Financial Intermediation in Kenya
Data Summary 2013
Contents

Flow of Funds

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  • Quantity (simple indicators)
  • Quality (theory-based performance)

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  • Quantity
  • Quality

Household Sector
  • Institutions
  • Quantity
  • Quality
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- Financial Flows
- Capital Flows
  - Private Capital Flows
- Foreign Direct Investment
  - Net Inflows and Outflows (% of GDP)
  - Net Value (USD)
- International Remittances
Kenya

Financial Flows

Flow of Funds
- Macro-level Institutions
- Corporate Sector
- Household Sector

Net Financial Flows

Millions


($300) ($200) ($100) $0 $100 $200 $300

Bilateral
IMF concessional
IMF nonconcessional
IBRD
IDA
Multilateral
Others
RBD, Concessional
RBD, nonconcessional
Average

Source: Index Mundi
Kenya

Capital Flows

Flow of Funds
- Macro-level Institutions
- Corporate Sector
- Household Sector

Capital Flows (capital flows minus foreign direct investment)

- % of GDP
- Current US$

Source: Index Mundi
Kenya

Private Capital Flows

Flow of Funds
- Macro-level Institutions
- Corporate Sector
- Household Sector

Total Private Capital Flows (% of GDP)

Source: World Bank DataBank
Kenya

Foreign Direct Investment

Flow of Funds: Macro-level Institutions, Corporate Sector, Household Sector

Foreign Direct Investment - Net Inflows and Outflows (% of GDP)

Source: World Bank DataBank
Foreign Direct Investment

Flow of Funds: Macro-level Institutions, Corporate Sector, Household Sector

Foreign Direct Investment: Net Inflows (% of GDP)

Kenya

Source: World Bank DataBank
Foreign Direct Investment

Flow of Funds: ◆ Macro-level Institutions ◆ Corporate Sector ◆ Household Sector

Foreign Direct Investment: Net Outflows (% of GDP)

Kenya

Source: World Bank DataBank
International Remittances

Kenya

Flow of Funds

- Macro-level Institutions
- Corporate Sector
- Household Sector

Workers' remittances, receipts (BoP, current US$)

Source: World Bank DataBank
Part II: Macro Level Institutions

♦ Banking Sector
  • Bank Entry Requirements
  • Bank Entry Openness and Discrimination
  • Capital Accounts Restrictions
  • Banking System Economic Outlook 2013

♦ Macro Indicators
  • Gross National Savings
  • Government Savings
  • Gross Capital Formation
  • M2 as a % of GDP
  • Domestic Credit to Private Sector
# Bank Entry Regulations

## Flow of Funds

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public agency in charge of the approval of banking licenses</td>
<td>Central Bank of Kenya</td>
</tr>
<tr>
<td>Minimum Capital Entry Requirement</td>
<td>$2.40</td>
</tr>
<tr>
<td>Sources of funds to be used as capital verified by authorities</td>
<td>Not Required</td>
</tr>
<tr>
<td>Law enforcement authorities</td>
<td>Consulted</td>
</tr>
<tr>
<td>Assets that cannot be used to increase capital</td>
<td>None</td>
</tr>
<tr>
<td>Legal submission required for banking license</td>
<td>Draft by-laws; intended organizational chart; structure of board, market/business strategy; first 3-year financial projections; financial information on shareholders; background/experience of future board directors and senior managers; and the source of funds to be used as capital.</td>
</tr>
<tr>
<td>Maximum percentage of foreign ownership allowed</td>
<td>100%</td>
</tr>
<tr>
<td>In the past 5 years (2006-2010), number of foreign banks applications to enter through the acquisition of a domestic bank</td>
<td>4 out of 6 applications</td>
</tr>
<tr>
<td>Number of months it takes for a new banking license to be issued</td>
<td>6 months</td>
</tr>
</tbody>
</table>

Bank Openness and Discrimination

<table>
<thead>
<tr>
<th>Flow of Funds</th>
<th>Macro-level Institutions</th>
<th>Corporate Sector</th>
<th>Household Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Degree of Openness</strong></td>
<td><strong>Degree of Discrimination</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Components</td>
<td>Omit Rejection Rate</td>
<td>Actual Practice</td>
<td>Commitments</td>
</tr>
<tr>
<td>Actual Practice</td>
<td>Commitments</td>
<td>Actual Practice</td>
<td>Commitments</td>
</tr>
<tr>
<td>Kenya</td>
<td>0.275</td>
<td>0.3</td>
<td>0.075</td>
</tr>
</tbody>
</table>

*Higher values indicate less openness or more discrimination

Kenya practices a higher degree of openness and lower degree of discrimination for domestic entrants. Kenya also practices very high open and low discrimination compared to its commitments to the WTO.

Source: WTO “Foreign Banking: Do Countries’ WTO Commitments Match Actual Practices?”
Reforms: The government significantly liberalized current and capital account transactions in 1991 when it introduced foreign exchange bearer certificates of deposits (FEBCs) that allowed the bearer to redeem them for foreign exchange for any external transaction. In 1995, remaining foreign exchange controls were eliminated and with a few exceptions all restrictions on the capital account were removed. Financial sector reforms were largely neglected.

Result of Capital Account Liberalization: Kenya’s reform program failed to attract significant inflows of foreign capital or to prevent the country from experiencing another economic crisis. Growth declined, inflation accelerated and inconsistent policies generated by the country’s first democratic elections in late 1992 resulted in an economic crisis in early 1993. The money supply expanded rapidly, resulting in a M2/GDP ratio that rose from 29.7 percent in 1990 to 37.1 percent in 1993. Pervasive weaknesses in the financial system exacerbated the crisis and prudential regulation and enforcement remained feeble as banks regularly breached legal reserve ratios.

Crisis: Beginning in late 1991, the economy moved into crisis as economic growth declined and inflation increased. Inconsistent policies pursued before the first democratic elections, including the misappropriation of public funds, deepened the crisis. Money growth and unsound financial practices mixed with weak regulation to cause widespread loss of confidence and a sharp depreciation of the currency.

Lessons: The essential lesson from Kenya’s experience is that rapid and wide-ranging liberalization in the context of major macroeconomic imbalances increases a country’s vulnerability to capital flows by providing legal channels for capital flight. For this reason the country experienced only small inflows of foreign investment and capital. The experience also clearly reveals that liberalization of the financial sector and the capital account is an insufficient condition for economic recovery. These reforms must be embedded in a larger reform process that addresses the major imbalances in the economy. It is also possible that capital account liberalization in the context of inadequate institutional capacity and insufficient accompanying structural and macroeconomic reforms.

Source: “Issues in Capital Account Convertibility in Developing Countries,” Benu Schneider, Overseas Development Institute, June 2000.
Kenyan banks enjoy higher net interest margins (10-13% vs. 3-5% in the U.S.) and lower cost-income ratios. Investors face macro-economic risks in terms of inflation and exchange rates, on a company level the banks look decidedly healthier in Kenya than the too-big-to-fail banks in the developed world.

**Barclays Kenya:**
- Loan-to-deposit ratio is 80% and it chose not to compete for deposits in 2012 as it felt deposits had become too expensive. As a result, its deposits market share has contracted slightly.
- Doubled its balance sheet to 118 billion Kenyan Shillings (USD 1.39 billion) in 6 years.
- Its non-performing loans are at 7% and trending down and their loan impairment stands at 1% and is stable. With new (tighter) banking regulations in the works, it is well positioned relative to more aggressive competitors.
- Barclays' greater Africa strategy is also being reconfigured to a more centralized structure as opposed to the current decentralized set-up whereby local countries report separately to London. This might allow Barclays to become a little less conservative and position itself more opportunistically in order to capitalize on the prospects for growth that abound across the continent.

**Equity Bank:**
- One of the market's favorites and for good reason: it has a great business model. Whereas other banks compete with each other, Equity Bank believes its largest competitor is the mattress. As stuffing your money under the mattress has a lousy real rate of return and questionable safety of principal,
- Equity Bank enjoys a lower and more stable cost of funds than other banks that cater to a more affluent clientele.
- It has one of the lowest cost-income ratios at 49%, as it uses agents rather than branches. It now has 50% of the banking customers in Kenya.

Gross National Savings

Flow of Funds ♦ Macro-level Institutions ♦ Corporate Sector ♦ Household Sector

Gross National Savings (% of GDP)

Source: World Bank DataBank
Kenya

Government Savings

Flow of Funds  Macro-level Institutions  Corporate Sector  Household Sector

Gross Government Savings (% rate)

Gross Capital Formation

Flow of Funds
- Macro-level Institutions
- Corporate Sector
- Household Sector

Gross Capital Formation (% of GDP)

- Kenya
- United States
- G5 Average

Source: World Bank DataBank
Kenya

M2 as a % of GDP

Flow of Funds 🟢 Macro-level Institutions 🟡 Corporate Sector 🟥 Household Sector

M2 (% of GDP)

Source: World Bank DataBank
Domestic Credit to Private Sector

Flow of Funds

- **Macro-level Institutions**
- Corporate Sector
- Household Sector

**Domestic Credit Provided to Private Sector (% of GDP)**

- **Kenya**
- **United States**
- **G5 Average**

Source: World Bank DataBank
Part III: Corporate Sector

- Corporate Regulation
  - Corporate Governance
  - Ease of Doing Business Index
  - Start-up Costs
  - Start-Up Environment Summary
  - Accounting Quality

- Stock Market Capitalization

- Large Firms
  - Marginal Product of Capital Dispersion

- Small Firms Financing
**Kenya**

**Corporate Governance**

<table>
<thead>
<tr>
<th>Economic Freedom Score (out of 100)</th>
<th>55.9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ranking (in 2013 index)</td>
<td>114th</td>
</tr>
<tr>
<td>Trend</td>
<td>Its score has decreased by 1.6 points since last year due to declines in half of the 10 economic freedoms including labor freedom, monetary freedom, and business freedom. Kenya is ranked 18th out of 46 countries in the Sub-Saharan Africa region, and its overall score is below the world average.</td>
</tr>
</tbody>
</table>

**Flow of Funds**

- **Macro-level Institutions**
- **Corporate Sector**
- **Household Sector**

**Country Comparisons**

<table>
<thead>
<tr>
<th>Country</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>55.9</td>
</tr>
<tr>
<td>World Average</td>
<td>59.6</td>
</tr>
<tr>
<td>Regional Average</td>
<td>53.7</td>
</tr>
<tr>
<td>Free Economies</td>
<td>84.5</td>
</tr>
</tbody>
</table>

Source: The Heritage Foundation
Ranked 109 out of 183 countries in 2012.

Sources: World Bank Data Bank and Global Finance Magazine Online
Start-up Costs

Cost of Business Start-up Procedures
(% GNI per capita)

Source: World Bank DataBank
## Start-Up Environment Summary

### Flow of Funds

<table>
<thead>
<tr>
<th>Start-Up Procedure</th>
<th>Rank</th>
<th>Macro-level Institutions</th>
<th>Corporate Sector</th>
<th>Household Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Starting a Business</strong> (rank)</td>
<td>126</td>
<td>Getting credit (rank)</td>
<td>12</td>
<td>Protecting investors (rank) 100</td>
</tr>
<tr>
<td>Procedures (number)</td>
<td>10</td>
<td></td>
<td></td>
<td>Extent of disclosure index (0-10) 3</td>
</tr>
<tr>
<td>Time (days)</td>
<td>32</td>
<td>Strength of legal rights index</td>
<td>10</td>
<td>Extent of director liability index (0-10) 2</td>
</tr>
<tr>
<td>Cost (% of income per capita)</td>
<td>40.4</td>
<td>Depth of credit information index</td>
<td>4</td>
<td>Ease of shareholder suits index (0-10) 10</td>
</tr>
<tr>
<td>Minimum capital (% of income per capita)</td>
<td>0</td>
<td>Public registry coverage (% of adults)</td>
<td>0</td>
<td>Strength of investor protection index (0-10) 5</td>
</tr>
<tr>
<td><strong>Dealing with construction permits</strong> (rank)</td>
<td>45</td>
<td>Registering property (rank)</td>
<td>161</td>
<td>Paying taxes (rank) 164</td>
</tr>
<tr>
<td>Procedures (number)</td>
<td>9</td>
<td>Procedures (number)</td>
<td>9</td>
<td>Payments (number per year) 41</td>
</tr>
<tr>
<td>Time (days)</td>
<td>125</td>
<td>Time (days)</td>
<td>73</td>
<td>Time (hours per year) 340</td>
</tr>
<tr>
<td>Cost (% of income per capita)</td>
<td>211.9</td>
<td>Cost (% of property value)</td>
<td>4.3</td>
<td>Total tax rate (% of profit) 44.4</td>
</tr>
<tr>
<td><strong>Getting electricity</strong> (rank)</td>
<td>162</td>
<td>Trading across borders (rank)</td>
<td>148</td>
<td>Resolving insolvency (rank) 100</td>
</tr>
<tr>
<td>Procedures (number)</td>
<td>6</td>
<td>Enforcing contracts (rank)</td>
<td>149</td>
<td>*denotes reform making it easier to do business</td>
</tr>
<tr>
<td>Time (days)</td>
<td>146</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost (% of income per capita)</td>
<td>1208.2</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Source:
www.doingbusiness.org 2012 report
Accounting Quality

Kenya

Flow of Funds ◆ Macro-level Institutions ◆ Corporate Sector ◆ Household Sector

Rules for listed filings

• The IFRS is required for consolidated and standalone/separate financial statements
• Version of IFRS- IFRS as published by the IASB
• Subsidiaries of foreign companies or foreign companies listed on local exchanges are not subject to different rules

Rules for statutory filings

• As note, the IFRS or IFRS for SMEs is required for consolidated and standalone/separate financial statements. IFRS for SMEs is permitted for entities that meet the definition of SMEs (i.e. entities that do not have any public accountability or those entities that do not hold funds in a fiduciary capacity for a broad group of outsiders). SMEs also have an option of applying the full IFRS.
• Version of IFRS- IFRS or IFRS for SMEs as published by the IASB
• In addition to local GAAP statutory financial statements, are there any other regulatory financial statement requirements that permit or require the use of IFRS? - No
• IFRS conversion plans

Kenya

Stock Market Capitalization

Flow of Funds  Macroeconomic Institutions  Corporate Sector  Household Sector

Stock Market Capitalization (% of GDP)

<table>
<thead>
<tr>
<th>Year</th>
<th>Chile</th>
<th>United States</th>
<th>G5 Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988</td>
<td>40</td>
<td>60</td>
<td>50</td>
</tr>
<tr>
<td>1993</td>
<td>60</td>
<td>80</td>
<td>70</td>
</tr>
<tr>
<td>1998</td>
<td>100</td>
<td>120</td>
<td>110</td>
</tr>
<tr>
<td>2003</td>
<td>120</td>
<td>140</td>
<td>130</td>
</tr>
<tr>
<td>2008</td>
<td>160</td>
<td>180</td>
<td>170</td>
</tr>
</tbody>
</table>

Source: World Bank DataBank
# Large Firms

<table>
<thead>
<tr>
<th>Firm</th>
<th>Industry Type</th>
<th>Sales</th>
<th>Profits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya Airways</td>
<td>Airline</td>
<td>$1.3B</td>
<td>$15M</td>
</tr>
<tr>
<td>Safaricom</td>
<td>Telecommunications</td>
<td>$1.5B</td>
<td>$324M</td>
</tr>
<tr>
<td>East African Breweries Lmtd.</td>
<td>Beverages</td>
<td>$775M</td>
<td>$223M</td>
</tr>
<tr>
<td>Kenya Commercial Bank Lmtd.</td>
<td>Bank</td>
<td>$649M</td>
<td>$251M</td>
</tr>
<tr>
<td>Equity Bank Lmtd.</td>
<td>Bank</td>
<td>$441M</td>
<td>$226M</td>
</tr>
</tbody>
</table>

Kenya

Marginal Product of Capital Dispersion

Flow of Funds
- Macro-level Institutions
- Corporate Sector
- Household Sector

Marginal Product of Capital Spread (%)

Source: Misallocation, Property Rights, and Access to Finance: Evidence from Within and Across Africa
Kalemli-Ozcan and Orensen, NBER-Africa Project 2012
Small Firms Financing in 2007

- Percent of firms identifying access to finance as a major...
- Proportion of working capital financed by supplier credit (%)
- Proportion of working capital financed by banks (%)
- Percent of firms using banks to finance working capital
- Proportion of investments financed by equity or stock sales...
- Proportion of investments financed by supplier credit (%)
- Proportion of investments financed by banks (%)
- Proportion of investments financed internally (%)
- Percent of firms using banks to finance investments
- Percent of firms not needing a loan
- Proportion of loans requiring collateral (%)
- Percent of firms with a bank loan/line of credit
- Percent of firms with a checking or savings account

Source: Enterprise Survey
Part IV: Household Sector

- Consumer Laws and Regulations
- Consumer Quantity Indicators
  - Financial Access
  - Quantity Indicators
- Consumer Performance Indicators
- Cash-flows
  - Savings and Loans
  - B/S Market
Consumer Laws and Regulations

- Regulations Index and Rankings
- Legal Rights Index
- Consumer Rights Protections
- Real Estate Loan Regulations
Kenya Regulations Index and Ranking

Flow of Funds  •  Macro-level Institutions  •  Corporate Sector  •  Household Sector

Kenya Regulations Ratings

- Overall
- Credit Market Regulations
- Labor Market Regulations
- Business Regulations
- Ranking of 144 Countries (right-axis)

Source: Free the World 2012 Report
Legal Rights Index

Kenya

Flow of Funds

- Macroeconomic Institutions
- Corporate Sector
- Household Sector

Strength of Legal Rights Index

Source: World Bank DataBank
### Consumer Rights Protections

<table>
<thead>
<tr>
<th>Flow of Funds</th>
<th>Macro-level Institutions</th>
<th>Corporate Sector</th>
<th>Household Sector</th>
</tr>
</thead>
</table>

The Consumer Protection Act (CPA), enacted in 2012, provides punishment of businesses that knowingly sell sub-standard goods and lie on pricing. It also provides for warranties for damaged or injurious goods. According to the Act, firms which have been proven to have supplied sub-standard or injurious products will be liable to a raft of punitive measures including recalling such products from the market, repairing defects, replacing faulty products or issuing refunds to aggrieved customers.

- Requires regulators to involve consumers when making major decisions about services and products. Such firms would also be required to publicly disclose the nature and danger of defects on their products in conjunction with a newly created regulatory agency, The Competition Authority.
- Prohibits unfair trade practices and transactions that affect consumer rights like under-cutting and over-pricing of goods and services.
- Seek to create consumer awareness on goods and services in the market to ensure they are of high quality and meet health standards
- Prohibits use of misleading information to sell goods and services, which is expected to make companies more responsible in designing advertisements.
- The new law also seeks to curb unhealthy business competition through stringent vetting and monitoring of key undertakings such as mergers and acquisitions

The CPA lists banks, consultancies, and insurance firms as service providers. It also includes all those involved in the provision of, or the use or enjoyment of facilities for amusement, entertainment, transport, broadcasting, tourism, recreation, education or instruction. Analysts say that banks and insurance firms are expected to improve disclosure of information to customers

## Kenya

### Real Estate Loan Regulations

#### Flow of Funds
- **Macro-level Institutions**
- **Corporate Sector**
- **Household Sector**

<table>
<thead>
<tr>
<th>Product Feature</th>
<th>Typical Value</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Loan to value</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to 105%</td>
<td>This is in some specific cases for pension backed loan, where lenders have the collateral of a pension rather than the property.</td>
<td></td>
</tr>
<tr>
<td>Up to 80-95%</td>
<td>On owner-occupied residential property.</td>
<td></td>
</tr>
<tr>
<td><strong>Payment to Income</strong></td>
<td>Up to 85%</td>
<td>For investment Residential—(buy-to-let properties)</td>
</tr>
<tr>
<td>Up to 70%</td>
<td>For plot purchases</td>
<td></td>
</tr>
<tr>
<td>Up to 70%</td>
<td>Some of the larger lenders are willing to go this high in cases with low LTV, staff mortgages or some employer guarantee</td>
<td></td>
</tr>
<tr>
<td>Up to 50%</td>
<td>Is a typical value, although there is no clear definition of what income should be included</td>
<td></td>
</tr>
<tr>
<td><strong>Loan Maturity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to 25 years</td>
<td>Typically Loan Maturity cannot exceed retirement age</td>
<td></td>
</tr>
<tr>
<td>Down to 5 years</td>
<td>Smaller lenders routinely offer much shorter term mortgage loans of 5 to 7 years</td>
<td></td>
</tr>
<tr>
<td><strong>Interest Rates</strong></td>
<td>Up to 18.5%</td>
<td></td>
</tr>
<tr>
<td>Typical Rate of 14%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>As low as 6.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interest Rate Type</strong></td>
<td>Discretionary Variable</td>
<td>This was for 73% of all loans.</td>
</tr>
<tr>
<td>Short-term fixed, then variable</td>
<td>This may include a 2, 3 or 5 year fixed rate period followed by a variable rate. (18% of cases)</td>
<td></td>
</tr>
<tr>
<td>Fixed rate</td>
<td>A straight fixed rate was rare and probably applied only to short term loans of 7 years or less.</td>
<td></td>
</tr>
<tr>
<td><strong>Charges</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valuation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arrangement fees (1%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stamp Duty</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mortgage protection policy premium</td>
<td>There are no standard fees, and the amounts charged varied widely from one lender to another. The overall cost can be as much as 10% of the property value though including the stamp duty of 4% and an origination fee of 1 to 2%. In addition a realtor fee can be as much as 3 percent also.</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** World Bank Report *Developing Kenya’s Mortgage Market, 2011*
Quantity Indicators

Flow of Funds  ♦ Macro-level Institutions  ♦ Corporate Sector  ♦ Household Sector

♦ Financial Sector Participation: Savings
♦ Financial Sector Participation: Loans
♦ Bank Branch Access
♦ Banking Sector by Share
♦ Banking Sector by Type of Institution
♦ Domestic Credit
♦ Household Credit Composition
♦ Household Access to Amenities
♦ Household Access to Technology
♦ Automobile Ownership
♦ Mobile Phone Subscriptions
♦ Tertiary Education
♦ Pensions
♦ Life Insurance
Financial Sector Participation: Savings

Flow of Funds • Macro-level Institutions • Corporate Sector • Household Sector

Kenya

Financial Sector Participation (% of population 15+)

- Account at a formal financial institution
- Saved at a financial institution in the past year
- Saved any money in the past year
- Saved using a savings club in the past year
- Has a credit card
- Has a debit card

Source: World Bank Global Findex
Financial Sector Participation: Loans

Flow of Funds: Macro-level Institutions, Corporate Sector, Household Sector

Source of Loans (% of population 15+)

- Loan in the past year
- Loan from a financial institution in the past year
- Loan from a private lender in the past year
- Loan from an employer in the past year
- Loan from family or friends in the past year
- Loan through store credit in the past year

Source: World Bank Global Findex
Financial Sector Participation: Loans

Number of Depositors and Borrowers (per 1000 adults)

Note: Data includes number of resident customers that are nonfinancial corporations (public and private) and households.

Source: World Bank (International Monetary Fund, Financial Access Survey)
Kenya

Bank Branch Access

Flow of Funds
- Macro-level Institutions
- Corporate Sector
- Household Sector

Bank Branches (per 1000 adults)

Note: Data includes retail locations of resident commercial banks and other resident banks that function as commercial banks that provide financial services to customers and are physically separated from the main office but not organized as legally separated subsidiaries.

Source: World Bank (International Monetary Fund, Financial Access Survey)
Largest Banks by Market Share in 2012 (% of total banking assets)

- Kenya Commercial Banks Ltd, 13.1%
- Equity Bank Ltd, 9.3%
- Cooperative Bank Ltd, 8.6%
- Standard Chartered Bank, 8.4%
- Barclays Bank of Kenya, 7.9%
- CFC Stanbic Bank, 5.7%
- Other Banks, 47%

Source: Central Bank of Kenya
Kenya

Banking Sector by Type

Flow of Funds  ◆ Macro-level Institutions  ◆ Corporate Sector  ◆ Household Sector

Number of Financial Institutions in 2011

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Commercial Banks</td>
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<tr>
<td>Foreign Commercial Banks</td>
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<tr>
<td>Mortgage Company</td>
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<td>Representative Offices of Foreign Banks</td>
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<tr>
<td>Deposit-Taking Microfinance Institutions</td>
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</tr>
<tr>
<td>Forex Bureaus</td>
<td>112</td>
</tr>
<tr>
<td>Credit Reference Bureaus (CRBs)</td>
<td>2</td>
</tr>
</tbody>
</table>

Domestic Credit

Kenya

Flow of Funds  ♦ Macro-level Institutions  ♦ Corporate Sector  ♦ Household Sector

Domestic Credit Indicators (% of GDP)

Source: World Bank (International Monetary Fund, Financial Access Survey)
Household Credit Composition

Flow of Funds  ◆  Macro-level Institutions  ◆  Corporate Sector  ◆  Household Sector

Sources of Household Credit (% of total credit)

- **Commercial Banks**: 4% (Urban), 3.6% (Rural)
- **Microfinance**: 6.4% (Urban), 9.7% (Rural)
- **Building Societies/Mortgage**
- **Insurance Companies**
- **SACCOs**
- **Neighbors/Friends**
- **Grocery/Local Merchant**
- **Money Lender**
- **Employer**
- **Religious Institution**
- **NGOs**
- **Self-Help Groups**
- **Other Financial Institutions**

Source: Kenya Integrated Household Budget Survey Report 2005/6
Home Amenities

Flow of Funds  🌟 Macro-level Institutions  🌟 Corporate Sector  🌟 Household Sector

Share of Households with Access in 2009 (% of total households)

Radio: 76.7%
Television: 18.9%
Bicycle: 27.9%
Telephone: 9.6%
Refrigerator: 3.8%

Urban and Rural Access

Kenya

Access to Technology

Flow of Funds

Macro-level Institutions

Corporate Sector

Household Sector

Access to the Internet (% of population)

Source: ITU
Kenya

Auto Ownership

Flow of Funds  ♦  Macro-level Institutions  ♦  Corporate Sector  ♦  Household Sector

Motor Vehicles per 1000 people

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
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</tr>
</tbody>
</table>

Households with Cars in 2011 (%)  3.5
Urban (% with access)  7.3
Rural (% with access)  1.9

Source: World Bank Databank
Mobile Phone Subscriptions

Mobile Cellular Subscriptions (Per 100 People)

Source: World Bank DataBank
Tertiary Education

Gross Enrollment Trend (% population)

- Kenya
- United States
- G5 Average

Flow of Funds
- Macro-level Institutions
- Corporate Sector
- Household Sector
Pensions

Flow of Funds ⭐ Macro-level Institutions ⭐ Corporate Sector ⭐ Household Sector

Pension Assets (% of GDP)

% of GDP

2003 2004 2005 2006 2007 2008 2009 2010

Source: OECD
Life Insurance

Kenya

Flow of Funds  Macro-level Institutions  Corporate Sector  Household Sector

Life Insurance Penetration

Billions of USD

2006 2007 2008 2009 2010

% of GDP

2006 2007 2008 2009 2010

Source: Africas Insurance Organization
Kenya

Performance Indicators

Flow of Funds  ◆ Macro-level Institutions  ◆ Corporate Sector  ◆ Household Sector

◆ Household Income
◆ Unemployment Rate
◆ Household Balance Sheet
  • Use of Loans (Flow)
  • Interest Income and Expense
  • Household Wealth
Composition of Household Income by Source (% of total income)

- **2000**
  - Non-Poor: 49% Salary and Remittances, 17% Crops, 5% Informal, 5% Other
  - Poor: 89% Salary and Remittances, 13% Crops, 7% Informal

- **2004**
  - Non-Poor: 42% Salary and Remittances, 18% Crops, 13% Informal
  - Poor: 52% Salary and Remittances, 13% Crops, 19% Informal

- **2007**
  - Non-Poor: 42% Salary and Remittances, 19% Crops, 15% Informal
  - Poor: 47% Salary and Remittances, 12% Crops, 26% Informal

Kenya

Unemployment Rate

Unemployment Rate (% of labor force)

Flow of Funds  Maco-level Institutions  Corporate Sector  Household Sector

Source: World Bank Databank
Use of Loans in 2011 (% of population 15+)

- Outstanding loan for purchasing a home
- Outstanding loan for paying school fees
- Outstanding loan for home construction
- Outstanding loan for health or emergencies
- Outstanding loan for funerals or weddings

Source: World Bank Global FindEx
Interest Income and Expense

Flow of Funds

- Macro-level Institutions
- Corporate Sector
- Household Sector

Source: National Bank of Kenya
Kenya

Household Wealth

Wealth per adult (in USD)

Source: Credit Suisse Global Wealth Databook 2011