

ASSOCIATION OF
MICROFINANCE
INSTITUTIONS
KENYA (AMFI-K)

MICROFINANCE SECTOR REPORT 2020



6TH EDITION

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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

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 21 years of existence, AMFI-K's membership has increased from the original 5 founder members to the current 54 fully paid up members in 2020 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

Prior to COVID-19 outbreak, the economy had been projected to grow by 6.2 percent in 2020 (CBK, 2020). 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. Negative growth was witnessed in the second quarter of 2020 compared to banks and Sacco societies (CBK, 2020)

Since the phenomena was unique, most institutions adopted try and error methods to manage the situation in order to remain in business since there was no precedent of such experience in the recent past. In a survey conducted by AMFI in late May 2020, two months immediately after COVID-19 was declared as a national disaster by HE president of the republic of Kenya, MFIs faced several challenges such as; Constrained working capital due to low repayment hence affecting the liquidity levels, Low outreach due to restriction of movements, Low productivity of staff due to the disruption of the working environment since majority were forced to work from home, Challenges of technology such poor internet connectivity and lack of expertise in IT among others. 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 31st December 2020 AMFI-K membership comprised of 54 members categorized as 2 commercial banks, 12 Microfinance Banks (MFBs), 34 Credit Only Microfinance Institutions (COMFIs), 1 Sacco, 3 Wholesale Microfinance Institutions (WMFIs) and 2 Developmental Institutions. However, this report is restricted to 27 Institutions who shared the data. 10 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 31st December 2020 AMFI-K is 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 31st December 2020 the three WMFIs total number of staff, total number of partnering institutions, total number of active loans and total number of loan disbursed within the year is as shown in table 2 below. The average loan size for the three WMFIs was Ksh59.52M as per table 2 below. The number of staff is quite low due to their nature of WMFIs business.

Table 2 Wholesale MFI profile

WHOLESALE MFI PROFILE	
Number of Staff	11
Total Number of Partnering FIs	58
Number of active Partnering FIs	49
Number of active Partnering MFIs	43
Total number of active loans	147

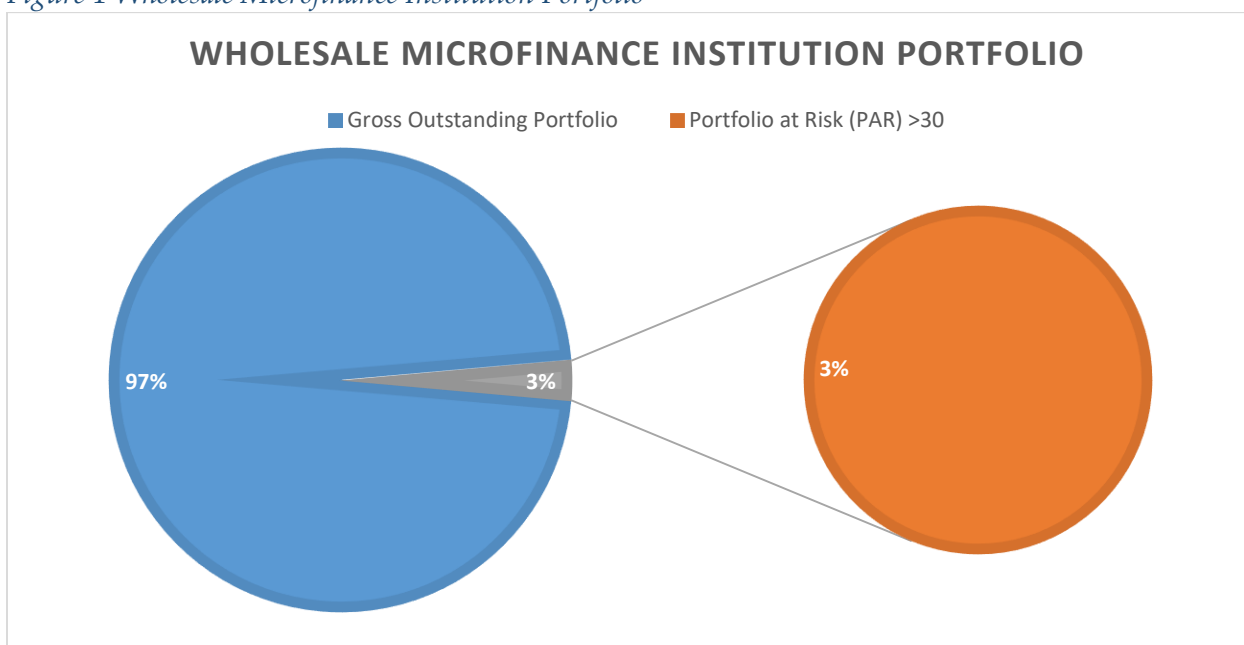
Total loan disbursed within the year ending Dec 2020 (KSH)	4,142,305,565
Average Loan size (KSH)	59,515,694

Source: Microfinance Institutions Data 2020

3.2 Wholesale Microfinance Institutions Portfolio Analysis

In the year ending 31st December 2020 the wholesale MFIs had a total Gross Outstanding Portfolio (GOP) of Ksh6.336 B. From the total GPO, the Portfolio at Risk above 30 days (PAR>30) was 3%.

Figure 1 Wholesale Microfinance Institution Portfolio



Source: Microfinance Institutions Data 2020

3.3 Wholesale Microfinance Institutions (WMFIs) Portfolio Per Sector Analysis

As at 31st December 2020 the WMFIs had a total of Ksh6.336B Outstanding Loan Portfolio (OLP) and the Financial inclusion sector category had the largest OLP at Ksh2.158B followed by General loan/business loans at Ksh1.799B. The third and the last in the billion shillings was Agriculture sector category section with Ksh1.228B. The remaining sector categories are in millions and the least was Asset Financing category with Ksh20.292M.

The total PAR>30 days was 2.8% with Real Estate having the largest percentage of 83.3% while the other sector categories are below 10%. Asset Financing and Housing sector categories have 0% PAR>30 as shown in the table 3 below.

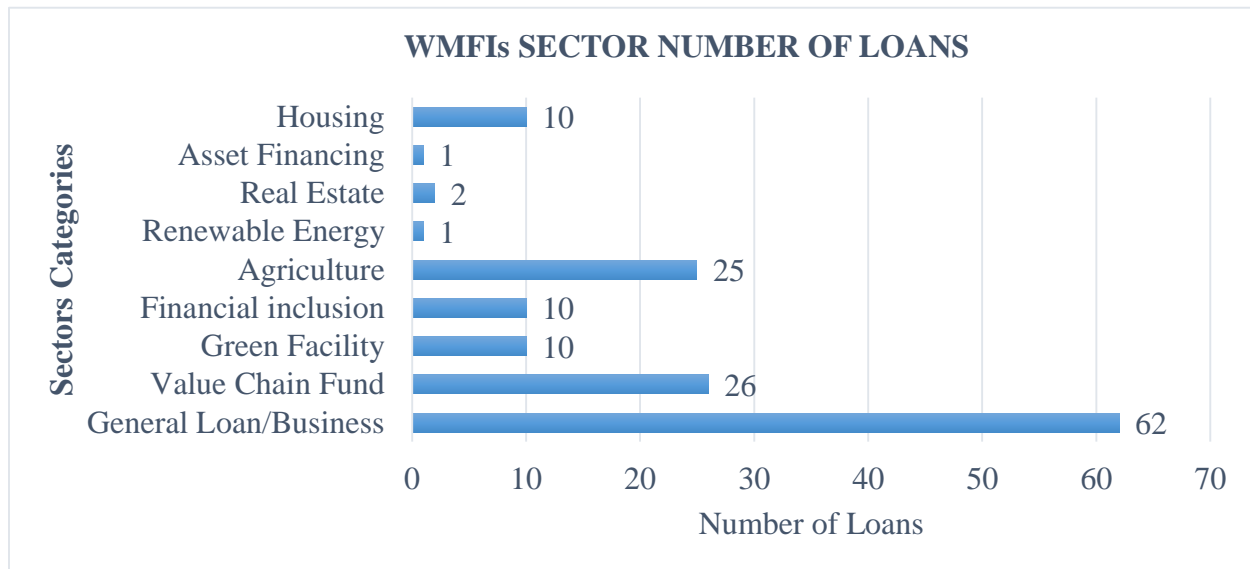
Table 3 Wholesale Microfinance Institutions Portfolio Per Sector Analysis

WHOLESALE MICROFINANCE INSTITUTION OLP PER SECTOR ANALYSIS		
Sectors Categories	Outstanding Loan portfolio (KSH)	PAR>30 Days (%)
General Loan/Business	1,799,178,958	1.0%
Value Chain Fund	256,138,172	8.2%
Green Facility	79,299,847	4.6%
Financial inclusion	2,158,483,201	3.7%
Agriculture	1,228,821,329	0.2%
Renewable Energy	543,967,340	0.0%
Real Estate (Commercial)	66,787,014	83.3%
Asset Financing	20,292,786	0.0%
Housing (Home improvements)	183,951,914	0.0%
TOTAL	6,336,920,563.	2.8%

Source: Microfinance Institutions Data 2020

The sectoral categories have a total of 147 number of loans with General/Business loans having the largest share of 62 number of loans followed by Value Chain Fund and Agriculture with 26 and 25 respectively. Housing, Green Facility and Financial Inclusion have 10 each with Real Estate, Asset Financing and Renewable Energy having 2,1 and 1 respectively as shown in figure 2 below.

Figure 2 WMFIs Sector Number of Loans



Source: Microfinance Institutions Data

2020

3.4 Categories of Loan Disbursement

As at 31st December 2020 the loans disbursed to different categories as shown in figure 6 below. Non Regulated MFIs had the largest number of loans at 67 followed by Sacco's with 34 and Regulated MFIs with 25. The other categories had number of loans below 15 with Renewable Energy being the least with 1 number of loan.

Regulated and Non-Regulated MFIs had about Ksh2B OLP each while the SMEs category had about Ksh1.0B. The rest of the categories were below 5M has shown in table 4 below.

Table 4 WMFIs Loan Disbursement

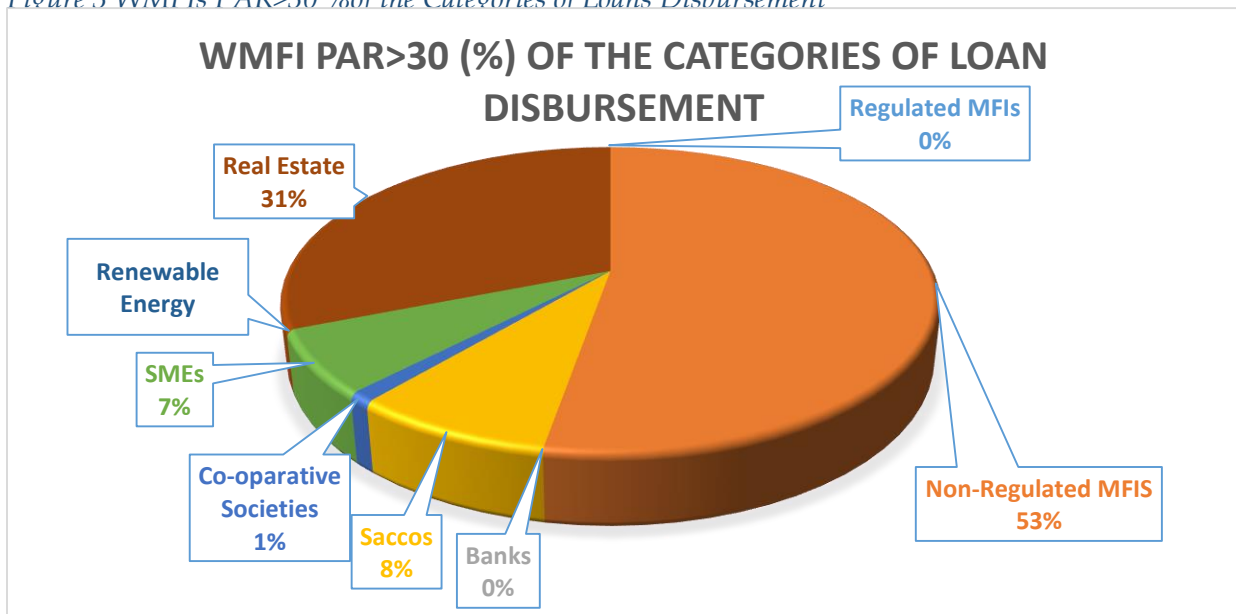
WMFIs LOAN DISBURSEMENT		
Categories	Number of loans	Outstanding loan portfolio (KSH)
Regulated MFIs	25	1,877,132,738
Non-Regulated MFIs	67	1,951,765,256
Banks	2	390,199,656
Sacco's	34	496,472,900
Co-operative Societies	3	9,996,841

SMEs	13	1,000,598,817
Renewable Energy	1	543,967,340
Real Estate	2	66,787,014
TOTALS	147	6,336,920,564

Source: Microfinance Institutions Data 2020

In every category of the loan disbursed and in respect to the OLP, the PAR>30 days is as shown in figure 3 below. Non-Regulated MFIs had the largest PAR>30 day of 53 % and the least were Regulated MFIs and Banks with 0% each.

Figure 3 WMFIs PAR>30 %of the Categories of Loans Disbursement

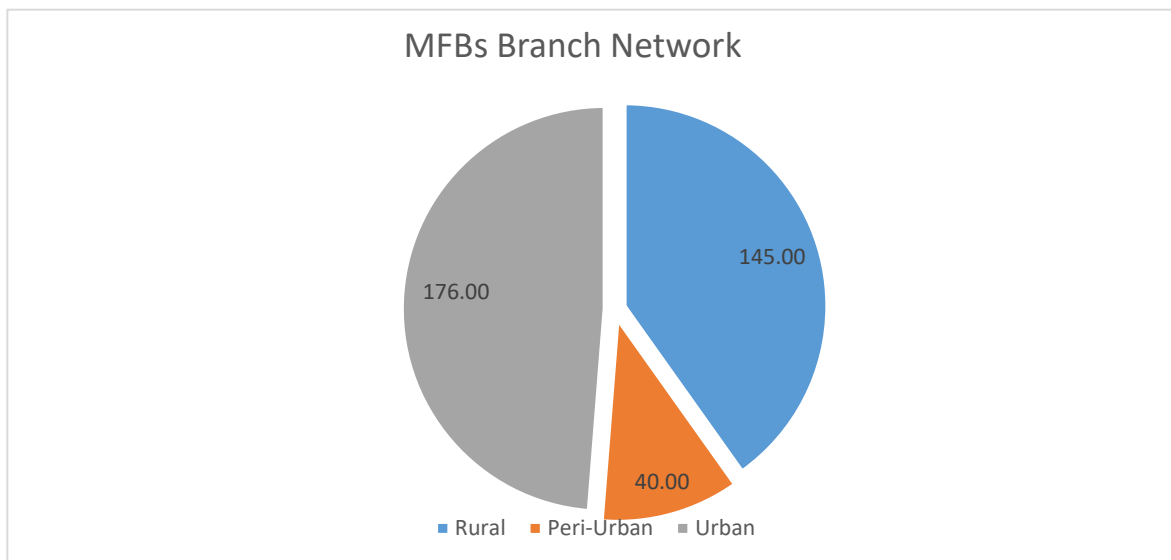


Source: Microfinance Institutions Data 2

4.0 MICROFINANCE BANKS

AMFI-K have a membership of 12 MFBs where 10 MFBs shared the data as at 31st December 2020. The MFBs had a total of 3,058 number of staff which is a significant drop from 4,109 numbers of staff as at 31st December 2017. The MFBs had a total of 666,808 male clients and a total of 1,394,646 female clients hence more women clients than the male clients. The total number of active loans stood at 358,829. The average loan size in total was Ksh3.53M for 8 MFBs since two MFBs didn't share the data in respect to average loan size. The highest average loan size stood at Ksh1.06M and the least stood at Ksh8,624. The number of fully pledged branches in the MFB sector was distributed across the urban, peri-urban and rural areas as show in figure 4 below.

Figure 4 MFBs Branch Network



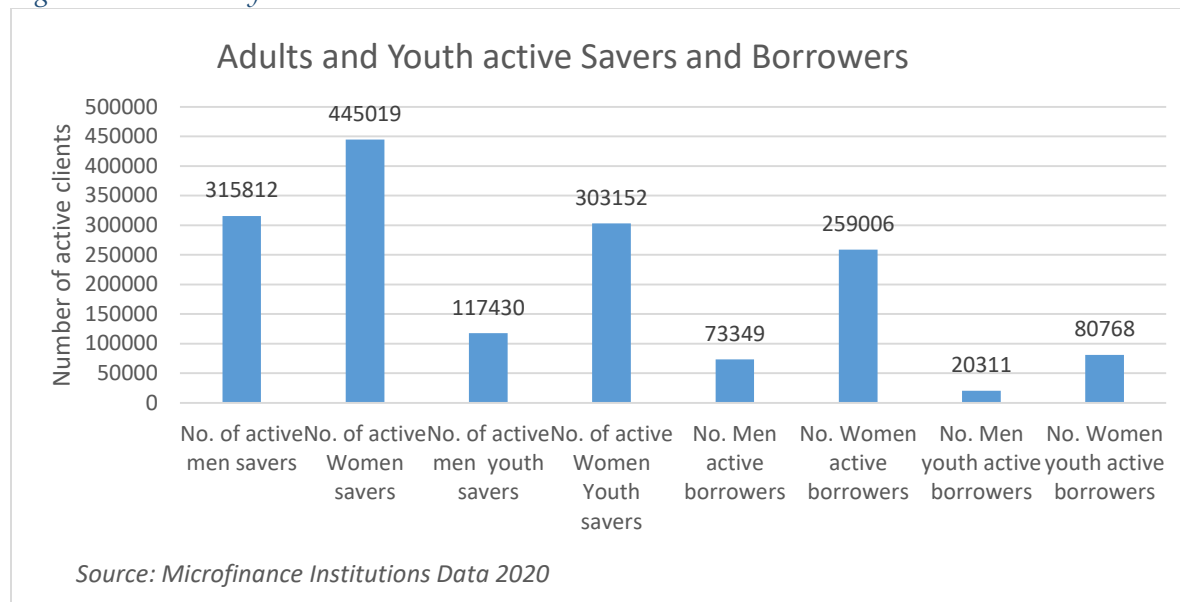
Source: Microfinance Institutions data 2020

4.1 Microfinance Banks Portfolio and Savings Analysis.

The MFBs as at 31st December 2020 had approximately Ksh48.776B in total which is approximately twice the Gross Outstanding Portfolio as at 31st December 2017 which was Ksh26.4B. The total number of active clients also significantly increased from 1,215,486 clients as at 31st December 2017 to 1,614,856 active clients as at 31st December 2020. Subsequently the number of active saver and active borrowers increased from 346,238 and 257,757 clients

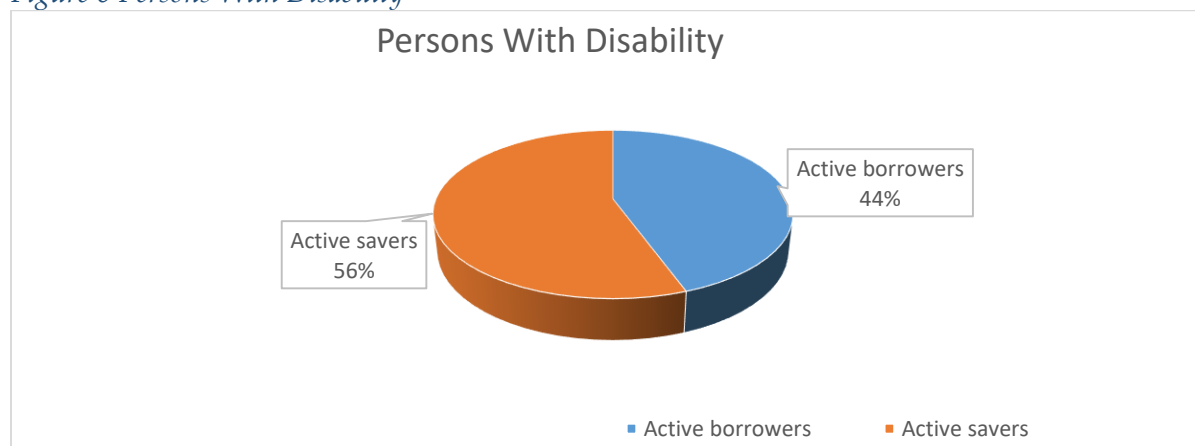
respectively as at 31st December 2017 to 1,181,418 and 433,438 clients respectively as at 31st December 2020. The number of active saver and active borrowers vary differently within gender and also in adults and youths as shown in figure 5 below.

Figure 5 Adult and youth Active Savers and Borrowers



Two MFBs serve persons with disability and the total number of active savers and borrowers is 5 and 4 clients respectively shown below in figure 6.

Figure 6 Persons With Disability



Source: Microfinance Institutions Data 2020

4.2 Portfolio at Risk in the MFBs

The overall portfolio quality improved significantly for the period ending 31st December 2020 when compared with the data as at 31st December 2017 measured through the portfolio at risk between one day and 365 days, it was noted that at the end of December 2020 the figure stood at Ksh60.887B as compared to Ksh15.2B as at 31st December 2017. The current performing loans stood at Ksh33.29B as at 31st December 2020 which is higher when compared to Ksh16.9B as at the end December 2017.

Out of Ksh48.776B OLP as at 31st December 2020, loan amounting to Ksh4.196B remain unpaid between 1-30 days representing 8.6% of the total OLP. This was an improvement when compared to 31st December 2017 where Ksh3.64B out of Ksh26.9B was unpaid representing 39% for the loans that remained unpaid between 1-30 days.

Table 5 MFBs Portfolio at Risk Summary

MFBs Portfolio at Risk Summary				
Portfolio - Ageing (end of period)	31st Dec 2017	31st Dec 2020	31st Dec 2017(%)	31st Dec 2020(%)
Current (performing loans)	16,900,000	33,286,945,378	64%	68.2%
PAR 1-30 days	3,640,018,910	4,196,122,891	39%	8.6%
PAR 31-60 days	1,115,163,107	1,134,847,498	12%	2.3%
PAR 61-90 days	604,550,220	698,185,005	6%	1.4%
PAR 91-180 days	868,979,109	1,568,421,579	9%	3.2%
PAR 181-365 days	1,010,977,149	1,885,700,182	11%	3.9%
PAR >365 days	2,216,870,828	6,316,913,140	23%	13.0%
Control lines PAR >30	5,816,540,415	11,790,360,499	61%	23.8%

Source: Microfinance Institutions Data 2020

Out of Ksh48.776B OLP as at 31st December 2020, Ksh11.79B remain unpaid above 30days while Ksh5.82B was at risk out of the OLP of Ksh26.4B as at 31st December 2017. This represented 23.79% and 61% respectively for the two periods. Loans over 365 days amounted to Ksh6.32B and Ksh2.22B as at 31st December 2020 and at 31st December 2017 respectively representing 12.95% and 23%. The summary of the portfolio at risk under various ageing brackets is as shown in table 5 above.

4.3 Loan Loss Reserve, Write offs, Liabilities and Equity in MFBs

As at 31st December 2020 the loan loss reserve stood at Ksh4.75B and write offs stood at Ksh395.91M with 6,998 number of loans written-off during the period. In the same period there was Ksh65.99B total liabilities and Ksh7.94B total Equity leading to Ksh73.93B total Equity and Liabilities.

4.4 MFBs Portfolio Per Sector

As at 31st December 2020 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 6 below were grouped according to their general understandable name. For example, housing loans and micro-housing loans were grouped to construction loans. The blank cells are due to the loan products as at the end of December 2017. For example, the Health and sanitation loan product in 31st December 2017 didn't exist in 31st December 2020 due to its naming as renewable energy and WASH products which has a group name of Energy loans.

For those loans products that matched it can be noted from table 6 below that the OLP grew and more significantly in Agricultural loans and Personal/Household loans also this is in reciprocation to the number of loans from end of December 2017 to end of December 2020. However, the OLP dropped as at 31st December 2017 to 31st December 2020 in some loan products and this is more significant in Business loans and in Education loans as shown in table 6 below, also this is in reciprocation of the number of loans.

As at December 2020 the highest PAR>30 days was of Group loans at 74.8% followed by Manufacturing, Mining, Transport & Communications at 67.1% while the least was Staff loans at 0.1% followed by Personal/Household loans at 11.1% as shown in table 5 below. In comparison between 31st December 2017 and 31st December 2020 the PAR>30 days didn't exceed a bracket of 20% apart from Service loans which stood at 29.7% in end year 2020 from 64.9% in end of year 2017 and Manufacturing, Mining, Transport & Communications loans which stood at 67.1% in end of year 2020 from 9.37% in end of year 2017.

Table 6 MFBS Portfolio Per Sector

MFBS PORTFOLIO PER SECTOR

Type of Loan Products	Number of Loans (31st Dec 2020)	Number of Loans (31st Dec 2017)	Outstanding Loan portfolio (31st Dec 2020) (Ksh)	Outstanding Loan portfolio (31st Dec 2017) (Ksh)	PAR>30 (31st Dec 2020)	PAR>30 (31st Dec 2017)
Business Loans	142,897	202,153	17,900,332,674.60	19,662,621,917.77	33.46%	16.70%
Insurance Loans	10,278		81,968,468.57	-	42.70%	0.00%
Health And Sanitation	-	16,255	-	166,463,171.53	0.00%	35.90%
Asset Financing Loans	8,842	6,693	1,545,190,704.56	1,408,369,893.86	47.40%	48.78%
Agricultural Loans	31,904	12,049	1,326,955,039.96	522,453,043.74	26.50%	20.91%
Staff Loans	2,008	-	1,244,631,931.49	-	0.12%	0.00%
Construction Loans	1,208	-	2,613,595,150.96	-	40.91%	0.00%
Service Loans	274	159	114,001,785.57	1,180,216,849.76	29.71%	64.97%
Personal/Household Loans	47,112	1,169	21,509,829,253.05	1,583,978,439.44	11.07%	27.45%
Manufacturing, Mining, Transport & Communications	959	85	1,115,463,480.06	3,755,804.18	67.13%	9.37%
Educational Loans	2,657	11,244	24,913,749.01	110,010,771.66	34.01%	12.54%
Emergency Loans	-	583	-	17,150,812.16	0.00%	26.42%
Energy Loans	8,369	9,667	53,415,562.27	49,108,658.80	13.82%	7.38%
Mobile Loans	131,683	-	823,719,050.18	-	14.05%	0.00%
Group Loans	461	-	422,101,793.38	-	74.78%	0.00%
TOTALS	388,652	260,057	48,776,118,643.67	24,686,978,550.74	24.17%	21.71%

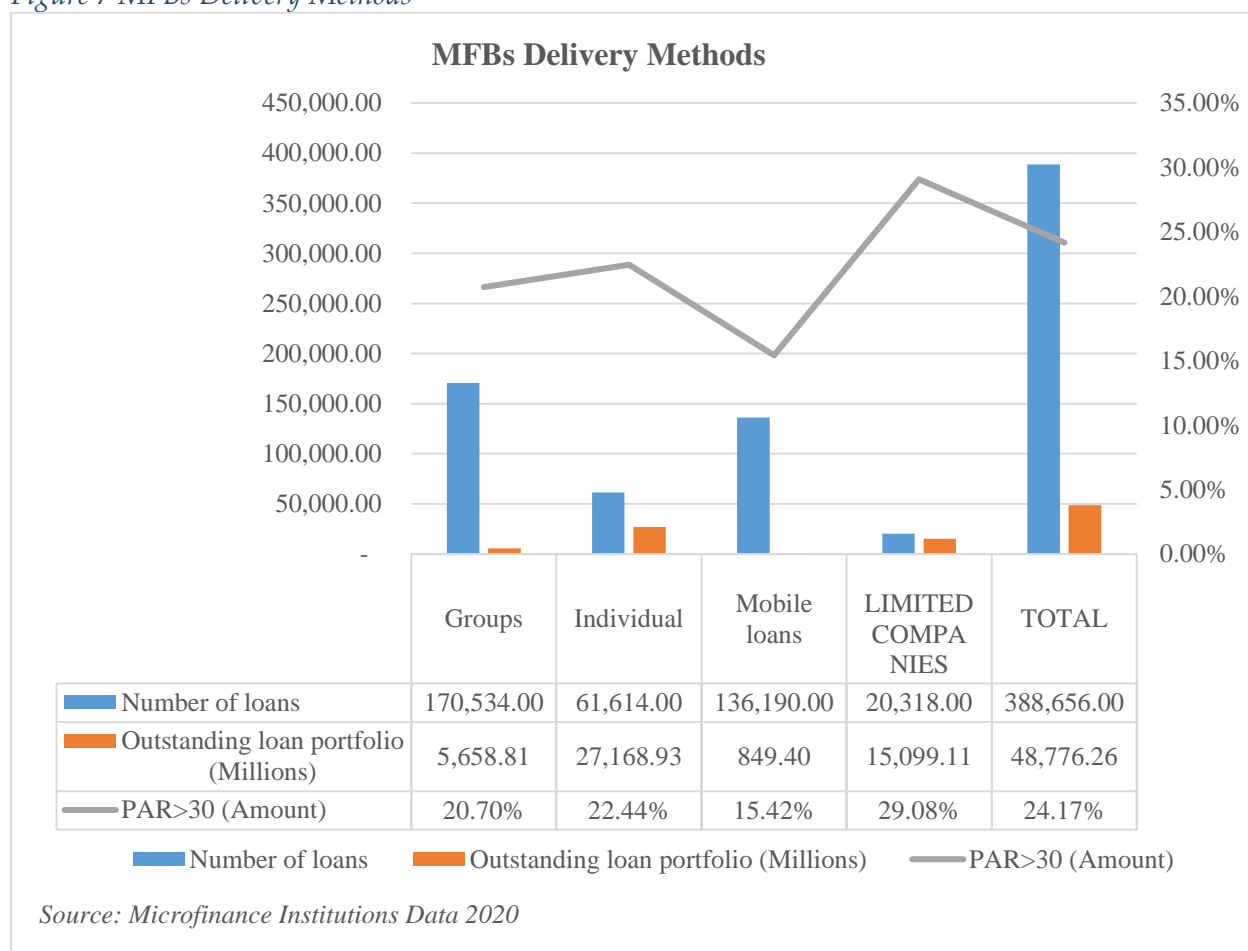
Source: Microfinance Institutions Data 2020

4.5 MFBs Delivery Methods

As at 31st December 2020 the MFBs deliver their services through various methods. In the period the MFBs used the following channels to lend and deliver financial services; Group methodology, Individual clients, Mobile banking and Limited companies. 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 second least OLP of 20.7% PAR>30 days followed by Mobile loans with the least OLP of 15.42% PAR>30 days. Limited companies had the least number of loans and the second largest OLP of 29.08% PAR>30 days. Individual loans the second least number of loans but with the largest OLP is with 22.44% PAR>30 days.

Figure 7 MFBs Delivery Methods



4.6 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 31st December 2020. 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.

Table 7 MFBs Geographical Coverage

MFBs GEOGRAPHICAL COVERAGE					
REGION	County	No. of fully fledged branches	Number of active clients	Number of active borrowers	Outstanding loan portfolio (Ksh)
Central	Kiambu	23	33,106	7,019	3,399,936,792.54
	Kirinyaga	6	10,580	3,227	460,974,183.50
	Muranga	8	11,617	3,698	434,245,331.90
	Nyandarua	4	10,386	2,082	446,984,738.31
	Nyeri	11	21,292	7,712	1,035,438,204.27
Coast	Kilifi	16	34,399	13,422	1,130,447,961.36
	Kwale	8	13,629	5,393	668,172,337.65
	Lamu	1	748	254	33,914,292.23
	Mombasa	16	45,246	10,820	2,031,554,311.77
	Taita Taveta	8	11,279	5,769	614,643,038.67
	Tana River	2	1,681	900	115,547,334.38
Eastern	Embu	6	12,144	4,453	805,913,238.90
	Isiolo	1	1,394	748	101,275,766.08
	Kitui	7	16,734	7,195	837,229,764.09
	Machakos	13	30,486	12,102	1,347,165,547.16
	Makueni	10	16,327	8,063	761,550,799.39
	Marsabit	1	1,262	534	69,256,595.04

	Meru	10	30,600	8,725	1,310,749,874.77
	Tharaka Nithi	4	3,198	2,361	176,751,891.42
Nairobi	Nairobi	48	565,143	79,640	13,985,020,632.42
North Eastern	Wajir	0	0	-	-
	Garissa	1	444	147	62,004,523.81
	Mandera	0	0	-	-
Nyanza	Homa Bay	6	14,120	6,612	394,880,651.25
	Kisii	7	11,707	6,897	365,077,642.28
	Kisumu	9	28,538	8,155	1,131,741,876.85
	Migori	12	25,900	11,134	945,891,001.12
	Nyamira	4	9,056	5,295	213,832,348.31
	Siaya	8	20,349	8,109	604,835,413.69
Rift Valley	Baringo	5	16,658	6,614	859,726,738.03
	Bomet	5	17,588	7,483	678,254,324.91
	Elgeyo Marakwet	3	5,118	3,148	161,798,035.82
	Kajiado	12	20,183	4,870	1,609,113,373.51
	Kericho	9	25,814	8,399	1,058,640,599.14
	Laikipia	5	10,853	3,236	490,915,685.89
	Nandi	4	8,685	5,064	264,108,322.03
	Narok	4	10,864	2,995	581,065,851.60
	Nakuru	18	52,532	11,300	2,355,556,721.00
	Samburu	1	720	396	26,356,812.67
	Trans Nzoia	6	25,694	7,849	1,133,752,142.03
	Turkana	1	1,147	466	129,193,464.86
	Uasin Gishu	9	30,383	9,873	1,712,866,894.00
	West Pokot	2	3,545	1,313	369,887,904.57
Western	Kakamega	10	29,307	11,393	1,715,881,949.69
	Bungoma	8	25,329	9,224	1,390,701,887.26

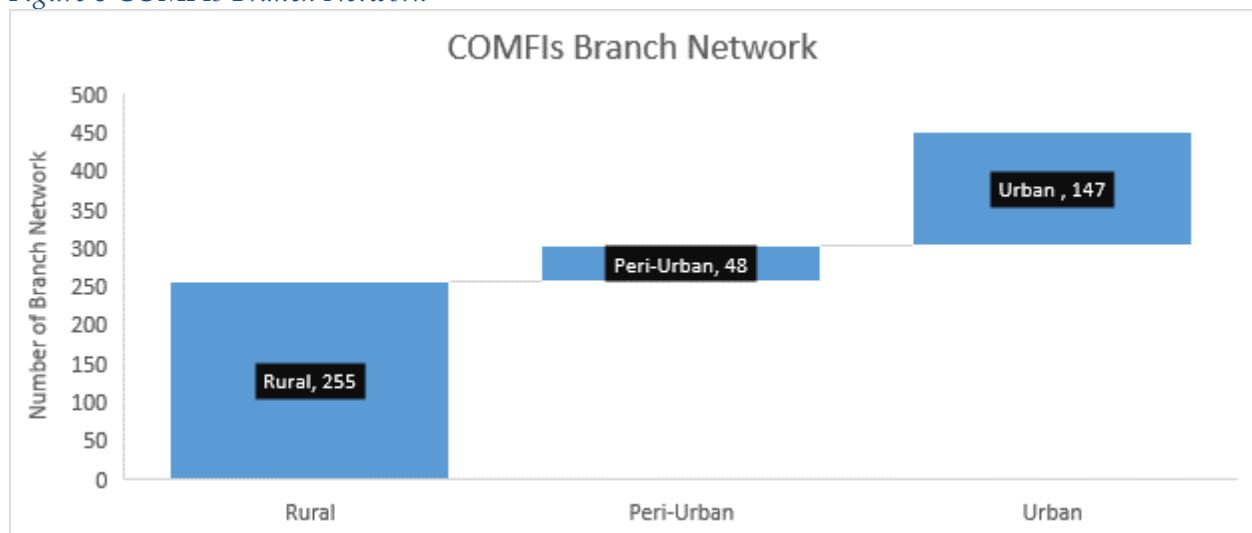
	Busia	5	12,524	5,725	513,802,285.29
	Vihiga	4	7,850	4,517	235,897,979.40
	Diaspora	0	0	1	3,461,509.33
	TOTALS	361.00	1,286,159	334,332	48,776,018,574.19

Source: Microfinance Institutions Data 2020

5.0 CREDIT ONLY MICROFINANCE INSTITUTIONS

AMFI-K have a membership of 34 Credit Only Microfinance Institutions (COMFIs) where 14 COMFIs shared the data as at 31st December 2020. The COMFIs data of 31st December 2020 could not be compared with COMFs data of 31st December 2017 since the data as at 31st December 2017 was not available. The COMFIs had a total of 2,901 number of staff, 169,920 male clients and 331,339 female clients hence more women clients than the male clients. The total number of active loans stood at Ksh116,399,996 and the average loan size in total was Ksh12.14M. The highest average loan size stood at Ksh1M and the least average loan size was Ksh9,875. 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 COMFIs Branch Network

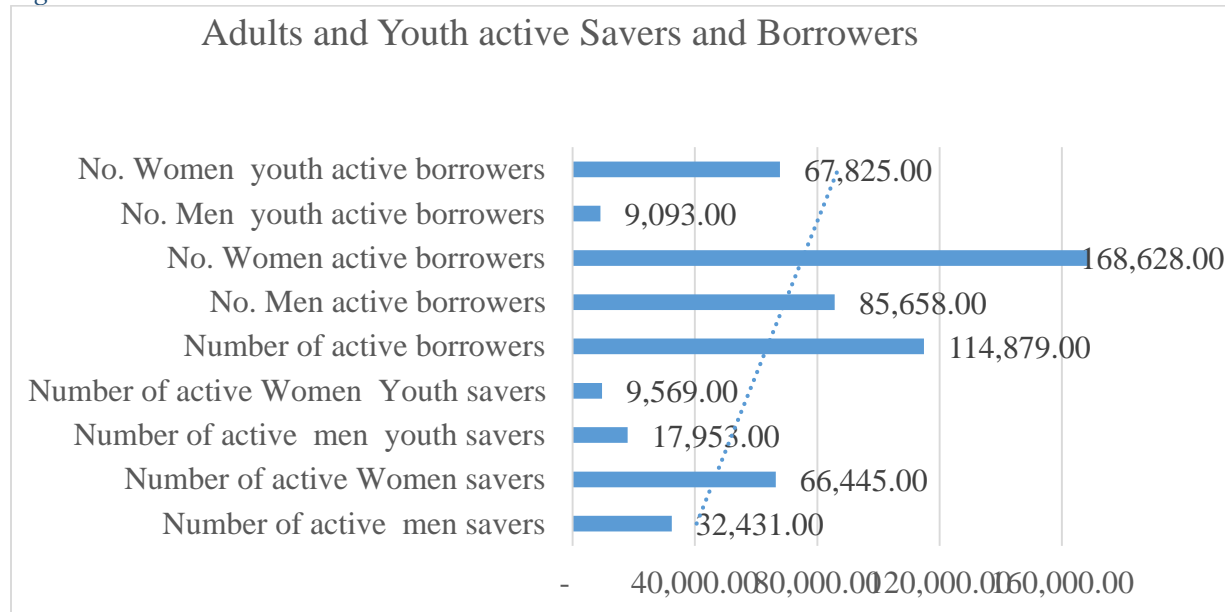


Source: Microfinance Institutions Data 2020

5.1 Credit Only Microfinance Institutions Portfolio and Savings Analysis.

The COMFIs as at 31st December 2020 had approximately Ksh13.418B OLP. 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 9 Adult and Youth active Savers and Borrowers



Source: Microfinance Institutions Data 2020

Three Credit Only MFIs serve persons with disability and the total number of active savers is 11 and active borrowers is 11.

5.2 Portfolio at Risk of Credit Only MFIs

Out of Ksh13.478B OLP Ksh7.802B is current performing loans and Ksh1.656B remain unpaid for 31 days and above. Loans between one and 30 days were Ksh272.092M and that above 365 days were Ksh507.282M. The other days varied as shown in table 8 below with their respective percentages.

Table 8 COMFIs Portfolio at Risk Summary

Portfolio at Risk Summary		
	OLP in Ksh	Percentage
Current (performing loans)	7,801,950,632.65	58.15%
PAR 1-30 days	272,092,383.94	2.03%
PAR 31-60 days	201,570,133.10	1.50%
PAR 61-90 days	157,916,884.26	1.18%
PAR 91-180 days	230,792,614.19	1.72%
PAR 181-365 days	475,066,164.25	3.54%
PAR >365 days	507,181,909.29	3.78%
Control lines PAR >30	1,655,921,977.74	12.34%

Source: Microfinance institutions Data 2020

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

As at 31st December 2020 the loan loss reserve stood at 520.036m and write offs stood at 194.348m with 5,716 number of loans written-off during the period. In the same period there was 10.019b total liabilities and 3.661b total Equity leading to 13.129b total Equity and Liabilities.

5.4 Credit Only MFIs Portfolio Per Sector Analysis

As at 31st December 2020 the COMFIs served various sectors with an introductory of a new sector called Covid-19 Recovery Loan due to the Covid-19 pandemic. The COMFIs had a large list of type of loan products in different names but same meaning hence we consolidated them into the list as shown in table 9 below. The number of loans varied differently in different types of loan products and Agricultural loans had the highest number at 65,744 followed by Business Loans at 55,167 then personal loans at 29,625. The least number of loans is Staff Loans which has 9 number of loans followed by Social loans with 23 number of loans.

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Out of Ksh13.41B OLP, business loans had the largest unpaid loans of about 4.928b followed by Personal Loans with about Ksh3.065B above 30 days. The least unpaid loans are in Social Loans with Ksh77,589 followed by Staff Loans at Ksh185,783 above 30 days as shown in table 9 below.

The highest loans that remained unpaid above 30 days when compared with the OLP was staff loans with 100% PAR>30. This was followed by Social loans with 78% of the OLP above 30 days. The least PAR>30 days was at Covid-19 Recovery loans at 0.00% followed by Emergency loans at 1.87% as shown in table 9 below.

Table 9 COMFIs Portfolio Per Sector

COMFIs PORTFOLIO PER SECTOR				
Type of Loan Products	Number OF Loans	Outstanding Loan portfolio (Ksh)	PAR>30 (Amount)	PAR>30 Days (%)
Business Loans	55,167	4,927,850,628.83	875,480,424.83	17.77%
Agriculture Loans	65,744	1,939,781,013.77	182,146,603.30	9.39%
Social Loans	23	77,589.00	60,930.00	78.53%
Construction Loans	29,625	94,151,612.62	7,955,898.39	8.45%
Mobile Loans	720	12,516,588.35	5,594,270.58	44.69%
Asset Finance Loans	1,730	92,153,399.41	11,524,483.51	12.51%
Personal Loans	42,678	3,065,224,532.46	459,471,273.80	14.99%
Insurance Loans	499	66,686,107.93	2,563,606.80	3.84%
Service Loans	31	3,533,125.70	1,935,201.00	54.77%
Energy & Wash Products Loans	4,863	44,645,446.87	8,642,169.57	19.36%
Food Loans	1,083	12,280,647.00	345,600.00	2.81%
Emergency Loans	890	1,680,072,473.39	31,404,224.13	1.87%
Education Loan	31,313	33,552,824.30	1,098,857.06	3.28%
Staff Loans	9	185,713.00	185,713.00	100.00%
Covid-19 Recovery Loan	566	36,008,683.98	-	0.00%
Group Loans	92,400	1,400,000,000.00	66,666,666.67	4.76%

Total	327,341	13,408,720,386.60	1,655,075,922.63	12.34%
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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 31st December 2020 the groups platform had 221,946 number of loans, Individual platform had 88,068 number of loans, mobile banking had 17,303 number of loans and the SMEs platform had 24 number of loans. The distribution of Outstanding loan portfolio and PAR>30 days is has shown in figure 10 and 11 below.

Figure 10 Delivery Methods in COMFIs

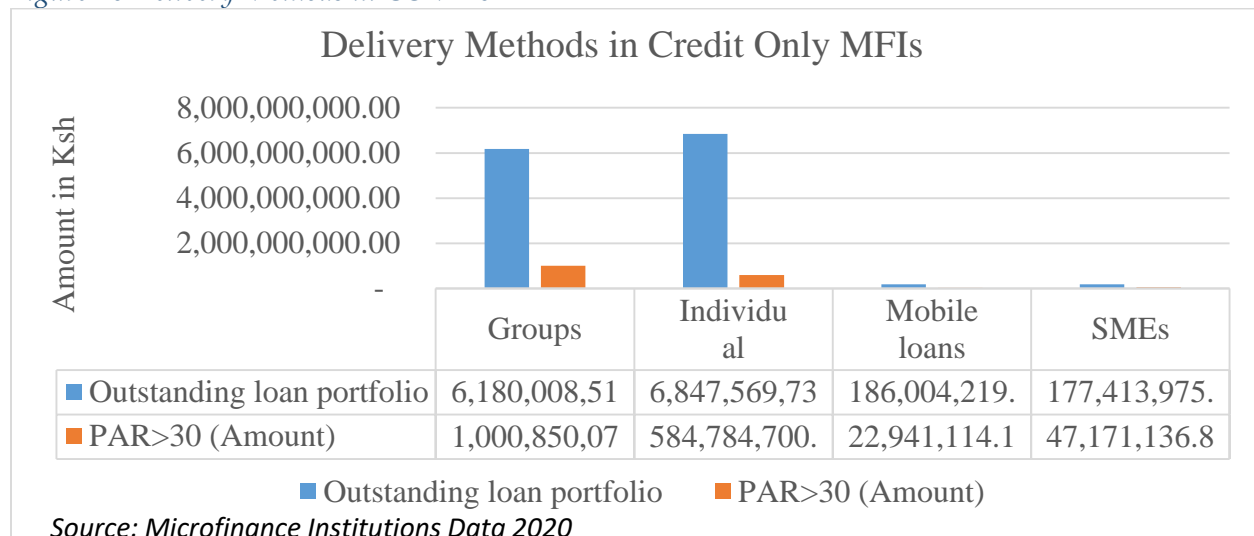
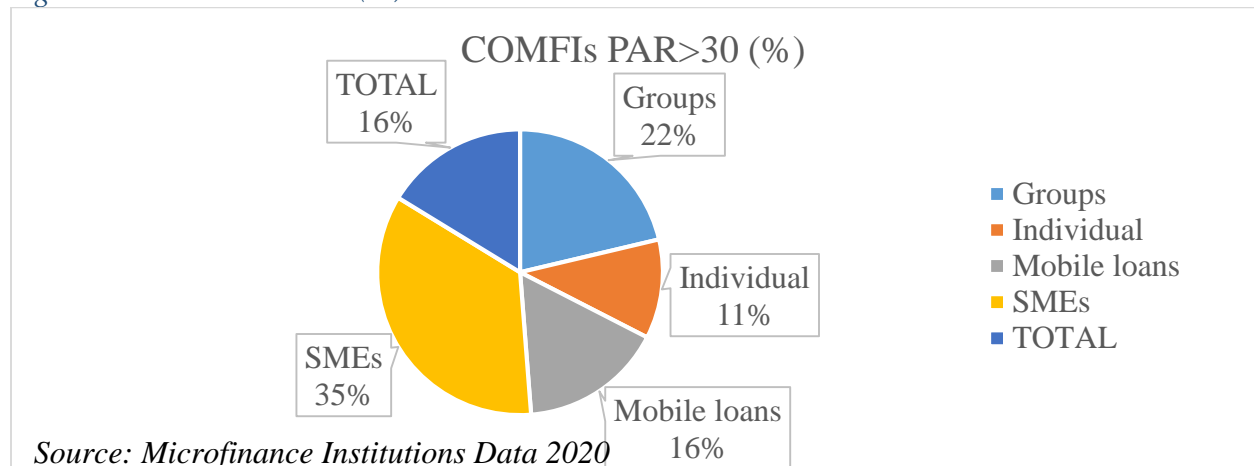


Figure 11 COMFIs PAR>30 (%)



5.6 Credit Only MFIs Geographical Coverage

As at 31st 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.

Table 10 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	16	5,874	6,241	269,105,481.78
	Kirinyaga	7	4,292	3,521	115,398,020.47
	Muranga	5	189	187	12,751,482.22
	Nyandarua	5	452	835	20,518,475.02
	Nyeri	8	10,116	4,330	167,628,958.29
Coast	Kilifi	3	4,313	4,274	143,750,854.72
	Kwale	5	10,755	10,755	376,332,809.11
	Lamu	1	1,453	1,453	37,113,663.77
	Mombasa	7	7,948	7,833	299,240,091.12
	Taita Taveta	2	1,498	1,496	41,357,727.83
	Tana River	-	-	-	-
Eastern	Embu	9	14,783	6,560	345,515,275.54
	Isiolo	1	118	108	9,158,158.28
	Kitui	10	5,643	4,129	204,027,523.05
	Machakos	12	6,965	5,174	226,050,415.77
	Makueni	12	6,784	4,924	151,144,901.06
	Marsabit	-	-	-	-

	Meru	16	11,340	7,819	288,293,301.83
	Tharaka Nithi	3	1,878	1,386	50,730,844.06
Nairobi	Nairobi	45	191,165	139,210	6,868,424,047.67
North Eastern	Wajir	-	-	-	-
	Garissa	-	-	-	-
	Mandera	-	-	-	-
Nyanza	Homa Bay	6	1,685	1,569	107,110,455.46
	Kisii	7	3,403	3,018	153,522,498.19
	Kisumu	6	2,423	2,020	122,622,612.07
	Migori	5	1,446	1,156	86,084,102.00
	Nyamira	2	1,757	1,757	51,182,018.56
	Siaya	3	452	337	30,815,054.12
Rift Valley	Baringo	11	6,316	4,535	189,845,019.87
	Bomet	7	7,214	7,326	175,330,580.60
	Elgeyo Marakwet	3	3,217	3,194	112,806,429.86
	Kajiado	9	2,060	2,812	90,839,330.56
	Kericho	5	16,764	8,569	292,160,691.95
	Laikipia	7	7,798	4,026	159,342,968.72
	Nandi	5	13,291	9,250	295,870,078.50
	Narok	3	1,122	994	106,913,700.09
	Nakuru	19	16,499	8,596	437,594,523.08
	Samburu	-	-	-	-
	Trans Nzoia	9	14,195	9,502	386,244,400.35
	Turkana	-	-	-	-
	Uasin Gishu	14	27,557	14,373	643,085,768.50
	West Pokot	2	28	24	2,910,676.52
Western	Kakamega	6	7,963	4,029	122,307,341.88
	Bungoma	5	3,290	2,924	124,874,004.66

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	Busia	3	1,040	2,311	65,004,785.23
	Vihiga	4	1,223	1,202	35,034,888.45
TOTAL		308	426,309	303,759	13,418,043,960.81

Source: Microfinance Institutions Data 2020

6.0 CONCLUSION

The operations in the sector was disrupted so much in year 2020 by the Covid-19 pandemic due to the government guidelines to contain its spread of the disease in the country. This affected many business thus some closing or others operating with no profits due to poor business environment. Some MFI clients lost jobs as others closed business hence leading to high OLP. Based on the analysis, an inference can be drawn that the industry is very vibrant with diversity of products that ensure that all clients are satisfied and their financial needs are being fulfilled leading to the high number of active clients as shown in the MFB analysis when compared with end of 2017-year analysis. Also some MFIs have introduced covid-19 relevant products to counter the pandemic as well as serving people with disability to meet their financial needs to fulfillment. By the MFIs having diversified delivery methods and having a wide coverage of their branch network to almost every county and to the rural areas, many people learned or unlearned get to be financially literate through MFIs platforms thus broadening the financial inclusions hence pushing for the achievement of vision 2030.

ANNEXES

ANNEX 1: LIST OF THE PARTICIPATING MICROFINANCE INSTITUTIONS

1. MESPT
2. Soluti Finance East Africa Ltd
3. Oikocredit
4. Kenya women Microfinance Bank Ltd
5. Rafiki Microfinance Bank Ltd
6. Faulu Kenya Microfinance Bank Ltd
7. SMEP Microfinance Ltd
8. Century Microfinance Bank Ltd
9. Sumac Microfinance Bank Ltd
10. U&I Microfinance Bank Ltd
11. Caritas Microfinance Bank Ltd
12. Maisha Microfinance Bank
13. Uwezo Microfinance Bank
14. VisionFund Kenya Ltd
15. BIMAS
16. YEHU Microfinance Trust
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

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