KENYA BANKERS ASSOCIATION

14TH ANNUAL BANKING RESEARCH CONFERENCE

Banking and Economic Growth Dynamics: Navigating Risks and Leveraging Opportunities in MSMEs Financing

18th - 19th September 2025

Join the conversation
@kenyabankers #BankingConferenceKE

Convened at the Ole-Sereni, Nairobi

CENTRE FOR RESEARCH ON

FINANCIAL MARKETS AND POLICY®

ABOUT KENYA BANKERS ASSOCIATION

Kenya Bankers Association is the umbrella body of Banks licensed by the Central Bank of Kenya with a current membership of 46. The Association promotes and develops sound and progressive banking principles, practices and conventions and contributes to the developments of the sector. It influences the policy landscape by proactively engaging the policy development stakeholders for the development of a conducive business environment on behalf of its members. It also manages the public relations aspects of banking as a service industry. Kenya Bankers Association plays a major role in maintaining industrial relations through employee representatives; negotiating terms and conditions of employment; and arriving at settlements, provision assistance and guidance to the industry in interpretation and implementation of cost of living awards. KBA works to maintain close co-ordination and liaison with the Central Bank of Kenya, financial institutions, the Chamber of Commerce, management and educational institutions, Federation of Kenya Employers, and other such organizations for realizing the objects and purposes of the Association.

Moreover, KBA owns and operates the Automated Clearing House and in partnership with the Central Bank of Kenya has developed initiatives such as the Modernisation of Payment Systems (including the Cheque Truncation Project), the establishment of Currency Centres across the country, and the Kenya Credit Information Sharing Initiative.

ABOUT THE CENTRE FOR RESEARCH ON FINANCIAL MARKETS AND POLICY®

The Centre for Research on Financial Markets and Policy® was established by the Kenya Bankers Association in 2012 to offer an array of research, commentary, and dialogue regarding critical policy matters that impact on financial markets in Kenya. The Centre sponsors original research, provides thoughtful commentary, and hosts dialogues involving scholars and practitioners, and conferences on key financial market issues. Through these activities, the Centre acts as a platform for intellectual engagement between financial market experts, the banking sector and the policy makers in Kenya. It therefore contributes to an informed discussion that influences critical financial market debates and policies.

Visit ***www.kba.co.ke/research-center*** to access the suite of research publications.

For more information and contact details:

Kenya Bankers Association, 13th Floor, International House, Mama Ngina Street
Postal Address: P.O. Box 73100- 00200 NAIROBI | **GSM Cell:** 254 705 155 930/942
Telephone: 254 20 222 1704, 254 20 222 4014/15 | **Email:** research@kba.co.ke

KENYA BANKERS
ASSOCIATION

14TH ANNUAL BANKING RESEARCH CONFERENCE

Banking and Economic Growth Dynamics:
Navigating Risks and Leveraging Opportunities in MSMEs Financing

contents

Convened at the Ole-Sereni, Nairobi

KENYA BANKERS ASSOCIATION

14TH ANNUAL BANKING RESEARCH CONFERENCE

Welcome Remarks from the CEO, Kenya Bankers Association

We are honoured to welcome you to the ***Kenya Bankers Association 14th Annual Banking Research Conference*** on *'Banking and Economic Growth Dynamics: Navigating Risks and Leveraging Opportunities in MSMEs Financing'.*

This year's theme underscores the banking sector's pivotal role in driving economic growth and harnessing opportunities to support MSMEs' growth in the East African Region. The research papers and methodological sessions scheduled for presentation have been drafted by experienced researchers and banking sector practitioners. Additionally, the papers have undergone a rigorous peer review process to ensure that they are robust and able to facilitate in-depth discussion on emerging opportunities, challenges, and actionable strategies for sustainable MSME growth.

More specifically, the presentations will focus on three main areas. First, examining the role of the macroeconomic environment in enabling banks to scale financial products and services tailored to MSME needs. Second, understanding the emerging risks and opportunities that balance banks' priorities and MSMEs' concerns, such as deposit mobilization, payment systems, credit pricing, risk management, regulatory adjustments, digitization, artificial intelligence, and cross-border credit information sharing. Third, spotlighting how sustainability and ESG considerations can be integrated into MSME financing.

I am optimistic that the research papers, methodological sessions and discussions will not only stimulate meaningful debate but also shape policy formulation at institutional, national, and regional levels.

Raimond Molenje
Chief Executive Officer
Kenya Bankers Association

KENYA BANKERS ASSOCIATION

14TH ANNUAL BANKING RESEARCH CONFERENCE

Remarks from the Chairman, Kenya Bankers Association

It is our great honour to host you in the ***14th Annual Banking Research Conference.*** This year's theme, "*Banking and Economic Growth Dynamics: Navigating Risks and Leveraging Opportunities in MSMEs Financing,*" reflects our shared commitment to strengthening the role of banks in advancing Kenya's and the region's economic aspirations.

The banking sector remains the core pillar of our economy's growth trajectory. At the heart of this growth are over 7.4 million MSMEs, employing more than 15 million Kenyans, yet facing persistent financing gaps. Thus, during the conference, the discussions will seek to provide insights on three sub-themes.

- First, the enabling role of the macroeconomic and policy environment in the development of financial products and services tailored to MSMEs needs.
- Second, the banking sector's transformative economic potential, amidst the emerging risks and opportunities.
- Third, insights on the banking sectors strategies to advance sustainability by embedding ESG practices and global disclosure standards.

Over the next two days, I encourage you to network, exchange ideas, deepen collaboration, and chart pathways that ensure banks remain a dynamic engine for sustainable growth and a steadfast partner to MSMEs.

Paul Russo, EBS
Chairman
Kenya Bankers Association.

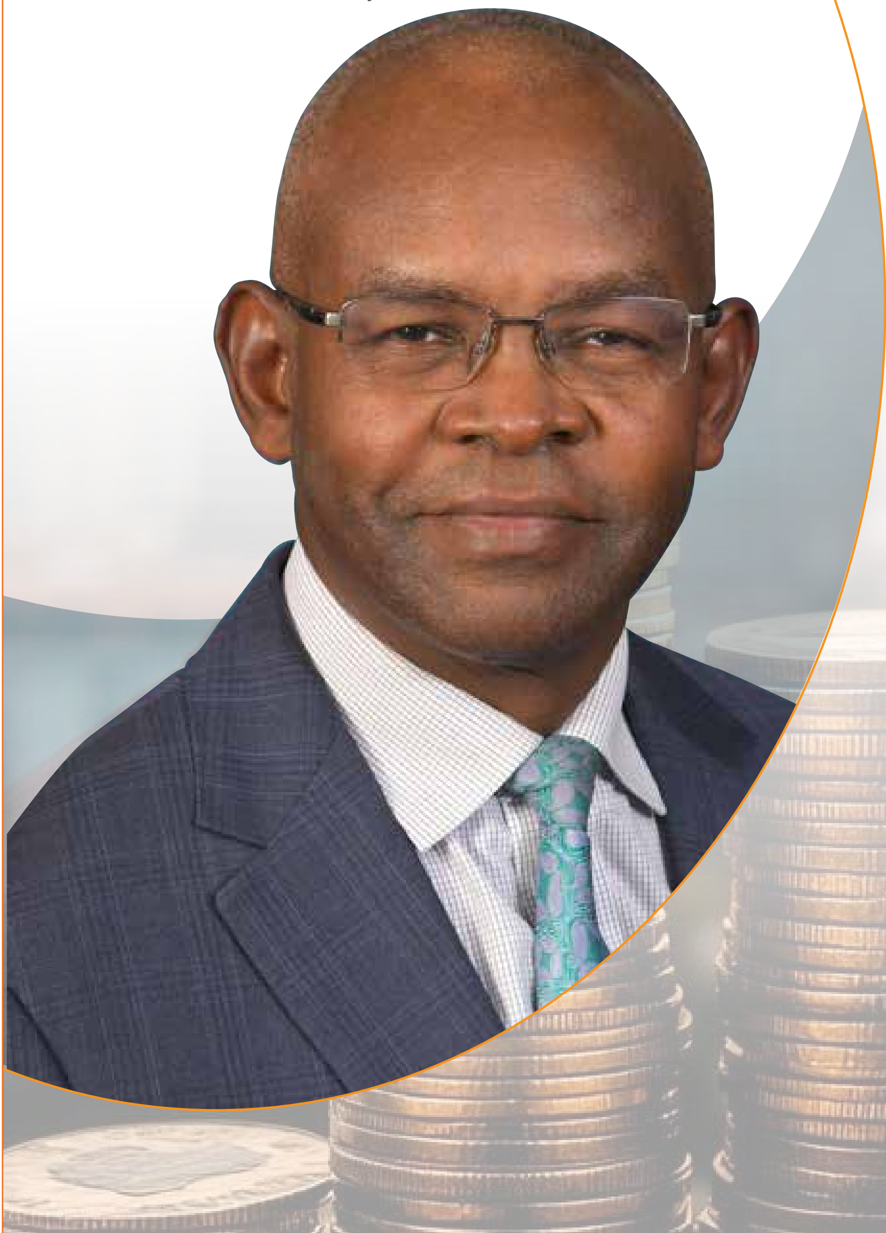
KENYA BANKERS ASSOCIATION

14TH ANNUAL BANKING RESEARCH CONFERENCE

Chief Guest and Keynote Speaker

Dr. Kamau Thugge, CBS

Governor, Central Bank of Kenya



KENYA BANKERS ASSOCIATION

14TH ANNUAL BANKING RESEARCH CONFERENCE

Panel Discussion

MSME Policy and Monetary Dynamics: Implications for Financing, Lender Opportunities, and Barriers

Hon. Susan Mang'eni, *PS, State Department for MSME Development*
Mr. Moses Nyabanda, *MD, Equity Bank Kenya*
Mr. Jared Osoro, *Member, CBK Monetary Policy Committee*
Ms. Tamara Cook, *CEO, FSD Kenya*
Mr. Felix Ndunda, *Kenya National Federation of Jua Kali Associations*

Moderated by *Julians Amboko*

KENYA BANKERS ASSOCIATION

14TH ANNUAL BANKING RESEARCH CONFERENCE

Director, KBA Centre for Research on Financial Markets and Policy®

The ***Kenya Bankers Association 14th Annual Banking Research Conference*** takes a deep dive on Banking and Economic Growth Dynamics, with a particular emphasis on navigating risks and leveraging opportunities in MSME financing. The conference brings together practitioners, regulators, policymakers, researchers, and academia to exchange ideas that balance theory, practice, and policy relevance.

The discussions will be framed within the East African context, with a strong emphasis on the banking sector's role in enabling MSME growth. Over the two days, participants will engage with research papers and methodological sessions enriched by contributions from academia, policy institutions, and banking sector practitioners. This diversity of perspectives will create a dynamic platform for debate, reflection and the exchange of actionable insights.

Moreover, the conversations will revolve around three sub-themes. First, the role of the macroeconomic environment in shaping MSME financing; Second, the ways in which banks and MSMEs can collaboratively navigate risks and seize opportunities; and third, the integration of ESG considerations into banking practices to promote sustainable MSME growth. Taken together, these sub-themes will provide a holistic lens through which to explore the future of banking and economic development in the region.

Beyond the conference, we keep alive the debate thus ensuring that these discussions continue to inform practice and policy. At the end, all the conference papers will be reviewed and published under the KBA Working Paper Series.

Dr. Samuel Tiriongo
Director, KBA Centre for Research on Financial Markets and Policy®

Banking and Economic Growth Dynamics:
Navigating Risks and Leveraging Opportunities in MSMEs Financing

DAY 1: THURSDAY 18th SEPTEMBER,2025

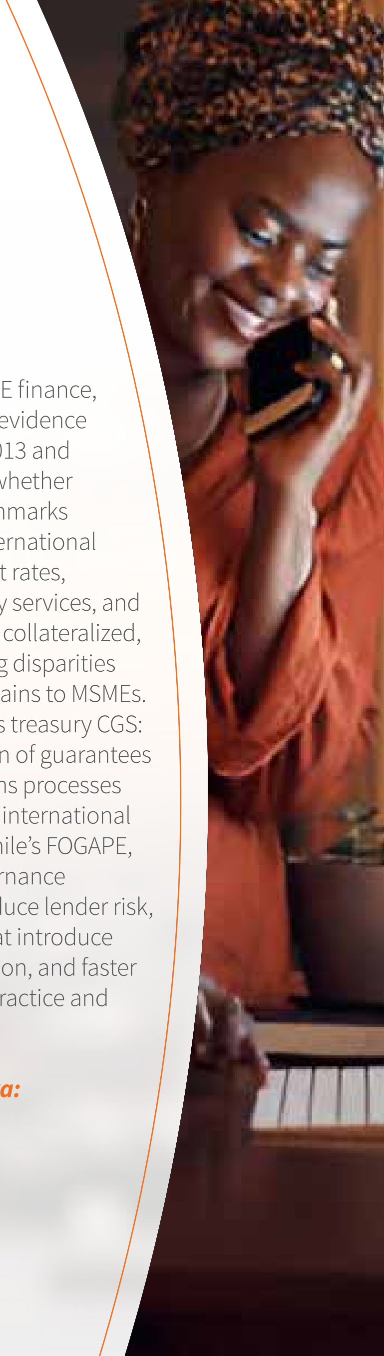
Time	Event
8:30 – 8:40 am	Remarks by the CEO, KBA - **Mr. Raimond Molenje**
8:40 – 8:50 am	Remarks - Chairman, Kenya Bankers Association, **Mr. Paul Russo, EBS - KCB Group MD & CEO**
8:50 – 9:30 am	*Keynote Address* **Dr. Kamau Thugge, CBS -** Governor, Central Bank of Kenya
9: 30 – 10:30 am	***Panel Discussion -*** *MSME Policy and Monetary Dynamics: Implications for Financing, Lender Opportunities, and Barriers* • ***Hon. Susan Mang'eni,*** *PS, State Department for MSME Development* • ***Mr. Moses Nyabanda,*** *MD, Equity Bank Kenya* • ***Mr. Jared Osoro,*** *Economist & Member, CBK Monetary Policy Committee* • ***Ms. Tamara Cook,*** *CEO, FSD Kenya* • ***Mr. Felix Ndunda,*** *Kenya National Federation of Jua Kali Associations* ***Moderated by:*** *Julians Amboko*
10:30 – 11:00	**HEALTH BREAK AND PHOTO SESSION**
11:00 – 12:00 pm	*MSME Partial Credit Guarantees in Kenya: What 28,000 Loans Reveal About Risk and Pricing* ***Presenter:*** *Rogers Ochenge, Kenyatta and Strathmore University* ***Discussant:*** *Dr. Radha Upadhyaya, Institute of Development Studies (IDS)*
12:00 – 1:00 pm	*Credit Guarantee Schemes and MSME Financing in Kenya: A Firm – Level Analysis* ***Presenters:*** *Raphael Agung Anthony Muli, David Ndwiga and Samantha Njoroge, NCBA* ***Discussant:*** *Dr. Samuel Tiriongo, KBA*
1:00 – 2:00 pm	**LUNCH BREAK**
2:00 – 3:00pm	*Cost of Credit, Digital Finance and Bank Capital: Implications for MSME Lending and Performance in Kenya* ***Presenters:*** *Samuel Tiriongo, Hillary Mulindi, Hesborn N. Nyagaka and Davis Milimo, KBA* ***Discussant:*** *Raphael Agung, NCBA*
3:00 – 4:00 pm	*Unlocking MSME Credit: Sector Specific Insights from Kenya* ***Presenter:*** *Stephanie Kimani, I&M Bank* ***Discussant:*** *Dr. Caroline Kariuki, Strathmore University*
4:00 – 5:00 pm	***Methodological session:*** *MSME Gender Disaggregated Data Dashboards and Insights* ***Presenter:*** *Christine Waita, KBA*

KENYA BANKERS ASSOCIATION

14TH ANNUAL BANKING RESEARCH CONFERENCE

DAY 2: FRIDAY 19th SEPTEMBER, 2025

Time	Event
8:20 – 8:30 am	Welcome Remarks - **Dr. Samuel Tiriongo, KBA**
8:30 am – 9:15 am	*Commercial Banks ESG integration and MSMEs support: Evidence from Kenya* ***Presenter:*** *David Ndwiga, NCBA Bank* ***Discussant:*** *Dr. Steve Makambi, Kenyatta University*
9:15 am – 10:00 am	*Leveraging Data for Climate Risk Assessment and Green Capital: A Case Study of the Africa Climate and Nature Data Platform (ACNDP)* ***Presenters:*** *Reuben Wambui, Climate Shapers Africa Ltd and Francis Nyangoma, Prime Bank* ***Discussant:*** *Brian Ochieng, NCBA*
10:00 – 10:30 am	**TEA BREAK**
10:30 – 11:15 am	*Sustainable Finance and SME Growth in Kenya: Evaluating the Impact of Environmental Social and Governance Banking on Credit Access, Resilience, and Asset Quality* ***Presenters:*** *Dr. Urooj Malik and John Mwika, University Canada West, Vancouver, BC, Canada* ***Discussant:*** *ABSA*
11:15 – 12:00 noon	*The Mediating Role of ESG on the Interaction between Green Banking and Financial Performance of Commercial Banks in Kenya* ***Presenter:*** *Lucy Maru, KCB* ***Discussant:*** *Dr. Ruth Muinga, UON*
12:00 – 12:45 pm	*Bridging the financial gap in MSME financing in Kenya* ***Presenters:*** *Doris Kiragu and Salome Wairimu, Consolidated Bank and Caritas MFB* ***Discussant:*** *Hillary S. Mulindi, KBA*
12:45 – 2:00 pm	**LUNCH BREAK**
2:00 – 2.45 pm	*Towards a Framework for Sustainable Bank Financing of Small and Micro Enterprises (SMEs) in Kenya* ***Presenters:*** *Prof Odongo Kodongo, Wits Business School, South Africa* ***Discussant:*** *Dr. Peter Wamalwa, CBK*
2:45 – 3.30 pm	*Discouraged Borrowers and Access to Finance: Evidence from Kenyan SMEs* ***Presenter:*** *Josea K. Cheruiyot, KMRC* ***Discussant:*** *David Ndwiga, NCBA*
3:30 – 4:15 pm	***Methodological sessions:*** *Credit Information Sharing Association of Kenya (CIS-Kenya)* ***Presenters:*** *Jared Getenga, Lemuel Mangla and Dr. Allan Omondi*
4.15 pm	Closing Remarks by CEO, KBA - **Mr. Raimond Molenje**



Overview of Conference Papers

1. MSME Partial Credit Guarantees in Kenya: What 28,000 Loans Reveal About Risk and Pricing

Author: *Rogers Ochenge,*
Kenyatta University and Strathmore University

Partial Credit Guarantees (PCGs) are central to MSME finance, yet their pricing impact is uneven. Using loan-level evidence from 28,356 guaranteed MSME loans issued in Kenya between 2013 and 2024 under a regional guarantee program, this paper examines whether PCGs reduce defaults and borrowing costs, and separately benchmarks Kenya's treasury-run Credit Guarantee Scheme (CGS) against international standards. The results show that higher coverage reduces default rates, especially in high-risk sectors such as agriculture and community services, and modestly lowers interest rates. However, when loans are already collateralized, the marginal benefit of guarantees is limited, and sectoral pricing disparities persist, suggesting that banks do not fully transmit risk-sharing gains to MSMEs. The comparative review highlights several design gaps in Kenya's treasury CGS: coverage is fixed at around 50% rather than risk-based, allocation of guarantees is largely bank-driven, fees do not reflect borrower risk, and claims processes remain slow and uncertain. These features contrast with leading international models such as the U.S. SBA 7(a) program, Korea's KODIT, and Chile's FOGAPE, which use tiered coverage, risk-based pricing, and stronger governance mechanisms. Overall, while PCGs in Kenya expand credit and reduce lender risk, they have not consistently lowered borrowing costs. Reforms that introduce flexible, risk-tiered coverage, risk-based fees, transparent allocation, and faster claims settlement would align Kenya's system with global best practice and enhance its role in supporting MSME finance under Vision 2030.

2. Credit Guarantee Schemes and MSME Financing in Kenya: A Firm – Level Analysis

Authors: *Raphael Agung, Anthony Muli, David Ndwiga, and Samantha Njoroge – NCBA*

The study seeks to examine the effects of credit guarantee scheme on Micro, Small and Medium-sized Enterprises lending. Specifically, the paper sought to examine the performance of a specified credit

Overview of Conference Papers

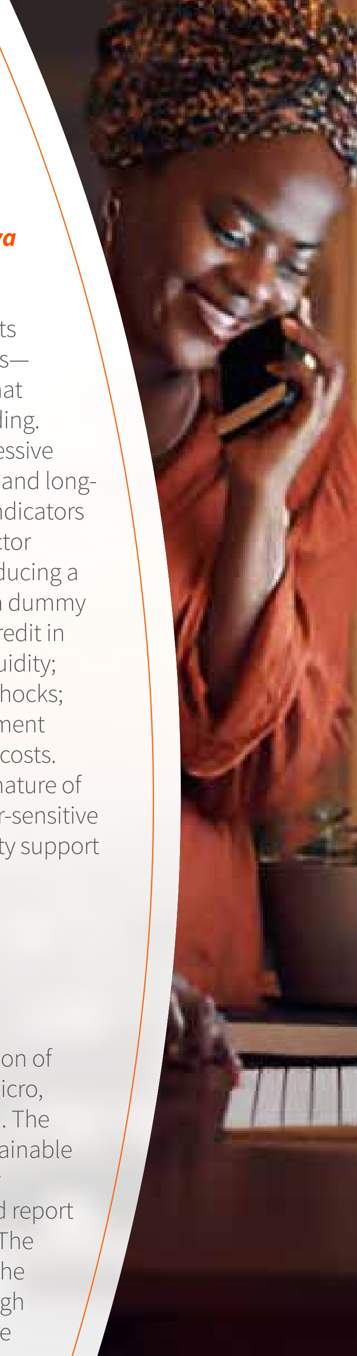
guarantee scheme. Moreover, the paper examines the effect of credit guarantee scheme on MSME loan default probability and how loan repayment performs across different sectors. The study utilised bank level data for 2,398 MSMEs for the credit guarantee scheme under review. The study found that the credit guarantee scheme improves MSMEs access to formal credit. Furthermore, low default rate was reported based on firm count. Regarding credit guarantee coverage ratio – default probability nexus, this study established existence of moral hazard effect which is statistically significant. However, across different sectors, short run models find credit guarantee moral hazard sectoral bias, largely elevated in agriculture, building and construction, trade and manufacturing sectors. Additionally, default risk was found to reduce with firm age and increase with loan amount.

3. *Cost of Credit, Digital Finance and Bank Capital: Implications for Msme Lending and Performance in Kenya*

***Authors:** Samuel Tiriongo, Hillary Mulindi, Hesborn N. Nyagaka and Davis Milimo, KBA*

Using FinAccess 2024 survey data, bank-level financial statements and macroeconomic indicators from 2011–2024, this study investigates the influence of cost perceptions, digital finance, and bank capital on MSME financing in Kenya. The findings indicate that perceived credit costs constrain MSME performance, whereas digital finance enhances loan approval odds, particularly for urban, educated, and prime-age entrepreneurs. Moreover, well-capitalized banks extend more credit, although the marginal benefits diminish once capital levels exceed a neutral threshold. The policy implications are the need to lower effective borrowing costs, deepen fintech integration, and reinforce countercyclical capital buffers while promoting policies that support stronger deposit mobilization.



Overview of Conference Papers

4. *Unlocking MSME Credit: Sector Specific Insights from Kenya*

Author: *Stephanie Kimani, I&M Bank*

This study investigates the sector-specific determinants of MSME credit in Kenya across three dominant sectors—real estate, trade, and transport & communication—that collectively account for nearly 70% of bank MSME lending. Using quarterly data from 2012 to 2024, we apply sectoral Autoregressive Distributed Lag (ARDL) models to capture both short-run dynamics and long-run equilibrium relationships. The analysis integrates supply-side indicators (non-performing loan ratios, lending interest rates, and banking sector liquidity) with demand-side proxies (sectoral GDP), while also introducing a structural policy shock through the 2016–2019 interest rate cap as a dummy variable. Findings reveal significant sectoral heterogeneity: MSME credit in real estate is decoupled from GDP growth and more sensitive to liquidity; trade credit strongly follows sectoral GDP but is vulnerable to NPL shocks; and transport & communication lending exhibits the fastest adjustment to equilibrium, shaped by both demand conditions and borrowing costs. The results provide novel empirical evidence on the differentiated nature of MSME credit drivers in Kenya and highlight the importance of sector-sensitive credit policies, robust risk-sharing frameworks, and targeted liquidity support mechanisms.

5. *Commercial Banks ESG integration and MSMEs support: Evidence from Kenya*

Author: *David Ndwiga*

The examines the effects of commercial banks' adoption of Environmental, Social and Governance practices on Micro, Small and Medium-sized Enterprises support in Kenya. The study is underpinned on the growing demand for sustainable financing by entreprises in the wake of circular economy. The study focused on commercial banks that have adopted ESG practices and report their sustainability. Panel data analysis was employed for analysis. The study found that environmental integration significantly increases the number of Micro, Small and Medium-sized Enterprises trained though insignificantly affect MSME lending. However, social and governance practices significantly increase MSMEs training and MSME lending.

Overview of Conference Papers

6. *Leveraging Data for Climate Risk Assessment and Green Capital: A Case Study of the Africa Climate and Nature Data Platform (ACNDP)*


Authors: *Reuben Wambui, Climate Shapers Africa Ltd and Francis Nyangoma, Prime Bank*

As banks increasingly mainstream sustainability, integrating Environmental, Social, and Governance (ESG) considerations into lending decisions faces significant data-related challenges. This case study examines the Africa Climate and Nature Data Platform (ACNDP), an open-access digital tool that provides comprehensive climate and nature data for financial decision-making. Through interviews with Kenyan banks during the platform's development phase, we explore how high-resolution climate, biodiversity, and carbon emissions data enable more informed lending and investment decisions. As a novel Africa-focused data platform, the ACNDP supports climate-adjusted loan pricing and sustainable product development while helping institutions comply with emerging regulations, including the Central Bank of Kenya's Climate Risk Disclosure Framework and the Kenya Green Finance Taxonomy. Globally, demand for localized ESG data and enhanced visualization tools continues to grow as institutions seek to unlock green capital flows. By converting complex climate data into actionable financial intelligence, the ACNDP represents critical infrastructure for scaling sustainable MSME financing in Kenya and across the region.

7. *Sustainable Finance and SME Growth in Kenya: Evaluating the Impact of Environmental Social and Governance Banking on Credit Access, Resilience, and Asset Quality*


Authors: *Dr. Urooj Malik and John Mwika, University Canada West, Vancouver, BC*

The study addresses a critical gap in the literature by examining the integration of environment, social and governance (ESG) and their impact on SMEs in Kenya, where SMEs contribute 34% to GDP and over 80% to employment but face significant credit access barriers (only 23% access bank loans). Unlike prior studies focusing on large corporations or developed markets, this research targets an underexplored emerging market context. The study employs a robust mixed-methods approach, combining quantitative regression analysis (via SPSS) with qualitative interviews from 79 SME owners (79% response rate) and 10 bank executives. A novel contribution of the study is the development of a customized ESG performance index with 15 equally weighted indicators

Overview of Conference Papers

across environmental, social, and governance dimensions, tailored to Kenya's context and validated by experts. The study concludes that the effect of ESG lending on credit access is statistically insignificant among Kenyan SMEs; ESG screening positively influences operational resilience of Kenyan SMEs; and that ESG-Aligned lending practices positively impact the loan asset quality of SMEs in Kenya. The study proposes actionable recommendations, including a national ESG framework with tiered reporting standards, fiscal incentives (e.g., tax rebates), digital ESG scoring tools, and public-private partnerships to enhance SME credit access, resilience, and asset quality.

8. *The mediating role of ESG on the interaction between green banking and financial performance of commercial banks in Kenya*

Author: *Lucy Maru, KCB*

Green banking practice involves the bank's internal operations, external operations and lending decisions which are environmentally, socially and governance (ESG) compliant and sustainable. In Kenya, green banking practice is influenced internally and externally and is context based. The paper covers the case of Commercial banks in Kenya. The paper attempts to address existing knowledge gap on the interaction between green banking practices, ESG and bank performance. In Kenya green finance is dominated by external loans and grants from international public institutions. This paper attempts to look at the interaction between green banking and financial performance and the mediating role of ESG in the relationship. The paper aims at proposing measures that policy makers and banks as heads of the supply chain can adopt in driving climate risk mitigation and adaptation and incorporating ESG in banking practice while safeguarding financial performance..

9. *Bridging the financial gap in MSME financing in Kenya*

Authors: *Doris Kiragu and Salome Wairimu, Consolidated Bank and Caritas MFB*

Micro, small and medium enterprises (MSMEs) are critical drivers towards the growth of the economy and contribute largely towards poverty eradication and employment. In Kenya, the MSME sector contributes to 40% of GDP, and employs approximately 14.9 million. Yet, this sector continues to experience difficulties in accessing credit from

Overview of Conference Papers

financial institutions. As a result, this study seeks to examine the key constraints hindering MSMEs' access to external financing and their contribution to the financing gap. Similarly, to evaluate strategies and policy interventions that can enhance credit availability and bridge the MSME financing gap. The study adopted a logit regression estimation model, with the average marginal effects used to interpret the findings. The study found out that lack of collateral, perceived high cost of credit, lack of stable income are key factors to determining access of credit by MSMEs. The study recommended use of concessional financing to increase uptake of low-cost credit, value chain financing and shared risks for financiers which will boost credit access by MSMEs in Kenya.

10. Towards a framework for sustainable bank financing of small and micro enterprises (SMEs) in Kenya

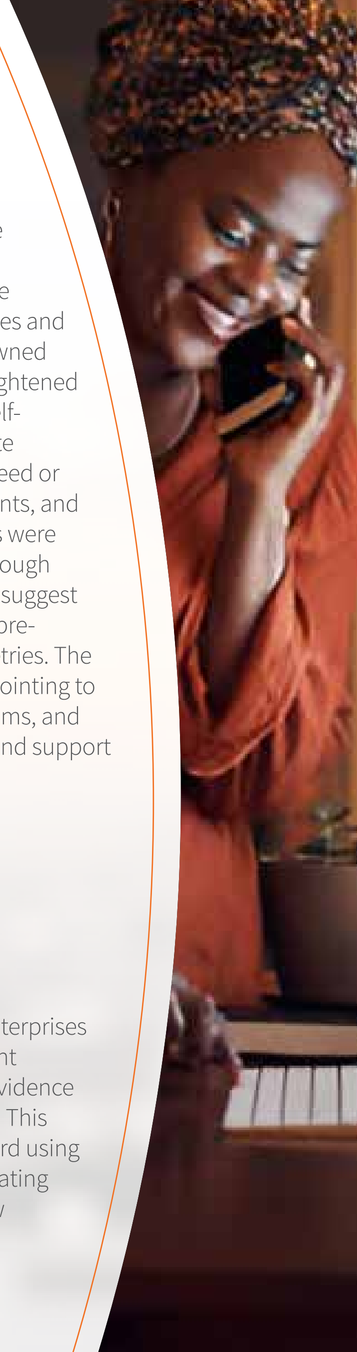
Author: *Prof Odongo Kodongo,*
Wits Business School, South Africa

Data from the Central Bank of Kenya show that, in the 12 months to December 2024, the banking sector generated approximately 35.3% of its overall lending-related income from the MSME sector, almost half of which was from small and microenterprises (SMEs). During the same period, banks and microfinance banks extended less than 20% of their combined credit to SMEs. This paper explores reasons for the suboptimal lending by banks to SMEs using an analytical framework that draws form the literature and lending practices in different contexts. The major reasons for suboptimal SME lending by banks include perception of higher risks and inadequate institutional arrangements. The paper makes several recommendations at the policy level and at the bank level to address the identified problems.

11. Discouraged Borrowers and Access to Finance: Evidence from Kenyan SMEs

Author: *Josea K. Cheruiyot,*
Kenya Mortgage Refinance Company

This paper investigates financing constraints and credit rationing among small and medium-sized enterprises (SMEs) in Kenya, using firm-level data from the World Bank Enterprise Survey (2018). Access to finance emerges as one of the most pervasive obstacles to firm growth: while only one-quarter of firms reported no constraints, the majority faced

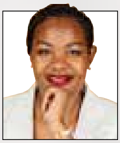


Overview of Conference Papers

varying degrees of obstacles ranging from minor to very severe. The results show that financing challenges are not evenly distributed but vary systematically across firm characteristics. Younger firms are disproportionately constrained, reflecting informational asymmetries and limited collateral, while informally registered enterprises, female-owned firms, and those without audited financial statements also face heightened barriers. Credit application behaviour further reveals widespread self-exclusion, with three-quarters of firms not applying for credit despite viable financing needs. Most non-applicants cited either a lack of need or deterrents such as unfavourable interest rates, collateral requirements, and anticipated rejection. Yet, among those that applied, approval rates were generally favorable, with over 90 percent approved in full or part, though probabilities declined sharply for constrained firms. These findings suggest that financing frictions stem less from outright rejection than from pre-application barriers rooted in structural and informational asymmetries. The results carry important policy implications for African economies, pointing to the need for collateral substitutes, stronger credit information systems, and improved financial disclosure to reduce rationing, expand access, and support SME growth as a driver of inclusive development.

Methodological Sessions

1. MSME Gender disaggregated data dashboards and insights



Presenter: *Christine Waita,*
Kenya Bankers Association

Women-led MSMEs account for over half of Kenya's enterprises yet remain underserved in formal credit, with persistent gender disparities constraining their economic potential. Existing evidence is fragmented, relying on periodic surveys with limited policy utility. This project develops a Gender-Disaggregated Credit Analytics Dashboard using CRB data from banks, MFBs, SACCOs, and digital lenders. By aggregating anonymized monthly data, the dashboard provides a dynamic view of credit flows by gender, loan size, region, sector, and institution. It generates actionable intelligence to inform policy, strengthen risk models, design gender-smart products, and challenge stereotypes around women's creditworthiness.

Methodological Sessions

2. Study on MSME Loan Performance: Analysis of credit data on MSMEs reported to Creditinfo CRB between 2019-2023


Presenters: *Jared Getenga and Lemuel Mangla, CIS Kenya*

This study analyzes Micro, Small, and Medium Enterprise (MSME) loan performance using credit data from Creditinfo CRB Kenya spanning 2019-2023. It explores trends and patterns across various dimensions, including borrower sector, loan type, collateral use, and demographics like gender and geography. The methodological paper provides empirical evidence to inform policymakers and lenders on enhancing financial inclusion and supporting MSME growth. Key findings reveal that credit to MSMEs consistently remains less than half of total lending, with the trade and services sectors receiving the most credit.

3. Bayesian-Based Model For Scoring Micro Small And Medium Enterprises Using Alternative Data


Presenters: *Lemuel Mangla, CIS Kenya and Dr. Allan Omondi, Strathmore University*

This paper presents a Bayesian model for MSME credit scoring, leveraging alternative data to overcome limitations of traditional financial records. The proposed hybrid model architecture integrates into existing credit assessment pipelines by enhancing risk categorization. The model also emphasizes the need for data quality, which is a crucial component for reliable scores. Further, the paper explores the adoption of origination scorecards for predicting MSME performance and collection scorecards for early warning signals of loan stress. It acknowledges the ongoing reliance on collateral and proposes the adoption of information as collareral for MSMEs. Finally, it highlights the importance of government-supported digital literacy programs for MSMEs and the role of credit guarantee schemes in promoting access to finance for micro-enterprises.

KENYA BANKERS
ASSOCIATION

Kenya Bankers Association
13th Floor, International House, Mama Ngina Street
P.O. Box 73100– 00200 Nairobi

Telephone: 254 20 2221704/2217757/2224014/5
Cell: 254 705 155 930/942
Fax: 254 20 2221792
Email: research@kba.co.ke
Website: www.kba.co.ke

SCAN QR

Visit ***www.kba.co.ke/research-center*** to access the suite of research publications.