



Press Release

Kenya Bankers Association Partners with the Kenya National Chamber of Commerce and Industry (KNCCI) to Promote SME Development

Nairobi 26th April 2019 – The Kenya Bankers Association (KBA) has today signed a Memorandum of Understanding (MoU) with the Kenya National Chamber of Commerce and Industry (KNCCI).

The partnership will enable an aligned approach between the Chamber and the Association in their pursuit of advocating for a favourable operating environment for enterprises in the country. Through the new cooperation, the two organizations will promote financial inclusion initiatives, jointly champion capacity building programs and support the KBA's Inuka Enterprise Program activities to achieve its intended objective of de-risking Micro, Small and Medium-sized Enterprises (MSMEs) to enable them to access credit from commercial banks. The two organizations will also partner on joint industry information sharing and research activities to advance their mandate.

The signing comes at a time when MSMEs have faced difficulty in their ability to access loans from banks since the introduction of the law capping interest rates in Kenya.

Speaking during the event, KBA CEO, Dr. Habil Olaka reiterated the important role MSMEs play in advancing Kenya's economy and flagged the challenges enterprises face. "Kenya has been a leader in Africa in extending financing to MSMEs. However, since the capping of interest rates, lending to this critical sector has been on the decline. This has adversely affected Kenya's economic growth with Central Bank of Kenya indicating a 1.4 percent decline to Kenya's GDP. Unfortunately, bank lending to SMEs fell by as much as 5.7 percent, an equivalent of Kshs. 13.8 billion within the first eight months after the law was passed. At this rate, Kshs. 40 billion has been redirected from enterprise development to Government debt."

The partnership will be critical in addressing the challenges MSMEs have faced. The Inuka Enterprise Program in particular will enable enterprises to gain understanding to be more profitable and stable while running their businesses. The partnership will further enhance the enterprise competitiveness of MSMEs sector in Kenya.

KNCCI Vice Chair, Mr. James Mureu stated, "This new partnership will accord both the Chamber and the Association an opportunity to improve the business landscape in

Kenya. According to the National Treasury, more than 13 million jobs have been created by licenced and unlicensed MSMEs. The sector needs a concerted effort from all fronts to thrive and we are proud to engage with the Banking industry to achieve this end.”

So far, KBA has been able to reach over 1,400 MSMEs through the Inuka Enterprise Program. With the new partnership, KNCCI and KBA will endeavour to reach each county with the program aimed at enabling Micro enterprises to formalize their work, Small enterprises to professionalize their businesses and Medium enterprises to optimize their operations.

About KBA

KBA (www.kba.co.ke) was founded on 16th July 1962. Today, KBA is the financial sector's leading advocacy group and banking industry umbrella body that represents total assets in excess of USD 40 billion. KBA has evolved and broadened its function to include advocacy on behalf of the banking industry, and championing financial sector development through strategic projects such as the launch of the industry's first P2P digital payments platform PesaLink. In line with the Government's policy on public-private partnerships, KBA and Central Bank of Kenya have implemented key projects such as modernization of the National Payments System through the Automated Clearing House, implementing the Real Time Gross Settlement System (RTGS), and the Kenya Credit Information Sharing Initiative. The KBA members are comprised of commercial banks and deposit taking microfinance banks. For more information, visit www.kba.co.ke.

About KNCCI

The KNCCI is a not-for-profit private company limited by guarantee with presence in all the 47 counties in Kenya. It is a membership-based trade support institution working to protect commercial and industrial interest of Kenyan business community. KNCCI advocates for the creation of a favourable commercial, trade and investment environment that supports enterprise expansion. The membership of KNCCI constitutes small and micro enterprises, medium and large enterprises.

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