



KENYA BANKERS
ASSOCIATION

Banking on Kenya

Annual Report 2024 *(Abridged Version)*



BANKING ON KENYA

The banking industry remains committed to empowering households, catalysing business growth, and shaping policy to foster resilience and expand opportunity. The sector will continue deepening economic linkages and continue to champion stability, inclusivity, and sustainable development.

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About Kenya Bankers Association

Background

Kenya Bankers Association (KBA) is the umbrella body for all commercial banks in Kenya, regulated by the Central Bank of Kenya (CBK). KBA's primary focus is to influence laws, regulations, and policies within the financial sector to improve access to affordable credit for individuals, households, and businesses, driving economic development.

Founded on 16th July 1962, KBA initially aimed to represent member banks in negotiating terms for employees and standardizing management practices. Over time, the Association's focus expanded to include supporting industry development and facilitating economic growth through engagement with the government, and other stakeholders in the financial services sector. This evolved in 2012 with the launch of KBA's brand statement: One Industry. Transforming Kenya.

Today, with 46 financial institutions representing over KES 7.7 trillion in assets, KBA continues to champion a strong, professional banking sector, driving inclusive growth and supporting Kenyans who entrust their resources to its member banks.

CORE VALUES

- LEADERSHIP
- INNOVATION
- KNOWLEDGE
- ETHICS

VISION

- A VIBRANT AND SUSTAINABLE BANKING INDUSTRY.

MISSION

- TO PROMOTE A COMPETITIVE BANKING ENVIRONMENT BY CHAMPIONING INDUSTRY DEVELOPMENT THROUGH THOUGHT LEADERSHIP, RESEARCH, INNOVATION AND ADVOCACY.



AT A GLANCE

KES 190.26B

total taxes contributed to the
Exchequer in the FY2023

- Represents **8.78%** of total government receipts.
- KES **73.05 billion** corporate taxes contribution (28.59% of Kenya's total)
- KES **28.93 billion** in PAYE
- KES **23.81 billion** in excise duty (59.45% of the financial services' excise duty).



80%

Overall Banking
Customer Satisfaction

171.31B

Investment in health
sector (2020–2024)



8M

Trees grown in 2024

725.67B

Loans advanced to
MSMEs by end of 2024



78.8%

of bank physical infrastructure
PWD-friendly, ramps,
over-the-counter services

50,000+

Bank staff in Kenya and the
EAC region trained on green
finance and sustainability



60%

of bank staff sensitized on
PWD etiquette

167.77B

invested in education and
scholarships (2020–2024)



9

Banking policy and regulatory
research papers published

11B+

Saved through Court
Annexed Mediation



20.18B

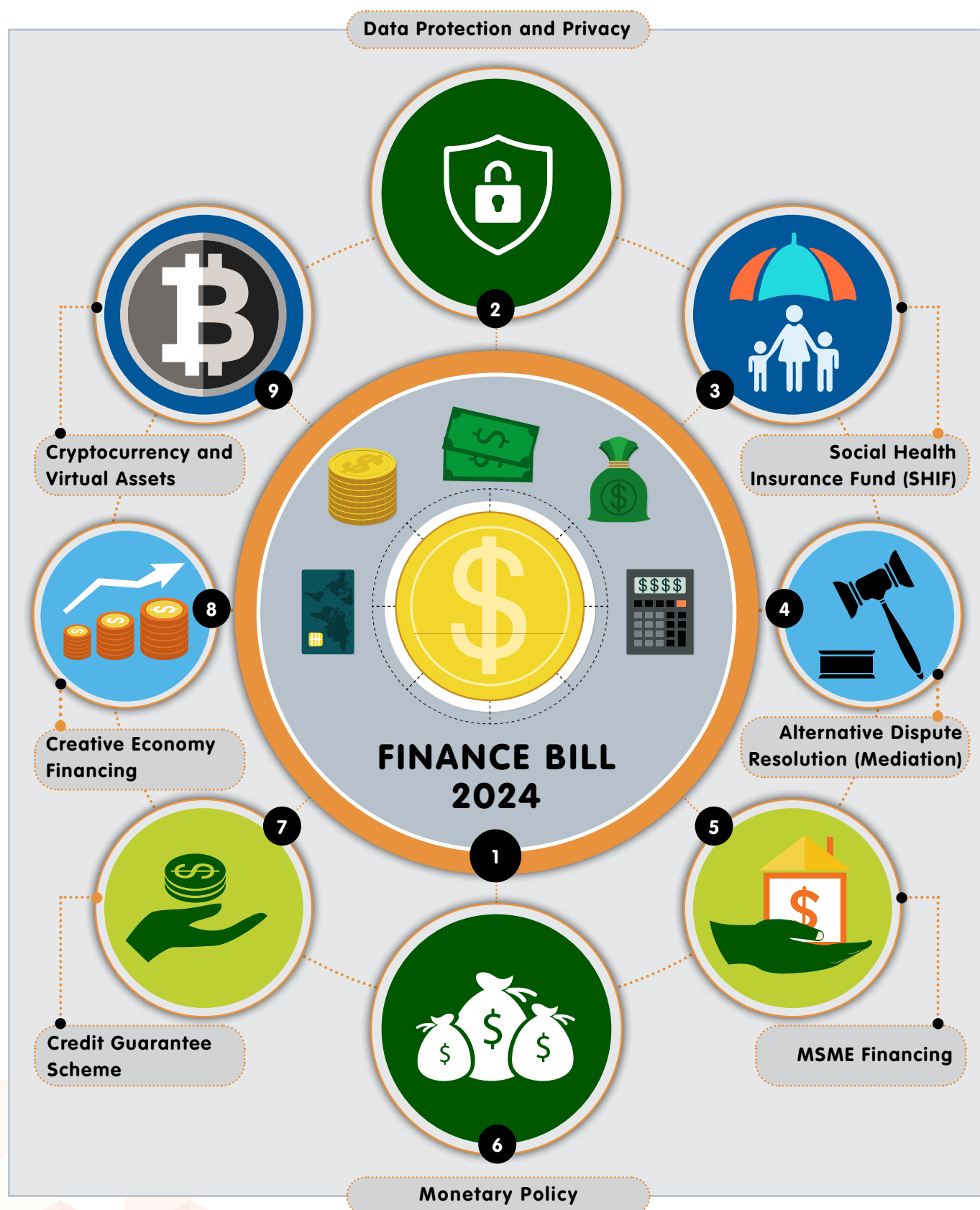
Invested in conservation
(2020–2024)

2.64T

Expenditure on
employment



Industry and Policy Engagements

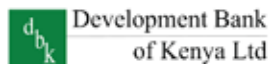


Our Partners



Our Members

As of 31st December 2024, the Kenya Bankers Association (KBA) comprised 46 member banks, including eight microfinance banks, all committed to supporting Kenya's economic development through leadership, engagement, and shared dedication. The industry continues to strengthen collaboration and advance its role in driving stable, inclusive, and sustainable growth.



KBA Governing Council

The Kenya Bankers Association Governing Council is elected to represent three industry categories: large, medium-sized and small banks as defined by the KBA Constitution. The following were the Governing Council members as of December 2024.



CHAIRPERSON

JOHN GACHORA
Group Managing Director,
NCBA Bank



VICE CHAIRPERSON

BETTY KORIR
Chief Executive Officer,
Credit Bank



ABDI MOHAMED
Chief Executive Officer & Managing
Director, Absa Bank



PAUL RUSSO
Chief Executive Officer,
KCB Group



DR. GIDEON MURIUKI
Group Managing Director & CEO,
Co-operative Bank of Kenya



MOSES NYABANDA
Managing Director,
Equity Bank (Kenya) Limited



KARIUKI NGARI
Chief Executive Officer & Managing
Director, Kenya & Africa, Standard
Chartered Bank



DR. JOSHUA OIGARA
Chief Executive Officer,
Stanbic Bank



NASIM DEVJI
Group Chief Executive Officer,
Diamond Trust Bank



GUL KHAN
Chief Executive Officer,
I&M Bank



ISAAC MWIGIE
Managing Director,
Middle East Bank Kenya



BARTESH SHAH
Chief Executive Officer,
SBM Bank Kenya



DAVID MUKARU
Chief Executive Officer,
Caritas Microfinance Bank



MARY KANUKU
Ag. Chief Executive Officer,
DIB Bank Kenya



ANUJ MEDIRATTA
Managing Director,
Gulf African Bank



JOSEPHINE ANAN-ANKOMAH
Managing Director & Regional
Director CESA, Ecobank Kenya



MARTIN MUGAMBI
Citi Country Officer and Banking
Head Kenya, Citibank N.A. Kenya

KBA Management



CHIEF EXECUTIVE OFFICER (CEO)

RAIMOND MOLENJE

- Leads strategic policy formulation and stakeholder engagement
- Drives transformation across the banking industry
- Represents KBA on various national boards and committees



CHIEF FINANCE OFFICER (CFO)

KENNEDY MUTISYA

- Oversees financial strategy, planning, and compliance
- Supports long-term sustainability and operational efficiency



DIRECTOR, TECHNICAL SERVICES

FIDELIS MUJA

- Leads modernization of banking technology and payments systems
- Coordinates regulatory and innovation-driven frameworks



DIRECTOR, COMMUNICATIONS & PUBLIC AFFAIRS

CHRISTINE ONYANGO

- Drives strategic communication and brand positioning
- Strengthens stakeholder visibility and media engagement



DIRECTOR, RESEARCH & POLICY

DR. SAMUEL TIRIONGO

- Leads economic research and data-driven policymaking
- Informs industry strategy and regulatory advocacy



AG. DIRECTOR, LEGAL, HR & POLICY ADVOCACY

CYNTHIA MUCHIRI

- Oversees legal affairs and human resource strategy
- Champions industry-wide policy and regulatory advocacy

Notice of the Annual General Meeting

19th May 2025

THE CHIEF EXECUTIVE OFFICERS OF MEMBER BANKS

Dear Sirs/ Mesdames,

NOTICE OF THE 63RD ANNUAL GENERAL MEETING OF KENYA BANKERS ASSOCIATION TO BE HELD ON FRIDAY 20TH JUNE 2025 FROM 3:00 PM AT SERENA HOTEL

Notice is hereby given that the 63rd Annual General Meeting of Kenya Bankers Association will be held on Friday, 20th June 2025 from 3:00 pm at the Serena Hotel.

AGENDA

1. Constitution of the Meeting and adoption of the Agenda.
2. Confirmation of minutes of the 62nd Annual General Meeting held on 21st June 2024.
3. Matters arising from the minutes of the 62nd Annual General Meeting.
4. Adoption of the Chairman's Report.
5. Integrated Payment Services Limited (IPSL) Update.
6. Consideration of the Audited Financial Statements for the financial year ended 31st December 2024.
7. Election of Members to the KBA Governing Council.
8. Any Other Business.

Yours faithfully,



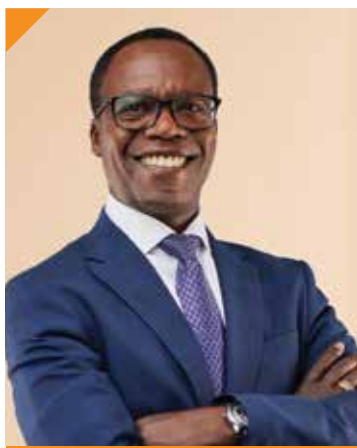
Raimond Molenje
CHIEF EXECUTIVE OFFICER



CHAIRMAN'S MESSAGE

CHAIRMAN'S MESSAGE

Banking Industry's Commitment to Driving Inclusive Economic Growth



**John Gachora, MBS
Chairman**

The past year revealed the true resilience of Kenya's banking industry. Despite numerous challenges both locally and internationally, the sector remained strong, continued to serve customers effectively, delivered solid shareholder value, and significantly contributed to national development.

The industry contributed KES 190.26 billion in taxes, accounting for 8.78% of total government revenue. The contribution included KES 73.05 billion in corporate taxes (28.59% of Kenya's total), KES 28.93 billion in PAYE, and KES 23.81 billion in excise duty (59.45% of the financial services' excise duty). These contributions supported the development of critical infrastructure such as roads, hospitals, and schools.

The sector also remained deeply invested in supporting social and economic development. Between 2020 and 2024, banks invested KES 167.77 billion in education and scholarships, and KES 171.31 billion in the health sector. In the same period, KES 20.18 billion was invested in environmental conservation initiatives. Notably, the industry collectively grew over 8 million trees in 2024 alone, reinforcing its commitment to climate action and sustainability.

Strong Customer Confidence

These contributions enabled the sector to support the resilience of the economy, facilitating the economy to grow by 4.7% amidst global and domestic shocks. The performance was largely driven by robust activity in the agriculture and services sectors. During the same period, however, total banking assets remained largely flat at Ksh 7.7 trillion in 2024 compared to 2023, as the sector faced muted demand for loans as interest rates sharply rose. This was moderated by a strong customer confidence and resilience, and the expansion of digital banking platforms.

The sector has also remained well-capitalised, with a capital adequacy ratio of 19.4%, well above the minimum regulatory requirement of 14.5%. However, an increase in operating expenses more-than-offset income growth, resulting in a 15.9% decline in pre-tax profits. Nevertheless, the industry remained stable and continued to support individuals, households, and enterprises across the economy.

Reduced Cost of Loans

While we acknowledge these achievements, we recognise areas requiring greater focus. The volume of loans advanced to Micro, Small, and Medium Enterprises (MSMEs) remains low (estimated at just 10% of the total industry loan portfolio). This is a major concern for the industry, given the critical role MSMEs play in the economy, contributing approximately 80% of jobs and 60% to GDP.

As an industry, we are committed to addressing this challenge. From 2020 to 2024, the industry grew its loans to MSMEs by an average of KES 75 billion per year. Over the next three years, banks commit to extend an additional KES 150 billion annually in new loans to MSMEs. This will be facilitated by the continuing cuts in lending rates, following the Central Bank of Kenya's move to ease monetary policy, which is expected to make credit more affordable to individuals and businesses. Since December 2024, banks have, on average, reduced the cost of loans by at least 5%, a trajectory we are committed to sustaining to support stronger credit growth and economic growth.



LR KBA Chief Executive Officer Raimond Molenje, Prime Cabinet Secretary and Cabinet Secretary for Foreign and Diaspora Affairs H.E Dr. Musalia Mudavadi, H.E. Hon. William Samoei Ruto, President of the Republic of Kenya and Commander-in-Chief of the Defence Forces, National Treasury and Economic Planning, Cabinet Secretary Hon. FCPA John Mbadi Ng'ongo, Central Bank of Kenya Governor Dr. Kamau Thugge and KBA Chairman John Gachora during the 2024 MSME Summit and Exhibition.

The rise in Non-Performing Loans (NPLs) also remains a significant challenge for banks, with the NPL ratio rising to 16.4% by end 2024. Consequently, banks have tightened lending conditions to avert a further build up in NPLs as the industry continues to explore sustainable solutions.

Cashflow for Businesses

In the meantime, the industry is ramping up financial literacy efforts to strengthen business resilience and improve creditworthiness of MSMEs through targeted training in entrepreneurship and financial management. In addition, the industry is engaging the Government in support of resolution of the long-standing Government pending bills towards MSME suppliers, estimated at over KES 800 billion. The delayed payments by Government disrupt cash flow for businesses, impair loan repayment, and in some cases, lead to closures of businesses.

The industry is also working in partnership with the Central Bank of Kenya to improve the lending environment and foster access to affordable credit. Our ongoing engagements with the regulator continue to shape a pricing framework that is sustainable and balances industry stability with consumer affordability.

Accurate Credit Pricing

Looking ahead, we are prioritizing key sectors such as manufacturing and MSMEs, which offer high potential for job creation, industrial growth, and export development.

From 2020 to 2024, the industry grew its loans to MSMEs by an average of KES 75 billion per year. Over the next three years, banks commit to extend an additional KES 150 billion annually in new loans to MSMEs, facilitated by the continuing cuts in lending rates, following the Central Bank of Kenya's move to ease monetary policy.

Realizing this potential requires strong collaboration between banks, the government, and the private sector. Additionally, we are refining our credit information sharing framework to enable more accurate credit pricing, particularly for youth- and women-led enterprises, helping unlock their full potential.

Beyond these priorities, the industry continues to champion the rollout of sustainable finance and entrenchment of inclusive banking practices. Notably, 60% of banks have now trained over half of their employees on how to better serve Persons with Disabilities. Furthermore, 78.8% of banks' physical infrastructure is now PWD-friendly, including ramps and over-the-counter services. The next step is to promote financial literacy among this important demographic segment to ensure equitable access to financial services across the country.

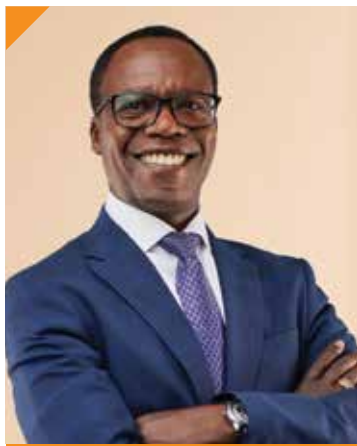
Elsewhere, the industry has made significant strides in improving access to justice through mediation. Over KES 11 billion has been saved through Court Annexed Mediation, contributing to quicker, less costly and relationship-sustaining dispute resolution for customers and businesses.

The banking sector remains steadfast in its commitment to support the aspirations of individuals, businesses, and communities. Our progress as an industry is intrinsically tied to the prosperity of the people we serve.

John Gachora, MBS
Chairperson and NCBA Group Managing Director

UJUMBE WA MWENYEKITI

Dhamira Yetu Ya Kuendeleza Ukuaji Jumuishi wa Uchumi



John Gachora, MBS
Mwenyekiti

Mwaka uliopita ulidhihirisha uimara halisi wa sekta ya mabanki nchini Kenya. Licha ya changamoto nyingi, kitaifa na kimataifa, sekta hii iliendelea kuwa thabiti, ikawahudumia wateja kwa ufanisi, ikazalisha thamani nzuri kwa wawekezaji, na kuchangia pakubwa katika maendeleo ya taifa.

Sekta ya mabanki ilichangia KES bilioni 190.26 kama ushuru, sawa na asilimia 8.78 ya mapato yote ya Serikali. Kati ya hayo, KES bilioni 73.05 zilikuwa ni ushuru wa kampuni (asilimia 28.59 ya jumla ya ushuru wa kampuni nchini), KES bilioni 28.93 kupitia PAYE, na KES bilioni 23.81 kutoka kwa ushuru wa bidhaa (asilimia 59.45 ya ushuru wa bidhaa kwenye huduma za kifedha). Michango hii iliwezesha ujenzi wa miundombinu muhimu kama barabara, hospitali, na shule.

Sekta hii pia imeendelea kuwekeza sana katika maendeleo ya kijamii na kiuchumi. Kuanzia mwaka 2020 hadi 2024, benki ziliwekeza KES bilioni 167.77 katika elimu na ufadhili wa masomo, na KES bilioni 171.31 katika sekta ya afya. Katika kipindi hicho hicho, KES bilioni 20.18 ziliwekezwa katika uhifadhi wa mazingira. Kwa mwaka wa 2024 pekee, sekta hii ilipanda miti zaidi ya milioni 8, ikionesha dhamira yake ya kuchukua hatua dhidi ya mabadiliko ya tabianchi.

Sekta Thabiti

Michango hii iliwezesha sekta ya mabanki kuimarisha uthabiti wa uchumi, na kusaidia uchumi kukua kwa asilimia 4.7 licha ya misukosuko ya ndani na ya kimataifa. Ukuaji huu uliendeshwa zaidi na mafanikio katika sekta za kilimo na huduma. Hata hivyo, jumla ya mali za benki zilibaki KES trilioni 7.7 mwaka 2024, sawa na mwaka 2023, kutokana na kushuka kwa mahitaji ya mikopo kufuatia ongezeko la viwango vya riba. Hali hii ilizuiliwa kwa kiasi fulani na imani ya wateja pamoja na upanuzi wa mifumo ya kidijitali ya kibenki.

Sekta hii pia imeendelea kuwa na mtaji wa kutosha, ikiwa na kiwango cha mtaji wa asilimia 19.4, juu ya kiwango cha chini kinachohitajika kisheria cha asilimia 14.5. Hata hivyo, ongezeko la gharama za uendeshaji liliathiri mapato, na kusababisha kupungua kwa faida kabla ya kodi kwa asilimia 15.9. Licha ya hayo, sekta iliendelea kuwa thabiti na ikaendelea msaada kwa watu binafsi, familia, na biashara.

Pamoja na mafanikio haya, tunatambua maeneo yanayohitaji uangalizi zaidi. Kiasi cha mikopo inayotolewa kwa Biashara Ndogo, za Kati na za Kati Zaidi (MSMEs) bado ni cha chini — kinakadiriwa kuwa ni asilimia 10 pekee ya mkopo wote unaotolewa na sekta. Hili ni suala linalotia wasiwasi, hasa ikizingatiwa kuwa MSMEs zinachangia takribani asilimia 80 ya ajira na asilimia 60 ya Pato la Taifa.

Mikopo Nafuu Zaidi

Kwa pamoja, sekta imejizatiti kushughulikia changamoto hii. Kuanzia 2020 hadi 2024, sekta iliongeza mikopo kwa MSMEs kwa wastani wa KES bilioni 75 kila mwaka. Katika kipindi cha miaka mitatu ijayo, benki zimejitolea kuongeza mikopo kwa MSMEs kwa KES bilioni 150 kila mwaka.

Hili litawezeshwa na kupunguzwa kwa viwango vya riba, kufuatia hatua ya Benki Kuu ya Kenya kulegeza sera za fedha, hatua inayotarajiwa kufanya mikopo kuwa nafuu zaidi. Tangu Desemba 2024, benki zimepunguza

‘Sekta pia inashirikiana na Benki Kuu ya Kenya kuboresha mazingira ya utoaji mikopo na kuongeza upatikanaji wa mikopo nafuu. Majadiliano yanayoendelea na mdhibiti yanaendelea kusaidia kuunda mfumo wa bei wa mikopo ambao ni endelevu na unalinda uthabiti wa sekta huku ukizingatia uwezo wa wateja.’

gharama ya mikopo kwa wastani wa asilimia 5, mwelekeo ambao sekta imejitolea kuuendeleza ili kuimarisha upatikanaji wa mikopo na ukuaji wa uchumi.

Hata hivyo, ongezeko la mikopo isiyolipika (Non-Performing Loans - NPLs) limeendelea kuwa changamoto, ambapo uwiano wa NPLs ulifikia asilimia 16.4 kufikia mwisho wa 2024. Kwa hivyo, benki zimeimarisha masharti ya utoaji mikopo ili kuepuka kuongezeka zaidi kwa mikopo hiyo, huku sekta ikiendelea kutafuta suluhu endelevu.

Wakati huohuo, sekta imeongeza juhudi za kuwaelimisha wateja kifedha ili kuimarisha uthabiti wa biashara na kuboresha uwezo wa MSMEs kupata mikopo kupitia mafunzo mahsusi ya ujasiriamali na usimamizi wa fedha. Zaidi ya hayo, sekta inashirikiana na Serikali kutafuta suluhisho la malipo ya madeni ya muda mrefu ya Serikali kwa wasambazaji wa MSMEs, yanayokadiriwa kuwa zaidi ya KES bilioni 800. Malimbikizo haya yanavuruga mtiririko wa fedha kwa biashara, na kwa baadhi ya hali, husababisha kufungwa kwa biashara.

Sekta pia inashirikiana na Benki Kuu ya Kenya kuboresha mazingira ya utoaji mikopo na kuongeza upatikanaji wa mikopo nafuu. Majadiliano yanayoendelea na mdhibiti yanaendelea kusaidia kuunda mfumo wa bei wa mikopo ambao ni endelevu na unalinda uthabiti wa sekta huku ukizingatia uwezo wa wateja.

Uelewa wa Kifedha

Tukiangazia siku zijazo, tunapeleka mkazo katika sekta muhimu kama vile viwanda na MSMEs, ambazo zina uwezo mkubwa wa kuunda ajira, kukuza viwanda, na kuongeza mauzo ya nje.


‘Katika kipindi cha miaka mitatu ijayo, benki zimejitolea kuongeza mikopo kwa MSMEs kwa KES bilioni 150 kila mwaka. Hili litawezeshwa na kupunguzwa kwa viwango vya riba, kufuatia hatua ya Benki Kuu ya Kenya kulegeza sera za fedha, hatua inayotarajiwa kufanya mikopo kuwa nafuu zaidi.’

Ufanikishaji wa haya unahitaji ushirikiano thabiti kati ya sekta ya benki, Serikali na sekta binafsi. Aidha, tunaboresha mfumo wa kushirikishana taarifa za mikopo ili kuwezesha upangaji bora wa bei ya mikopo, hasa kwa vijana na wanawake wajasiriamali, kwa lengo la kuwawezesha zaidi kiuchumi.

Zaidi ya hayo, sekta inaendeleza utekelezaji wa fedha endelevu na ushirikishwaji wa wote katika huduma za kifedha. Kwa mfano, asilimia 60 ya benki sasa zimewafunza zaidi ya nusu ya wafanyakazi wao kuhusu jinsi ya kuwahudumia vyema Watu Wenye Ulemavu (WWU). Aidha, asilimia 78.8 ya miundombinu ya benki sasa ni rafiki kwa WWU, ikiwa ni pamoja na njia za kupita na huduma katika kaunta. Hatua inayofuata ni kukuza uelewa wa kifedha kwa kundi hili ili kuhakikisha upatikanaji wa huduma za kifedha kwa usawa kote nchini.

Kadhalika, sekta imepiga hatua katika kuboresha upatikanaji wa haki kupitia suluhu mbadala za migogoro kwa njia ya upatanisho. Zaidi ya KES bilioni 11 zimeokolewa kupitia Mpatanisho wa Mahakama, hatua iliyopelekea usuluhishi wa haraka, kwa gharama nafuu na unaohifadhi mahusiano ya kibiashara na ya wateja.

Sekta ya mabanki itaendelea kuwa thabiti katika kusaidia ndoto na malengo ya watu, biashara, na jamii. Mafanikio ya sekta yetu yanategemea moja kwa moja ustawi wa watu tunaowahudumia.



John Gachora, MBS
Mwenyekiti, na Mkurugenzi Mkuu, NCBA Group



KBA Governing Council Members and Bank Chief Executive Officers with H.E. Hon. William Samoei Ruto, President of the Republic of Kenya; Prime Cabinet Secretary and Cabinet Secretary for Foreign and Diaspora Affairs H.E. Dr. Musalia Mudavadi; National Treasury and Economic Planning Cabinet Secretary Hon. FCPA John Mbadi Ng'ongo; Central Bank of Kenya Governor Dr. Kamau Thugge; KBA Chairman John Gachora; and KBA Chief Executive Officer Raimond Molenje during the 2024 MSME Summit and Exhibition.



Central Bank of Kenya Governor Dr. Kamau Thugge (left) with KBA Chairman John Gachora during the Inua Biashara MSME Summit and exhibition.



KBA Chairman John Gachora, KBA CEO Raimond Molenje, Rwanda Bankers Association CEO Tony Francis Ntore, FSD Kenya CEO Tamara Cook, and members of the KBA Governing Council with the former Cabinet Secretary for Environment, Climate Change and Forestry, Hon. Aden Bare Duale, during the 2024 Chairman's Ball.



Central Bank of Kenya Governor Dr. Kamau Thugge (centre) with KBA Chairman John Gachora, KBA CEO Raimond Molenje, Kenya Mortgage Refinance Company CEO Johnstone Oltetia, and CEOs of member banks during the launch of the Chora Plan financial industry literacy campaign



KBA Sustainable Finance Initiative Working Group during the review of the Central Bank of Kenya Draft Climate Risk Disclosure Framework.



CEO'S REPORT

CEO'S REPORT

Transforming Businesses, Individuals, and Households through Inclusive Banking



Raimond Molenje

Chief Executive Officer

As the banking sector continues to navigate an evolving regulatory landscape, advocating for sound and balanced policies remains crucial. Banking plays a central facilitative role in driving socio-economic growth by empowering businesses, households, and individuals to thrive. As the umbrella body of the banking industry, we remain committed to supporting banks in serving the economy more effectively across all sectors.

Sustainability and Stability

We firmly believe that a facilitative regulatory environment and growth-oriented policies are essential to enabling enterprises, individuals, and households to prosper, while ensuring the sustainability and stability of banks. It is in the interest of all stakeholders to see banks grow both regionally and globally. Stable, profitable banks are better positioned to lend more, create employment, and contribute meaningfully to the economy and national development goals.

Over the past year, KBA has focused on supporting banks to better serve MSMEs through affordable credit, advocating for policies that strengthen the sector's

economic role, building capacity through training, and investing in people and systems to enhance operational efficiency.

MSMEs remain the backbone of Kenya's economy, and the banking industry is fully committed to enabling their growth. The sector will continue to champion innovative risk-sharing models (especially in agriculture) and leverage data analytics to improve MSME credit scoring. These efforts are aimed at reducing non-performing loans and enhancing financial resilience among small businesses.

Automated Clearing House Enhancements

Meanwhile, as digital transformation accelerates, the industry must remain alert to emerging risks. The expansion of the Cyber Shujaa program will help train more cybersecurity professionals and reinforce the sector's resilience. Ongoing enhancements to the Automated Clearing House (ACH) will also improve the speed and security of interbank transactions.

Human capital development also remains a cornerstone of the sector's long-term strategy. We continue to invest in research through the Annual Banking Research Conference and build green finance expertise through partnerships. At the same time, we aim to scale financial literacy initiatives to equip more Kenyans with knowledge that strengthens household resilience and supports national economic stability.

Looking ahead, KBA will continue to strengthen public-private dialogue on tax policy to foster a predictable business environment. The Association will also support banks in implementing the Kenya Green Finance Taxonomy to mainstream sustainable finance across the industry. Additionally, the industry remains committed to enhancing Anti-Money Laundering (AML) and Counter Financing of Terrorism (CFT) compliance, contributing to Kenya's efforts to exit the FATF Grey List by 2026.



KBA Vice Chairperson Betty Korir (centre) with Financial Reporting Centre Director General Saitoti K. Maika (right) and KBA CEO Raimond Molenje during the 2024 KBA Annual General Meeting. Mr. Maika was the guest speaker on industry compliance.



Light for the World Inclusion Advisor Iram Bahawal, Deaf Elimu Plus CEO Hudson Asiema, FSD Kenya Research Specialist Geraldine Makunda, and Communication and Sign Language Training CEO Boniface Muriithi participate in a panel discussion during the release of the Banking Industry 2020–2024 Persons with Disabilities (PWD) Accessibility Report.

The continued resilience of Kenya's banking sector will rely on strong, collaborative partnerships with regulators, government, and development stakeholders. Through proactive advocacy, innovation, and sustained capacity building, KBA remains dedicated to ensuring that the banking sector not only adapts to a changing world but thrives delivering inclusive and transformative growth for all.

Raimond Molenje
CHIEF EXECUTIVE OFFICER

RIPOTI YA MKURUGENZI MKUU

Kuimarisha Biashara, Watu Binafsi na Jamii Kupitia Huduma za Benki



Raimond Molenje

Mkurugenzi Mkuu

Sekta ya benki inaendelea kukabiliana na mazingira yanayobadilika ya udhibiti, na hivyo kuifanya kuwa muhimu zaidi kwa sekta hii kuendeleza utetezi wa sera bora. Huduma za benki zina nafasi ya kipekee katika kuendeleza ukuaji wa kijamii na kiuchumi kwa kuwezesha biashara, jamii, na watu binafsi kustawi. Kama muungano wa sekta ya benki nchini, Kenya Bankers Association (KBA) imeendelea kujitolea kusaidia benki kutoa huduma bora zaidi kwa uchumi katika sekta zote.

Tunaamini kwa dhati kwamba mazingira wezeshi ya udhibiti pamoja na sera za kukuza uchumi ni muhimu katika kuwawezesha wafanyabiashara, watu binafsi na jamii kunufaika, huku tukihakikisha kuwa benki zinaendelea kuwa imara na endelevu. Ni kwa manufaa ya wadau wote kuona benki zikikua katika kiwango cha kikanda na hata kimataifa. Benki zilizoko katika hali nzuri ya kifedha zina uwezo mkubwa wa kutoa mikopo zaidi, kuunda ajira, na kuchangia kwa njia ya maana katika uchumi na maendeleo ya taifa.

Katika kipindi cha mwaka uliopita, KBA imejielekeza katika kusaidia benki kuhudumia vyema biashara ndogo, ndogo (MSMEs) kwa mikopo nafuu, kutetea sera zinazoboreshwa nafasi ya sekta hiyo katika uchumi, kujenga uwezo kupitia mafunzo, na kuwekeza kwa watu na mifumo ili kuongeza ufanisi wa kiutendaji.

Uimara wa Biashara Ndogo Ndogo

Biashara ndogo ndogo zinaendelea kuwa uti wa mgongo wa uchumi wa Kenya, na sekta ya benki imejizatiti kikamilifu katika kuzisaidia kukua. Sekta hii itaendelea kuhimiza mifumo bunifu ya mgawanyo wa hatari (hasa katika sekta ya kilimo) na kutumia uchambuzi wa data ili kuboresha tathmini ya uwezo wa MSMEs kurejesha mikopo. Juhudi hizi zina lengo la kupunguza mikopo isiyolipwa na kuongeza uimara wa kifedha kwa biashara ndogo ndogo.

Kadri mabadiliko ya kidijitali yanavyozidi kushika kasi, sekta lazima iendeleo kuwa macho kwa hatari mpya zinazojitokeza. Upanuzi wa mpango wa Cyber Shujaa utasaidia kuwanoa wataalamu zaidi wa usalama wa mitandao na kuimarisha uthabiti wa sekta hii. Maboresho yanayoendelea ya malipo ya kiotomatiki (ACH) pia yataongeza kasi na usalama wa miamala baina ya benki.

Maendeleo ya rasilimali watu bado ni msingi muhimu wa mkakati wa muda mrefu wa sekta. Tutaendelea kuwekeza katika utafiti wa kibenki na kujenga uwezo wa kifedha kijani kupitia ushirikiano na wadau mbalimbali. Wakati huohuo, tunalenga kupanua juhudi za kuelimisha wananchi kuhusu masuala ya kifedha ili kuwapa maarifa yatakayosaidia jamii kuwa imara kifedha na kuimarisha utulivu wa uchumi wa kitaifa.



L-R Research and Policy Manager Hillary Mulindi, Chief Executive Officer Raimond Molenje, Research and Policy Director Dr. Samuel Tiriongo and Sustainability Manager Roselyne Njino during the release of the 2024 State of the Banking Industry Report.

Tukiangalia mbele, KBA itaendelea kuimarisha majadiliano kati ya sekta binafsi na ya umma kuhusu sera za ushuru ili kuunda mazingira ya biashara yanayotabirika. Pia tutaendelea kusaidia benki katika kueneza fedha endelevu katika sekta nzima. Vilevile, sekta imejizatiti kuimarisha utekelezaji wa kanuni dhidi ya utakatishaji fedha (AML) na ufadhili wa ugaidi (CFT), ikiwa ni sehemu ya mchango wa Kenya katika kujiiondoa kwenye Orodha ya Kijivu ya FATF ifikapo mwaka 2026.

Uimara unaoendelea wa sekta ya benki ya Kenya utategemea ushirikiano imara na wa karibu kati ya wadhibiti, serikali, na wadau wa maendeleo. Kupitia utetezi wa mapema, ubunifu, na ujenzi endelevu wa



KBA Technical Services Director Fidelis Muia shares insights during the 2024 industry workshop on leveraging artificial intelligence to enhance customer satisfaction, communication, and marketing in the banking sector.

Raimond Molenje
Mkurugenzi Mkuu

uwezo, KBA inasalia kuwa mstari wa mbele kuhakikisha kuwa sekta ya benki haiwezi tu kuhimili mabadiliko yanayoendelea ulimwenguni, bali inastawi kwa kutoa ukuaji jumishi na wa mabadiliko chanya kwa kila mmoja.

Financial Summary

Item	Association	Group
Net Surplus/Deficit	KES 38.2 million surplus	KES 61.7 million deficit
Previous Year Comparison	KES 68.1 million surplus	KES 39.8 million surplus
Membership Subscriptions	KES 488 million	KES 612.8 million
Other Income	KES 102.2 million	KES 112.9 million
Administrative Expenses	KES 177.1 million	KES 602.8 million
Project-Related Costs	KES 282.1 million	KES 282.1 million
Cash Reserves	KES 310.2 million	KES 377 million
Asset Base	KES 2.95 billion	KES 1.2 billion
Switch Income	—	KES 232.7 million
Total Revenue	KES 590.1 million	KES 958.4 million
Investments in IPSL	KES 41.9 million loan	-
Member Contributions (Group)	—	KES 175 million
Property & Equipment Investment	KES 34.0 million	KES 43.4 million
Software Investment	—	KES 58 million
Tax Expense (Deferred Tax Adjustments)	—	KES 7.6 million

Bottom-line Performance

In 2024, the Kenya Bankers Association (KBA) maintained a solid financial footing, despite divergent outcomes at the KBA and KBA Group levels. KBA recorded a net surplus of KES 38.2 million, down from KES 68.1 million in 2023, primarily due to sustained project-related expenses. Membership subscriptions remained stable at KES 488 million, while administrative expenses dropped by 10.6% to KES 177.1 million, reflecting disciplined cost management.

Cash reserves stood at KES 310.2 million, ensuring strong liquidity and operational flexibility. However, a decline in other income to KES 102.2 million, along with continued investment in the subsidiary, Integrated Payment Services Ltd (IPSL), through a KES 41.9 million interest-free loan, affected bottom-line performance.

At the consolidated level, the KBA Group posted a net deficit of KES 61.7 million, compared to a KES 39.8 million surplus in 2023. Total revenue rose by 4.2% to KES 845.5 million, driven by a 28% increase in switch income to KES 232.7 million. However, higher administrative expenses (KES 602.8 million) and project-related costs (KES 282.1 million) offset these gains.

The Group also invested KES 43.4 million in property and

equipment and KES 58 million in software, reflecting a strategic focus on digital infrastructure and operational efficiency. Deferred tax adjustments contributed to a tax expense of KES 7.6 million, further impacting results.

Advocacy Impact

Despite the deficit, the Group's liquidity remained robust, with cash reserves increasing by 29% to KES 377 million. Member support also remained strong, with KES 175 million in contribution, supporting key initiatives, including digital transformation, MSME credit facilitation, and green finance integration. While IPSL's performance weighed on overall profitability, it remains a critical pillar for long-term industry innovation.

KBA will continue to focus on enhancing subsidiary performance, optimizing project spending without compromising advocacy impact, and leveraging cash reserves for high-impact initiatives. With a strong asset base (KES 2.95 billion at the standalone level) and a stable revenue stream, both KBA and the Group remain financially sound, positioning 2024 as a year of strategic investment aimed at future growth.



KBA Communication and Public Affairs Director Christine Onyango shares insights on the application of artificial intelligence in enhancing efficiency in customer experience, complaint resolution, marketing, and communication during the 2024 Industry Artificial Intelligence Workshop.



KBA Public Relations Committee Chairperson Azmaira Thobani (left), Cooperative Bank, with Cooperative Bank Market Research and Measurement Manager Stephen Kirui and other participants during the Industry Workshop on Reviewing Digital Media Best Practices and Social Media Standards.



Caption H.E. Hon. President William Ruto at an exhibition booth by an MSME in the furniture sector during the 2024 Inua Biashara MSME Exhibition and Summit. Looking on is Prime Cabinet Secretary and Cabinet Secretary for Foreign and Diaspora Affairs, H.E.Hon. Musalia Mudavadi.



African Economic Research Consortium (AERC) Executive Director Prof. Victor Murinde delivers a keynote address during the 13th Annual Banking Research Conference.



KBA Chief Finance Officer Kennedy Mutisia explains industry position to the Departmental Committee on Finance and National Planning on the Finance Bill 2024.



KBA CEO Raimond Molenje makes a presentation before the Departmental Committee on Finance and National Planning on the Finance Bill 2024.



KBA team led by CEO Raimond Molenje paid a courtesy call on Kenya Revenue Authority (KRA) Commissioner General, Humphrey Wattanga, to strengthen collaboration between the banking industry and KRA.



Participants during the inaugural Banking Industry Sustainable Finance Summit.

Business Growth, Industry Approach and Strategic Pillars

Supporting Micro, Small, and Medium Enterprises (MSMEs)	Industry Capacity Building and Training	People and Systems	Proactive Advocacy
<ul style="list-style-type: none"> The banking industry recognizes MSMEs as the engine of Kenya's economy, contributing significantly to employment and GDP. Our strategy focused on unlocking affordable credit for MSMEs by strengthening credit-sharing mechanisms, customizing loan products for manufacturing and creative enterprises, and addressing the twin challenges of pending bills and non-performing loans. By deepening customer understanding and offering personalized banking, we aim to de-risk lending and support sustainable business growth. Financial literacy efforts will be scaled particularly among youth- and women-led enterprises to enhance creditworthiness and empower entrepreneurs. 	<ul style="list-style-type: none"> Through the newly established Kenya Bankers Association Institute (KBAl), the industry is strengthening its capacity to deliver excellence. By aligning training with evolving market dynamics and consumer expectations, the goal is to bridge the gap between customer needs and industry offerings. The ultimate aim is to ensure financial institutions remain responsive, agile, and future-ready, particularly in building sustainable customer relationships and delivering financial advisory services critical to supporting MSMEs, households, and individuals. 	<ul style="list-style-type: none"> The strength of the banking industry lies in its people and operational systems. The industry remains committed to fostering stable industrial relations by promoting timely and amicable union negotiations. It is also prioritizing automation and the adoption of smart technologies to enhance operational efficiency, reduce the cost of credit, and improve service reliability. Ongoing compliance training and upskilling in emerging technologies will be sustained to meet evolving legal and regulatory standards while reinforcing customer trust. 	<ul style="list-style-type: none"> The banking industry remains committed to proactively shaping the financial ecosystem through collaboration with regulators, policymakers, and development partners. Our focus is on securing a predictable and facilitative regulatory environment that promotes lending, innovation, and inclusion. Through sustained engagement, we aim to influence supportive tax frameworks, strengthen consumer protection, and promote compliance to ensure alignment with national economic goals and financial sector stability.

KBA Strategy



Strategic Pillar

MSME Empowerment

Objective

Increase MSME access to affordable, tailored credit.

Key Strategy

Robust risk-scoring, capacity building.



Strategic Pillar

Industry Training (KBAI)

Objective

Equip banks with skills aligned to customer needs and future trends.

Key Strategy

Design customized curricula to integrate customer needs, ESG, and MSME resilience.



Strategic Pillar

People and Systems

Objective

Enhance operational efficiency and talent retention and development.

Key Strategy

Adopt tech-powered service systems, build human capacity in compliance and industrial harmony.



Strategic Pillar

Proactive Advocacy

Objective

Shape policy for financial inclusion and sustainable growth.

Key Strategy

Proactively shape the financial ecosystem by collaborating with regulators, policymakers, and development partners towards securing a predictable, facilitative regulatory environment that promotes lending, innovation, and inclusion.

2024 Outcomes

Strategic Pillar: Proactive Advocacy

Key Initiative	Key Outcome
Submitted base-rate proposal to CBK and provided feedback on the Risk-Based Credit Pricing Model (RBCPM).	Supported development of a fair and transparent credit pricing framework.
Proposed tax reforms to the National Treasury and opposed KRA access to customer data.	Contributed to policies protecting customer data and reducing tax complexity.
Supported adoption of Advance Pricing Agreements included in the Finance Bill.	Enhanced regulatory clarity and tax certainty for financial institutions.
Released IFRS S1 and S2 reporting templates to support compliance with IFRS and upcoming climate risk disclosures.	Improved preparedness for sustainability and climate-related financial reporting.
Partnered with IFC to establish the Green Banking Academy.	Advanced capacity building on green finance and sustainability in banking.
Conducted stakeholder survey on open banking readiness with FSD Kenya.	Increased awareness and regulatory dialogue on open banking implementation.
Collaborated with CBK Cyberfusion Unit to develop a Cybercrime Incident Reporting Framework.	Strengthened cybersecurity coordination within the financial sector.
Conducted the 2024 Banking Industry Customer Satisfaction Survey.	Increased public confidence in banking; identified areas for improvement in fees, digital usability, and rural access.

Strategic Pillar: MSME Agenda

Key Initiative	Key Outcome
Hosted the 2024 Inua Biashara Summit with national and private sector leaders.	Strengthened alignment with government priorities on MSME development.
Committed to advancing KES 150 billion in annual loans to MSMEs.	Expanded financial support for enterprise growth.
Advocated for reduced cost of credit and stronger collaboration between banks and manufacturers.	Promoted more affordable financing and improved collaboration for MSME growth.
Hosted the 13th Annual Banking Research Conference.	Facilitated knowledge sharing and research based advocacy.
Published 94 research papers and policy briefs under the KBA Working Paper Series.	Provided evidence-based insights to inform policy and practice.

2024 Outcomes

Strategic Pillar: Kenya Bankers Association Institute (KBAI)

Key Initiative	Key Outcome
Transitioned from Kenya Institute of Bankers (KIB) to Kenya Bankers Association Institute (KBAI), registered with NITA.	Established a modern, industry-aligned training institute.
Released the 2025 Training Calendar focusing on professional development and innovation.	Reinforced the sector's commitment to continuous learning and certification.
Initiated discussions with CBK on the rollout of the East African Banking Certification Programme.	Advanced regional harmonization of banking qualifications.
Transitioned the Interbank Sports Programme to KBA beginning in 2025.	Enhanced industry cohesion through extracurricular programming.

Strategic Pillar: People and Systems

Key Initiative	Key Outcome
Conducted Banking Industry Salary and Benefits Survey with Deloitte.	Provided actionable data for equitable and competitive compensation.
Released Persons with Disability (PwD) Accessibility Progress Report.	Identified key accessibility challenges in banking sector.
Engaged banks in addressing gaps in digital and workplace accessibility.	Strengthened industry-wide focus on diversity, equity, and inclusion.



SHARED VALUE REPORT

Financial Inclusion, Climate Resilience, and Customer-Centric Innovation

The year 2024 presented compelling evidence of the intensified effects of climate change in Kenya, surpassing 2023 as the hottest year on record. An escalation in pressure on resources, attributed to extreme weather events, which resulted in both water scarcity and surplus. Food insecurity was widespread in numerous regions of the country, with rainfall exacerbating humanitarian and public health challenges.

Property damage, the displacement of communities, and outbreaks of diseases underscore the need for better-coordinated emergency responses and preventive measures to mitigate future impacts. This situation has prompted the banking industry to adopt climate-related risk

management strategies and shift its financing model towards sustainable development, thereby enhancing the country's resilience to climate-related shocks.

Banks continued to innovate in their service delivery and strengthen their financing efforts to address other complexities, such as poverty, gender divide, education, and health disparities, thereby promoting the country's sustainable development. KBA enhanced the industry's initiatives by spearheading industry-wide programmes and consumer awareness campaigns. The following are some of the initiatives undertaken by KBA in 2024.



Central Bank of Kenya Governor Dr. Kamau Thugge (left), KBA Chairman John Gachora and KBA CEO Raimond Molenje during the launch of the Chora Plan Financial Literacy Campaign.

Reinforcing Financial Health

In 2024, KBA advanced its initiatives by organizing the second edition of the “Chora Plan” (Plan Your Money) financial literacy campaign. In partnership with the Central Bank of Kenya and other key stakeholders in the financial services sector, the campaign aimed to provide individuals and businesses with practical knowledge about banking, insurance, and pension services, thereby fostering informed financial decision-making. In addition to the financial literacy initiatives, the Association disseminated crucial safety educational messages to safeguard consumers of banking products against the risk of fraud during transactions.

Under the theme “Claim Your Financial Freedom,” the campaign united 30 participating banks along with key partners from the sector, such as Integrated Payment Systems Ltd (IPSL) Kenya, Kenya Mortgage Refinance Company (KMRC), Retail Trade Association of Kenya (RETRAK), Communications Authority of Kenya (CAK), Kenya Deposit Insurance Corporation (KDIC), Insurance

Regulatory Authority (IRA), and the Central Bank of Kenya (CBK), in addition to organisations focused on consumer advocacy and disability inclusion. The campaign highlighted the need for a collaborative national initiative in financial education, capitalising on the unique strengths of all partners involved. CBK Governor Dr. Kamau Thugge served as the Chief Guest. The Chora Plan campaign underscores the collective industry commitment to promoting financial literacy, enhancing financial resilience, and fostering sustainable economic growth.

Chora Plan Campaign

Key Highlights

Campaign Reach: 10.67 million people

Engagement Impact Score: 27.6

Public Sentiment: 100% positive

Participating Banks: 30



Participants during the release of the Inuka SME Programme Impact Survey Report 2024.



In 2024, the Kenya Bankers Association (KBA) partnered with the German Corporation for International Cooperation (GIZ) to promote financial access for entrepreneurs and SMEs in Kenya's agricultural sector.

Global Money Week (GMW) Campaign

Banks in Kenya have consistently focused on empowering the unbanked segments of the population to enhance their preparedness for informed participation in the financial market. In the year 2024, the Kenya Bankers Association (KBA) intensified these initiatives by successfully organizing the annual Global Money Week (GMW) campaign. In collaboration with Junior Achievement Kenya, KBA arranged financial literacy and job shadowing sessions for the youth.

A total of over 20 schools participated in this initiative, reaching 7,115 students across 16 completed sessions. Among the notable sessions were St. Mary's Lawak Girls (1,700 students), AIC Chebisaas National School (1,595 students), and St. George's Girls (1,500 students). To assist banks that were unable to host youth in-branch, facilitators proactively visited schools directly.

Entrenching Consumer Centricism

In a post-pandemic consumer landscape, customer centricity is vital. Prioritising customer experience is essential for financial viability. To aid banks, KBA launched a customer satisfaction survey to assess the banking public's experiences, helping them improve services and identify areas for enhancement, while also noting emerging customer trends.

The 2024 Banking Customer Satisfaction Survey highlighted key drivers of customer behaviour in the banking sector. The findings revealed that poor customer service (47.3%), high fees (46%), and inconvenient digital platforms (32.8%) are the primary reasons customers switch banks. Other concerns included long wait times (30.1%) and security issues (29%).

Despite digital transformation, access and inclusion are still challenges. Mobile and internet banking has the highest customer satisfaction, while ATM and call center usage has declined. Notably, 10.63% of customers need



Kenya Bankers Association (KBA) Director of Communication and Public Affairs, Christine Onyango (left), with Chair of the KBA Customer Service Working Group and Head of Customer Experience at Family Bank, Joyce Mwangi, during the launch of the Chora Plan Campaign.

special accommodations, yet many digital platforms are inaccessible. The Net Promoter Score (NPS) improved from 37.7% in 2023 to 44%, with 58.1% of customers recommending their banks. However, customer retention is low, with only 36.7% loyal to one bank and nearly 50% using multiple banks.

There is a need for enhanced service consistency, improved accessibility, and inclusive digital infrastructure, particularly through initiatives such as the Persons with Disabilities Accessibility Project. The report further documented advancements in complaint resolution, with 75.44% of cases being resolved within two days, an increase from 66.4% in 2023. Nonetheless, 16.25% of customers reported experiencing inconsistent outcomes, underscoring the need for enhanced accountability.

Industry PWD Accessibility Progress Report

Key recommendations

Investment in user-friendly digital platforms

Enhanced fee transparency

Expansion into underserved areas

Utilisation of AI for personalised banking

Accessibility upgrades for PWDs

Top-Ranked Banks in Customer Experience 2024

Best Overall Bank: KCB Bank

Winners Per Tier

Tier 1: KCB Bank (1st), NCBA Bank (2nd), Equity Bank (3rd)

Tier 2: Family Bank (1st), National Bank of Kenya (2nd), Prime Bank (3rd)

Tier 3: ABC Bank (1st), HF Group (2nd), Kingdom Bank (3rd)

Most Improved Bank: Absa Bank Kenya

Stimulating Enterprise Growth in Kenya

Micro, Small and Medium-sized Enterprises (MSMEs) in Kenya are the backbone of the country's economy, creating opportunities that boost GDP and jobs. To enhance their economic viability, KBA launched the Inuka SME Program, a financial literacy initiative, in 2018. This program aims to strengthen the capacity of MSMEs to mitigate business risks and improve access to bank financing. By 2024, through bank partnerships and Community-Based Organisations, the program trained over 14,000 MSMEs nationwide. The training helped these MSMEs run their businesses effectively and create jobs to stimulate economic growth.

Spurring Green and Sustainable Economic Development

Throughout the years, KBA has consistently advocated for the adoption of the Sustainable Finance Initiative (SFI) Guiding Principles to ensure that the financial services sector remains attuned to the need to balance its financial objectives with the priorities of the economy, as well as socio-environmental considerations. Some of the Initiatives that were undertaken to ensure the successful implementation of the SFI Guiding Principles included:

Revamping the SFI Guiding Principles

KBA's advocacy for the SFI Guiding Principles has inspired similar initiatives globally, establishing new standards for banks' roles in sustainable development. Recently, there has been a rise in sustainable finance frameworks at local, regional, and global levels. To align with this evolving landscape, KBA, supported by the International Finance Corporation (IFC), revised the SFI Guiding Principles in 2024. These updates reflect the Kenyan Banking Industry's goal to maintain its leadership in sustainable finance amid rising expectations for the financial sector's role in sustainable development. This initiative also addresses the urgent issues of climate change, global inequalities, and the growing financial resource gap needed for sustainable development, especially in emerging markets. Updated Principles are as follows:

The updates reflect the Kenyan Banking Industry's goal to maintain its leadership in sustainable finance amid rising expectations for the financial sector's role in sustainable development.



KBA Vice Chairperson Betty Korir (third from left), KBA CEO Raimond Molenje, partners, and stakeholders pictured during the inaugural Banking Industry Sustainable Finance Summit and Catalyst Awards.

Updated Principles

Principle 1: Financial Returns versus Sustainable Economic Viability

Principle 2: Growth through Financial Inclusion & Innovation

Principle 3: Managing Sustainability Risks and Impact in Lending and Investment

Principle 4: Resource Scarcity, Operational Sustainability and Integrity

Principle 5: Sustainability Management and Governance









































Principle 6: Transparency, Disclosure, and Verification

Capacity Building

To ensure that the banking industry is well-equipped to implement the industry-wide adopted SFI Guiding Principles, the Association has developed an E-learning platform. With funding support from the FMO (Dutch Development Bank), DEG (German Investment Corporation), GIZ, IUCN, and WWF – Kenya, a comprehensive curriculum was developed to deepen bank staff's understanding of the importance of creating long-term value for their clients, the firm, the environment, and the economy. In 2024, KBA continued to build the capacity of bank employees

through this initiative, resulting in the enrollment of 51,516 staff members on the e-learning platform. As of December 2024, a total of 27,209 staff members had completed the training. Below is a summary of the SFI enrolment and completion rate for member banks.

SFI Enrolment and Completion Rate

Bank	Percentage Registered	Percentage Completed	Bank	Percentage Registered	Percentage Completed	Bank	Percentage Registered	Percentage Completed
 absa	99%	60%	 access	22%	1%	 abc BANK	88%	37%
 BANK OF AFRICA BANK GROUP	95%	79%	 Bank of Baroda	15%	4%	 Bank of India Relationship beyond banking	7%	1%
 GFBANK	79%	21%	 Commercial International Bank	89%	44%	 citibank	71%	26%
 Development Bank of Kenya Ltd	16%	0%	 Consolidated Bank	46%	1%	 Credit Bank By Trust, By Bank	89%	67%
 Ecobank The Pan African Bank	35%	21%	 DTB <small>DIAMOND TRUST BANK</small>	3%	0%	 DDB Bank Kenya Limited	96%	55%
 Faulu	84%	79%	 EQUITY	4%	3%	 FamilyBank With you, for life	99%	47%
 Guaracan BANK	49%	31%	 SBM bank	99%	75%	 GTBank	99%	78%
 HBL	66%	54%	 Gulf African Bank Excellence That Inspires	83%	23%	 KCB	87%	23%
 KCB	98%	62%	 HFC	86%	70%	 i&m	99%	89%
 MEB	95%	62%	 KWT Microfinance	12%	5%	 KB KINGDOM BANK	96%	47%
 M Oriental	97%	77%	 National Bank Bank on better	98%	88%	 NCBA	2%	2%
 premier bank	1%	0%	 PARAMOUNT BANK Building Your Future Here	43%	16%	 POSTBANK My Bank, My Choice, My Future	63%	30%
 SBM bank	69%	40%	 Prime Bank GROWING YOUR FUTURE	32%	20%	 Rafiki Without Fear or Guilt The Relationship Works for You	57%	0%
 SidianBank	98%	56%						

Inaugural Sustainable Finance Summit and Catalyst Awards

The Kenya Bankers Association, through its Sustainable Finance Initiative (SFI) and with support from GIZ, IFC, and WWF-Kenya, hosted the inaugural Banking Industry Sustainable Finance Summit and Catalyst Awards to build on existing efforts in sustainable finance. The summit's outcomes included:

- Launching the Landscape of Sustainable Finance in Kenya's Banking Industry report.
- Unveiling the revamped SFI Guiding Principles with the IFC.
- Facilitating discussions among delegates and thought leaders on sustainable finance innovations and policies.
- Recognizing banks for their efforts in sustainable finance through the SFI Catalyst Awards.
- Building capacity for banks and financial sector players on transition finance and nature-positive financing.

The summit was successfully held on 20th November at the Radisson Blu, Upper Hill Hotel, attracting 183 delegates from the banking industry, development finance institutions, and government agencies.
























































51,516

Number of bank staff
enrolled on SFI platform



Participants at the 2024 Sustainable Finance Catalyst Awards. The 2024 awards recorded a 25% increase in bank submissions, underscoring the industry's growing commitment to sustainable finance.

Catalyst Awards 2024 Recognitions

Category	Winners
Overall Winner	     
Best in Sustainable Finance	     
Best Case Study – Retail MSME	     
Best Client Case Study – Commercial	     
Best Bank Case Study – Bank Operations	      
Best Client Case Study – Promoting Gender Inclusivity	     
Best Bank Case Study – Promoting PWD Accessibility	       
Most Innovative Bank	       

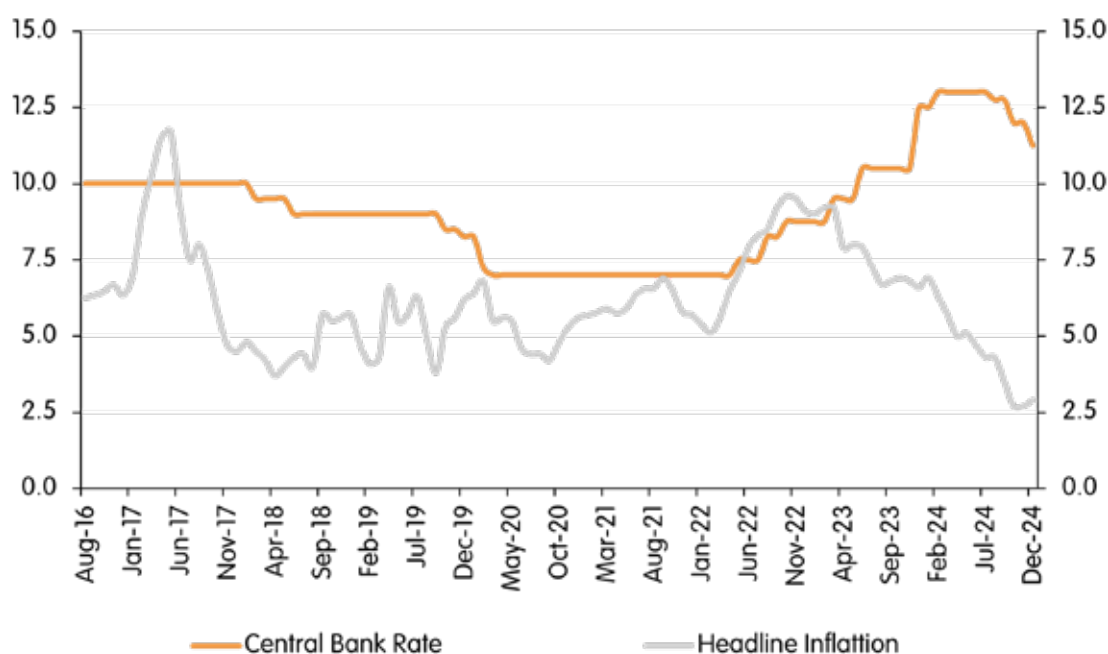
KBA Centre for Research on Financial Markets and Policy® Report

Operating Economic Environment

In 2024, Kenya's operating business environment was shaped by a combination of macroeconomic developments, targeted policy actions, and evolving global dynamics. A key development was the significant easing of inflationary pressures, with headline inflation falling to 4.5 percent in 2024, down from 7.7 percent in 2023 (**Figure 1**). This decline was largely attributed to reduced food and fuel prices, supported by improved weather conditions that enhanced agricultural output, as well as a stronger Kenya Shilling, which helped contain import-related cost pressures. In response

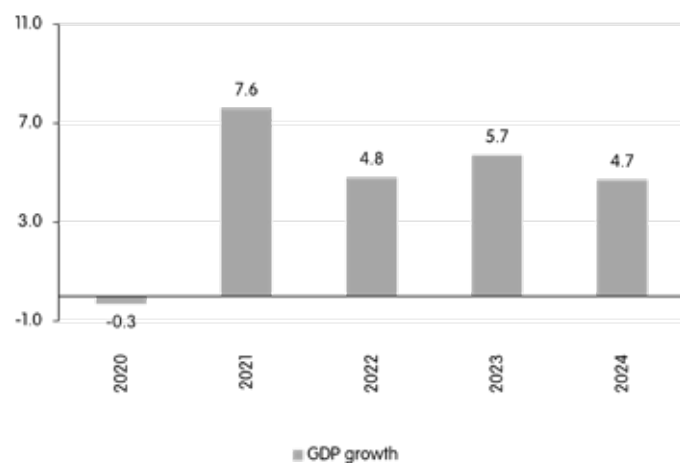
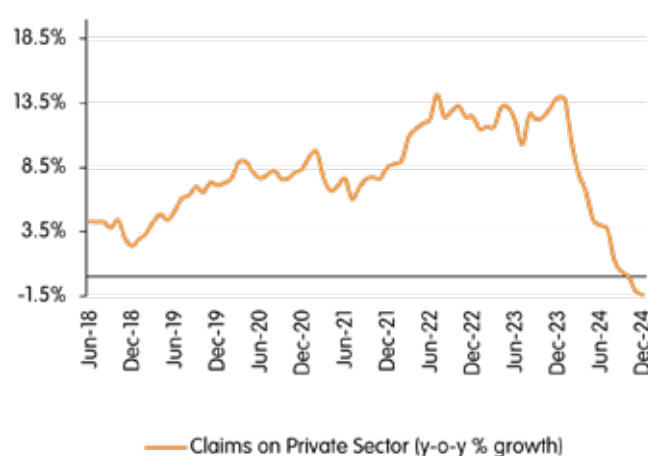
to the sustained decline in inflation and improving macroeconomic conditions, the Central Bank of Kenya gradually eased its monetary policy stance. The Central Bank Rate (CBR) was reduced from 13.0 percent in February to 11.25 percent by December 2024, signalling a shift towards a more accommodative policy environment aimed at easing credit conditions and supporting economic growth.

Figure 1: Trend in the CBR and Inflation (%)

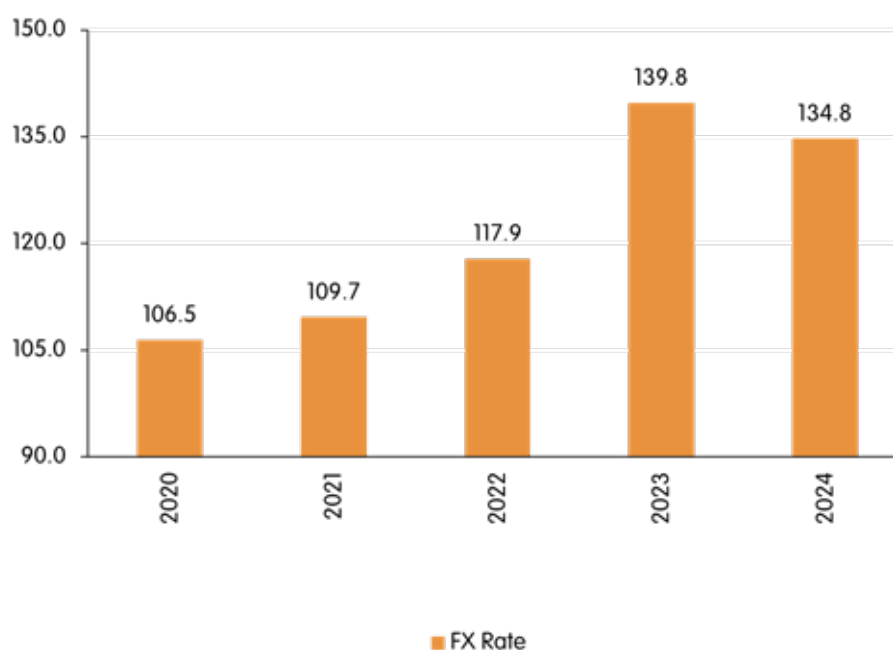


Source: CBK and KNBS

Despite global economic headwinds, Kenya's economy demonstrated notable resilience in 2024, recording a GDP growth rate of 4.7 percent, lower than 5.7 percent achieved in 2023 (**Figure 2**). This performance was largely driven by strong growth in the agriculture and services sectors, supported by favourable weather conditions and a rebound in tourism and related activities. Business sentiment also improved, as evidenced by the Purchasing Managers' Index (PMI) rising above the 50-point threshold, indicating expanding economic activity. Private sector credit growth remained robust in the early part of the year but later declined to single-digit levels (**Figure 3**), reflecting both tighter credit conditions and growing concerns over asset quality deterioration across key segments.

Figure 2: GDP Growth rates (%)Source: **KNBS****Figure 3: Credit to the private sector (y-o-y % growth)**Source: **CBK**

On the external front, the Kenya Shilling registered a significant appreciation against the US dollar, recovering strongly from its January lows, recording an annual average of Ksh 134.80 per USD in 2024 (**Figure 4**). This was supported by a narrowing current account deficit, steady growth in diaspora remittances, and improved investor confidence following the successful buy-back of a maturing Eurobond in the first half of the year. Nonetheless, the macroeconomic environment remains vulnerable to elevated levels of domestic debt, as well as persistent risks from volatile global commodity prices and geopolitical uncertainties.

Figure 4: KES/USD Exchange Rate

The 13th Annual KBA Banking Research Conference

The KBA Centre for Research on Financial Markets and Policy successfully hosted the 13th Annual KBA Banking Research Conference on September 26 - 27, 2024. The conference was anchored on the theme “Banking sector resilience: Navigating macro-imbalances, responsiveness to evolving business landscape and driving sustainability”, with three sub-thematic areas.

First, an examination of the intricate relationship between macro-imbalances, fiscal and monetary policies and/or their collective impact on the optimal performance of the banking sector. Analytical work on this front should clearly illustrate whether the macro-imbalances - such as the current account imbalances, exchange rate volatility, and concerns of debt sustainability and exchange currency imbalances, concern of debt sustainability – have to emergence of new risks, amplified the existing ones or both.

Moreover, the studies could shed light on the impact of these shocks to banking sector’s credit pricing mechanism, asset quality trends, bank capital position and credit growth patterns, while also exploring the optimal policy mix to stimulate lending across various economic sectors. Additionally, research papers focusing on the transmission of global risks, sovereign debt distress, exchange rate movements and heightened borrowing costs, among others, and their implications on banking, are welcome to provide a comprehensive understanding of the fiscal and monetary policy interplay.

Second, the analysis of the banking sector’s responsiveness, to the evolving consumer preferences. Arising from these developments is the quest to understand whether there is a pressing need for the banking sector to re-engineer product designs in response to the changing consumer dynamics. Exploring synergies or disparities in product development both within banks and across the industry is paramount. Furthermore, understanding the ripple effects on deposit mobilization strategies, asset compositions, and the delicate balance of profit – liquidity trade offs is crucial. The research papers along this sub-theme could also examine the regulatory framework’s role in shaping these dynamics, while highlighting the emerging opportunities and challenges in banking.

Third, assess the banking sector’s role in funding climate mitigation and adaptation, mainstreaming climate and nature-related risks and opportunities. A diverse array of policies is crucial to incentivize banks for portfolio reallocation towards green assets. Research should explore aspects like mainstreaming climate and nature risk, implications of green finance, and analyzing banks’ sustainability efforts and related risks. Additionally, conduct a comprehensive evaluation of biodiversity risks in banking operations and analyze banks’ initiatives to mitigate biodiversity loss and advance circular economy practices.



KBA CEO Raimond Molenje delivers remarks during the 13th Annual Banking Research Conference.



Participants follow proceedings during the 13th Annual Banking Research Conference.



L-R: CIS Kenya CEO Jared Getenga, Tanzania Bankers Association Research and Policy Director Dan Tandasi, KBA CEO Raimond Molenje, KBA Vice Chairperson Betty Korir, Prof. Victor Murinde, Gowri Shankar Rao (Bank of India), Rwanda Bankers Association Research Officer Eric Niyongira, and KBA Research and Policy Director Dr. Samuel Tiriongo during the 13th Annual Banking Research Conference.

In terms of program and structure, the conference featured a dynamic and intellectually rich policy discussions that underscored its commitment to advancing research-informed policy dialogues. A highlight of the conference was the keynote address delivered by Prof. Victor Murinde, Executive Director of the African Economic Research Consortium, who offered deep insights into Africa's evolving financial architecture and the role of research in shaping inclusive growth.

The conference also included a dedicated methodological session, featuring a presentation by Gideon Kipyakwai, Group CEO of Metropol CRB, on "Assessment of Credit-risk Profiles of MSMEs in Kenya: The Influence of Cultural and Industrial Variations across 10 Major Regions". This session provided valuable perspectives on analytical approaches to understanding SME finance dynamics across diverse Kenyan contexts.

In addition, the research papers were presented by expert researchers from Kenya Bankers Association (KBA), NCBA Bank, Kenyatta University, Strathmore University, UNHCR, Wits Business School in South Africa, Kenya Mortgage Refinance Company (KMRC), the Central Bank of Kenya (CBK), and FSD Kenya. These presentations were enriched by engaging discussant sessions featuring professionals from leading academic and policy institutions including Strathmore University, Jomo Kenyatta University of Agriculture and Technology (JKUAT), the Kenya Institute for Public Policy Research and Analysis (KIPPRA), KCB Bank, Stanbic Bank, the Central Bank of Kenya, NCBA Bank, the University of Nairobi.



Researchers, discussants, guests, and speakers during the 13th Annual Banking Research Conference.

Publications

The Kenya Bankers Association (KBA), through its Centre for Research on Financial Markets and Policy®, continues to advance research advocacy and shape policy dialogue through the generation and dissemination of high-quality research outputs. Collectively, these research initiatives demonstrate KBA's commitment to evidence-based advocacy, fostering informed policymaking and deepening the understanding of Kenya's evolving financial landscape.

At the core is the KBA Working Paper Series, which now comprises a total of ninety-four (94) published papers, including the research papers presented during the 13th Annual Research Conference. These papers undergo a rigorous review process and serve as a foundational knowledge base, informing engagements with regulators, policymakers, academia, and development partners. Their scholarly rigor and policy relevance have led to the subsequent publication of some papers in peer-reviewed journals, amplifying their policy impact.

The KBA Policy Briefs simplify the complex findings of the technical research papers contained in the KBA working paper series into actionable insights for wider consumption, targeting policymakers, practitioners, and the broader public.

Further complementing its research advocacy is the KBA Quarterly Economic Bulletin, which presents concise and periodic analyses of key macroeconomic trends including inflation, public debt, interest rates, foreign exchange dynamics, and capital markets. This bulletin equips stakeholders with a comprehensive overview of Kenya's economic environment, aiding in strategic decision-making.

The State of the Banking Industry Report, now in its sixth edition, continues to be a flagship publication that offers deep insights into the banking sector landscape.

In addition, bi-monthly Research Notes provide timely analysis ahead of each Monetary Policy Committee (MPC) meeting. In 2024, six research notes and corresponding post-MPC commentaries were published, helping members and stakeholders anticipate and interpret monetary policy decisions within a broader macro-financial context.

Finally, the KBA Housing Price Index (KBA-HPI) serves as a crucial market intelligence tool. Published quarterly, it tracks residential real estate trends, accounting for both locational and structural characteristics. It supports banks, policymakers, and investors in appreciating trends and evaluating risks and opportunities in the housing market. In 2024, three house price index reports were published.

Kenya Bankers Association Institute Report

Laying the foundation for Africa's Premier Capacity-Building Institute in Financial Services: Empowering Future-Ready Professionals for Innovation and Sustainable Growth



BERNICE ONYANGO

Manager-Kenya Bankers Association Institute

It is with great pride that we introduce, Kenya Bankers Association Institute (KBAI) – a bold initiative born out of the industry's collective vision to strengthen the capabilities, adaptability, and professionalism of Kenya's banking workforce.

Formally established in December 2023, KBAI was created in response to a deep and growing need: a trusted, industry-led institution that delivers relevant, high-quality training rooted in the realities of our evolving financial services landscape.

Our achievements in 2024, though foundational, are deeply significant. We successfully registered the institute, developed its operational framework, conducted an extensive training needs assessment across the sector, and began designing our initial suite of programmes. Each of these steps taken in close consultation with member banks, training leads, regulators, and industry experts, ensuring that relevance is not just a goal, but a principle embedded into every decision we make.

Equipping Professionals

Looking ahead to 2025, we are poised for a full-scale rollout of training programmes that are practical, responsive, and forward-looking. We are launching pathways that span from entry-level capacity building to executive development, supported by modern delivery methods – including hybrid models and an upcoming Learning Management System (LMS). Our goal is not just to teach but to transform- by equipping professionals with skills, mindset, and ethical grounding needed to thrive in a rapidly evolving environment.

A critical part of our strategy is the development of a robust membership network that will serve as a platform for; peer to peer learning, networking and collaboration, thought leadership, and cultivating a community of banking professionals who take pride in the profession and are committed to continuous learning.

This network will not only strengthen professional identity within the financial services sector but also provide a dynamic forum for exchanging ideas, addressing shared challenges, and fostering collective advancement.

We also recognize that the value of training is not in the classroom alone – but in its ability to improve performance, elevate standards, and drive innovation across institutions. That is why KBAI is committed to continuous collaboration, forging strategic partnerships, rigorous quality assurance, and a data driven approach to learning impact. We will measure success not by how many we train, but by how effectively we contribute to building a more resilient, inclusive, and competitive financial sector.

In the years to come, we envision KBA Institute playing an increasingly influential role at both the national and regional levels. As we grow, our commitment to industry

relevance, strategic partnerships, and the highest standards of excellence will continue to guide everything we do.

I extend my sincere gratitude to the Kenya Bankers Association, regulators, partners, and all stakeholders who have supported this journey from the beginning. Your belief in the power of industry-led development is the foundation on which KBA Institute stands.

Together, we are not just building a training institute, we are shaping the future of Africa's financial services talent.

We will measure success not by how many we train, but by how effectively we contribute to building a more resilient, inclusive, and competitive financial sector.



Participants in the 2024 Interbank Games, organized by Kenya Bankers Association.



Equity Bank Kenya CEO Moses Nyabanda (centre) during the 2024 Interbank Games.



Pesalink Report

Growth and Collaboration on Instant Payments



Gituku Kirika
CEO Pesalink

Pesalink is the de facto open and interoperable instant payment network operated by Integrated Payment Services Limited (IPSL), a subsidiary of the Kenya Bankers Association (KBA). Established in 2016 under the national payment system (nps) act, pesalink facilitates 24/7 instant and affordable payments for all. Building on our record-breaking success in 2023, Pesalink achieved unprecedented growth in 2024, with an increase in network participants and payment volumes.

2024 Growth Highlights

KES 1.1 trillion	In transaction value in 2024
KES 135,236	Average ticket size value
8.2 million	Instant transactions recorded in 2024
99.99 %	Pesalink switch uptime
98.2 %	End-user transaction success rate
70	Number of participants on Pesalink – including banks, fintechs, SACCOs and a telco

New IPSL Board

2024 saw a reconstitution of the IPSL Board. Board Chairman, Jeremy Ngunze, remains in place with Dr. Shikoh Gitau and Jack Ngare. They are joined by new members namely, Jubril Adeniji, Laura Chite, Anthony Mburu, Abdi Mohamed and Paul Russo. Their expertise will be crucial as IPSL navigates Kenya's new fast payments landscape and drives industry growth and payments interoperability.

Evolving Use Cases

In 2024, Pesalink continued to demonstrate growing adoption across various payment scenarios. While person-to-person transfers accounted for about 47% of all transactions, business-to-person (B2P) payments represented a substantial portion at 22.11%, while person-to-business (P2B) payments also showed strong traction at 17.03%, reflecting the growing use of Pesalink by consumers to pay merchants and service providers directly from their bank accounts. Business-to-business (B2B) transactions accounted for 12.27% of the volume, signifying increasing adoption within the corporate and SME sector for inter-business payments. These figures underscore Pesalink's expanding role in facilitating a wide range of instant payment needs across the Kenyan economy, moving beyond individual transfers to become a key infrastructure for businesses and institutions as well.

Pesalink Pay (Pay-To-Merchant)

Following regulatory approval, bank and fintech participants are integrating Pesalink's pay-to-merchant solution. This service will enable consumers to make instant payments for goods and services directly from their bank accounts. As of December 2024, 5 banks are in the integration phase, with one bank having completed the product implementation. The full Pesalink Pay rollout is anticipated in 2025 following successful pilot programs by acquiring banks.

Real-time Payments to Government

Pesalink successfully integrated with the e-Citizen platform, streamlining the management of government payments through a single connection for all participating banks. This integration resolves payment validation issues, ensuring seamless reconciliation. Building on this momentum, Pesalink is dedicated to continuing its vital role in shaping a more accessible, efficient, and innovative digital payment future for Kenya.



IPSL Chief Executive Officer, Gituku Kirika, during a media interview on Pesalink's Pay-to-Merchant solution.

Dhamana Platform: Streamlining Customs Bond Processing

In collaboration with the KBA and the Kenya Revenue Authority (KRA), Pesalink launched the Dhamana Platform. This initiative enables banks to instantly process and verify customs bond requests, enhancing efficiency for industry participants and improving clearing times for Kenyans.

Evolving the Pesalink Brand

Pesalink was rebranded in 2024 to reflect the network's evolving purpose, mission, vision, and values. This industry-wide effort saw banks updating brand touchpoints in customer channels, enhancing market presence and customer experience. The new brand identity reflects Pesalink's commitment to product innovation and simplifying instant account-to-account (A2A) payments.

Understanding Customer Preferences

IPSL conducted a detailed customer instant A2A payments usage and attitudes study in 2024. Convenience and speed were identified as top priorities for Kenyans. Mobile devices remain the dominant payment channel for over 90% of Pesalink users, with banking apps (41.54%) and M-PESA (50.15%) being the preferred options.

Meanwhile, the appeal of cash (2.77%) and cards (5.54%) has decreased. Notably, 57% of Pesalink customers utilise multiple banks for instant payments – reinforcing the

importance of standardisation and interoperability in the network. These findings are informing Pesalink's advocacy for industry-wide A2A payment standardisation.

Benchmarking with the Pesalink Dashboard

In Q4 2024, IPSL completed the development of the Pesalink Instant Payments Dashboard. This will be launched in 2025, helping participants to measure progress and identify the levers to grow instant payment volumes. The monthly updates give a snapshot of each bank's status on reliability, success rates, and service availability. These are benchmarked against industry peers and historical performance.

Driving Interoperability in an Evolving Payment Landscape

In October 2024, the Central Bank of Kenya (CBK) announced progress towards a sector-wide interoperable solution, forming a joint technical working group (TWG) with the KBA, PSPs (including IPSL), and banks to design its rollout. IPSL was an active participant in these discussions, contributing its experience and insights in addressing the current payment landscape challenges, and towards the development of Kenya's Fast Payment System (FPS).

As of December 2024, CBK has not publicly designated an operator for the envisioned financial sector-wide interoperable FPS.



L-R: KBA Technical Services Director Fidelis Muia, KBA Director of Communications and Public Affairs Christine Onyango, and IPSL CEO Gituku Kirika during the Pesalink rebrand.



IPSL Board Members and CEO Gituku Kirika during the Pesalink rebrand.

Credit Information Sharing Kenya (CIS Kenya) Report

Advancing Credit Market Integrity and Inclusion Through Innovation, Advocacy, and Strategic Partnerships



Jared Getenga
Chief Executive Officer

In line with our mandate to facilitate the generation and use of accurate credit information for the benefit of all participants in Kenya's credit market, Credit Information Sharing Kenya (CIS Kenya) sustained its efforts in 2024 to achieve strategic objectives around legal reforms, knowledge generation, capacity building, and improving credit data quality. Many of these achievements align closely with the KBA Annual Report and Financial Statements 2024 theme, "Banking on Kenya"

Building on this foundation, CIS Kenya partnered with JICA and CreditInfo CRB to analyse MSME loan performance data, generating insights to inform more effective lending strategies. The findings were shared at a workshop in November 2024 (see report at <https://ciskenya.co.ke/study-on-msme-loan-performance/>).

Complementing these efforts, the Tatua Center - an independent Alternative Dispute Resolution (ADR) platform established with CIS Kenya's support - resolved over 300 disputes in 2024, directly assisting more than 100 MSMEs and lenders. To further enhance dispute resolution efficiency, the Center signed a Memorandum of Understanding (MoU) with a leading Sacco to address its backlog of member disputes. Additionally, both CIS Kenya and the Tatua Center participated in the KBA Inua Biashara

MSME Exhibition, where we educated entrepreneurs on credit health and available dispute resolution mechanisms.

Cross-border Data Sharing

Continuing its focus on legal reforms, CIS Kenya engaged with the courts on CRB regulations to safeguard the integrity of the credit reporting framework against legal threats. In August 2024, CIS Kenya, in collaboration with SACRRA, hosted the inaugural Africa Credit & Risk Reporting Conference in Johannesburg. The event attracted 139 attendees from 15 countries, including representatives from several African central banks. It addressed key data governance challenges and advocated for cross-border data sharing initiatives aimed at improving borrower visibility across the continent.

To further support evidence-based policymaking, CIS Kenya published a Market Insights Report on alternative data in partnership with FinRegLab, as well as a comprehensive five-year credit market trends report with FSD Kenya. The latter examined borrowing patterns by gender, age, and sector to inform national financial policy discussions.

To build institutional capacity, CIS Kenya facilitated workshops for 184 professionals on topics such as data protection, non-performing loan (NPL) management, and regulatory compliance. Delivered to 34 institutions including banks and SACCOs, these trainings received an 85% satisfaction rating. This success sets the stage for deeper collaboration with the KBA Training Institute to enhance the delivery and reach of banking sector training programs.

In tandem with these initiatives, CIS Kenya successfully piloted CIS ValiData, a data validation tool, across 22 institutions - including banks, SACCOs, and Digital Credit Providers (DCPs) - achieving 90% accuracy during the pilot phase. The tool has already enabled real-time data submission for 15 banks.

Data & Quality Compliance

On the communications front, CIS Kenya expanded its reach by 40% across social media platforms such as LinkedIn and X (formerly Twitter), using these channels to share valuable industry insights. Governance structures were also strengthened through the establishment of key operational committees, such as the Data Quality & Compliance Committee, and CIS Kenya welcomed new members, increasing its total membership to 20 institutions, including both banks and SACCOs.

Looking ahead to 2025, CIS Kenya plans to implement the partnership with KBA and Tatua Center to deliver a more robust ADR process for MSMEs served by KBA member

institutions. It will also seek Central Bank of Kenya (CBK) approval for the full rollout of ValiData, while advocating for revisions to CRB regulations and greater clarity on ADR mechanisms. In collaboration with the KBA Training Institute, CIS Kenya will introduce advanced courses focusing on AI-driven credit scoring models. Additionally, the organisation will fully deploy the ValiData tool and begin integrating alternative data sources to support credit access for underserved segments.

CIS Kenya remains steadfast in its commitment to strengthening Kenya's credit ecosystem through strategic partnerships and continued collaboration with the banking Industry.



CIS Kenya Head of Policy and Compliance Lemuel Mangla moderated a session during the MSME Loan Performance Report Dissemination workshop held at Boma Hotel in November 2024



CIS Kenya's Head of Legal Hannah Ndarwa Facilitating at the Credit Risk Management Workshop in 2024.



CIS Kenya Head of Technical Services Job Mariga presented the Validata demo to industry stakeholders in 2024.



CIS Kenya held a dissemination workshop in partnership with JICA & Creditinfo in 2024

EABX Report

Securities Exchange

A Growth Engine for East African Fixed Income Markets



Terrence Adembesa

Chief Executive Officer

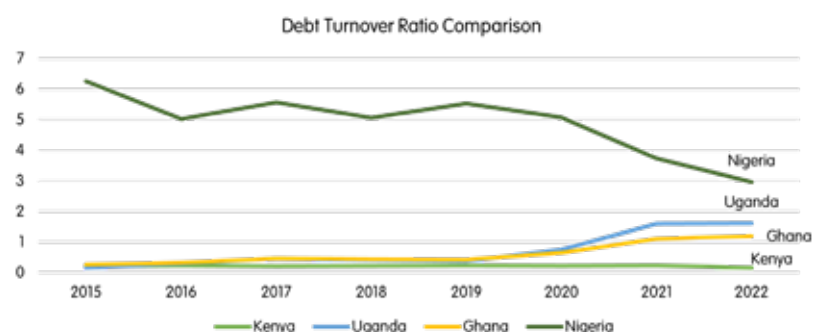
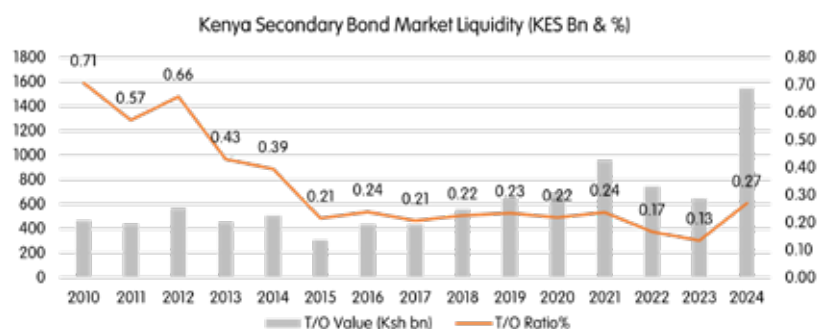
Pre-dominantly sponsored by the Kenya Bankers Association (KBA) and with technical support from Financial Sector Deepening Africa (FSDA), EABX aims to evolve into a fully-fledged regional OTC market organizer and securities exchange serving the wider East African region.

The primary objectives of EABX resonate with the debt management policy considerations of the National Treasury ("NT") as set out in the Medium-Term Debt Management Strategy and the CMA's Capital Markets Masterplan. These include:

- Improving liquidity and transparency in the bond market thereby reducing funding costs for government and corporate issuers;
- Reducing reliance on external borrowing by strengthening domestic markets;
- Enable market-based debt management, supporting reforms at the Public Debt Management Office ("PDMO");
- Facilitating the deepening of fixed income markets with longer tenors;
- Supporting the financing of the economy, including the corporate sector, through additional products such as commercial papers; and
- Improving investor confidence and participation in the debt markets through access to market data information and enhanced pre-trade processes.

Highlight of Debt Market Statistics

Turnover in the Kenyan secondary bond market has remained well under 0.5x in relation to the total domestic debt in issue over the last decade. In 2023 the ratio stood at approximately 0.13x with KES 644bn traded compared to KES 4,818bn in outstanding domestic debt at the close of the year. 2024 saw an uptick in activity with KES 1,544bn traded. However, compared to the KES 5,730bn debt stock this translated into a turnover ratio of just 0.27x. A comparative analysis will demonstrate that a conservative target turnover ratio of 1x for Kenya implies untapped potential trading activity in excess of KES 5,000bn per annum. In 2022 and 2023, Uganda registered a turnover ratio of 1.67x, Ghana registered 1.2x, and Nigeria 2.97x. Nigeria has a vibrant OTC market platform. **(Please refer to the graphs below).**



By providing an efficient platform for capital allocation and fixed income investments, EABX is positioned to unlock critical liquidity and contribute to economic growth, stability, and prosperity.

2024 Milestones

EABX successfully concluded the landmark procurement of the CMA operational approval in January 2024, making EABX the first fully OTC self-regulatory organisation in the country.

During the year, EABX also finalised the onboarding of Bloomberg L.P. and Securities Trading Technology ("STT") Limited to provide a world-class Electronic Trading Platform. The trading platform was duly approved by the CMA prior to contracting, paving the way for its deployment and eventual commencement of testing with market participants. Implementation is currently at 90% completion, with ongoing engagements with the CBK to provide integration access to the Dhow CSD.

To fund the business, the capital raising initiative continued during the year. EABX is in receipt of equity funding commitments from the KBA and FSDA Investments to the tune of KES 635 million and GBP 2 million respectively. Both institutions would effectively become anchor and majority shareholders of the business.

EABX robustly engaged on key policy matters with the National Treasury and financial market regulators. Specifically, EABX requested to be granted access to the Dhow CSD system as a market organiser, as approved by the CMA. This is essential to operationalise EABX, unlock investment already committed, and deliver on the policy reforms envisioned at the time of licensing.

2025 Outlook

With its Electronic Trading Platform implementation and testing nearing completion, EABX is preparing to launch operations. Key deliverables remain: the conclusion of on-going User Acceptance System Tests and onboarding of members into the Exchange from across the various market players including commercial banks, stockbrokers, investment banks, custodians and fund managers. Initial products will include commercial paper, corporate bonds and treasury securities.

EABX will continue to engage and work closely with market players as well as key stakeholders such as the Kenya Bankers Association, Financial Sector Deepening Africa, the Capital Markets Authority, the Central Bank of Kenya, and the National Treasury.

Corporate Governance, Structure and Committee Reports

Roles and Responsibilities of the Governing Council

The affairs, business, and funds of the Association are vested in the Governing Council, which serves as the management and policy-making body of the Association. It holds all necessary powers and performs all functions required to carry out the work of the Association and realize its objectives and purposes.

In addition to the powers expressly conferred by the Constitution, the Governing Council may exercise all such powers and perform all such acts as may be carried out by the Association or required by law or General Meeting resolution.

The Governing Council specifically has the following responsibilities:

1. To purchase, lease, hire, or acquire premises for the use of the Association, and to equip and furnish them for its objects and purposes.
2. To create such offices and posts, assign powers and responsibilities, determine terms and periods of service, and appoint a Chief Executive Officer and other officers/staff as necessary, with remuneration determined by the Council.
3. To establish a trust or trusts and appoint trustees with the consent of the General Body, and to vest surplus income or property of the Association in such trustees as deemed appropriate.
4. To frame or issue operational rules and procedures necessary for carrying out the business and work of the Association, with the approval of the General Body.
5. To delegate powers or functions to Committees, Sub-Committees, Members, the Chief Executive Officer, or staff under such terms as necessary, and revoke such delegations when required.
6. To invite any Association Member not on the Governing Council to attend or serve on the Council, Committees, or Sub-Committees, or consult external persons or authorities when advisable.
7. To present an annual report on the Association's activities and certified Statement of Accounts at the Annual General Meeting.
8. To appoint Bankers, Auditors, Advocates, Accountants, and other professional advisers.
9. To convert Associate Members into Ordinary Members where they become branches of foreign banks, incorporate locally, or wish to join the Automated Clearing House.
10. To assess the cost of benefits to Associate Members and use such assessment to determine their fixed annual subscription fee.
11. To call a General Meeting whenever necessary.
12. To carry out all acts deemed necessary or expedient in fulfilling the mandate of the Association.

The property, assets, and funds of the Association, subject to its liabilities, shall be vested in the Governing Council. No Member shall, by virtue of their membership, have a transferable or assignable interest in such property, and upon cessation of membership, any interest therein shall lapse and accrue to the remaining Members of the Association.

Composition and Tenure of the Governing Council

At the conclusion of every Annual General Meeting, one-third of members representing Large Banks, one-quarter of members representing Medium-Size Banks, and one-half of members representing Small Banks shall retire from the Governing Council by rotation. Retirees shall be those who have served the longest, with ties resolved by drawing lots.

The retiring Members are eligible for re-election and reappointment.

Minimum Composition of the Governing Council

- Six (6) members representing Large Banks
- Four (4) members representing Medium-Size Banks
- Two (2) members representing Small Banks

The Chairman and Vice Chairman of the Association shall be elected from among the twelve members above.

Structure & Governance

The 46 member banks form the KBA General Body, represented by their respective Group Managing Directors, Managing Directors, or Chief Executive Officers. The General Body elects a Governing Council comprising at least 12 CEOs to represent all members and provide oversight of the KBA Secretariat's operations, programs, and budget. The KBA Secretariat manages the Association's day-to-day activities and collaborates with various Committees and Sub-Committees to effectively implement industry programs and initiatives.

- | | |
|---|---------------------------------------|
| 1 Operations & Technical Services Committee | 8 Legal Affairs Committee |
| 2 Clearing House Sub Committee | 9 Finance & Audit Committee |
| 3 Credit & Islamic Finance Advisory Sub Committee | 11 Tax Sub Committee |
| 4 National Payments Sub Committee | 12 Compliance Committee |
| 5 IT System Risk & Security Committee | 13 Human Resources & Ethics Committee |
| 6 Bank IT Systems, Risk & Security Sub Committee | 14 Public Relations Committee |
| 7 Bank Security Sub Committee | |

Committees Representatives



Elizabeth Kimani
ABC Bank



Philip Wambua
ABC Bank



**Christine Mwai
Marandu**
Absa Bank



Peter Mungai
Absa Bank



Michael Nangole
Co-operative Bank



Azmaira Thobani
DTB Bank



Eston Kairu
Equity Bank



Apollo Asol
NCBA Bank



David Nyamato
NCBA Bank



Davis Ayako
SBM Bank



Edgar Mwandawiro
SBM Bank



Evelyn Gachanjah
Standard
Chartered Bank

KBA Secretariat



Raimond Molenje
Chief Executive Officer



Kennedy Mutisya
Chief Finance Officer



Fidelis Muia
Director
Technical Services



Christine Onyango
Director
Communication and
Public Affairs



Dr. Samuel Tiriongo
Director
Research and Policy



Cynthia Muchiri
Ag. Director
Legal, HR &
Policy Advocacy



Bernice Onyango
Manager
KBA Institute



Arnold Wangila
Manager - Finance



Patrick Kibui
Manager
Technical Services



Hesborn Nyagaka
Manager
Communication &
Public Affairs



Roselyne Njino
Manager
Sustainability



Christine Waita
Manager
Data &
Compliance



Hillary Mulindi
Manager
Research and
Policy



Yvette Mbaja
Legal, HR & Policy
Advocacy Officer



Stephen Makhapila Opicho
Assistant Accounts Officer



Diana Wangoi
Front Office Assistant



Andrew Otieno
Executive Driver

Committees Reports

Legal Affairs Committee Report

Committee Chair: Evelyn Gachanjah - Standard Chartered Bank

Committee Vice Chair: Beth Karanja - KCB Bank

Committee Secretary: Cynthia Muchiri & Yvette Mbaja - Kenya Bankers Association

The Legal Affairs Committee is mandated to

- Provide a platform for member banks to deliberate on non-competitive matters related to the management of legal risks within the banking industry.
- Monitor and analyse emerging legislation, regulations, and policies that impact the industry, and intervene where necessary to safeguard industry interests and support a conducive regulatory environment.
- Advise the KBA Governing Council and the wider banking sector on the potential implications of proposed laws, regulations, policies, and judicial decisions.
- Facilitate stakeholder engagement on legal issues of industry interest, in collaboration with other business member organizations and relevant institutions.
- Support capacity-building initiatives aimed at strengthening the capabilities of legal teams across the banking industry.

2024 Impact Areas

Coordination of Industry Litigation

The Committee provided legal oversight and coordination of industry-wide litigation to protect the interests of the banking sector. Notable cases included:

i. Mombasa HCC Petition No. E036 of 2023 – Andrew Kiplimo Kandie vs Attorney General, Co-operative Bank & KBA

- This constitutional petition challenged the statutory power of sale exercised by banks, arguing that lenders must first obtain a court judgment before enforcing loan recovery. The court dismissed the petition, affirming the constitutionality of Sections 90, 96, 97, and 98 of the Land Act, 2012. Importantly, the court recommended the development of a legal framework - led by the Attorney General and the Kenya Law Reform Commission - to establish an alternative dispute resolution mechanism for lenders and borrowers.

ii. Kenya Bankers Association vs State Law Office, Kenya Revenue Authority & Others

- The High Court quashed the Income Tax (Financial Derivatives) Regulations, 2023 following a successful judicial review application by KBA. The court declared the regulations unconstitutional and inconsistent with the Income Tax Act, effectively barring KRA from enforcing or collecting tax under the repealed regulations. This ruling marked a significant win for the sector, supporting the development of the financial derivatives market in Kenya.

Banking Industry Mediation Program

In partnership with the Judiciary, the Committee supported the 2024 Mediation Summit, which advanced the uptake of mediation within the banking sector. Key outcomes included:

- 595 matters referred to mediation, up from 402 in 2023
- 535 matters concluded with settlement agreements, a notable increase from 132 in 2023
- KES 11 billion in total settlement value, up from KES 8 billion in 2023
- 83.03% of cases involved banks as defendants, demonstrating the sector's central role in dispute resolution
- Average case turnaround time held steady at 75 days

Industry Capacity Building

To strengthen legal and compliance competencies across the sector, the Committee facilitated targeted training sessions on high-impact and emerging issues. Key topics included:

- Data Protection and Privacy – Emphasizing compliance requirements under the Data Protection Act and recent enforcement trends.
- Social Health Insurance Fund (SHIF) – Sensitization on the legal implications of the new Social Health Insurance Act and its supporting regulations

2025 Priorities

In 2025, the Legal Affairs Committee will advance a proactive advocacy agenda centered on the following strategic priorities:

- **Policy Engagement:** Lead legal and regulatory dialogue to influence policy and legislative developments aligned with the sector's interests.
- **Members Engagement:** Enhance responsiveness by leveraging informal and real-time communication channels to gather timely feedback from member institutions.
- **Strategic Partnerships:** Deepen collaboration with regulators, policymakers, and industry stakeholders to anticipate and resolve legal and regulatory challenges.
- **Compliance Support:** Provide continuous legal guidance to assist member banks in staying aligned with evolving compliance requirements

The Committee remains committed to strengthening the sector's legal voice in policy formulation while supporting members in navigating the increasingly complex regulatory environment.

Tax Sub-Committee Report

Committee Chair: Peter Mungai – Absa Bank (Kenya) Plc

Committee Vice Chair: Wilfred Alambo – Equity Bank (Kenya) Limited

Committee Secretary: Kennedy Mutisya - Kenya Bankers Association

Publication of the Total Tax Contribution (TTC) Report

- Successfully published the Total Tax Contribution (TTC) Report for the banking industry for the fiscal year 2023. The report was officially launched in November 2024 by H.E. the President of the Republic of Kenya, underscoring the banking sector's significant contribution to national revenue.

Industry-Wide Tax Sensitisation Workshop

- In partnership with EY Kenya, the Association hosted an industry-wide tax sensitisation workshop in September 2024. The workshop addressed key tax issues affecting the banking sector, including:
- Corporate Income Tax: Highlights and contentious matters.
- Excise Duty: Emerging issues
- International Tax: Key developments
- The prevailing tax environment and current legal and policy trends.

Policy Advocacy on Fiscal Legislation

- Submitted detailed proposals and made formal presentations to the National Treasury and the Parliamentary Committee on Finance and National Planning on the Finance Bill/Act 2024 and the Tax Laws (Amendment) Bill/Act 2024, advocating for favorable fiscal policies for the banking industry.

Judiciary Capacity Building

- Organized a judiciary capacity-building workshop in January 2024 for Commercial Division Judges. This was done in collaboration with the Judiciary Academy and other partners to enhance judicial understanding of tax matters from the banking sector perspective.

2025 Goals

- **KRA Engagement:** Deepen collaboration with the Kenya Revenue Authority (KRA) through regular consultative meetings with the KRA relationship team that serves the banking industry.
- **TTC Report Publication:** Publish the 2024 PwC/KBA Total Tax Contribution Report and present it to key national stakeholders, reinforcing the banking industry's contribution to Kenya's fiscal landscape.
- **Tax Sensitization Workshops:** Host an industry workshop following the publication of the Finance Bill/Act 2025, in collaboration with tax consultants, to sensitize members on proposed changes and their implications for the sector. Additional workshops will be organised in response to emerging or contentious tax issues.
- **Finance Bill/Act 2025 Advocacy:** Continue engaging with the National Treasury by participating in the review of the Finance Bill/Act 2025, ensuring the industry's proposals—already submitted—are duly considered.
- **Judicial Training Partnership:** Strengthen the partnership with the Judiciary Academy by facilitating further training for Commercial Division Judges, with a focus on tax litigation and compliance issues relevant to the banking industry.

Finance and Audit Committee Report

Committee Chair: Davis Ayako – SBM Bank

Committee Vice Chair: Stephen Muindi – Standard Chartered Bank Kenya Limited

Committee Secretary: Kennedy Mutisya – Kenya Bankers Association

2024 Achievements

- **Facilitated Knowledge Sharing:** Provided an interactive platform for member banks to exchange knowledge and experiences on industry-wide financial and accounting challenges.
- **Strategic Financial Oversight:** Offered oversight and guidance to the KBA Tax Sub-Committee, reviewed and approved the KBA 2025 budget, and conducted a thorough review of KBA's 2024 management accounts and the 2023 audited financial statements.
- **Sustainability Reporting Preparedness:** Oversaw the development of the industry reporting template on IFRS S1 and S2, marking a significant step toward mainstreaming sustainability disclosures in the banking sector.

2025 Goals

- **Support to Tax Sub-Committee:** Continue supporting the KBA Tax Sub-Committee in delivering its mandate, in alignment with its terms of reference.
- **Budgeting and Financial Review:** Lead the review of the KBA 2026 budget and guide the rationalization of the 2025 budget to enhance operational efficiency and strategic alignment.
- **Financial Reporting Oversight:** Review KBA's 2025 management accounts and 2024 audited financial statements, ensuring transparency, compliance, and financial integrity.
- **Enhance Financial Governance:** Strengthen oversight of both KBA and IPSL Finance functions to promote financial efficiency and accountability.
- **Promote Sustainability Reporting:** Support the adoption and integration of sustainability reporting standards (e.g., IFRS S1 & S2) across member banks to improve ESG disclosure and accountability.
- **Capacity Building:** Facilitate training and capacity-building initiatives on emerging trends and evolving standards in finance and accounting to strengthen industry readiness and compliance.

IT Systems, Risk and Security Sub-Committee Report

Committee Chair: Eston Kairu – Equity Bank Limited

Committee Vice Chair: Josephine Ajuoga – Family Bank Limited

Committee Secretary: Mark Karige – Gulf African Bank Limited

2024 Initiatives

Controls Baseline Standards

To address emerging cybersecurity risks, the Sub-Committee recommended and developed key control guidelines:

- **DevSecOps Controls Guideline:** A framework integrating security throughout the software development lifecycle, endorsed for industry-wide adoption.
- **New Control Baselines:** Focused on ATM security and Artificial Intelligence (AI), with completion expected in 2025.

Threat Intelligence Sharing

- The Sub-Committee assessed and trialed the Anomali Threat Intelligence Platform to enhance secure threat sharing. Due to operational challenges, onboarding was paused. Instead, a comprehensive framework for secure intelligence exchange is being developed, exploring bespoke solutions or tailored platform specifications. Meanwhile, Indicators of Compromise (IoCs) and threat advisories continue to be shared through KBA.

Regulatory Matters & Public Policy Engagement

The Sub-Committee monitored significant regional and domestic cybersecurity regulations, including:

Regional Data Sovereignty Requirements:

Mandating data localization and appointment of national cybersecurity heads for cross-border banks.

Kenya's Computer Misuse and Cybercrime Act (CMCA) Regulations

- Operationalizing the 2018 Act and strengthening national cybersecurity coordination.
- Active participation in policy development, submission of impact assessments, and ongoing dialogue with the Central Bank of Kenya to align regulatory compliance within the sector.

Cybersecurity Trends & Top Risks

- **Third-Party Risks:** Increasing vulnerabilities due to inconsistent security standards among vendors; banks are urged to enforce robust security clauses and enhance vendor risk management.
- **Artificial Intelligence:** Rapid AI adoption poses risks such as inadvertent data exposure and AI-powered cyberattacks. An AI Controls Guideline is in development to promote secure and responsible use.
- **Social Engineering:** Persistent phishing and Business Email Compromise (BEC) attacks require continuous cybersecurity awareness and staff/customer training.
- **Insider Threats:** Rising insider risks necessitate reduced dependence on human controls and increased deployment of automated monitoring and behavioural analytics tools.
- **Data Protection:** Growing data privacy complaints linked to unsolicited marketing and data subject requests underscore the need for compliance enhancements. KBA supports capacity building through subsidized training programs.
- **Ransomware:** The rise of Ransomware-as-a-Service (RaaS) demands proactive defense measures including regular backups, network segmentation, endpoint hardening, and zero-trust security architectures.

Team Building

- The Sub-Committee held a team-building event fostering collaboration, trust, and collective commitment to safeguarding the sector against evolving cyber threats.

2025 Priorities

Enhancing Cybersecurity in Financial Services

Proactive Strategies and Collaboration: The sector faces increasingly complex cyber threats amplified by AI and geopolitical factors, requiring continuous adaptation of people, processes, and technology. The Sub-Committee remains committed to strengthening the industry's cybersecurity posture through collaborative initiatives, including ongoing evaluation of threat intelligence sharing platforms with a final decision anticipated by end of 2025.

Bank Security Sub-Committee Report

Committee Chair: Edward Muchiri – Equity Bank Limited

Committee Vice Chair: Joseph Yegon – Kenya Commercial Bank Limited

Committee Secretary: Edwin Sikini – Rafiki Microfinance Bank Limited

Committee Assistant Secretary: Naomi Mutua – Credit Bank Limited

Key Achievements in 2024

Stakeholder Engagement

- **BFID Collaboration:** The Sub-Committee leadership met with Mr. Ali Samatar, the new BFID Director, to align strategies and strengthen partnerships in combating financial crime.

Capacity Building

- **Employee Background Screening:** Facilitated by Arope Group Ltd., focusing on best practices for vetting staff to mitigate insider threats.

Cryptocurrency Risk Management

- Training by Chainalysis on tracing stolen crypto assets and addressing exposure to crypto-related fraud.

Security Monitoring Initiatives

- **KEPSA Briefing:** Participated in a session with the Private Sector Regulatory Authority (PSRA) to provide input on new security regulations.
- **Guidance on Public Demonstrations:** Updated Terms of Reference and issued advisories to banks during the anti-Finance Bill protests to safeguard assets and staff.

Fraud Mitigation Programs

- **KBA Card Fraud Task Committee:** Proposed standardizing tap-and-go transaction limits across member banks.
- Identified vulnerabilities in merchant fraud triangulation and recommended countermeasures.
- **December Holiday Fraud Preparedness:** Distributed a Fraud Prevention Library to banks, highlighting high-risk areas and equipping frontline staff with detection tools.

Industry Collaboration

- **Printer Inspections:** Conducted joint security printer assessments with the Clearing Sub-Committee in Q3 to ensure compliance with anti-fraud standards.
- **Cross-Committee Synergy:** Strengthened collaboration with the IT Risk Sub-Committee to align fraud investigation protocols and cybersecurity strategies.

Partnerships with External Stakeholders

- Engaged KRA, Telcos (Safaricom, Airtel, Telkom), and BFID to address shared challenges, including SIM card fraud, tax-related fraud, and digital transaction risks.

2025 Strategic Priorities

- **Enhanced Training:** Roll out advanced programs for BFIU investigators and judiciary officials on complex fraud cases.
- **Centralized Fraud Database:** Launch a shared platform for real-time threat intelligence and coordinated responses.
- **Regulatory Advocacy:** Partner with CAK and CBK to enforce stricter SIM card registration standards and digital authorization protocols.
- **Card & Digital Risk Management:** Conduct workshops on card security best practices and AI-driven fraud detection tools.

The Sub-Committee remains committed to fostering a secure, resilient banking ecosystem through innovation, collaboration, and proactive risk management.

Human Resource and Ethics Committee Report

Committee Chair: Apollo Asol – NCBA Bank

Committee Vice Chair: Grace Kanyiri – Standard Chartered Bank

Committee Secretary: Cynthia Muchiri – Kenya Bankers Association

Committee Mandate

1. Establish and maintain good relations and ethics in the industry.
2. Foster professional human resource management practices within the industry.
3. Facilitate best practice professional training for bankers in Kenya.
4. Provide the machinery for collective bargaining negotiations on remuneration, pay scales and other terms and conditions of service for unionisable employees within the industry.
5. Develop and promote ethical behaviour and practices amongst members.

Committee Achievements in 2024

In 2024, the committee successfully concluded the Collective Bargaining Agreement (CBA) negotiations for the wage re-opener, culminating in a signed agreement that was duly registered in court.

To further strengthen human resource competencies within the banking sector, the Association, through the committee, facilitated targeted training sessions

addressing emerging people-related risks and recent regulatory developments. Key initiatives included:

- **Social Health Insurance Fund (SHIF) Training** – Sensitization of HR teams on the provisions of the Social Health Insurance Act, accompanying regulations, the benefits package, and compliance obligations for employers.
- **Industry Session on Mitigating People Risks Amid Financial Strains** – A strategic forum was held to address workforce-related risks emerging from economic pressures, focusing on employee wellness, organizational resilience, and adaptive human resource practices.

These sessions were designed to equip HR professionals with practical tools and insights to navigate shifting regulatory landscapes and evolving workforce dynamics.

Focus Areas in 2025

Industry Salary & Benefits Survey

To promote sustainable and competitive pay practices within the banking sector, the Association plans to undertake an Industry Salary Survey. This initiative will benchmark compensation trends not only within banking but also across adjacent sectors such as fintech, insurance, telecommunications, and other financial institutions. The survey is expected to produce two key outputs:

- Benchmarked Industry Report – providing comprehensive insights on compensation trends across the wider financial ecosystem.
- Bank-Specific Report – offering a tailored analysis of each participating bank's compensation and benefits structure, benchmarked against both banking and non-banking peers.

This initiative is intended to inform evidence-based HR decision-making, enabling institutions to remain competitive in talent attraction and retention.

Review of the full Collective Bargaining Agreement (CBA)

The committee, through the Association, will review the full CBA to align its provisions with evolving workforce dynamics, regulatory developments, and leading practices in industrial relations. The objective is to ensure equitable and sustainable employment terms across the sector while fostering constructive engagement with labour unions. These initiatives are designed to support evidence-based decision-making and ensure competitiveness in compensation, while maintaining constructive labour relations.

Industry Capacity Building

Through the Kenya Bankers Association Training Institute (KBA Institute), the Association will deliver targeted capacity-building sessions tailored for Human Resource teams. These sessions will specifically address the needs of Human Resource Managers and Learning & Development Managers, focusing on emerging trends, regulatory compliance, and strategic HR practices to support institutional growth and workforce development.

Clearing House Sub-Committee Report

Committee Chair: Peter Mugambi - Citibank N.A. Kenya)

Committee Vice Chair: Evaristus Kimwele – DTB Bank

Committee Secretary: Beatrice Matenzawa – ABC Bank Ltd

The Automated Clearing House sub-committee, in collaboration with KBA secretariat and The Central Bank of Kenya, had a very eventful year coupled with the implementation of major industry projects and smooth operations at the Clearing House all year round.

The sub-committee succeeded in having 10 sittings during the year. I extend my heartfelt appreciation to the members of this sub-committee for their service and commitment towards the achievement of its goals for the year.

2024 Achievements

The ACH Sub-committee managed to achieve below milestones.

ACH SDWAN Implementation

The KBA SDWAN Managed Service Project was undertaken to migrate the Kenya Bankers Association's MPLS network to a Fortinet Secure SDWAN. The scope of this project included the installation, configuration, and migration of 41 banks. The project Kick off meeting was held in January 2023, I am happy to report that the project successfully met its objectives including improved network security, redundancy, and operational efficiency of the ACH network and went live on 20/07/2024 on hypercare and was signed off by the project committee in December 2024.

ACH DR Equipment Migration

During the year, the ACH Disaster Recovery infrastructure was successfully migrated to a new site within KSMS as part of a broader data centre modernization initiative.

The project was successfully completed within the planned timelines.

ACH ISO 20022 Phase II Implementations

To enhance the efficiency of the ACH following the ISO 20022 migration, the Clearing House Sub-committee successfully implemented two additional features aimed at improving operational effectiveness and strengthening overall system performance

The following changes were implemented:

- Unpaying time barred cheque validation
- Auto cancellation of mandates

Bank Disputes Arbitrations

There were 4 bank dispute arbitration requests presented to the sub-committee in 2024. I am happy to report that

all the 4 arbitration requests were closed with no appeals registered against the rulings of the sub-committee. This demonstrates the committee's effectiveness in resolving disputes and therefore contributing to an enabling environment for efficient clearing operations.

Disaster Recovery Tests

The Clearing House Sub-committee, in conjunction with the Clearing House Inspector scheduled one disaster recovery tests on the ACH System in 2024. This, however, did not happen due to the migration of the DR Site within KSMS. The same was rescheduled to Half 1 of 2025.

Security Printer review and Accreditation

To ensure that the cheques in the industry meet the expected standards, are safe and secure, the sub-committee successfully conducted Security Printers review and accredited the printers that met the KBA cheque printing standards for the year 2024/5. All member banks were advised of the KBA accredited printers.

Industry Trainings and Workshops

The sub-committee organized and facilitated 3 industry-wide trainings and workshops in 2024.

The main topics were:

1. The ACH ISO 20022 phase II implementations
2. The benefits of SDWAN
3. SDWAN change expectations

Committee Goals for 2025

- Implementation of the KBA ACH SDWAN
- Implementation of Phase II ACH ISO 20022 features
- Hold bank disputes arbitration sessions in a timely manner
- Hold training and capacity building sessions to share best practice
- Perform Security Printer review and accreditation

All member banks had their representatives attend the trainings/workshops and this led to successful implementation of the projects

Credit and Islamic Advisory Sub-Committee Report

Committee Chair: Christine Mwai Marandu - Absa Bank Kenya

Committee Vice Chair: Boniface Kioko - ABC Bank

Committee Secretary: Davis Ayako - SBM Bank

2024 Key Activities

The Sub-Committee convened three strategic meetings in May, October, and December 2024 to address critical challenges and opportunities in Kenya's credit market.

Focus Areas

1. Non-Performing Loans (NPLs) Management
 - o Analyzed rising NPLs linked to delayed payments by county governments to employees and suppliers, impacting borrowers' repayment capacity.
2. Risk-Based Pricing Frameworks
 - o Reviewed challenges in implementing risk-based lending models and explored refinements to enhance fairness and transparency.
3. Digital Platform Efficiency
 - o Addressed operational bottlenecks in government digital systems (Ardhi Sasa for land title verification and NTSA for vehicle logbook registration), which caused delays and inaccuracies in collateral processing.

Notable Sessions

- Examined the impact of the high Central Bank Rate (CBR) on Treasury Bill (T-bill) rates and lending conditions.
- Discussed strategies to reduce lending rates while balancing risk and profitability.
- Evaluated the Inuka MSME Accelerator Program to identify scalable solutions for MSME financial resilience.
- Hosted expert presentations:
 - Dr. Adamo Wario Roba (Competition Authority of Kenya) on competitive credit market regulations.
 - Jared Getenga (CIS Kenya) on innovations in the Credit Information Sharing (CIS) framework, including the pilot of CIS ValiData - a centralized data validation tool developed with FSD Kenya.

2024 Outcomes and Impact

- o Advocated for resolution of delayed county payments to curb NPLs.
- o Highlighted tax-related cash flow pressures on households and businesses to policymakers.
- o Collaborated with the Ministry of Lands and NTSA to streamline Ardhi Sasa and NTSA systems, improving efficiency in collateral verification.
- o Integrated CIS ValiData to enhance data accuracy and reduce credit risk, fostering confidence in lending decisions.

2025 Strategic Priorities

Accelerate MSME Credit Access

- o Expand the Inuka MSME Accelerator Program to simplify credit processes, reduce collateral requirements, and promote tailored financial products.
- o Partner with development agencies to de-risk MSME lending through guarantees and capacity-building.

Develop an Industry Reference Rate

- o Collaborate with the Central Bank of Kenya (CBK) and stakeholders to establish a credible benchmark rate for loan pricing, addressing inconsistencies in the risk-based pricing framework.
- o Ensure the rate reflects market dynamics, promotes transparency, and supports affordable credit access.

Advocate for Regulatory Synergy

- o Work with regulators to harmonize digital platform standards, ensuring seamless integration with banking operations.

Financial Markets Sub-Committee Report 2024

Committee Chair: Philip Wambua - ABC Bank

Committee Vice Chair: Wolfgang Omondi - Absa Bank Kenya

Committee Secretary: Andrew Muiruri - ACI Chair – Equity Bank Kenya

The Financial Markets Committee (FMC), which is a representative of the Kenya Banks Treasurers Forum (KBTF), is anchored on the following key objectives:

- To promote high-level market conduct and discipline in the Kenyan Financial Markets.
- To Develop and Nurture the Financial Markets.
- Training of the Bank Dealers and Treasurers.
- To consult with various stakeholders e.g. Regulators, KBA and the wider market.

The following are the key highlights for 2024:

Training

Our members were trained on the following areas:

- i. Global Forex Code which was sponsored by KBA and attracted over 500 participants from Treasury front office, middle office, back office and market risk and compliance. This was to align the participants to the international best practices.
- ii. ACI Economic Forum, which was conducted in partnership with KBA and Moody's and was attended by Treasurers and Dealers. The forum was to review the global market trends and assess their effect to the local financial markets.

Achievements in 2024

- Provided an interactive platform for the member banks to share experience and knowledge on industry wide challenges.
- Provided oversight to Tax sub-committee, KBA 2025 budget review and approval as well as review of KBA 2024 management accounts and 2023 audited financial statements.
- Provided Oversight on development of industry reporting template on IFRS S1 and S2.

- iii. ACI Dealing Certificate, which is a continuing course to certify Bank Dealers.
- iv. Financial Markets Derivatives, which was done in partnership with ACI and FMA.

Engagement with the Regulator

The market held several engagements with CBK to discuss reforms in the fixed income markets and this is currently an ongoing process.

Market Developments

The financial Markets Committee and Bank Treasurers held engagements with EABX to explore ways in which the market can support towards the operationalization of the exchange to this effect some of the Bank Treasurers volunteered to work under the market advisory committee of EABX.

ACI Activities

The ACI is scheduled to undertake a CSR at Vijito Children Home in Embakasi where they will interact and offer support to the children

Goals For 2025

- Support KBA Tax Sub-Committee to achieve its mandate in line with the terms of reference for the Sub-Committee
- Review KBA 2026 budget and spearhead KBA 2025 budget rationalization.
- Review KBA 2025 management accounts and 2024 audited financial statements.
- Enhance oversight of KBA and IPSL Finance functions to promote efficiency.
- Promote and support adoption of sustainability reporting by banks.
- Support the industry on capacity building on emerging matters/standards relating to Finance and accounting.

Compliance Committee Report

Committee Chair: David Nyamato – NCBA Bank

Committee Vice Chair: Hilda Gituro – DTB Bank

In 2024, the Compliance Committee continued to build on its strategic objectives, focusing on strengthening regulatory engagement, enhancing capacity within the banking sector, and supporting policy dialogue on key compliance issues.

Following Kenya's grey listing, the Committee significantly intensified efforts to support member banks in aligning with national and international AML/CFT standards. This included increased engagement with regulators and targeted capacity-building initiatives to address identified deficiencies.

Key Achievements in 2024

Regulatory Engagement

The Committee maintained constructive engagement with key regulators and agencies, including:

- a) Central Bank of Kenya.
- b) Unclaimed Financial Assets Authority.
- c) Financial Reporting Centre.
- d) Kenya Revenue Authority.
- e) Business Registration Service.
- f) Capital Markets Authority.

Goals For the year 2025

- Strengthen collaboration with CBK, KRA, IRA, SASRA, BRS, EACC, Immigration, FRC, and other agencies through planned stakeholder sessions focusing on AML/CFT/CPF, CRS, and immigration compliance.
- Deliver technical training on terrorism financing, proliferation risk, digital financial crime, and a Banking Sector Risk Assessment Program. Continue the Annual MLRO Conference and targeted workshops.
- Finalize and roll out industry practice notes on PEPs, Beneficial ownership, and UFAA compliance for standardization across member banks.
- Build technical capacity and enhance the professional competence of compliance officers through targeted training and sector-wide seminars, with a continued focus on supporting Kenya's exit from the grey list.

Capacity Building and Training Initiatives

The Committee supported the industry through key training and awareness sessions:

- a) Training on Terrorism Financing & Proliferation Financing in partnership with the FRC, ESAAMLG and CBK.
- b) Common Reporting Standards Training.
- c) Training on Unclaimed Financial Assets.
- d) Annual MLRO Conference.
- e) Virtual Assets Training.

Development of Industry Practice Note

Initiated Guidance Notes on:

- a) Beneficial Ownership Compliance.
- b) UFAA Reporting Standards.
- c) Politically Exposed Persons.

Regulatory Policy Input

Finalized review of the Prudential Guidelines and submitted sector feedback to CBK.

- Promote regional collaboration with the Rwanda Bankers Association and other sectoral bodies to enhance knowledge sharing and capacity development.

The committee made notable progress in 2024 in strengthening compliance capacity and stakeholder collaboration. With continued commitment and support, the committee remains well-positioned to steer the industry toward greater regulatory alignment, risk resilience, and ethical compliance into 2025 and beyond.

Public Relations Committee Report

Committee Chairperson: Azmaira Thobani, Diamond Trust Bank

Committee Vice Chairperson: Fathia Abdulle, Gulf African Bank

Committee Secretary: NCBA Bank

The KBA Public Relations (PR) Committee supports the Kenya Bankers Association (KBA) Secretariat in implementing the Communications Strategy. The Committee provides strategic counsel, aligns expectations, and ensures delivery across the industry.

Core Areas of Focus

Strategy Participation: Engage in communication strategy and planning for both internal audiences (member banks and their employees) and external audiences (customers, media, and the general public).

Leadership & Execution: Lead by example by ensuring all approved PR and communications initiatives are adopted and executed by member banks.

Media & Public Engagement: Amplify the KBA agenda through each bank's communication platforms to enhance public and media understanding of the banking industry.

Lobbying Support: Leverage Corporate Social Responsibility (CSR) initiatives to support KBA's industry advocacy efforts with national and local governments and Parliament.

Policy Input: Provide input on KBA's lobbying agenda by identifying legislative gaps and recommending amendments or new laws that support a favorable banking environment.

Crisis Communications: Nominate the Committee Chair and Vice Chair to serve on the KBA Crisis Communications Committee.

Industry Representation: Actively participate in industry events and sponsored forums, including serving as speakers or presenters on behalf of the Association.

2024 Impact Highlights

- Developed and reviewed the Banking Industry Digital Best Practices and Social Media Standards Report to guide effective and responsible use of social media.
- Compiled and issued the Persons with Disabilities (PWD) Progress Report, identifying key areas requiring industry-wide intervention.
- Coordinated the 2024 Customer Satisfaction Survey in collaboration with the Customer Service Working Group.

2025 Priorities

- Launch the Banking Industry Shared Value Report, showcasing the sector's achievements, socio-economic contributions, and value to society.
- Harmonize Industry Customer Service Standards to enhance and standardize the customer experience across member banks.



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