



ASSOCIATION FOR  
MICROFINANCE  
INSTITUTIONS -  
AMFI KENYA  
SECTOR REPORT  
DECEMBER 2021





## ACKNOWLEDGEMENTS

AMFI-K acknowledges the involvement and support of all contributors and editors towards the completion of this report.

AMFI-K would like to thank the participating Microfinance Institutions for sharing their financial data with AMFI-K. All those institutions are reporting on regular basis using the template shared by AMFI-K.

## ACRONYMS

AMFI-K	- Association of Microfinance Institutions (Kenya)
CBK	- Central Bank of Kenya
COMFIs	- Credit-Only Microfinance Institutions
GDP	-Gross Domestic Product
GOP	-Gross Outstanding Portfolio
HE	- His Excellency
KNBS	-Kenya National Bureau of Statistics
MFBs	- Microfinance Banks
MFI	-Microfinance Institutions
OLP	-Outstanding Loan Portfolio
PAR	-Portfolio at Risk
SACCOs	-Savings and Credit Co-operatives
SMEs	- Small Medium Enterprises
WASH	-Water, Sanitation and Hygiene
WMFIs	-Wholesale Microfinance Institutions
WSS	-Water Supply and Sanitation

## Table of Contents

ACKNOWLEDGEMENTS .....	0
ACRONYMS .....	2
EXECUTIVE SUMMARY .....	6
Table 1: Performance Highlights: 2021 .....	6
CHAPTER 1.0: INTRODUCTION .....	7
1.1 AMFI-K BACKGROUND .....	7
1.2 MISSION AND VISION STATEMENT .....	9
1.3 SITUATION ANALYSIS OF THE ECONOMY IN KENYA .....	9
Table 2 Yearly Economic Indicators. ....	10
1.4 THE NATURE AND STRUCTURE OF AMFI-K MEMBERSHIP .....	10
CHAPTER 2.0: PROGRAMS UNDERTAKEN BY AMFI-K TO ITS MEMBERS IN THE YEAR 2021.....	11
2.1 Water Credit Adoption Program .....	11
2.2 Financial Education and sustainable finance for the Microfinance Sector program. ....	12
2.3 Lobbying and Advocacy .....	14
2.4 Credit Information Sharing Petition.....	15
2.5 World Savings Week .....	15
2.6 Public relations workshop.....	15
2.7 Financial Education survey to MFI clients .....	15
2.8 Financial Education Concept Note .....	15
2.9 Credit Rotational Fund (CRF) .....	16
2.10 Housing Microfinance and women's Empowerment.....	16
CHAPTER 3.0: WHOLESALE MICROFINANCE INSTITUTIONS .....	19
3.1 Wholesale Microfinance Institutions Profile .....	19
Table 3: Wholesale MFIs Profile .....	19
3.2 Wholesale Microfinance Institutions Portfolio Analysis .....	19
Figure1: Wholesale Microfinance Institutions Portfolio .....	20
Figure 2: Wholesale Microfinance Institutions Portfolio at risk in different days .....	20
3.3 Wholesale Microfinance Institutions Portfolio Per Sector Analysis .....	21
Table 4: Wholesale Microfinance Institutions Portfolio per Sector .....	21
3.4 Categories of Loan Disbursement.....	22
Table 5: Wholesale Microfinance Institutions Loan Disbursement.....	22
CHAPTER 4.0: MICROFINANCE BANKS .....	23

4.1 Microfinance Banks Profile .....	23
Table 6: Number of Deposit Accounts in December 2021 Across the MFBs .....	23
Table 7: Microfinance Bank Sector Protected Deposits .....	25
Figure 3: Microfinance Banks Branch Network .....	26
Figure 4: Microfinance Banks Active Savers and Borrowers .....	27
Figure 5: Persons with Disability Number of Active Savers and Borrowers .....	28
4.2 Microfinance Banks Portfolio Analysis .....	28
Table 8: Microfinance Banks Portfolio at Risk Ageing .....	28
4.3 Microfinance Banks Loan Loss Reserve and Write offs .....	29
Figure 6: Microfinance Banks Loans Written-off and Loan Loss Reserve .....	29
4.4 MICROFINANCE BANKS BALANCE SHEET .....	29
Table 9: Microfinance Banks balance sheet .....	30
4.5 MICROFINANCE BANKS PROFIT AND LOSS ACCOUNT .....	32
Table 10: Microfinance Banks Profit & Loss Account .....	32
4.6 Microfinance Banks Portfolio Per Sector .....	33
Table 11: Microfinance Banks Portfolio Per Sector .....	34
4.7 MFBs Delivery Methods .....	35
Figure 7: Microfinance Banks Delivery Methods .....	36
4.8 Microfinance Banks Geographical Coverage .....	36
Table 12: Microfinance Banks Geographical Coverage .....	36
CHAPTER 5.0: CREDIT ONLY MICROFINANCE INSTITUTIONS .....	40
Figure 8: Credit Only Microfinance Institutions Branch Network .....	40
Figure 9: Adult and Youth active Savers and Borrowers .....	41
Figure 10: Active Savers and Borrowers among Persons with Disability .....	41
5.2 Credit Only Microfinance Institutions Portfolio Analysis .....	42
Table 13: Credit Only Microfinance Institutions Portfolio at Risk Ageing .....	42
5.3 Credit Only Microfinance Institutions Loan Loss Reserve, Write offs, Liabilities and Equity .....	42
Figure 11: Credit Only Microfinance Institutions Loan Loss Reserve and Write offs .....	43
Table 14: Credit Only Microfinance Institutions Liabilities and Equity .....	43
5.4 Credit Only MFIs Portfolio Per Sector Analysis .....	43
Table 15: COMFIs Portfolio Per Sector .....	44
5.5 Credit Only MFIs Delivery Methods Analysis .....	45
Figure 12: Credit Only Microfinance Institutions Delivery Methods .....	45
5.6 Credit Only MFIs Geographical Coverage .....	46

Table 16: COMFIs Geographical Coverage .....	46
ANNEXES .....	48
ANNEX 1: LIST OF THE PARTICIPATING MICROFINANCE INSTITUTIONS .....	48
REFERENCES .....	49

## EXECUTIVE SUMMARY

The Kenya Microfinance sector aims at helping low-income households to stabilize their income flows and save for future needs thus contributing to the growth of the national economy as well as reduction of poverty. In bad times, microfinance helps families and small businesses to cope and rebuild as experienced during the covid-19 pandemic, and in good times can help them prosper. The report gives an overview of the sector as per the AMFI-K membership. Chapter 2.0 gives an overview of the programs and activities conducted by AMFI-K to its members in the reporting period. Chapter 3.0 gives an overview of the performance of three Wholesale Microfinance Institutions based on data shared by the Wholesale MFIs consistently.

Chapter 4.0 gives an overview of the performance of twelve AMFI-K Microfinance Banks based on data collected from seven MFBs using the AMFI-K template and twelve MFB data from Central Bank of Kenya quarterly report (October-December 2021). Chapter 5.0 gives an overview of the performance of thirteen Credit Only MFIs based on data collected by using AMFI-K template.

**Table 1: Performance Highlights: 2021**

INDICATOR	Wholesale MFIs	MFBs	COMFIs
Gross Outstanding Portfolio	10,594,127,379.65	20,347,285,903.52	14,001,408,870.02
<b>Portfolio - Ageing (end of period)</b>			
Current (performing loans)	94.79%	66.19%	87.47%
PAR 1-30 days	1.66%	7.75%	4.59%
PAR 31-60 days	0.92%	2.49%	1.58%
PAR 61-90 days	0.00%	1.58%	1.02%
PAR 91-180 days	1.02%	6.39%	1.24%
PAR 181-365 days	2.90%	2.19%	1.37%
PAR >365 days	0.35%	13.35%	2.74%

Control lines PAR >30	4.08%	26.00%	7.94%
-----------------------	-------	--------	-------



## CHAPTER 1.0: INTRODUCTION

### 1.1 AMFI-K BACKGROUND

The Association for Microfinance Institutions Kenya (AMFI-K) is a member-based organization that was established and registered in 1999 under the societies Act, with the aim of building the capacity of the Kenyan Microfinance Industry. In her 23 years of existence, AMFI-K's membership has increased from the original 5 founder members to the current 56 fully paid up members in June 2021 serving over 6 million clients. The future of AMFI-K lies in its ability to meet and satisfy members' needs which in the end ensures members full participation in AMFI-K programs and funding of her activities. To achieve this, AMFI-K members are categorized as; Ordinary members (Microfinance Banks, Credit-Only Microfinance Institutions and Wholesale lenders to microfinance Institutions); Associate Members (Commercial Banks, Savings and Credit Co-operatives (SACCOs), Developmental institutions); Honorary Members (key persons who have contributed to the (Microfinance Institutions (MFI) industry) and Consultants (Microfinance experts). AMFI-K operations are guided by a strategic plan which is reviewed after every 5 years. This plan provides the roadmap towards both financial and operational self-sustainability through member driven activities and outreach strategies to reach more members offering microfinance services in order to ensure inclusivity. The current strategic plan documents 5 key result areas which were identified by members;

1. **Policy Advocacy:** The aim of this area of activity is to enhance collective action by its members and other stakeholders for an enabling policy and regulatory environment for the microfinance industry in Kenya. In order to deliver this mandate, the strategy assumes that AMFI-K's institutional capacity for advocacy and lobbying will be enhanced to ably support the development of an enabling environment for MFIs to

operate and increase their growth and outreach to continue expanding the financial inclusion to all Kenyans.

2. **Capacity Building:** This aims at strengthening the capacity of MFIs to deliver appropriate and sustainable microfinance services to low income people, through sensitization to members on issues affecting their operations, coordination of workshops and training courses that addresses the capacity gaps that exists in the market. To achieve this, AMFI-K conducts an assessment of members' capacity building needs and organizes demand-driven training, workshops and seminars on thematic areas and develop content specifically tailored to respond to members' needs.
3. **Networking and Linkages:** AMFI-K provides regular platforms for members to enhance effective collaboration with the local financial services providers, relevant stake holders to the industry and all other regional and international networks that are relevant to the members. To achieve this, AMFI-K participates in microfinance forums that provide a platform for peer to peer learning and to improve information sharing and dissemination.
4. **Research and Knowledge Management:** The key objective of this activity area is to provide members with timely and quality research and information that helps the industry, regulators, academicians and all other interested parties understand the microfinance's performance at a given period. A resource center is established at AMFI-K to ensure that information on the microfinance industry is systematically generated, stored, analyzed, and disseminated to help make informed decisions. This is achieved through industry data collection using a well-defined questionnaire, analyzed and published through the AMFI-K sector report.

5. **Sustainability:** The key objective of this pillar is to achieve both financial and operational sustainability of the association. To achieve this, AMFI-K members have identified sustainable sources of income which include and not limited to members' subscriptions, sale of periodical publications, trainings and other members supported activities.

## 1.2 MISSION AND VISION STATEMENT

### ***Vision statement***

To be the network of choice that promotes a conducive environment for microfinance providers in Kenya.

### ***Mission statement***

To champion the aspirations of microfinance institutions through advocacy, capacity building, linkages and research.

## 1.3 SITUATION ANALYSIS OF THE ECONOMY IN KENYA

The economy rebounded strongly in the first three quarters of 2021, supported by easing of COVID-19 restrictions and prompt Government interventions. Recent Kenya National Bureau of Statistics (KNBS) data provided clear evidence that the economy has been on a strong recovery path since 2020 Q4. The growth momentum remained strong in the third quarter of 2021, with the economy growing by 9.9 percent compared to a contraction of 2.1 percent in the third quarter of 2020. The strong performance was supported by continued recovery in manufacturing, construction, transport and storage, education, accommodation and food services, wholesale and retail trade. The agricultural sector remained subdued following unfavorable weather conditions in most parts of the country, which affected crop production (CBK, 2021).

In terms of the usage dimension, the banking services including mobile banking increased to 44.1 percent in 2021 from 40.8 percent in 2019. This is attributed to the increased usage of mobile banking accounts whose proportion rose to 34.4 percent in

2021 from 25.3 percent in 2019. Conversely, those who used physical bank branches declined from 29.6 percent in 2019 to 23.8 percent in 2021. In addition, the use of informal groups declined to 28.7 percent in 2021 from 30.1 percent in 2019, implying increasing formality in the financial sector, hence better regulation and safety (Fin Access, 2021).

Real Gross Domestic Product (GDP) is estimated to have grown by 7.5 per cent in 2021 compared to a contraction of 0.3 per cent in 2020 while inflation increased to 6.1% from 5.4% and Current Account Balance from -4.8% to -5.5% as shown in table 1 below.

**Table 2 Yearly Economic Indicators.**

<b>Yearly Economic Indicators</b>					
<b>Economic Indicators</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Inflation rate (average %)	7.99	4.69	5.2	5.4	6.1
Real GDP Growth Rates (%)	3.8	5.6	5.1	-0.3	7.5
Current Account Balance (Percent of GDP)	-5.9	-5	-5.3	-4.8	-5.5

*Source: CBK, KNBS, International Finance Statistics*

#### **1.4 THE NATURE AND STRUCTURE OF AMFI-K MEMBERSHIP**

As at 31<sup>st</sup> December 2021, AMFI-K membership comprised of 56 members categorized as 2 commercial banks, 12 Microfinance Banks (MFBs), 37 Credit Only Microfinance Institutions (COMFIs), 1 Sacco, 3 Wholesale Microfinance Institutions (WMFIs) and 1 Developmental Institutions. However, this report is restricted to 28 Institutions, those who shared the data were 7 MFBs, 13 COMFIs, 3 WMFIs and 12 MFB data from the (CBK) bank supervision annual report 2021. Due to the different nature of business, the data was analyzed in their respective categories.

## CHAPTER 2.0: PROGRAMS UNDERTAKEN BY AMFI-K TO ITS MEMBERS IN THE YEAR 2021.

### 2.1 Water Credit Adoption Program

Over the years, microfinance has proved to be a resilient tool in poverty alleviation and thus has been recognized as a key tool not only for improving community's standards of living, but also for national economic development.

Water and sanitation are one of the necessities of life. Safe water and adequate sanitation are critical for families for it decreases illness, improves health and lessens the burden on women and children. Sufficient water increases crop production and animal husbandry and thus improving household quality of living.

In our endeavor to strengthen the capacity of our MFIs to deliver appropriate and sustainable products and services to the communities we serve, AMFI- K in partnership with Water.org is piloting a Water Credit and Sanitation Program for microfinance institution in Kenya. The objective of this program is building the capacity of financial institutions to be able to provide financial solutions that meet clients' needs and bridge the barriers to safe water and sanitation.

Water.org provide budgetary support to AMFI-K who deploy this budget towards providing Water Supply and Sanitation (WSS) technical support to participating FIs. The first phase has been so far successful and eight MFIs have benefited on the program since August 2019 to the year 2021. The program support areas include;

- Marketing Research
- FI staff capacity building on
- WSS product development
- WSS product piloting and rollout
- WSS marketing strategies
- Financial support for marketing materials of the developed WSS products

Networking support for potential investors/ financial partners

## 2.2 Financial Education and sustainable finance for the Microfinance Sector program.

German Sparkassenstiftung has been involved in the institutional strengthening of the microfinance sector through various projects in Eastern Africa since 2009. The content of these projects was focused on financial education of the population, especially customers and members of Microfinance Institutions (MFIs) / Saving and Credit Cooperatives (SACCOs), vocational training for employees and managers of MFIs / SACCOs and institutional strengthening of partner organizations and MFIs / SACCOs.

AMFI-K has partnered with German Sparkassenstiftung Eastern Africa Kenya to promote financial inclusion in Kenya through a capacity development and financial education program. The program involves institutional strengthening of the microfinance sector in Eastern Africa. It focuses on financial education of the population, especially customers and members of Microfinance Institutions (MFIs) / Savings and Credit Cooperatives (SACCOs), vocational training for employees and managers of MFIs / SACCOs and institutional strengthening of partner organizations and MFIs / SACCOs.

The objective of the program is to work with MFIs through Association of Microfinance Institutions in Kenya (AMFI-K) to improve livelihoods by sustainably promoting financial inclusion. This was achieved through capacity building programs for the Microfinance Institutions and their clients in areas such as business development, governance, management, strategy development, technology, green finance and financial education among others.

The activities that was carried out in order to attain the expected objectives was as follows;



### **Activity 1; Simulation games**

We had three simulation games trainings which includes Micro business games (MBG), savings games and farmer's games. The five MFIs clients that have been trained on MBG are Jitegemea Credit Scheme, Musoni MFI, Hand in Hand Eastern Africa, JOYWO (Joyful Women) and SMEP MFB. Also, the two MFIs that have been trained on Savings games are Rafiki MFB and Hand in Hand Eastern Africa at the end of reporting period.

### **Activity 2; Trainers of Trainers (ToT) for MFI staffs**

A number of MFIs staff have been trained as trainers of trainers across the three simulation games as follows: **Micro business games**; SMEP, Rafiki, Century MF, Vision Fund, Hand in Hand Eastern Africa, Musoni and KWFT. **Savings games**; SMEP, Rafiki, Century MF, Vision Fund, Hand in Hand Eastern Africa, Musoni, Sumac MFB and KWFT. **Farmers games**; SMEP, Rafiki, Century MF, Vision Fund, Hand in Hand Eastern Africa, Musoni, Hazina and KWFT.

### **Activity 3; Wanji Game.**

Wanji game is an online voice financial literacy training that was developed for the MFI clients. In the reporting period, five MFIs were selected for the piloting stage and they include; SMEP MFB, Faulu MFB, Hand in Hand Eastern Africa, Juhudi Kilimo and Musoni.

### **Activity 4; MFI Management training**

A 3-day training on Delinquency and Portfolio management was held and 38 participants attended comprising of staff from 3 MFBS and 15 Credit Only MFI's

### **Activity 5; Product development training**

A 3-Day training on Product Development was held and 19 participants attended comprising of staff from 3 MFB's and 8 Credit Only MFI's as listed; Longitude Finance, KWFT, Vision Fund, Platinum Credit Limited, Fincredit Limited, Jitegemea Credit Scheme, Rafiki MFB, Juhudi Kilimo, Hazina Development Trust Limited, Musoni Microfinance and Hand in Hand Eastern Africa.

### **2.3 Lobbying and Advocacy**

With the support of the National Treasury aiming to promote and provide a regulatory framework for the Non-Deposit taking Microfinance Institutions, the following activities took place during the reporting period;

- ✓ Held a virtual consultative meeting with MFBs to discuss issues affecting the subsector and the proposed MF Bill 2021. Members of the MFBs attended and highlighted areas of concern for consideration by the Central Bank of Kenya and the need for a regulatory framework for Non-Deposit taking MFI's being one of them.
- ✓ Development of the Non-deposit taking regulations for Credit-only institutions meeting was held. 23 members of AMFI-K were in attendance representing 19 microfinance institutions. During the meeting, the inter-agency committee in which AMFI-K is represented presented the 1<sup>st</sup> draft of the proposed regulations to members for their review, comments and recommendations. Given the issues arising from the stakeholder's forum, the Secretariat developed and sent a letter to CBK (cc. National Treasury, officer of the AG, Solicitor general, and PS) to clarify the position of the credit only MFIs and the need to support the development of the regulations as provided for under section 3 of the MF Act 2006.

## 2.4 Credit Information Sharing Petition

With the support of a team of interested parties, a Petition against the Presidential Directive announced during the Mashujaa day, on Suspension of the Listing of Negative Credit was launched in which DSIK supported with the legal fees. However, the petition was declined.

## 2.5 World Savings Week

In partnership with DSIK, AMFI-K held a 2-day event to mark the World Savings week to promote savings to the community; it entailed a roadshow to sensitize the public on the importance of savings and an open day- savings expo. Century MFB, Maisha MFB, Sumac MFB and Post Bank participated.

## 2.6 Public relations workshop

This workshop was held to build the capacity of AMFI-K members with basic marketing and social media skills to attain efficient competencies. The workshop was attended by staff from SMEP MFB, Faulu MFB, Jitegemea Scheme, Eclof, Musoni Microfinance, Hand in Hand EA, Longitude Finance and AMFI-K.

## 2.7 Financial Education survey to MFI clients

AMFI-K and DSIK conducted a financial education survey to MFI clients. The MFIs who participated in the survey were; SMEP MFB, Faulu MFB, Jitegemea Scheme, Eclof, Musoni Microfinance, Hand in Hand EA and Longitude Finance. 281 samples were taken and this supported the development of a report. The major recommendation that was concluded was that a concept note is to be developed.

## 2.8 Financial Education Concept Note

AMFI-K developed a financial education concept note which DSIK approved. The main objectives of the document are;

- ✓ To financially include youth in primary, secondary and tertiary schools/institutions respectively, entrepreneurs in peri-urban and rural areas and farmers into the microfinance sector through financial literacy programs.
- ✓ Improve the financial performance of microfinance institutions by empowering their clients with basic business and financial management skills.
- ✓ Contribute towards the overall growth and sustainability of the microfinance sector in Kenya.

## 2.9 Credit Rotational Fund (CRF)

With the support of DSIK, the CRF was developed to provide:

- a) Low-interest loans to financially sound and compliant institutions of the microfinance sector as additional liquidity to meet the demand for loans of clients during and after the COVID–19 Pandemic (to mitigate the negative impacts on their businesses), especially the establishment and development of enterprises.
- b) After the end of the COVID-19 pandemic, eligible microfinance institutions will have the opportunity to repeatedly apply for loans from the fund, to contribute to the support of economic activities in Kenya

The implementation of the Credit Rotational Fund started in August 2021 and two MFIs were loaned by AMFI-K i.e. Jitegemea Credit Scheme and Sumac MFB who have benefited from the low-interest loans.

## 2.10 Housing Microfinance and women’s Empowerment

The program was supported by Habitat for Humanity International to build the capacity of MFIs to improve the quality and delivery of housing financial services in their institutions.

Project Objectives;

- ✓ Strengthen the capacity of AMFI-Kenya to provide member financial institutions and the financial service industry timely and relevant information for decision making in as far as housing microfinance to low-income households.
- ✓ Build capacity of member institutions to equip clients with housing consumer education around financing that can influence construction behavior and practices with the overall outcome of improved housing quality.
- ✓ Stimulate the financial services sector and related ecosystem to deliver housing financial interventions that serve the low-income population.

To achieve those objectives, the following initiatives were implemented;

- ***Research on housing consumer education and women's empowerment***

The research on housing consumer education and women's empowerment was completed and the Outcome Mapping and Harvesting report was disseminated to the participating MFIs and AMFI-K membership. Outcome Mapping was disseminated in the year 2020 and Outcome Harvesting was disseminated in the year 2021. The findings of this report are available on the AMFI-K website.

- ***AMFI-K Website***

As at the end of the year 2021, the AMFI-K website was already revamped.

- ***Housing Consumer Education (HCE)***

This was an initiative to develop and disseminate the AMFI-K HCE content to reach a number of households. The AMFI-K HCE content development was led by ARIFU in partnership with AMFI-K and Habitat for Humanity. From the AMFI-K HCE content, a partner HCE content was developed by ARIFU in partnership with the partners for the first phase. With good number of clients taking up the partner HCE content we held a dissemination workshop within the reporting period with AMFI-K

members in order to get a buy from AMFI-K members for the second phase of the program.

✓ **The second phase is onboarding the AMFI-K membership to benefit from HCE**

In this phase of the program, we were to onboard new institutions to benefit from the AMFI-K HCE content through the following ways;

1. Access for free through ARIFU platform open market
2. Institutions to pay a licensing fee for their clients to access AMFI-K HCE content by getting invited to the platform. With this, the MFI can monitor the participation of their clients in the training.
3. Become a partner and partner-generated content from AMFI-K HCE content for an MFI's clients will be developed. AMFI-K HCE content can be customized to suit the MFI's Housing product.

Within this phase, an email to all AMFI-K members detailing the options above was shared. Another approach to reach out to the members was effected through calls, visits and the proposals were presented to AMFI-K members. With this, there is need of various intervention to be able to onboard a number of AMFI-K members especially if the program was to be extended since the program came to an end as the year 2021 ended.

✓ **Business case study on Housing Consumer Education**

A business case study was commissioned and the finding was disseminated to the respective MFIs that participated in the training as well as to the HFHI team in September 2021. The case study was completed in the year 2021, however, it was not disseminated to the AMFI-K membership and the entire sector due to the sensitivity of the findings to the respective MFIs.



## CHAPTER 3.0: WHOLESALE MICROFINANCE INSTITUTIONS

As at 31<sup>st</sup> December 2021, AMFI-K comprised of three Wholesale Microfinance Institutions (WMFIs) which include MESPT, Soluti Finance East Africa ltd and Oiko Credit. The three shared the data as requested and the analysis is as follows;

### 3.1 Wholesale Microfinance Institutions Profile

As at 31<sup>st</sup> December 2021 the three WMFIs total number of staff, partnering Financial Institutions (FIs), active total number of FIs, active number of MFIs, active loans and total loan disbursed within the year ending December 2021 was 26, 85, 75, 71, 144 and 58 respectively as shown in table 3 below. The number of staffs is quite low and the average loan size for the three MFIs was 20M, 63.2M and 224.0M respectively due to their nature of WMFIs business.

Table 3: Wholesale MFIs Profile

WHOLESALE MFI PROFILE	
Number of Staff	26
Total No. of Partnering FIs	85
Number of active Partnering FIs	75
Number of active Partnering MFIs	71
Total number of active loans	144
Total loan disbursed within the year ending Dec 2021	58

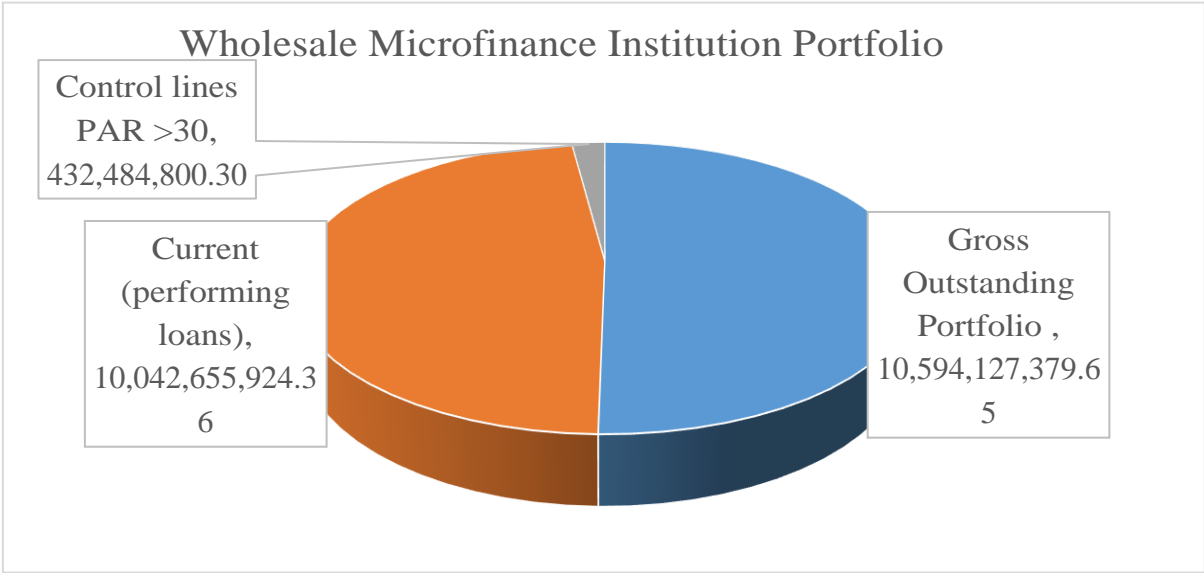
Source; AMFI-K data 2021

### 3.2 Wholesale Microfinance Institutions Portfolio Analysis

In the year ending 31<sup>st</sup> December 2021, the wholesale MFIs had a total Gross Outstanding Portfolio (GOP) of Ksh10.6B which is a significantly higher than the Ksh6.336B GOP in the same period last year. From the total GPO, the Portfolio at Risk above 30 days (PAR>30) was Ksh432.5M which represents 27.1% of the GOP. The PAR>30 days if

significantly higher than the 3%PAR>30 days in same period last year. The current performing loan of the GOP is Ksh10.0B which represents 94.8% of the GOP.

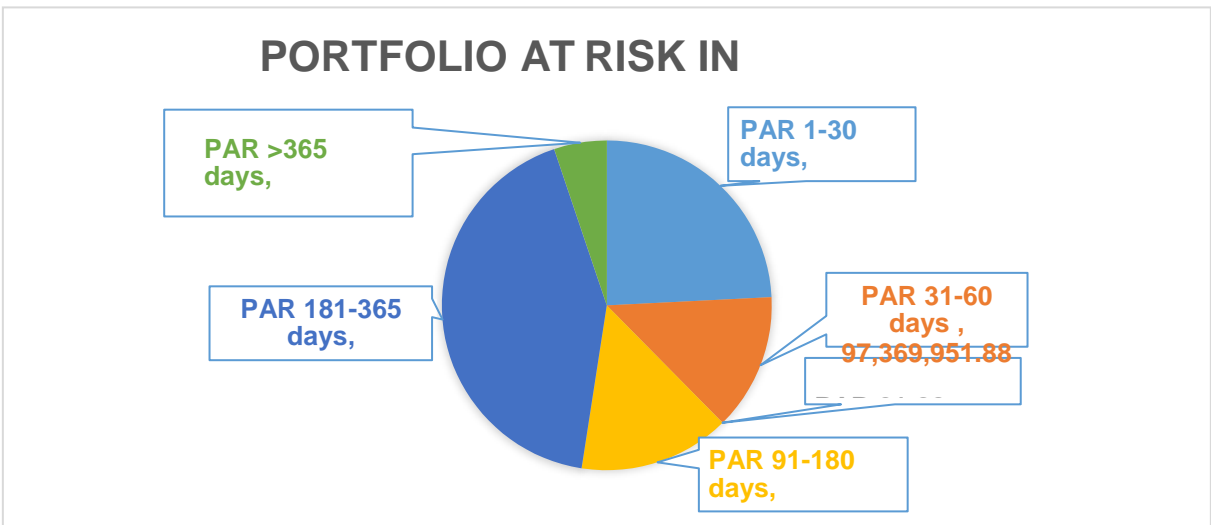
Figure1: Wholesale Microfinance Institutions Portfolio



Source; AMFI-K data 2021

The total portfolio at risk in different days for the three MFIs as at the end of December 2021 was as follows. The PAR 1 to 30 days, 31 to 60 days, 61 to 90 days, 91 to 180 days, 181 to 365 days and above 365 days was Ksh175.6M, Ksh97.4M, Ksh0, Ksh107.5M, Ksh307.7M and Ksh37.5M respectively as shown in figure two below.

Figure 2: Wholesale Microfinance Institutions Portfolio at risk in different days



Source; AMFI-K data 2021

### 3.3 Wholesale Microfinance Institutions Portfolio Per Sector Analysis

As at 31<sup>st</sup> December 2021, the three Wholesale Microfinance Institutions (WMFIs) had various categories of sectors ranging from general loans to Housing as shown in table three below. Among these sectoral categories general loans/business loans had the highest number of loans with the least being real estate with 49 and 3 number of loans respectively. The outstanding loan portfolio across the categories was highest in financial inclusion and least in green facility sectors with Ksh5.5B and Ksh49M respectively as shown in the table 4 below. Also, the portfolio at risk above 30 days was highest in financial inclusion and least in green facility sectors with Ksh297.7M and Ksh3.4M respectively. Asset financing category had no loans while real estate and housing sectors had no portfolio at risk above 30days as show in the table three below.

Table 4: Wholesale Microfinance Institutions Portfolio per Sector

Table 1: Wholesale Microfinance Institutions' Portfolio per Sector					
WHOLESALE MICROFINANCE INSTITUTIONS PORTFOLIO PER SECTOR					
Sectors	Categories.	Eg	Number OF	Outstanding Loan	PAR>30
	agricultural, renewable energy etc.		Loans	portfolio (KSH)	(Amount)(KSH)
	General Loan/Business		49	1,609,623,111	50,061,042
	Value Chain Fund		23	198,288,829	20,502,346
	Green Facility		8	49,817,229	3,438,155
	Financial inclusion		22	5,513,487,464	297,694,801
	Agriculture		33	2,246,781,921	43,609,741
	Renewable Energy		2	722,284,423	17,178,800
	Real Estate		3	147,608,411	-
	Asset Financing		-	-	-
	Housing		4	106,235,992	-
	TOTAL		144	10,594,127,380	432,484,885

Source; AMFI-K data 2021

### 3.4 Categories of Loan Disbursement

As at 31<sup>st</sup> December 2021 the three WMFIs disbursed loans to various categories ranging from regulated MFIs to the Financial Service Association as indicated in table 5 below. The categories had varied number of loans, Outstanding loan portfolio and the PAR>30 days. Regulated MFIs had the highest number of loans and renewable energy had the least number of loans, 33 and 2 respectively. Also regulated MFIs category had the highest outstanding loan portfolio while the least was financial service association with Ksh3.9B and Ksh2,4M respectively.

The WMFIs did not list all the number of loans, amount of Outstanding loan portfolio and amount PAR>30 days hence the difference in the totals with previous information shared above. However, the highest PAR>30 days was in non-regulated MFIs and the least was in financial service association with Ksh86.8M and Ksh2.5M respectively as shown in table 5 below.

**Table 5: Wholesale Microfinance Institutions Loan Disbursement**

<b>WHOLESALE MICROFINANCE INSTITUTIONS LOAN DISBURSEMENT</b>			
<b>Categories</b>	<b>Number of loans</b>	<b>Outstanding loan portfolio (KSH)</b>	<b>PAR&gt;30 (Amount (KSH))</b>
Regulated MFIs	33	3,948,225,324	-
Non-Regulated MFISs	34	2,065,377,567	86,750,049
Sacco's	25	298,859,807	9,813,782
Co-operative Societies	3	6,016,055	-
SMEs	16	1,718,746,032	18,574,258
Renewable Energy	2	722,284,423	-
Real Estate	3	147,608,411	-
Financial Service Association	4	2,473,195	2,473,195
<b>TOTAL</b>	<b>120</b>	<b>8,909,590,814</b>	<b>117,611,284</b>

*Source; AMFI-K data 2021*

## CHAPTER 4.0: MICROFINANCE BANKS

### 4.1 Microfinance Banks Profile

AMFI-K have a membership of 12 MFBs with peer distribution of 3 large, 3 medium and 6 small MFBs as shown in table 6 below. As at 31<sup>st</sup> December 2021, among 3 large MFBs only, Kenya Women MFB had a 5% total increase in number of deposit accounts while Faulu and Rafiki MFBs decreased in the total number of deposits accounts with 1.7% and 23.2% respectively when compared with the end of December 2020. Medium MFBs had positive increase in the number of deposit accounts with only Key MFB having a decrease of 10.3% across the two periods. All the small MFBs had a positive increase in the total number of deposit accounts with Caritas MFB having the highest percentage of 29.3% increase across the two periods while Uwezo MFB had the least increase of 0.2%. Generally, the total number of deposit accounts across all the AMFI-K MFBs increased by 3% from December 2020 to December 2021 and their respective number of deposit accounts below and above Ksh100,000 is as shown in table 6 below.

Table 6: Number of Deposit Accounts in December 2021 Across the MFBs

MICROFINANCE BANK SECTOR ACCESS TO FINANCIAL SERVICES - NUMBER OF DEPOSIT ACCOUNTS - DECEMBER 2021									
Microfinance Banks		Peer Group 2021	Dec-20			Dec-21			% change
			< 100,000	>100,000	Total	< 100,000	>100,000	Total	
1	Kenya Women Microfinance Bank Limited	Large	984,851	9,850	994,701	1,034,157	9,868	1,044,025	5
2	Faulu Microfinance Bank Limited	Large	365,033	8,961	373,994	359,041	8,503	367,544	-1.7
3	Rafiki Microfinance Bank Limited	Large	127,518	2,000	129,518	97,569	1,849	99,418	-23.2

4	SMEP Microfinance Bank Limited	Medium	544,132	1,911	546,043	554,307	2,026	556,333	1.9
5	Sumac Microfinance Bank Limited	Medium	10,780	343	11,123	12,379	575	12,954	16.5
6	KEY Microfinance Bank Limited	Medium	10,288	88	10,376	9,224	82	9,306	-10.3
7	Maisha Microfinance Bank Ltd	Small	451,952	101	452,053	486,459	125	486,584	7.6
8	Caritas Microfinance Bank Limited	Small	26,195	1,226	27,421	33,924	1,520	35,444	29.3
9	Century Microfinance Bank Limited	Small	23,391	160	23,551	24,268	198	24,466	3.9
10	U & I Microfinance Bank Limited	Small	6,696	119	6,815	7,221	171	7,392	8.5
11	Uwezo Microfinance Bank Limited	Small	6,063	15	6,078	6,082	8	6,090	0.2
12	Daraja Microfinance Bank Limited	Small	4,394	71	4,465	4,486	69	4,555	2
<b>Sub-Totals</b>			<b>2,561,293</b>	<b>24,845</b>	<b>2,586,138</b>	<b>2,629,117</b>	<b>24,994</b>	<b>2,654,111</b>	<b>3</b>

*Source: Banks Published Financial Statements (December 2020 and December 2021)*

Across the number of deposit accounts as indicated in table 6 above, some MFBs have some of the deposits protected. The amount of insured deposits against customer deposits is as shown in table 6 below across AMFI-K MFB members in the period ending December 2020 and December 2021. Majority of the MFBs had a negative amount of deposits insured when compared over the period but for those who had a positive difference the amount was huge hence the positive total difference in the two periods.



Majority of MFBs had a significant improve of the customer deposits as at the end of December 2021 when compared to December 2020 hence the many positive percentages change across the MFBs as shown in table 7 below except for Faulu, SMEP and Maisha MFBs who had -8.1%, -2.2% and -38.8% respectively. Generally, the MFBs had a total positive percentage change of 1.1% even though majority of the MFBs did not insure the customer deposits as at the end of December 2021 when compared to as at the end of December 2020.

**Table 7: Microfinance Bank Sector Protected Deposits**

MICROFINANCE BANK SECTOR PROTECTED DEPOSITS								
Microfinance Banks			Dec-20		Dec-21		Change in Insured Deposits Ksh. M	% Change in Customer Deposits
			Insured Deposits Ksh M	Customer Deposits Ksh. M	Insured Deposits Ksh. M	Customer Deposits Ksh. M		
1	Faulu Microfinance Bank Ltd	Large	3,804.10	22,931.30	21,052	21,074	17,247	-8.1
2	Kenya Women Microfinance Bank Ltd	Large	8,644	16,335		17,737	-8,644	8.6
3	Rafiki Microfinance Bank Ltd	Large	850	3,027	796	3,336	-54	10.2
4	Century Microfinance Bank Ltd	Medium	80	270	-	388	-80	43.6
5	SMEP Microfinance Bank Ltd	Medium	1,129	2,398	1,042	2,345	-87	-2.2
6	Sumac Microfinance Bank Ltd	Medium	11	978	1,266	1,266	1,255	29.5
7	Caritas Microfinance Bank Ltd	Small	501	1,943	621	2,501	120	28.7
8	Daraja Microfinance Bank Ltd	Small	33	97	-	101	-33	3.8
9	KEY Microfinance Bank Ltd	Small	42	74	-	80	-42	8.2

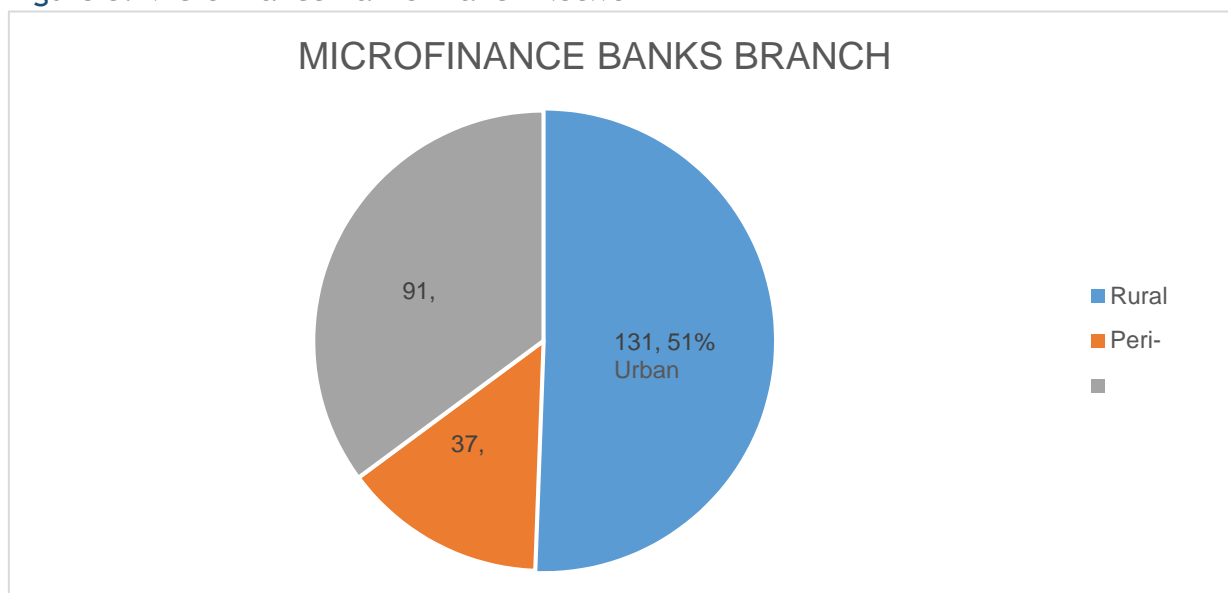
10	Maisha Microfinance Bank Ltd	Small	48	781	-	478	-48	-38.8
11	U & I Microfinance Bank Ltd	Small	55	368	-	423	-55	14.9
12	Uwezo Microfinance Bank Ltd	Small	509	10	-	20	-509	96.7
<b>Totals</b>			<b>15,706</b>	<b>49,212</b>	<b>24,777</b>	<b>49,749</b>	<b>9,070</b>	<b>1.1</b>

*Source: Banks Published Financial Statements (December 2020 and December 2021)*

Out of the 12 MFBs, 7 MFBs shared the data as at 31<sup>st</sup> December 2021 and the total number of staff was 2,550. The 7 MFBs had a total of 492,821 male clients and a total of 1,533,726 female clients hence more women clients than the male clients. The active number of male and female clients for the seven MFBs was 109,805 and 298,345 respectively while the total number of active loans stood at 312,553. The average loan size for the MFBs that shared the data ranged from Ksh7,885 to Ksh934,905.

The number of fully pledged branches in the MFB sector was distributed across the urban, peri-urban and rural areas as show in figure 3 below.

**Figure 3: Microfinance Banks Branch Network**

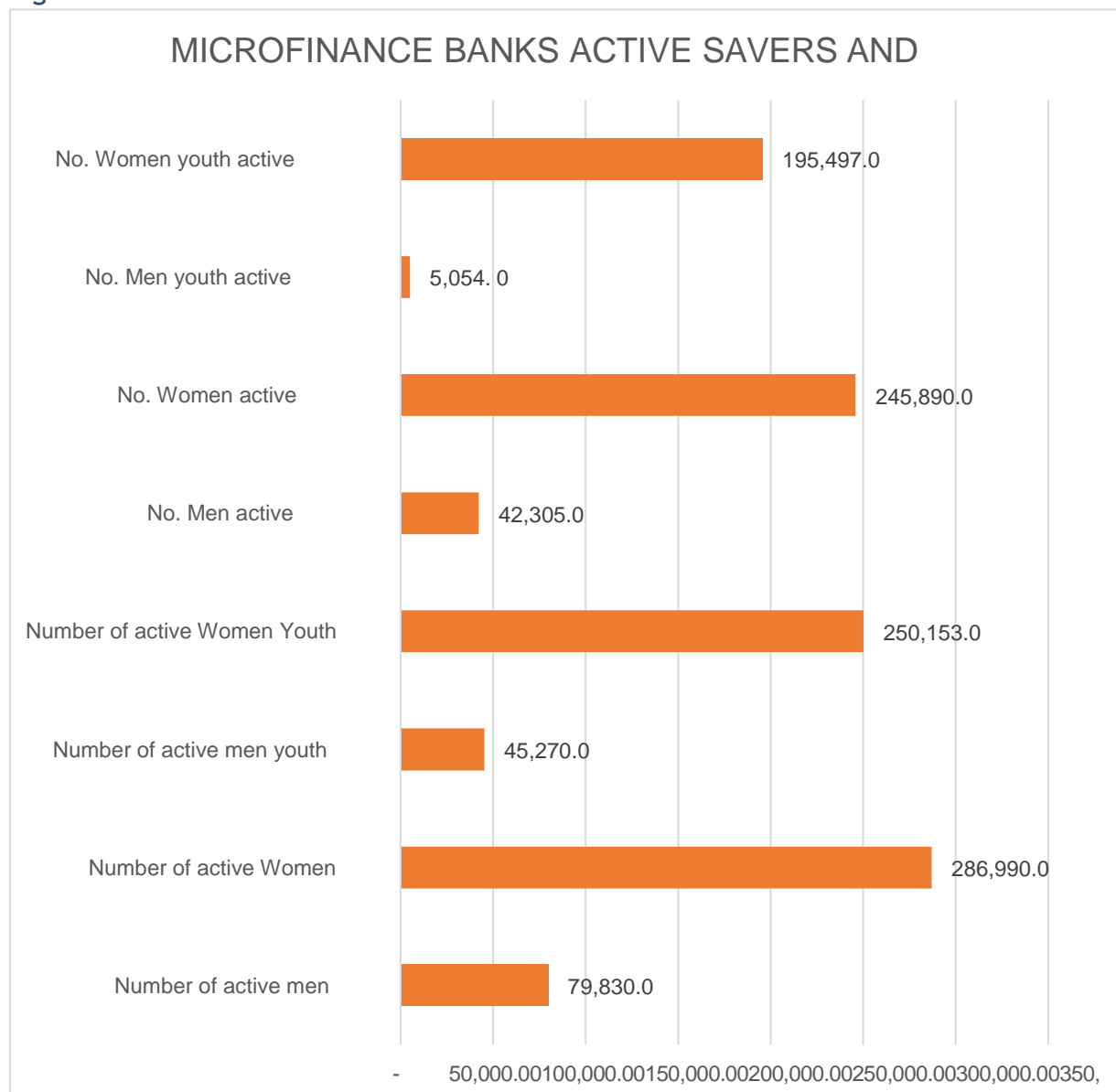


*Source: AMFI-K data 2021*

The number of active men savers and active women savers was 79,830 and 286,990 respectively while the number of active men youth savers and active women youth saver was 45,270 and 250,153 respectively as shown in figure 4 below.

The number of active men borrowers and active female borrowers was 42,305 and 245,890 respectively while the number of active men youth borrowers and active female youth borrowers was 5,054 and 195,497 respectively as shown in figure 4 below.

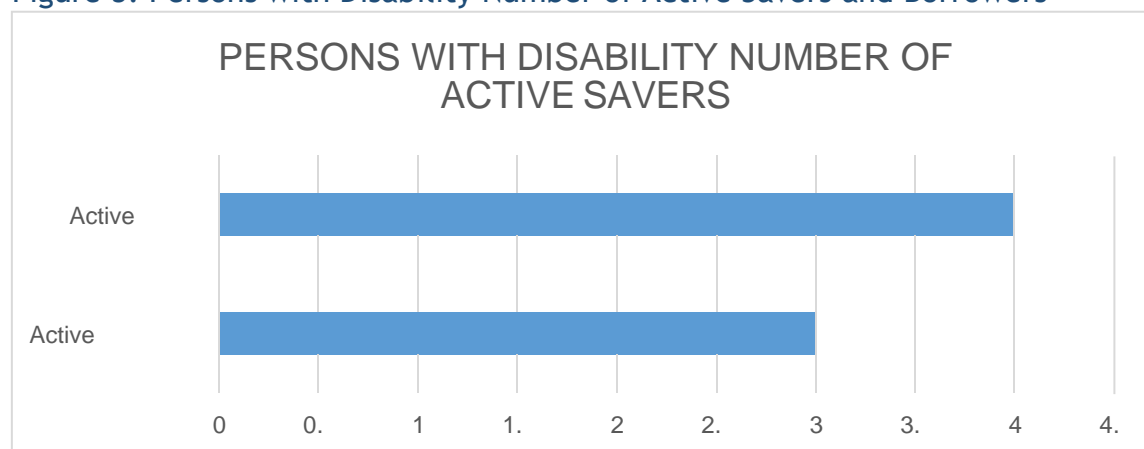
**Figure 4: Microfinance Banks Active Savers and Borrowers**



*Source: AMFI-K Data 2021*

Two MFBs serve persons with disability and the total number of active savers and borrowers was 4 and 3 clients respectively as shown in figure 5 below.

Figure 5: Persons with Disability Number of Active Savers and Borrowers



Source: AMFI-K Data 2021

## 4.2 Microfinance Banks Portfolio Analysis

The 7 MFBs as at 31<sup>st</sup> December 2021 had approximately Ksh20.3B gross outstanding portfolio with approximately Ksh5.3B Portfolio at risk above 30days and Ksh13.5B current performing portfolio while in a similar period, last year 10 MFBs had gross outstanding portfolio of Ksh48.8B. The portfolio at risk above 365 days stood at Ksh2.7B as at 31<sup>st</sup> December 2021 and the portfolio at risk through 1 day to 365days was as shown in table 5 below.

Table 5: Microfinance Banks Portfolio at Risk Ageing

MICROFINANCE BANKS PORTFOLIO AT RISK AGEING		
Portfolio - Ageing (end of period)	31ST DECEMBER 2021 (KSH)	31ST DECEMBER 2021 (%)
Current (performing loans)	13,468,161,065.92	66.19%
PAR 1-30 days	1,577,448,033.14	7.75%
PAR 31-60 days	505,941,334.43	2.49%
PAR 61-90 days	322,429,126.30	1.58%

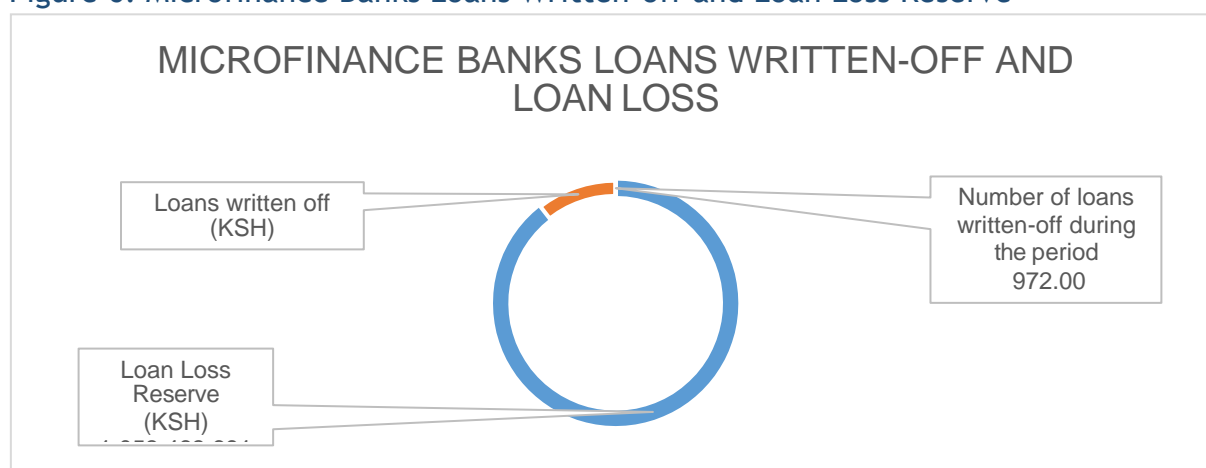
PAR 91-180 days	1,299,232,721.02	6.39%
PAR 181-365 days	445,783,015.91	2.19%
PAR >365 days	2,716,402,439.36	13.35%
Control lines PAR >30	5,289,788,637.01	26.00%

Source: AMFI-K Data 2021

#### 4.3 Microfinance Banks Loan Loss Reserve and Write offs

As at 31<sup>st</sup> December 2021 the loan loss reserve stood at Ksh1.05B and write offs stood at Ksh123.87M with 972 number of loans written-off during the period as shown in figure 6 below for 7 MFBs.

Figure 6: Microfinance Banks Loans Written-off and Loan Loss Reserve



Source: AMFI-K Data 2021

#### 4.4 MICROFINANCE BANKS BALANCE SHEET

The MFBs category in the AMFI-K membership as at 31<sup>st</sup> December 2021 had a total of Ksh73.73B assets, Ksh64.61B Liabilities and Ksh9.12B share capital and reserves. The respective MFBs assets, liabilities and share capital and reserves is as shown in table 7 below.

Table 7: Microfinance Banks balance sheet

STATEMENT OF FINANCIAL POSITION		KENYA WOMEN	FAULU	RAFIKI*	SMEP	CARITAS	SUMAC	KEY	U&I	UWEO	DARAJA*	MAISHA	CENTURY	TOTAL
		Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M
1	ASSETS													
1.1	Cash and bank balances	1,977	388	65	46	31	14	24	5	0	0	1	2	2,553.00
1.2	Short term deposits with banks	3,990	2,651	1,130	843	643	1,114	62	102	322	4	143	163	11,167.00
1.3	Government securities	-	4,997	612	-	124	-	-	-	-	-	-	-	5,733.00
1.4	Advances to customers (net)	15,129	15,378	3,484	1,500	1,952	1,348	62	872	-	1	152	113	39,991.00
1.5	Due from related organisations													0.00
1.6	Other receivables	456	528	139	432	63	419	50	4	15	31	62	60	2,259.00
1.7	Tax recoverable	242	284	66	29	-	-	4	-	0	1	-	2	628.00
1.8	Deferred tax Asset	475	1,025	-	90	-	8	76	-	64	71	24	38	1,871.00
1.9	Other investment	-	-	-	-	-	-	-	-	-	-	-	-	0.00
1.10	Investment in associate companies	1	63	27	-	-	-	-	-	-	-	113	-	204.00
1.11	Intangible assets	493	1,348	60	157	32	63	12	4	18	3	23	0	2,213.00
1.12	Property and equipment	4,198	1,116	307	286	106	70	-1	19	13	8	963	24	7,109.00
	TOTAL ASSETS	26,961	27,780	5,889	3,382	2,951	3,037	289	1,006	433	120	1,480	402	73,730.00

2	LIABILITIES													
2.1	Cash collateral held	-	-	-	-	-	-	-	-	-	-	-	-	0.00
2.2	Customer deposits	17,737	21,524	3,336	2,366	2,504	1,266	80	401	20	103	478	388	50,203.00
2.3	Borrowings	5,385	692	676	423	-	1,144	126	357	-	-	274	-	9,077.00
2.4	Deposit & balances due to banking institutions	-	-	-	-	-	-	-	-	-	-	-	-	0.00
2.5	Deferred tax liability	-	-	-	-	-	-	-	1.34	-	-	-	-	1.34
2.6	Due to related organisations	-	-	-	-	-	-	-	-	-	-	-	-	0.00
2.7	Other liabilities	1,274	2,013	1,212	206	100	265	27	25	45	53	43	60	5,323.00
	<b>TOTAL LIABILITIES</b>	<b>24,396</b>	<b>24,229</b>	<b>5,224</b>	<b>2,995</b>	<b>2,605</b>	<b>2,676</b>	<b>232</b>	<b>785</b>	<b>65</b>	<b>156</b>	<b>794</b>	<b>448</b>	<b>64,605.00</b>
3	SHARE CAPITAL & RESERVES													
3.1	Share capital	186	660	3,000	545	683	205	230	151	533	180	1,017	373	7,763.00
3.2	Share premium	2,851	3,770	-	2	-	123	16	-	-	27	20	-	6,809.00
3.3	Retained earnings	-519	-1,155	-2,392	-339	-371	33	-189	70	-164	-247	-350	-422	-6,045.00
3.4	Revaluation reserve	-	275	-	154	0	-	-	-	-	2	-	-	431.00
3.5	Statutory reserve	47	-	57	26	34	-	0	-	-	-	-	3	167.00
3.6	<b>Total Shareholders' funds</b>	<b>2,564</b>	<b>3,550</b>	<b>665</b>	<b>387</b>	<b>347</b>	<b>361</b>	<b>57</b>	<b>221</b>	<b>368</b>	<b>-37</b>	<b>686</b>	<b>-46</b>	<b>9,123.00</b>
	<b>TOTAL LIABILITIES AND ASSETS</b>	<b>51,357</b>	<b>52,009</b>	<b>11,113</b>	<b>6,377</b>	<b>5,556</b>	<b>5,713</b>	<b>521</b>	<b>1,791</b>	<b>498</b>	<b>276</b>	<b>2,274</b>	<b>850</b>	<b>138,335.00</b>

Source: MFBs Published Financial Statements

## 4.5 MICROFINANCE BANKS PROFIT AND LOSS ACCOUNT

The AMFI-K MFB membership had a total income of Ksh13.36B and a total expense of Ksh12.87B generating an operating profit of Ksh496M as at the end of December 2021. The total Interest and Fee Expense on Borrowing was Ksh1.33B thus leading to a total loss of Ksh839M before taxes. The total net loss after taxes was Ksh653M. The distribution of the income, expenses, operating profit and net profit after tax across the AMFI-K MFBs was as shown in table 8 below.

**Table 8: Microfinance Banks Profit & Loss Account**

MFBs		KENYA WOMEN	FAULU	RAFIKI*	SMEP	CARI TAS	SUMAC	KEY	U & I	UWEZO	DARA JA*	MAISHA	CEN TURY	TOTA
1	Income	Ksh. M	Ksh.M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M	Ksh. M
1.1	Interest on Loan Portfolio	4,294	3,648	645	494	304	385	14	146	1	2	89	33	10,055
1.2	Fees and Commission on Loan Portfolio	688	393	36	59	41	26	1	35	0	0	5	6	1,290
1.3	Government Securities	-	549	53	-	1	-	-	-	-	-	-	-	603
1.4	Deposit and Balances with Banks and Financial Inst.	324	64	56	38	49	25	5	1	-	-	11	7	580
1.5	Other Investments	-	-	-	-	-	-	-	-	-	-	-	-	0
1.6	Other Operating Income	325	164	110	67	21	17	2	0	2	0	88	37	833
1.7	Non-Operating Income	-	3	-	-	0	-	-	-	-	-	-	-	3
	Total Income	5,631	4,821	901	658	415	453	21	182	3	2	193	83	13,363
2	Expenses													
2.1	Interest and Fee Expense on Deposits	969	1,849	181	134	96	136	6	37	0	8	75	29	3,520
2.2	Other Fees and Commissions expense	57	236	24	-	3	13	0	-	-	-	-	-	333
2.3	Provision for Loan Impairment	27	518	6	75	53	24	3	5	1	-1	104	0	815
2.4	Staff Costs	1,707	999	354	200	99	65	22	28	9	6	38	28	3,555
2.5	Director's Emoluments	126	15	7	7	5	15	0	7	7	1	2	3	195
2.6	Rental Charges	302	117	110	63	7	18	7	5	0	4	6	1	640
2.7	Depreciation Charges	387	337	84	40	34	10	1	2	6	2	4	7	914
2.8	Amortization Charges	63	80	2	12	6	5	0	0	1	1	9	2	181
2.9	Other Administrative Expense	1,075	914	234	136	89	48	18	20	19	10	125	21	2,709
2.1	Non-Operating Expense	-	-	-	-	-	-	-	6	-	-	-	-	6
	Total Expenses	4,712	5,065	1,002	668	392	334	58	111	43	32	362	90	12,869
3	Operating Profit	919	-243	-102	-10	23	120	-36	71	-40	-30	-169	-7	496
4	Interest and Fee Expense on Borrowings (Finance Costs)	788	279	51	48	6	102	14	35	-	-	9	0	1,332
5	Profit/(Loss) before tax	131	-522	-153	-58	17	17	-51	36	-40	-30	-178	-8	-839



6	Current Tax	-26	140	-	-	-	11	0	11	-	-	-	-	136
6.1	Deferred Tax	-	-255	-	-12	-	-	-	0	-9	-	-	-	-276
7	Net Profit (After Taxes and Before Donations)	157	-407	-153	-46	17	6	-51	24	-31	-30	-178	-8	-700
8	Donations for Operating Expense	46	-	-	-	-	-	-	-	-	-	-	-	46
9	Net Profit After Taxes	204	-407	-153	-46	17	6	-51	24	-31	-30	-178	-8	-653

#### 4.6 Microfinance Banks Portfolio Per Sector

As at 31<sup>st</sup> December 2021 the MFBs shared their loan products which varied across by name but for some it had the same meaning. For the purposes of data analysis, the loan products in the list as shown in table 7 below were grouped according to their general understandable name. For example, construction loans and micro-housing loans were grouped to housing loans. There were no loans for Manufacturing, Mining, Transport & Communications and group loans as at 31<sup>st</sup> December 2021 but note that this could be in the MFBs that did not share their data since only 7 MFBs shared data while 10 MFBs had shared data as at 31<sup>st</sup> December 2020.

As at end of December 2021, mobile loans had the highest number of loans when compared with other loan products and while serviced number of loans was the least with 130,359 and 39 number of loans respectively. Although mobile loans had the highest number of loans, they did not have the largest outstanding portfolio hence business loans had the largest outstanding loan portfolio with service loans being the least with Ksh10.1B and Ksh11.5M respectively.

As at December 2021 the highest PAR>30 days was of service loans at 51.95% followed by insurance, business and housing loans at 40.47%, 39.70% and 39.21% respectively. The least was Staff loans at 6.36% followed by Personal/Household loans at 11.72% as shown in table 7 below. The rest of the loan products were between 20% and 30% PAR>30 days as shown in table 7 below. Since the number of MFBs that shared the data as at 31<sup>st</sup> December 2021 is not the same as the number of MFBs that shared the data as at 31<sup>st</sup> December 2020 we cannot compare the number of loans, outstanding portfolio and the PAR>30 days across the two periods, however, you can note the differences in the loan products as indicated in table 7 below.

Table 7: Microfinance Banks Portfolio Per Sector

MICROFINANCE BANKS PORTFOLIO PER SECTOR						
Type of Loan Products	Number of Loans (31st Dec 2020) (10MF Bs)	Number of Loans (31st Dec 2021) (7MF Bs)	Outstanding Loan portfolio (31st Dec 2020) (KSH)(10MF Bs)	Outstanding Loan portfolio (31st Dec 2021) (KSH)(7MF Bs)	PAR>30 (31st Dec 2020)(10M FBs)	PAR>30 (31st Dec 2021)(7M FBs)
Business Loans	142,897	121,575	17,900,332,674.60	10,096,293,536	33.46%	39.70%
Insurance Loans	10,278	9,416	81,968,468.57	67,846,204	42.70%	40.47%
Asset Financing Loans	8,842	9,318	1,545,190,704.56	456,312,643	47.40%	29.66%
Agricultural Loans	31,904	32,918	1,326,955,039.96	1,221,663,653	26.50%	20.14%
Staff Loans	2,008	12,095	1,244,631,931.49	6,325,988,463	0.12%	6.36%
Housing Loans	1,208	211	2,613,595,150.96	216,968,298	40.91%	39.21%
Service Loans	274	39	114,001,785.57	11,536,426	29.71%	51.95%
Personal/Household Loans	47,112	1,449	21,509,829,253.05	703,685,061	11.07%	11.72%
Manufacturing, Mining, Transport & Communications	959	-	1,115,463,480.06	-	67.13%	
Educational Loans	2,657	3,267	24,913,749.01	63,029,448	34.01%	21.98%

Energy Loans/WASH Loans	8,369	7,120	53,415,562.27	31,871,724	13.82%	27.58%
Mobile Loans	131,683	130,359	823,719,050.18	991,889,602	14.05%	26.10%
Group Loans	461	-	422,101,793.38	-	74.78%	
<b>TOTALS</b>	<b>388,652</b>	<b>327,767</b>	<b>48,776,118,643.67</b>	<b>20,187,085,058</b>	<b>24.17%</b>	<b>26.13%</b>

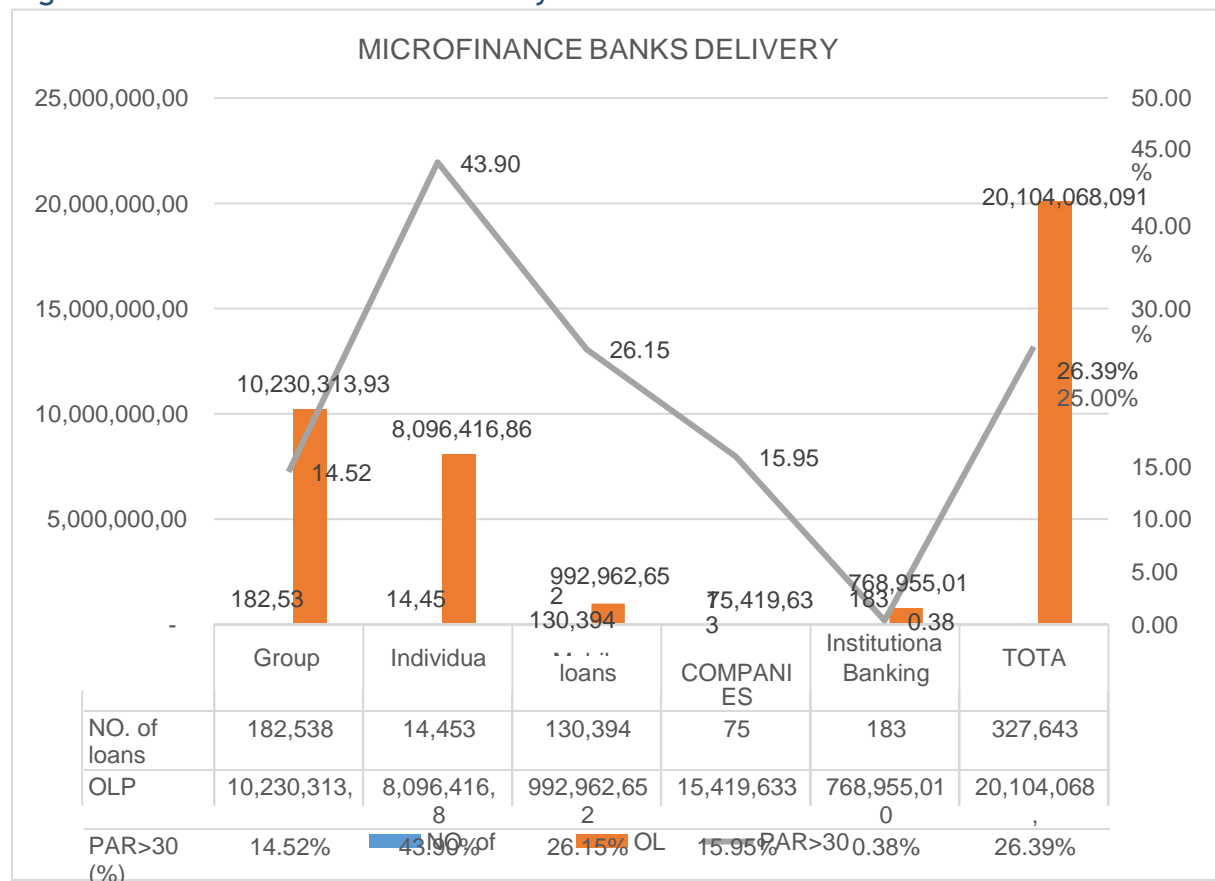
Source: AMFI-K Data 2021

#### 4.7 MFBs Delivery Methods

As at 31<sup>st</sup> December 2021 the MFBs delivered their services through various methods. In the period the 7 MFBs used the following channels to lend and deliver financial services; Group methodology, Individual clients, Mobile banking, limited companies, Institutional banking. Figure 7 below gives the summary of the channels used to lend a number of loans, OLP in each channel and the percentage of PAR>30 days in each channel.

Groups had the largest number of loans with the highest OLP of 14.52% PAR>30 days followed by Mobile loans with the third least OLP of 26.15% PAR>30 days. Individual method of delivery was the third in the size of number of loans with the second highest OLP with 43.90% PAR>30 days. Limited companies had the least number of loans and the least OLP of 15.95% PAR>30 days. Institutional banking had the second least number of loans and the second least OLP is with 0.38% PAR>30 days as shown in figure 7 below.

Figure 7: Microfinance Banks Delivery Methods.



Source: AMFI-K Data 2021

#### 4.8 Microfinance Banks Geographical Coverage

Table 8 below summarizes the distribution of MFBs across the region and across the counties in Kenya as per the number of fully fledged branches, number of active clients, number of active borrowers and OLP as at 31<sup>st</sup> December 2021. Nairobi being the capital city of Kenya had the largest number of branches, number of active clients, active borrowers and OLP. In across the country, Wajir and Mandera are the only counties with no branches across all the MFBs. In North Eastern region its only Garisa county with only one branch across the 7 MFBs who shared the data.

Table 8: Microfinance Banks Geographical Coverage

MICROFINANCE BANKS GEOGRAPHICAL COVERAGE					
REGION	County	No. of fully fledged branches	Number of active clients	Number of active borrowers	Outstanding loan portfolio (KSH)

Central	Kiambu	14	9,966	6,039	2,259,970,776
---------	--------	----	-------	-------	---------------

	Kirinyaga	5	2,666	1,999	259,138,735
	Muranga	7	3,831	3,696	261,580,783
	Nyandarua	3	1,715	1,576	102,414,197
	Nyeri	8	6,297	6,165	391,569,022
Coast	Kilifi	12	12,379	10,746	573,400,314
	Kwale	7	6,797	6,150	451,616,065
	Lamu	1	509	420	29,042,148
	Mombasa	9	8,233	6,721	562,913,835
	Taita Taveta	6	4,817	4,348	292,316,990
	Tana River	2	1,176	900	110,349,586
Eastern	Embu	4	3,718	2,700	386,716,632
	Isiolo	1	843	645	78,563,466
	Kitui	6	6,632	6,243	318,253,238
	Machakos	10	10,318	9,354	527,725,728
	Makueni	7	7,562	6,763	445,345,765
	Marsabit	1	716	508	69,189,027
	Meru	7	7,185	6,168	449,630,754
	Tharaka Nithi	4	2,007	1,804	138,641,699
Nairobi	Nairobi	28	89,284	62,770	4,742,270,582
North Eastern	Wajir	-	-	-	-
	Garissa	1	333	167	58,398,022

	Mandera	-	-	-	-
Nyanza	Homa Bay	5	6,685	6,609	223,785,794
	Kisii	6	7,518	7,203	358,420,468
	Kisumu	6	7,466	6,803	425,593,550
	Migori	10	10,793	10,737	516,403,695
	Nyamira	4	5,665	5,886	219,118,578
	Siaya	6	6,642	6,625	226,584,325
Rift Valley	Baringo	4	4,932	4,612	226,203,582
	Bomet	4	6,595	6,330	308,306,523
	Elgeyo Marakwet	3	2,936	2,736	140,034,317
	Kajiado	8	6,097	4,017	864,258,308
	Kericho	5	6,194	6,048	305,510,383
	Laikipia	4	3,454	2,636	297,031,564
	Nandi	4	5,213	5,205	254,906,236
	Narok	3	2,055	1,922	103,815,896
	Nakuru	11	9,228	7,702	759,109,953
	Samburu	1	457	371	25,461,466
	Trans Nzoia	4	5,543	4,967	383,855,905
	Turkana	1	839	559	98,320,663
	Uasin Gishu	6	8,968	7,638	583,053,654
	West Pokot	1	1,093	881	86,747,803

Western	Kakamega	6	10,490	10,213	459,760,459
	Bungoma	6	7,188	6,673	421,782,923
	Busia	4	4,833	4,260	229,615,694
	Vihiga	3	4,521	4,496	160,355,947
TOTALS		258	322,389	271,011	20,187,085,051

*Source: Microfinance Institutions Data 2021*

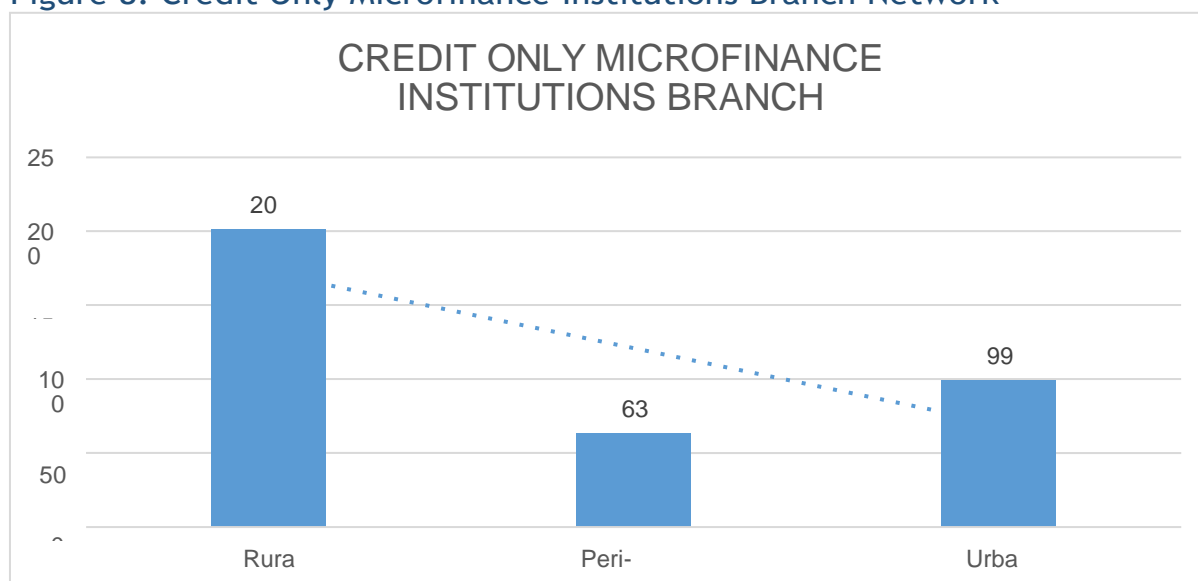


## CHAPTER 5.0: CREDIT ONLY MICROFINANCE INSTITUTIONS

AMFI-K have a membership of 37 Credit Only Microfinance Institutions (COMFIs) where 13 COMFIs shared the data as at 31<sup>st</sup> December 2021. The COMFIs had a total of 3,652 number of staff which is an increase from the 2,901 number of staff in same period last year even with fewer COMFIs sharing the data. In the same period the number of male clients and female clients was 419,445 and 389,658 respectively and those that were active was 238,124 and 366,428 respectively hence more active women clients than the active male clients. In the same period last year, the number of active male and female clients was 169,920 and 331,339 respectively hence there is an increase in the number of active clients in both gender which is attributed in the different COMFIs that shared the data as at 31<sup>st</sup> December 2020 and at the end of December 2021.

The total number of active loans stood at 384,364 while most of the average loan size stood between Ksh20,000 and Ksh50,000 with the least and highest average loan size being Ksh11,235 and Ksh1M respectively. The number of fully pledged branches in the COMFIs sector was distributed across the urban, peri-urban and rural areas as show in figure 8 below.

**Figure 8: Credit Only Microfinance Institutions Branch Network**

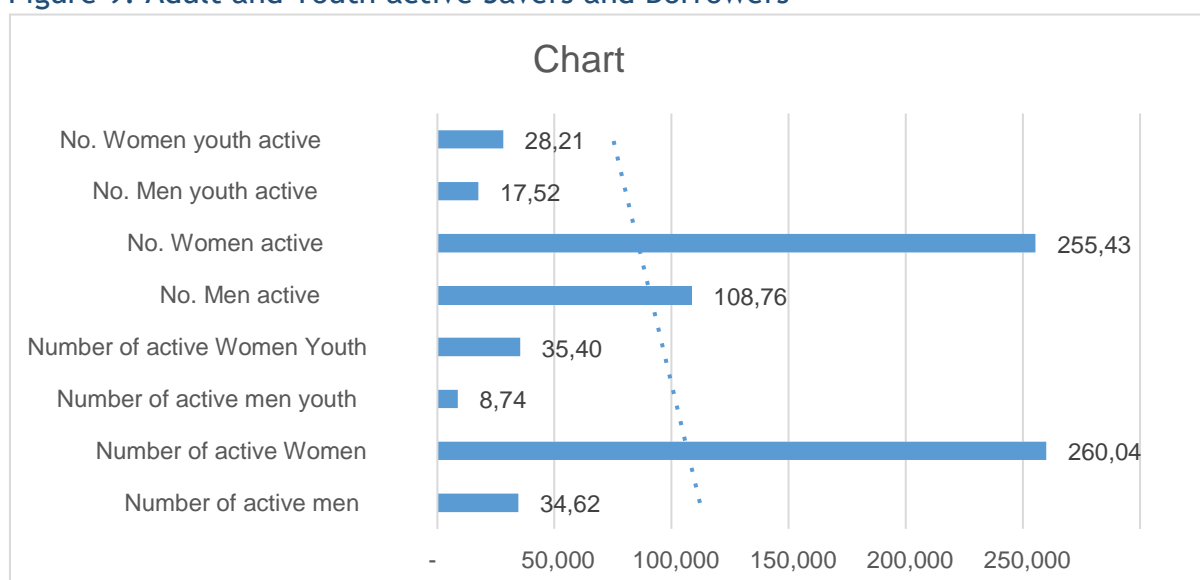


*Source: AMFI-K Data 2021*

The number of active savers and active borrowers vary differently within gender and also in adults and youths as shown in figure 9 below. As at 31<sup>st</sup> December 2021 the number of active women borrowers and savers was 255,439 and 260,041 respectively while the number of active men borrowers and savers was 108,765 and 34,625 respectively. In the same period the

number of active women youth borrowers and savers was 28,215 and 35,407 respectively while the number of active men youth borrowers and savers was 17,529 and 8,744 respectively hence the women youth are saving more than they are borrowing and vice versa for men youth. Also, many adults are saving more than they borrow in both genders.

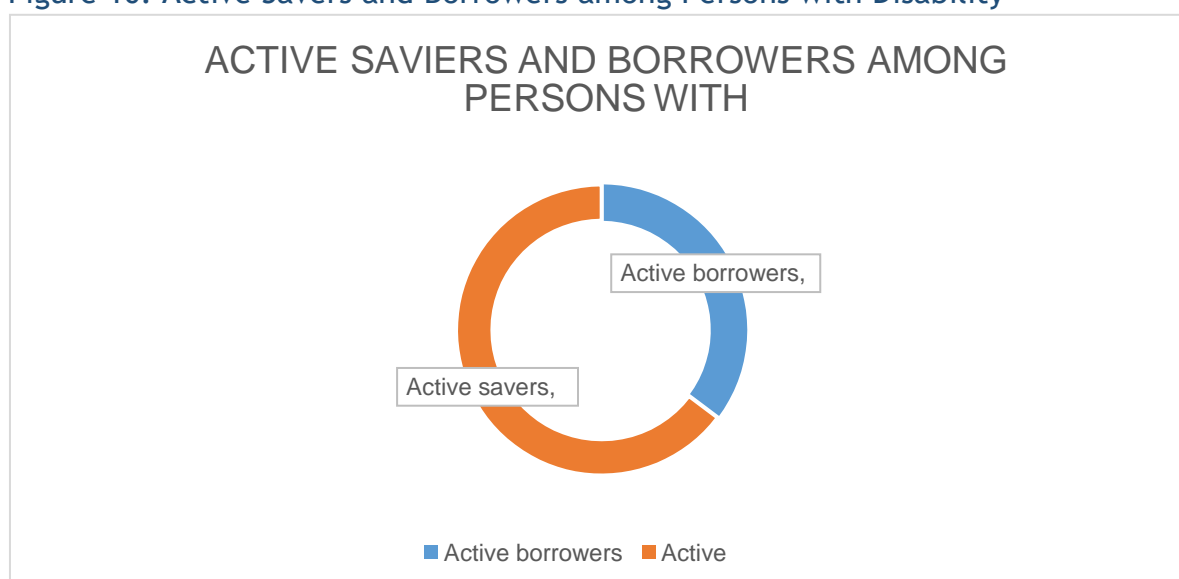
Figure 9: Adult and Youth active Savers and Borrowers



Source: AMFI-K Data 2021

As at 31<sup>st</sup> December 2021 two COMFIs served persons with disability and therefore, active savers and borrowers was 11 and 6 respectively as shown in figure 10 below.

Figure 10: Active Savers and Borrowers among Persons with Disability



Source: AMFI-K Data 2021

## 5.2 Credit Only Microfinance Institutions Portfolio Analysis

As at 31<sup>st</sup> December 2021, the 13 COMFIs had approximately Ksh14.0B gross outstanding portfolio with approximately Ksh1.1B Portfolio at risk above 30days and Ksh12.2B current performing portfolio while in a similar period last year, 14 COMFIs had gross outstanding portfolio of Ksh13.5B. The portfolio that remained unpaid above 365 days stood at Ksh383.3M as at 31<sup>st</sup> December 2021 and the portfolio that remained unpaid through 1 day to 365days was as shown in table 9 below.

Table 9: Credit Only Microfinance Institutions Portfolio at Risk Ageing

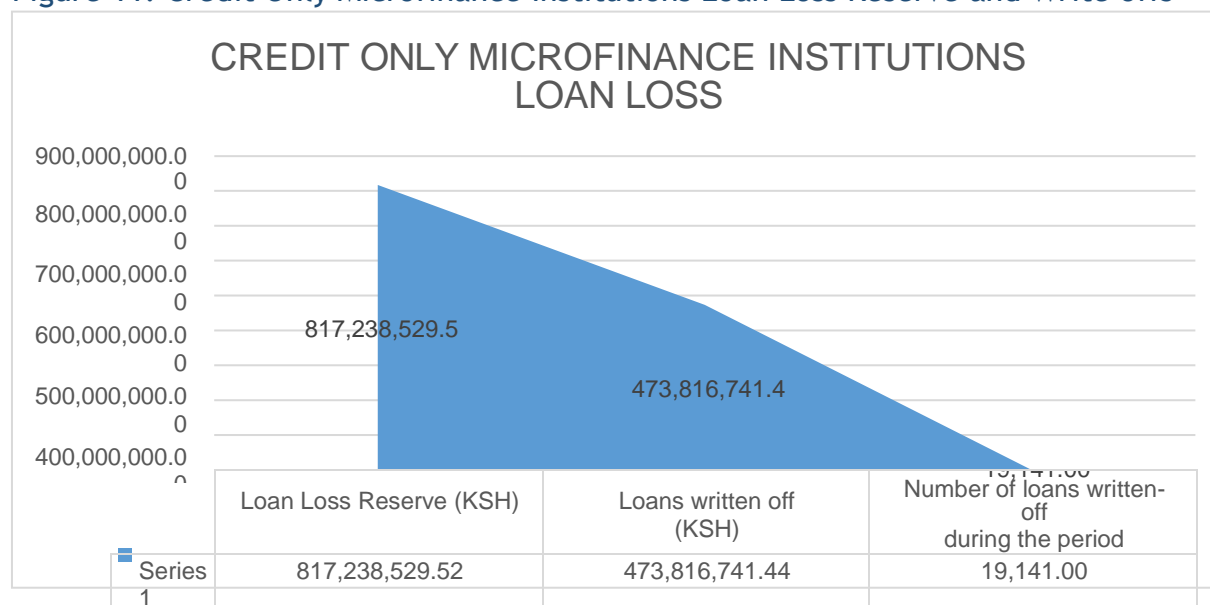
CREDIT ONLY MICROFINANCE INSTITUTIONS PORTFOLIO AT RISK AGEING		
Portfolio - Ageing (end of period)	31ST DECEMBER 2021 (KSH)	31ST DECEMBER 2021 (%)
Current (performing loans)	12,247,535,343	87.47%
PAR 1-30 days	642,585,147	4.59%
PAR 31-60 days	220,913,846	1.58%
PAR 61-90 days	142,225,516	1.02%
PAR 91-180 days	173,616,005	1.24%
PAR 181-365 days	191,186,586	1.37%
PAR >365 days	383,346,428	2.74%
Control lines PAR >30	1,111,288,381	7.94%

Source: AMFI-K Data 2021

## 5.3 Credit Only Microfinance Institutions Loan Loss Reserve, Write offs, Liabilities and Equity

As at 31<sup>st</sup> December 2021 the loan loss reserve stood at Ksh817.2M and write offs stood at Ksh473.8M with 19,141 number of loans written-off during the period as shown in figure 11 below.

Figure 11: Credit Only Microfinance Institutions Loan Loss Reserve and Write offs



Source: AMFI-K Data 2021

In the same period there was Ksh13.9B total liabilities and Ksh4.3B total Equity leading to Ksh18.2B total Equity and Liabilities as shown in table 10 below.

Table 10: Credit Only Microfinance Institutions Liabilities and Equity

CREDIT ONLY MICROFINANCE INSTITUTIONS LIABILITES AND EQUITY	
Total liabilities	13,911,049,845
Total Equity	4,341,449,042
Total Equity & Liabilities	18,252,498,887

Source: AMFI-K Data 2021

#### 5.4 Credit Only MFIs Portfolio Per Sector Analysis

As at 31<sup>st</sup> December 2021 the COMFIs served various sectors with the list of type of loan products in different names but some had same meaning hence we consolidated them into the list as shown in table 11 below. The number of loans varied differently in different types of loan products. The top three type of loan products in the sizes of number of loans was personal/consumer loans, Business Loans and Agricultural loans with 161,292, 93,802 and 64,764 number of loans respectively. The bottom three are Construction/Housing, Social and group loans with 203, 19 and 7 number of loans respectively while the rest types of loan products have varied number of loans as shown in table 11 below.

Out of Ksh13.76B OLP, Personal/Consumer Loans had the largest unpaid loans of about Ksh3.56B followed by business loans with about Ksh3.43B and third was service loans with Ksh2.58B. The least unpaid loans were in Social Loans with Ksh33, 078 followed by Group Loans at Ksh6.59M while the rest types of loan products have varied OLP as shown in table 11 below.

The highest loans that remained unpaid above 30days when compared with the OLP was Social loans with 49.90% PAR>30 days followed by mobile loans with 37.15% of the OLP above 30 days. The least PAR>30 days was at group loans at 1.20% followed by Insurance loans at 3.11% while the rest types of loan products have varied in PAR>30 days as shown in table 11 below.

**Table 11: COMFIs Portfolio Per Sector**

<b>COMFIs PORTFOLIO PER SECTOR</b>			
<b>Type of Loan Products</b>	<b>Number OF Loans</b>	<b>Outstanding Loan portfolio (KSH)</b>	<b>PAR&gt;30 Days(%)</b>
Business Loans	93,802	3,431,490,478	11.44%
Agriculture Loans	64,764	2,281,626,076	9.01%
Social Loans	19	33,078	49.90%
Construction /Housing Loans	203	97,714,077	14.85%
Mobile Loans	1,219	23,227,502	37.15%
Asset Finance Loans	2,771	198,212,714	9.57%
Personal/Consumer Loans	161,292	3,558,910,472	5.38%
Insurance Loans	548	71,424,057	3.11%
Service Loans	42,304	2,581,016,409	3.53%
Energy & Wash Products Loans	2,210	15,397,730	13.57%
WASH Loans	2,195	28,035,632	6.55%
Emergency Loans	3,160	38,472,388	15.82%
Education Loan	955	14,374,310	15.80%
Group Loans	7	6,586,660	1.20%
SME	5,313	1,207,757,153	15.42%

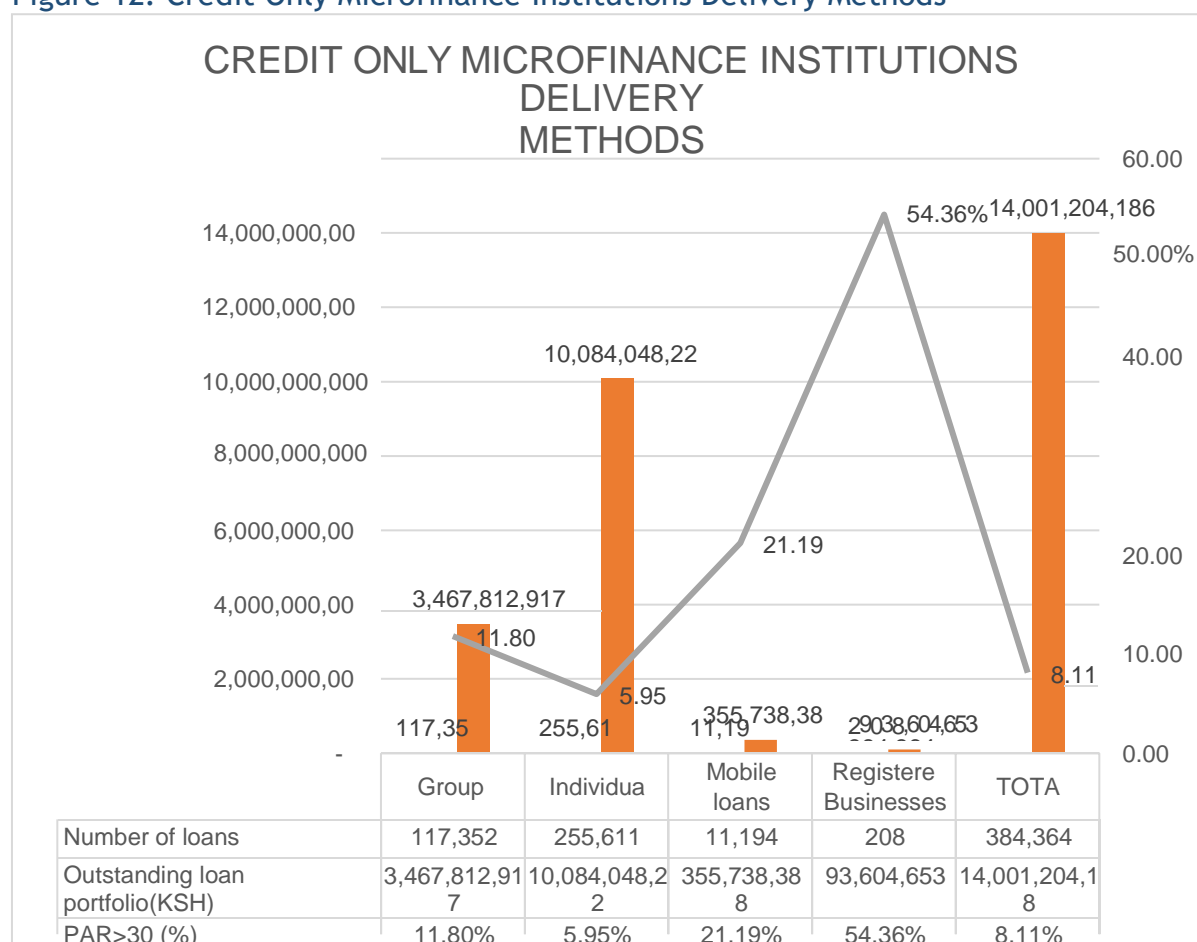
Pension Loans	3,602	203,135,879	12.39%
<b>Total</b>	<b>384,364</b>	<b>13,757,414,614</b>	<b>8.35%</b>

Source: AMFI-K Data 2021

### 5.5 Credit Only MFIs Delivery Methods Analysis

COMFIs deliver their services through groups, as per an individual, mobile banking and SMEs business platforms. As at 31<sup>st</sup> December 2021 the groups platform had 117,352 number of loans, Individual platform had 255,611 number of loans, mobile banking had 11,194 number of loans and the Registered Business platform had 208 number of loans. The OLP for groups, individuals, mobile and registered business method of delivery was Ksh3.47B, Ksh10.08B, Ksh355.74M and Ksh93.60M respectively. The portfolio at risk above 30 days of the respective OLP of this delivery methods were 11.80%, 5.95%, 21.19% and 54.36% respectively as shown in figure 12 below.

Figure 12: Credit Only Microfinance Institutions Delivery Methods



Source: AMFI-K Data 2021

## 5.6 Credit Only MFIs Geographical Coverage

As at 31<sup>st</sup> December 2021 the COMFIs was distributed across the country as per every region and specific counties. As it can be easily noted in table 12 below, six counties didn't have any branch across all the Credit Only MFIs who shared the data. Nairobi has the largest concentration of branches within the country with Kwale, Garissa, Samburu and Isiolo counties having the least number of branches at one branch each. The distribution of fully fledged branches, number of active clients and borrowers and the outstanding loan portfolio across the regions and counties is as shown in table 12 below.

Table 12: COMFIs Geographical Coverage

COMFIs GEOGRAPHICAL COVERAGE					
REGION	County	No. of fully fledged branches	Number of active clients	Number of active borrowers	Outstanding loan portfolio (Ksh)
Central	Kiambu	22	25,631	22,186	618,556,511
	Kirinyaga	7	7,482	6,970	180,136,327
	Muranga	7	5,555	5,057	113,560,225
	Nyandarua	5	3,373	3,865	67,985,295
	Nyeri	10	20,541	16,708	387,159,333
Coast	Kilifi	3	1,238	1,164	31,204,484
	Kwale	1	536	536	6,438,272
	Lamu	-	-	-	-
	Mombasa	6	4,231	3,134	142,871,073
	Taita Taveta	3	1,043	1,076	49,247,278
	Tana River	-	-	-	-
Eastern	Embu	12	25,107	19,693	628,505,836
	Isiolo	1	564	462	43,598,069
	Kitui	10	10,538	9,010	317,789,964
	Machakos	15	19,061	15,979	437,663,847
	Makueni	11	8,317	6,804	188,477,734
	Marsabit	-	-	-	-
	Meru	17	19,827	16,157	521,774,152
	Tharaka Nithi	4	3,617	3,160	110,103,977

<b>Nairobi</b>	Nairobi	53	396,942	129,208	3,724,941,374
<b>North Eastern</b>	Wajir	-	-	-	-
	Garissa	1	146	129	12,579,174
	Mandera	-	-	-	-
<b>Nyanza</b>	Homa Bay	8	8,059	7,086	220,276,895
	Kisii	6	9,919	9,705	255,332,726
	Kisumu	9	10,957	9,094	358,078,073
	Migori	5	4,728	4,494	156,419,843
	Nyamira	3	5,030	5,030	114,642,926
	Siaya	4	5,088	4,987	95,222,146
<b>Rift Valley</b>	Baringo	13	14,687	12,065	358,295,148
	Bomet	8	12,234	12,166	276,907,031
	Elgeyo Marakwet	4	4,555	3,901	128,038,382
	Kajiado	10	11,482	10,048	233,940,031
	Kericho	9	27,691	21,861	426,963,792
	Laikipia	8	10,054	7,382	185,878,669
	Nandi	6	22,028	18,059	406,461,875
	Narok	3	3,705	2,862	111,538,293
	Nakuru	19	33,611	27,267	725,822,775
	Samburu	1	176	146	200,440,210
	Trans Nzoia	8	22,344	18,846	270,620,786
	Turkana	-	-	-	-
	Uasin Gishu	17	50,330	38,399	905,737,083
	West Pokot	3	2,115	2,083	50,868,320
<b>Western</b>	Kakamega	8	18,081	14,534	268,456,601
	Bungoma	9	14,936	12,131	355,256,264
	Busia	4	2,350	3,620	107,345,003
	Vihiga	5	5,263	4,882	118,685,949
<b>TOTAL</b>		<b>358</b>	<b>853,172</b>	<b>511,946</b>	<b>13,913,821,746</b>

Source: AMFI-K Data 2021



## ANNEXES

### ANNEX 1: LIST OF THE PARTICIPATING MICROFINANCE INSTITUTIONS

#### **Wholesale Microfinance Banks**

1. MESPT
2. Soluti Finance East Africa Ltd
3. Oikocredit

#### **Microfinance Banks**

4. Kenya women Microfinance Bank Ltd
5. Rafiki Microfinance Bank
6. Faulu Microfinance Bank
7. SMEP Microfinance Ltd
8. Key Microfinance Bank
9. Century Microfinance Bank Ltd
10. Sumac Microfinance Bank
11. U&I Microfinance Bank Ltd
12. Caritas Microfinance Bank Ltd
13. Daraja Microfinance Bank
14. Maisha Microfinance Bank
15. Uwezo Microfinance Bank

#### **Credit Only Microfinance Banks**

16. BIMAS
17. Fincredit Services Ltd
18. Juhudi Kilimo Co.Ltd
19. Real People Ltd
20. Neema Helth Education & Empowerment Program (NEEMA-HEEP Ltd)
21. Hand in Hand Eastern Africa
22. Premier Credit Ltd
23. Moneyworth Investment Ltd
24. Longitude Finance
25. Jiweze Ltd
26. ASA Ltd
27. Kipepeo Microcredit Ltd
28. ECLOF Kenya

## REFERENCES

**AMFI-K (2021): Microfinance Institutions Data.**

**Fin Access Household Survey, December 2021.**

**Quarterly Economic Review (October-December 2021) Central Bank of Kenya.**