

Sustainable Banking Network (SBN) Member Case Study – COVID Special

Kenya – A Comprehensive Pandemic Response Led by the Kenya Bankers Association *



The Kenya Bankers Association (KBA), in partnership with the Central Bank of Kenya, has been working to cushion the public and banking industry from the adverse effects of the Coronavirus pandemic (COVID-19). Policy interventions introduced include the lowering of the cash reserve ratio to unlock capital for banks to restructure loans of customers who have been affected by COVID; the requirement to benefit from this program includes that the loans should have been classified as performing assets as at 2 March 2020. Based on an initial assessment of applications, KBA anticipates that loans of up to approximately USD 1.6 billion (Ksh 160 billion) will need to be restructured, with most customers seeking a one-year extension on their loan tenor. Banks have also waived mobile payment fees, including the industry’s bank account to bank account instant payment platform PesaLink, which operates 24 hours a day, seven days a week via mobile banking application and Web. Meanwhile, banks are working with their customers to ease access to capital, and common interventions include the lifting of working capital limits.

To determine the full scope of policy interventions that will be needed, KBA recently conducted a research study entitled *Spill Overs and Feedback Loops: The Banking Industry’s Response Scenarios to the Effects of COVID-19 Pandemic*. The study was based on a survey of KBA’s 46 member banks and outlines how banks forecast COVID effects ranging from Moderate (44 percent), High (35 percent) to Very High (15 percent). Out of the banks surveyed, 65 percent expect non-performing loans (NPLs) to increase to 14 percent from the current level of NPLs to gross loans of 12.4 percent.

In addition to policy engagement, the KBA Secretariat has played an instrumental role in supporting the banking industry. Within 48 hours after the announcement of the first COVID-19 case, KBA issued industry guidelines and launched a comprehensive

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GoDigitalBanking social media campaign. KBA also developed a phased crisis response plan through a technical committee comprised of risk and operations managers from the banks. KBA later joined the National Business Coalition on Coronavirus to develop and implement a national campaign dubbed “[Komesha Corona](#)” (put a stop to Coronavirus), which targeted Kenyans, especially within the informal settlements. Furthermore, KBA mobilized banks to raise more than USD 10 million (Ksh 1 billion) for the national COVID Fund. This fund is supporting the government with the procurement of critical equipment, including ventilators and testing kits, and disbursement of funds under the national social safety net program for the vulnerable and poor.

To raise awareness and build capacity, KBA has partnered with Amref, a non-profit health organisation based in Kenya with operations worldwide. Together with Amref, KBA has developed a capacity-building program. This program is implemented via Webinars and will be deployed via the KBA Sustainable Finance Initiative (SFI) e-learning platform, which has more than 32 thousand registered users or 98 percent of the banking staff population.

Finally, in the area of stakeholder engagement, KBA has commenced a weekly Webinar series, which has featured experts from EY, PWC, International Banking Federation, and the Federation of Kenya Employers. The one-hour weekly seminars focus on different aspects of COVID-19 and how it is impacting on bank performance and the economy.

About Sustainable Banking Network (SBN)

Established in 2012, SBN is a voluntary community of financial sector regulatory agencies and banking associations from emerging markets committed to advancing sustainable finance. The first global network of its kind focused on sustainable finance at market level, SBN represents 39 countries and US\$43 trillion (86 percent) of the total banking assets in emerging markets. SBN members are committed to moving their financial sectors towards sustainability, with the twin goals of improved environmental and social risk management (including disclosure of climate risks) and increased capital flows to activities with positive climate, environmental, and social impact. IFC is Secretariat and technical partner, assisting members to share knowledge and access capacity building that helps them design and implement national sustainable finance initiatives. For more information, visit www.ifc.org/sbn.

About Kenya Bankers Association (KBA)

Kenya Bankers Association (KBA) was registered as an Industry Association on 16th July 1962 by the Registrar of Trade Unions. In its formative years, the main aim of the Association was to cater for the interests of the member banks in negotiating terms and conditions of service of its unionisable employees and as far as possible standardize management practices so as to ensure harmony in the industry. Over time, the ambition of the Association evolved to include promoting industry development and economic growth by engaging the government and sector regulator, Central Bank of Kenya (CBK). This KBA ambition was reinforced in 2012 when the Association launched its new brand and ambition statement: *One Industry. Transforming Kenya*. For more information, visit <https://www.kba.co.ke>.