

## CBK eases money matters for SMEs

Small and medium enterprises should have it easy in money matters because of positive policy developments in the banking sector, a Central Bank of Kenya report on performance and developments in the banking sector shows...

By [Ngugi Mungai](#) 28 Aug 2015

According to the report, banks are also expected to remain stable and maintain an upward growth trend in the remainder of 2015. The CBK started most of these policy developments in 2010, with the main focus enhancing credit scoring, agency banking, savings and credit, and lowering interest rates.

### Credit reference bureaus

The report shows the credit information sharing mechanism continued to expand in the second quarter of 2015. The cumulative number of credit reports requested by banks increased from 826,921 in the first quarter to 1,446,841 in the second quarter. Over the same period, the number of reports requested by customers increased from 101,288 to 111,633. The credit information sharing mechanism helps SMEs to access credit without collateral or guarantee.

### Agency banking

The report shows banks have continued to contract varied retail entities to offer basic banking services on their behalf. The entities include security companies, courier services, pharmacies, supermarkets, and post offices. At the end of June, 17 commercial banks had contracted 36,080 agents, which had facilitated 175 million cumulative transactions valued at Ksh930.1 billion, compared to 149.4 million transactions valued at Ksh817.5 billion at the end of March.

### Microfinance banks

Microfinance banks increased from 10 to 12 in the second quarter. All the Microfinance banks had granted loans and advances worth Ksh43.3 billion, compared to Ksh41.1 billion in the review period. The microfinance banks deposit base stood at Ksh39.7 billion at June 2015. The main aim in microfinance banking is to enhance credit access for start-ups.

### Kenya Banks' Reference Rate Framework

The Kenya Banks' Reference Rate framework was rolled out in July 2014 to promote transparency and disclosure on credit pricing by banks. KBRR is a common interest rate base for all banks. KBRR is computed as an average of the Central Bank Rate (CBR) and the two-month weighted moving average of the 91-day Treasury bill rate. The CBK's Monetary Policy Committee reviews KBRR every six months. KBRR is set at 9.87% currently.