance field, the Association undertook several trainings for banks. The sessions included a training on financial

crime facilitated by Ernst Young. The training focussed on AML / CFT sanctions and financial crime in the wake of the COVID-19 pandemic; emerging trends in AML/ CFT sanctions; highlights on the AML/CFT regulatory framework; and technology and data in the context of AML/CFT. The Association also coordinated a training forum on data privacy, which aimed to enhance capacity on implementation of data protection program; understanding data privacy challenges in the banking sector; data privacy organizational strategy; privacy notice and policy management; data lifecycle management; data subject rights and processing; data security; and data privacy and anti-money laundering.

In addition to the trainings, the Association held several stakeholder engagements with regulators as part of the continuous relationship building. In the year under review the Association engaged with the Ethics and Anti-Corruption Commission (EACC), Unclaimed Financial Assets Authority (UFAA), Asset Recovery Agency, Financial Reporting Centre and the Office of the Data Protection Commissioner (ODPC).

Enhancing Customer Experience

In conjunction with the KBA Customer Service Working Group, KBA conducted the 2021 Customer Satisfaction Survey. The survey obtained close to 30,000 responses, distinguishing the survey as one with the highest feedback rate since the inaugural edition that was published in 2018. The large sample offered an opportunity to analyse access barriers and customer experience issues that need



The Association conducted a training workshop on the Moveable Property Security Registry (MPSR)



KBA and KCIC signed a Memorandum of Understanding (MoU) to advance the green finance agenda in Kenya and promote enterprise development for Micro, Small and Medium-sized Enterprises.

to be addressed across the industry. The survey findings indicated that 78 percent of Persons with Disability were able to independently access banking services, challenging the industry to implement further measures to enhance the customer experience of bank clients with disabilities. We believe that insights from the report will continue to inform further policies towards enhancing financial inclusion for the country's highly dynamic and diverse banking public through fact-based innovation.

Payments and Security Taskforce Proposals

In 2021, a Payments and Security Taskforce was constituted to develop recommendations towards improving the security aspects of the payment's infrastructure. The team discussed suggested various initiatives, including a recommendation to Mobile Network Operators to implement a solution that would detect SIM change where the consumer has linked their SIM card number to their bank. Two operators have since implemented the feature and are conducting integration tests. KBA continues to engage to ensure all proposals made by the taskforce are implemented and where necessary engage the regulator for support. Meanwhile, the Association has been working on upgrades on the Clearing House to transition the framework to the new ISO 20022 standard. In this regard, KBA organised training sessions for banks' technical clearing teams in readiness for the upgrades' s go-live in 2022.

KBA Financial Reporting Recognition

For the 5th consecutive time, the Kenya Bankers Association won the 2021 Financial Reporting (FiRe) Awards, a joint initiative by the Institute of Certified Public Accountants of Kenya (ICPAK), the Capital Market Authority (CMA) Kenya and the Nairobi Securities Exchange (NSE). The Association was recognised for excellence in financial reporting in the IFRS for SMEs Category. The award followed a rigorous evaluation process on globally accepted principles. The guiding principles upon which the recognition was based included International Financial Reporting Standards (IFRSs), best practices in governance and corporate citizenship as well as other requirements that are specific to a particular reporting organisation. We appreciate our member banks and other stakeholders for relentlessly supporting industry initiatives towards reinforcing a reputable and professional banking sector.

Dr. Habil Olaka, EBS

Chief Executive Officer



The banking industry concluded the 2021 – 2023 CBA Negotiations, increasing salaries for more than 20 thousand unionisable employees by 7 percent.



KBA CEO Dr. Habil Olaka submitted for consideration to the National Assembly Finance and Planning Committee a proposal on the Finance Bill, 2021.



The Law Society of Kenya (LSK) and Kenya Bankers Association entered into an agreement to spearhead financial inclusion and capacity building initiatives aimed at promoting best practice in proposed laws, regulations and policies concerning the banking industry, banking public and related stakeholders.

DEAF ELIMU BANKING LAUNCH

DECEMBER 2, 2021

9AM-10:30AM EAT

CHIEF GUEST

Dr. Patrick Njoroge Governor, CBK






Follow the conversation via
#A11YFinance and #DeafElimuBanking
www.deafelimubanking.africa

IN PARTNERSHIP WITH







KBA participated in the launch of the 2021 Valuation Standards, jointly developed by the Institute of Surveyors of Kenya and Valuers Registration Board to address challenges facing the valuation practice and process in order to encourage transparency, confidence, consistency and clarity.



KBA hosted a delegation from the Zambia Electronic Clearing House. The team paid a courtesy call to benchmark on KBA's experience in its work around the Automated Clearing House (ACH).

INUKA WEBINAR SERIES



Building Business Resilience in Turbulent Times

Date: 23rd June 2021
Time: 10:00am-10:45am

Join the discussion  **#InuaBiasharaSummit**

Tweet Chat

with KBA CEO,
Dr. Habil Olaka



KENYA BANKERS ASSOCIATION



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Join us at **chat.kba.co.ke** as we discuss various trends in the banking industry.



Betty Korir,
Credit Bank, CEO
07.05.2021



David Mukaru,
Caritas Microfinance Bank, CEO
18.05.2021



Moezz Mir,
SBM Bank, CEO
21.05.2021



Alakh Kohli,
Oriental Bank, CEO
28.05.2021



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REPORT ON THE INTEGRATED PAYMENTS SERVICES LIMITED (PESALINK)

REPORT ON THE INTEGRATED PAYMENTS SERVICES LIMITED (PESALINK)



PesaLink Chief Operating Officer Seun Owoeye facilitates a scheme rules workshop held in 2021.



Participants in the scheme rules workshop.

IPSL will continue to drive strategic engagement through key partnerships with aligned interests for mutual benefit in terms of shared knowledge, experience, resources and increased opportunities to serve our customers better and sustain growth.

Globally, real-time payments (RTP) rails will continue to be among the most critical innovations in the banking industry. As countries drive towards a real-time economy, implementing and adopting an inclusive instant payments infrastructure by all players within the ecosystem will be an essential success factor. The banking industry in Kenya has not been left out in this journey with the recent modernization and transformation of PesaLink to enable interoperability for various stakeholders, including banks, telcos, fintechs, payment service providers and Savings and Credit Cooperative Societies (SACCOs)—based on the latest global messaging standard, ISO 20022.

PesaLink provides 24 x 7 x 365 payment services for the banking industry in Kenya. Currently, the ecosystem consists of at least 32 banks, several payment service providers, SACCOs and a telco. PesaLink continues to provide a compelling proposition to banks and non-bank financial institutions, consumers, merchants and businesses for real-time transfer, within seconds, at a competitive fee, enabling immediate value, with same-day settlement capabilities. This has continued to be an exciting reality for more than 9.5 million consumers who have access to PesaLink.

As payments systems operators around the world are at various stages of designing and implementing or considering building new real-time payments platforms based on ISO 20022 message formats, PesaLink has become the first national real-time payments system operator in sub-Saharan Africa to launch a real-time payment system based on this standard. According to a 2021 report by ¹ACI Worldwide (a software company providing real-time payment solutions), real-time payments transactions out of global electronic transactions in 2020 was 9.8 percent, up from 7.6 percent in 2019; it is projected to rise to 17.4 percent by 2025. Similarly, the World Bank has valued the global real-time payments market size at USD 13.55 billion in 2021 and will grow at a compound annual growth rate (CAGR) of 34.9 percent from 2022 to 2030. In the same report, Kenya was ranked amongst the top ten countries, globally, projected to experience the highest growth in real-time payments (bank account-to-account transfers). In comparison with 2020 transaction statistics, there was an increase of 21.3 percent and 35.6 percent in volume and value of processed transactions respectively.

¹ <https://www.paymentscardsandmobile.com/global-real-time-payments-transactions-surge-41-in-2020/>



A group discussion during the scheme rules workshop.

During the year, IPSL's strategy and commitment to the industry was centered around the following:

- Enhancing trust and activating consumers
- Diversifying our product and service offering
- Building scale

ENHANCING TRUST AND ACTIVATING CONSUMERS

To build trust and drive utilisation in a payment ecosystem, the platform must guarantee transaction success and a seamless consumer experience. At 99.99 percent uptime, the PesaLink platform continues to provide a secure open-loop ecosystem for real-time money transfers. Following PesaLink's migration to a new real-time-payment switch and transition to ISO 20022 in October 2021, all connecting partners can now improve their back-office operations and provide a better consumer experience.

Cyber security continues to be a critical part of IPSL's building blocks to enhance trust with consumers and partners. In 2021, the company undertook an industry-wide IT Security audit and vulnerability assessment to ensure risks and cyber threats are not introduced into the ecosystem by any connecting partner. Fully understanding how dynamic cybersecurity threats are, we subject our systems at IPSL 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.

DIVERSIFYING OUR PRODUCT AND SERVICE OFFERING

IPSL continues to focus on strategies to expand its product suite beyond person to person (P2P) to launch new use cases that would support open banking initiatives and enable business and government-related payments through investments in technology modernization to drive product and service innovation and in its people.

BUILDING SCALE

With the ongoing migration of banks to the new ISO 20022 and the onboarding of all banks not live on PesaLink by Q4 2022, the company's strategic focus is to consolidate the network effects of enabling all banks on PesaLink rails. There are ongoing engagements with banks that are not live on PesaLink with a view to understanding their onboarding journey and providing technology advisory as may be required. Against this backdrop, all banks in Kenya would enable their consumers to initiate PesaLink transactions, receive inbound transactions across all banks and offer differentiated services to corporate consumers leveraging PesaLink's capabilities.

OUTLOOK FOR 2022

During the last quarter of 2021, with support from FSD Kenya, IPSL initiated work on the development of a new strategy (2022-2024) which involved input from key stakeholders including the Central Bank of Kenya, Banks, fintech leaders and the IPSL board with the guidance of a team of experts. The strategy, themed "Winning payments Back to the Banking Sector, was finalized and adopted at the back end of the year will focus on three key pillars; **Governance, Excellence and Product development.**

Whilst the most immediate attention has been on stabilizing the P2P offering by putting in place robust scheme rules that will govern the implementation of PesaLink, work has already been initiated on increasing the product offering for deployment before the close of the year. In parallel, the new economic and pricing model that was approved by the Governing Council as part of the strategy came into effect on 1st January 2022. This change introduced membership fees and a shift to a 3-tier tariff for P2P transfers.

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



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



Central Bank of Kenya Deputy Governor Sheila M'Mbijewe, KBA Governing Council Chairman John Gachora, Governing Council Members Gerald Warui and Moezz Mir, KBA CEO Dr. Habil Olaka, discussants and researchers during the Association's 10th Annual Banking Research Conference.

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 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 policy stance from April 2020 through 2021. This resulted in an improvement in the market liquidity conditions, declines in short-term money market interest rates as lending rates remained largely unchanged,

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 constrained by an elevated credit risk and restrictive pricing conditions.

i) The 10th Annual KBA Banking Research Conference

The KBA Centre for Research on Financial Markets and Policy successfully hosted the 10th **Annual KBA Banking Research Conference** on September 22-24, 2021. The Research Conference is the Centre's flagship event through which ideas and insights in areas of interest to the banking industry are discussed, and policy prescriptions highlighted.



Central Bank of Kenya Deputy Governor Sheila M'Mbijjewe speaks during the Association's 10th Annual Banking Research Conference.



KBA Research and Policy Director Dr. Samuel Tiriongo (Right) and Strathmore University's Joseph Theuri during the 10th Annual Banking Research Conference.

The theme of the Conference was: ***“Banking Beyond COVID-19: Risk-Assessment, Balance Sheet adjustments and Exploring Options and Pathways to Strong and Sustainable Economic Recovery.”***

The Conference presented an opportunity to focus on banking beyond the COVID-19 pandemic, especially on the risk assessment, balance sheet adjustments and, and strategies to bring about a strong and sustainable economic recovery. It spotlighted on three interrelated areas.

- First, whether the COVID-19 pandemic altered traditional views about risk and its assessment at the sector and aggregate level;
- Second, whether the pandemic triggered adjustments in bank balance-sheet structures, in particular seeking to establish how the structural changes occasioned by the pandemic influence the banking sector's path/evolution post-pandemic; and
- Third, ascertain the economic effects of the pandemic at both aggregate and sectoral level, with the objective of identifying any evident potential channels that could be explored towards a strong and sustainable recovery.

The eight (8) papers and a methodological session presented at the conference were:

1. **What Drives MSME's Credit Choices?** Business Versus Personal Loan Account Utilisation in Kenya: By Hillary Mulindi, Kiplangat Josea, & Samuel Tiriongo (KBA)
2. **Banking System Adjustment to Shock: The Kenyan Case of Liquidity-Profitability Trade-Offs:** By Jared Osoro (FSDA) and Kiplangat Josea (KBA)
3. **A Review of the Asset Quality Assessment in the Absence of Quality Data towards Optimal Credit Intermediation:** By Andrew Njeru, KCB Group
4. **Data Analytics: Methodological Session:** By John Olukuru & Joseph Theuri Gitonga, Strathmore University
5. **COVID-19, Policy Interventions, Credit Growth and Financial (In)Stability:** By Gillian Kimundi, Strathmore University
6. **Diversification, Loan Loss Provisions and Bank Earnings During the COVID-19 Pandemic: Evidence from Kenya:** By Rogers Ochenge, Embu University & Strathmore University



KBA Governing Council Chairman John Gachora makes opening remarks during the 10th Annual Banking Research Conference.

7. **Bank Capital, Credit Risk and Financial Stability in Kenya:** By Samuel Kiemo, Camilla Talam & Irene. W. Rugiri, CBK
8. **Macroeconomic Shocks and Credit Risk in the Kenyan Banking Sector:** By Faith Atiti, Stephanie Kimani & Raphael Agung, NCBA Bank
9. **COVID-19 and the Finance-Economic Growth Nexus 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 2021, fifty four (54) 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. From 2022 onwards the *KBA Working Paper Series* have been escalated to a global repository of research papers, accessible via <https://www.econstor.eu/handle/10419/249500>; seeking to expand their visibility and shape global views about the banking environment in Kenya.
- b. The **KBA Policy Briefs**, the first in the series, was initiated in 2021 and published in 2022 and provides non-technical summaries highlighting policy insights generated from eight KBA Working Papers presented during the 10th Annual Kenya Bankers Association Banking Research Conference held in September 2021.
- c. 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 30 and 31 were published. The *Bulletin* has received positive feedback from the wide readership it is now drawing.



- d. The **KBA State of the Banking Industry Report** – an annual publication aims at contributing to the understanding of the Kenyan banking industry. In 2021, the third edition of the State of the Banking Industry Report covering data for 2020 was published by the Centre for Research on Financial Markets and Policy®.
- e. The **Micro, Small & Medium Enterprises Survey Report 2021** - A Survey Report, jointly published by the Kenya Bankers Association (KBA) Centre for Research on Financial Markets and Policy® and Japan International Cooperation Agency (JICA) was published. The Report aimed at providing information to bridge the information gap between MSMEs and financial institutions. In pursuit of this, the report sheds light on the MSMEs ecosystem by collecting data on entrepreneur and enterprise characteristics, supply chain and customer engagements, and utilization of formal and informal financial instruments.
- f. Regular **Research Notes** – During the year, six (6) Research Notes – Note 53 to Note 58– were

issued and published on the KBA website, with each issued one week ahead of every meeting of the Monetary Policy Committee (MPC) of CBK. In addition, four (4) post-MPC commentaries were also issued to the KBA Membership to comment on the additional information considered by the MPC in their decisions.

g. **KBA Housing Price Index (KBA-HPI)**

Since the launch of the Housing Price Index in February 2015, the KBA Centre for Research on Financial Markets and Policy® has been publishing, on a quarterly basis, the KBA HPI Report. In 2021, three (3) quarterly KBA-HPI reports were published, as the reports continued to receive 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

REPORT ON CREDIT INFORMATION SHARING



In 2022 and beyond, the revamped Tatua ADR Centre will leverage on its competences built through six years of resolving CIS-related disputes to offer a broader scope of dispute resolution services for the entire financial sector.

As Kenya's economy continues to rebound from the impact of COVID-19, CIS Kenya remains focused on accomplishing its mission of facilitating generation and use of accurate credit information for the benefit of all participants in the credit market.

In 2021, CIS Kenya, in collaboration with the World Bank, prepared a report entitled ***Impact of COVID-19 on Credit Reporting Systems – Kenya Case Study***, available on the link <https://ciskenya.co.ke/wp-content/files/2022/03/Kenya-Report-V10-003.pdf>

A number of policy directives and legal reforms had significant impact on the credit information sharing (CIS) framework.



CIS Industry Code of Conduct Signing - CIS Kenya CEO, Jared Getenga and Mr. Christopher Huka, Interim Director General of Kenya Development Corporation (KDC)

THE CENTRAL BANK OF KENYA (AMENDMENT) ACT, 2021

The law became effective on December 23, 2021 with the principal objective of bringing the provision of credit or loan facilities through digital channels under the supervision of the Central Bank of Kenya (CBK). Among other reforms, digital lenders are now required to disclose to the licensed credit reference bureaus (CRBs) positive and negative information about their customers as reasonably required for the discharge of their functions. Digital lenders were barred by CBK in April 2020 from participating in the CIS mechanism due to public outcry that some credit providers were misusing the mechanism.

Pursuant to this law, CBK (Digital Credit Providers) Regulations, 2021 were gazetted on 18th March 2022, providing a six-month window for digital lenders to apply for licensing by CBK.

NEGATIVE DATA SUPPRESSION

Legal Notice No. 225 of November 5, 2021 suspended CRB listing of negative credit information for borrowers with loans below KSh. 5 million, whose loans were performing previously, but had become non-performing



CIS Industry CoC signing and handing membership certificate to Robert Nyasimi, Founder & CEO -RentCo Africa Limited

from October 1, 2021. Further, CRBs were instructed not to include in any credit report, any negative credit information for loans of a customer less than KSh.5 million submitted between October 1, 2020 and September 30, 2021, for a period of 12 months from October 1, 2021, to September 30, 2022.

This directive had the potential of compromising reliability of credit scores and other credit bureau products, and CBK cautioned that the suspension could adversely impact the provision of credit by banks to the target (MSMEs) group.

CIS Kenya engaged its members with the following Activities in the year 2021:

LAUNCH OF CIS INDUSTRY CODE OF CONDUCT

The Code of Conduct, approved by CBK on 18th May 2021 in accordance with Regulation 24 (8) of the CRB Regulations 2020, empowers CIS Kenya to implement minimum standards on unregulated credit providers to ensure robustness of the mechanism and address numerous concerns raised by CBK on data quality and consumer protection. The official launch was held on 2nd September 2021, presided over by Mr. Kiprono Kittony (Chairman, Nairobi Securities Exchange). CIS Kenya's Chair and Vice-Chair, Mr. Charles Ringera and Ms. Mbatha Mbithi respectively, addressed the forum alongside representatives of the World Bank Group, Kenya Bankers Association, CRBs and Leasing Association of Kenya.

ONBOARDING NON-BANKS TO JOIN THE CIS FRAMEWORK

Following launch of the Code of Conduct, CIS Kenya implemented a roadmap for on-boarding third-party CIPs into the CIS mechanism in collaboration with CBK and all licensed CRBs and with support from FSD Kenya.

ALTERNATIVE DISPUTE RESOLUTION CENTRE FOR CRB DISPUTES

Tatua Centre, the Alternative Dispute Resolution Centre established by CIS Kenya to resolve CIS disputes obtained

registration as a separate legal entity in April 2021. The Centre now enjoys greater independence and enhanced opportunities for expanding its mandate.

TRAINING AND CONFERENCES

The Kenya CIS Virtual Conference, held on 9th March 2021, offered a platform for more than 150 leading sector players in Kenya's credit market, led by the CBK Governor Dr. Patrick Njoroge, to review the impact of COVID-19 pandemic and related policy and regulatory interventions on the CIS mechanism. Organized by CIS Kenya and addressed by the World Bank, the conference provided insights on managing credit risk in the context of the COVID-19 environment.

The **CIS learning Centre** continued offering trainings that equip credit practitioners with skills to implement risk-based pricing in the COVID-19 environment. Notable trainings included *"Supercharge your Collections – Leveraging credit infrastructure and skillsets for optimal collections"* held in Naivasha between 25th-27th August 2021 and an in-house training for Mwalimu National Sacco held between 28th and 29th September 2021.

COMMUNICATIONS AND CONSUMER ENGAGEMENTS

CIS Kenya's key messages through its various social media platforms and media interviews with the CEO, Mr. Jared Getenga centred on application of the Code of Conduct to enhance data quality, consumer awareness and customer centricity.

WAY FORWARD

The Centre has therefore expanded its panel of experts to enable it offer arbitration services alongside mediation and can be reached via tatua@tatuacenter.co.ke or 0712973345.

The background of the entire page is a photograph of dandelion seed heads. In the upper left, several seed heads are shown in profile against a clear blue sky. The sky is covered with a fine, white grid of dots. The lower right portion of the image is dominated by a large, close-up of a dandelion seed head, which is heavily backlit, creating a warm, golden-yellow to orange glow. The seeds are visible as fine, radiating lines.

SOCIAL RESPONSIBILITY REPORT

SOCIAL RESPONSIBILITY REPORT

The year 2021 was another turbulent year paved with uncertainty owing to the effects of the COVID-19 pandemic. The health crisis continued to take a toll on the economy, communities and families worldwide.

Policy interventions taken by the Kenyan Government, coupled with a mass vaccination rollout, continued to cushion households and businesses from its devastating impact. The banking industry, a critical cog to the resilience of the economy, exercised its influence to bolster recovery efforts while also upholding the triple bottom-line ideal. In fact, KBA member banks restructured 300,000 loan accounts worth KSh. 1.7 trillion between March 2020 and

February 2021. The loans restructured were mainly from households, trade, Real Estate, manufacturing, transport, and communication sectors—all of which were gravely affected by the pandemic. As a result, the year saw a partial economic improvement. Despite operating in a difficult and volatile environment, the steps taken by banks only reinforced their commitment to deliver the Sustainable Development Goals.

In 2021, Kenya Bankers Association (KBA) augmented the banking sector's efforts by driving key industry-wide programs. In addition, the Association championed vital consumer awareness campaigns designed to empower the public. The following are the initiatives that were undertaken in 2021 by KBA.



A total of
**300,000 loan
accounts**
worth

**KSh. 1.7
trillion**

were **restructured** between
March 2020 to February 2021

ENHANCING DIGITAL FINANCIAL SAFETY

As the banking public continued to utilize contactless financial services to curb the spread of the coronavirus, the Association accelerated its efforts in creating consumer awareness on digital vulnerabilities through the annual Kaa Chonjo! Card, Mobile and Online Safety Awareness Campaign.

To this end, KBA partnered with PesaLink, VISA Kenya, Kenya Society for the Blind (KSB), Association for the Physically Disabled of Kenya (APDK), Communications Authority of Kenya (CA) and Consumer Grassroots Association (CGA) to sensitize the public to be vigilant and not fall prey to fraudsters while transacting on bank channels. Through the partnership, the key safety awareness messages from the campaign reached approximately 98.4 million people across mainstream media and social networking platforms. Themed,



L-R: Eva Ngigi Sarwari, Visa's Country Lead for Kenya; Communications Authority of Kenya Acting Director General Mercy Wanjau, Kenya Society for the Blind Chair Samson Waweru, and Kenya Bankers Association Technical Services Director Fidelis Muia during the unveiling of the 2021 Kaa Chonjo! Card, Mobile and Online Safety Awareness Campaign. Mrs. Wanjau presided over the launch as chief guest.



Approximately

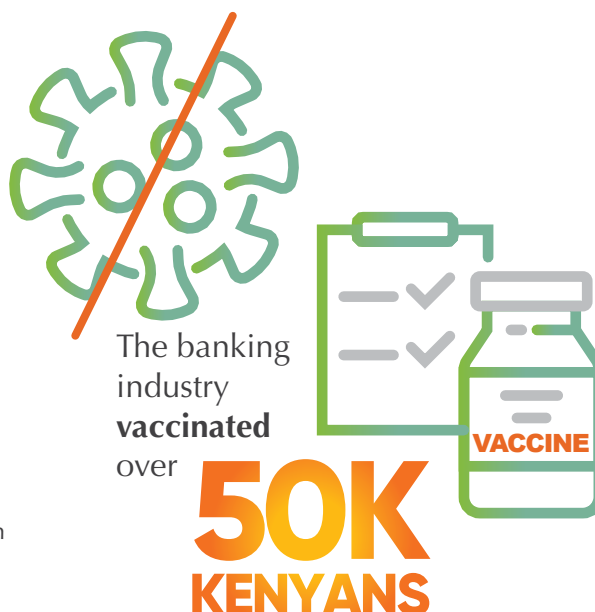
98.4
million

people were reached with
messages on **Card, Mobile**
and **Online Security**

"Keeping Pace with Evolving Financial Services Security Challenges" the campaign also enlisted member-bank support in the amplification of the awareness messages. Banks used multiple channels to sensitize the public on the importance of protecting their Personal Identification Numbers (PIN) and passwords.

RAMPING UP COVID-19 VACCINATION EFFORTS

In a span of two-years, the world witnessed the destructive and uncontrollable effects of the COVID-19 pandemic. The International Monetary Fund (IMF) estimates that the health crisis will cost the global economy more than USD 12.5 trillion by 2024. In Kenya, the lost earnings of those affected and infected by the virus plunged countless people into extreme poverty.



In view of this, the Association doubled its efforts to provide Kenyans with an opportunity to get vaccinated against the virus. Through its partnership with the Ministry of Health and Kenya Private Sector Alliance (KEPSA), KBA conducted a vaccination drive that benefited 2,950 Kenyans. The banking industry also ramped up its efforts and vaccinated over 50 thousand people. By December 2021, nine million, nine hundred and seventy-six thousand, seven hundred and eighty-three (9,976,783) Kenyans had been vaccinated across the country as a result of the Government and private-sector interventions. The mass vaccination exercise enabled Kenya to curb the daily infection and death rates in the country.

BOOSTING MSMEs RESILIENCE THROUGH FINANCIAL LITERACY

Micro, Small and Medium-sized Enterprises (MSMEs) remain at the centre of the country's economic recovery and stability. Over the years, MSMEs have created employment to more than 15 million Kenyans and contributed about 30 percent to the Gross Domestic Product (GDP). Nonetheless, they struggle with various obstacles that inhibit their ability to reach their full potential. Many of them contend with inadequate financial, as well as, business management expertise; lack of innovation; insufficient working capital; and inaccessibility to





**VIRTUAL
TRADE
SHOW**
OPENING CEREMONY



Date 24th June 2021

Time 10am-11am EAT





KBA Senior Communications and Public Affairs Officer Roselyne Njino demonstrates the Inuka Enterprise Program e-learning platform to a learner.

affordable finance. To enhance MSMEs' ability to overcome these challenges, in 2018, KBA launched the Inuka SME Program with the objective to build the capacity of start-ups and MSMEs to run their businesses optimally. Additionally, the financial literacy training was designed to de-risk entrepreneurs in order for them to be eligible to access bank finance.

In 2021, KBA coordinated a series of online financial literacy trainings in conjunction with Equity Group Foundation, Diamond Trust Bank, as well as a community-based organization in Kibra. Through the partnership with Equity Group Foundation, 33,600 Kenya National Chamber of Commerce and Industry (KNCCI) members were trained across the country. Additionally, through the collaboration

INUKA SME PROGRAM WEBINAR SERIES



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Branding Management Strategies to Enhance Business Performance

Date: 27th August 2021
Time: 10:00pm – 11:00pm

[Click here to register](#)



SPEAKER

Eva Muraya
BSD GROUP, CHIEF
EXECUTIVE OFFICER



MODERATOR

Azmaira Thonani
DIAMOND TRUST BANK, SENIOR
MANAGER, MARKETING AND
COMMUNICATIONS

Access a free virtual business training sponsored by banks through visiting:
www.inukasme.co.ke



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Succession Planning Strategies for Business Continuity

Date: 22nd October 2021
Time: 10:00pm – 11:00pm

[Click here to register](#)



SPEAKER

Patricia Okelo
KAYANA CO-FOUNDER



MODERATOR

Susan Ndungu
NCBA, HEAD, PORTFOLIO
MONITORING, BUSINESS
BANKING

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Branding Management Strategies to Enhance Business Performance

Date: 4th November 2020
Time: 3:00pm – 4:00pm

[Click here to register](#)



SPEAKER

Samuel Omukoko
METROPOL CORPORATION
LTD, GROUP MANAGING
DIRECTOR



MODERATOR

Sarah Kiptoo
PRIME BANK,
HEAD-BUSINESS BANKING



SPEAKER

Ian Sayers
INTERNATIONAL TRADE
CENTRE, SENIOR ADVISER,
ACCESS TO FINANCING
AND INVESTMENT DIVISION
OF ENTERPRISES

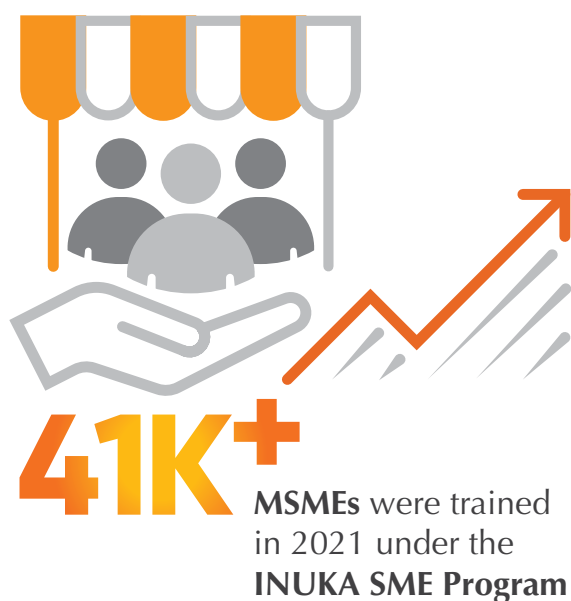
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www.inukasme.co.ke



between the Association and Diamond Trust Bank, 1,741 MSMEs were upskilled under the KBA Inuka SME Program curriculum. The training took place in a span of two-months through weekly virtual sessions with Inuka trainers.

Separately, in view of realizing the program's objective of supporting MSMEs to formalize their operations, the Association engaged C.A.R.O Foundation, a community-based organization, to mobilize youth in Kibra to undergo financial literacy trainings. Through the mobilization exercise, 5,010 youths were trained under the program's e-learning platform to optimize and formalize their operations. During the exercise, C.A.R.O Foundation representatives aided the youths to apply for KRA Pins and register their businesses thus promoting formalization.

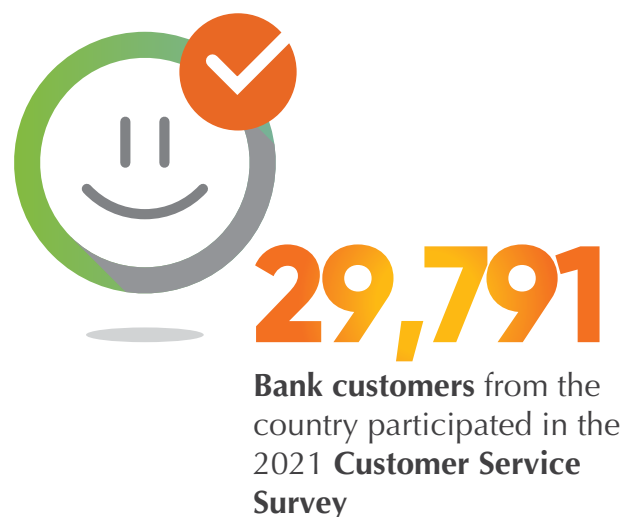
The KBA Secretariat also conducted monthly training webinars designed to support MSMEs to navigate the headwinds occasioned by the current health crisis. The Association held 10 webinars and reached about 1,491 unique participants. As a result of the combined efforts from the banks and C.A.R.O Foundation, in 2021, 41,842 MSMEs were upskilled with financial literacy training under the Inuka Enterprise Program.



In the same year, the Association convened the virtual Inua Biashara Summit. The week-long summit enabled KBA to rollout a series of events to showcase the banking industry's commitment to support MSMEs. About 1,223 people attended the virtual event, with about 350 participating in the tradeshow where 39 banks displayed their products and services in virtual booths.

DEEPENING CUSTOMER SATISFACTION

In response to improving the banking public's customer experience, the Association since 2018, has carried out customer satisfaction surveys. The surveys have actively provided insights on how banks can entrench customer centricism.



In 2021, the annual survey attracted 29,791 responses up from 15,179 in 2020. In the findings, Mobile Applications (Apps) emerged as the preferred mode of transactions, underpinning the level of usage of contactless banking solutions in the wake of the health crisis. Feedback from the survey also highlighted that internet banking also ranked highly at 11 percent. Analysis of responses from close to 30 thousand bank customers revealed that eight out of 10 (62 percent) clients had two to three bank accounts compared to the 2020 rate of 77 percent. According to the report, the decline can be attributed to reduced economic activity due to the COVID-19 pandemic.

Best Digital Banking Experience

Tier 1



Standard Chartered



EQUITY



NCBA

Tier 2



FamilyBank
With you, for life



Prime Bank
PUTTING YOU FIRST



HF GROUP
Dreams Made Possible

Tier 3



abc
BANK



SidianBank



GulfAfricanBank
Excellence. Trust. Together.



Bank representatives during the issuance of the 2021 Banking Industry Customer Satisfaction Survey recognition certificates.



Equity Bank receives a recognition certificate in Customer Service and Satisfactory Digital Experience following the 2021 Banking Industry Customer Satisfaction Survey. The bank emerged third best overall and second best in the tier I category.



Dr. Olaka presents NCBA Bank a recognition certificate in Customer Service and Satisfactory Digital Experience following the 2021 Banking Industry Customer Satisfaction Survey. The bank ranked third best in the tier I category.



Family Bank receives the bank's recognition as the best overall bank in Customer Service and Satisfactory Digital Experience following the 2021 Banking Industry Customer Satisfaction Survey. Family Bank also topped in the tier II category.



Prime Bank was feted as the second-best bank in Customer Experience in the Tier II category. The recognition followed the 2021 Banking Industry Customer Satisfaction Survey, which assessed Customer Service Standards and Satisfactory Digital Experience.



HF Group emerged third best in Customer Experience and Satisfactory Digital Experience in the Tier II category following the 2021 Banking Industry Customer Satisfaction Survey.



Dr. Olaka presents a recognition certificate to ABC Bank following the bank's recognition as the best bank in Customer Service and Satisfactory Digital Experience in the tier III category in the 2021 Banking Industry Customer Satisfaction Survey.



Sidian Bank ranked second best in Customer Experience and Satisfactory Digital Experience following in the 2021 Banking Industry Customer Satisfaction Survey.



Gulf African Bank was rated third best in Customer Experience and Satisfactory Digital Experience in the tier III category following the 2021 Banking Industry Customer Satisfaction Survey.

The survey responses placed Family Bank as the best overall bank in digital experience, followed by Standard Chartered Bank and Equity Bank respectively. Standard Chartered Bank also retained its first-place position in the tier 1 category, followed by Equity Bank and NCBA Bank. Meanwhile, Family Bank emerged best in the Tier II category with Prime Bank and HF Group taking the second and third positions respectively. ABC Bank topped in the Tier III category while Sidian Bank and Gulf African Bank took the second and third positions respectively.

DRIVING DISCOURSE TO FURTHER FINANCIAL INCLUSION

Since 2012, the Association has provided the public a unique platform to engage with bank Chief Executive Officers on various topics on banking. Through the My Chat with a Bank CEO online platform, participants are able to gain insights, advice while also providing feedback during the live web chat event to the CEO hosting the session. In 2021, the Association held four CEO Chat sessions, reaching an audience of 12.44 million. Participating CEOs were Credit Bank (Betty Korir);

Ecobank (Alakh Kohli); SBM (Moez Mirr); and Caritas Microfinance Bank (David Mukaru).

DRIVING GREEN AND INCLUSIVE FINANCE IN KENYA

The banking industry remains at the centre of driving sustainable and inclusive economic growth. Financiers have a unique opportunity to impact the economy, environment and society directly and indirectly as a result of the decisions they make. In order to empower banks to utilize their capital more responsibly and ensure that they deliver value beyond their financial obligations, the Association rolled out the Sustainable Finance Initiative (SFI). Through the Initiative, the Association has driven green and inclusive finance by encouraging the adoption of the SFI Guiding Principles. To ensure banks are well aligned on the Principles, KBA undertook the following activities under the Initiative:

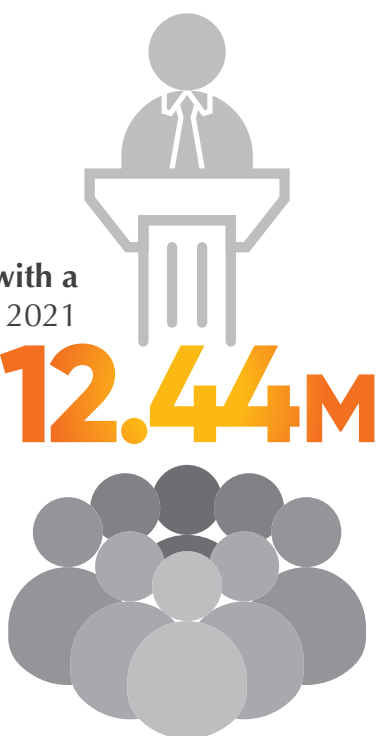
PERSONS WITH DISABILITY ACCESSIBILITY PROJECT

In December 2021, KBA, in partnership with FSD Kenya and Deaf eLimu Plus, unveiled the Deaf eLimu Banking Application at a forum that was officiated by Central Bank of Kenya Governor, Dr. Patrick Njoroge. A groundbreaking innovation in the region, the App is meant to aid banks in their Kenyan Sign Language (KSL) training. The development of the App is drawn from recommendations from the Digital Accessibility Report and Case Study that was published by KBA in 2020. Ultimately, the App seeks to support efforts towards the promotion of financial inclusion of Deaf bank customers.

On the recommendation of CBK Governor, Dr. Patrick Njoroge, KBA is currently working to increase the vocabulary on the App from 150 words to 300 bank-environment terminologies. The effort is being coordinated in partnership with Deaf Elimu Plus, a software engineering firm run by a Deaf innovator.

My Chat with a
Bank CEO in 2021
reached an
audience of

12.44M



Meanwhile, KBA has compiled a consolidated industrywide roadmap based on individual accessibility plans submitted by thirty-one member banks. The roadmap seeks to support banks to implement phased out accessibility measures for the inclusion of PWD clients by December 2024. The Roadmap for Digital Accessibility and Financial Inclusion of Persons with Disabilities is a voluntary guideline, embodying the activities of 31 KBA member banks and international best practices.



36K+

Bank staff had enrolled country for the **SFI e-learning** with **27K+** having **completed** the **training**

PWD Project Highlights

- KBA developed a harmonized roadmap to guide banks on their accessibility journey
- KBA launched the Deaf Elimu Banking Kenyan Sign Language (KSL) self-training App in a forum attended by CBK Governor. The App is now available on both Android and iOS platforms.
- KBA developed a database of Kenyan Sign Language and PWD Etiquette trainers to support banks' capacity building initiatives.
- KBA convened a workshop attended by both the trainers and banks Human Resource teams to synergize on the KSL and etiquette training model.

CAPACITY BUILDING

KBA continued to build the capacity of the banking workforce with knowledge to create long-term value for the economy, society and the environment. In 2021, the Association was able to reach an additional 3,275 bank employees through its Sustainable Finance Initiative e-learning platform. The bank employees who have undergone the training are currently certified by the Kenya Institute of Bankers and are eligible for Continual Personal Development (CPD) points. By December 2021, about 36,488 bank employees had enrolled for the training with over 27 thousand having completed the online course. In 2021, the Association rolled out two new modules, which included "Understanding the Blue and Green Economy" and "Deepening the Banking Industry's Understanding on Nature-based Solutions." By December 2021, the Green and Blue Economy module had reached 597 bank employees while the Nature-based Solution's module had reached 431 bank staff. Below is a breakdown of the industry's uptake of the SFI e-learning training:

Name of Bank	Percentage Registered	Percentage Completed
Absa Bank Kenya Plc	100%	70%
Access Bank	9%	2%
African Banking Corp. Ltd	101%	44%
Bank of Africa	100%	86%
Bank of Baroda (K) Ltd	68%	43%
Bank of India	5%	1%
Citibank N.A.	65%	26%
Co-operative Bank of Kenya Ltd	57%	40%
Consolidated Bank of Kenya Ltd	91%	80%
Credit Bank Ltd	99%	48%
Development Bank (K) Ltd	16%	6%
Diamond Trust Bank (K) Ltd	100%	97%
DIB Bank Kenya	100%	76%
Ecobank Kenya Limited	100%	83%
Equity Bank Ltd	78%	68%
Family Bank Ltd	91%	86%
Faulu Microfinance Bank	87%	66%
Fidelity Commercial Bank Ltd	2%	1%
First Community Bank Ltd	77%	61%
Guaranty Trust Bank Kenya Ltd	100%	94%
Guardian Bank Ltd	48%	32%
Gulf African Bank Ltd	123%	97%
Habib Bank A.G. Zurich	101%	61%
HF Group	100%	81%
I & M Bank Ltd	93%	85%
KCB Bank Kenya	100%	65%
Kenya Women Microfinance Bank	10%	5%
Kingdom Bank LTD	100%	93%
Mayfair Bank	0%	0%
Middle East Bank (K) Ltd	102%	76%
National Bank of Kenya Ltd	78%	52%
NCBA Bank Kenya PLC	26%	25%
Oriental Commercial Bank Limited	100%	87%
Paramount Universal Bank Ltd	100%	92%
Postbank	8%	3%

Name of Bank	Percentage Registered	Percentage Completed
Prime Bank Ltd	50%	34%
Rafiki Micro Finance	1%	0%
SBM Bank	82%	48%
Sidian Bank	107%	85%
Spire Bank Limited	101%	82%
Stanbic Bank Kenya	93%	66%
Standard Chartered Bank (K) Ltd	100%	96%
UBA Kenya Bank Ltd	49%	21%
Victoria Commercial Bank Ltd	100%	58%

ENVIRONMENTAL RISK PROJECT

KBA in partnership with Financial Sector Deepening (FSD) Kenya and International Union for Conservation of Nature (IUCN) initiated a project designed to generate a detailed report and a high-level market case study/white paper with policy recommendations to curb environmental risk exposure on the banking industry while it extends finance to clients in the real estate and manufacturing sector. Key stakeholders engaged in the interviews included representatives from banks, the National Environment Management Authority (NEMA); Architectural Association of Kenya; Water Resource Authority; AfDB; and Town and County Planners Association of Kenya. Initial findings from the stakeholder engagement with member banks indicated that there is a need for incentives for E&S Management practices. Professional Associations cited use of outdated land maps in various towns and overlap in regulations.

technical assistance, to scale further their enterprises through leveraging on bank finance. The 10 identified businesses underwent further capacity building training under the Inuka SME Program and were supported to access bank finance by the Association in 2021.

OUTLOOK

Early calls for banks to champion the Sustainable Development Goals have borne tangible results in recent years in Kenya. Banks have innovated in their allocation and management of their resources to stimulate inclusive economic growth despite the challenges occasioned by the COVID-19 pandemic. Today, banks are alive to the need to contribute to the country's ambition for a green and inclusive economic recovery.

BLENDED FINANCE PROJECT

The Association together with FSD Kenya and Kenya Climate Innovation Centre (KCIC) partnered to implement the Blended Finance Project. The project, funded by FSD-Kenya, enabled entrepreneurs who are currently being supported by KCIC with competitive financing and

