



**KENYA BANKERS**  
**ASSOCIATION**  
One Industry. Transforming Kenya.

Annual Report and  
Financial Statements 2025

**BEYOND  
BANKING**



# Beyond Banking

The banking industry is focused on expanding access to credit for households and businesses to drive enterprise growth, expand economic activity and create meaningful employment opportunities. To this end, the sector continues to engage regulators, government institutions, development partners, the private sector, the media and the public to shape progressive policies, laws and regulatory frameworks that strengthen economic growth, support financial inclusion and accelerate Kenya's sustainable economic development.

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# About Kenya Bankers Association

## BACKGROUND INFORMATION

The Kenya Bankers Association (KBA) is the umbrella body for all commercial banks in Kenya that are regulated by the Central Bank of Kenya (CBK). With a membership of 46 financial institutions, including 8 microfinance Banks, KBA exists to expand access to credit for individuals, households and businesses by supporting economic activity, enterprise development, and job creation.

As the financial sector's leading advocacy group, KBA works closely with regulators, banks, government institutions, development partners, the private sector, the media, and the public to advance policies, laws, and regulatory frameworks that promote holistic and sustainable development and support Kenya's national economic development.

In this regard, KBA's main agenda is to influence the expansion of access to affordable

credit, increase investment in Kenya by Kenyans, stimulate production and investment, deepen financial inclusion, and promote a stable, resilient, and sustainable financial sector that enables businesses and communities to thrive.

Founded on 16 July 1962, KBA's role was primarily to represent member banks on labour and operational matters. Over the years, KBA's mandate has evolved to focus on industry development, policy advocacy, and economic transformation. This evolution is reinforced by KBA's tagline:

*One Industry. Transforming Kenya.*

Today, KBA continues to champion a strong, professional, and forward-looking banking industry that supports households, empowers businesses, drives economic growth, and contributes to Kenya's long-term prosperity.

## Our Core Values



**Leadership**



**Innovation**



**Knowledge**



**Ethics**

# Our 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.**

## ABOUT OUR 2025 ANNUAL REPORT

Our 2025 Annual Report and Financial Statements reflect our commitment to transparency, accountability, and effective stewardship in the banking industry. The Report provides both financial and non-financial disclosures, offering stakeholders a comprehensive view of our performance, impact, and value creation over the reporting period.

Prepared in accordance with International Financial Reporting Standards (IFRS), the Report demonstrates how the banking industry continues to align strategy with governance, performance, risks, and material issues to deliver long-term value. It also highlights how the industry continues to advance its core purpose of expanding access to credit, stimulating economic activity, and enabling job creation through a strong and resilient banking sector.

## REPORTING PERIOD AND SCOPE

This Report covers the period 1 January 2025 to 31 December 2025. It provides information on KBA's strategy, governance, stakeholder engagement, material matters, risk environment, sustainability initiatives, financial performance, and future outlook.

The reporting process is informed by structured engagements and consultations with the Governing Council, member banks, and other key stakeholders.

KBA remains committed to strengthening the integrity, consistency, and reliability of its reporting. Our reporting processes incorporate both internal and external assurance mechanisms to enhance the accuracy and credibility of disclosures.

We continue to improve data quality and reporting comparability to enable stakeholders to better assess performance and track progress over time.

# At a Glance

**KES 73B<sup>+</sup>**  
**Corporate Tax**  
28.59% of Kenya's total corporate tax



**KES 194.8B<sup>+</sup>**  
in Taxes  
Contributed to  
the Exchequer

~8.09% of total government receipts

**KES 23.8B<sup>+</sup>**  
**Excise Duty**  
59.45% of financial services excise duty



**12**  
policy & regulatory research papers

**11B<sup>+</sup>**  
**Saved Through Court Annexed Mediation**



**5.5%** **General wage increase secured**

Following successful CBA negotiations with BIFU (2025–2027)



**RBCP & KESONIA Implemented**

New variable-rate loans linked to KESONIA from Dec 2025.

**KES 1.06B**  
**in revenue**  
Driven by strong growth of +69.0%



**KES 475M**  
**New contributions during the year**



**60K<sup>+</sup>**  
**staff trained on green finance**  
in Kenya and the EAC region



**28**  
**training sessions delivered**  
KBA Training Institute



**KES 171.3B<sup>+</sup>**  
**invested in health**



**KES 326.5B<sup>+</sup>**  
**new loans to MSMEs**



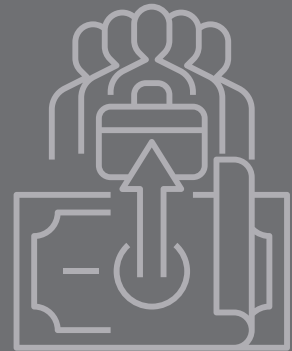
**2.5K**  
**youth employed after banking cybersecurity training**



ENTERPRISE PROGRAM

**2,012**  
**MSMEs Trained**

**KES 725.6B<sup>+</sup>**  
**in cumulative MSME lending (2020–2025)**



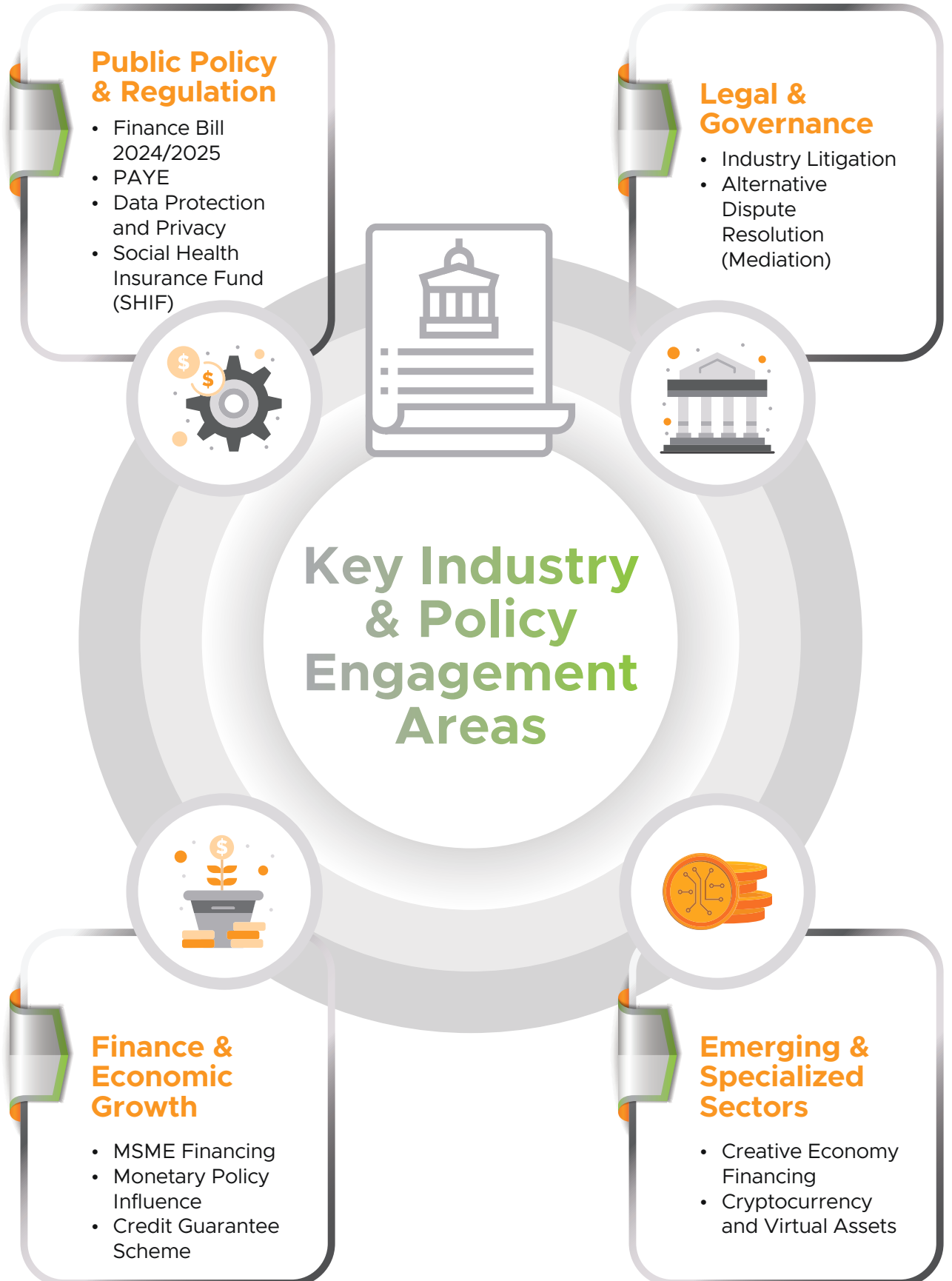
**78.8%**  
**PWD-friendly infrastructure**



**60%**  
**staff trained on PWD etiquette**

**80%**  
**Overall Banking Customer Satisfaction**





# OUR PARTNERS



# KBA MEMBERS

As of 31<sup>st</sup> December 2025, 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 (KBA) 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 members of the Governing Council as of December 2025.



**Paul Russo** *Chairperson*  
Group Chief Executive Officer,  
KCB Group PLC



**Betty Korir** *Vice Chairperson*  
Chief Executive Officer,  
Credit Bank PLC



**John Gachora**  
Group Managing Director,  
NCBA Group PLC



**Dr. Gideon Muriuki** Group  
Group Managing Director &  
CEO, Co-operative Bank of  
Kenya Limited



**Moses Nyabanda**  
Managing Director,  
Equity Bank (Kenya) Limited



**Kariuki Ngari** Managing  
Director & Chief Executive  
Officer, Standard Chartered  
Bank Kenya Limited



**Dr. Joshua Oigara**  
Chief Executive Officer &  
Managing Director, Stanbic  
Bank Kenya Limited



**Abdi Mohamed** Managing  
Director & Chief Executive  
Officer, Absa Bank Kenya PLC



**Josephine Anan-Ankomah**  
Managing Director and  
Regional Executive, Ecobank  
Kenya Limited



**Martin Mugambi**  
Managing Director & CEO,  
Citibank N.A. Kenya



**Murali Natarajan** Group  
Group Managing Director &  
Chief Executive Officer,  
Diamond Trust Bank Kenya  
Limited



**Bhartesh Shah**  
Chief Executive Officer,  
SBM Bank (Kenya) Limited



**Isaac Mwige**  
Managing Director,  
Middle East Bank (Kenya)  
Limited



**Samir Gupta**  
Chief Executive Officer,  
DIB Bank Kenya Limited



**Dr. Yogesh Pattni**  
Managing Director,  
Victoria Commercial Bank PLC



**Mary Mulili**  
Managing Director & Chief  
Executive Officer,  
UBA Kenya Bank Limited



**David Mukaru**  
Chief Executive Officer,  
Caritas Microfinance Bank PLC

# MANAGEMENT PROFILES



**Raimond Molenje**  
*Chief Executive Officer  
(CEO)*

Leads strategic policy formulation and stakeholder engagement

Drives transformation across the banking industry

Represents KBA on various national boards and committees



**Kennedy Mutisya**  
*Chief Finance Officer  
(CFO)*

Oversees financial strategy, planning and compliance

Supports long-term sustainability and operational efficiency



**Fidelis Muia**  
*Director, Technical Services*

Leads modernization of banking technology and payments systems

Coordinates regulatory and innovation-driven frameworks



**Christine Onyango**  
*Director,  
Communications and  
Public Affairs*

Drives strategic communication and brand positioning

Strengthens stakeholder visibility and media engagement



**Dr. Samuel Tiriongo**  
*Director, Research and  
Policy*

Leads economic research and data-driven policymaking

Informs industry strategy and regulatory advocacy



**Cynthia Muchiri**  
*Head of Legal, HR and  
Advocacy*

Oversees legal affairs and human resource strategy

Champions industry-wide policy and regulatory advocacy

# Notice of the Annual General Meeting

20<sup>th</sup> May 2026

The Chief Executive Officers

KBA Member Banks

Dear CEOs,

**NOTICE OF THE 64<sup>TH</sup> ANNUAL GENERAL MEETING OF KENYA  
BANKERS ASSOCIATION TO BE HELD ON FRIDAY 19<sup>TH</sup> JUNE 2026  
FROM 3:00 PM AT THE RADISSON BLU HOTEL, UPPER HILL.**

NOTICE is hereby given that the 64<sup>th</sup> Annual General Meeting of Kenya Bankers Association will be held on **Friday, 19<sup>th</sup> June 2026** from **3:00 pm** at the **Radisson Blu Hotel, Upper Hill.**

**Agenda**

1. Constitution of the Meeting and adoption of the Agenda.
2. Confirmation of minutes of the 250<sup>th</sup> General Body Meeting held on 27<sup>th</sup> March 2026.
3. Adoption of the Chairman's Report.
4. Consideration of the Audited Financial Statements for the financial year ended 31<sup>st</sup> December 2025.
5. Integrated Payment Services Limited (IPSL) Update.
6. Declaration of Results of Members to the KBA Governing Council.
7. Networking & Cocktail.

Yours faithfully,



**Raimond Molenje**

Chief Executive Officer

A vertical feather is the central focus, showing a color gradient from bright orange at the top to a soft grey at the bottom. The feather's barbs are clearly visible. The background is a solid teal color. Overlaid on the feather and background are several geometric shapes: a large, semi-transparent grey hexagon, a solid orange trapezoidal shape on the left, and a grey trapezoidal shape on the right. The text 'Chairman's Message' is centered in white, bold, sans-serif font.

# Chairman's Message



**Paul Russo, EBS**  
Chairperson

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## Chairman's Message

### Sustainable Economic Growth Through Enhanced Financing and Strategic Policy Influence

More than ever, the year 2025 reaffirmed that the financial sector's role extends far beyond banking. While financial performance and stability remain critical, the industry's broader significance is increasingly reflected in the value it creates across society, supporting businesses, empowering individuals, enabling livelihoods, strengthening resilience, and driving inclusive economic growth.

Despite a challenging operating environment marked by elevated non-performing loans, subdued private sector credit growth, persistent inflationary pressures, and continued global economic and geopolitical uncertainty, Kenya's banking industry remained resilient, well-capitalised, and firmly committed to supporting the economy.

Global supply chain disruptions, volatile commodity prices, tightening financial conditions in major economies, and climate-related shocks continued to exert pressure on businesses and households alike. Even so, the sector maintained stability and continued supporting economic activity across key sectors of the economy.

The sector's contribution of KES 194.8 billion in taxes to the government during the year underscores its continued importance not only as a financial intermediary but also as a strategic partner in national development. At the same time, banks continued financing businesses, supporting trade and investment, facilitating payments and commerce, and strengthening financial inclusion across the country.

A key priority during the year was advancing policy interventions that support economic recovery, stimulate enterprise growth, and strengthen household resilience. The industry continued engaging policymakers on reforms aimed at improving affordability, encouraging productivity, strengthening investor confidence, and creating an enabling environment for sustainable private-sector growth.

**KES  
194.8  
billion**

Contributed in taxes, reinforcing the sector's critical role in Kenya's economy.



**Despite economic uncertainty, Kenya's banking industry remained resilient, well-capitalised, and committed to supporting national development.**



**The future relevance of banking will be defined not only by financial performance, but by its contribution to economic transformation, financial inclusion, and shared prosperity.**

Particular attention was placed on measures that strengthen household purchasing power, recognising that stronger disposable incomes are essential to expanding consumption, supporting businesses, improving credit uptake, and sustaining long-term economic resilience. The industry also continued advocating for policies that enhance access to finance for productive sectors of the economy, especially micro, small, and medium enterprises (MSMEs), which remain central to employment creation and economic activity.

Beyond policy engagement, customer trust continues to shape the future of banking. Findings from the 2025 Banking Customer Satisfaction Survey indicate that while the sector remains broadly trusted, customer expectations around responsiveness, convenience, transparency, cybersecurity, and service recovery continue to rise. In an increasingly digital financial ecosystem, trust is no longer defined solely by products and services, but also by how institutions protect customer data, respond during moments of need, and maintain reliability in an evolving technological environment.

The industry also continued deepening its focus on sustainability and long-term resilience. Increasing recognition that economic stability and environmental sustainability are closely interconnected has accelerated efforts to integrate environmental, social, and governance considerations into banking operations and financing decisions. Financial institutions increasingly play a critical role in supporting climate resilience, sustainable investment, and an inclusive economic transition.



Members of the Sustainable Finance Working Group during the launch of the IFRS S1 & S2 Reporting Template.

The banking industry will continue to champion policy reforms that stimulate economic activity, strengthen household incomes, support sustainable private-sector growth, and accelerate Kenya's competitiveness in a rapidly evolving global economy. The industry remains committed to working closely with government, regulators, businesses, and development partners to strengthen financial system stability, deepen financial inclusion, support digital innovation, and create a more resilient, inclusive, and opportunity-driven economy. While global uncertainties are expected to persist, the industry remains optimistic that sound policy coordination, private sector growth, technological advancement, and continued investment in productive sectors will support a stronger economic recovery and long-term shared prosperity.

Ultimately, the future relevance of the banking industry will not be defined solely by financial performance, but by the extent to which it contributes to economic transformation and shared prosperity. We are about lifting the lives of the millions of citizens across Kenya and beyond.

**Paul Russo, EBS**  
Chairman, Kenya Bankers Association  
Group CEO, KCB Group



KRA Chair Nderitu Muriithi joins banking industry leaders at the 2024 Total Tax Contribution Report launch.



CBK Governor Dr. Kamau Thugge delivers keynote remarks at the 14<sup>th</sup> Annual Banking Research Conference.



Stakeholders and policymakers from across sectors attend the 2025 Chairman's Ball hosted by KBA Chair Paul Russo.



Guests led by CBK Governor Dr. Kamau Thugge arrive for the 14<sup>th</sup> Annual Banking Research Conference.



KBA Chief Finance Officer Kennedy Mutisya delivers remarks at the 2024 Total Contribution Report launch.



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## Ujumbe Wa Mwenyekiti

### Kukuza Ukuaji Endelevu wa Uchumi Kupitia Ufadhili Ulioimarishwa na Ushawishi wa wa Sera

Paul Russo, EBS  
Mwenyekiti

**KES  
194.8  
Bilioni**

Zilichangia katika  
kodi, zikisisitiza  
nafasi muhimu ya  
sekta katika uchumi  
wa Kenya.

**Sekta ya benki  
haifafanuliwi tena  
na miamala pekee,  
bali na nafasi yake  
kama kichocheo cha  
mageuzi ya uchumi  
na ustawi wa  
pamoja.**



Zaidi ya wakati mwingine wowote, mwaka wa 2025 ulionyesha wazi kwamba jukumu la sekta ya benki linaenda mbali zaidi ya huduma za kawaida za kifedha. Ingawa uthabiti wa kifedha na utendaji wa kiuchumi vinaendelea kuwa muhimu, mchango halisi wa sekta yetu sasa unaonekana kupitia thamani inayoleta katika jamii, kusaidia biashara kukua, kuwawezesha wananchi, kuwezesha maisha ya kila siku, kuimarisha ustahimilivu, na kuchochea ukuaji jumuishi wa uchumi.

Licha ya mazingira magumu ya kiuchumi yaliyojumuisha ongezeko la mikopo chechefu, ukuaji hafifu wa mikopo kwa sekta binafsi, pamoja na kutokuwa na uhakika wa uchumi wa dunia, sekta ya benki nchini Kenya iliendelea kuwa imara, yenye mtaji wa kutosha, na iliyoendelea kujitolea kuunga mkono uchumi wa taifa. Mchango wa sekta wa KES 194.8 bilioni kupitia kodi katika kipindi cha mwaka unaonesha nafasi yake muhimu si tu kama mpatanishi wa fedha, bali pia kama mshirika wa maendeleo ya taifa.

Moja ya ushahidi mkubwa wa jukumu hili lililopanuka ni msisitizo endelevu wa sekta katika ufadhili wa biashara ndogo, za kati na za ukubwa wa kati (MSMEs). Biashara hizi bado ndizo uti wa mgongo wa uchumi wa Kenya, zikichangia takribani asilimia 80 ya ajira na karibu asilimia 60 ya pato la taifa, hata hivyo upatikanaji wa mikopo rasmi bado hauendani na umuhimu wao wa kiuchumi.

Ili kusaidia kuziba pengo hili, sekta ilitoa mikopo mipya ya MSME yenye thamani ya KES 326.5 bilioni mwaka 2025 na kuweka ahadi ya ziada ya KES 300 bilioni kwa mwaka 2026. Hata hivyo, ujumuishaji endelevu hauwezi kufikiwa kwa mtaji pekee. Sekta pia iliendelea kuimarisha hatua za sera zinazolenga kuchochea shughuli za kiuchumi na kuimarisha ustahimilivu wa kaya.

Katika kipindi cha mwaka, sekta ya benki ilipendekeza kupunguzwa kwa asilimia 5 ya kodi ya PAYE katika viwango vyote vya mapato ili kuongeza kipato kinachobaki mikononi mwa wananchi, kuchochea matumizi, kusaidia ukuaji wa biashara, na kupanua upatikanaji wa mikopo kwa sekta binafsi. Makadirio ya sekta yanaonesha kuwa hatua hii ingeweza kuingiza takribani KES 28.1 bilioni kwa mwaka katika uchumi, kuzalisha karibu KES 42 bilioni kama mchango wa moja kwa moja katika Pato la Taifa, kusaidia takribani ajira 36,000 kila mwaka, na kufungua hadi KES 140 bilioni za ziada katika uwezo wa mikopo rasmi.

Kwa muda wa kati, makadirio zaidi yanaonesha kuwa hatua hii inaweza kupanua Pato la Taifa kwa takribani KES 210 bilioni na kuongeza mapato ya kodi kwa KES 27–31 bilioni ndani ya mwaka mmoja wa kifedha kupitia ongezeko la shughuli za kiuchumi. Hii inaonesha nafasi inayokua ya sekta si tu katika ufadhili wa uchumi, bali pia katika kuchagiza suluhisho za sera zinazosaidia ukuaji endelevu na ujumuishi wa kiuchumi.

Wakati huohuo, imani ya wateja inaendelea kuwa nguzo muhimu ya mustakabali wa sekta ya benki. Matokeo ya utafiti wa uzoefu wa wateja wa mwaka 2025, ulioshirikisha zaidi ya washiriki 40,000, yanaonesha kuwa sekta bado inaaminika kwa kiwango kikubwa, huku matarajio ya wateja yakiongezeka kuhusu kasi ya huduma, urahisi wa upatikanaji, na namna changamoto zinavyoshughulikiwa. Katika uchumi wa kidijitali, imani hujengwa zaidi kupitia namna taasisi zinavyoshughulikia changamoto na kurejesha huduma kwa wakati.

Uendelevu pia uliendelea kuwa eneo muhimu la maendeleo katika kipindi cha mwaka. Kupitia Kituo cha Ufadhili Endelevu na Maendeleo ya Biashara, sekta iliendelea kuingiza masuala ya kimazingira, kijamii na kiutawala katika maamuzi ya kifedha na mikopo. Maendeleo kuelekea mifumo ya utoaji

taarifa inayozingatia viwango vya IFRS S1 na S2, pamoja na uundaji wa ramani ya taifa ya ufadhili endelevu, yanaonesha dhamira inayokua ya sekta katika ukuaji unaowajibika na endelevu.

Muhimu zaidi, sekta inazidi kutambua uendelevu si kama wajibu pekee, bali pia kama fursa muhimu ya kiuchumi. Utambuzi wa uwekezaji wenye thamani ya kati ya dola za Marekani bilioni 100 hadi 150 unaoendana na ulinzi wa mazingira unaonesha nafasi kubwa ya taasisi za kifedha katika kuchochea ustahimilivu wa tabianchi na maendeleo endelevu. Sambamba na juhudi hizi, benki pia ziliendelea na mipango ya uhifadhi wa mazingira, ikiwemo kupanda zaidi ya miti milioni 11 katika kipindi cha mwaka.

Kwa kuangalia mbele, sekta ya benki itaendelea kusisitiza hatua za sera zinazochochea shughuli za kiuchumi, kuimarisha uwezo wa matumizi wa kaya, na kusaidia ukuaji endelevu wa sekta binafsi. Kipaumbele kikuu kitaendelea kuwa utetezi wa sera zinazorejesha kipato kinachoweza kutumika kwa kaya na biashara, kwa kutambua kuwa matumizi imara ya wananchi ni msingi wa ukuaji wa biashara, upanuzi wa upatikanaji wa mikopo, uundaji wa ajira, na ustahimilivu wa uchumi wa muda mrefu. Katika muktadha huu, sekta itaendelea kushirikiana na watunga sera kuendeleza mageuzi yanayochochea uzalishaji, kuboresha uwezo wa kumudu gharama za maisha, kuimarisha imani ya wawekezaji, na kuweka mazingira wezeshi kwa ukuaji jumuishi wa uchumi.

Hatimaye, umuhimu wa sekta ya benki katika siku zijazo hautapimwa kwa utendaji wa kifedha pekee, bali kwa kiwango ambacho itachangia mageuzi ya kiuchumi na ustawi wa pamoja wa jamii.



**Paul Russo, EBS**

Mwenyekiti, Kenya Bankers Association  
Mkurugenzi Mtendaji Mkuu, KCB Group



L-R KBA CEO Raimond Molenje, KBA Vice-Chair Betty Korir, Former KBA Chair John Gachora, KBA Director of Communications and Public Affairs Christine Onyango, and KBA Chair Paul Russo pose for a photograph during the 2025 Annual General Meeting.



KBA staff pose following the launch of the State of the Banking Industry Report.



Members of the IFRS Working Group during the launch of the IFRS S1 and S2 standards.



DTB CEO Murali Natarajan joins industry representatives during the 2025 Chairman's Ball.



CAK Director General David Kemei delivers keynote remarks at the 2024 Customer Satisfaction Survey launch.



# CEO's Report



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## CEO's Report

### Strengthening Household Incomes and Economic Growth

**Raimond Molenje**  
Chief Executive Officer

Active engagement on the Finance Bill 2025 to safeguard customer protection, data privacy and economic stability

**Sustainable growth depends on policies that protect purchasing power, strengthen financial stability and enable businesses and households to thrive.**

The banking industry remains a central pillar of Kenya's economic growth, but its real value is no longer measured solely by financial strength. Increasingly, it is measured by the ability to support households and businesses in generating sustainable income, spending with confidence and keeping the economy moving in a consistent and inclusive way.

Without sufficient disposable income in the hands of citizens, credit loses much of its intended impact. Loan repayments become difficult, consumption slows and enterprise growth loses momentum. When households are financially stronger, credit shifts from a liability to productive capital that drives jobs, stimulates investment and enables expansion across the economy.

A key reality we continue to confront is the sustained pressure on household incomes. This is visible in rising loan repayment stress, declining savings buffers and reduced capacity for new borrowing. It is in this context that our policy engagement work has remained anchored on protecting and strengthening household purchasing power while ensuring a stable and enabling financial system.

For this reason, the banking industry has maintained active and sustained engagement on the Finance Bill 2025 as part of our broader advocacy mandate. We presented the industry's views to the National Assembly's Finance and Planning Committee, highlighting key areas of concern that required careful consideration to safeguard both financial stability and customer protection.

Besides urging the government to consider a 5% income tax relief for all workers, the proposals included risks to customer data confidentiality arising from proposed amendments to the Tax Procedures Act, extended timelines for tax refunds, potential implications on the deductibility of corporate sponsorships, including sports development initiatives and concerns around

the expanded powers of the Kenya Revenue Authority to issue agency notices even during ongoing appeals.

Our response was deliberate and collaborative. We intensified engagement with Members of Parliament through targeted partner meetings and strengthened our partnerships with key private-sector umbrella organisations to present a unified voice on shared concerns. The coordinated approach ensured that industry perspectives were not only heard but also clearly articulated within a broader national economic context.

MSMEs remain central to this entire equation because they are the primary source of household income across the country. When small businesses grow, employment is sustained, household earnings increase and communities become more economically stable. This is why expanding MSME lending has remained a strategic priority, not only in terms of access but increasingly in terms of quality, affordability and sustainability of credit. The objective is no longer just lending more, but ensuring that credit translates into real income generation at household level.

None of this progress would be possible without the right skills within the banking workforce. Through the Kenya Bankers Institute, we are building a new generation of bankers who are better equipped to understand customer needs, respond with empathy and provide solutions that strengthen rather than strain financial stability. The quality of interaction between a customer and a banker often determines whether a household regains stability or falls deeper into financial distress. Strengthening this capability is therefore central to improving outcomes across the entire industry.

We are also seeing mounting evidence that economic stability and environmental resilience are deeply interconnected. Climate shocks continue to disrupt incomes, particularly in agriculture and rural economies, where households are most vulnerable. Integrating sustainable finance into lending decisions is therefore not only a compliance consideration but



KBA CEO Raimond Molenje (centre) speaks on the banking sector's commitment to MSME financing during a panel discussion, alongside Kenya Association of Manufacturers CEO Tobias Alando (left).

also a critical mechanism for protecting income streams and reinforcing long-term economic security for households that depend directly on natural systems.

In our efforts to promote strong growth, the industry will continue to support household income growth, expand affordable and accessible credit for small businesses, improve the efficiency and affordability of payment systems and strengthen bankers' capacity to support customers in practical and meaningful ways. The success of the banking sector will be judged less by its scale alone and more by the depth of its impact on everyday financial wellbeing.

At its core, banking is about enabling people to participate in the economy with confidence and dignity. Every policy engagement that protects economic stability, every reform that strengthens household purchasing power, every loan that supports a business, every transaction made more affordable and every household protected from financial distress represents a tangible step toward a stronger and more resilient economy. That is the impact we remain committed to delivering.

**Raimond Molenje**  
Chief Executive Officer



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## Ripoti ya Afisa Mkuu Mtendaji

### Kuimarisha Mapato na Ukuaji wa Uchumi

**Raimond Molenje**  
Afisa Mkuu Mtendaji

Ushiriki endelevu katika Muswada wa **Fedha wa 2025** ili kulinda watumiaji wa huduma za kifedha, faragha ya taarifa, na uthabiti wa uchumi.

**Ukuaji endelevu unategemea sera zinazolinda uwezo wa matumizi, kuimarisha uthabiti wa kifedha, na kuwezesha biashara na kaya kustawi.**

Sekta ya benki bado ni nguzo muhimu ya ukuaji wa uchumi wa Kenya, lakini thamani yake halisi haipimwi tena kwa nguvu ya kifedha pekee. Inapimwa zaidi kwa uwezo wake wa kuwezesha kaya na biashara kuzalisha kipato endelevu, kutumia fedha zao kwa ujasiri, na kuendeleza mzunguko wa uchumi kwa njia jumuishi na thabiti.

Bila kipato cha kutosha mikononi mwa wananchi, mikopo hupoteza sehemu kubwa ya tija yake. Marejesho ya mikopo huwa magumu, matumizi ya kaya hupungua, na kasi ya ukuaji wa biashara inadhoofika. Lakini pale kaya zinapokuwa na uwezo wa kifedha, mkopo hubadilika kuwa mtaji wenye tija unaochochea ajira, uwekezaji, na upanuzi wa shughuli za kiuchumi.

Ukweli tunaokumbana nao kila siku ni shinikizo linaloendelea kwenye kipato cha kaya. Hili linaonekana kupitia ongezeko la changamoto za marejesho ya mikopo, kupungua kwa akiba, na uwezo mdogo wa kukopa upya. Ndiyo maana juhudi zetu za ushawishi wa sera zimeendelea kulenga kuimarisha kipato cha wananchi na kuongeza uwezo wao wa matumizi huku tukihakikisha mfumo wa kifedha unabaki imara na unawezesha ukuaji.

Katika muktadha huu, sekta ya benki imeendelea kushiriki kikamilifu katika majadiliano ya Muswada wa Fedha wa mwaka 2025 kama sehemu ya majukumu yake ya ushawishi wa sera. Tuliwasilisha maoni ya sekta mbele ya Kamati ya Bunge ya Fedha na Mipango, tukieleza maeneo muhimu yaliyohitaji kuzingatiwa kwa makini ili kulinda uthabiti wa mfumo wa kifedha na haki za watumiaji wa huduma za kifedha.

Miongoni mwa mapendekezo yaliyowasilishwa ni wito wa kuzingatiwa kwa punguzo la asilimia tano ya kodi ya mapato kwa wafanyakazi wote ili kuongeza kipato kinachobaki mikononi mwa wananchi. Aidha tulieleza changamoto zinazoweza kutokea kutokana na mabadiliko yaliyopendekezwa kwenye Sheria ya Usimamizi wa Kodi ikiwemo hatari kwa usiri wa taarifa za wateja, ucheleweshaji wa marejesho ya kodi, athari kwa makato ya ufadhili

wa mashirika ikiwemo michezo, pamoja na wasiwasi kuhusu mamlaka ya Mamlaka ya Mapato kuchukua hatua za kibenki hata wakati wa rufaa zinazoendelea.

Jibu letu lilikuwa la pamoja na la kimkakati. Tuliongeza ushirikiano na Wabunge kupitia vikao vya moja kwa moja vya ushawishi na pia kuimarisha mshikamano na mashirika mengine ya sekta binafsi ili kuhakikisha tunatoa sauti moja yenye uzito katika masuala ya pamoja. Mbinu hii ilihakikisha kuwa hoja za sekta hazikubaki tu kusikika bali zilieleweka ndani ya muktadha mpana wa maendeleo ya uchumi wa taifa.

Biashara ndogo na za kati bado ni kiini cha kipato cha kaya nchini. Pale biashara inapokua, ajira zinaimarika, mapato ya familia yanaongezeka, na jamii kuwa na uthabiti zaidi wa kiuchumi. Ndiyo maana upanuzi wa mikopo kwa sekta hii umeendelea kuwa kipaumbele, si kwa kuzingatia idadi ya mikopo pekee bali pia ubora wake, gharama yake na uendelevu wake. Lengo si kukopesha zaidi tu bali kuhakikisha mikopo inatafsirika kuwa kipato halisi kwa kaya.

Hakuna kati ya haya yanayoweza kufanikiwa bila ujuzi sahihi ndani ya sekta ya benki. Kupitia Taasisi ya Mabenki Kenya, tunajenga kizazi kipya cha wahudumu wa benki wenye uelewa wa mahitaji ya wateja, uwezo wa kutoa huduma kwa uangalifu na huruma, na kutoa suluhisho zinazosaidia badala ya kuongeza shinikizo la kifedha. Ubora wa mwingiliano kati ya mteja na benki mara nyingi huamua kama kaya itapona kifedha au itaendelea kuzama kwenye changamoto.

Pia tunashuhudia uhusiano unaozidi kuonekana kati ya uthabiti wa kiuchumi na uimara wa mazingira. Mabadiliko ya tabianchi yanaendelea kuathiri mapato hasa katika sekta ya kilimo na maeneo ya vijijini ambako kaya ziko katika hatari zaidi. Hivyo kuingiza masuala ya fedha endelevu katika maamuzi ya mikopo si suala la kufuata kanuni tu bali ni njia ya kulinda vyanzo vya kipato na kuhakikisha ustawi wa muda mrefu wa kaya.



Mkurugenzi Mkuu wa KBA, Raimond Molenje, akiwa pamoja na Jaji Ann Claire Williams (Mstaafu) katika mafunzo ya uhamasishaji kuhusu upatanishi wa migogoro ya kibenki mwaka 2025.

Kwa ujumla, mwelekeo uko wazi. Sekta inapaswa kuendelea kuimarisha kipato cha kaya, kupanua upatikanaji wa mikopo nafuu kwa biashara ndogo, kuboresha mifumo ya malipo ili iwe rahisi na nafuu zaidi, na kuimarisha uwezo wa wahudumu wa benki kuwasaidia wateja kwa ufanisi. Mafanikio ya sekta ya benki hayatapimwa tena kwa ukubwa wake pekee bali kwa kina cha athari inayoleta katika maisha ya kila siku ya wananchi.

Kwa msingi wake, benki ni kuwezesha watu kushiriki kikamilifu katika uchumi kwa heshima na ujasiri. Kila hatua ya sera inayolinda uthabiti wa uchumi, kila mageuzi yanayoongeza kipato cha kaya, kila mkopo unaosaidia biashara kukua, kila muamala unaopunguzwa gharama, na kila kaya inayolindwa dhidi ya msongo wa kifedha ni hatua kuelekea uchumi imara na jumuishi zaidi.

**Raimond Molenje**

Afisa Mkuu Mtendaji

Chama cha Mabenki Kenya

# FINANCIAL SUMMARY

The 2025 financial year was a period of deliberate investment, infrastructure reinforcement, and deepened policy advocacy for the Kenya Bankers Association (KBA) Group. Throughout the year, the Group focused on its core mandate as the leading advocacy body for member banks, managing national payment systems, and driving professional development across the financial services sector. A major milestone was the successful launch of the KBA Training Institute Limited, which is now fully operational and positioned to address critical skills gaps across the banking industry. Despite increased investment expenditure, the Group strengthened its long-term strategic position through continued growth in digital payments, advocacy initiatives, and industry infrastructure.

## Financial Performance Overview

<b>Group Revenue</b> <b>KES 1.06B</b> ↑ 69.0% YoY 2024 Revenue <b>KES 627.3M</b>	<b>Net Deficit</b> <b>(KES 61.7M)</b> 2024 deficit <b>(KES 49.3M)</b>	<b>Member Funds</b> <b>KES 1.15B</b> Supported by <b>KES 475M</b> new member contributions	<b>Cash &amp; Equivalents</b> <b>KES 463.5M</b> Strong liquidity position maintained throughout 2025
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### REVENUE PERFORMANCE

#### Revenue Drivers

**Membership Subscriptions**  
**KES 633.2M**  
Primary funding stream  
2024: **KES 604.8M**

**IPSL Switch Revenue**  
**KES 286.0M** ↑ 22.9% YoY  
Driven by increased adoption of  
real-time digital payments

**KBA Training Institute**  
**KES 8.0M**  
First year of operation

**Other Income**  
**KES 48.8M**  
More than doubled due to industry  
sponsorships and events

**Total Revenue: KES 1.06B (+69.0%)**

### STRATEGIC INVESTMENTS & PROJECT EXPENDITURE

Project Expenditure **KES 334.3M**  
2024: **KES 282.1M**

**Clearing House**  
**KES 98.2M**  
Managing core  
interbank clearing  
infrastructure

**Advocacy  
Initiatives**  
**KES 65.1M**  
Industry engagement  
and policy advocacy

**Legal Expenses**  
**KES 48.6M**  
Representing shared  
member interests in  
legal matters

**Research & Policy**  
**KES 43.2M**  
Data and insights for  
national financial  
policy

**CIS Kenya**  
**KES 25.5M**  
Credit reporting and  
industry risk  
management

**KBA Institute**  
**KES 17.5M**  
Transition to active  
programme delivery

KBA Training Institute  
launched and operational

↑ East African Bond Exchange  
investment increased from  
**KES 300M to KES 400M**

**KES 475M** additional member  
contributions received

Continued growth in digital  
payment adoption

### YEAR-OVER-YEAR MOVEMENT (Key changes from 2024 to 2025)

<b>Revenue Growth</b> ↑ <b>69.0%</b> KES 627.3M › KES 1.06B	<b>Switch Income</b> ↑ <b>22.9%</b> KES 232.6M › 286.0M	<b>Cash Position</b> ↑ <b>58.2%</b> KES 292.9M › KES 463.5M	<b>Project Expenditure</b> ↑ <b>18.5%</b> KES 282.1M › KES 334.3M
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Despite increased project expenditure resulting in a net deficit, the Group strengthened its long-term position through continued growth in digital payments, industry advocacy, strategic investments, and the successful launch of the KBA Training Institute.



KBA CEO Raimond Molenje delivers remarks at the 14<sup>th</sup> Annual Banking Research Conference.



L-R KBA Chair, Paul Russo, Equity Bank Kenya Managing Director, Moses Nyabanda and KBA Vice-Chair, Betty Korir share a light moment at the 2025 AGM.



KBA, FSD, ICPAK and partner institutions during the launch of IFRS S1 and S2.



KBA team and stakeholders at the launch of the Gender Disaggregated Data Dashboard.



Panellists pose for a group photograph during the Inuka Enterprise Programme Cohort One graduation.



WWF Kenya CEO Jackson Kiplagat addresses stakeholders during the IFRS S1 and S2 launch.



KBA staff receive the IFRS for SMEs Award at the Fire Awards 2025.



Guests interact during the 2025 Chairman's Ball, celebrating industry collaboration and partnerships.

## INDUSTRY, BUSINESS GROWTH FOCUS AREAS AND STRATEGIC PILLARS



### Supporting Micro, Small, and Medium Enterprises (MSMEs)

The banking industry recognises MSMEs as the engine of Kenya's economy, contributing significantly to employment and GDP. Our strategy focuses on unlocking affordable credit for MSMEs by strengthening credit-sharing mechanisms, tailoring loan products for manufacturing and creative enterprises, and addressing the twin challenges of outstanding bills and non-performing loans. By deepening customer understanding and offering personalised 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.



### Industry Capacity Building and Training

Through the newly established Kenya Bankers Institute (KBI), the industry is strengthening its capacity to deliver excellence. By aligning training with evolving market dynamics and consumer expectations, the aim 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.



### People and Systems

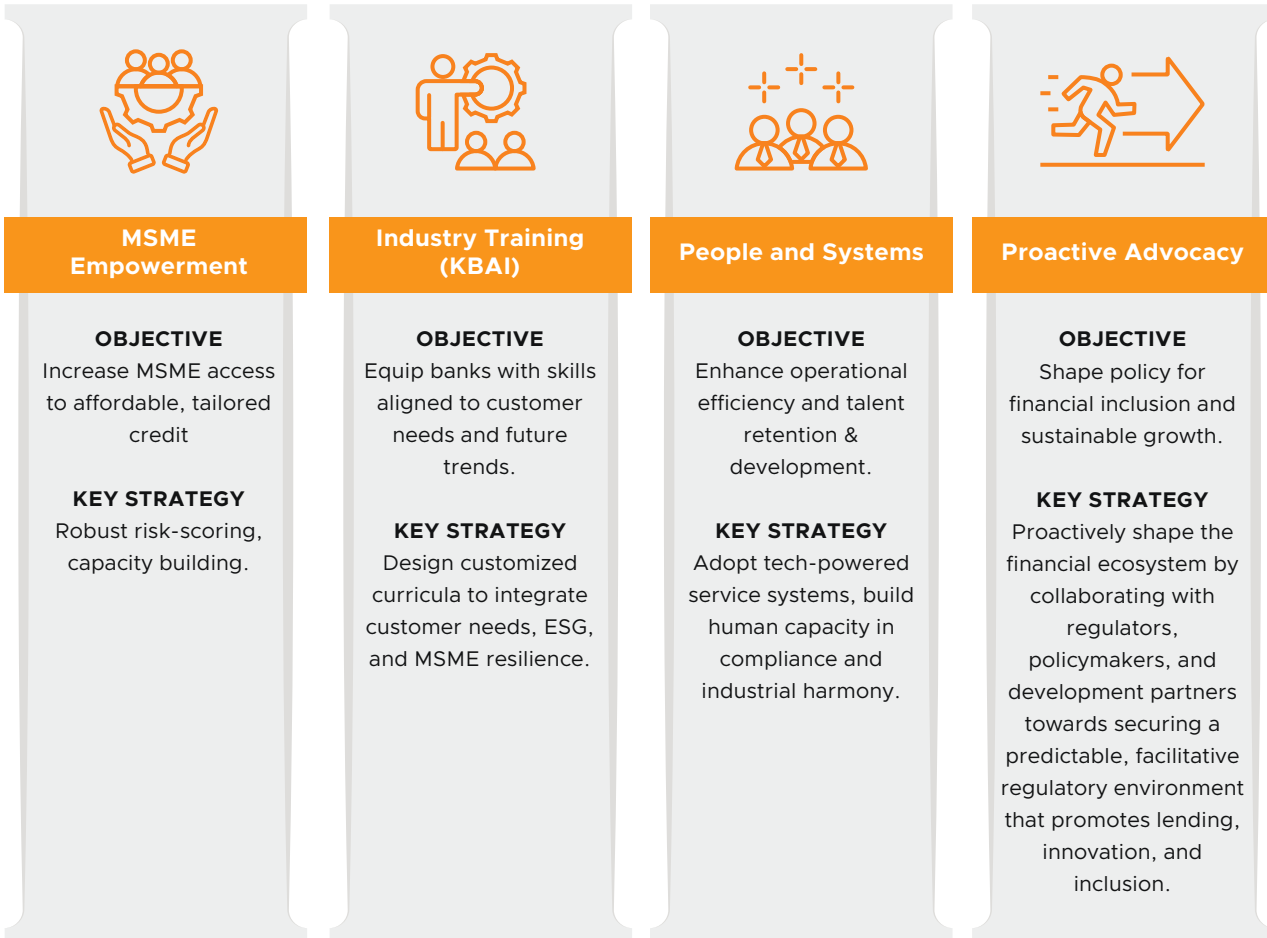
The strength of the banking industry lies in its people and operational systems. The industry remains committed to fostering stable industrial relations by promoting timely, amicable union negotiations. It is also prioritising automation and the adoption of smart technologies to enhance operational efficiency, reduce the cost of credit, and improve service reliability. Ongoing compliance training and upskilling in emerging technologies will be maintained to meet evolving legal and regulatory standards while reinforcing customer trust.



### Proactive Advocacy

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, 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



## OUR FOCUS AREAS



### Proactive Advocacy

Strengthened partnerships with regulators, government, and stakeholders to foster a conducive policy and regulatory environment for business and economic growth.



### MSME Empowerment

Accelerated MSME growth through initiatives aimed at enhancing credit access for small enterprises and vulnerable groups. Key initiatives include a robust credit pricing model, the Credit Guarantee Scheme, and implementation of the annual KES 150 billion banking industry commitment from 2025 onwards.



### Industry Training (KBAI)

Operationalize the Kenya Bankers Institute to build capacity and improve performance across the banking sector, promoting service excellence and greater industry contribution to the economy.



### People and Systems

Empower banking professionals as champions of excellence by streamlining internal processes and leveraging technology to enhance operational efficiency and excellent service delivery.

## OUR 2025 INITIATIVES SUMMARY

**Highlight Metrics**

**Total Tax Contribution**  
**KES 194.81B**

**Customer Satisfaction**  
**80%**

**Research Papers Published**  
**9**

**Customers Saved Through Mediation**  
**KES 11B+**

In 2025, the banking industry sustained its commitment to advancing its strategic pillars: Proactive Advocacy, the MSME Agenda, the transformation of the Kenya Bankers Institute, and the strengthening of People and Systems, delivering impactful outcomes across each area.

### Proactive Advocacy

The industry actively engaged regulators and policymakers to shape a progressive operating environment. A key focus was advocating for a 5% reduction in PAYE across all income bands, which industry estimates suggested could release approximately KES 28.1 billion annually into the economy, support an estimated 36,000 jobs per year, and unlock up to KES 140 billion in additional formal lending capacity.

On the Finance Bill 2025, the industry submitted comprehensive proposals to the National Assembly's Finance and Planning Committee, raising concerns about customer data confidentiality, extended tax refund timelines, and proposed amendments to the Tax Procedures Act.



#### Total Tax Contribution

The banking sector's Total Tax Contribution (TTC) Report for 2025 showed that the industry contributed KES 194.81 billion to national revenue – approximately 8.09% of total government tax receipts. This included KES 73.05 billion in corporate tax (28.59% of national corporate tax), KES 28.93 billion in PAYE, and KES 23.81 billion in excise duty (59.45% of financial services excise duty).



#### Customer Satisfaction Survey

The 2025 Banking Customer Satisfaction Survey captured feedback from over 40,000 respondents, revealing an 80% overall customer satisfaction rate. The survey found that 78.8% of bank infrastructure is now PWD-friendly and 60% of bank staff have been trained on PWD etiquette. High fees and digital service usability remained key areas for improvement.



#### Research and Policy Publications

Through the KBA Centre for Research on Financial Markets and Policy®, the industry published 9 banking policy and regulatory research papers during the year. The KBA Working Paper Series grew to 94 publications. The Centre also released quarterly economic bulletins, bi-monthly MPC research notes, and the KBA Housing Price Index, all of which informed evidence-based advocacy.

## Other Advocacy Achievements



### Climate Risk Reporting

Released IFRS S1 and S2 Reporting Templates for mandatory climate risk disclosures (starting October 2026).



### Cybersecurity Collaboration

Collaborated with CBK's Cyberfusion Unit to develop a Cybercrime Incident Reporting Framework.



### Open Banking Readiness

Played a central role in preparing for open banking, including a stakeholder survey on readiness.



### Court-Annexed Mediation

Through the Court-Annexed Mediation program, the industry saved customers over KES 11 billion in dispute-resolution costs.

## Key Financing Milestones

**KES 326.5B**

in new MSME loans disbursed in 2025

**Total MSME Lending (2020–2025)**

**KES 725.67B**

**Forward Commitment**

**KES 300B**

toward MSME financing in 2026

## MSME Agenda

In 2025, the industry disbursed KES 326.5 billion in new loans to micro, small, and medium enterprises (MSMEs), bringing total MSME lending from 2020 to 2025 to KES 725.67 billion. Building on this momentum, the industry committed an additional KES 300 billion toward MSME financing in 2026.

## The Kenya Bankers Association Institute (KBAI)

The Kenya Bankers Association Institute (KBAI), now registered with NITA, rolled out its 2025 Training Calendar, focused on innovation and professional development. A key achievement was the operationalisation of the institute, which enabled the delivery of 28 training sessions, reaching over 1000 bank staff and equipping them with critical skills and knowledge to navigate evolving industry demands, support innovation, and enhance institutional resilience in an increasingly dynamic financial services environment. KBA also initiated discussions with the Central Bank of Kenya to roll out the East African Banking Certification Program through the KBAI.

## People and Systems

The banking industry prioritised staff well-being, equity, and inclusivity. In 2025, KBA successfully concluded negotiations with the Banking, Insurance and Finance Union (BIFU) for a new two-year Collective Bargaining Agreement (CBA) covering 1 March 2025 to 28 February 2027. The agreement provides a 5.5% general wage increase in the first year (effective 1 March 2025), reinforcing industrial harmony.

The industry also built internal capacity for sustainable finance, with over 50,000 staff members trained on green finance and sustainability through the e-learning platform.



# Shared Value Report

## 4

# Shared Value Report

## 2025 Highlights

**Strengthened customer experience** as key industry differentiator

**Increased digital adoption** alongside sustained branch relevance

**Identified gaps** in complaint resolution and service recovery

**Delivered flagship programmes** advancing youth employment and sustainability

**Strengthened financial inclusion** through women-focused MSME initiatives



**The defining issue for Kenya's banking sector in 2025 is no longer digital adoption, but the ability to deliver reliable, inclusive and high-quality customer experiences at scale.**



The year 2025 marked a period of notable transition for Kenya's banking industry, as institutions operated in an environment characterised by heightened customer expectations, accelerated digital adoption and growing demand for measurable social and environmental impact.

While the sector remained strong in financial stability and digital reach, the defining challenge shifted decisively towards the quality, consistency and inclusiveness of the customer experience. Bank customers are no longer responding primarily to the availability of services; instead, they are increasingly evaluating institutions on responsiveness, reliability and the ability to deliver seamless experiences across digital and physical channels. This evolution has repositioned customer experience as a central determinant of competitiveness across the industry.

### Customer Satisfaction

Within this context, the Banking Customer Satisfaction Survey 2025 confirms that the sector continues to enjoy strong levels of trust, with a large majority of customers expressing satisfaction with their primary banking relationships. However, this stability coexists with a more fluid and competitive market structure, where multi-banking behaviour is becoming more common and customer loyalty is increasingly conditional.

The emergence of secondary banking relationships as credible alternatives reflects a market in which customers are actively comparing experiences and reallocating trust based on service quality. While digital transformation continues to advance, the findings also indicate that technology alone is no longer sufficient to sustain loyalty without corresponding improvements in service reliability and recovery.

Digital channels remain the backbone of customer engagement, with mobile and internet banking firmly established as the dominant modes of interaction. Despite this, the continued relevance of physical branches highlights the importance of hybrid service models that balance efficiency with human support, particularly for advisory needs and complex transactions.

At the same time, emerging technologies such as artificial intelligence are beginning to influence customer perceptions of service quality, although the benefits remain uneven across demographic groups. This unevenness points to an emerging digital inclusion gap that will require deliberate policy and operational responses if the sector is to ensure equitable access to innovation.

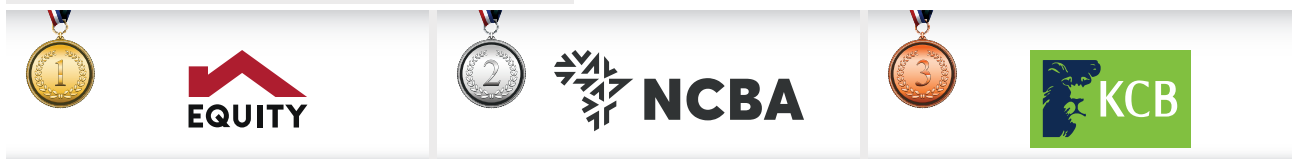
A key area of concern emerging from the 2025 results is the decline in complaint resolution performance. While a majority of customers still report timely resolution of complaints, the reduction in performance compared to the previous year signals growing pressure on service recovery systems. This trend suggests that as customer volumes increase and digital channels scale, operational efficiency in handling exceptions and resolving issues is not keeping pace. In a sector where trust is highly sensitive to service failures, this

gap presents a material risk to sustained customer confidence.

Against this evolving customer landscape, the industry has continued to expand its shared value agenda through targeted interventions in youth employment, digital skills development and environmental sustainability. These initiatives reflect a broader shift in the role of financial institutions from traditional intermediation toward active participation in national development outcomes.

## Customer Experience Rankings 2025

### Top 3 Banks on Customer Experience (Overall)



### Customer Experience Rankings per Tier

Tier 1	Tier 2	Tier 3

### Top 3 Microfinance Banks on Customer Experience





KBA team and partners follow proceedings during the Cyber Shujaa Graduation Ceremony.



KBA and UBA team during the 2025 CEO Chat



National Bank Managing Director George Odhiambo participates in the 2025 CEO Chat.



Member bank CEOs compete during the 2025 Interbank Games CEOs Run.

## Cyber Shujaa Digital Workforce Development

The Cyber Shujaa programme continued to serve as a flagship intervention under the banking industry's shared value agenda, addressing the structural gap between academic training and industry readiness in cybersecurity and digital skills. Implemented by the Kenya Bankers Association in partnership with United States International University-Africa and Serianu, the programme has established itself as a critical pipeline for building Kenya's digital workforce.

To date, the programme has trained 5,371 young people, with 2,812 successfully transitioning into employment, reflecting a placement rate of 53 percent. In 2025 alone, more than 2,500 participants secured employment following completion of the programme, underscoring its growing relevance in addressing youth unemployment and digital skills shortages. Women account for 39 percent of participants, reinforcing the programme's contribution to gender inclusion in emerging technology fields.

The initiative is also situated within a broader policy conversation on economic stimulation and disposable income. The industry's advocacy for tax policy adjustments reflects an understanding of the link between income retention, consumption and broader economic activity, particularly among young people entering the labour market. At the same time, the programme continues to respond to a well-documented cybersecurity skills gap, positioning itself as a practical mechanism for strengthening national digital resilience while improving employability outcomes.

Cyber Shujaa therefore represents a convergence of education, industry demand and policy relevance, demonstrating how structured partnerships between academia and industry can deliver measurable labour market outcomes while strengthening the country's capacity to respond to emerging digital risks.

## Chairman’s Ball Climate Action and Industry Collaboration

Environmental sustainability remains a central pillar of the banking industry’s shared value strategy, anchored under the Hifadhi Programme, which continues to guide collective action on afforestation, reforestation and broader ecosystem restoration. In 2025, this agenda was advanced through the hosting of the Chairman’s Ball, which brought together senior leaders from the public and private sectors under the leadership of the banking industry chairmanship and in partnership with Visa.

The forum convened high-level participation from the government, including the Cabinet Secretary for Environment, Climate Change and Forestry, alongside senior officials from key economic and social portfolios. The engagement reflected the increasing recognition that climate action requires coordinated multi-sectoral collaboration, particularly in aligning financial sector capacity with national environmental priorities.

### Mobilised industry-wide collaboration to advance climate action and sustainable development priorities



Discussions and engagements during the forum focused on accelerating industry-led tree-growing initiatives and strengthening partnerships that enhance the banking sector’s role in supporting sustainable development. The event reinforced the industry’s collective progress under the Hifadhi Programme, building on the significant milestone of 11 million trees grown in 2025, while reaffirming continued commitment to scaling environmental impact in 2026 and beyond.

## The Gender-Disaggregated MSME Credit Dashboard

In 2025, the Kenya Bankers Association (KBA), in partnership with FSD Kenya, launched the Gender-Disaggregated MSME Credit Analysis Dashboard to strengthen evidence-based financial inclusion for women-owned enterprises.

Despite women owning approximately 52 percent of MSMEs in Kenya, access to formal credit remains significantly lower than for male-owned businesses. The dashboard was developed to address long-standing data gaps by providing standardized, industry-wide insights into MSME lending patterns across banks, microfinance institutions, SACCOs and other lenders.

The initiative began in 2023 through industry-wide consultations involving financial institutions, regulators, credit reference bureaus and development partners. In 2024, KBA coordinated the development of harmonized reporting frameworks, while Metropol Credit Reference Bureau was appointed as the technical data partner to support data aggregation and scalability.

Officially launched in November 2025, the dashboard positions Kenya among the leading African markets with a public-facing gender-disaggregated MSME credit analytics platform. Initial findings show MSME outstanding credit stood at KES 596.7 billion by end-2025, with women-owned SMEs accounting for approximately 17.3 percent of total credit, highlighting a significant financing gap.

The initiative was further strengthened by KBA’s signing of the Women Entrepreneurs Finance Code (WE Finance Code), reinforcing commitments toward standardized reporting, accountability and evidence-based policy interventions aimed at expanding access to finance for women-led enterprises.



# Kenya Bankers Association Institute Report



**Bernice Onyango**  
Manager-KBA Institute

**The Institute delivered targeted industry-wide and function-specific programmes to support implementation of the revised Risk-Based Credit Pricing Framework.**



As the capability development arm of the Kenya Bankers Association, the KBA Institute (KBAI) shapes resilient, future-focused banking professionals through industry-led learning that advances sustainable growth, innovation and transformation across the banking and financial services sector.

In 2025, the KBA Institute continued to strengthen its role as the banking industry's capability development platform through targeted learning interventions, strategic partnerships, regional engagements and professionalization initiatives aimed at enhancing institutional resilience and sector transformation.

A key focus area during the year was supporting industry preparedness and regulatory alignment following the rollout of the revised Risk-Based Credit Pricing Framework. Working closely with the Central Bank of Kenya (CBK) and other key industry stakeholders, KBAI facilitated a coordinated and practical implementation approach across the sector.

Through this collaboration, the Institute delivered targeted industry-wide, institution and function-specific training programmes and engagement forums designed to deepen technical understanding, strengthen implementation capability and support consistent interpretation of the framework across functional teams.

## **Strategic Industry Learning Programmes**

Further strengthening industry capability, KBA Institute delivered a range of high-impact learning programmes addressing emerging priorities within the banking and financial services sector. These included:

- Data Centre Resilience and Standards training for technical, operational resilience, governance and risk leadership teams
- Combating Terrorism Financing (CTF) programme for compliance professionals
- Measuring Training Return on Investment (ROI) training for Heads of Human Resources and Learning and Development teams
- Cyber Assurance in the AI Era executive session for risk leadership and governance teams

These programmes were designed to strengthen institutional capability, enhance operational resilience and support member banks in navigating an increasingly digital and complex risk environment.

## 2025 Strategic Highlights

Strengthened **banking sector capability** development across Kenya and region

Supported implementation of revised **Risk-Based Credit Pricing Framework**

Delivered specialised **resilience, compliance and cyber risk** training programmes

Launched **Banking on Women Programme** in partnership with IFC

Introduced **KBA Institute membership** for banking professionals industry-wide

Expanded **regional leadership** through **East African Banking School** engagements

Strengthened **global partnerships, certifications and regional technical assistance**

The Institute also successfully rolled out the Banking on Women Programme, a two-year industry initiative delivered in strategic partnership with the International Finance Corporation (IFC), aimed at strengthening the banking industry’s institutional capability to advance gender-inclusive finance and better serve the women’s market.

The programme is anchored on the growing recognition of women – many of whom are active participants within the MSME segment, as a key driver of portfolio growth and a strategic opportunity for sustainable sector expansion.

As part of its efforts to strengthen professional standards across the sector, the Institute in December 2025 launched membership to the KBA Institute for banking professionals, marking a key milestone in advancing continuous professional development, industry accreditation, ethical leadership and the long-term professionalization of the banking industry.

### **Global Certification and International Partnerships**

During the year, the Institute strengthened access to internationally benchmarked professional qualifications through its partnership with the Chartered Institute for Securities and Investment (CISI), delivering the globally recognized Fundamentals of Credit Risk Management (FCRM) certification programme for 2 cohorts of banking professionals.

### **Regional Executive Leadership and Technical Assistance**

The KBA Institute continued to deepen its regional footprint through strategic advisory and executive capability development programmes across the East African region.

During the year, the KBA Institute played a central co-convening role in the 22<sup>nd</sup> East African Banking School (EABS) Conference, an annual regional forum jointly organized by the banking institutes of Kenya, Uganda and Tanzania.

Held in Mwanza, Tanzania, the week-long conference brought together banking executives, regulators, policy makers, ESG specialists, technology leaders and development partners under the theme “*Leading Regional Banking Sectors Toward a Sustainability-Driven Future.*” The discussions focused on advancing sustainable finance, strengthening regulatory alignment and accelerating the sector’s transition towards more resilient and inclusive financial systems.

Building on this momentum, the 23<sup>rd</sup> East African Banking School Conference will be hosted in Kenya from 13<sup>th</sup> to 17<sup>th</sup> July 2026 under the theme “*Navigating Credit Risk in the Digital Transformation Era,*” continuing the regional agenda on financial sector resilience, innovation and sustainable growth.



KBA, CISI and KBA Institute members during the Learning and Development Metrics Workshop.



KBA Institute Manager Bernice Onyango delivers remarks during an IFC-led training programme.



KBA Institute and Gargaara Financial Services representatives during a capacity-building programme for Somali institutions.



**The Institute is scaling its impact through expanded digital learning, stronger certification pathways and enhanced regional partnerships.**



In parallel, the Institute provided technical assistance to Participating Financial Institutions (PFIs) in Somalia under a World Bank funded initiative. This engagement focused on enhancing institutional capability and supporting the development of more resilient, inclusive and stable financial systems, further underscoring KBAI's growing contribution to regional financial sector strengthening and development finance priorities.

In addition, the Institute delivered Board Credit Committee training programmes for financial institutions in Ethiopia, further positioning its role as a regional partner in strengthening board oversight, governance and risk leadership within the banking sector.

### **Looking Ahead**

The KBA Institute will continue to scale its role as the banking industry's capability development partner, deepening its impact to deliver greater strategic value to member institutions and banking professionals through an expanded and more structured membership ecosystem. The Institute will strengthen its membership proposition by linking it more directly to career pathways, professional recognition and continuous development opportunities, while enhancing industry-recognized certification frameworks and expanding digital learning solutions to enable accessible and continuous development across all levels of the banking workforce.

This will be complemented by more embedded, bank specific advisory support, strengthened communities of practice across key functional areas and expanded regional and global partnerships with industry stakeholders, development institutions, academic institutions, technology partners and professional networks.

## KBA INSTITUTE TEAM



**Bernice Onyango**  
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# KBA Centre for Research on Financial Markets and Policy® Report

## Macroeconomic Indicators

Inflation remained stable at **4.5%–4.6%** in 2025

GDP growth moderated slightly to **4.6%** in 2025 from 4.7% in 2024

Agriculture sector **grew by 3.1%**

Construction sector rebounded to **6.8%** growth

Mining & Quarrying expanded by **14.9%**

Foreign exchange reserves maintained 4.4–5.2 months of import cover

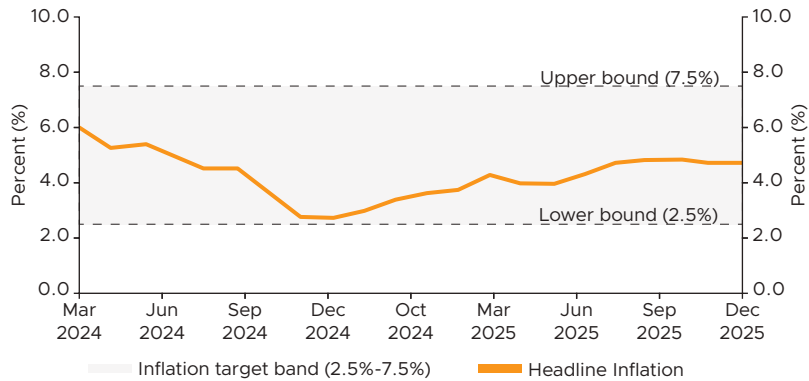
Government targets fiscal deficit reduction to 4.3% of GDP

Public debt targeted at 55% of GDP by 2029

**Private sector credit growth remained below historical averages due to elevated NPLs.**

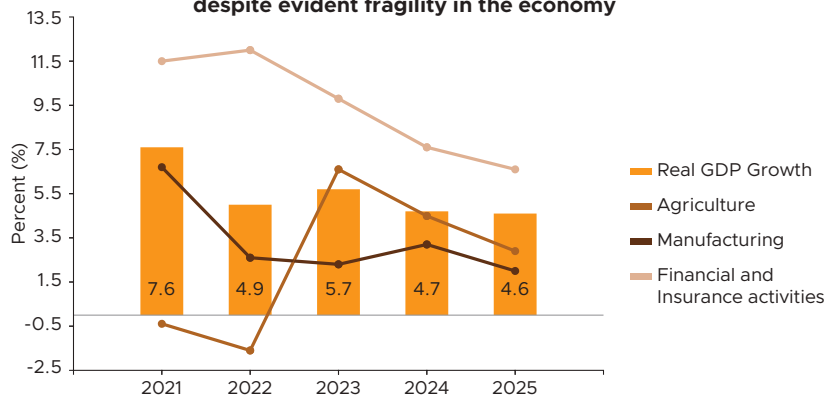
The operating economic environment in 2025 reflected a balance between domestic resilience and global uncertainties. Inflation remained within the government’s 5±2.5% target band, averaging 4.5%–4.6% by year-end. Stability was supported by muted demand pressures, easing commodity prices and strong food production. However, geopolitical tensions, oil market volatility and US trade tariffs continued to pose risks to import costs and broader economic stability.

**Inflation remained firmly within the government’s 5±2.5% target band**

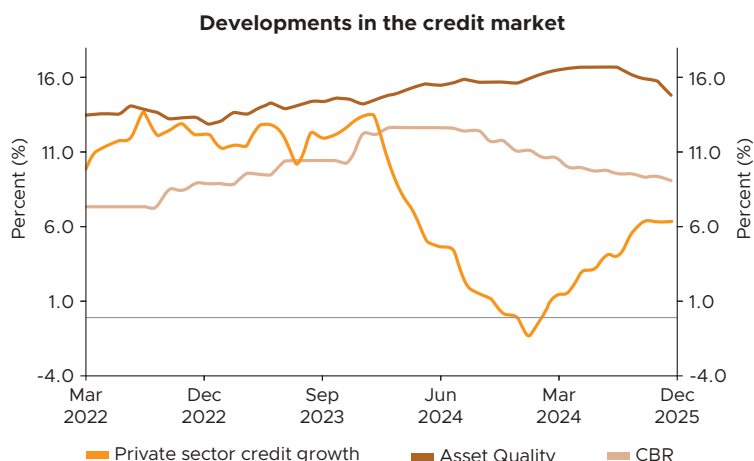


Economic activity remained resilient in 2025, with real GDP growth easing slightly to 4.6% from 4.7% in 2024. Growth was broad-based, supported by agriculture (3.1%), a strong rebound in construction (6.8%), and robust growth in mining and quarrying (14.9%), reflecting continued momentum across key sectors despite underlying vulnerabilities.

**GDP growth remained broadly resilient in 2025, despite evident fragility in the economy**



The Revised Risk-Based Credit Pricing Model (RBCP) was adopted, with KESONIA as the common reference rate for all new variable-rate loans from 1 December 2025 onwards. Existing loans were subsequently transitioned to either KESONIA or the Central Bank Rate (CBR) as the base rate by 28 February 2026.



Private sector credit growth posed a significant headwind in 2025. Despite Central Bank of Kenya (CBK) monetary easing through multiple Central Bank Rate (CBR) cuts and a narrower interest rate corridor to stimulate lending, transmission remained weak due to elevated Non-Performing Loan (NPL) ratios. Consequently, banks maintained cautious lending standards, keeping private sector credit growth well below historical averages.

The Kenya Shilling (KES) remained stable, supported by strong diaspora remittances and resilient tourism and agricultural exports. Foreign exchange reserves provided a buffer of 4.4 to 5.2 months of import cover. Fiscal policy focused on consolidation, targeting a deficit of 4.3% of GDP and public debt of 55% by 2029, though revenue underperformance remained a concern.

### 2025 Annual KBA Banking Research Conference

The 14<sup>th</sup> Annual Banking Research Conference, convened by the Kenya Bankers Association (KBA) Centre for Research on Financial Markets and Policy® from 18<sup>th</sup>–19<sup>th</sup> September 2025 at the Ole-Sereni in Nairobi, served as a premier platform for intellectual engagement between industry practitioners, academia and policymakers on the theme: *“Banking and Economic Growth Dynamics: Navigating Risks and Leveraging Opportunities in MSME Financing.”* This theme underscored the banking sector’s role in driving East Africa’s economic transformation by addressing financing gaps faced by over 7.4 million MSMEs employing more than 15 million Kenyans.

The conference discussions were structured around three sub-themes. The first examined the macroeconomic and policy environment, focusing on how regulatory frameworks can enable banks to scale financial products tailored to MSME needs.

The second explored emerging risks and opportunities, balancing bank priorities such as deposit mobilisation, digitisation and artificial intelligence with MSME concerns around credit pricing and risk management. The third focused on sustainability, particularly the integration of Environmental, Social and Governance (ESG) considerations and global disclosure standards into MSME financing strategies.



CBK Governor Dr. Kamau Thugge with industry leaders during the 14<sup>th</sup> Annual Banking Research Conference

The programme opened with a keynote address by Dr Kamau Thugge, CBS, Governor of the Central Bank of Kenya. A high-level panel included Moses Nyabanda (MD, Equity Bank Kenya), Jared Osoro (CBK MPC), Tamara Cook (CEO, FSD Kenya) and Felix Ndunda (Kenya National Federation of Jua Kali Associations). Technical sessions covered research papers and methodological presentations. Day One focused on credit guarantees and insights on the KESONIA framework, while Day Two emphasised ESG integration and sustainable finance.

The conference attracted authors, panellists and discussants from a wide institutional footprint. Regulatory representation included the Central Bank of Kenya, while the banking sector featured KCB Group, Equity Bank Kenya, NCBA Bank, I&M Bank, ABSA, Prime Bank, Consolidated Bank and Caritas MFB.

## 2025 Research Publications

**12 peer-reviewed research papers** published under the KBA Working Paper Series

**4 Quarterly Economic Bulletins released** (Issues 41–44)

**5 pre-MPC research notes** published alongside post-MPC commentaries

**5 KBA Housing Price Index (KBA-HPI) reports** published in 2025

From the academic and research institutions, the conference benefited from contributions from local and international institutions such as the University of Nairobi, Kenyatta University, Strathmore University, Wits Business School (South Africa) and University Canada West (Canada). Moreover, specialized insights were provided by participants affiliated to FSD Kenya, the Kenya Mortgage Refinance Company (KMRC), Credit Information Sharing (CIS) Kenya and the Kenya National Federation of Jua Kali Associations.

### Research Publications and Knowledge Outputs

The Kenya Bankers Association (KBA), through its Centre for Research on Financial Markets and Policy®, continues to strengthen research-led advocacy and shape national policy discourse through the production, dissemination and translation of high-quality knowledge products. These initiatives collectively underscore KBA's unwavering commitment to evidence-based advocacy, informed policymaking and a deeper understanding of Kenya's dynamic financial and economic landscape.

The key Research and Knowledge Products generated in 2025 are:

#### ***KBA Working Paper Series***

The KBA Working Paper Series remains a pillar of the Association's research agenda, featuring 12 out of the 13 scholarly papers presented during the 14<sup>th</sup> Annual Research Conference. These papers undergo a rigorous peer-review process, ensuring both academic integrity and policy relevance. They serve as an essential knowledge base for engagements with regulators, policymakers, academia, development partners and the broader financial sector. Below is a summary of the 12 research papers that made their way into the KBA working papers series in 2025.

**Evidence-based research continues to shape financial sector policy and advocacy.**

**MSME financing remains critical to employment creation and inclusive economic growth.**

- Cost of Credit, Digital Finance and Bank Capital: Implications for MSME Lending and Performance in Kenya, Samuel Tiriongo, Hillary Mulindi, Hesborn Nyagaka & Davis Milimo.**

This study finds that MSME performance is driven primarily by structural firm characteristics such as age, size and formalization, and bank capital adequacy rather than cost perceptions. Digital finance usage for business transactions significantly increases the probability of loan approvals.
- MSME Partial Credit Guarantees in Kenya: What 28,000 Loans Reveal About Risk and Pricing, Rogers Ocheng.**

Analyzing 28,000 guaranteed loans, the researcher finds that while partial credit guarantees reduce defaults and expand credit supply, they have not consistently lowered borrowing costs for MSMEs. The study recommends introducing flexible, risk-tiered coverage to align with global best practices.

- **Credit Guarantee Schemes and MSME Financing in Kenya: A Firm – Level Analysis, Anthony Muli, David Ndwiga, Raphael Agung and Samantha Njoroge.**  
This paper establishes that credit guarantee schemes improve MSME access to formal credit. However, it identifies a significant moral hazard effect, where guaranteed firms show higher default probabilities, particularly in the agriculture, trade and manufacturing sectors.
- **Unlocking MSME Credit: Sector Specific Insights from Kenya, Stephanie Kimani.**  
Investigating sectoral heterogeneity, this study reveals that MSME credit drivers vary across sectors. Real estate lending is sensitive to liquidity, while trade credit follows sectoral GDP but is highly vulnerable to non-performing loan shocks.
- **Bridging the Gender Credit Gap: How can we track progress? Christine Waita and Hillary S. Mulindi.**  
Proposing a real-time multi-institutional analytics dashboard, this paper highlights stark gender disparities in loan sizes and collateral requirements. The tool aims to empower financial institutions to design gender-smart products and track progress toward inclusive finance.
- **Commercial Banks ESG integration and MSMEs support: Evidence from Kenya, David Ndwiga.**  
This research examines Environmental, Social and Governance (ESG) integration, and it establishes that the latter significantly increases the number of MSMEs receiving entrepreneurship training. However, ESG adoption currently shows an insignificant impact on actual MSME lending volumes, suggesting training alone is insufficient.
- **De-risking MSMEs Through the Use of Credit Information: Evidence from Kenya’s Credit Reference Bureau Data (2019-2023), Lemuel Mangla and Jared Getenga.**  
This study demonstrates that high-quality credit scoring data possesses strong predictive power for default risk. While credit information can substantially de-risk lending, persistent data quality gaps and fragmented borrower identities currently limit its full potential.
- **Leveraging Data for Climate Risk Assessment and Green Capital: A Case Study of the Africa Climate and Nature Data Platform (ACNDP), Reuben M. Wambui and Francis Nyangoma.**  
This case study explores how localized climate and biodiversity data can be translated into financial metrics like Probability of Default. Shared data platforms are critical for helping banks manage climate risk and scale sustainable MSME financing.
- **The Mediating Role of ESG On the Interaction between Green Banking and Financial Performance of Commercial Banks in Kenya, Lucy Maru.**  
Investigating the "green banking" payoff, this study finds that green practices improve bank resilience and performance. While ESG practices are strongly associated with green banking, their immediate mediating effect on financial performance shows mixed evidence.
- **Bridging The Financial Gap in MSME Financing in Kenya, Salome Wairimu and Doris Kiragu.**  
By identifying key barriers such as lack of collateral and alternative income sources, this paper highlights the persistence of the SME financing gap. It calls for intensive capacity building to help MSMEs formalize and improve record-keeping.
- **Towards a Framework for Sustainable Bank Financing of SMEs in Kenya, Odongo Kodongo.**  
This paper explores suboptimal SME lending caused by perceived high risks and information asymmetry. It proposes a framework emphasizing relationship lending, modernized credit scoring and public-sector facilitators like blended finance to bridge the multi-trillion-shilling financing gap.

- **Discouraged Borrowers and Access to Finance: Evidence from Kenyan SMEs, Josea K. Cheruiyot.**

Using World Bank survey data, this study finds that most credit rationing occurs because SMEs are "discouraged" from applying due to feared rejection or high costs. Only one-quarter of SMEs apply for credit despite high approval rates.

#### **KBA Policy Briefs**

KBA Policy Briefs translate the technical findings from the Working Paper Series into concise, accessible and actionable insights for broader audiences. It is designed for policymakers, industry practitioners, the media, and the public to bridge the gap between technical research and practical policy application. Consequently, this enhances the uptake of research evidence in decision-making processes.

#### **Quarterly Economic Bulletin**

The Quarterly Economic Bulletin provides timely analysis of Kenya's macroeconomic environment, covering inflation, public debt, interest rates, exchange rate movements, fiscal trends and capital markets. It equips stakeholders with a strategic understanding of prevailing conditions and risks. In 2025, KBA released four editions of the Bulletin, Issues 41 to 44.

#### **State of the Banking Industry (SBI) Report**

Now in its seventh edition, the State of the Banking Industry (SBI) Report remains KBA's flagship annual publication, offering comprehensive insights into Kenya's banking sector and contributing to a deeper understanding of industry dynamics.

The report draws on diverse perspectives from stakeholders, including market analysts, commercial banks, the KBA Secretariat, the Central Bank of Kenya (CBK) and other financial sector players and regulators. This range of input, combined with strong analytical contributions from participating institutions, ensures the report reflects a balanced view of sector performance, trends and evolving dynamics across the financial system.



Researchers pose for a group photo with the CBK Governor, Dr. Kamau Thugge at the 14<sup>th</sup> Annual Banking Research Conference.

#### **Bi-Monthly Research Notes**

KBA's Bi-Monthly Research Notes provide forward-looking macro-financial analysis approximately seven days ahead of each Monetary Policy Committee (MPC) meeting. These publications support members and stakeholders in anticipating policy shifts, interpreting monetary decisions and understanding broader macro-financial implications. In 2025, KBA published five pre-MPC research notes alongside corresponding post-MPC commentaries.

#### **KBA Housing Price Index (KBA-HPI)**

Published quarterly, the KBA Housing Price Index (KBA-HPI) tracks residential property market trends by incorporating both locational and structural housing characteristics. It remains a critical tool for banks, investors, developers and policymakers in monitoring real estate dynamics, identifying emerging risks and evaluating investment opportunities.

In 2025, five KBA-HPI reports were published, one additional report beyond the four that are usually produced in a standard year cycle due to the department's strategic effort to reduce publication lag from a one-quarter delay to a one-month lag, thereby significantly improving market timeliness and relevance of the report.

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



# Centre for Sustainable Finance and Enterprise Development (CSFED)

**KES  
326.5  
billion**

disbursed to MSMEs in 2024/2025, surpassing the industry pledge of KES 150 billion.

The KBA Centre for Sustainable Finance and Enterprise Development (CSFED) is an impact led hub established to transform the banking industry into a proactive driver of value for people, nature, and the economy. The Centre build on the momentum of the Sustainable Finance Initiative and serves as the Association's primary vehicle for aligning the financial sector with global sustainability standards and national economic priorities.

By integrating its core pillars—**Sustainable Finance Leadership, Enterprise Development, Technical Assistance, and Research & Advisory**—the Centre creates a unified framework that empowers member banks to transition toward a net-zero, inclusive economy. Through this holistic approach, the CSFED ensures that the banking industry not only manages environmental and social risks but also captures the emerging opportunities within Kenya's green growth trajectory.

## **Sustainable Finance**

The Centre continues to champion the industry-wide adoption of the **Sustainable Finance Guiding Principles**, positioning Kenya as a regional pioneer in ESG integration. In the past year, the CSFED has been instrumental in deepening the capacity of financial institutions to assess nature-related risks and develop green financial products.

## **IFRS S1 S2 Reporting template**

To prepare the industry for mandatory sustainability- and climate-related reporting, KBA, in collaboration with the Institute of

Certified Public Accountants of Kenya (ICPAK), WWF-Kenya, and FSD Kenya, launched the IFRS S1 & S2 Reporting Standards Template. The template is intended to support banks in aligning with internationally recognized disclosure requirements, while strengthening transparency, comparability, and risk-informed decision-making across the sector. Structured around four pillars—governance, strategy, risk management, and metrics and targets—the template provides practical guidance to facilitate the preparation of sustainability-related financial information and climate-related disclosures.

**CSFED is positioning Kenya's banking sector as a regional pioneer in ESG integration and sustainable finance leadership.**



Over  
**62,000**  
bank staff  
trained through the  
Sustainable Finance  
e-learning  
platform.

**21**  
interactive  
e-learning  
modules  
available on  
sustainability,  
climate risk and  
responsible  
banking.



**The Sustainable Finance e-learning platform has become one of the industry's largest sustainability learning initiatives.**



Panellists pose for a group photo during the Nature Positive Financing Forum.

### **Sustainable Finance Roadmap**

With financial support from WWF-Kenya and technical assistance from the International Finance Corporation (IFC), CSFED is leading the development of Kenya's Sustainable Finance Roadmap. In June 2025, the Centre convened a co-creation workshop that brought together members of the industry's Sustainable Finance Working Group, alongside representatives from the Capital Markets Authority (CMA) and the Institute of Certified Public Accountants of Kenya (ICPAK).

The roadmap is being developed as a comprehensive, multi-stakeholder framework to guide the transition toward a more sustainable financial system that is aligned with Kenya's development priorities, as well as national climate and nature objectives. Structured around four pillars; ESG integration, climate and nature-related risk management, financing sustainability, and emerging issues it will set out both strategic directions and practical actions to advance the integration of sustainable finance across the financial sector.

### **Sustainable Finance E-Learning**

To strengthen industry capacity on the Sustainable Finance Guiding Principles, KBA, through CSFED, continues to deliver capacity-building initiatives through the Sustainable Finance e-learning platform and face-to-face workshops.

The e-learning platform has trained over 62,000 bank staff and now offers 21 interactive modules designed to deepen understanding

of sustainability, climate risk, responsible banking practices, and emerging disclosure frameworks, including a new module on the Taskforce on Nature-related Financial Disclosures (TNFD). To encourage continued uptake, KBA re-engaged HR and L&D teams across the sector and introduced new administrative features to simplify reporting and learner tracking. So far, 20 banks have been re-engaged, and the Centre continues to encourage broader industry participation.

## Climate Finance Training

Climate Finance Training  
The World Bank Country Climate and Development Report estimates that if urgent climate actions are not taken, income could reduce by up to 40 percent for poor households by 2050. To support banks in aligning their priorities towards climate finance and address climate change effects, KBA in partnership with IFC held a three-day workshop. The workshop enabled banks to gain an understanding of the risks and opportunities of addressing climate related risks, the main multilateral initiatives, regulatory trends, and taxonomies for green finance, the components, standards, and milestones for green bank transformation.

## TNFD Capacity Building

As a co-convener of the Taskforce on Nature-related Financial Disclosures (TNFD), KBA, through CSFED and in partnership with UNDP Kenya and WWF-Kenya, delivered a national capacity-building programme on the TNFD framework. The initiative marked a strategic step in equipping Kenya's financial sector to better understand and respond to nature-related risks and opportunities. Through the programme, participants gained practical skills to integrate nature-related impacts, dependencies, risks, and opportunities into governance, strategy, and risk management processes, while also advancing nature-positive finance across the sector.

**USD 100-150 billion**  
nature-related investment opportunity  
identified over the next decade.

## Quantifying Nature-Related Finance

In partnership with WWF-Kenya and GIZ, the Centre unveiled a landmark assessment identifying a massive **USD 100–150 billion investment opportunity** over the next decade. The study quantifies these opportunities across critical sectors:

- **Agriculture:** The most relevant sector for nature-positive outcomes, with investment and financing demand estimated at USD 500 million in the next six months, rising to USD 1.7–2 billion over the next two years.
- **Wildlife Conservation:** Critical for nature protection, with short-term financing needs of USD 50 million, medium-term of USD 200 million, and USD 1 billion in the long term.
- **Manufacturing:** Holds major potential for a “do no harm” approach, with demand projected at USD 1 billion in the short term, USD 4 billion in the medium term, and USD 20–30 billion in the long term.

## Quantifying the Cost of Inaction

Published in collaboration with the World Bank published a report “Nature’s Bottom Line: The Economic and Financial Costs of Ecosystem Degradation in Kenya” in collaboration with KBA and KEPSA This report highlights the economic and financial costs of ecosystem degradation in Kenya. It warns that environmental decline poses significant risks to GDP growth and water availability, providing a clear roadmap for the financial sector to strengthen risk assessments and pivot toward nature-positive investments.

## Recognition

In a testament to its impactful first year, the Centre was honored with the 2025 Kenya Green Building Society (KGBS) Sustainability Award. This prestigious accolade recognizes the CSFED's outstanding leadership in green finance advocacy and its commitment to promoting sustainable infrastructure within the built environment. This recognition reinforces the Centre's position as a thought leader and a vital partner in Kenya's journey toward a sustainable, net-zero future.

**Over  
130k  
MSMES**  
supported  
through the Inuka  
Programme since  
2018.

**2,012  
MSMEs  
reached**  
through financial  
literacy initiatives  
under the Inuka  
Enterprise  
Programme.

**24  
MSMEs  
awarded  
KES  
100,000  
each**  
through the Inuka  
Enterprise  
Accelerator  
Programme.

## Enterprise Development

The Centre's Enterprise Development pillar is anchored on the premise that a resilient economy is built on a thriving MSME sector. Beyond traditional lending, the CSFED focused on addressing the systemic challenges of information asymmetry and market readiness. During the 2024/2025 period, the banking industry achieved a landmark milestone by disbursing **KES 326.5 billion** to MSMEs surpassing the initial industry pledge of KES 150 billion. Below are some of the key activities undertaken under the Inuka Enterprise Program. Through the Inuka Enterprise program we were able to reach a total of 2012 MSMEs through its financial literacy efforts.

## MSME Regional Dialogues: Bridging the Policy-Practice Gap

The State Department for MSME Development, in partnership with KBA and other stakeholders held a national MSMEs Connect series in Nairobi, Embu, Mombasa, and Kisumu. The forums strengthened public-private dialogue and brought together MSME stakeholders to address key challenges and expand opportunities for enterprise growth. The platform has been instrumental to the government and private sector actors in improving policies (like financial access, market integration) and drive economic growth through collaboration. It is also addressing sector challenges like funding gaps, aiming to transform Kenya's economy by empowering MSMEs nationwide.

## Inuka Enterprise Accelerator Programme

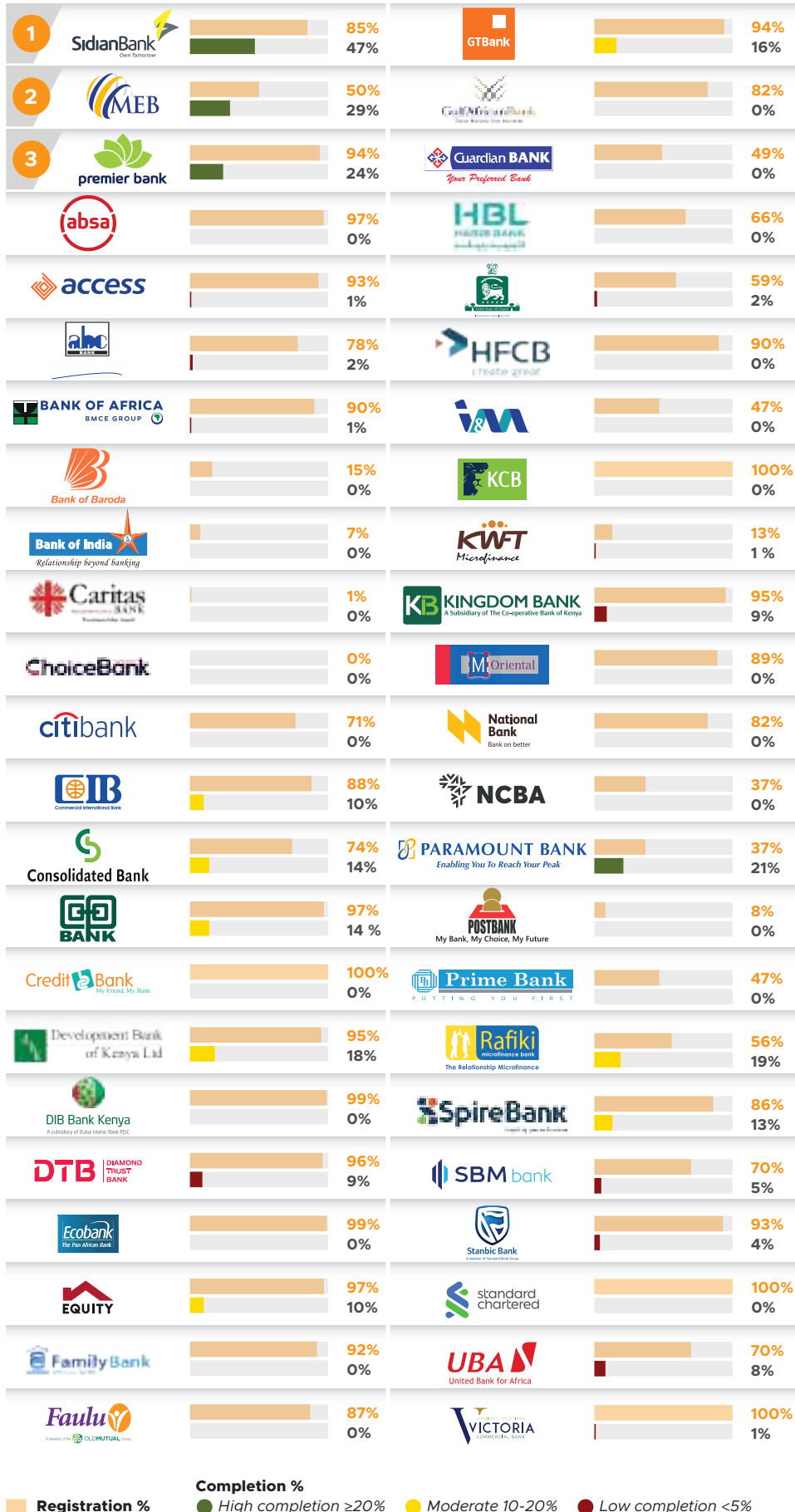
Since 2018, over 130,000 MSMEs have benefited from the Kenya Bankers Association's (KBA) Inuka Program. In its latest phase, the Centre for Sustainable Finance and Enterprise Development (CSFED) piloted the Inuka Enterprise Accelerator Program, a 12-week initiative providing mentorship, business diagnostics, and strategic guidance. The pilot recently concluded with 24 MSMEs from sectors such as manufacturing, agriculture, and textiles receiving KES 100,000 each to bolster their competitiveness and sustainable growth.

## Financial Literacy for the Deaf Community

The Centre for Sustainable Finance and Enterprise Development (CSFED) conducted a financial literacy training for deaf business owners. The program was customized to address the unique business needs of deaf entrepreneurs, equipping them with practical skills and knowledge to strengthen their enterprises and improve bankability. The initiative was delivered in partnership with Christian Mission Aid, reflecting KBA's commitment to inclusive financial empowerment across all segments of society.

**CSFED delivered customized financial literacy training for deaf entrepreneurs.**

## SFI Enrolment and Completion Rate



### Key Insights

**45**  
institutions  
successfully  
onboarded

Several institutions recorded **near-full onboarding 97%–100%** indicating strong onboarding adoption

**Completion Performance 47%**  
Sidian Bank

#### Top performers

- Equity Bank Ltd  
952 completions
- Co-Operative Bank of Kenya Ltd  
812 completions
- Sidian Bank  
779 completions

Approximately **6.2%** overall average completion rate

#### Strongest End-to-End Performance

- Sidian Bank
- Premier Bank
- Guaranty Trust Bank
- Development Bank
- Rafiki Micro Finance
- Paramount Universal Bank



Equity Bank staff celebrate their performance during the 2025 Interbank Games.



Inuka Enterprise Accelerator Program – Cohort 1 Graduation.



Susan Mangeni, PS State Department of MSME Development poses for a light moment with KBA team and other stakeholders during the Embu MSME Connect Forum.



KBA staff at the launch of the Centre for Sustainable Finance and Enterprise Development.



Inuka Enterprise Accelerator Programme beneficiaries showcase practical technical skills and expertise.



An Inuka Enterprise Accelerator Programme beneficiary demonstrates skills acquired through the programme.

# 8 Pesalink Report



## Consolidating Industry Action 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 account-to-account (A2A) payments for all.

In 2025, Pesalink solidified its position as Kenya’s instant national payments rail by strengthening how the network operates across the banking ecosystem. This included improving collaboration among participating institutions, onboarding new participants, making the network more inclusive for customers, and expanding its reach.

### Strengthening Ecosystem Trust and Alignment

In 2025, IPSL focused on improving how Pesalink works for network participants. The year centred on aligning banks, fintechs and SACCOs on pricing, reliability and service availability and on making network performance more visible through shared dashboard reporting. Over 50 institutions actively participated in performance and pricing discussions during the year. This shift from connectivity to active engagement supported more consistent standards across the network and prepared participants for wider adoption of new Pesalink use cases.

**Over 50 financial institutions actively participated in pricing and performance alignment discussions in 2025, marking a shift from simple connectivity to active ecosystem collaboration.**

### Growth Highlights

**2025 Transaction Value**  
**KES 1.44 Trillion**

**Average Ticket Size**  
**KES 139,156.58**

**Instant Transactions Processed**  
**10.37 Million**

**Pesalink Switch Uptime**  
**98%**

**End-User Transaction Success Rate**  
**97.83%**

**Network Participants**  
**80+ institutions including banks, fintechs, SACCOs and a telco**



Choice bank x Pesalink Partnership Announcemet

### Reform Priorities and New Use-Cases

In 2025, IPSL commenced the roll-out of industry-wide reforms and new use-cases to expand and simplify how the Pesalink network is experienced by consumers and businesses. These include *Instant Payment Notifications (IPN)*, *Pesalink Bulk Pay*, and the *Dhamana Platform*.

**2025 marked the transition of Pesalink from a payments rail into a broader digital financial infrastructure platform through the rollout of IPN, Bulk Pay, Dhamana and Pay-to-Merchant solutions.**

Pilots were also undertaken on *Pesalink Pay* (Pay-to-Merchant), *Pesalink ID* and *ACICO*. IPSL worked with banks, fintechs, and SACCOs to align on how these solutions would operate in practice, including implementation requirements and coordinated go-to-market expectations. Looking ahead to 2026, these use-cases will move into large-scale rollouts.

### Dhamana and CIS

CIS supported borrower credit assessment, while Dhamana provided visibility of collateral used to secure loans. Pesalink enabled real-time fund movement once credit decisions were made. Together, they strengthen secured lending by improving risk assessment, enhancing collateral transparency, and enabling timely execution across banks.

### Solidifying Strategic Partnerships

IPSL also expanded and deepened partnerships with banks, fintechs, and SACCOs, supporting integrations, co-branded initiatives, and joint go-to-market efforts. Engagement during the year included institutions such as Nala, TendaPay, Cellulant, Choice Bank, Unaitas SACCO and Stima SACCO, with engagement focused on deploying core account-to-account switching services and rolling out new instant payment use cases, including real-time collections, payouts, member transfers and bulk disbursements.

IPSL also strengthened its engagement with Fintechs through structured programmes and sandbox readiness initiatives, supporting future innovation and broader use-case adoption.

### Establishing an Industry Performance Benchmark

In 2025, IPSL operationalized the Pesalink Instant Payments Dashboard, following its completion in Q4 2024. The dashboard was used throughout the year to provide participants with regular visibility into service uptime, success rates, availability, and pricing simplicity. In the same year, the dashboard formed the basis of the Pesalink Bank Awards, reinforcing Pesalink's role as an industry performance reference point.

**The inaugural Pesalink Bank Awards introduced data-driven accountability standards across Kenya's instant payments ecosystem, recognizing institutions delivering consistent service excellence.**

### Recognising Excellence Across the Banking Ecosystem

Pesalink introduced the Pesalink Bank Awards in Q4 2025 to recognise banks demonstrating strong and consistent performance on the network. The awards were based on data from the Pesalink Instant Payments Dashboard, focusing on transaction success rates, system uptime, responsiveness, usage growth, and pricing simplicity. Thirteen banks were recognized across these categories, setting clear data-driven performance benchmarks and reinforcing accountability across Pesalink ecosystem.



Participants gather during the launch of the Pesalink Fintech Programme for innovation and collaboration.



The Fintech Alliance and Pesalink announce a strategic partnership to advance digital payments.



NALA, Pesalink and Equity Bank representatives collaborate to shape the future of payments.



Pesalink represented in a panel during the KBA Customer Satisfaction Survey report launch.



Pesalink Chief Product Officer Kenn Lisudza participates during the Customer Satisfaction Survey launch.



Participants celebrate excellence and achievement at the Pesalink Bank Awards 2026.



# CIS Kenya Report



**Andrew Njeru**  
CIS Kenya CEO

The launch of the CBK-approved **CIS ValiData platform in 2025** transformed Kenya's credit ecosystem through **proactive data governance** and institutional accountability

By December 2025, more than **27 institutions had been onboarded onto the CIS ValiData platform**, with 20 successfully completing go-live certification

CIS Kenya promoted trusted data as key to **financial inclusion**, enabling better lending decisions, lower credit costs and greater access for underserved borrowers

In 2025, Kenya's credit ecosystem reached an inflection point. For years, the conversation has focused on expanding access to credit; today, the greater challenge and opportunity lies in ensuring the integrity, reliability, and usability of the data that underpins that access. This shift from access to data trust is central to the financial sector's evolution **"beyond banking."**

## **Innovation, Data, Trust (CIS Validata Tool)**

CIS Kenya's work during the year was anchored on addressing this structural challenge. The approval and subsequent launch of the CIS ValiData, an industry data validation and submission tool in September 2025 by the Central Bank of Kenya marked a turning point in how credit information is generated and shared across the ecosystem. By introducing validation at the source, before data is submitted to Credit Reference Bureaus, the CIS ValiData establishes a new standard of accountability, where institutions take ownership of the accuracy and completeness of their data. This represents a fundamental shift from reactive data correction to proactive data governance.

By December 2025, over 27 institutions had been onboarded, with 20 successfully completing go-live certification, marking a significant step toward resolving long-standing data quality challenges and strengthening risk-based lending across the banking sector. The implications for the banking sector are significant. Trusted, standardized data enhances the precision of risk-based lending, reduces information asymmetry, and ultimately lowers the cost of credit. More importantly, it enables lenders to extend credit with greater confidence to segments that have historically been underserved, including MSMEs and first-time borrowers. In this way, data integrity becomes a direct enabler of financial inclusion.

## Financial Inclusion

Beyond technology, CIS Kenya continued to shape the broader credit ecosystem through strategic engagement and collaboration. Our participation in the WE Finance Code Kenya Chapter & the National Financial Inclusion Strategy reflects a growing recognition that inclusion must be informed by evidence. Strengthening the use of gender-disaggregated data is critical to addressing persistent financing gaps affecting women-owned enterprises and ensuring that inclusion efforts are both targeted and measurable.

At the same time, the Association remained actively engaged in national discussions on Open Finance, contributing to the development of frameworks that will define the next generation of financial services. As data becomes more portable and interconnected, the need for strong data governance frameworks becomes even more urgent. Without trusted data foundations, the benefits of Open Finance cannot be fully realized.

## Knowledge generation

CIS Kenya continued to provide data-driven insights to inform policy and lending decisions. The Association contributed to research on MSME loan performance and participated in the KBA Banking Research Conference, sharing evidence on how credit information systems can de-risk lending and improve access to finance. These insights reinforce the critical role of high-quality data in enabling sustainable credit growth.

Capacity building remains a core priority. Through the CIS Learning Center, the Association delivered specialized training programmes on credit risk management, data quality, and risk-based pricing, supporting professionals across member institutions to adapt to emerging technologies and regulatory expectations. The successful hosting of the Africa Credit Risk & Reporting Conference held in Cape Town South Africa, further strengthened regional collaboration, bringing together stakeholders from across the continent to share insights on data governance and innovation.

## Tatua Center

CIS Kenya also continued to support market confidence through the Tatua Center, which resolved 173 disputes in 2025, reinforcing the importance of fair, transparent, and accessible consumer protection mechanisms within the credit reporting system. CIS Kenya also remained actively engaged in policy advocacy, contributing to ongoing discussions on credit reporting regulations and legal frameworks affecting data retention and consumer rights. These efforts are aimed at ensuring a balanced regulatory environment that supports both financial stability and consumer protection.



As the financial sector continues to evolve, it is clear that the future of credit markets will not be defined solely by the availability of capital, but by the quality of the data that informs its allocation. Institutions that invest in data integrity, governance, and collaboration will be best positioned to lead in this new environment.

CIS Kenya remains committed to working with KBA and the broader financial sector to build a credit ecosystem that is not only more inclusive, but also more trusted, resilient, and fit for the future.



CIS Kenya Head of Legal Hannah Ndarwa facilitates a session during the Data Quality Workshop.



CIS Kenya Secretariat hosting a delegation from the Central Bank



Committee of Experts



Delegates attend Africa's 2<sup>nd</sup> Credit and Risk Reporting Conference in Cape Town.



CIS Kenya former CEO Jared Getenga at the Validata Tool Launch in Nairobi, and Communications Manager Adah Mukubi at the Women Entrepreneurs Finance Code Awareness Workshop.



Stakeholders attend the CIS Validata Tool Launch held in Sarova Stanley Hotel Nairobi



CIS Kenya representatives during the Credit Data Referencing and Innovation Symposium in Uganda.



CIS Kenya participates in the launch of the National Financial Inclusion Strategy and WEFi Code.

# 10 EABX Kenya Report



**Terrence Adembesa**  
Chief Executive Officer

**EABX will enhance liquidity, transparency, and investor participation while supporting market-based debt management and lower funding costs.**

sponsors remain confident that these issues will be resolved through constructive engagement and alignment with prevailing regulations. The Exchange's foundation is firmly aligned with national interests, resonating with the debt management policy considerations of the National Treasury's Medium-Term Debt Management Strategy and the Capital Markets Authority's Capital Markets Masterplan.

### Strategic Objectives

Upon launch, EABX aims to:

- Improve liquidity and transparency in the bond market, thereby reducing funding costs for government and corporate issuers.
- Enable market-based debt management, supporting reforms at the Public Debt Management Office (PDMO).
- Facilitate the deepening of fixed income markets with longer tenors and introduction of structured products
- Enhance investor confidence and participation in debt markets through access to market data and improved pre-trade processes.

### Outlook for 2026

EABX continues to prepare for the launch of operations through alternative market offerings while pursuing completion of connectivity for its Electronic Trading Platform. In the short term, the Exchange will focus on introducing private debt products such as commercial papers and corporate bonds, alongside completing User Acceptance System Tests and onboarding members from across the financial sector, including commercial banks, stockbrokers, investment banks, custodians and fund managers.

EABX remains committed to collaboration with market players and 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. Together, these partnerships will drive reforms in Kenya's capital markets, strengthen investor confidence and support sustainable economic growth.

### Patience and Resilience in the Face of Turbulence

Since obtaining its operational license two years ago, EABX has demonstrated resilience and determination in its journey to become a fully-fledged regional OTC market organizer and securities exchange serving the wider East African region.

### Navigating Challenges

Progress toward final connectivity with the Central Securities Depository for government securities has been slower than anticipated. Regulatory overlaps and divergent reform initiatives have posed challenges, raising concerns among stakeholders. Nevertheless, EABX and its



## Key Priorities for 2026

Launch private debt market offerings

Introduce commercial papers and corporate bonds

Complete electronic trading platform connectivity

Onboard banks, brokers, custodians and fund managers

Deepen fixed-income market participation



The East Africa Bond Exchange (EABX) Group PLC met with Cabinet Secretary for the National Treasury, Hon. FCPA John Mbadi, to discuss opportunities for aligning its operations with Kenya's debt management objectives and advancing the development of the domestic bond market. EABX is seeking support from the National Treasury and the Central Bank of Kenya to access the Dhow Central Securities Depository (CSD), which would broaden investment opportunities, improve market liquidity, and help lower borrowing costs. The Cabinet Secretary reaffirmed the Government's commitment to market-driven reforms that uphold neutrality, efficiency, and integrity, in line with global best practices, while reinforcing Kenya's position as a leading regional financial centre.



# 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 Association's management and policy-making body. It holds all necessary powers and performs all functions required to carry out the work of the Association and realise 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.

## Governance Highlights

**Inclusive Representation Across Banking Tiers**

**12 Member Governing Council**

**Rotation Based Governance Model**

**Retiring members may seek re-election**



**Inclusive Decision-Making Through Tiered Representation**

**Peer-Elected Leadership at the Highest Level**



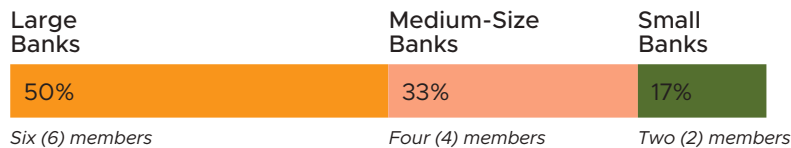
The property, assets, and funds of the Association, subject to its liabilities, shall be vested in the Governing Council. No Member shall, by virtue of their membership, have a transferable or assignable interest in such property, and upon cessation of membership, any interest therein shall lapse and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



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

## GOVERNANCE STRUCTURE

Over the years, the Association has enhanced its governance and organizational structures to strengthen its ability to deliver on its mandate.

### Committees and Sub-Committees

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

## COMMITTEE LEADERSHIP STRUCTURE

Committee	Chair	Vice-Chair	Secretary
Operations and Technical Committee	<b>Evah Githu</b> (ABC Bank)	<b>Amrit Gayan</b> (Equity Bank)	<b>Patrick Kibui</b> (KBA Secretariat)
Clearing Sub-Committee	<b>Peter Mugambi</b> (Citibank)	<b>Evaristus Kimwele</b> (DTB Kenya)	<b>Beatrice Matenzwa</b> (ABC Bank)
National Payments System (NPS) Committee	<b>Agnes Kimani</b> (KWFT)	<b>Edmund Okullo</b> (Citibank)	<b>Patrick Kibui</b> (KBA Secretariat)
Credit and Islamic Advisory Sub-Committee	<b>Christine Mwai Marandu</b> (Absa Bank)	<b>Boniface Kioko</b> (ABC Bank)	<b>Dr. Samuel Tiriongo</b> (KBA Secretariat)
Fraud & Security Committee	<b>Joseph Yegon</b> (KCB Bank)	<b>Alice Khaoya</b> (Stanbic Bank)	<b>Naomi Mutua</b> (I&M Bank) <i>Assistant Secretary</i> <b>Joseph Mbogo</b> (DTB Kenya)
IT Security and Risk Committee	<b>Fredrick Oyanga</b> (DTB Kenya)	<b>Aamir Sheikh</b> (Paramount Bank)	<b>Patrick Kibui</b> (KBA Secretariat)
IT Systems, Risk and Security Sub-Committee	<b>Eston Kairu</b> (Equity Bank)	<b>Josephine Ajuoga</b> (Family Bank)	<b>Mark Karige</b> (Absa Bank)
Financial Markets Committee	<b>Mutahe Karuoro</b> (Co-Operative Bank)	<b>Peter Njuguna</b> (KCB Bank)	<b>Andrew Muiruri</b> (ACI Kenya – Non-Bank)
Tax Committee	<b>Peter Mungai</b> (Absa Bank)	<b>Wilfred Alambo</b> (Equity Bank)	<b>Kennedy Mutisya</b> (KBA Secretariat)
Compliance Committee	<b>Hilda Gituro</b> (DTB Kenya)	<b>Anne Mureithi</b> (Ecobank)	<b>Kennedy Mutisya and Yvette Mbaja</b> (KBA Secretariat)
Finance and Audit Committee	<b>Johnbosco Muia</b> (Standard Chartered Bank)	<b>Mary Wanjiru</b> (Ecobank)	<b>Kennedy Mutisya</b> (KBA Secretariat)
Human Resource and Ethics Committee	<b>Apollo Asol</b> (NCBA Bank)	<b>Grace Kanyiri</b> (Standard Chartered Bank)	<b>Cynthia Muchiri</b> (KBA Secretariat)
Legal Affairs Committee	<b>Evelyn Gachanjah</b> (Standard Chartered Bank)	<b>Beth Karanja</b> (KCB Bank)	<b>Cynthia Muchiri</b> (KBA Secretariat)
Public Relations Committee	<b>Azmaira Thobani</b> (DTB Kenya)	<b>Fathia Abdulle</b> (Gulf African Bank)	NCBA Bank
Sports Committee	<b>Dennis Bosire</b> (Absa Bank)	<b>Simeon Kipketer</b> (Co-Operative Bank)	<b>Arnold Wangila</b> (KBA Secretariat)

# COMMITTEES REPRESENTATIVES



**Eva Githu**  
ABC Bank  
*Operations and Technical  
Committee*



**Peter Mugambi**  
Citibank  
*Clearing Sub-Committee*



**Mutahe Karuoro**  
Co-Operative Bank  
*Financial Markets Committee*



**Azmaira Thobani**  
DTB Kenya  
*Public Relations Committee*



**Fredrick Oyanga**  
DTB Bank  
*IT Systems, Risk and Security  
Committee*



**Hildah Gituro**  
DTB Bank  
*Compliance Committee*



**Eston Kairu**  
Equity Bank  
*Bank IT Risks and Security  
Sub-Committee*



**Joseph Yegon**  
KCB Bank  
*Bank Fraud and Security  
Committee*



**Agnes Kimani**  
KWFT Bank  
*National Payments  
Sub-Committee*

# KBA SECRETARIAT



**Raimond Molenje**  
Chief Executive  
Officer (CEO)



**Kennedy Mutisya**  
Chief Finance  
Officer



**Christine Onyango**  
Director  
Communication  
and Public Affairs



**Dr. Samuel Tiriongo**  
Director Research  
and Policy



**Cynthia Muchiri**  
Head of Legal, HR  
and Advocacy



**Fidelis Muia**  
Director Technical  
Services



**Bernice Onyango**  
Manager  
KBA Institute



**Roselyne Njino**  
Manager -  
Sustainability



**Christine Waita**  
Manager - Data &  
Compliance



**Hesborn Nyagaka**  
Manager -  
Communication &  
Public Affairs



**Regina Marete**  
Executive  
Assistant, CEO's  
Office



**Hillary Mulindi**  
Manager -  
Research and  
Policy



**Arnold Wangila**  
Manager - Finance



**Patrick Kibui**  
Manager -  
Technical Services



**Diana Wangoi**  
Front Office  
Assistant



**Patience Mukaru**  
Technical Services  
Officer



**Stephen Opicho**  
Assistant Accounts  
Officer



**Yvette Mbaja**  
Legal, HR & Policy  
Advocacy Officer



**Andrew Otieno**  
Executive Driver



**Davis Milimo**  
Research Fellow



**Shaleen Wanjiru**  
Intern,  
Sustainability

## Operations and Technical Key Highlights for 2025

4<sup>th</sup> ACH clearing session successfully introduced

Improved same-business-day EFT settlement capability

Enhanced ACH operational stability and reliability

Strengthened digital payments and interoperability initiatives

Expanded collaboration with CBK and industry stakeholders

Advanced regulatory data integration efforts

Addressed mobile number churn and fraud risks

Reinforced confidence in Kenya's digital payments ecosystem

## OPERATIONS AND TECHNICAL COMMITTEE

**Chair:** Evah Githu – ABC Bank

**Vice-Chair:** Amrit Gayan – Equity Bank

**Secretary:** Patrick Kibui – KBA

### Overview

The KBA Operations and Technical Committee continued to provide leadership and oversight on the technical and operational infrastructure supporting Kenya's banking industry in 2025. Through the National Payments System (NPS) Sub-Committee, the Automated Clearing House (ACH) / Clearing Sub-Committee and the Credit Sub-Committee, the Committee drove industry coordination, operational improvements, regulatory alignment and modernization of key banking systems.

### Key Achievements in 2025

- **Automated Clearing House (ACH) / Clearing Sub-Committee**

#### Introduction of a Fourth Clearing Session:

A key achievement in 2025 was the successful introduction of a fourth daily clearing session. This significantly improved the ACH settlement framework by enabling same-business-day settlement for a larger proportion of EFT transactions. The enhancement strengthened the ACH platform as a more efficient alternative for interbank payments and supported faster business transactions across the banking industry.

#### Strengthened ACH Oversight and Operational Efficiency:

Throughout the year, structured engagement on issues escalated by member banks to the industry vendor helped minimize recurrence and improve system stability. This sustained oversight supported efficient, secure and reliable ACH operations while guiding system improvements aimed at efficiency, risk mitigation and compliance.

- **National Payments System (NPS) Sub-Committee**

#### Support to the National Payments Ecosystem:

In 2025, support continued across key developments in the national payments ecosystem, including digital payments growth, interoperability initiatives, currency centre stability, regulatory data integration and broader industry collaboration with CBK and other stakeholders. These efforts contributed to a more efficient, connected and resilient payments environment while reinforcing industry support for a modern and inclusive financial system.

#### Addressing Mobile Number Churn and Related Fraud Risks:

Growing concerns over mobile number churn and rapid number recycling remained an important area of focus in 2025. This trend continued to affect transaction integrity, customer experience and bank operations, particularly where reassigned mobile numbers disrupted payment flows or exposed customers and institutions to unauthorized transactions. It also heightened the risk of customer-to-business fraud,

with recycled numbers creating opportunities for deceptive solicitation of funds and related schemes. Addressing this challenge will require stronger engagement with telecommunications operators and other relevant stakeholders to improve controls around number recycling, enhance customer protection and sustain confidence in digital payment channels.

### Impact in the Banking Industry

- **National Payments Ecosystem**  
The work undertaken in 2025 contributed to continued improvement of Kenya's payments ecosystem by supporting greater interoperability, improved regulatory coordination, stronger digital payment adoption and sustained operational stability across critical payment infrastructure. This reinforced confidence in digital financial services and supported the broader transformation of the sector toward faster, more inclusive and more resilient payment systems.

#### Impact Highlights:

- Improved coordination and alignment across industry payment initiatives.
- Strengthened resilience and confidence in digital financial services.
- Supported continued growth in interoperability and digital payment adoption.
- Enhanced collaboration between banks, CBK and other ecosystem stakeholders.
- **ACH System Impact**  
The ACH platform registered notable progress in 2025 through the introduction of the fourth clearing session and continued oversight on performance and issue resolution. These developments improved settlement efficiency, strengthened the ACH platform's relevance as a payment option and supported faster turnaround for EFT transactions. For banks and customers, this translated into better payment flexibility, stronger confidence in interbank transfers and improved support for business transactions.

#### Impact Highlights:

- Improved same-business-day settlement capability for EFT transactions.

- Strengthened the competitiveness of ACH as an alternative payment rail.
- Expanded payment options for customers and businesses.
- Improved operational efficiency, issue resolution and reliability within the ACH environment.

### Looking Ahead – 2026 Strategic Focus

- **Improvement of the Payments Ecosystem:**  
Focus will remain on continued improvement of Kenya's payments ecosystem through stronger interoperability, deeper digital payment adoption, enhanced merchant payment capabilities and sustained collaboration with CBK and other stakeholders. Priority will be placed on building a secure, efficient and inclusive payments landscape that supports customer convenience and industry innovation.
- **ACH Automation – Auto Upload and Auto Download of Files:**  
To improve operational efficiency and reduce manual intervention, support will be given to rollout of the micro-service for automated upload and download of ACH files. This solution is already in the UAT environment, with production deployment expected in the first quarter of 2026.
- **EFT Debit Session 2 Adoption:**  
Further enhancement of the ACH framework to enable EFT debits in the second settlement session will improve direct debit processing, strengthen settlement flexibility and support higher transaction volumes within existing settlement windows.
- **Introduction of Electronic Payment Orders (EPOs):**  
Industry readiness will also be supported for the proposed introduction of Electronic Payment Orders as an optional payment instrument in Kenya. EPOs are expected to enhance security, improve efficiency and reduce transaction processing costs across the ecosystem.
- **Continued Strengthening of Data and Regulatory Readiness:**  
Ongoing efforts in data integration, reporting readiness and alignment with regulatory requirements will remain important in positioning banks for a more data-driven and digitally enabled supervisory and payments environment.

## Clearing Sub-Committee Key Highlights for 2025

Successfully introduced a fourth ACH clearing session

Enhanced same-business-day settlement for EFT transactions

Strengthened ACH competitiveness as an alternative payment rail

Accredited security printers to maintain cheque security standards

Conducted three industry-wide trainings and workshops

Advanced ACH automation through auto-upload and auto-download initiatives

Prepared industry readiness for Electronic Payment Orders (EPOs)

Enhanced operational efficiency, security and settlement flexibility

## Conclusion

The KBA Operations and Technical Committee's work in 2025 reflects a focused and coordinated effort to strengthen both the national payments ecosystem and the ACH platform. Through ACH enhancements, operational oversight, industry coordination and engagement on emerging risks such as mobile number churn and digital payment fraud, the Committee supported greater efficiency, resilience and trust across Kenya's banking sector. As the industry moves into 2026, the focus will remain on improving the payments ecosystem and advancing ACH modernization in support of innovation, operational reliability and sustainable sector growth.

## CLEARING Sub-Committee

**Chair:** Peter Mugambi – Citibank  
**Vice-Chair:** Evaristus Kimwele – DTB Kenya  
**Secretary:** Beatrice Matenzwa – ABC Bank

The Clearing Sub-Committee, operating under the Kenya Bankers Association (KBA) Operations and Technical Committee, is mandated to ensure the efficient, secure and reliable operation of the Automated Clearing House (ACH) system.

The Sub-Committee provides a forum for discussing system-related issues escalated by KBA member banks to the industry vendor during monthly meetings, with a primary objective of resolving challenges and preventing recurrence.

In addition, the Sub-Committee oversees and guides enhancements to the clearing system aimed at improving operational efficiency, strengthening risk mitigation and ensuring compliance with applicable regulatory requirements.

### Key Achievements in 2025

#### ***Introduction of a Fourth Clearing Session***

The successful adoption of a fourth daily clearing session significantly enhanced the ACH settlement framework by enabling same-business-day settlement for a larger proportion of EFT transactions.

This enhancement strengthened the ACH platform's competitiveness by offering a more efficient alternative to RTGS, thereby expanding payment options available to clients and supporting faster business transactions across the banking industry.

### **Security Printer Review and Accreditation**

To ensure that cheques in the industry meet expected standards and remain secure, the Sub-Committee successfully conducted a review of security printers and accredited those that met the KBA cheque printing standards for the year 2025/26. All member banks were advised of the KBA-accredited printers.

### **Industry Trainings and Workshops**

The Sub-Committee organized and facilitated three industry-wide trainings and workshops in 2025. The main topics were:

1. Best practices in standard clearing operations
2. Forum on Electronic Payment Orders
3. Introduction of Session Four

### **Looking Ahead – 2026 Strategic Focus**

#### **Auto-Upload and Auto-Download of Files**

To improve operational efficiency and reduce manual intervention, a microservice enabling automated upload and download of ACH files has been implemented in the User Acceptance Testing (UAT) environment.

Member banks are currently conducting testing, with deployment to the production environment projected for the first quarter of 2026.

#### **EFT Debit Session 2 Adoption**

To significantly enhance EFT debit (direct debit) transaction processing and multi-settlement

capabilities, the ACH framework will be enhanced to support EFT debits in the second settlement session. The solution is ready for release.

This enhancement will further strengthen the competitiveness of the ACH platform by improving operational efficiency, increasing processing flexibility and supporting higher transaction volumes within existing settlement windows.

#### **Introduction of Electronic Payment Orders (EPOs)**

There is a proposal to introduce Electronic Payment Orders (EPOs) to the Kenyan market as an optional payment instrument.

Engagements between the Sub-Committee and Sybrin have identified several key benefits associated with EPOs, including:

- **Enhanced security:** Use of digital signatures significantly reduces fraud risks associated with paper-based cheques.
- **Speed and efficiency:** Elimination of physical handling and deposit processes improves transaction turnaround times.
- **Cost effectiveness:** Reduced processing and handling costs for banks and the broader financial ecosystem.

To build industry-wide understanding and readiness, KBA organized awareness sessions for key bank stakeholders in February. Industry rollout of EPOs is projected for the first quarter of 2027.

## **NATIONAL PAYMENTS SYSTEM (NPS) COMMITTEE**

<b>Chair:</b>	Agnes Kimani – KWFT
<b>Vice-Chair:</b>	Edmund Okullo – Citibank
<b>Secretary:</b>	Patrick Kibui – KBA

### **Committee Mandate**

The NPS Committee is mandated to discuss regulatory improvements and payment ecosystem initiatives in the banking industry. The Committee provides recommendations for review and adoption.

**Kenya's payments ecosystem continues to evolve toward a fully interoperable, real-time and digitally integrated environment.**

## National Payments Key Highlights for 2025

Regional currency centres operated seamlessly throughout 2025

Advanced interoperability through the M-PESA–Pesalink partnership

Successfully migrated participants to Pesalink 2.0

Supported implementation of the CBK National Payments Strategy

Enhanced regulatory reporting through granular data integration initiatives

Advanced Kenya's cash-lite and digital payments agenda

Successfully implemented ISO 20022 industry standards

Supported CBK core banking upgrade without disruptions

Extended KEPSS operating hours to 7:00p.m

### Key Achievements in 2025

#### 1. Currency Centres

The four regional currency centres in Meru, Nakuru, Nyeri and Kisii continued to operate effectively and without disruption throughout 2025. Their stable operations supported reliable cash movement across the regions, enabling member banks to manage liquidity more efficiently and continue serving rural and regional markets seamlessly.

#### Impact Highlights:

- Improved availability and distribution of cash across the country.
- Reduced pressure on central cash operations while strengthening regional financial access.
- Enhanced efficiency in banknote processing and counterfeit detection.

#### 2. IPSL Initiatives

In 2025, IPSL highlighted strategic partnerships, new product capabilities and optimization workstreams. A key focus during the year was the M-PESA–Pesalink partnership, positioned to strengthen Pesalink as a national fast payment switch by enabling:

- Wallet-to-bank transfers
- Bank-to-wallet transfers
- Bank account name verification services

Pesalink also outlined several strategic solutions, including:

- Pay – an interoperable merchant payment solution
- Pesalink ID – an alias-based payment directory using mobile numbers, national IDs, email addresses and pseudonyms
- Dhamana – a platform for processing infrastructure bonds through KRA

Other critical initiatives included:

- eCitizen government payments
- CBK real-time disbursement integration
- PAPSS cross-border remittances

These initiatives aim to expand Pesalink usage, improve customer experience, increase revenue opportunities and strengthen interoperability across Kenya's payments ecosystem.

Additionally, banks, fintechs and other Pesalink participants were successfully migrated to Pesalink 2.0. The initiative also implemented remittance details to support beneficiary information verification.

#### 3. CBK National Payments Strategy 2022–2025

Banks continued to play an active role in supporting the implementation of the Central Bank of Kenya's National Payments Strategy 2022–2025, with emphasis on safety, efficiency, accessibility and innovation within the payments ecosystem.

Through industry consultations, stakeholder engagements and participation in key implementation initiatives, the banking sector contributed to significant progress in digital payments, interoperability and modernization of the national payments landscape.

**Impact Highlights:**

- Expanded access to financial services for individuals and businesses.
- Supported innovation and adoption of emerging payment technologies.
- Strengthened collaboration between the regulator, banks and other payment ecosystem players.

**4. Central Bank Granular Data Integrations**

The banking sector remained actively engaged in 2025 in CBK-led initiatives on granular data integration aimed at strengthening the quality, consistency and timeliness of regulatory reporting across Kenya’s banking industry.

Industry participation focused on:

- Data standardization
- System integration readiness
- Reporting automation
- Alignment of internal bank systems with CBK requirements
- These efforts supported more accurate and efficient supervisory oversight.

**Impact Highlights:**

- Improved preparedness of banks for enhanced regulatory data submission and compliance requirements.
- Strengthened data quality, consistency and timeliness in prudential and supervisory reporting.
- Enhanced collaboration between CBK and banks in advancing a more data-driven and digitally enabled regulatory ecosystem.

**5. Cashless Economy and Digital Payments**

**Agenda**

In 2025, the banking sector continued to support CBK’s cash-lite agenda through ongoing implementation of the National Payments Strategy 2022–2025.

Key areas of focus included:

- Expanding interoperable digital payments
- Advancing adoption of the Kenya QR Code standard
- Strengthening merchant payment capabilities
- Supporting broader sector efforts toward faster and more seamless retail payment infrastructure

These initiatives remained aligned with CBK’s vision of a secure, fast, efficient and collaborative payments system that supports financial inclusion and innovation.

**Impact Highlights:**

- Accelerated progress toward a more inclusive, efficient and less cash-dependent payments ecosystem.
- Improved convenience and efficiency in everyday payments through stronger interoperability, digital acceptance channels and merchant enablement.
- Strengthened the foundation for a more connected digital economy and future-ready national payments infrastructure.

**6. KEPSS Updates**

ISO 20022 Project and CBK Core Banking Upgrade

- ISO 20022 standards for the local industry were successfully implemented.
- CBK successfully went live with the core banking upgrade without any industry disruptions.

**Extension of KEPSS Operating Hours**

The operating hours were extended to 7:00 p.m., providing the banking industry with longer transaction processing hours.

**Conclusion**

The banking industry’s initiatives in 2025 demonstrate a deliberate and coordinated commitment to strengthening Kenya’s national payments ecosystem.

Through continued collaboration with CBK and other sector stakeholders, progress in digital payments adoption, regulatory and data integration initiatives, interoperability enhancements and support for a broader cash-lite economy agenda, the industry has:

- Strengthened the efficiency, resilience and reliability of the national payments infrastructure.

- Enhanced customer convenience, accessibility and confidence in digital financial services.
- Positioned the sector to support sustainable innovation, greater financial inclusion and the future growth of Kenya's digital economy.

## Looking Ahead – 2026 Strategic Focus

### 1. IPSL Projects

#### Rollout of the Mach 2 Project

Through Pesalink, the banking industry will provide customers with instant payments at lower costs. Implementation of this project is expected to improve customer experience and introduce additional services, including:

- Pesalink ID – Simplified bank account identification for payments
- Lipa na Bank – Person-to-merchant payments
- Agent Cash-In/Cash-Out – Full interoperability across agent networks

- Implementation of the KE QR Code Standard

### 2. NPS Policy and Bill Review

Review of the National Payments System policy and bill is currently underway and is expected to be implemented in 2026.

### 3. ISO 20022 Standards for Cross-Border Payments

The ISO 20022 standards for EAPS and REPSS messages are scheduled for implementation in 2026.

### 4. Industry Training

A task force was formed to spearhead industry training aimed at ensuring standardization of policies and regulations. The initiative will also promote information sharing across the banking industry.

## CREDIT AND ISLAMIC ADVISORY Sub-Committee

<b>Chair:</b>	Christine Mwai Marandu – Absa Bank
<b>Vice-Chair:</b>	Boniface Kioko – ABC Bank
<b>Secretary:</b>	Secretary – Dr. Samuel Tiriongo, KBA

### Committee Mandate

The Credit and Islamic Advisory Sub-Committee is mandated to deliberate on credit market developments, regulatory reforms and Islamic banking matters affecting the banking industry. The committee provides technical guidance and recommendations to support sound credit practices, pricing transparency and industry alignment with regulatory expectations.

### Key Achievements in 2025

#### 1. Development of an Industry Reference Rate

In 2025, the Credit and Islamic Advisory Sub-Committee championed the development of an industry reference rate, drawing lessons from the challenges experienced under the risk-based credit pricing framework.

The committee worked collaboratively with the Central Bank of Kenya (CBK) to support the development of a robust, credible and widely accepted pricing framework anchored on a generally accepted benchmark rate for loan pricing across the banking industry.

#### Impact Highlights:

- Supported development of a transparent and standardized loan pricing framework.
- Enhanced alignment of lending practices with international benchmark rate standards.
- Strengthened monetary policy transmission within the banking sector.

## 2. Revised Risk-Based Credit Pricing Model (RBCPM)

In August 2025, the Central Bank of Kenya issued the Revised Risk-Based Credit Pricing Model (RBCPM) aimed at strengthening monetary policy transmission and improving transparency in the credit market.

The revised framework followed a reassessment of the original 2019 model and addressed key industry concerns, including high lending rates and opaque pricing mechanisms.

A key reform under the revised model was the adoption of the Kenya Shilling Overnight Interbank Average (KESONIA) as the common reference rate for all variable-rate loans.

While CBK had initially proposed the Central Bank Rate (CBR) as the benchmark, stakeholder consultations resulted in the adoption of KESONIA to align with international best practices and global transition trends toward risk-free reference rates such as SONIA and SOFR.

In instances where KESONIA is unavailable or impractical, the CBR remains the designated fallback rate.

## 3. Loan Pricing Framework

Under the revised framework, lending rates are determined using the formula:

$$KESONIA + Premium ("K")$$

The premium component is defined by individual banks and incorporates:

- Operating costs related to lending.
- Return to shareholders.
- Customer-specific borrower risk premium based on credit-scoring models.

The CBK also introduced the “compounding in arrears” methodology for calculating interest rates, enabling lending rates to respond more effectively to prevailing market conditions.

To support implementation:

- The CBK publishes the KESONIA Compounded Index daily at 9:00 a.m.
- A five-day lookback period was introduced to allow banks sufficient time to notify customers of applicable interest charges.

### Impact Highlights:

- Improved transparency and consistency in credit pricing.
- Strengthened customer understanding of lending rates and pricing structures.
- Enhanced responsiveness of lending rates to market conditions.

## 4. Implementation Timelines

The revised RBCPM adopted a phased implementation approach:

- September 1, 2025: Effective date for all new variable-rate loans.
- February 28, 2026: Effective date for existing variable-rate loans following a six-month transition period.

## Credit and Islamic Advisory Key Highlights for 2025

Championed development of an industry reference lending rate

Supported adoption of KESONIA as industry benchmark rate

Advanced implementation of the revised RBCPM framework

Enhanced transparency in credit pricing and customer disclosures

Strengthened alignment with international benchmark rate practices

Supported phased implementation of variable-rate loan reforms

Improved responsiveness of lending rates to market conditions

Promoted standardized and transparent credit pricing practices

### 5. Transparency and Consumer Disclosure

Transparency remained a key pillar of the revised framework. Banks are required to publish:

- Weighted average lending rates.
- Weighted average premiums (“K”).
- All associated fees on the Total Cost of Credit (TCC) website.

#### Impact Highlights:

- Improved transparency in credit pricing across the banking sector.
- Enhanced consumer access to comparable lending information.
- Strengthened market discipline and customer confidence.

#### Conclusion

The initiatives undertaken in 2025 reflect the banking industry’s commitment to strengthening transparency, consistency and efficiency within Kenya’s credit market.

Through collaboration with the Central Bank of Kenya and industry stakeholders, the Credit and Islamic Advisory Sub-Committee contributed to:

- Development of a more transparent and market-responsive credit pricing framework.
- Adoption of internationally aligned benchmark rate practices.
- Enhanced consumer disclosure and improved credit market transparency.
- Strengthened monetary policy transmission and pricing consistency across the banking sector.

These reforms position the banking industry to support sustainable credit growth, improved customer confidence and a more resilient financial sector.

## FRAUD & SECURITY COMMITTEE

<b>Chair:</b>	Mr. Joseph Yegon – KCB Bank
<b>Vice-Chair:</b>	Ms. Alice Khaoya – Stanbic Bank
<b>Secretary:</b>	Ms. Naomi Mutua – I&M Bank
<b>Ass. Secretary:</b>	Mr. Joseph Mbogo – DTB Kenya

### Overview

The KBA Fraud & Security Committee is mandated to provide strategic oversight and coordination on industry-wide matters relating to fraud risk management, physical security, industry collaboration and emerging financial crime threats within Kenya’s banking sector.

The Committee is also responsible for stakeholder engagement, awareness programmes and capacity building among member institutions and key stakeholders.

### Committee Mandate

The Committee supports the banking industry through coordinated fraud and security risk management initiatives.

Its key responsibilities include:

- Ensuring fraud risks are adequately identified, assessed, shared and addressed through appropriate industry reporting frameworks.



**Kenya’s payments ecosystem continues to evolve toward a fully interoperable, real-time and digitally integrated environment.**



- Identifying information systems risks that may crystallise into fraud risks and facilitating the adoption of effective control measures across member institutions.
- Addressing physical security risks that could result in losses, including sharing incident learnings and recommending remedial controls.
- Receiving and reviewing quarterly fraud reports from:
  - The Bank Security Sub-Committee
  - The Bank IT Systems, Risk & Security Sub-Committee
- Evaluating enterprise risks (Pillar 1 and Pillar 2) that may impact the banking sector and escalating material concerns to the KBA Governing Council with recommended control enhancements.
- Liaising with regulators and key stakeholders within the financial ecosystem to strengthen the overall control environment, including:
  - Telcos
  - National Police Service
  - Banking Fraud Investigations Department (BFID)
  - Insurance companies
  - Regulators such as CBK, SASRA, IRA and CMA

## Key Achievements in 2025

### 1. Quarterly Meetings

The Committee successfully held four quarterly meetings during the year under review. These forums facilitated industry training, intelligence sharing and discussions on emerging fraud and security trends.

#### Meetings Held

- Q1 – Hosted by Stanbic Bank
- Q2 – Virtual Meeting (Microsoft Teams)
- Q3 – Hosted by Standard Chartered Bank
- Q4 – Hosted by Absa Bank

### 2. Engagement with BFID

Following the election of new Committee officials, an introductory engagement was held with Mr. Ali Samatar, Director of the Banking Fraud Investigations Department (BFID), on 10 July 2025.

The meeting focused on strengthening and harmonising collaboration between member banks, BFID and other stakeholders in the prevention, investigation and mitigation of fraud.

#### Impact Highlights:

- Strengthened collaboration between the banking industry and law enforcement agencies.
- Enhanced coordination in fraud investigations and intelligence sharing.

### 3. Capacity Building and Training

Committee members and stakeholders benefited from targeted training sessions during the year, including:

- Emerging cryptocurrency risks in Kenya and tracing of stolen crypto assets.

## Fraud & Security Key Highlights for 2025

Strengthened industry-wide fraud and security coordination

Held four quarterly meetings with improved collaboration

Deepened engagement with BFID and key stakeholders

Enhanced capacity building on emerging fraud and cyber risks

Established Card Fraud Task Committee for targeted response

Improved festive season fraud preparedness across banks

Expanded inter-agency and cross-sector collaboration

Strengthened overall fraud prevention and response frameworks

- Fraud training by ACFE Kenya Chapter.
- Latest fraud detection capabilities and tools.
- Security awareness and response briefings related to public demonstrations and civil unrest.

The Security Monitoring Task Force also reviewed and updated its Terms of Reference and provided industry guidance during the Gen Z anti-Finance Bill demonstrations.

#### **Impact Highlights:**

- Improved industry preparedness against emerging fraud threats.
- Enhanced fraud detection and response capabilities across member institutions.

#### **4. KBA Card Fraud Task Committee**

A dedicated Card Fraud Task Committee was constituted to monitor, manage and advise the industry on escalating card fraud threats and coordinate timely industry-wide responses.

The task force comprises representatives from member banks, the Security Sub-Committee, Mastercard and Visa.

#### **Key Outputs**

- Recommendations on standardised Tap-and-Go limits across member banks.
- Identification of card and merchant vulnerabilities.
- Guidance on merchant fraud triangulation risks.

#### **Impact Highlights:**

- Strengthened industry coordination in managing card fraud risks.
- Improved awareness of emerging merchant and payment card vulnerabilities.

#### **5. December Holiday Preparedness**

In anticipation of heightened fraud risks during the festive season, the Committee circulated a holiday fraud risk library to member banks.

This supported targeted monitoring and enhanced frontline staff awareness during the period.

#### **Impact Highlights:**

- Improved preparedness during high-risk transaction periods.
- Enhanced fraud monitoring and prevention during the festive season.

#### **6. Security Printer Inspections**

Committee members participated in security printer inspections during Q4 in collaboration with KBA and the Clearing Sub-Committee.

#### **Impact Highlights:**

- Strengthened oversight of secure printing processes and controls.
- Enhanced assurance on industry security standards.

#### **7. Inter-Committee Collaboration**

The Committee recorded significant progress in collaboration with other KBA committees, particularly the IT Risk Sub-Committee, strengthening cooperation among security, fraud and investigations practitioners across the banking industry.

Through the Learning & Development Sub-Committee, the Fraud & Security Committee organised cross-sector training programmes for stakeholders including:

- BFIU
- ODPP
- Judiciary
- KDIC
- Telcos

#### **Key Training Themes**

- Card fraud
- Financial forensics
- AI-driven fraud detection
- Digital fraud incident response
- Emerging crypto fraud trends
- Investigative roundtables

#### **Impact Highlights:**

- Strengthened multi-agency collaboration in combating financial crime.
- Improved sector-wide fraud investigation and response capabilities.

### Engagement with External Stakeholders

The Committee actively engaged external stakeholders during scheduled and ad hoc meetings in 2025, including:

- Kenya Revenue Authority (KRA)
- Safaricom
- Airtel
- Telkom
- BFID
- IPSL

### Attendance Record

The Committee successfully held four sittings during the year, with improved overall participation across member institutions; however, a small number of banks recorded low or no attendance, which remains an area requiring improvement.

### Election of Office Bearers

Following the completion of two consecutive terms by the outgoing office bearers, elections were conducted and the following officials confirmed:

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<b>Chair:</b>	Joseph Yegon	KCB Bank
<b>Vice-Chair:</b>	Alice Khaoya	Stanbic Bank
<b>Secretary:</b>	Naomi Mutua	I&M Bank
<b>Ass. Secretary:</b>	Joseph Mbogo	DTB Kenya

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### Looking Ahead – 2026 Strategic Focus

The Committee has prioritised the following initiatives for 2026:

- Lead structured training programmes for new security investigators at BFIU.
- Deepen collaboration with Cyber Fusion teams on cyber-related cases.
- Partner with ODPP and the Judiciary on complex fraud investigations.
- Promote collaborative investigations across law enforcement agencies.
- Deploy a centralised fraud database accessible to member banks.
- Identify and address data management gaps exposing institutions to fraud risk.
- Conduct fraud awareness and prevention training for university students.
- Engage Telcos, the Communications Authority and CBK on SIM card registration standards.
- Enhance training on best-practice risk management for cards and digital platforms.
- Review and update the Committee mandate following its elevation by the Governing Council.

## IT SECURITY AND RISK COMMITTEE

<b>Chair:</b>	Fredrick Oyanga – DTB Kenya
<b>Vice-Chair:</b>	Aamir Sheikh – Paramount Bank
<b>Secretary:</b>	KBA Secretariat (Patrick Kibui)

### Overview

The KBA IT Security and Risk Committee continued in 2025 to provide strategic leadership on technology risk, cybersecurity, fraud risk and broader security resilience across Kenya’s banking sector. Through oversight of the Bank IT Systems, Risk and Security Sub-Committee and the Bank Security Sub-Committee, the Committee advanced coordinated action on emerging threats, regulatory engagement, industry standards, fraud prevention, capacity building and stakeholder collaboration. This work strengthened the sector’s collective ability to anticipate, withstand and respond to an increasingly complex threat environment.

**Cybersecurity in 2025 shifted from risk awareness to active resilience and coordinated defence.**

## IT Security and Risk Key Highlights for 2025

Advanced sector-wide cyber resilience and threat coordination

Developed AI Usage Guidelines for the banking industry

Progressed ATM Security Best Practices framework

Strengthened cyber threat intelligence sharing initiatives

Enhanced collaboration with CBK Cyber Fusion Unit

Improved third-party and supply-chain risk oversight

Deepened regulatory engagement on cybersecurity requirements

Expanded industry cyber awareness and executive training

### Key Achievements in 2025

#### 1. *Cybersecurity Standards and Sector Resilience*

The Committee developed industry guidance to strengthen cybersecurity governance and resilience, including:

- Guidance on responsible use of Artificial Intelligence in banking.
- Updated ATM Security Best Practices addressing rising ATM fraud risks.
- These initiatives reinforced secure AI adoption, stronger ATM controls and improved sector-wide cyber resilience.

#### 2. *Threat Intelligence Sharing and Coordination*

Progress was made toward a structured industry threat intelligence-sharing framework. Key achievements included:

- Development of a proposed anonymized threat intelligence sharing model.
- Enhanced sharing of fraud indicators, cyber alerts and SIM-swap intelligence.
- Collaboration with CBK Cyber Fusion Unit and KE-CIRT.
- This improved early warning capabilities and incident response across banks.

#### 3. *Regulatory Advocacy and Industry Representation*

The Committee coordinated industry engagement with regulators on key policy matters, including:

- CAK directives on certificate authorities and .ke domains.
- Data protection and agent registration requirements.
- CBK cybersecurity oversight and incident reporting frameworks.
- These engagements ensured practical, risk-informed regulatory outcomes.

#### 4. *Third-Party and Supply Chain Risk*

Third-party risk remained a key focus area due to increasing ecosystem dependencies.

Actions included:

- Strengthening vendor risk assessment discussions.
- Enhancing oversight of service providers with system access.
- Promoting security audits and accreditation frameworks.
- This improved visibility and control of supply-chain risks.

#### 5. *Fraud, Card Security and Investigations*

The Committee strengthened fraud coordination through:

- Quarterly intelligence-sharing meetings.
- Establishment of a Card Fraud Task Committee.
- Collaboration with BFID on fraud prevention and investigations.
- Issuance of holiday fraud risk advisories.
- Participation in security printer inspections.

These efforts improved fraud detection and response coordination.

## 6. Capacity Building and Awareness

Training and awareness initiatives covered:

- AI-driven fraud risks and cybersecurity threats.
- Cryptocurrency and blockchain-related crime.
- Fraud detection tools and incident response.
- Public security risk briefings during civil unrest.

Collaboration with BFIU, ODPP, Judiciary, KDIC and telcos strengthened cross-sector learning.

## Impact in the Banking Industry

### Cybersecurity and Technology Risk

The Committee strengthened sector cyber resilience through improved standards, coordination and intelligence sharing.

#### Impact Highlights:

- Strengthened sector-wide cyber resilience.
- Improved threat detection and incident response.
- Enhanced alignment of cybersecurity practices.
- Strengthened regulatory engagement.
- Increased focus on cyber governance and accountability.

### Fraud Risk and Security Coordination

Fraud and security coordination improved across the banking ecosystem.

#### Impact Highlights:

- Improved preparedness for emerging fraud threats.
- Strengthened investigations and incident response.
- Enhanced card fraud monitoring and controls.
- Improved high-risk period preparedness.
- Deepened external stakeholder collaboration.

## Key Risk Themes Observed in 2025

The year highlighted several priority risks requiring continued attention:

- Sophisticated social engineering attacks.
- Insider threats.
- Third-party security weaknesses.
- AI misuse in cybercrime.
- Ransomware threats.
- Delayed vulnerability remediation.

These highlighted the need for stronger identity controls, vendor oversight and continuous security monitoring.

## Looking Ahead – 2026 Strategic Focus

1. Operationalise industry threat intelligence sharing framework.
2. Implement AI usage guidelines and ATM security standards.
3. Strengthen third-party risk governance and audits.
4. Deepen regulatory and stakeholder collaboration (CBK, CAK, ODPC, KE-CIRT, NC4).
5. Enhance fraud investigation collaboration and centralized fraud database.
6. Expand capacity building and cyber awareness programmes.
7. Strengthen sector resilience and recovery readiness frameworks.

## Conclusion

In 2025, the IT Security and Risk Committee strengthened Kenya's banking sector resilience through improved cybersecurity standards, enhanced threat intelligence sharing, stronger fraud coordination and deeper regulatory engagement. These efforts reinforced the sector's ability to manage evolving cyber, fraud and operational risks while building a stronger foundation for coordinated, intelligence-driven security management in 2026 and beyond.

## IT Systems, Risk and Security Key Highlights for 2025

Developed AI Usage Guidelines for banking institutions

Advanced ATM Security Best Practices framework implementation

Established industry cyber threat intelligence taskforce

Strengthened cyber incident coordination across member banks

Enhanced collaboration with CBK Cyber Fusion Unit

Improved third-party and vendor risk oversight

Coordinated industry cybersecurity regulatory engagements

Expanded cybersecurity awareness and technical capacity building

## IT SYSTEMS, RISK AND SECURITY Sub-Committee

**Chair:** Eston Kairu – Equity Bank  
**Vice-Chair:** Josephine Ajuoga – Family Bank  
**Secretary:** Mark Karige – Absa Bank

### Committee Mandate

The IT Systems, Risk & Security Sub-Committee is a sector-wide forum under the Kenya Bankers Association (KBA) mandated to coordinate industry efforts on technology risk management, cybersecurity and IT security.

The Committee serves as a collaborative platform for member banks to:

- Identify systemic IT and cyber risks and recommend mitigation measures.
- Develop and disseminate industry-wide security standards and best practices.
- Facilitate sharing of incidents, vulnerabilities and lessons learned.
- Coordinate engagement with regulators on IT and cybersecurity matters.

### Key Achievements in 2025

#### 1. Industry Standards & Security Guidance

In 2025, the Committee developed and advanced key industry security standards, including:

- AI Usage Guidelines for safe adoption of artificial intelligence in banking.
- Updated ATM Security Best Practices addressing ATM fraud and system hardening.
- Contribution to the Africa Cybersecurity Report (Kenya 2024/2025), supporting cyber resilience.

#### Impact Highlights:

- Strengthened cybersecurity governance and standards across the sector.
- Improved safe adoption of emerging technologies.
- Enhanced industry shift toward cyber resilience.

#### 2. Cyber Threat Intelligence & Incident Response

The Committee advanced structured collaboration on cyber threat intelligence through:

- Establishment of an industry threat intelligence taskforce.
- Development of a proof-of-concept anonymized threat-sharing framework.
- Engagement with global threat intelligence platform providers.
- Strengthened collaboration with CBK Cyber Fusion Unit and KE-CIRT/CC.
- Continuous sharing of cyber and fraud indicators (e.g., SIM-swap fraud, phishing, cloned sites).

#### Impact Highlights:

- Improved early warning and incident response capabilities.
- Enhanced sector-wide visibility of cyber threats.
- Strengthened coordinated defence across banks.

### 3. Third-Party & Supply Chain Risk Management

Third-party risk remained a key focus area due to increasing ecosystem interdependencies.

Key actions included:

- Elevating third-party risk as a standing industry priority.
- Strengthening oversight of payment aggregators and service providers.
- Promoting centralized fraud detection and vendor accreditation.
- Advocating for mandatory annual security audits of critical vendors.

#### Impact Highlights:

- Improved oversight of third-party technology risks.
- Strengthened control of ecosystem-wide vulnerabilities.
- Enhanced industry alignment on vendor risk management.

### 4. Capability Building & Awareness

The Committee supported industry-wide capacity building through:

- Executive and technical training on AI, cyber risk and fraud trends.
- Awareness programs on phishing and social engineering risks.
- Cross-learning between mature and developing institutions.
- Conversion of recurring issues into standardized industry guidance.

#### Impact Highlights:

- Improved cybersecurity awareness across all levels of leadership.
- Strengthened technical capability across member banks.
- Enhanced consistency in security practices.

## Regulatory Advocacy & Engagements

### 1. Communications Authority of Kenya (CAK)

- Coordinated industry response to PKI and .ke domain directive.
- Addressed implementation challenges and timelines.
- Secured flexibility on certificate use and domain adoption.
- Enabled phased compliance up to December 2026.

### 2. Data Protection (ODPC)

- Coordinated industry response to data minimization and agent registration requirements.
- Highlighted operational challenges affecting KYC and reconciliation.
- Supported unified industry position on data privacy implementation.

### 3. Central Bank of Kenya (CBK)

- Engaged CBK Cyber Fusion Unit on cybersecurity regulatory direction.
- Aligned industry initiatives with CBK cyber oversight frameworks.
- Strengthened industry participation in cyber drills and response planning.

### 4. National Cybersecurity Agencies

- Maintained collaboration with NC4 and KE-CIRT/CC.
- Streamlined cybersecurity advisory dissemination to banks.
- Strengthened national early-warning and coordination mechanisms.

## Major Milestones in 2025

- Established AI governance and ATM security taskforces.
- Finalized AI Usage Guidelines for industry adoption.
- Advanced ATM Security Best Practices framework.
- Developed industry threat intelligence sharing architecture.
- Engaged regulators on PKI, domain and data protection directives.
- Achieved regulatory flexibility on domain implementation timelines.
- Strengthened CBK-linked cyber intelligence collaboration.

## Challenges Encountered

### 1. Rapidly Evolving Threat Landscape

AI-enabled attacks and advanced social engineering increased in complexity.

### 2. Skills and Maturity Gaps

Uneven cybersecurity capabilities across institutions limited uniform adoption of controls.

### 3. Third-Party Risk Enforcement

Limited enforcement control over external vendors and service providers.

## Looking Ahead – 2026 Strategic Focus

### 1. Threat Intelligence Sharing

- Operationalize industry-wide cyber threat intelligence platform.
- Establish governance and CBK integration frameworks.

### 2. Security Standards Implementation

- Drive adoption of AI Usage Guidelines.
- Finalize and roll out ATM Security Best Practices.
- Expand guidance into cloud and data security.

### 3. Third-Party Risk Management

- Strengthen vendor audits, certification and incident reporting.
- Develop standardized industry vendor risk frameworks.

### 4. Regulatory Engagement

- Deepen collaboration with CBK, CAK, ODPC, KE-CIRT and NC4.
- Participate in cyber drills and coordinated response planning.

### 5. Capacity Building

- Expand executive cyber awareness programs.
- Strengthen technical training and mentorship initiatives.

### 6. Cyber Resilience

- Develop sector-wide recovery and crisis response playbooks.
- Enhance resilience testing and readiness frameworks.

### 7. Sub-Committee Maturity Framework

- Develop a structured maturity and performance measurement model.

## Cybersecurity Trends & Top Risks

- **Social Engineering:** Increased AI-enabled phishing, spear-phishing, and BEC attacks targeting executives and approval workflows.
- **Insider Threats:** Rising misuse of privileged access, control bypass, and staff-targeted fraud enabled by awareness and turnover gaps.
- **Third-Party Risks:** Increased exposure through vendors and service providers with uneven security maturity.
- **Artificial Intelligence:** Risks of data leakage and AI-enabled attacks, including automated social engineering and malware.
- **Ransomware:** Growth of Ransomware-as-a-Service increasing frequency and lowering attacker skill barriers.
- **System Vulnerabilities:** Delayed patching and weak remediation of critical and legacy systems increasing exploitation risk.

## FINANCIAL MARKETS COMMITTEE

<b>Chair:</b>	Philip Wambua – ABC Bank
<b>Vice-Chair:</b>	Wolfgang Omondi – Absa Bank
<b>Secretary:</b>	Andrew Muiruri – ACI Chair, Equity Bank

### Committee Mandate

The Financial Markets Committee (FMC), a representative body of the Kenya Banks Treasurers Forum (KBTF), is mandated to:

- Promote high standards of market conduct and discipline within Kenya's financial markets.
- Support the development and growth of financial markets.
- Facilitate training and professional development for bank dealers and treasurers.
- Engage regulators, KBA and other market stakeholders on industry matters.

## Key Achievements in 2025

### 1. Training and Capacity Building

The Committee facilitated industry training and professional development initiatives aimed at strengthening market conduct and technical expertise.

#### Key Training Initiatives

- CISI and ACI FMA joint webinar on Fairness and Integrity at Work: Addressing Ethical Challenges Based on the Global FX Code.
- ACI Dealing Certificate programme for certification of bank dealers.
- Financial Markets Derivatives training in partnership with ACI FMA.
- Launch of Euromoney’s The FX Files webinar series through ACI Kenya and ACI FMA.

#### Impact Highlights:

- Enhanced professionalism and ethical standards within financial markets.
- Strengthened technical capability among dealers and treasurers.
- Improved alignment with international FX market best practices.

### 2. Regulatory Engagement and Market Development

The Committee actively engaged the Central Bank of Kenya (CBK) on reforms within the fixed income markets, with discussions continuing throughout 2025.

The Committee also partnered with KBA leadership and the Chair of the Credit Committee in engagements on the introduction of KESONIA as Kenya’s risk-free benchmark rate.

Several Committee members participated in the KESONIA Workgroup supporting the implementation process.

#### Impact Highlights:

Strengthened collaboration between the banking industry and regulators. Supported development of Kenya’s financial markets infrastructure. Advanced adoption of internationally aligned benchmark rate frameworks.

### 3. Industry Activities

#### Corporate Social Responsibility (CSR)

ACI Kenya conducted a return CSR visit to Vijito School in Utawala, Embakasi, Nairobi on 17 May 2025.

#### Committee Elections

The Committee conducted elections in September 2025 and elected the following office bearers:

<b>Chairlady</b>	Mutahe Karuoro	Co-Operative Bank
<b>Vice Chair</b>	Peter Njuguna	KCB Bank
<b>Secretary</b>	Andrew Muiruri	ACI Chairman

## Financial Markets Key Highlights for 2025

Strengthened professionalism and ethical conduct in financial markets

Facilitated industry training for dealers and treasurers

Supported implementation discussions on KESONIA benchmark rate

Engaged CBK on fixed income market reforms. Enhanced collaboration with regulators and market stakeholders

Advanced derivatives and foreign exchange market training initiatives

Promoted alignment with international FX market standards

Conducted CSR activities and committee leadership elections

### Committee Members

- Mary Kanuku – DIB Bank
- Gachara Ng'ang'a – Citibank
- Anthony Nyuguto – Family Bank
- Joseph Nyamache – M-Oriental Bank
- Stephen Lagat – SBM Bank
- Venkatramani Muthusamy – DTB Kenya
- Kennedy Mutisya – KBA

### Conclusion

In 2025, the Financial Markets Committee continued to strengthen professionalism, market development and stakeholder engagement within Kenya's financial markets sector.

Through capacity building, regulatory engagement and collaboration with industry stakeholders, the Committee:

- Enhanced ethical and professional standards in financial markets.
- Supported market reforms and benchmark rate implementation initiatives.
- Strengthened technical capacity among dealers and treasurers.
- Promoted collaboration between banks, regulators and market participants.

These efforts continue to support the growth, integrity and resilience of Kenya's financial markets ecosystem.

## TAX COMMITTEE

<b>Chair:</b>	Peter Mungai – Absa Bank
<b>Vice-Chair:</b>	Wilfred Alambo – Equity Bank
<b>Secretary:</b>	Kennedy Mutisya – KBA

**Proactive industry engagement is shaping a more predictable and balanced tax environment for the banking sector.**

### Committee Mandate

The Tax Committee is mandated to coordinate industry engagement on tax matters affecting the banking sector, support tax policy advocacy, strengthen stakeholder collaboration and enhance industry capacity on emerging tax developments and regulatory requirements.

### Key Achievements in 2025

#### 1. Total Tax Contribution (TTC) Report

The Committee successfully published the KBA Total Tax Contribution (TTC) Report for the banking industry for FY2024. The report was officially launched in October 2025 by the KRA Chairman.

#### Impact Highlights:

- Enhanced visibility of the banking sector's contribution to the economy.
- Strengthened engagement with national stakeholders on tax matters.
- Improved transparency on the sector's tax contribution.

#### 2. Industry Tax Sensitisation Workshop

In partnership with EY Kenya, the Committee hosted an industry-wide tax sensitisation workshop in September 2025.

### Key Topics Covered

- Finance Act 2025 and its implications
- Selected tax issues and recent case law
- Transfer pricing
- International tax developments and multilateral instruments
- Current tax matters impacting the banking sector, including audit management

### Impact Highlights:

- Improved industry understanding of emerging tax developments.
- Enhanced tax compliance awareness across member institutions.
- Strengthened industry preparedness for tax audits and regulatory changes.

### 3. Tax Policy Advocacy

The Committee made proposals and presentations to:

- The National Treasury
- The Parliamentary Committee on Finance and National Planning
- These submissions focused on the Finance Bill/Act 2025 and industry tax concerns.

### Impact Highlights:

- Strengthened industry representation in tax policy formulation.
- Promoted consideration of banking sector perspectives in legislative processes.

### 4. Judiciary Capacity Building

The Committee partnered with the Judiciary Academy and other stakeholders to conduct a capacity-building session for Commercial Division judges in January 2025.

### Impact Highlights:

- Enhanced understanding of banking-sector tax matters within the Judiciary.
- Supported informed adjudication of tax disputes affecting the sector.

### 5. Engagement with Kenya Revenue Authority (KRA)

The Committee submitted industry feedback to KRA on the review of the Allowability of Bad Debts Guidelines.

### Impact Highlights:

- Strengthened collaboration between the banking industry and KRA.
- Supported practical and risk-informed tax administration approaches.

### 6. Tax Litigation and Industry Protection

The Committee took a proactive role in managing tax cases with wider industry implications, including pursuing early injunctive relief where necessary.

## Tax Key Highlights for 2025

Published the banking industry Total Tax Contribution report

Conducted Finance Act 2025 tax sensitisation workshop

Engaged National Treasury on Finance Bill 2025 proposals

Strengthened collaboration with KRA on tax matters

Supported Judiciary training on banking sector tax issues

Managed strategic tax cases with industry-wide implications

Achieved Supreme Court clarity on card network taxation

Enhanced industry advocacy on emerging tax developments

A key milestone achieved was Supreme Court clarity on withholding tax obligations for card network transactions.

#### Impact Highlights:

- Strengthened legal clarity on critical tax matters.
- Protected industry interests on high-impact tax disputes.
- Improved certainty within the card payments business environment.

#### Attendance Summary

The Committee held its meetings during the year with strong participation from member institutions. While overall attendance was positive, a few institutions recorded low participation, presenting an opportunity for improved engagement going forward.

#### Looking Ahead – 2026 Strategic Focus

- Strengthen engagement with KRA through regular consultative forums.
- Publish the 2025 TTC Report for the banking industry.
- Host post-Finance Bill/Act 2026 tax sensitisation workshops.
- Participate in Finance Bill/Act 2026 policy submissions.

- Continue partnership with the Judiciary Academy on tax training.
- Proactively manage tax disputes with broader industry implications.

#### Conclusion

In 2025, the Tax Committee continued to strengthen the banking sector’s engagement on tax policy, compliance, litigation and stakeholder collaboration.

Through industry advocacy, sensitisation initiatives, regulatory engagement and strategic litigation support, the Committee:

- Enhanced tax awareness and preparedness within the sector.
- Strengthened industry representation in tax policy discussions.
- Improved collaboration with regulators and the Judiciary.
- Protected the sector’s interests on significant tax matters.

These efforts continue to support a more predictable, transparent and collaborative tax environment for Kenya’s banking industry.

## COMPLIANCE COMMITTEE

<b>Chair:</b>	Hilda Gituro – DTB Kenya
<b>Vice-Chair:</b>	Anne Mureithi – Ecobank
<b>Secretary:</b>	Kennedy Mutisya & Yvette Mbaja – KBA

#### Overview

In 2025, the Compliance Committee continued to play a critical role in supporting member banks in addressing evolving compliance, regulatory and financial crime risks affecting the banking sector. The Committee focused on strengthening industry collaboration, deepening engagement with regulators and key stakeholders and advancing the adoption of practical, risk-based approaches to compliance implementation across member institutions.

Against the backdrop of Kenya’s FATF grey listing action plan and heightened regulatory focus on AML/CFT/CPF effectiveness, the Committee took a proactive role in supporting industry preparedness.

This included enhancing sector-wide understanding of emerging compliance obligations, driving alignment with regulatory expectations and facilitating targeted engagements aimed at addressing identified deficiencies within the financial sector.

The Committee convened regular monthly meetings throughout the year, providing a structured platform to deliberate on emerging regulatory developments, implementation challenges, evolving financial crime risks and key sector-wide compliance priorities. These engagements enabled timely information sharing, coordinated responses and strengthened the overall resilience of the banking sector's compliance framework.

## Key Achievements in 2025

### 1. AML/CFT Capacity Building and Kenya Action Plan Support

The Committee played a central role in strengthening the banking sector's AML/CFT/CPF framework, particularly following Kenya's inclusion on the FATF grey list. It coordinated targeted engagements to enhance understanding of emerging financial crime risks, evolving regulatory obligations and requirements under Kenya's Mutual Evaluation Review (MER) action plan.

These engagements aligned with national efforts led by the Central Bank of Kenya (CBK), the Financial Reporting Centre (FRC) and other competent authorities to address identified deficiencies and demonstrate measurable progress toward AML/CFT/CPF effectiveness.

Key focus areas included:

- Progress review and industry alignment on the Kenya Action Plan
- Analysis of emerging financial crime trends
- Terrorist financing and proliferation financing risks
- Digital financial crime risks, including fintech, mobile money and cyber-enabled threats
- Development of a Banking Sector Risk Assessment Framework

The Committee also facilitated knowledge-sharing sessions on:

- Beneficial ownership transparency
- Customer due diligence (CDD) effectiveness
- Identification and management of Politically Exposed Persons (PEPs)
- Sanctions screening and transaction monitoring
- Risk-based AML/CFT compliance frameworks

### Outcomes:

- Strengthened sector preparedness for MER action plan requirements
- Enhanced technical understanding of AML/CFT/CPF risks
- Greater consistency and harmonisation in compliance practices
- Progress toward risk-based, outcomes-focused compliance frameworks

## Compliance Key Highlights for 2025

Strengthened preparedness for FATF grey listing requirements

Delivered training on emerging financial crime risks

Developed guidance on CDD, beneficial ownership, PEPs

Facilitated dialogue with regulators on compliance expectations

Enhanced readiness for CRS reporting requirements

Strengthened capacity through MLRO conference participation

Deepened engagement with regulators and industry stakeholders

## **2. Industry Guidance and Regulatory Engagement**

The Committee maintained active engagement with regulators and stakeholders to address implementation challenges and promote best practices.

It provided a structured platform for member banks to:

- Raise compliance concerns
- Seek regulatory clarification
- Contribute to practical and consistent compliance approaches

Key areas of engagement:

- AML/CFT/CPF obligations
- Customer due diligence and onboarding
- Beneficial ownership verification
- Management of PEPs
- Regulatory reporting
- Onboarding of foreign nationals
- Data protection and confidentiality
- Digital financial services risks

These engagements led to the development of industry guidance notes on CDD, Beneficial Ownership and PEPs, supporting:

- Consistent implementation of regulatory requirements
- Harmonised industry practices
- Clarity in interpretation and application

## **3. Common Reporting Standards (CRS) Preparedness**

The Committee engaged with the Kenya Revenue Authority (KRA) to support preparedness for CRS obligations.

Focus areas included:

- Data collection and classification
- Customer due diligence requirements
- Reporting processes and timelines

These engagements helped clarify technical, operational and regulatory expectations, promoting consistent CRS implementation across the sector.

## **4. MLRO Conference**

The Committee supported industry participation in the Money Laundering Reporting Officers (MLRO) Conference convened by the Financial Reporting Centre.

The conference provided a platform for:

- Industry-regulator engagement
- Discussion of emerging financial crime risks
- Sharing best practices in AML/CFT/CPF compliance

Key outcomes:

- Strengthened collaboration between regulators and banks
- Enhanced technical capacity among compliance professionals
- Improved consistency in AML/CFT/CPF practices
- Support for national AML/CFT/CPF effectiveness objectives

## **Looking Ahead – 2026 Strategic Focus**

Looking ahead, the Committee will focus on enhancing the effectiveness, resilience and alignment of compliance frameworks across the banking sector.

### **Key priorities:**

- Strengthening industry compliance standards and guidance
- Supporting implementation of evolving AML/CFT/CPF obligations
- Enhancing sanctions compliance frameworks
- Strengthening financial crime risk management
- Supporting preparedness for emerging regulatory developments
- Deepening regulator and stakeholder engagement
- Promoting practical, risk-based compliance approaches
- Addressing risks related to virtual assets and VASPs
- Expanding sector-wide capacity building and collaboration

The Committee remains committed to supporting member institutions in fostering a robust, resilient and forward-looking compliance environment that safeguards the integrity and stability of Kenya's banking sector.

## Finance and Audit Key Highlights for 2025

Facilitated member banks' industry knowledge-sharing platform

Oversaw KBA 2026 budget and financial reviews

Guided IFRS S1 and S2 reporting templates

## FINANCE AND AUDIT COMMITTEE

**Chair:** Johnbosco Muia – Standard Chartered Bank  
**Vice-Chair:** Mary Wanjiru – Ecobank  
**Secretary:** Kennedy Mutisya – KBA

### Committee Mandate

The Committee provides strategic oversight on financial management, reporting integrity, budgeting processes and audit functions across the Association and its subsidiaries. It also supports industry alignment on emerging financial reporting standards, regulatory expectations and global best practices.

### Key Achievements in 2025

- Strengthened industry collaboration by facilitating structured knowledge sharing on emerging financial, accounting and regulatory challenges affecting member banks
- Provided comprehensive oversight of KBA financial processes, including detailed review and approval of budgets, management accounts and audited financial statements
- Guided the development and standardisation of industry reporting templates aligned to IFRS S1 and S2 sustainability disclosure requirements
- Enhanced transparency and accountability by reinforcing governance frameworks supporting financial reporting and audit processes across the Association

### Looking Ahead – 2026 Strategic Focus

- Review and rationalise KBA budgets to improve cost efficiency, resource allocation and alignment with strategic priorities
- Strengthen oversight of financial management, reporting processes and internal controls across KBA and IPSL operations
- Enhance governance and accountability frameworks to support robust financial decision-making and risk management
- Promote industry-wide adoption of sustainability and integrated reporting frameworks in line with evolving global standards
- Support capacity building initiatives to equip member banks with skills and knowledge on emerging finance, accounting and reporting standards

## Human Resource & Ethics Key Highlights for 2025

Successfully concluded and registered **2025–2027 CBA**

Maintained positive **labour relations** through dialogue

Conducted **industry-wide salary and benefits survey**

Expanded **benchmarking** across banking and adjacent sectors

Delivered **industry and bank-specific benchmark reports**

Promoted **HR excellence, ethics and best practices**

## HUMAN RESOURCE AND ETHICS COMMITTEE

**Chair:** Apollo Asol – NCBA Bank  
**Vice-Chair:** Grace Kanyiri – Standard Chartered Bank  
**Secretary:** Cynthia Muchiri – KBA

### Committee Mandate

The Committee promotes and maintains sound industrial relations and ethical standards within the banking industry while fostering professional human resource management practices across member institutions. It facilitates training and capacity-building programs to enhance workforce competence and provides a framework for collective bargaining negotiations on remuneration, pay scales and terms and conditions of service for unionisable employees. Additionally, it promotes ethical conduct, professionalism and best practices to support a stable, productive and reputable banking sector.

### Key Achievements in 2025

#### 1. Successful Conclusion of the 2025–2027 Collective Bargaining Agreement (CBA)

In 2025, the Committee, through the Association, successfully concluded negotiations for the 2025-2027 Collective Bargaining Agreement (CBA). The negotiations were conducted in a collaborative and constructive environment, reflecting the strong partnership between the banking industry and the Union.

The successful outcome demonstrated the industry's commitment to industrial harmony, fair employment practices and sustainable labour relations. Characterized by open dialogue, mutual respect and goodwill, the process balanced employee welfare with the sector's sustainability and competitiveness. The signing and registration of the CBA further strengthened the longstanding positive relationship between the Association and the Union while providing a stable framework for labour relations throughout the agreement period.

#### 2. Banking Industry Salary, Benefits and Human Capital Practices Survey

Recognising the challenge faced by member banks in accessing reliable industry-wide data on staff salaries, benefits and human capital practices, the Committee, through the Association initiated the Banking Industry Salary, Benefits and Human Capital Practices Survey in 2022. Prior to this, most surveys were conducted at individual bank level, often with limited benchmarking data from across the industry.

The survey, which is conducted every three years, was established to provide member banks with credible, comprehensive and data-driven insights on remuneration trends, employee benefits and emerging human capital practices across all staff roles within the banking sector.

In 2025, the Committee successfully facilitated the undertaking of the industry-wide Salary and Benefits Survey, marking a key milestone in strengthening data-driven human capital decision-making within the sector. The survey was conducted by Deloitte & Touch LLP and was designed to provide participating institutions with comprehensive insights on compensation and benefits practices within the financial services sector.

Recognising the evolving and highly competitive talent landscape, the survey extended beyond the banking industry to incorporate benchmark data from microfinance institutions, selected insurance companies, telecommunications firms and fintechs. This broader market approach enabled participating institutions to assess their competitiveness across adjacent sectors competing for similar talent pools.

The survey generated two key outputs:

- **Benchmarked Industry Report** – providing industry-wide insights on compensation, benefits, market trends and comparative analysis across banking, fintech, insurance and telecommunications sectors.
- **Bank-Specific Reports** – providing participating institutions with customized benchmarking analyses of their compensation and benefits structures against peer organizations.

The survey continues to support member institutions in enhancing competitiveness, strengthening human capital strategies and promoting best practices across the financial services sector.

### Looking Ahead – 2026 Strategic Focus

- **Sustaining Positive Industrial Relations**  
The Committee will continue to promote constructive engagement and collaboration with the Union to maintain industrial harmony within the banking sector. Key efforts will focus on proactive stakeholder engagement, continuous dialogue and strengthening the positive relationship between the industry and labour representatives to support a stable and productive work environment.
- **Industry Capacity Building**  
The Committee, through the KBA Institute, will continue to facilitate targeted capacity-building programmes for Human Resource practitioners across the banking sector. The programmes will cover emerging HR trends, leadership development organisational culture, ethics, workforce resilience, regulatory compliance and strategic human capital management.

These initiatives will specifically support Human Resource Managers and Learning & Development Managers in enhancing institutional capability, strengthening workforce effectiveness and promoting productivity and professionalism across the industry.

## Legal Affairs Key Highlights for 2025

**KES 11 Billion** value of matters **settled**

**595 total matters** referred to **mediation**

**535 matters** successfully **concluded** in 2025

**145 settlement agreements** reached by parties

**145 matters** remain **pending resolution**

**60 matters** still **pending scheduling/action**

**260 cases** ended with **no agreement**

**71 cases** were **terminated** before conclusion

**83% cases** with **banks as defendants**

**17% cases** with **banks as plaintiffs**

Average case **turnaround time 75 days**

## LEGAL AFFAIRS COMMITTEE

**Chair:** Evelyn Gachanjah – Standard Chartered Bank  
**Vice-Chair:** Beth Karanja – KCB Bank  
**Secretary:** Cynthia Muchiri – KBA

### Committee Mandate

The Legal Affairs Committee provides a platform for member banks to address non-competitive legal risk issues, monitors and analyses emerging legislation, regulations and policies affecting the banking sector and intervenes when necessary to protect industry interests. It advises the KBA Governing Council and the wider industry on the potential impact of proposed laws, policies and court rulings, facilitates stakeholder engagement on matters of industry-wide legal concern and supports capacity-building initiatives for legal teams across the sector.

### Key Achievements in 2025

#### Landmark Supreme Court Victory: KES 30 Billion Tax Exposure Eliminated

A major milestone in 2025 was the successful conclusion of a 13-year tax dispute, culminating in the Supreme Court judgment in Petition No. 12 (E014) of 2022, which eliminated an estimated KES 30 billion in potential tax exposure for the banking industry. The case, supported by the Legal Affairs Committee and the Finance and National Planning Committee through the Association, challenged the imposition of withholding tax on card scheme fees and interchange fees, filed by Absa Bank Kenya PLC.

The Supreme Court clarified that:

- Fees paid by acquiring banks to international card schemes (Visa, Mastercard, American Express) are not royalties under the Income Tax Act and are not subject to withholding tax.
- Interchange fees between acquiring and issuing banks do not qualify as management, professional, consultancy or technical fees and do not attract withholding tax.

This landmark ruling provided long-awaited legal certainty for digital payments, safeguarded the sector's financial position and reinforced Kenya's competitiveness as a financial services market.

#### Unlocking KES 11 Billion Through Mediation

The Banking Industry Mediation Programme continued to deliver significant impact, with matters resolved increasing from KES 8 billion in 2024 to KES 11 billion in 2025. Implemented in collaboration with the Judiciary, the programme provides a faster, lower-cost and value-preserving alternative to litigation.

By resolving disputes promptly, mediation:

- Unlocks capital otherwise tied up in long court processes, enabling redeployment into productive economic activity.
- Enhances sector efficiency and resilience by reducing non-performing assets and minimizing risk aversion by banks.
- Supports customer confidence and strengthens the banking sector's role in economic growth.

The programme's success underscores mediation as a critical tool for dispute resolution and financial stability in Kenya's banking sector.

#### **Policy and Regulatory Advocacy: 100% Adoption of Banking Sector Proposals in the Finance Bill**

The Committee achieved a significant policy advocacy milestone, with all three banking sector proposals adopted in the 2025 Finance Bill. Key outcomes included:

- Protecting customer privacy: Successfully opposed a proposal that would have required banks to integrate with KRA systems to access customers' banking data.
- Preserving fair dispute resolution: Blocked a proposal requiring taxpayers to settle disputed taxes before appeal processes.

- Transfer pricing certainty: Secured adoption of Advance Pricing Agreements to reduce transfer pricing disputes.
- Supporting housing development: Achieved extension of mortgage interest deductions to construction loans for residential housing.

Beyond the Finance Bill, the Committee actively engaged in legislative, regulatory and policy reforms, coordinating industry reviews, consolidating member feedback and representing industry positions on:

- Capital markets regulations
- CBK prudential and risk management guidelines
- Customer due diligence and beneficial ownership frameworks
- Banking (Fees) Regulations, 2025
- Public Participation Bill, 2025
- Anti-Corruption Laws (Amendment) Bill, 2025
- Anti-Money Laundering and Combating of Terrorism Financing Laws (Amendment) Bill, 2025
- Virtual Asset Service Providers Act

These achievements reflect the Committee's strategic role in shaping a stable, competitive and enabling environment for Kenya's financial sector.

## **PUBLIC RELATIONS COMMITTEE**

<b>Chair:</b>	Azmaira Thobani – DTB Kenya
<b>Vice-Chair:</b>	Fathia Abdulle – Gulf African Bank
<b>Secretary:</b>	NCBA Bank

### **Overview**

The KBA Public Relations (PR) Committee continued to support the implementation of the Association's Communications Strategy by providing strategic guidance, coordinating industry messaging, and strengthening engagement with key stakeholders. The Committee worked closely with the Secretariat and member banks to promote a consistent industry narrative, support advocacy initiatives, enhance public understanding of banking sector developments, and strengthen the industry's reputation through proactive communication and stakeholder engagement.

## Public Relations Key Highlights for 2025

Strengthened industry-wide communication and messaging consistency

Enhanced media engagement across member banks

Amplified KBA advocacy through strategic communications

Supported policy engagement and stakeholder awareness

Strengthened crisis communication preparedness and coordination

Expanded industry representation across key forums

Promoted banking sector contributions to growth

Improved public understanding of industry priorities

Supported consistent messaging across the industry

Strengthened trust and confidence in banking

## Key Achievements in 2025

### Strategy Participation

Engage in the development and implementation of communication strategies targeting both internal audiences (member banks and their employees) and external stakeholders (customers, media, and the general public).

### Leadership & Execution

Champion the adoption and execution of approved PR and communications initiatives across all member banks, ensuring consistency in messaging and implementation.

### Media & Public Engagement

Amplify the KBA agenda through member banks' communication channels to enhance public understanding of the banking industry and strengthen media engagement.

### Advocacy & Lobbying Support

Leverage initiatives and communication platforms to support KBA's advocacy efforts with national and county governments, as well as Parliament.

### Policy Input

Contribute to the KBA policy and lobbying agenda by identifying legislative gaps and proposing amendments or new policy frameworks that support a stable and enabling banking environment.

### Crisis Communication

Nominate the Committee Chairperson and Vice Chairperson to serve on the KBA Crisis Communications Committee and support coordinated industry responses during reputational risks.

### Industry Representation

Participate actively in industry forums, events, and engagements, including serving as speakers, panelists, or representatives of the Association.

## Looking Ahead – 2026 Strategic Focus

- **Finance Bill 2026 Advocacy:** Support engagement for a 5% PAYE reduction proposal aimed at enhancing disposable income, stimulating economic activity, and promoting sustainable government revenue growth.
- **MSME Growth Agenda:** Strengthen industry-wide communication of MSME support initiatives by showcasing success stories and highlighting banking sector commitments.
- **KBA Institute Branding & Communication:** Support strategic branding and communication initiatives to position the KBA Institute as a leading center for industry capacity building and professional development.

## Sport Committee Key Highlights for 2025

Delivered **Interbank Games** with strong industry **participation**

Fostered **collaboration** and **cohesion** through sporting activities

Ensured efficient **planning, budgeting,** and event **execution**

Advanced review of Games framework and **digital solutions**

Promoted **employee wellness** and active lifestyles industry-wide

## SPORTS COMMITTEE

**Chair:** Dennis Bosire – Absa Bank  
**Vice-Chair:** Simoen Kipketer – Co-Operative Bank  
**Secretary:** Arnold Wangila – KBA

### Committee Mandate

The Sports Committee is mandated to promote employee wellness, industry cohesion, and engagement across member institutions through organised sporting activities. The Committee provides strategic oversight on the planning, coordination, and delivery of interbank sports events, ensuring that such initiatives foster teamwork, collaboration, and a healthy work-life balance within the banking sector. Additionally, it seeks to enhance participation, strengthen governance frameworks, and leverage innovation to improve the efficiency and impact of sports programmes.

### Key Achievements in 2025

- Successfully coordinated and delivered the 2025 Interbank Games, bringing together over 9,000 staff from 38 member institutions.
- Strengthened stakeholder engagement by promoting collaboration, networking, team building, and healthy competition through sports.
- Oversaw planning, budgeting, and execution of events, ensuring efficient resource utilisation and successful delivery.
- Led the review of the Games management framework, exploring digital solutions to improve registration, scheduling, communication, and event administration.
- Promoted employee wellness and physical fitness through sustained participation in sporting activities.

### Looking Ahead – 2026 Strategic Focus

- Deliver a successful 2026 Interbank Games with an enhanced participant experience.
- Implement a digital platform to streamline registration, scheduling, communication, and reporting.
- Strengthen governance and reporting frameworks to enhance transparency, efficiency, and sustainability.
- Increase participation and broaden engagement across member institutions.
- Expand sporting disciplines to promote inclusivity and wider representation.
- Scale up employee wellness initiatives to support health, fitness, and work-life balance.
- Support capacity-building programmes on emerging finance, accounting, and reporting standards.



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