

ASSOCIATION OF MICROFINANCE  
INSTITUTIONS



# MICROFINANCE SECTOR REPORT JUNE 2021

HALF YEAR REPORT



AMFI-K 30<sup>TH</sup> JUNE 2021

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## 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
MFIs	-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
CGAP	-Consultative Group to Assist the Poor



## 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 to build the capacity of the Kenyan Microfinance Industry. In her 22 years of existence, AMFI-K's membership has increased from the original 5 founder members to the current 58 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 member 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 MICROFINANCE INDUSTRY IN KENYA

According to the July 2021 IMF World Economic Outlook Update, global output growth should rebound strongly to 6.0 percent in 2021, before slowing to 4.9 percent in 2022 (CBK, 2021-2022). The confirmation of the first COVID-19 case in Kenya on March 13, 2020, triggered measures by the Government to contain the spread of the disease and mitigate the impact on households, firms and the economy. The pandemic affected all sectors of the economy negatively, except Information and Communications sector. Disruption of supply chains, furloughs, closure of businesses and restrictions of movements contributed to subdued aggregate demand and overall economic slowdown. As a result of this the microfinance sector were the most affected by the COVID-19 pandemic in terms of their ability to provide credit to the private and other sectors of the economy.

According to symbiotic by CGAP on MFIs During the Crisis, since the phenomena was unique Microfinance institutions (MFIs) are starting to recover, particularly in Africa, and some have managed the crisis better than expected so far. However, the recovery remains fragile. There is pressure on asset quality, and questions remain about how restructured portfolios will impact MFIs' longer-term solvency. Structural issues at the macro and country levels, coupled with the slow rollout of vaccines in many regions, contribute to fragility.

The COVID-19 pandemic and economic lockdowns of the past 18 months have disrupted livelihoods globally, and the poor have suffered the most. While decades of advances in financial services delivery have equipped governments and individuals with new tools for dealing with the crisis, COVID-19 has put parts of the financial inclusion ecosystem at risk. The global liquidity crisis in the microfinance sector that many initially feared did not fully materialize, and a recovery is clearly on its way. But the recovery is uneven, and potential vulnerabilities remain in certain regions (CGAP, 2021).

The overall effects of the pandemic affected the projection of the country's Gross Domestic Product (GDP) negatively as compared to other years. The country's (GDP) trend over the five years is shown in table 1 below. Initially the economy had been projected to grow by 6.2 percent in 2020 prior to the covid-19 pandemic but later was reviewed downwards to 4.9% by close of 2020 to reflect the realistic anticipated status after the Covid-19 (CBK, 2020).

*Table 1 Yearly Economic Indicators.*

Yearly Economic Indicators					
Economic Indicators	2016	2017	2018	2019	2020
Inflation rate (average %)	6.3	7.99	4.69	5.2	5.4
Economic Growth (GDP, annual variation in %)	5.9	4.8	6.3	5.4	4.0
Savings rate (average %)	8.97	6.29	5.33	5.37	

*Source: CBK, KNBS, International Finance Statistics*

## 2.0 THE NATURE AND STRUCTURE OF AMFI-K MEMBERSHIP

As at 30<sup>th</sup> June 2021 AMFI-K membership comprised of 59 members categorized as 2 commercial banks, 12 Microfinance Banks (MFBs), 39 Credit Only Microfinance



Institutions (COMFIs), 1 Sacco, 3 Wholesale Microfinance Institutions (WMFIs) and 2 Developmental Institutions. However, this report is restricted to 26 Institutions who shared the data. 9 MFBs, 14 COMFIs and 3 WMFIs shared the data. Due to the different nature of business the data was analyzed in their respective categories.

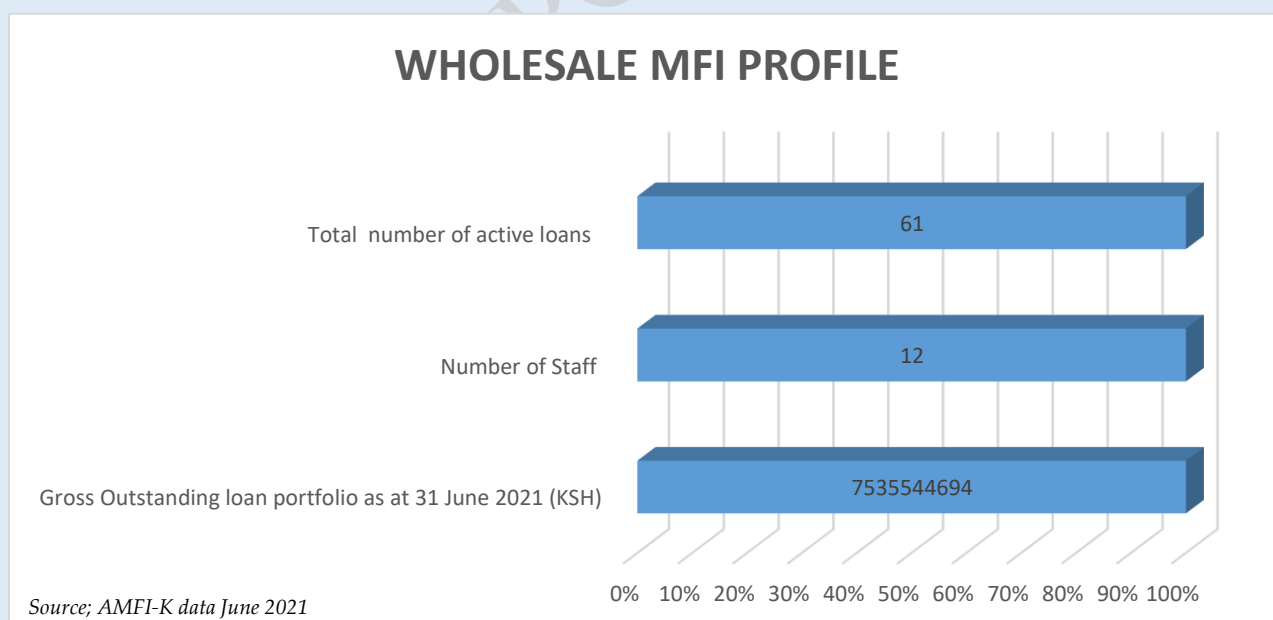
### 3.0 WHOLESALE MICROFINANCE INSTITUTIONS

As at 30<sup>th</sup> June 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 30<sup>th</sup> June 2021 the three Wholesale Microfinance Institutions (WMFIs) total number of staff was 12, total number of active loans was 61 and the total gross outstanding loan portfolio was ksh7.4b as shown in figure 1 below. The number of staff is quite low due to their nature of WMFIs business.

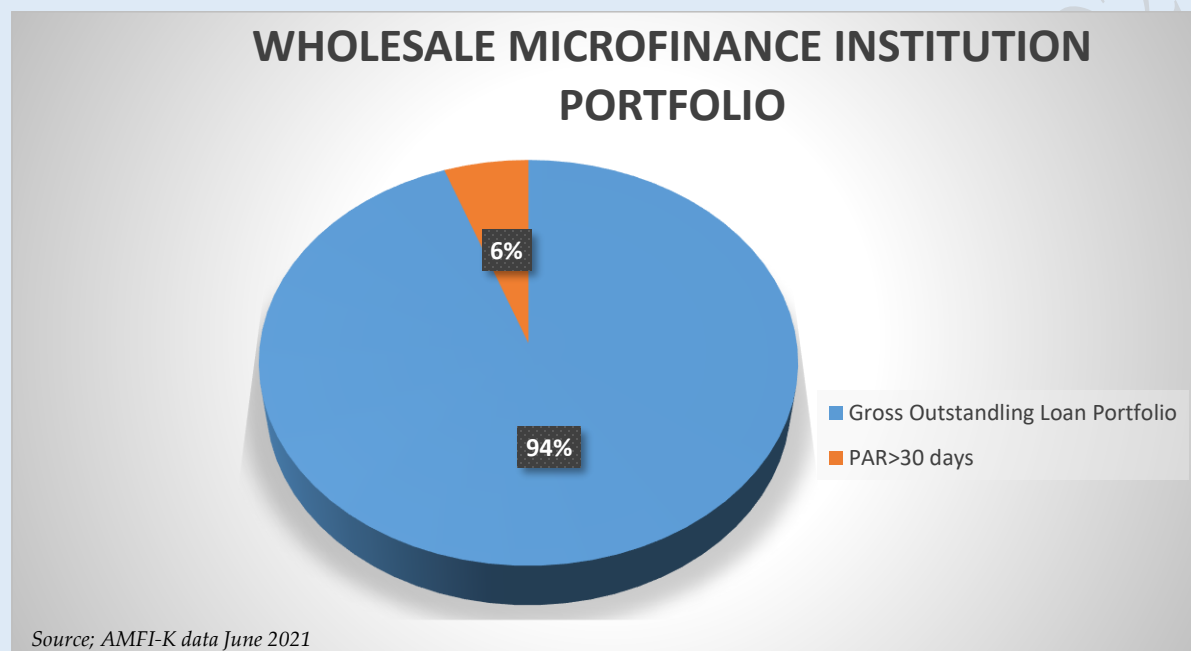
*Figure 1; Wholesale MFI profile*



### 3.2 Wholesale Microfinance Institutions Portfolio Analysis

In the year ending 30<sup>th</sup> June 2020 the wholesale MFIs had a total Gross Outstanding Portfolio (GOP) of ksh7.54b. From the total GPO, the Portfolio at Risk above 30 days (PAR>30) was 5.88%.

*Figure 2; Wholesale MFI Portfolio Analysis*



### 3.3 Wholesale Microfinance Institutions (WMFIs) Portfolio Per Sector Analysis

The sectoral categories have a total of 141 number of loans which is lower when compared with data of end of year 2020 that had 147 number of loans. Asset financing loans had the largest share of number of loans at 30 followed by business loans and agriculture at 29. The rest of the categories varied as shown in the table 2 below with the least being renewable energy and developments loans at one number of loan each.

As at 30<sup>th</sup> June 2021 the Outstanding Loan Portfolio (OLP) was ksh7.54b which higher than ksh6.33b OLP as at 31<sup>st</sup> December 2020. Financial inclusion sector category had the

largest OLP at ksh3.26b followed by Agriculture at ksh1.67b then asset financing at ksh1.04b then the rest follow as shown in table two below.

The total PAR>30 days was 5.88% with agriculture, housing, development and asset financing having the largest equal percentage of 9.24% followed other sector categories as per table 2 below. Renewable energy sector category has the least PAR>30 at 0%.

*Table 2; Wholesale Microfinance Institutions Portfolio Per Sector Analysis*

Type of Loan Products	Number OF Loans	Outstanding Loan portfolio (KSH)	PAR>30 Days
General loan	29	602,128,880.17	2.00%
Value chain loan	26	238,563,981.68	9.00%
Green	10	63,427,550.29	5.00%
Financial inclusion	11	3,263,625,150.00	2.50%
Renewable energy	1	537,538,260.00	0.00%
Agriculture	29	1,665,816,140.51	9.24%
Asset Financing	30	1,035,429,562.44	9.24%
Housing	4	118,871,309.43	9.24%
Development	1	10,143,859.56	9.24%

*Source; AMFI-K data June 2021*

#### 4.0 MICROFINANCE BANKS

As at 30<sup>th</sup> June, 2021 nine MFBs out of twelve shared their data among the AMFI-K MFBs members. The 9 MFBs had a total of 2640 number of staff, 757,209 male clients of which 29,078 were active and a total of 1,397,360 female clients of which 402,977 were active hence more women clients than the male clients. The total number of active loans stood at 355,401 while the average loan size varied differently for the 9 MFBs with the least average loan size being KSH66,291 and the highest being KSH986,065 as shown in table 3 below.

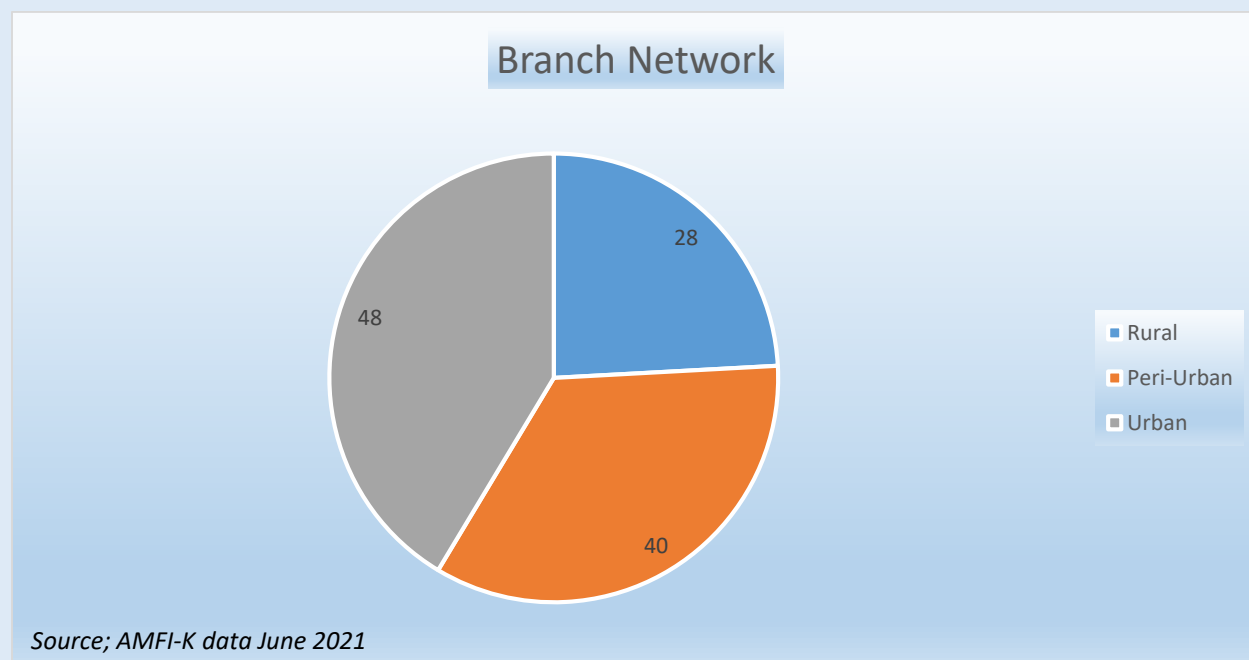
*Table 3: MFBs Overview*

Total Number of Staff		2,640
Total No. of Clients:	Male	757,209
	Female	1,397,360
Total Number of active clients	Male	219,078
	Female	402,977
Total number of active loans		355,441

*Source; AMFI-K data June 2021*

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.

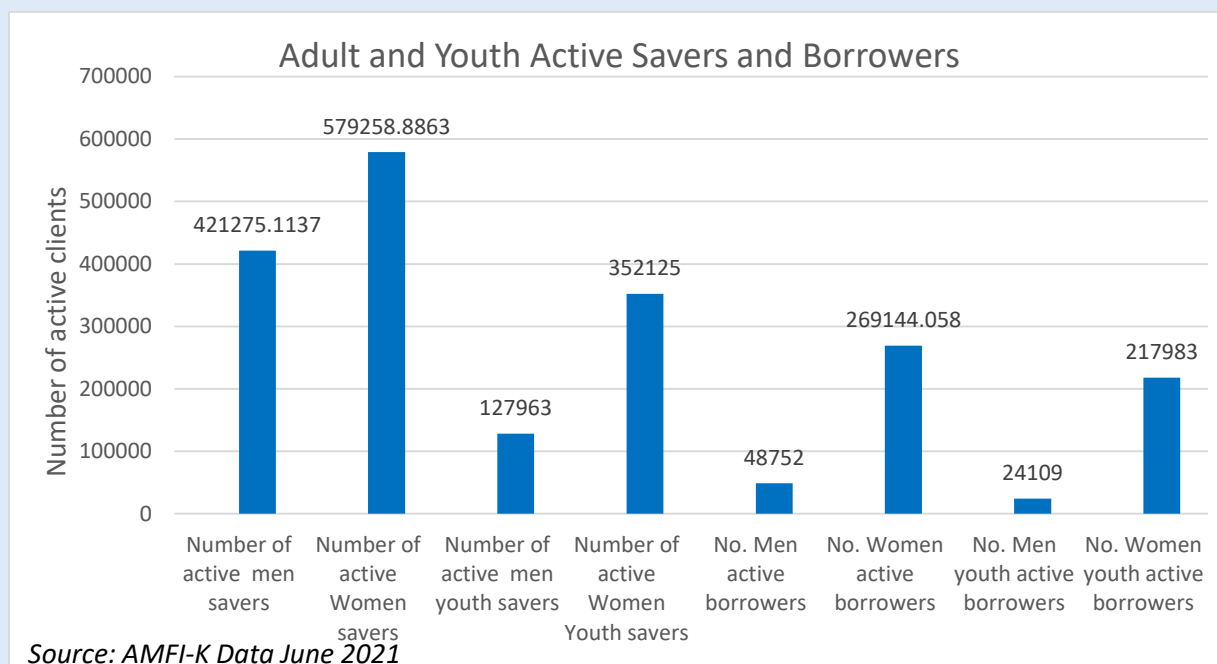
Figure 3: MFBs Fully Pledged Branches



#### 4.1 Microfinance Banks Portfolio and Savings Analysis.

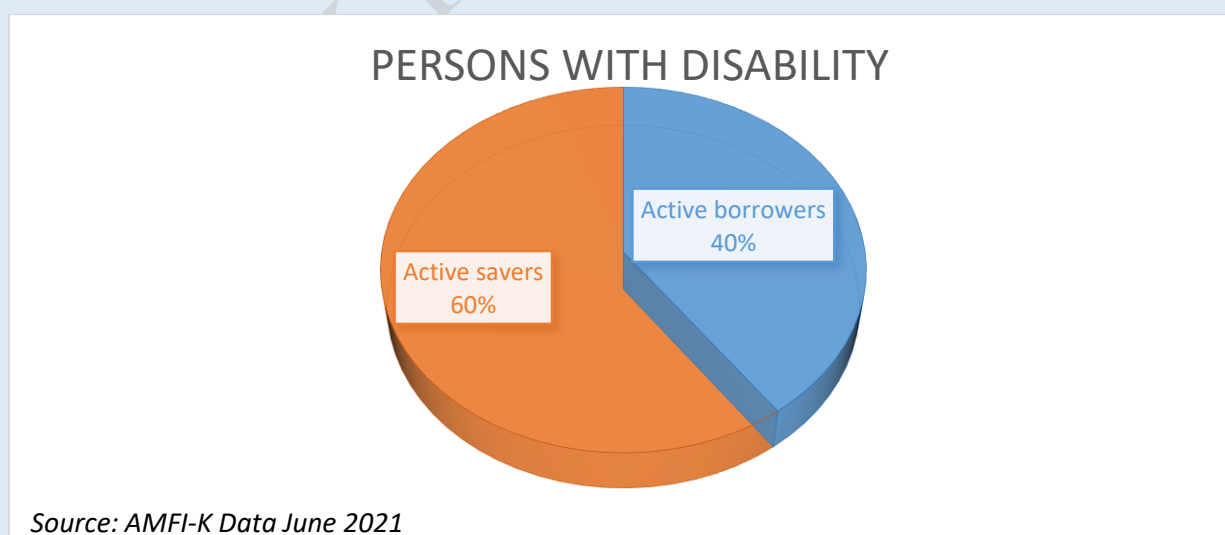
The MFBs as at 30<sup>th</sup> June 2021 had approximately Ksh43.32B Gross Outstanding Portfolio in total, which is lower than the Gross Outstanding Portfolio as at 31<sup>st</sup> December 2020 which was Ksh48.776B. The total number of saver and borrowers in the MFB category varied differently across adult and youth in their respective gender as shown in figure 4 below. In the same period both savers and borrowers' category there were more female clients in both adult and youth who saved and borrowed than the number of male clients.

Figure 4 Adult and youth Active Savers and Borrowers



As at 30<sup>th</sup> June 2021 one MFBs serve persons with disability and the total number of active savers and borrowers was 3 and 2 clients respectively shown below in figure 5.

Figure 5 Persons with Disability





## 4.2 Portfolio at Risk in the MFBs

The overall portfolio as at 30 June 2021 significantly dropped from the overall portfolio ending 31<sup>st</sup> December 2020 by approximately Ksh5B. The current performing loans dropped from Ksh33.29B as at 31<sup>st</sup> December 2020 to Ksh27.17B at 30<sup>th</sup> June 2021, representing 68.2% and 62.73% respectively.

Out of Ksh43.32B OLP as at 30<sup>th</sup> June 2021, loan amounting to Ksh5.63B remain unpaid between 1-30 days representing 13% of the total OLP. This was a higher when compared to 31<sup>st</sup> December 2020 where Ksh4.20B out of the total OLP was unpaid representing 8.6% for the loans that remained unpaid between 1-30 days. The PAR between different day of the year varied differently as at 30<sup>th</sup> June 2021 and also when compared with PAR as at 31<sup>st</sup> December 2020.

Out of Ksh43.32B OLP as at 30<sup>th</sup> June 2021, Ksh10.04B remain unpaid above 30days representing 23.19% of the total OLP which is approximately the same as the PAR>30 days as at 31<sup>st</sup> December 2020 which was represented by 23.8 of the total OLP. The summary of the portfolio at risk under various ageing brackets for the two periods is as shown in table 4 below.

*Table 4 MFBs Portfolio at Risk Summary*

MFBs Portfolio at Risk Summary				
Portfolio - Ageing (end of period)	31st Dec 2020	30 <sup>th</sup> June 2021(%)	31st Dec 2020(%)	30 <sup>th</sup> June 2021(%)
Current (performing loans)	33,286,945,378	27,170,442,988	68.2%	62.73%
PAR 1-30 days	4,196,122,891	5,632,674,713	8.6%	13.00%



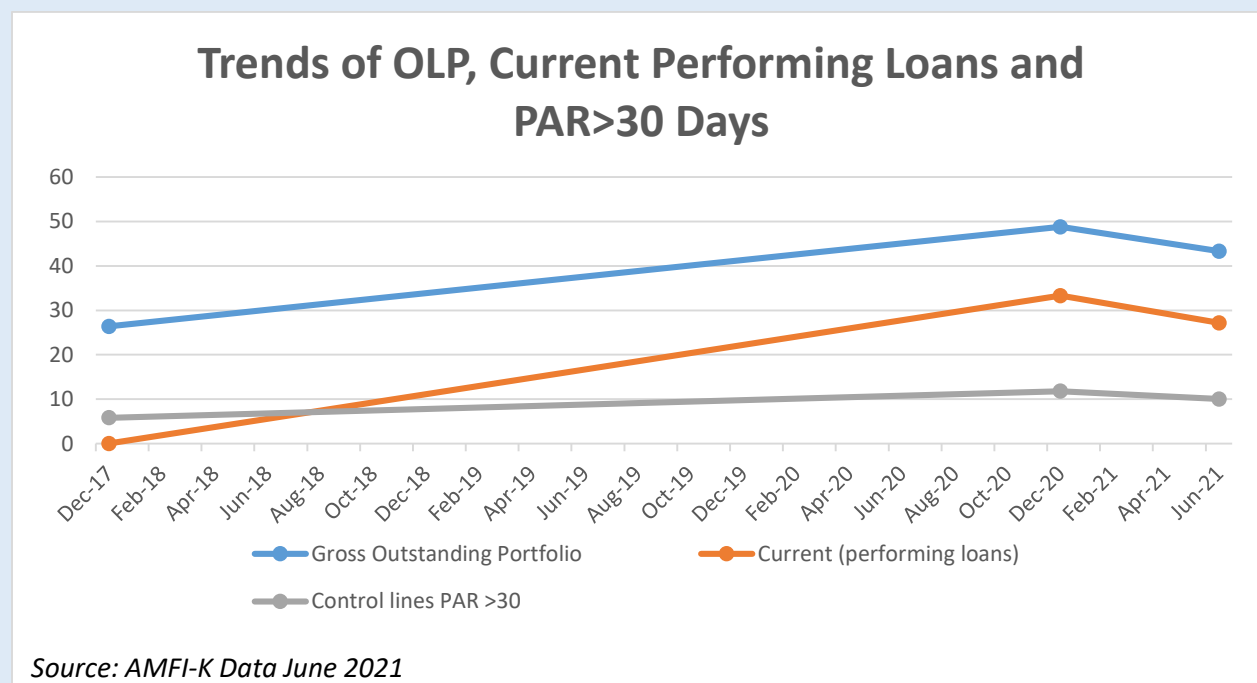
PAR 31-60 days	1,134,847,498	1,377,093,509	2.3%	3.18%
PAR 61-90 days	698,185,005	948,999,758	1.4%	2.19%
PAR 91-180 days	1,568,421,579	1,867,819,806	3.2%	4.31%
PAR 181-365 days	1,885,700,182	1,191,497,609	3.9%	2.75%
PAR >365 days	6,316,913,140	4,657,625,563	13.0%	10.75%
<b>Control lines PAR &gt;30</b>	<b>11,790,360,499</b>	<b>10,043,036,245</b>	<b>23.8%</b>	<b>23.19%</b>

Source: AMFI-K Data June 2021

#### 4.3 Trends of OLP, Current Performing Loans and PAR>30 Days

The OLP, current performing loans and PAR>30 day all increased from end of December 2017 to end of December 2020 then slightly dropped towards end of June 2021. At end of December 2017 the Current performing loan was below the PAR>30 days but going to end of December 2020 it was higher than the PAR>30days and remained the same as at 30<sup>th</sup> June 2021 as shown in figure 6 below.

Figure 6; Trends of OLP, Current Performing Loans and PAR>30 Days



#### 4.4 Loan Loss Reserve, Write offs, Liabilities and Equity in MFBs

As at 30<sup>th</sup> June 2020 the loan loss reserve was Ksh1.352B which a significant drop from the loan loss reserve at 31<sup>st</sup> December 2020 which stood at Ksh4.75B. 275 number of were write offs at 30<sup>th</sup> June 2021 which is significantly low when compared to 6,998 number of loans written-off during the period ending 31<sup>st</sup> December 2020, however, as at 30<sup>th</sup> June one MFB wrote off all its OLP. In the same period there was Ksh32.07B total liabilities and Ksh4.14B total Equity leading to Ksh36.21B total Equity and Liabilities. The loan loss reserve, write offs, liabilities and equity in two periods is as shown in table 5 below.

Table 5; Loan Loss Reserve, Write offs, Liabilities and Equity in MFBs

	Dec-20	Jun-21
<b>Loan Loss Reserve (end of period)</b>		
Loan Loss Reserve (KSH)	4,745,503,288.56	1,352,500,002.15
<b>Write offs</b>		

Loans written off (KSH)	395,911,177.67	288,930,910.82
Number of loans written-off during the period	6,998.00	275.00
<b>Liabilities and Equity</b>		
Total liabilities (KSH)	65,993,937,889.88	32,071,726,126.33
Total Equity (KSH)	7,940,010,742.24	4,136,934,390.19
<b>Total Equity &amp; Liabilities</b>	<b>73,933,948,632.12</b>	<b>36,208,660,516.52</b>

Source: AMFI-K Data June 2021

#### 4.5 MFBs Portfolio Per Sector

As at 30<sup>th</sup> June 2021 the MFBs had a variety of loan products to their end beneficiaries that has been grouped into the few listed type of loan products in table 6 below. The MFBs name their types of loan products differently hence the grouping of the types of loan products to their generally understandable name, for example energy loans, one MFB call it Electricity and energy loans and the other call it renewable energy and WASH products. Another example is the construction loan where one MFB calls it Micro housing loan while another calls it housing and mortgage loan hence the need of grouping for purposely data analysis

The number of loans varied across the different types of loan products with business loans taking the largest share followed by personal/household loans then closely by mobile loans while health and sanitation took the least share of number of loans among the other types of loan product as at 30<sup>th</sup> June 2021 as shown in table 6 below. The size of outstanding portfolio reciprocates their respective size of number of loans thus



business loans have the largest outstanding portfolio with health and sanitation being with the least outstanding portfolio as shown in table 6 below.

The size of number of loans and outstanding portfolio as at 30<sup>th</sup> June 2021 varied differently when compared with the number of loans and outstanding portfolio as at 31<sup>st</sup> December 2020. For example, number of loans for business loans reduced in June 2021 while the size of outstanding portfolio increased in the same period while for some like Agricultural loan, number of loans and outstanding portfolio increased in 30<sup>th</sup> June 2021 when compared to 31<sup>st</sup> December 2021. Also for some like construction loans, the number of loans and outstanding portfolio decreased in 30<sup>th</sup> June 2021 when compared to 31<sup>st</sup> December 2021.

As at 30<sup>th</sup> June 2021 the highest PAR>30 days was construction loans with 48.26% followed by group loans at 46.47% then the rest of loan products with their respective PAR>30 days as shown in table 6 below with the least being mobile loans with 7.11%. There is a mixed comparison between 31<sup>st</sup> December 2020 and 30<sup>th</sup> June 2021 of the PAR>30 days. The PAR in year 2020 where higher than the PAR>30 days in June 2021 in some types of loan products while in some it was lower as can be noted in table 6. The total PAR>30 days as at 30<sup>th</sup> June 2021 for the MFBs where almost the same with the PAR>30 days as at 31<sup>st</sup> December 2021, 24.17% and 23.32% respectively.



Table 2 MFBS Portfolio Per Sector

**MFBS PORTFOLIO PER SECTOR**

Type of Loan Products	Number of Loans (31st Dec 2020)	Number of Loans (30 <sup>th</sup> June 2021)	Outstanding Loan portfolio (31st Dec 2020) (KSH)	Outstanding Loan portfolio (30 <sup>th</sup> June 2021) (KSH)	PAR>30 (31st Dec 2020)	PAR>30 (30 <sup>th</sup> June 2021)
Business Loans	142,897	137139	17,900,332,674.60	28,009,192,699	33.46%	26.55%
Insurance Loans	10,278	10659	81,968,468.57	84,968,200	42.70%	32.07%
Health And Sanitation	-	30	-	31,636,709	0.00%	17.97%
Asset Financing Loans	8,842	12206	1,545,190,704.56	1,304,660,497	47.40%	17.30%
Agricultural Loans	31,904	34411	1,326,955,039.96	1,4755,878,193	26.50%	12.72%
Staff Loans	2,008	911	1,244,631,931.49	743,058,656	0.12%	14.72%
Construction Loans	1,208	743	2,613,595,150.96	411,134,744	40.91%	48.26%
Service Loans	274	604	114,001,785.57	114,478,681	29.71%	29.16%



Personal/Household Loans	47,112	91391	21,509,829,253.05	9,152,352,446	11.07%	16.72%
Manufacturing, Mining, Transport & Communications	959	645	1,115,463,480.06	811,657,647	67.13%	11.78%
Educational Loans	2,657	1649	24,913,749.01	33,735,780	34.01%	16.31%
Energy Loans	8,369	8853	53,415,562.27	39,750,530	13.82%	17.79%
Mobile Loans	131,683	88407	823,719,050.18	694,369,756	14.05%	7.11%
Group Loans	461	22898	422,101,793.38	402,958,008	74.78%	46.47%
<b>TOTALS</b>	<b>388,652</b>	<b>410546</b>	<b>48,776,118,643.67</b>	<b>43,309,832,548</b>	<b>24.17%</b>	<b>23.32%</b>

Source: AMFI-K Data June 2021

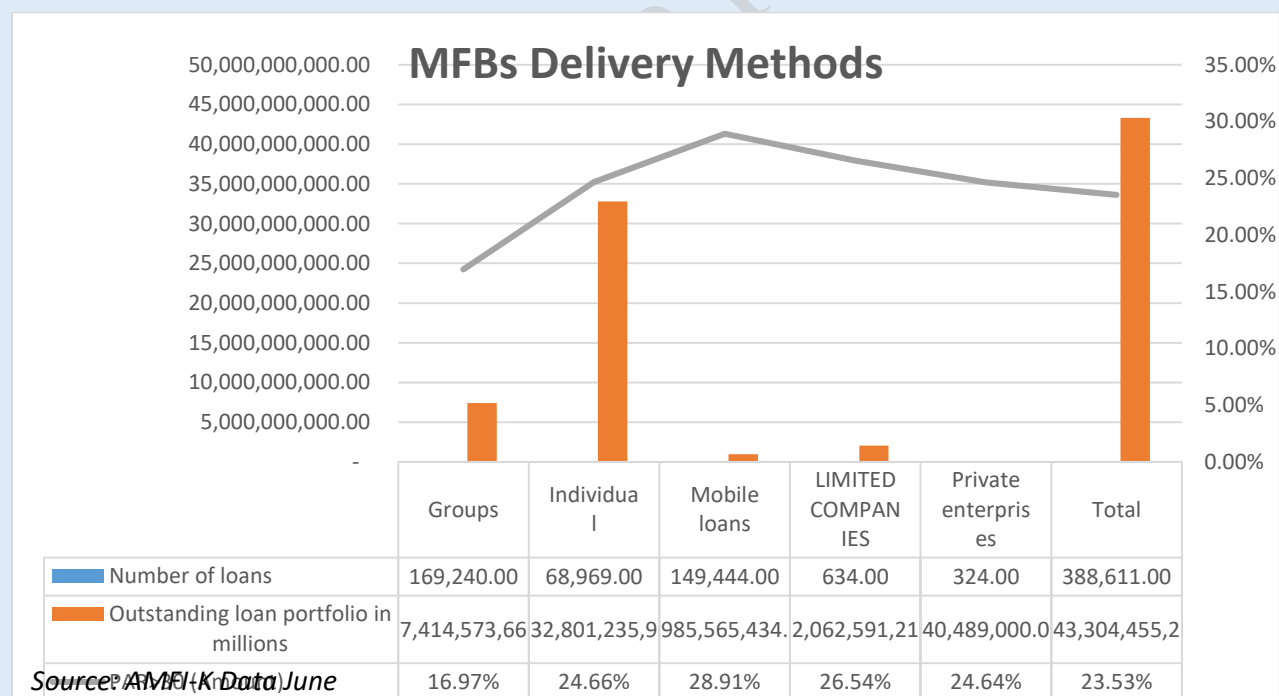


#### 4.6 MFBs Delivery Methods

As at 30<sup>th</sup> June 2021 the MFBs used five methods to deliver financial services to their respective clients as follows; Group methodology, Individual clients, Mobile banking, Limited companies and private entities. Figure 7 below gives the summary of the channels used to lend, OLP in channel and the percentage of PAR>30 days in each channel.

Groups had the largest number of loans with the KSH7.41B OLP of 16.97% PAR>30 days followed by Mobile loans with an OLP of KSH0.99B with a PAR>30 days of 24.66%. Individual mode of delivery came in third in the number of loans but had the highest OLB of KSH32.80B with a PAR>30 day of 24.66% then Limited companies with an OLB of KSH2.06B and a PAR>30 days of 26.54%. Private enterprise had the least number of loans and the least OLP of KSH0.04B with 24.64% PAR>30 days.

Figure 1 MFBs Delivery Methods





#### 4.7 Geographical Coverage of MFBs

Table 7 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 30<sup>th</sup> June 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 on only one branch across the all the MFBs who shared the data. The totals vary differently from the already given information due to some institution not being able to share their data as per the counties. Also some counties don't have branches but clients from those counties have registered to an MFB.

*Table 3 MFBs Geographical Coverage*

MFBs GEOGRAPHICAL COVERAGE					
REGION	County	No. of branches	Number of active clients	Number of active borrowers	Outstanding loan portfolio (Ksh)
Central	Kiambu	12	28724	9409	3,468,601,507
	Kirinyaga	1	4000	2772	420,778,353
	Muranga	2	8833	4486	442,354,673
	Nyandarua	1	2253	1713	111,048,733
	Nyeri	6	9541	6864	991,450,436
Coast	Kilifi	5	17135	12769	988,693,592
	Kwale	2	9358	7116	724,052,695
	Lamu	0	813	436	38,168,585
	Mombasa	6	30259	11677	1,604,613,115
	Taita Taveta	4	20296	5755	516,882,463
	Tana River	0	1413	948	118,573,240
Eastern	Embu	3	26352	4522	785,475,081



	Isiolo	0	1251	811	91,956,233
	Kitui	3	9690	7540	940,974,419
	Machakos	4	23714	12513	1,121,101,272
	Makueni	2	10816	7770	553,839,052
	Marsabit	0	1085	612	74,676,132
	Meru	7	33434	11444	1,336,299,433
	Tharaka Nithi	0	2567	1903	148,848,710
Nairobi	Nairobi	28	104804	68477	9,451,567,089
North Eastern	Wajir	0	0	0	-
	Garissa	0	461	173	63,837,335
	Mandera	0	0	0	-
Nyanza	Homa Bay	1	9500	6584	422,351,301
	Kisii	2	13004	6794	396,205,347
	Kisumu	3	10032	7416	925,765,388
	Migori	3	19649	11916	1,032,779,458
	Nyamira	0	6797	6329	254,136,665
	Siaya	2	9614	7668	600,299,247
Rift Valley	Baringo	1	8437	7026	879,519,839
	Bomet	2	10377	8257	691,119,812
	Elgeyo Marakwet	0	3686	3084	166,467,535
	Kajiado	6	8251	3781	1,235,335,822
	Kericho	4	15269	9084	1,050,429,311
	Laikipia	3	6488	3794	841,725,683
	Nandi	0	6243	5396	297,384,653



	Narok	1	5684	3485	556,629,323
	Nakuru	9	43107	11975	2,087,124,789
	Samburu	0	566	436	35,870,798
	Trans Nzoia	2	8531	6842	1,036,439,247
	Turkana	0	1059	444	115,701,567
	Uasin Gishu	3	25200	9896	1,627,863,856
	West Pokot	1	2071	1557	356,264,122
Western	Kakamega	6	37245	12867	1,519,635,915
	Bungoma	6	29843	11955	1,407,313,536
	Busia	2	7300	4657	523,225,034
	Vihiga	0	5147	4583	171,065,867
TOTALS		143	639899	335536	42,224,446,267

Source: AMFI-K Data June 2021



## 5.0 CREDIT ONLY MICROFINANCE INSTITUTIONS

AMFI-K have a membership of 40 Credit Only Microfinance Institutions (COMFIs) where 14 COMFIs shared the data as at 30<sup>th</sup> June 2021. The COMFIs had a total of 3,515 number of staff which is an increase from 2,901 as at December 2020. In the same period there was 307,897 male clients of which 172,172 were active and 725,938 female clients of which 465,703 were active hence more women clients than the male clients. The number of active male and female clients in the COMFIs increased from the year 2020 to June of 2021 as shown in the table 8 below.

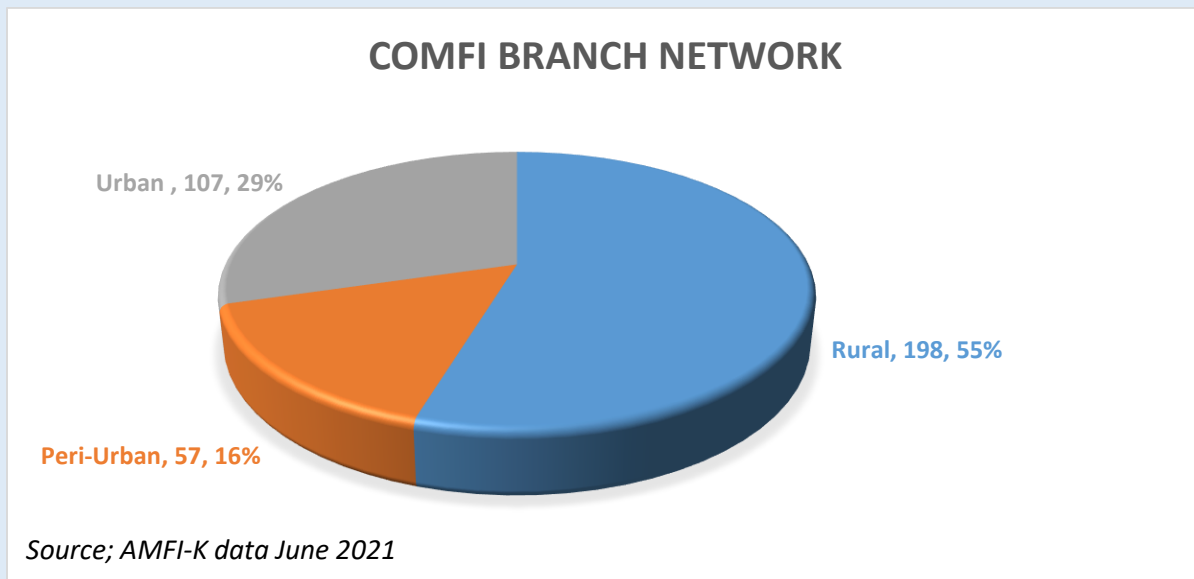
*Table 8; Total number of Clients and those who are Active.*

<b>Total &amp; Active</b>	<b>Gender</b>	<b>31st December 2020</b>	<b>30th June 2021</b>
<b>Total No. of Clients:</b>	Male	0	307897
	Female	0	725938
<b>Number of active clients</b>	Male	169920	172172
	Female	331339	465703

*Source: AMFI-K Data June 2021*

The total number of active loans stood at 373,658 an increase from 314,129 at 31<sup>st</sup> December 2020. The highest average loan size stood at Ksh1M and the least average loan size was Ksh16,808. 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.

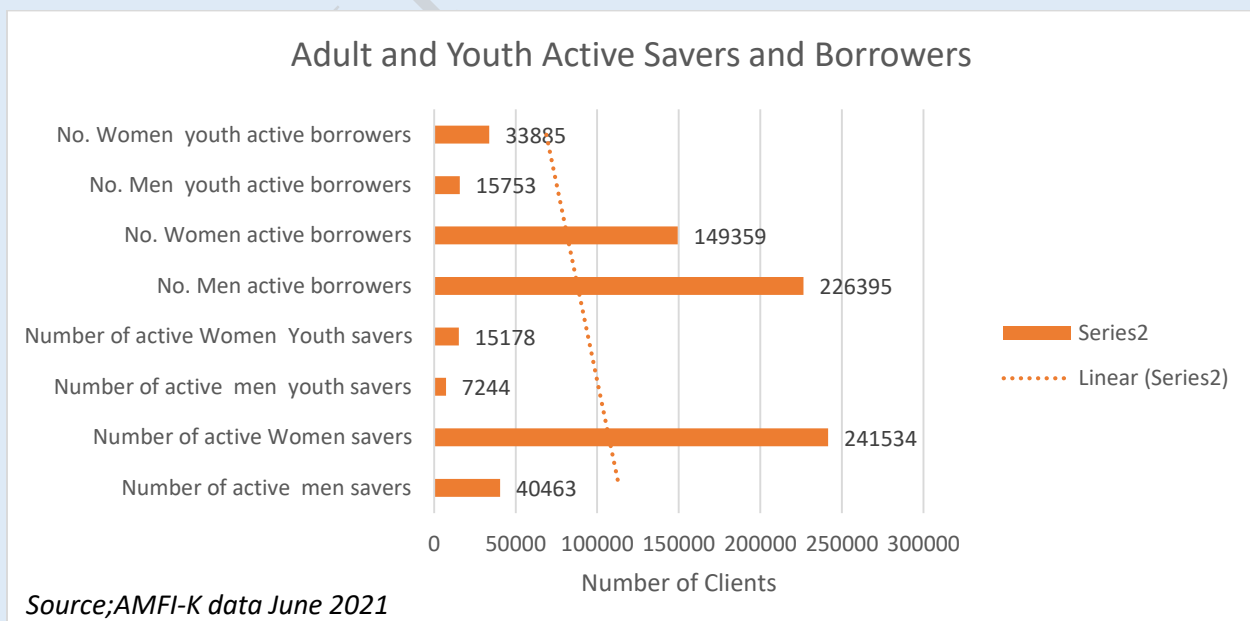
Figure 2 COMFIs Branch Network



### 5.1 Credit Only Microfinance Institutions Portfolio and Savings Analysis.

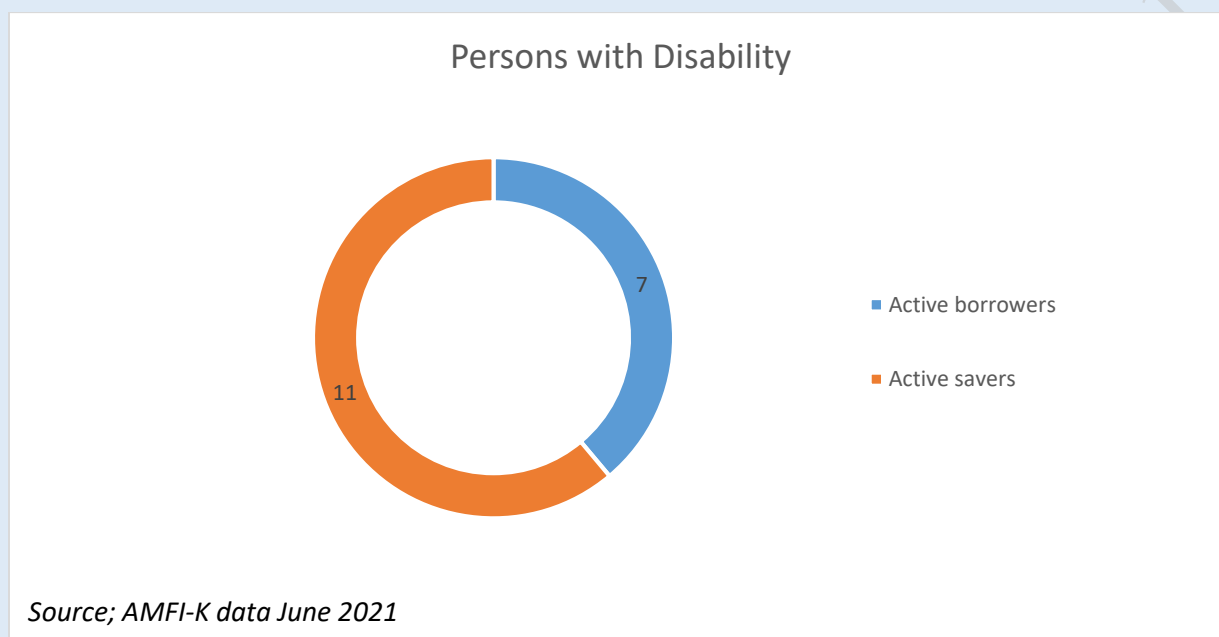
Fourteen COMFIs as at 30<sup>th</sup> June 2021 had an OLP of KSH13.37B which is slightly less than Ksh13.418B OLP as at 31<sup>st</sup> December 2020 for fourteen institutions. The number of active saver and active borrowers vary differently within gender and also in adults and youths as shown in figure 9 below.

Figure 3 Adult and Youth active Savers and Borrowers



As at 30<sup>th</sup> June 2021 two Credit Only MFIs serve persons with disability and the total number of active savers is and active borrowers is as shown in figure 10 below.

*Figure 10; Persons with Disability*



## 5.2 Portfolio at Risk of Credit Only MFIs

As at 30<sup>th</sup> June 2021 fourteen COMFIs had KSH13.37B OLP of which Ksh10.87B was current performing loans and KSH1.84B remain unpaid for 31 days and above. Loans between one and 30 days was KSH750.65M, 31 days to 60 days was KSH396.46M, 61 to 90 days was KSH368.94M, 91 to 180 days was KSH36145M, 181 to 365 days was KSH195.85M and that above 365 days were Ksh195.85M that remained unpaid. The comparison of the two periods varied as shown in table 8 below with their respective PAR>30 days' percentages.



*Table 4 COMFIs Portfolio at Risk Summary*

Portfolio at Risk Summary				
	31st Dec, 2020		30th June, 2021	
	PAR in KSH	PAR Percentage	PAR in KSH	PAR Percentage
Current (performing loans)	7,801,950,632.65	58.15%	10,873,409,234.64	81.08%
PAR 1-30 days	272,092,383.94	2.03%	750,645,408.63	5.60%
PAR 31-60 days	201,570,133.10	1.50%	396,455,359.10	2.96%
PAR 61-90 days	157,916,884.26	1.18%	368,949,109.50	2.75%
PAR 91-180 days	230,792,614.19	1.72%	361,446,964.23	2.70%
PAR 181- 365 days	475,066,164.25	3.54%	519,101,129.05	3.87%
PAR >365 days	507,181,909.29	3.78%	195,847,397.59	1.46%
Control lines PAR >30	1,655,921,977.74	12.34%	1,841,799,959.46	13.73%

*Source: AMFI-K Data June 2021*





### 5.3 Credit Only MFIs Loan Loss Reserve, Write offs, Liabilities and Equities

As at 30<sup>th</sup> June 2021 the loan loss reserve stood at KSH510.62M and write offs stood at KSH141.41M with 2,847 number of loans written-off during. In the same period there was KSH12.67B total liabilities and KSH3.91B total Equity leading to KSH16.59B total Equity and Liabilities. The comparison between 31<sup>st</sup> December 2020 and 30 June 2021 of the fourteen COMFIs loan loss reserve, write offs, liabilities and equities as shown in table 9 below.

*Figure 9; COMFIs Loan Loss Reserve, Write offs, Liabilities and Equities*

	31st December, 2020	30th June 2021
Loan Loss Reserve (KSH)	520,036,083.26	510,615,307.58
Loans written off (KSH)	191,443,597.04	141,414,441.06
Number of loans written-off during the period	5,716.00	2,847.00
Total liabilities	10,018,658,653.06	12,666,908,896.70
Total Equity	3,660,941,922.79	3,920,606,023.15
Total Equity & Liabilities	13,129,406,873.84	16,587,514,919.84

Source; AMFI-K Data June 2021

### 5.4 Credit Only MFIs Portfolio Per Sector Analysis

As at 30 June 2021 the COMFIs served various sectors in the industry with varied names but most had similar meaning leading to the grouping of loan products into the list of type of loan products listed in the table 10 below. The number of loans varied differently in different types of loan products and business loans had the highest number of loans at 171,268 with the least being service loans, construction loans, and food loans with zero



number of loans. The other types of loan products have their number of loans distributed as from the highest to the lowest as shown in table 10 below.

Out of Ksh13.37B OLP, business loans had the largest unpaid loans of about KSH3.81B and the least was service loans, construction loans, and food loans with zero OLP while the rest are distributed as shown table 10 below. The highest loans that remained unpaid above 30days when compared with the OLP was education loans with 96.74% PAR>30 and the least was service loans, construction loans, and food loans with no PAR>30days as shown in table 10 below.

The total portfolio slightly dropped from 31<sup>st</sup> December 2020 to 30<sup>th</sup> June 2021. In respective to the types of loan products some increased and others decreased in the with the two periods. Three types of loans products which had a significant OLP on 31<sup>st</sup> December 2020 decreased to zero OLP, which was due to either write off or change of product name.

*Table 10 COMFIs Portfolio Per Sector*

COMFIs PORTFOLIO PER SECTOR						
Type of Loan Products	Number OF Loans (Dec, 2020)	Number OF Loans (June, 2021)	Outstanding Loan portfolio (Dec, 2020) (KSH)	Outstanding Loan portfolio (June, 2021) (KSH)	PAR>30 Days (Dec, 2020)(%)	PAR>30 Days (June, 2021)(%)
Business Loans	55,167	171268	4,927,850,628.83	3,813,634,476.10	17.77%	29.24%
Agriculture Loans	65,744	64847	1,939,781,013.77	2,383,054,626.74	9.39%	8.11%
Social Loans	23	4707	77,589.00	57,501,412.74	78.53%	18.62%
Construction Loans	29,625	0	94,151,612.62	-	8.45%	0.00%
Mobile Loans	720	1240	12,516,588.35	17,879,787.31	44.69%	39.92%



Asset Finance Loans	1,730	2733	92,153,399.41	261,503,385.91	12.51%	6.99%
Personal Loans	42,678	65439	3,065,224,532.46	3,158,180,067.13	14.99%	4.06%
Insurance Loans	499	545	66,686,107.93	71,306,139.73	3.84%	2.38%
Service Loans	31	0	3,533,125.70	-	54.77%	0.00%
Energy & Wash Products Loans	4,863	2970	44,645,446.87	25,413,744.65	19.36%	12.63%
Food Loans	1,083	0	12,280,647.00	-	2.81%	0.00%
Emergency Loans	890	855	1,680,072,473.39	4,707,787.00	1.87%	23.07%
Education Loan	31,313	186	33,552,824.30	964,300.00	3.28%	96.74%
Staff Loans	9	16465	185,713.00	712,046,061.85	100.00%	3.54%
Covid-19 Recovery Loan	566	944	36,008,683.98	46,646,635.16	0.00%	3.81%
Group Loans	92,400	7	1,400,000,000.00	8,408,131.05	4.76%	2.40%
SME loans		56299		2,808,794,566.06		5.31%
Total	327,341	388505	13,408,720,386.60	13,370,041,121.43	12.34%	12.39%

Source: Microfinance Institutions Data 2020

## 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 30<sup>th</sup> June 2021 the groups platform had 117,864 number of loans, Individual platform had 249,780 number of loans, mobile banking had 21,017 number of loans and the SMEs platform had 239 number of loans. The distribution of Outstanding loan portfolio and PAR>30 days is has shown in figure 10 and 11 below. Groups method of delivery decreased in the size of number of loans, OLP and its PAR>30 days while individual, mobile and SMEs method of delivery increase across its number of loans and OLD from 31<sup>st</sup> December 2020 to 30<sup>th</sup> June 2021. Generally, the PAR>30day



percentage across all the methods of delivery decreased from 31<sup>st</sup> December 2020 to 30<sup>th</sup> June 2021 as shown in table 11 below.

*Table 11: Delivery Methods in COMFIs*

	Number of loans		Outstanding loan portfolio		PAR>30 Days	
<b>Metho d</b>	<b>Dec, 2020</b>	<b>June, 2021</b>	<b>Dec, 2020</b>	<b>June, 2021</b>	<b>Dec, 2020 (%)</b>	<b>June, 2021 (%)</b>
<b>Groups</b>	221,946.0 0	117,864.0 0	6,180,008,518.68	3,411,365,069.96	16.19 %	13.14 %
<b>Individua l</b>	88,068.00	249,780.0 0	6,847,569,733.48	9,506,413,006.21	8.54%	5.51%
<b>Mobile loans</b>	17,303.00	21,017.00	186,004,219.58	246,754,008.51	12.33 %	4.15%
<b>SMEs</b>	24.00	239.00	177,413,975.80	250,450,583.72	26.59 %	0.21%
<b>TOTAL</b>	327,341.0 0	388,900.0 0	13,390,996,447.5 4	13,373,982,668.4 0	12.36 %	7.35%

*Source: AMFI-K Data June 2021*

## 5.6 Credit Only MFIs Geographical Coverage

As at 31<sup>st</sup> December 2020 the COMFIs was distributed across the country as per every region and specific counties. As it can be easily noted in table 9 below, seven 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 Lamu 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 10 below. The totals vary differently from the already given information due to some institution not being able to share their data as per their branches in different counties.

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	23	13560	8822	456,289,239.49
	Kirinyaga	8	4734	3577	116,067,176.29
	Muranga	7	2026	1646	63,173,050.10
	Nyandarua	7	2719	2478	75,002,558.18
	Nyeri	9	13052	6916	265,609,915.70
Coast	Kilifi	16	1065	694	29,903,191.32
	Kwale	1	328	173	2,932,294.00
	Lamu	0	0	0	-



	Mombasa	8	4630	3052	126,719,794.81
	Taita Taveta	1	200	268	21,591,615.41
	Tana River	0	0	0	-
Eastern	Embu	10	19072	9778	509,812,045.45
	Isiolo	1	344	429	28,763,239.24
	Kitui	10	6351	5435	264,374,246.53
	Machakos	15	12968	7155	356,843,802.22
	Makueni	10	5258	3793	141,611,299.03
	Marsabit	0	0	0	-
	Meru	16	13825	9324	360,760,418.02
	Tharaka Nithi	4	2147	1697	74,939,707.25
Nairobi	Nairobi	53	104629	59589	3,177,435,850.95
North Eastern	Wajir	0	0	0	-
	Garissa	1	13	35	3,096,691.28



	Mandera	0	0	0	-
Nyanza	Homa Bay	9	4224	3027	151,969,075.87
	Kisii	5	3505	3458	155,992,778.08
	Kisumu	7	7022	5171	218,304,197.14
	Migori	5	1621	2240	123,921,451.24
	Nyamira	4	1856	1856	53,829,289.85
	Siaya	4	469	480	28,573,716.42
Rift Valley	Baringo	12	8926	6572	271,198,078.69
	Bomet	7	9714	8860	237,340,211.08
	Elgeyo Marakwet	4	4817	4320	150,742,851.44
	Kajiado	10	4963	2502	153,359,540.83
	Kericho	7	20715	11403	399,977,304.00
	Laikipia	8	10958	5811	212,568,744.86
	Nandi	7	17358	12173	400,995,329.01





	Narok	4	2661	1903	128,196,276.17
	Nakuru	19	21755	13205	609,712,907.96
	Samburu	1	55	53	4,005,214.33
	Trans Nzoia	9	18773	12882	506,785,957.02
	Turkana	0	0	0	-
	Uasin Gishu	14	39017	21320	834,464,532.63
	West Pokot	3	969	978	28,044,495.98
Western	Kakamega	9	12040	7020	247,204,533.92
	Bungoma	6	10332	7302	265,177,210.24
	Busia	3	1474	2599	79,339,224.83
	Vihiga	5	2436	2249	75,142,943.77
TOTAL		362	412581	262245	11,411,772,000.63

Source: AMFI-K data June 2021



## ANNEXES

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

#### WHOLESALE MICROFINANCE INSTITUTIONS

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

#### MICROFINANCE BANKS

1. Caritas Microfinance Bank Ltd
2. Century Microfinance Bank Ltd
3. Faulu Kenya Microfinance Bank Ltd
4. Kenya women Microfinance Bank Ltd
5. Maisha Microfinance Bank
6. SMEP Microfinance Ltd
7. Sumac Microfinance Bank Ltd
8. U&I Microfinance Bank Ltd
9. Uwezo Microfinance Bank

#### CREDIT ONLY MICROFINANCE INSTITUTIONS

1. ASA LTD
2. BIMAS
3. Eclof Kenya
4. Fincredit Services Ltd
5. Hand in Hand Eastern Africa
6. Hazina Development Trust Limited
7. Jiweze Ltd
8. Juhudi Kilimo Co.Ltd
9. Kipepeo Microcredit Ltd
10. Longitude Finance



11. Neema Helth Education & Empowerment Program (NEEMA-HEEP Ltd)
12. Premier Credit Ltd
13. Ushindi Bora Ltd
14. VisionFund Kenya Ltd

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