AMFI-K

ASSOCIATION OF MICROFINANCE INSTITUTIONS-KENYA

2025

SECTOR REPORT

FOREWORD

Remarks by the AMFI-K Board Chair

It is my honor to present the 2025 Microfinance Sector Report, an important resource that provides a clear view of the sector's performance and emerging priorities. The report reaffirms the crucial role of microfinance institutions in expanding financial access, especially for underserved groups across Kenya.

Despite economic pressures and rising portfolio risk in specific market segments, the sector continues to demonstrate resilience. Wholesale MFIs remained stable, Credit-Only MFIs expanded outreach with relatively strong asset quality, and Microfinance Banks continued to support financial deepening, although with heightened delinquency levels that require strengthened credit governance.

As a Board, we remain committed to guiding the sector toward improved risk management, digital transformation, product diversification, and sustainable financing. We appreciate the transparency shown by reporting institutions and the dedicated efforts of the Secretariat in producing this report.

We look forward to continued collaboration with members, regulators, and partners to build a more inclusive, innovative, and resilient microfinance ecosystem.

Thank you.

Mr. Wangaruro Mbira

Board Chairperson

Association of Microfinance Institutions – Kenya (AMFI-K)

EXCUTIVE COMMENTS

Remarks by the AMFI-K CEO

I am pleased to present the 2025 Microfinance Sector Report, which captures the progress, challenges, and opportunities shaping Kenya's microfinance industry. This year's findings reflect the sector's resilience in supporting low-income households, SMEs, and rural communities despite a tightening economic environment.

The report highlights strong contribution from Wholesale MFIs through stable liquidity support, steady outreach and improved portfolio performance among Credit-Only MFIs, and continued financial intermediation by Microfinance Banks. However, the sector continues to face rising credit risk—particularly within MFBs—uneven technological adoption, and persistent geographical disparities in repayment performance.

AMFI-K remains committed to strengthening data quality, enhancing institutional capacity, supporting risk management, and advocating for a more enabling operating environment. The improved reporting through the AMFI-K Data Collection Tool is an important milestone as we move toward sector-wide digital integration and evidence-based decision-making.

I appreciate all member institutions, partners, and the Secretariat team for their contribution to this report. Together, we will continue advancing financial inclusion, strengthening institutional resilience, and promoting sustainable growth in the sector.

Thank you.

Miss Caroline Karanja

Chief Executive Officer

Association of Microfinance Institutions – Kenya (AMFI-K)

ACKNOWLEDGEMENTS

AMFI-K extends its sincere appreciation to all contributors and editors whose dedication and expertise made this report possible.

We also extend our sincere appreciation to the participating Microfinance Institutions for generously providing their financial data and for their continued commitment to submitting regular reports using the AMFI-K reporting template. Their cooperation and commitment remain invaluable to the success and accuracy of this report.

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

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

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MONEY

EXECUTIVE SUMMARY

The 2025 Microfinance Sector Report provides a comprehensive assessment of the performance of Microfinance Banks (MFBs), Credit-Only Microfinance Institutions (COMFIs), and Wholesale Microfinance Institutions (WMFIs) in Kenya. The report draws from AMFI-K's 2024 Data Collection and external financial sources to offer insights into portfolio trends, operational capacity, client outreach, and emerging sector challenges.

Kenya's economy remained resilient between 2022 and 2024, supported by a youthful population, expanding digital finance ecosystem, and steady GDP growth. Mobile money continued to dominate the financial inclusion landscape with over 38 million active users and transaction volumes exceeding KES 8.3 trillion.

Wholesale MFIs demonstrated strong stability, disbursing KSh2.36 billion in 2024 and maintaining an excellent PAR above 30 days of 4.78%. Their total outstanding portfolio stood at KSh7.98 billion, with most loans performing and minimal credit losses. Key exposures were in financial inclusion and agriculture, while the general business segment recorded elevated risk.

Microfinance Banks reported mixed performance. While outreach remained strong with 713,221 active clients, 265 branches, and 2,673 staff, the sector experienced a 9.8% decline in total assets and a strategic contraction in lending. The outstanding loan portfolio was KSh34.5 billion, but portfolio quality weakened significantly, with PAR above 30 days at 35.89%, particularly among large MFBs. High-risk sectors included manufacturing, trade finance, and green energy, while salary-backed and institutional banking loans remained more stable. Geographical analysis showed high delinquency in Western and Nyanza regions, and better performance in parts of Central and Coast.

Credit-Only MFIs (COMFIs) continued to deepen outreach, operating 708 branches and serving 1.05 million active clients. Their combined portfolio reached KSh37.4 billion with a healthier PAR above 30 days of 12.58%. COMFIs remain heavily credit-driven, with

only seven reporting active savers primarily compulsory savings used as collateral. Business, agriculture, and personal/check-off loans accounted for the largest exposures, whereas mobile and restructured loans exhibited the highest delinquency. The sector demonstrated resilience, supported by 5,747 staff, a large proportion being loan officers (59.67%).

Across all institutions, the sector expanded its rural footprint, diversified loan products, and continued to support underserved communities. However, rising delinquency especially in MFBs regional repayment disparities, fragmented MIS systems, and increased credit stress in certain sectors point to the need for enhanced risk management, digital integration, and targeted portfolio interventions.

Overall, the Kenyan microfinance sector remains a critical pillar of financial inclusion, but sustainability will depend on improved credit governance, technology harmonization, and increased capital flows to support responsible growth.

CHAPTER ONE: INTRODUCTION

1.1. Background of the Report

In Communities across Kenya, Microfinance Institutions (MFIs) continue to play a quiet but powerful role in transforming lives. For individuals who have traditionally been excluded from formal banking systems, such as women running small businesses, young entrepreneurs with startup ideas, and farmers in remote areas who lack sufficient funds to make their dreams a reality, access has been made possible through microfinance institutions, which have opened doors that would otherwise remain closed. Over the years, MFIs have provided a wide range of financial services that go beyond just credit. They've offered savings products, insurance solutions, and financial literacy, all designed to meet people where they are. Through this people-centered approach, the sector has made significant contributions to reducing poverty, building resilience, and promoting inclusive growth.

At the heart of this transformation is the Association of Microfinance Institutions Kenya (AMFI-K). As a champion of the sector, AMFI-K has worked to strengthen institutions, build capacity, and, most importantly, enhance transparency and accountability. One of the key tools in this effort is the AMFI-K Data Collection Tool (DCT), which enables members to report performance data consistently and accurately, and is currently undergoing testing.

This report, the 8th edition of the Microfinance Sector Report, is a continuation of AMFI-K's commitment to research and knowledge sharing. It provides a snapshot of the sector in the year 2024, spotlighting how MFIs have evolved, the regulatory environment they operate in, innovations they have embraced, and the impact they continue to make. It also speaks to the dedication of every institution that has shared its data and experiences to help paint a clearer picture of where the sector stands and where it is headed.

1.2.0: Objectives of the Report

- ✓ To provide a comprehensive overview of the microfinance sector in Kenya – capturing its structure, progress, emerging trends, innovations, and policy shifts that shaping its operations in 2025.
- ✓ To present the sector's performance – highlighting how institutions have grown their reach, the areas they cover geographically and economically, and the channels they use to connect with clients across the country.

Ultimately, the report aims to inform action by helping stakeholders make better decisions, identify opportunities, and contribute meaningfully to the future of financial inclusion in Kenya.

1.2.1: Methodology

To bring this report to life, the report drew information from several sources, both primary and secondary. The core of the report is built on data submitted by AMFI-K member institutions through the Data Collection Template (DCT). This template has been instrumental in helping the sector gather data from loan portfolio performance to customer outreach and operational sustainability.

In addition to this, the report integrates insights from secondary sources, including audited financial statements, portfolio reports, and sector analyses from development partners, regulatory agencies, and other stakeholders. Relevant literature on the evolution and trends within the microfinance space also helped enrich the context and framing of the report. By blending numbers with narratives, the report aims not only to present facts but to tell the story of a sector that continues to be a catalyst for change in Kenya.

CHAPTER TWO: COUNTRY AND FINANCIAL SECTOR OVERVIEW

2.1.0: Country Overview

Kenya continues to stand out in East Africa as a resilient economy grounded in innovation, financial inclusion, and a dynamic population structure. As of 2025, the country's population is estimated to be approximately 54 million, with over 75% of the population under the age of 35. This demographic structure presents both opportunities and challenges, especially in job creation, entrepreneurship, and access to financial services.

Table 1; Demographic and Economic Profile of Kenya (2022 - 2024)

Year	2022	2023	2024
Population (Million)	54.25	55.34	56.44
GDP per Capita (USD)	2040	2150	2300
Inflation Rate (CPI, annual variation in %)	7.6%	7.2%	5.1%

Source: KNBS

2.2.1 Financial Sector Overview

Kenya's financial sector is structured into four major tiers based on regulatory supervision, type of services offered, and size of operations. AMFI-K members fall across all four tiers and play a crucial role in advancing inclusive finance.

Table 2; Structure of Kenya's Financial Sector

Type of Institution	Description
Commercial Banks	Commercial banks and large deposit-taking institutions are supervised by the CBK
Microfinance Banks	Deposit-taking Microfinance Banks (regulated by CBK under the Microfinance Act)

Credit Only Institutions	Credit-only MFIs, NGOs, SACCOs and social lenders to be regulated by CBK under Non-Deposit Taking Credit Providers (NDTCPs) regulations.
SACCOs	SACCOs are regulated by SASRA, informal and semi-formal institutions

Source: CBK

2.2.2 Microfinance Banks

These are licensed and regulated by the Central Bank of Kenya under the Microfinance Act (2006). They are permitted to accept deposits, lend, and offer a range of financial services.

Table 3; AMFI-K Member Microfinance Banks (MFBs)

No.	Institution Name
1	Kenya Women Microfinance Bank
2	Rafiki Microfinance Bank
3	Faulu Kenya
4	SMEP Microfinance Bank
5	LOLC Kenya MFB
6	Branch Microfinance Bank
7	Sumac Microfinance Bank
8	U&I Microfinance Bank
9	Caritas Microfinance Bank
10	UMBA Microfinance
11	Maisha Microfinance Bank
12	Salaam Microfinance Bank

13	Choice Microfinance Bank
14	Muungano Microfinance Bank

Source: AMFI-K

2.2.3 Banks

Some commercial and savings banks provide microfinance products through special MSME departments or partnerships hence joining the AMFI-K membership.

Table 4; AMFI-K member Banks

No.	Institution Name
1	Co-operative Bank
2	Kenya Post Office Savings Bank

Source: AMFI-K

2.2.4 Credit-Only Microfinance Institutions

These institutions do not take deposits and are either NGOs, social enterprises, or private limited companies. They are not licensed by CBK but follow AMFI-K's voluntary code of conduct.

Table 5; AMFI-K Member Credit-Only MFIs (COMFIs)

No.	Institution Name
1	Eclof Kenya
2	Vision Fund Kenya
3	BIMAS
4	Letshego Kenya
5	Zenka Finance
6	YEHU Microfinance Trust

7	Jitegemea Credit
8	Fincredit Services Ltd
9	Juhudi Kilimo
10	Musoni Kenya
11	Select Management Services
12	Greenland Fedha
13	Platinum Credit
14	Real People
15	NEEMA HEEP Ltd
16	Hand in Hand Eastern
17	Premier Credit
18	Moneyworth Credit
19	Hazina Development Trust Limited
20	SpringBoard Capital
21	Progressive Credit
22	Longitude Finance
23	Jiweze
24	ASA Kenya
25	Kipepeo Microcredit
26	Liberty Afrika Technologies
27	Diversity Microcredit
28	My Credit
29	PAWDEP
30	Momentum Credit
31	FIN-Trustgro SCA
32	Incredo Access Solutions – Karibu Kenya

33	Modesty Credit
34	Edenbridge Capital
35	Ngao Credit
36	Fadhili Microenterprises
37	Jawabu Biashara
38	Granary Capital
39	Baraka Credit
40	Dream Credit
41	Ed Partners Africa
42	IZWE Loans
43	Skynotch Capital
44	Mogo Auto
45	Jafari Credit
46	Kewota Shared Services
47	Cherehani Africa
48	Money Cloud
49	AdOpes
50	Phoenix Capital
51	Spread Capital
52	Centenary Microenterprises Services

Source: AMFI-K

2.2.5 Wholesale Microfinance Institutions

These institutions lend primarily to other MFIs or financial institutions, acting as enablers of liquidity and long-term capital.

Table 6; AMFI-K Member Wholesale Microfinance Institutions

No.	Institution Name
1	MESPT (Micro-Enterprise Support Programme Trust)
2	Soluti Finance East Africa Ltd
3	Oikocredit

Source: AMFI-K

2.2.6 Insurance Companies

These partners offer inclusive insurance products such as health, life, and credit-life insurance through MFIs.

Table 7; AMFI-K Member Insurance Companies

No.	Institution Name
1	DD Finance
2	CIC Insurance
3	Turaco Insurance

Source: AMFI-K

2.2.7 Mobile Money

Kenya is globally recognized as a mobile money leader, with M-Pesa and Airtel transforming how people send, save, and borrow money.

- As of 2025, there are over 38 million active mobile money subscribers.
- Mobile money transactions totaled KES 8.3 trillion in 2024.

- More than 90% of adult Kenyans have access to mobile financial services.
- Many MFIs now use mobile wallets, USSD platforms, and agent networks to disburse loans and collect repayments.

2.3.0 The Regulatory Framework of the Financial Sector

The financial sector is regulated by several bodies, each overseeing different tiers and services:

- **Central Bank of Kenya (CBK)** – Supervises banks, microfinance banks, and digital credit providers.
- **SASRA** – Supervises deposit-taking SACCOs.
- **Capital Markets Authority (CMA)** – Oversees investment products and securities.
- **Insurance Regulatory Authority (IRA)** – Regulates insurance providers.

CBK's recent efforts to tighten digital credit oversight, along with new reporting frameworks for risk-based supervision, continue to shape sector stability and consumer trust.

2.4.0 Structure of the Association (AMFI-K)

Governance

The governance of AMFI-K is structured and anchored on a constitution and industry code of conduct and best practices that provide direction, establishes and stipulate rules, regulations, practices, and parameters to the members, the board and the management team.

The General Assembly (Members)

This is the highest organ of the Association of Microfinance Institutions-Kenya comprises of all the members and is represented by executive directors, chief executive officers, and heads of membership. The general assembly is tasked with the responsibility to make

decisions, ratify, make recommendations, and has a responsibility to elect the Board of Directors in line with the Constitution.

The Board of Directors

The Board of AMFI-K is elected by the general assembly during the annual general meeting. It reflects and is comprised of 11 members; 9 members represent all the categories of membership, while 2 members are honorary, who are retired microfinance practitioners whose experience is required in supporting the development of the microfinance industry. The board provides leadership and strategic direction to the management team as well as approves budgets and makes key decisions that affect the trajectory of the Association.

Secretariat

The management team is headed by the Chief Executive Officer as the head of the institution and is tasked with the responsibility of running the day-to-day activities and programs of the institution. It is comprised of eight members of staff.

CHAPTER THREE: WHOLESALE MICROFINANCE INSTITUTIONS

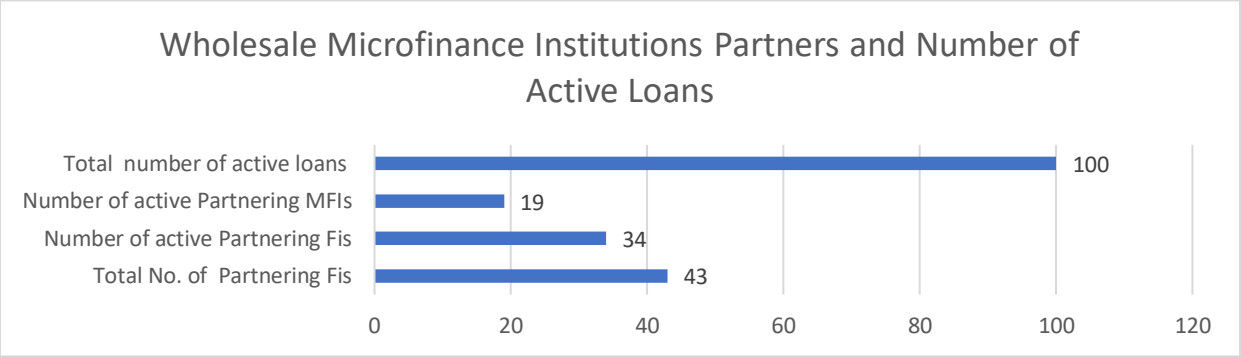
3.1.0: Wholesale Microfinance Institutions Profile

The microfinance ecosystem in Kenya is composed of both wholesale and retail institutions working together to advance financial inclusion. Among these are three (3) wholesale Microfinance Institutions (WMFIs) that are active members of AMFI-K. These wholesale MFIs play a vital role by providing financing, liquidity support, and institutional strengthening to retail MFIs, SACCOs, and other financial intermediaries, rather than lending directly to end clients.

Of the three WMFIs, two shared their data with AMFI-K during the reporting period. The third wholesale MFI remains active but did not submit data, and this omission should be considered when interpreting sector totals and aggregated performance figures.

This wholesale layer forms the foundation for the broader microfinance sector, COMFIs and MFBs, enabling them to scale operations, improve product offerings, and extend outreach to underserved and emerging market segments nationwide. As of December 2024, the lending activity of WMFIs reflects a significant level of financing extended to participating institutions. During the year, the total loan amount disbursed stood at KSh2.36 billion, demonstrating the continued role of WMFIs in supporting sector liquidity and onward lending by retail MFIs. The average loan size during this period was KSh195.85 million, indicating that financing was largely geared toward medium to large wholesale facilities tailored to institutional borrowers.

Figure 1; Wholesale Microfinance Institutions Partners and Number of Active Loans



Source: AMFI-K

Figure 1 above summarizes the key operational indicators reported by the two Wholesale Microfinance Institutions (WMFIs) that submitted data for the period. The two reporting WMFIs work with a broad network of 43 partnering financial institutions (FIs) across Kenya. Out of these, 34 institutions are currently active, indicating a strong engagement footprint within the financial inclusion ecosystem. Among the active partners, 19 are active Microfinance Institutions (MFIs) that depend on wholesale funding to support their retail lending activities, institutional growth, and liquidity needs.

The WMFIs collectively maintain 100 active loan facilities extended to their partner institutions. These loans represent the ongoing credit relationships enabling MFIs and other partner FIs to serve end clients effectively, expand outreach, and strengthen portfolio performance. Overall, the data reflect the strategic role WMFIs play in providing critical wholesale capital that supports the sustainability and expansion of financial services across the microfinance sector.

3.2.0: Wholesale Microfinance Institutions Portfolio Quality and Ageing

3.2.1 Portfolio Overview quality

As at the end of the reporting period, the Gross Outstanding Portfolio (GOP) for reporting WMFIs stood at KSh7.98 billion. This represents the total value of wholesale loans yet to be fully recovered from partner financial institutions. The size of the outstanding

portfolio demonstrates the significant role WMFIs continue to play in supporting retail MFIs and SACCOs with liquidity and on-lending funds.

3.2.2 Portfolio Ageing

The ageing analysis shows that WMFI portfolios remained largely healthy throughout the period:

- **Current (Performing Loans): 95.22%**

  A majority of the outstanding portfolio is up to date, indicating strong repayment behaviour among borrowing institutions.
- **PAR 31–60 days: 0.34%**

  Only a marginal portion of the portfolio fell within this early arrears category.
- **PAR >365 days: 4.44%**

  This constitutes the largest share of non-performing amounts, representing long-outstanding obligations that may require enhanced follow-up or restructuring.
- **No amounts were reported under the following categories during the period:** PAR 1–30 days, PAR 61–90 days, PAR 91–180 days, and PAR 181–365 days.

Overall, the PAR >30 days stands at 4.78%, reflecting a relatively low level of portfolio at risk and demonstrating generally stable portfolio quality among participating WMFIs. Importantly, the reporting WMFIs did not register any loan loss reserve allocations or write-offs during the period, further reflecting confidence in portfolio recoverability and the low incidence of non-performing wholesale obligations.

3.3.0: Portfolio Distribution by Sector for WMFIs

Table 8; Portfolio Distribution by Sector for WMFIs

Portfolio Distribution by Sector for WMFIs

Sectors Categories.	Number OF Loans	Outstanding Loan portfolio	PAR above 30 days (%)
Agriculture	56	1,060,957,737.07	6.65%
Green	15	110,532,031.41	3.11%
General business	11	106,887,781.29	60.11%
Financial Inclusion	18.00	6,700,500,000.00	3.63%
Total	**100**	**7978877550**	**4.78%**

Source: AMFI-K

Table 8 above presents the distribution of the Wholesale Microfinance Institutions' (WMFIs) lending portfolio across four key economic sectors as at 31st December 2024. The analysis is based on 100 active wholesale loans issued to partner institutions, with a total outstanding loan portfolio of KSh7.98 billion and an overall PAR Above 30 days of 4.78%.

3.3.1: Sector Performance Overview

Table 8 above show the performance in different sectors as follow;

Agriculture

Agriculture remains the largest sector by number of loans, accounting for 56 facilities with an outstanding portfolio of KSh 1.06 billion. The sector recorded a moderate PAR above 30 days of 6.65%, reflecting typical risks associated with weather variability, market fluctuations, and seasonality affecting downstream borrowers.

Green Sector

WMFIs disbursed 15 loans to green-focused initiatives—including renewable energy, climate action, and environmentally sustainable enterprises—amounting to KSh 110.5 million. The sector exhibited strong portfolio quality with a low PAR above 30 days of 3.11%, indicating good repayment performance and relatively lower credit risk.

General Business

This sector had 11 loans valued at KSh106.9 million, but displayed the highest credit risk with a significantly elevated PAR above 30 days of 60.11%. The high delinquency level suggests operational instability among borrowing institutions in this segment and highlights the need for closer monitoring, strengthened due diligence, or potential restructuring.

Financial Inclusion

This is the largest sector by value, with 18 loans totaling KSh6.7 billion, driven largely by refinancing to MFIs and SACCOs for on-lending to micro and small enterprises. The sector showed strong performance with a PAR above 30 days of 3.63%, contributing to the overall stability of the WMFI portfolio.

3.3.2: Overall Insight

The sector analysis demonstrates that while WMFI lending is heavily concentrated in Financial Inclusion and Agriculture, portfolio quality remains generally strong across most sectors. However, the General Business sector stands out with exceptionally high delinquency, requiring immediate portfolio review and enhanced risk mitigation strategies. The dominance of Financial Inclusion in value terms underscores the critical role of WMFIs in supporting last-mile credit providers and expanding access to finance across the country.

3.4.0: Performance of Loan Categories in WMFIs

Table 9; Performance of loan Categories in WMFIs

Performance of Loan Categories in WMFIs			
Categories	**Number of loans**	**Outstanding loan portfolio (Ksh)**	**PAR Above 30 days (%)**
Regulated MFIs	2	2,173,500,000.00	0.00%
Non-Regulated MFIS	18	4,159,800,000.00.00	5.84%
Saccos	7	896,500,000.00	0.00%
SMEs	6	79,720,000	0.00%
Others (Not Specified)	67	669,357,549.8	20.66%
Total	**100**	**7,978,877,549.77**	**4.78%**

Source: AMFI-K

Table 9 above provides an overview of the distribution and quality of the Wholesale Microfinance Institutions' (WMFIs) loan portfolio across five borrower categories as of 31st December 2024. The analysis covers 100 active wholesale loans with a combined outstanding loan portfolio of KSh7.98 billion and an overall PAR above 30 days of 4.78%.

Category Performance Overview

Regulated MFIs

This category comprises 2 loans valued at KSh2.17 billion. Both facilities were performing fully, with a PAR above 30 days of 0%. The strong performance reflects the higher

supervisory standards, more robust governance frameworks, and stringent reporting requirements associated with regulated microfinance banks.

Non-Regulated MFIs

Non-regulated MFIs received 18 loans totaling KSh4.16 billion. This category recorded a PAR above 30 days of 5.84%, indicating moderate repayment challenges. The elevated risk relative to regulated MFIs may be attributed to weaker capital bases, varying operational capacities, and limited prudential oversight.

SACCOs

A total of 7 loans, amounting to KSh896.5 million, were disbursed to SACCOs. The category maintained a PAR above 30 days of 0%, signaling strong credit discipline and efficient loan management practices that are characteristic of established SACCOs.

SMEs

WMFIs extended 6 loans worth KSh79.72 million to small and medium enterprises. All loans in this category were performing with a PAR above 30 days of 0%, reflecting cautious lending and relatively smaller exposures.

Others (Not Specified)

This category, representing 67 loans with a combined portfolio of KSh669.36 million, exhibited the weakest loan performance with a significantly high PAR above 30 days of 20.66%. The elevated delinquency suggests substantial risk concentrations within this heterogeneous group of borrowers and underscores the need for targeted portfolio reviews, enhanced monitoring, and improved client screening.

Overall Insight

The analysis reveals that WMFI lending is heavily concentrated in Non-Regulated MFIs and Regulated MFIs in value terms, while the "Others" category has the highest number of facilities but also the poorest repayment performance. Portfolio quality remains strong across regulated institutions, SACCOs, and SMEs, all recording zero delinquency.

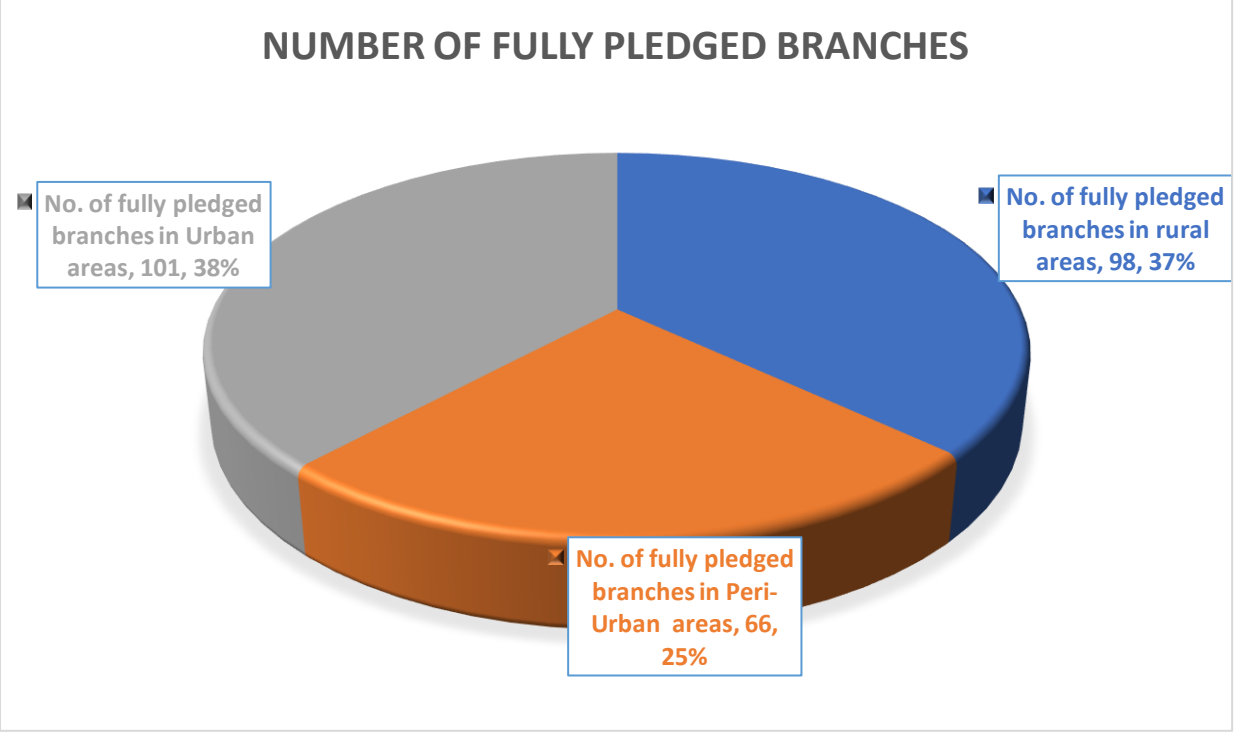
However, the high PAR in the "Others" category poses a potential threat to the overall portfolio health and calls for strengthened credit risk management mechanisms.

CHAPTER FOUR: MICROFINANCE BANKS

4.1.0: Microfinance Banks Profile

According to CBK, as of December 31, 2024, the number of licensed microfinance banks remained steady at fourteen (14). Among these, one (1) held a community microfinance bank license, while thirteen (13) held nationwide microfinance bank licenses. Of the fourteen (14), twelve (12) are AMFI-K members, and all shared their data. As of the end of December 2024, the twelve MFBs' number of fully pledged branches were distributed across urban, peri-urban, and rural areas as shown in Figure 2 below.

Figure 2: **Number of Fully Pledged Branches**



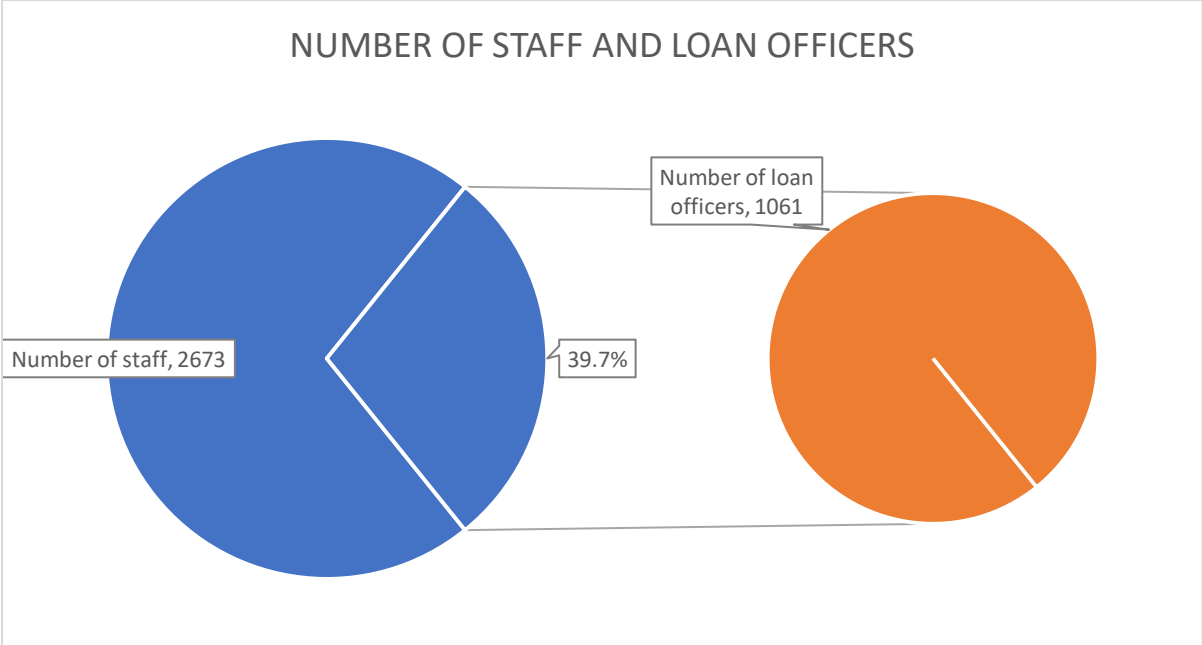
Source: AMFI-K

Urban areas had the highest distribution of fully pledged branches at 101 branches representing 38% followed by rural areas at 98 branches representing 37% and lastly peri-urban areas at 66 branches representing 25% as shown in the Figure 2 above.

The number of staff and the number of loan officers across the 12 MFBs and distributed across the branches are shown in the Figure 3 below.

4.1.1 Number of Staff and Loan Officers

Figure 3: **number of staff and loan officers**



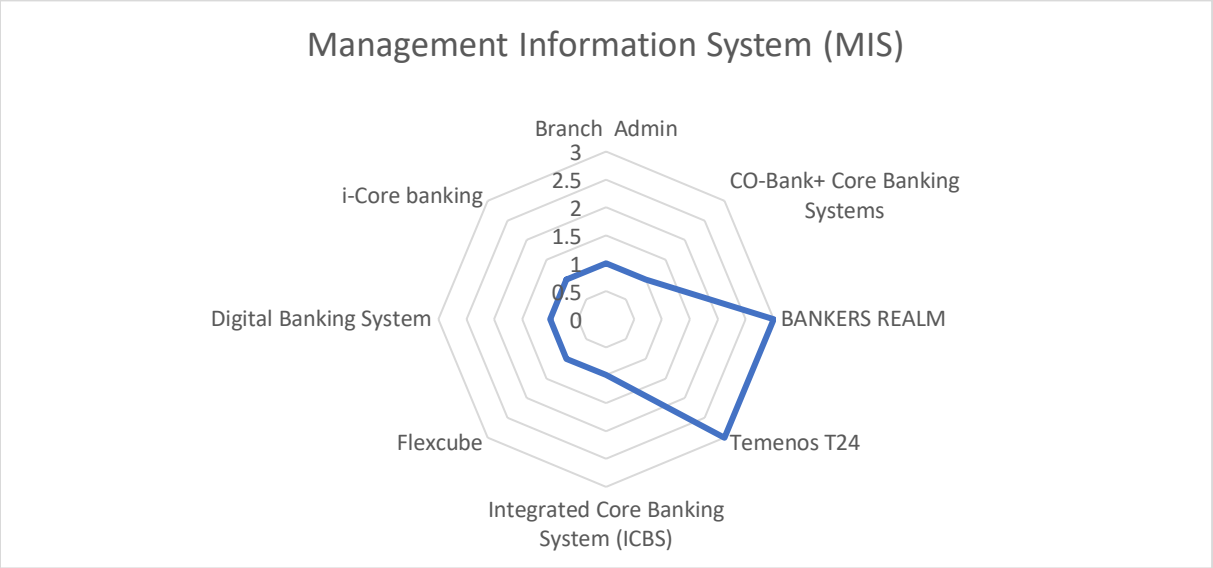
Source: AMFI-K

As of December 2024, the total number of staff across the 12 MFBs was 2,673, and 1,061 were loan officers representing 39.7% of all the staff, as shown in Figure 3 above.

4.1.2 Management Information System

The staff work to deliver their mandate across the 12 MFBs using different management information systems. Out of the twelve (12) Microfinance Banks (MFBs), eight (8) different core banking systems are in use. Only Temenos T24 (used by 3 MFBs) and Bankers Realm (used by 3 MFBs) are common, making a total of six (6) MFBs using these two Management Information Systems (MIS). The other six MFBs each use a different MIS, as shown in Figure 4 below.

Figure 4: **Management Information System**



Source: AMFI-K

4.2.0 Asset Base of Microfinance Banks

According to CBK, the overall financial position of the microfinance banks weakened from 2023 to 2024, with notable decreases in net advances and borrowings. The sector experienced a 9.8 percent decline in total assets in 2024, with total assets standing at Ksh.57.9 billion, compared to Ksh64.2 billion in 2023. As highlighted in the Table below, lending remained the primary activity for microfinance banks, with the net loan portfolio accounting for 58 percent of their total assets. The net advances decreased significantly by 16.8 percent, from Ksh37.5 billion in 2023 to Ksh31.2 billion in December 2024. This decline in loans was attributed to a strategic decision to reduce lending to manage non-performing loans, loan sales to other lenders, and heightened competition from other credit providers. Customer deposits and borrowings were the primary sources of funding, comprising 74 percent and 10 percent of the microfinance banks' total funding, respectively.

Customer deposits declined by 1.9 percent, from Ksh43.9 billion in 2023 to Ksh42.9 billion in 2024. Further, borrowings significantly decreased from Ksh9,194 million, accounting for 14 percent of total liabilities and equity in 2023, to Ksh5,723 million, representing 10 percent of total liabilities and equity in 2024, indicating a growing shift from borrowing as a funding source.

Table 10; Microfinance Banks Balance Sheet Analysis

Table: Microfinance Banks Balance Sheet Analysis (Ksh. M)				
ASSETS	2023	% of Total (2023)	2024	% of Total (2024)
Cash Balance (Local & Foreign notes & coins)	1,885	3	820	1
Deposit balances at banks and financial institutions	7,856	12	8,441	15
Government Securities	4,476	7	4,568	8
Net Advances	37,467	58	31,180	54
Accounts Receivables	2,862	4	3,366	6
Net Fixed Assets	5,200	9	5,123	9
Other Assets	4,454	7	4,401	8
TOTAL NET ASSETS	64,200	100	57,894	100

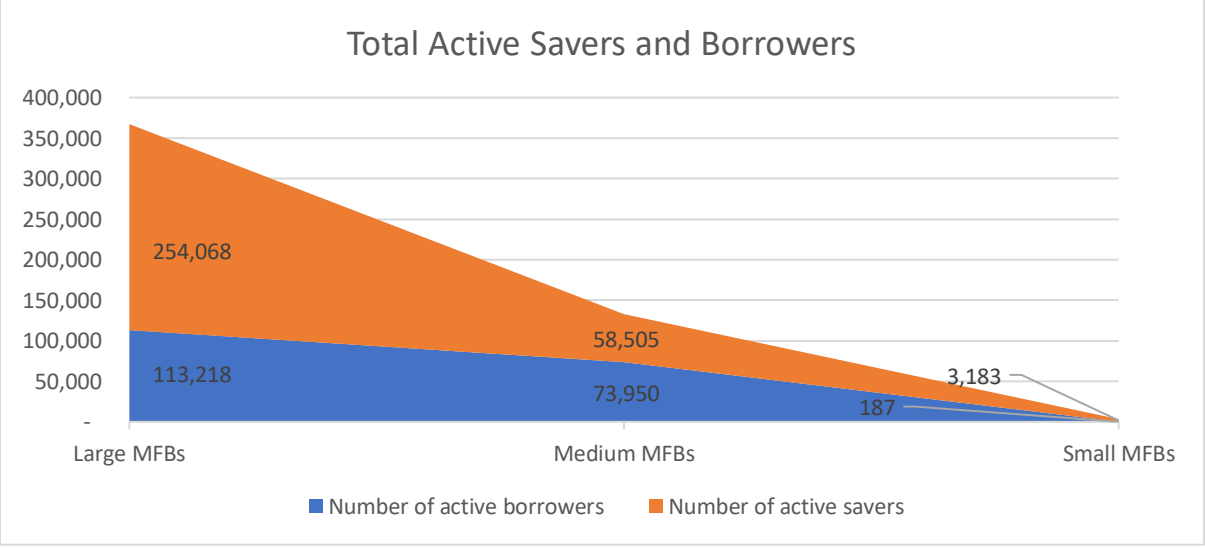
LIABILITIES & EQUITY FUNDS				
Deposits	43,863	68	42,997	74
Borrowings	9,194	14	5,723	10
Other Liabilities	4,341	7	4,655	8
Capital and Shareholders Funds	6,802	11	4,519	8
TOTAL LIABILITIES AND EQUITY FUNDS	64,200	100	57,894	100

Source: CBK

4.3.0 Client Outreach Analysis

4.3.1 Total Active Savers and Borrowers

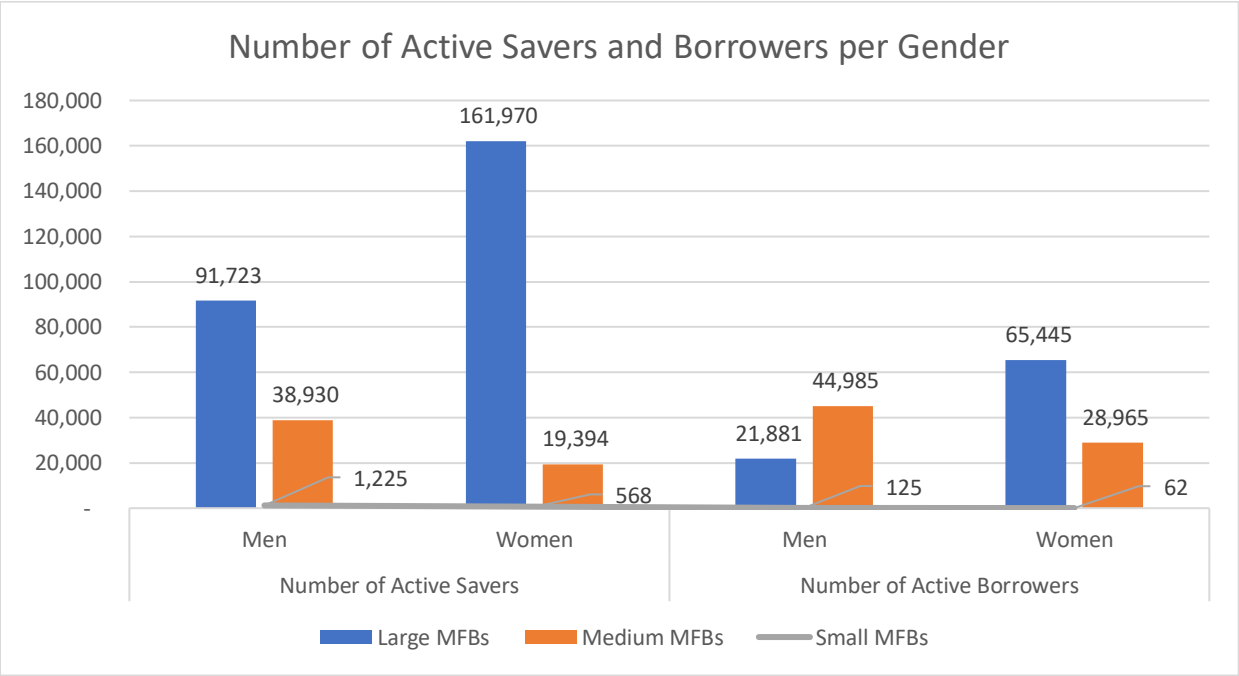
Figure 5: Total Active Savers and Borrowers



Source: AMFI-K

As of December 2024, Large and Small MFBs had more active savers than active borrowers, indicating a stronger focus on mobilizing deposits and promoting a savings culture among their clients. This trend may reflect their relatively conservative lending approach and emphasis on liquidity management to support long-term stability. In contrast, Medium MFBs reported more active borrowers than savers, suggesting a stronger credit-driven business model focused on loan growth and portfolio expansion. This could be attributed to their aggressive lending strategies, efforts to grow market share, or a lower reliance on customer deposits as a source of funds, as illustrated in Figure 5 above.

Figure 6: Number of Active Savers and Borrowers per Gender

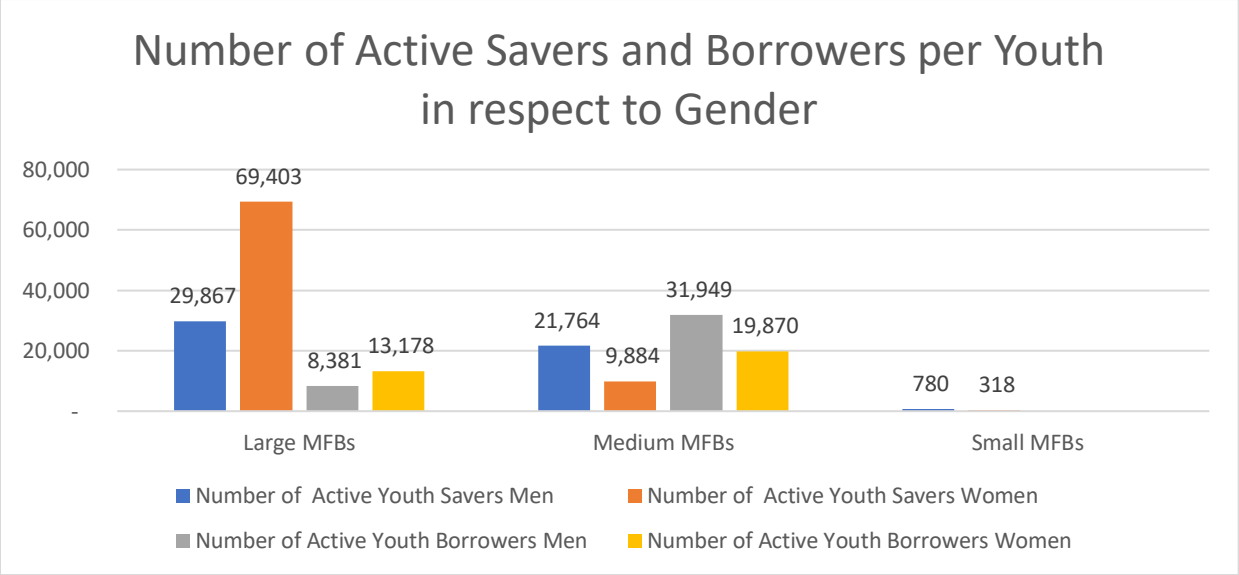


Source: AMFI-K

As of December 2024, Large MFBs had a higher number of active women savers, while the opposite was observed among Medium and Small MFBs, where male savers dominated. This pattern suggests that large institutions have been more successful in attracting and retaining women clients, possibly due to their broad outreach networks,

tailored savings products, and financial inclusion programs targeting women. Similarly, in terms of borrowing, Large MFBs also reported more active women borrowers, reflecting their strong focus on women's economic empowerment and their ability to design credit products suited to women-owned enterprises. Conversely, Medium and Small MFBs had fewer women borrowers, which may be linked to limited product diversification, smaller branch networks, or lower outreach capacity, resulting in a client base that is more male-dominated, as illustrated in Figure 6 above.

Figure 7: Number of Active Savers and Borrowers per Youth with respect to Gender



Source: AMFI-K

As of December 2024, Large MFBs had more active youth women savers and borrowers than men, while the opposite was observed among Medium and Small MFBs. Additionally, Small MFBs had no active youth borrowers, as illustrated in Figure 7 above.

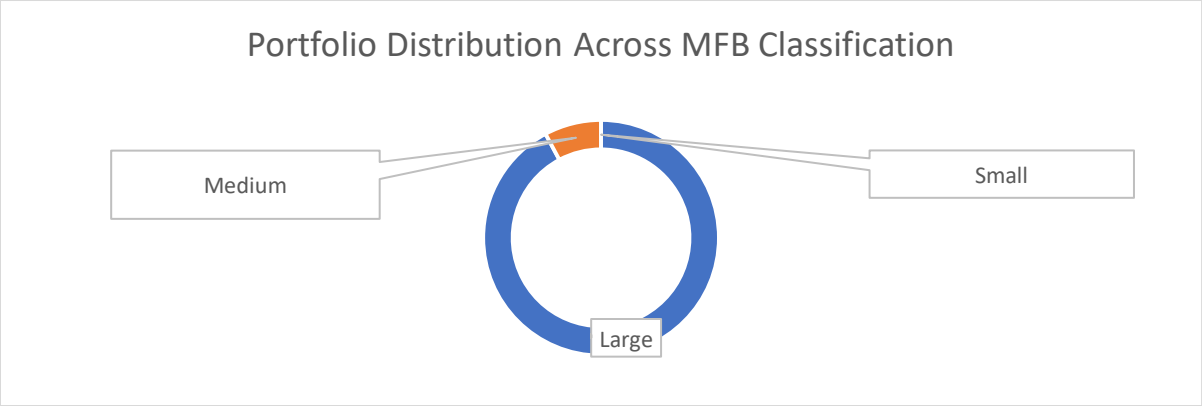
4.4.0 Portfolio Quality

4.4.1 Outstanding Portfolio

As of December 2024, the total outstanding portfolio of 12 MFBs was Ksh 34.5 billion, with a portfolio at risk above 30 days of 35.89% and 246,653 loans. According to CBK, the market share for microfinance banks is based on a weighted composite index comprising

five key indicators. These indicators are assets, deposits, shareholders' funds, the number of active deposit accounts, and active loan accounts. Based on this index, microfinance banks are classified into three peer groups, namely large, medium, and small. A microfinance bank is classified as large if it has a market share of 5 percent or above; medium if it has a market share of between 1 percent and 5 percent, and small if its market share is less than 1 percent. As of December 31, 2024, the MFBs sector comprised of seven (7) large microfinance banks with an aggregate market share of 86.2 percent, five (5) medium microfinance banks accounting for 14.7 percent and two (2) small microfinance banks with a total market share of negative 0.9 percent. The total outstanding portfolio across the three categories is as per Figure 8 below.

Figure 8: Portfolio Distribution Across MFB Classification



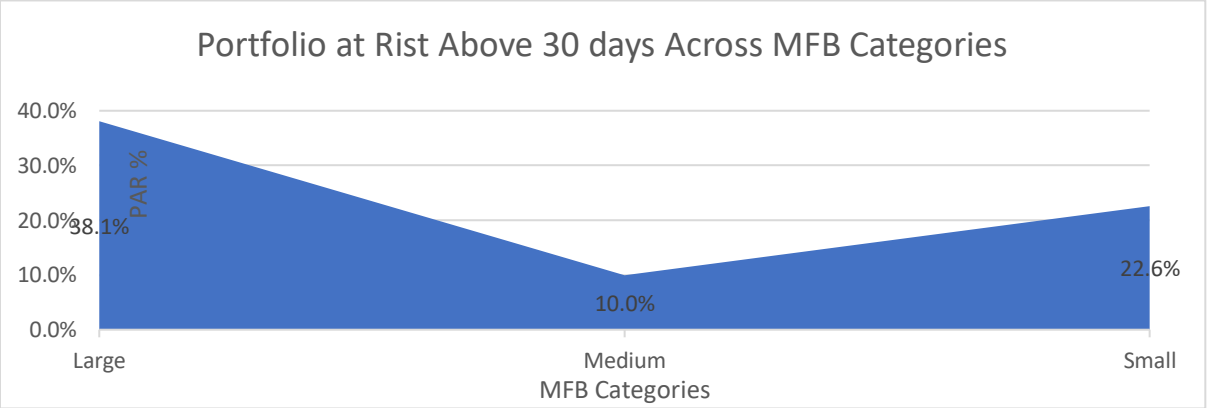
Source: AMFI-K

The large category of MFBs holds the most significant share of the total outstanding portfolio at **92.19%**, followed by the **medium category** at **7.81%**, while the **small category** accounts for the least share at **0.00028%**, as illustrated in the Figure above.

4.4.2 Portfolio at Risk

Figure 9 below presents the Portfolio at Risk (PAR) across categories of the 12 MFBs, analyzed according to their respective market share, highlighting variations in portfolio quality and credit risk exposure among the different tiers.

Figure 9: Portfolio at Risk above 30 days Across MFB Categories

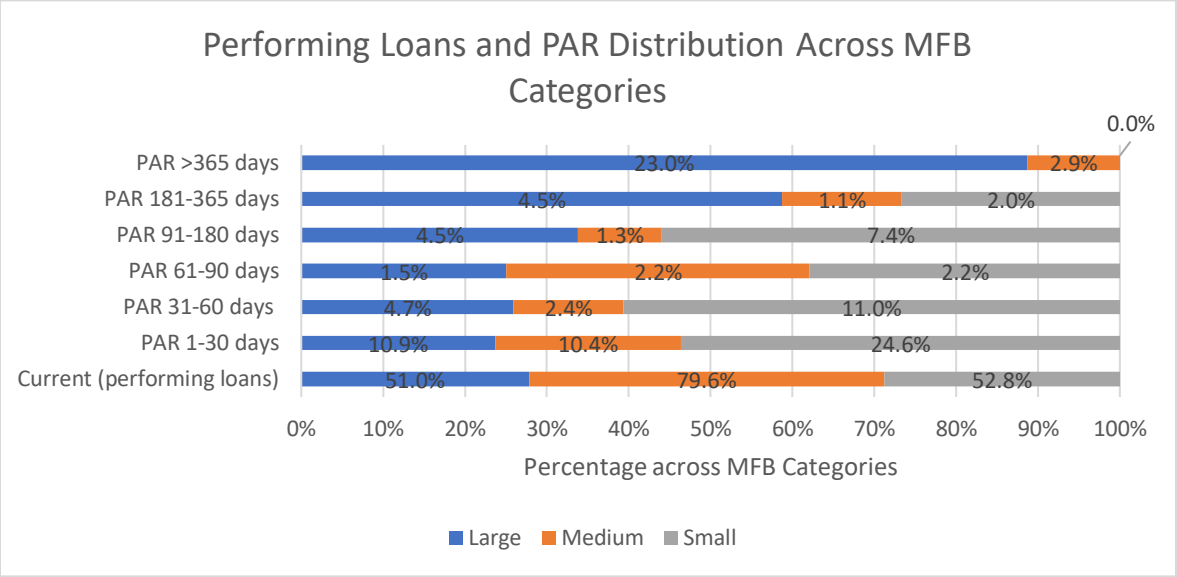


Source: AMFI-K

As of December 2024, large MFBs recorded the highest Portfolio at Risk (PAR) at 38.1%, followed by small MFBs at 22.6%, and medium MFBs at 10.0%, as illustrated in Figure 9 above. The higher PAR among large MFBs may be attributed to their larger and more diversified loan books, which often include higher-value loans and exposure to multiple market segments, increasing the likelihood of defaults when economic conditions tighten. In contrast, medium and small MFBs tend to have smaller, more localized portfolios and may apply stricter credit assessment practices or serve more niche markets, resulting in relatively lower levels of portfolio risk.

Overall, these variations reflect differences in portfolio composition, risk management practices, and client base characteristics across the MFB categories. A deeper look at the Portfolio at Risk across different aging categories, as well as the currently performing loans across the different categories of MFBs, is presented in Figure 10 below."

Figure 10: Performing Loans and PAR Distribution Across MFB Categories



Source: AMFI-K

As of December 2024, 51.0% of the large MFBs' portfolio was performing. However, this category is characterized by a significant portion of aged loans, with 23.0% of the portfolio overdue by more than 365 days, which greatly impacts overall portfolio quality as shown in Figure 10 above.

The medium MFBs exhibited a stronger portfolio performance, with 79.6% of their loans performing and a Portfolio at Risk of 10.4% in the 1–30 days' category. The proportion of loans overdue beyond 30 days remained minimal, at below 2.4% across the different days, as shown in Figure 10 above.

In contrast, the small MFBs had 52.8% of their loans performing, but recorded a relatively high PAR in the 1–30 days' category at 24.6%, compared to the longer aging categories, as illustrated in Figure 10 above.

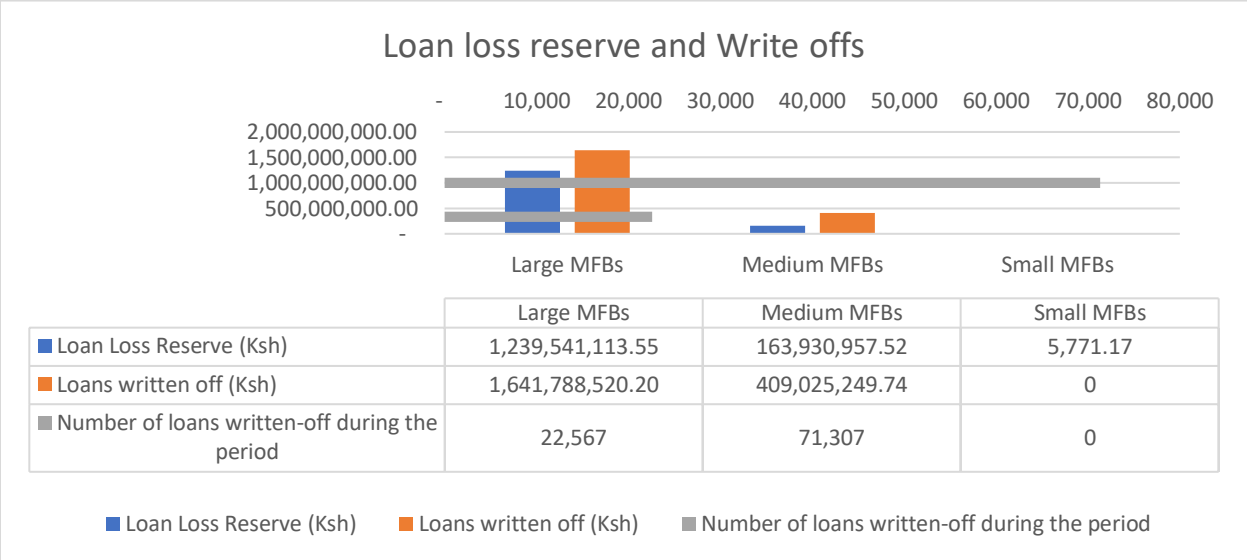
4.5.3 Loan loss reserve and write-offs

A loan loss reserve is a fund set aside by a financial institution to cover potential losses from loans that may not be repaid, serving as a cushion against future defaults and

reflecting the institution's estimate of credit risk in its loan portfolio, while a loan write-off occurs when the institution formally recognizes that a loan or part of it is uncollectible and removes it from its balance sheet as an asset after all reasonable recovery efforts have been exhausted.

4.6.4: Loan loss reserve and write-offs

Figure 11: Loan loss reserve and write-offs



	Large MFBs	Medium MFBs	Small MFBs
Loan Loss Reserve (Ksh)	1,239,541,113.55	163,930,957.52	5,771.17
Loans written off (Ksh)	1,641,788,520.20	409,025,249.74	0
Number of loans written-off during the period	22,567	71,307	0

Source: AMFI-K

As of December 2024, Large MFBs recorded the highest loan loss reserves and loan write-offs, amounting to Ksh1.2 billion and Ksh1.6 billion, respectively, reflecting their relatively large portfolio sizes. Medium MFBs reported Ksh163.9 million in loan loss reserves and Ksh409.0 million in write-offs, while Small MFBs recorded a minimal loan loss reserve of Ksh5,771.17 and no write-offs. Interestingly, the trend is reversed when comparing the number of loans written off, where Medium MFBs more than doubled Large MFBs, with 71,307 and 22,567 loans written off, respectively. This suggests that while Large MFBs wrote off fewer but higher-value loans, Medium MFBs wrote off a

larger number of smaller-value loans, explaining the difference in total amounts as illustrated in Figure 11 above.

4.5.0 PORTFOLIO PERFORMANCE PER SECTOR

This section presents a detailed breakdown of the loan portfolio by sector among MFBs as of December 2024. It captures three key performance indicators: the number of loans disbursed, the outstanding loan portfolio value, and the Portfolio at Risk above thirty days for each sector. This information provides valuable insights into how MFBs have allocated credit across different economic activities, reflecting their lending priorities, market reach, and exposure to various sectors. The data also helps in assessing the quality of the loan book and identifying sectors that contribute most to credit growth or portfolio vulnerability.

Table 11;Performance of Portfolio Per Sector

SECTOR	Number OF Loans	Outstanding Loan Portfolio	Portfolio at Risk (PAR above 30 days)
Business Loans	63,768	10,584,834,035.91	49.91%
Agriculture loans (crops, livestock, fishing)	16,087	834,286,833.06	35.90%
Housing loans	5,796	1,135,797,414.64	37.70%
Emergency loans	3,076	62,290,932.56	29.69%
WASH loans	1,116	14,986,369.82	61.62%

Renewable Energy /Green finance loans	2,170	6,343,820.57	75.08%
Education loans	1,163	24,176,891.30	42.02%
Trade Finance loans	1,556	1,250,772,772.50	66.19%
Check off loans	28,125	12,679,619,207.28	23.00%
Insurance Premium Financing	21,862	354,750,161.82	47.15%
Asset financing	1,893	1,692,257,405.72	47.47%
Restructured	8,440	934,546,575.08	26.45%
Manufacturing	886	312,421,313.12	81.80%
Other sectors, kindly specify below	7,305	1,898,574,716.07	44.96%
Transport & Communication	28	14,830,088.39	64.68%
Digital Loans/Mobile Loans	81,150	617,162,336.94	15.64%
Institutional Banking	227	1,216,726,218.28	2.90%
Personal Banking loans/Consumer loans	1,732	599,681,007.70	9.80%

Staff Loans	270	260,132,945.38	22.39%
Tourism and Hotels	3	6,739,518.86	12.69%
TOTAL	**246,653**	**34,500,930,564.99**	**35.89%**

Source: AMFI-K

As of December 2024, the loan portfolio was spread across various sectors with a total of 246,653 loans valued at Ksh34.5 billion and an overall Portfolio at Risk (PAR > 30 days) of 35.89%. The portfolio was largely concentrated in check-off loans and business loans, amounting to Ksh12.68 billion and Ksh10.58 billion, respectively, accounting for more than two-thirds of the total portfolio. Digital/mobile loans also had a high number of loans (81,150) but relatively small loan values, indicating low-value, high-volume lending typical of digital credit. In terms of portfolio quality, sectors such as manufacturing (81.80%), renewable energy/green finance (75.08%), trade finance (66.19%), and WASH (61.62%) recorded the highest PAR levels, indicating elevated credit risk and repayment challenges. Conversely, institutional banking (2.90%), personal/consumer loans (9.80%), and check-off loans (23.00%) had lower PAR, showing stronger repayment performance. The data also shows emerging participation in sectors like housing, renewable energy, and WASH, reflecting MFIs' growing interest in impact-oriented lending despite higher associated risks. Overall, the loan book is dominated by business and salary-backed loans, with rising exposure in development-focused sectors that require enhanced credit risk management.

4.5.1 Performance of Methods of Delivery

This section presents the distribution of loans by method of delivery among MFBs as of December 2024. Table 12 below shows the number of loans, the outstanding loan portfolio, and the Portfolio at Risk above thirty days for each method of loan delivery.

Table 12; Performance of Methods of Delivery

Methods of Delivery	Number of loans	Outstanding loan portfolio	Portfolio at Risk (PAR above 30 days)
Groups	95,852	5,025,731,986.89	40.56%
Individual	50,969	19,672,330,764.18	37.18%
Mobile loans	87,586	685,478,727.15	17.13%
Partnerships	96	4,698,649,939.86	47.44%
salary	7,227	4,418,735,887.47	15.46%
Companies	64	3,259.19	32.73%
Total	**246,653**	**34,500,930,564.73**	35.89%

Source: AMFI-K

Table 12 above shows that the majority of the portfolio was concentrated in individual methods of delivery, which accounted for the highest loan value of Ksh19.67 billion (37.18% PAR), followed by group delivery with 95,852 loans worth Ksh5.03 billion (40.56% PAR). Partnership method of delivery, though fewer in number (96 loans), represented a significant portfolio value of Ksh4.70 billion, but with the highest risk level (47.44% PAR). Salary method of delivery recorded 7,227 loans worth Ksh4.42 billion and exhibited the lowest credit risk (15.46% PAR), reflecting stronger repayment performance. Mobile method of delivery had a large number of accounts (87,586 loans) but a relatively small portfolio value (Ksh685.48 million) and a low PAR of 17.13%, suggesting effective digital credit management and faster repayment cycles. Overall, the data shows that individual and group remain the dominant delivery methods by volume and value, while mobile and salary methods demonstrate better portfolio quality and lower default risk.

4.6.0 Geographical Coverage

Table 12 below presents the geographical coverage of MFBs across various regions and counties in Kenya as of December 2024. It provides data on the number of fully fledged branches, the outstanding loan portfolio, and the Portfolio at Risk above thirty days for each county. This information highlights the regional distribution of MFB operations, showing areas with the highest loan exposure and the relative quality of loan performance across different parts of the country. The data also helps to illustrate the extent of financial inclusion achieved by MFBs, indicating counties with strong outreach and loan activity compared to those with limited presence. The subsequent analysis interprets these findings to show where MFBs are most active and where portfolio risks are more concentrated.

Table 13; Performance of Portfolio Per Sector

REGION	County	No. of fully fledged branches	Outstanding loan portfolio (Ksh)	Portfolio at Risk (PAR above 30 days %)
Central	Kiambu	26,011	4,008,625,995.73	36.71%
	Kirinyaga	2,272	182,223,755.61	23.02%
	Muranga	5,579	622,127,576.36	15.39%
	Nyandarua	1,340	210,958,986.89	19.68%
	Nyeri	6,380	1,148,189,198.23	26.06%
Coast	Kilifi	7,790	546,121,105.79	33.91%
	Kwale	3,306	239,952,252.44	25.23%
	Lamu	393	42,248,626.69	8.69%
	Mombasa	11,552	1,599,849,410.32	43.79%
	Taita Taveta	3,485	155,489,704.57	16.05%
	Tana River	647	64,643,801.57	13.08%
Eastern	Embu	2,519	228,463,631.37	11.34%
	Isiolo	241	1,925,787.43	13.23%
	Kitui	3,394	258,768,932.16	35.88%
	Machakos	8,853	1,608,874,289.48	22.79%
	Makueni	3,678	376,991,543.10	45.79%
	Marsabit	360	66,128,128.03	12.49%

	Meru	5,439	561,186,095.97	25.74%
	Tharaka Nithi	1,177	70,911,151.36	17.69%
Nairobi	Nairobi	39,780	11,948,321,945.32	43.49%
North Eastern	Wajir	59	570,105.76	27.32%
	Garissa	171	1,073,296.75	10.72%
	Mandera	9	32,204.21	0.00%
Nyanza	Homa Bay	4,000	77,740,080.89	58.24%
	Kisii	5,482	192,912,065.39	50.98%
	Kisumu	10,322	1,407,688,711.08	37.80%
	Migori	6,092	270,087,094.02	43.34%
	Nyamira	4,321	98,028,009.86	65.44%
	Siaya	4,630	78,773,728.76	35.92%
Rift Valley	Baringo	2,206	89,417,545.69	25.07%
	Bomet	3,982	123,420,778.90	40.75%
	Elgeyo Marakwet	1,441	67,564,817.77	17.71%
	Kajiado	4,640	1,121,150,841.84	40.18%
	Kericho	4,577	134,166,841.92	42.74%
	Laikipia	2,747	310,146,647.26	18.26%
	Nandi	3,927	124,305,606.97	53.73%
	Narok	2,022	60,006,547.18	36.26%
	Nakuru	12,425	2,494,141,360.52	22.26%

	Samburu	262	44,579,087.51	13.61%
	Trans Nzoia	6,327	761,371,810.31	19.35%
	Turkana	945	81,229,476.03	27.12%
	Uasin Gishu	9,285	1,330,401,999.14	40.02%
	West Pokot	929	48,762,449.96	29.60%
Western	Kakamega	9,112	801,351,325.43	32.83%
	Bungoma	6,293	625,507,416.85	24.59%
	Busia	2,946	100,231,389.50	58.96%
	Vihiga	3,305	114,267,406.56	47.54%
Total		**246,653**	**34,500,930,565**	**35.89%**

Source: AMFI-K

Table 13 above presents the distribution of MFB loans by region and county as of December 2024, showing the number of fully fledged branches, outstanding loan portfolio, and Portfolio at Risk (PAR > 30 days). The data shows that Nairobi County held the largest outstanding portfolio of Ksh11.95 billion, accounting for a significant share of the total lending, but also recorded a high PAR above thirty days of 43.49%, indicating elevated credit risk. Other counties with large portfolios included Kiambu (Ksh4.01 billion), Nakuru (Ksh2.49 billion), and Kisumu (Ksh1.41 billion), reflecting their status as major economic and financial hubs. In contrast, counties such as Mandera, Garissa, and Wajir had very small portfolios, showing limited MFB penetration in the North Eastern region.

From a portfolio quality perspective, some counties recorded very high PAR above thirty days' levels, notably Nyamira (65.44%), Busia (58.96%), Homa Bay (58.24%), and Kisii (50.98%), signaling repayment challenges in parts of the Nyanza and Western regions. Conversely, counties such as Mandera (0%), Embu (11.34%), and Lamu (8.69%) exhibited relatively strong portfolio performance. The Central region showed moderate risk levels, with Kiambu and Nyeri recording PARs of 36.71% and 26.06%, respectively, while Murang'a performed better at 15.39%. Overall, the data indicates that MFBs' lending activities are highly concentrated in urban and economically vibrant counties, but portfolio quality challenges remain more pronounced in rural and high-risk regions, particularly within the western part of the country.

CHAPTER FIVE: CREDIT-ONLY MICROFINANCE INSTITUTIONS

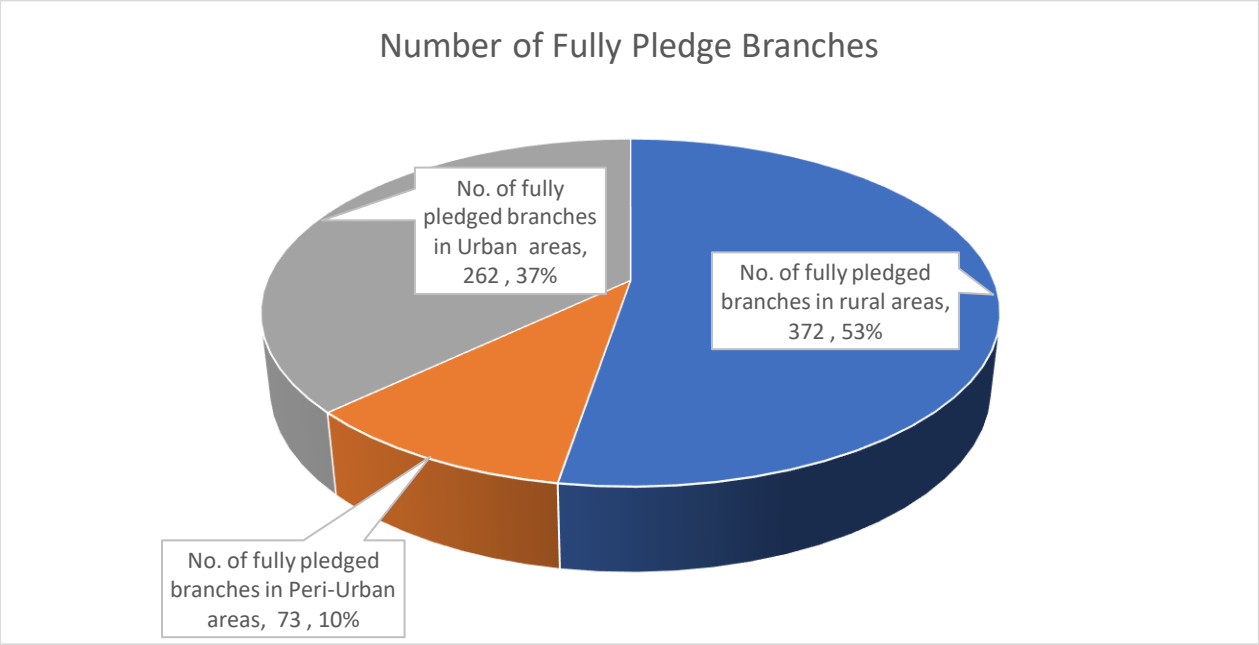
5.1.0 Credit Only Microfinance Institutions Profile

As of December 31, 2024, the number of Credit-Only Microfinance Institutions (COMFIs) under the Association of Microfinance Institutions Kenya (AMFI-K) was fifty-six (56). Out of these, twenty (20) provided complete and usable data, while two (2) reported that they currently have no active portfolio as they are transitioning into pure digital lenders. One (1) institution submitted incomplete data that could not be included in the analysis.

The twenty COMFIs reported a combined portfolio size of Ksh37.40 billion, with a Portfolio at Risk (PAR above 30 days) of Ksh4.79 billion, representing 12.58% of the total portfolio and serving 1,051,474 active clients. This provides an overview of the sector's credit exposure and emerging risk trends as at the end of the reporting period.

By the end of December 2024, the twenty COMFIs had fully pledged branches distributed across urban, peri-urban, and rural areas, as illustrated in Figure 12 below.

Figure 12: Number of Fully Pledged Branches



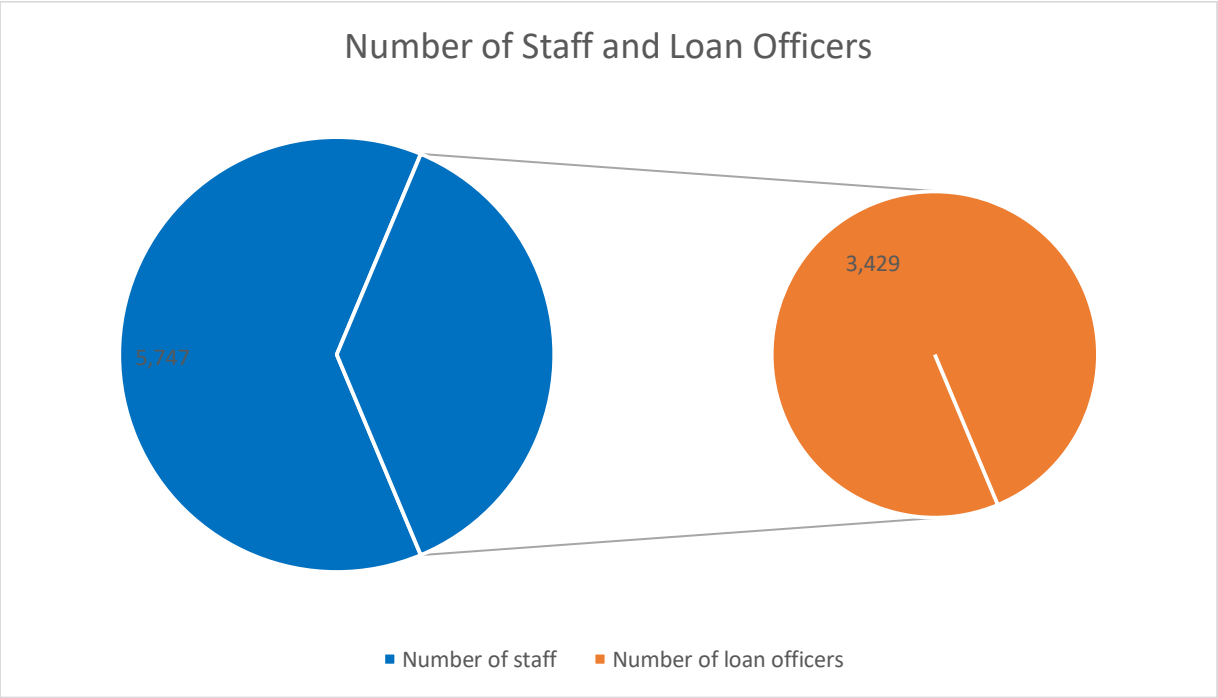
Source: AMFI-K

As shown in Figure 12 above, the twenty COMFIs collectively operated 708 fully pledged branches across the country. The distribution of these branches reflects a strong presence in rural markets, which accounted for 53% (372 branches). Urban areas hosted 37% (262 branches), while peri-urban areas accounted for 10% (73 branches). This distribution underscores the sector's continued commitment to serving underserved and remote regions, aligning with the financial inclusion mandate of AMFI-K.

5.1.1 Number of Staff and Loan Officers

In terms of human resource capacity, the twenty COMFIs had a total staff complement of 5,747 as of December 31, 2024. Of this workforce, 3,429 were loan officers representing 59.67% of the total staff, as illustrated in the Figure below. This high proportion of frontline credit staff underscores the institutions' emphasis on credit delivery, client acquisition, and portfolio management.

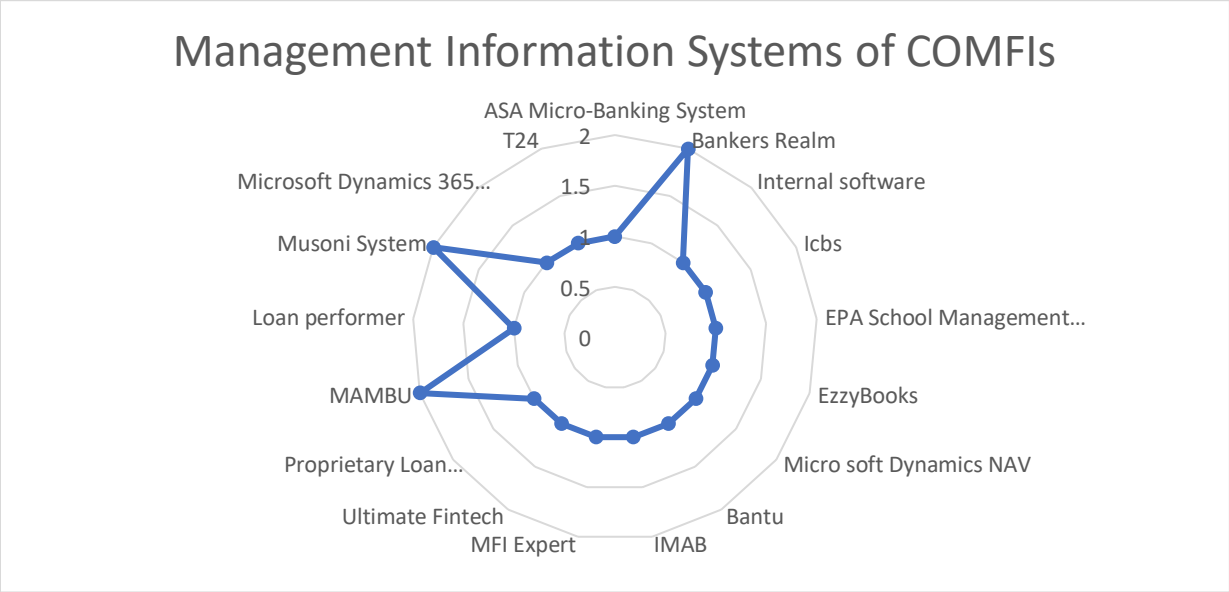
Figure 13: Number of Staff and Loan Officers



Source: AMFI-K

5.1.2 Management Information Systems

Figure 14: Management Information Systems of COMFIs



Source: AMFI-K

Regarding technology infrastructure, the twenty COMFIs were operating seventeen (17) different Management Information Systems (MIS) as at December 31, 2024. Only three of these systems were shared by at least two COMFIs each, as shown in Figure 14 above. This indicates a highly fragmented MIS landscape, which may impact operational efficiency, data harmonization, and opportunities for integration across the sector.

5.1.3 Client Outreach

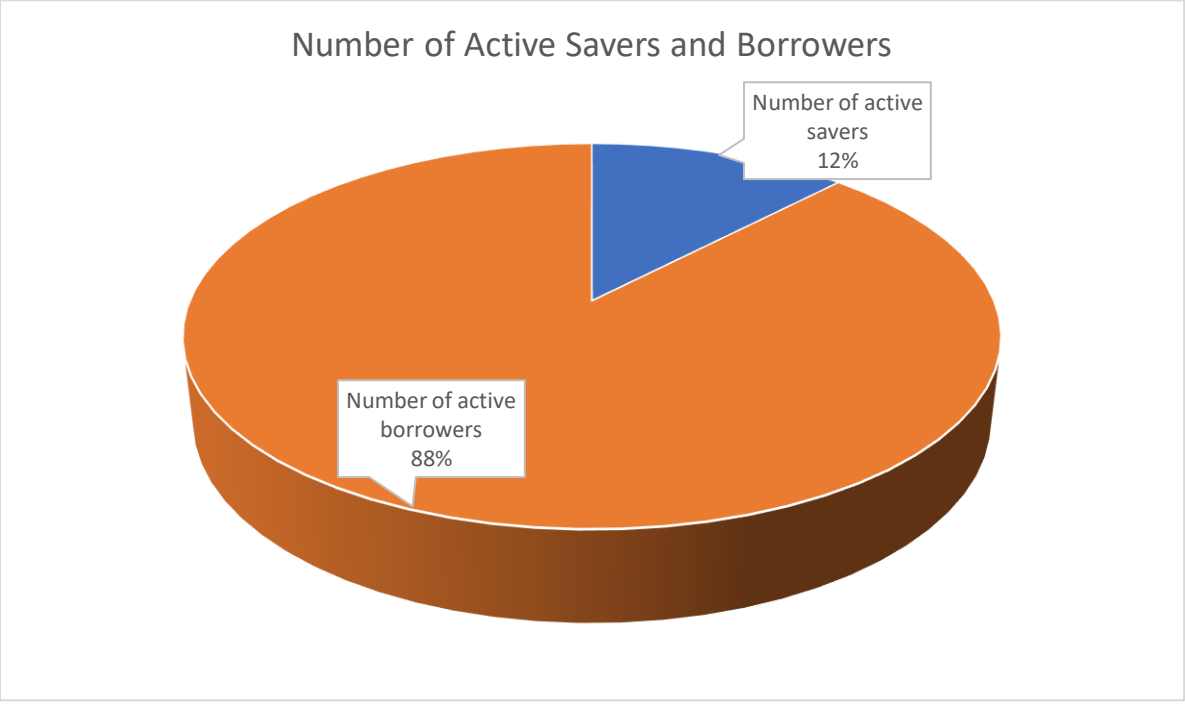
Total Active Savers and Borrowers

Although COMFIs are primarily established to provide credit, the data collected shows that only seven (7) COMFIs reported having active savers, while the majority had exclusively active borrowers. This trend is expected, as savings mobilization is not part of the core business model of Credit-Only Microfinance Institutions, unlike Microfinance Banks (MFBs), which are licensed to take deposits. For most COMFIs, the savings recorded are not voluntary deposits but compulsory savings held strictly as collateral for

loan facilities. This means clients are not using COMFIs as platforms for genuine savings accumulation, but rather as a requirement to access credit. The observed gap in savings is therefore largely structural, tied to the legal and operational mandate of COMFIs, and underscores the distinct roles played by COMFIs and MFBs within Kenya's microfinance ecosystem.

As of 31 December 2024, the twenty COMFIs reported a total of 101,474 active clients holding 748,546 active loan accounts. Of this client base, 12% were categorized as active savers, while 88% were active borrowers, as shown in Figure 15 below. It is important to note that within the 88% classified as borrowers, a portion of these clients maintain compulsory savings; however, these funds are not recorded as part of savings portfolios, as they serve purely as collateral for loans. This practice is common among Credit-Only MFIs whose business model is loan-centered, and therefore any form of mandatory savings is tied strictly to credit access rather than serving as a voluntary savings product.

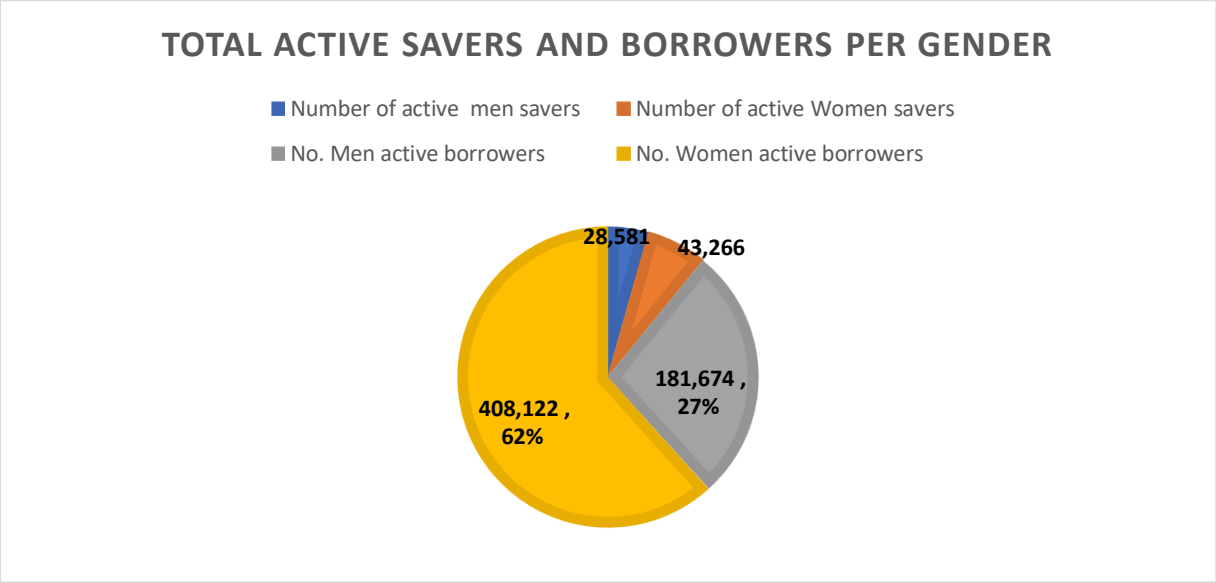
Figure 15: Number of Active Savers and Borrowers



Source: AMFI-K

5.1.4 Total active savers and borrowers per gender

Figure 16: Total active savers and borrowers per gender

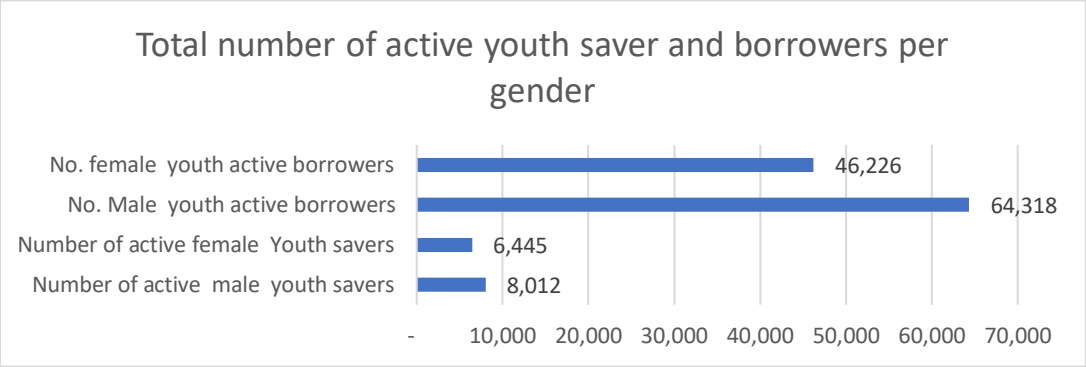


Source: AMFI-K

Figure 16 above illustrates the gender distribution of active clients across borrowing and saving categories within the twenty COMFIs. Women constitute the largest share of active borrowers at 62%, followed by men at 27%, highlighting the continued dominance of women in accessing credit services. On the savings side, women account for 7% of active savers, while men represent 4%. This pattern underscores the strong participation of women in microfinance services overall, both in borrowing and in limited savings activity.

5.1.5 Total number of active youth savers and borrowers per gender

Figure 17: Total number of active youth savers and borrowers per gender



Source: AMFI-K

Figure 17 above presents the distribution of active youth clients across borrowing and saving categories in the twenty COMFIs. Among active youth borrowers, male clients make up a higher share with 64,318 borrowers compared to 46,226 female borrowers, indicating stronger credit uptake among young men. On the savings side, the trend is similar, with 8,012 active male youth savers and 6,445 female youth savers. Overall, the data shows that while both young men and women participate in borrowing and saving, male youth exhibit higher engagement across both financial activities.

5.1.6 Portfolio Quality

Outstanding portfolio

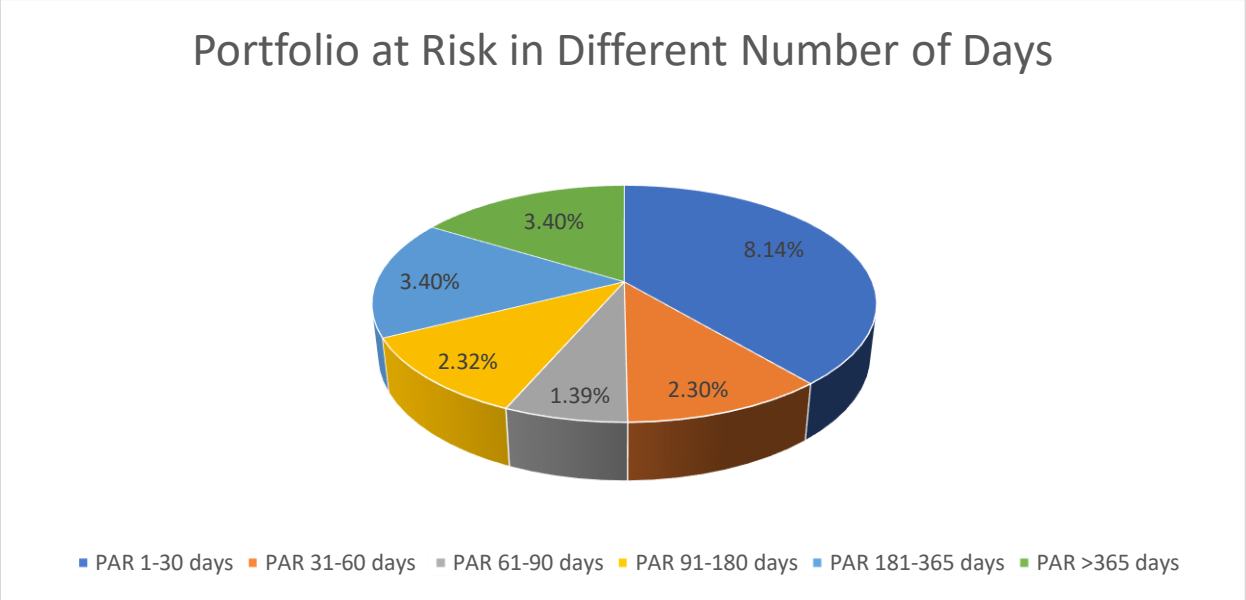
As of December 31, 2024, the twenty reporting COMFIs had a combined Portfolio Outstanding of Ksh37.4 billion. Out of this amount, Ksh4.79 billion was classified as Portfolio at Risk (PAR) above 30 days, representing 12.58% of the total portfolio. This level of PAR indicates a notable proportion of loans experiencing repayment challenges, underscoring the need for strengthened credit risk management practices across the institutions. Despite this, the overall portfolio size reflects the continued growth and scale of lending activities among COMFIs within the microfinance sector.

5.1.7 Portfolio at Risk in Different Number of Days

The overview of the loan performance for the twenty COMFIs as of December 31, 2024, shows that 79.13% of the total portfolio is classified as current and performing, while 12.58% falls under Portfolio at Risk (PAR) above 30 days, reflecting the share of loans experiencing repayment delays beyond one month.

Figure 18 below shows the distribution of PAR across different aging categories, revealing varying degrees of credit risk. Loans overdue between 1–30 days' account for 8.14% of the portfolio, indicating short-term repayment delays that may still be recoverable with close follow-up. PAR 31–60 days represents 2.30%, while PAR 61–90 days stands at 1.39%, showing a gradual decline as arrears extend further. More prolonged delinquency is observed in the 91–180-day category at 2.32%, and in the 181–365-day bracket at 3.40%. Loans overdue for more than 365 days also stand at 3.40%, highlighting a significant volume of long-outstanding arrears that pose heightened recovery challenges. Together, these trends provide insight into the overall credit quality and areas requiring strengthened portfolio management.

Figure 18: Portfolio at Risk in Different Number of Days



Source: AMFI-K

5.1.8 Loan Loss Reserve and Write Offs

In addition to assessing portfolio performance and risk exposure, the analysis also reviewed the sector's loan loss reserve and write-off levels, which provide important insight into how COMFIs manage credit risk and potential losses. As of December 31, 2024, the twenty COMFIs had a combined loan loss reserve of Ksh2.34 billion, demonstrating efforts to cushion against potential defaults within their loan books. Over the same period, a total of 60,705 loans were written off, amounting to Ksh2.61 billion. These write-offs reflect loans that had remained unrecoverable beyond reasonable collection efforts, highlighting persistent challenges in loan recovery and the need for continued strengthening of credit appraisal, monitoring, and recovery strategies across the sector.

5.2.0 Portfolio Performance of COMFIs Per Sector

Table 14; Portfolio Performance of COMFIs Per Sector

Sector	Number Of Loans	Outstanding Loan portfolio (Ksh)	PAR above 30 days (%)
Buisness Loans	351,205	14,485,556,197.32	15.17%
Agriculture loans (crops, livestock, fishing)	187,733	5,081,220,677.24	7.12%
Housing loans	1,543	214,042,457.63	13.52%
Emergency loans	38,357	1,531,593,420.81	15.06%
WASH loans	1,016	19,663,809.01	4.35%
Renewable Energy /Green finance loans	1,905	170,225,359.79	22.86%
Education loans	2,192	952,606,577.68	21.48%

Trade Finance loans	7,543	389,527,407.90	9.49%
Check off loans/Personal/Pension	96,615	9,095,314,921.75	9.72%
Insurance Premium Financing	5,797	324,011,243.71	6.11%
Asset financing	48,206	4,632,589,853.41	13.14%
Restructured	574	125,197,983.24	60.71%
Manufacturing	3,651	98,600,824.78	2.61%
Other sectors, kindly specify below	750	258,759,648.71	32.69%
Social	600	5,225,246.73	16.07%
Mobile Loans	859	16,652,211.35	75.58%
Total	**748,546**	**37,400,787,841**	**12.80%**

Source: AMFI-K

Table 14 above shows the sectoral analysis of the COMFIs' loan portfolios which reveals significant variation in both portfolio size and credit risk across different lending segments. Business loans constitute the largest share of the sector, accounting for 351,205 loans with an outstanding portfolio of Ksh14.49 billion and a PAR above 30 days of 15.17%, indicating notable credit risk within this category. Agriculture loans, covering crops, livestock, and fishing, follow with 187,733 loans and an outstanding value of Ksh5.08 billion, but with a relatively lower PAR of 7.12%, reflecting stronger repayment performance compared to business loans. Housing loans, though fewer in number

(1,543), hold Ksh 214.04 million with a PAR of 13.52%. Emergency loans also constitute a significant segment with 38,357 loans totaling Ksh1.53 billion and a PAR of 15.06%.

Specialized loan categories show mixed risk profiles. WASH loans (1,016 loans) have one of the lowest PAR rates at 4.35%, suggesting strong repayment discipline, while renewable energy and green finance loans (1,905 loans, Ksh170.23 million) exhibit elevated credit risk with a PAR of 22.86%. Education loans, totaling 2,192 loans and Ksh952.61 million, also show heightened risk with a PAR of 21.48%. Trade finance loans (Ksh389.53 million) and personal/check-off/pension loans (Ksh9.10 billion) have moderate PAR levels of 9.49% and 9.72% respectively. Insurance premium financing loans show stronger performance with a PAR of 6.11%. Asset financing, representing 48,206 loans amounting to Ksh4.63 billion, has a PAR of 13.14%.

Loans identified as restructured present one of the highest risk levels, with a PAR of 60.71%, signaling significant repayment stress among borrowers whose loans had already required modification. Mobile loans exhibit the highest risk in the portfolio, reaching a PAR of 75.58%, driven largely by the nature of short-term, unsecured digital credit. Other sectors, including manufacturing (2.61% PAR), social sector lending (16.07% PAR), and various unspecified segments (32.69% PAR), further illustrate the diverse performance across lending categories.

Overall, the twenty reporting COMFIs held a total of 748,546 active loans amounting to Ksh37.40 billion, with an aggregate PAR above 30 days of 12.80%. This highlights both the scale of lending and the varied risk dynamics across different types of credit offered within the sector.

5.3.0 COMFIs Performance of Methods of Delivery

Table 15: COMFIs Performance of Methods of Delivery

Methods of Delivery	Number of loans	Outstanding loan portfolio	PAR above 30 days (%)
Groups	136,080.00	2,794,877,143.82	15.15%
Individual	589,509.00	34,293,488,136.23	12.49%
Mobile loans	22,514.00	246,203,275.25	16.25%
Corporates/Business	68.00	51,143,336.75	64.72%
Emergency	254.00	3,014,950.00	32.53%
Staff	121.00	12,060,999.00	53.98%
Total	**748,546.00**	**37,400,787,841.05**	**12.80%**

Source: AMFI-K

The loan portfolio distribution by method of delivery reveals important differences in scale and credit risk among the lending approaches used by COMFIs as shown in table 15 above. Individual lending represents the dominant delivery channel, accounting for 589,509 loans with an outstanding portfolio of Ksh34.29 billion. This segment maintains a PAR above 30 days of 12.49%, which is slightly below the overall sector average and

reflects relatively stable repayment performance. Group lending, the second most significant channel with 136,080 loans totaling Ksh2.79 billion, shows a higher PAR of 15.15%, indicating increased repayment challenges within group-based methodologies. Mobile loans account for 22,514 loans valued at Ksh246.20 million and exhibit a PAR of 16.25%, consistent with the elevated risk generally associated with short-term, unsecured digital credit. Corporate or business loans, although very few in number (68 loans), display one of the highest risk levels, with a PAR of 64.72%, suggesting substantial repayment pressure within this segment. Emergency loans (254 loans, Ksh3.01 million) also reflect heightened delinquency, with a PAR of 32.53%. Staff loans, which typically represent lending to employees of the institutions, total 121 loans amounting to Ksh12.06 million and present a high PAR of 53.98%, signaling significant repayment issues even within internal borrower categories.

Overall, the institutions reported 748,546 loans across all delivery methods, amounting to Ksh37.40 billion and a combined PAR above 30 days of 12.80%. The results underscore the diversity of lending mechanisms used by COMFIs and highlight the varying degrees of credit risk associated with each approach.

5.4.0 Geographical Coverage of COMFIs

Table 16; Geographical Coverage of COMFIs

GEOGRAPHICAL COVERAGE AS 31ST DECEMBER 2024					
REGION	**County**	**No. of fully fledged branches**	**Number of active clients**	**Outstanding loan portfolio**	**PAR above 30 days (%)**
Central	Kiambu	-	41,014.00	2,234,413,610.59	12.55%

	Kirinyaga	-	7,548.00	269,637,127.90	7.34%
	Muranga	41	8,835.00	358,663,261.35	8.19%
	Nyandarua	7	5,728.00	275,016,724.78	9.38%
	Nyeri	10	9,862.00	469,243,060.35	12.57%
Coast	Kilifi	12	18,894.00	749,366,636.50	9.53%
	Kwale	14	8,482.00	405,084,854.63	6.56%
	Lamu	12	803.00	78,743,020.77	12.44%
	Mombasa	8	20,184.00	1,218,562,957.69	13.11%
	Taita Taveta	2	2,598.00	213,048,780.67	11.20%
	Tana River	17	837.00	79,246,097.19	14.83%
Eastern	Embu	8	18,768.00	760,293,166.45	14.26%
	Isiolo	3	2,492.00	157,306,823.74	9.79%
	Kitui	24	17,576.00	775,995,054.37	7.84%

	Machakos	3	23,235.00	1,252,016,447.92	11.00%
	Makueni	17	11,806.00	500,582,576.42	5.77%
	Marsabit	22	829.00	155,099,904.24	12.54%
	Meru	15	24,067.00	1,476,201,781.04	25.28%
	Tharaka Nithi	2	7,175.00	343,669,690.88	8.99%
Nairobi	Nairobi	29	82,588.00	8,852,695,669.39	14.09%
North Eastern	Wajir	11	482.00	120,436,187.49	15.92%
	Garissa	76	973.00	250,761,534.50	17.08%
	Mandera	1	397.00	138,395,442.06	15.78%
Nyanza	Homa Bay	4	19,813.00	526,967,112.06	8.69%
	Kisii	1	24,162.00	867,446,936.34	7.79%
	Kisumu	15	30,504.00	1,434,397,500.20	12.17%
	Migori	17	20,426.00	515,900,195.90	10.64%

	Nyamira	25	11,672.00	304,607,968.09	6.79%
	Siaya	16	20,141.00	460,112,523.67	7.23%
Rift Valley	Baringo	8	10,860.00	480,173,469.09	7.37%
	Bomet	10	16,758.00	593,260,726.10	8.44%
	Elgeyo Marakwet	11	7,527.00	255,227,958.11	4.49%
	Kajiado	18	16,291.00	1,273,329,245.46	11.53%
	Kericho	6	14,344.00	641,382,800.33	11.65%
	Laikipia	26	9,880.00	425,636,710.79	10.78%
	Nandi	12	16,595.00	586,634,108.73	9.99%
	Narok	12	8,685.00	600,814,244.87	12.47%
	Nakuru	15	34,825.00	2,035,985,277.89	13.58%
	Samburu	11	372.00	54,009,407.04	22.85%
	Trans Nzoia	29	14,705.00	544,957,039.37	9.12%

	Turkana	2	1,397.00	172,476,582.88	21.33%
	Uasin Gishu	16	34,856.00	1,893,536,082.60	13.13%
	West Pokot	3	4,271.00	183,854,098.69	4.27%
Western	Kakamega	36	17,878.00	602,393,287.93	11.11%
	Bungoma	4	27,056.00	681,349,544.56	9.64%
	Busia	14	14,159.00	473,278,361.43	15.11%
	Vihiga	18	9,479.00	335,260,532.79	7.37%
Total		**663**	**701,829.00**	**37,077,472,125.82**	**12.35%**

Source: AMFI-K

Table 16 above presents a detailed overview of the geographical distribution and operational reach of nineteen (19) reporting COMFIs across Kenya as of 31st December 2024. It outlines the number of fully-fledged branches, active clients, outstanding loan portfolio, and portfolio-at-risk (PAR above 30 days) for each county across all regions. One COMFI did not submit its geographical coverage data, resulting in slight variations between the aggregated totals and the actual national footprint.

Collectively, the 19 COMFIs operated 663 fully fledged branches, serving 701,829 active clients and managing an outstanding loan portfolio valued at Ksh 37.08 billion, with a weighted average PAR above 30 days of 12.35%.

5.4.1 Regional Highlights

Central Region

Counties such as Kiambu, Kirinyaga, Murang'a, Nyandarua, and Nyeri recorded strong client outreach, with Murang'a and Nyeri operating several fully-fledged branches. PAR levels ranged between 7% and 13%, reflecting generally moderate portfolio performance in the region.

Coast Region

Kilifi, Kwale, Lamu, Mombasa, Taita Taveta, and Tana River maintained significant operational presence. Mombasa reported the highest loan portfolio in the region at Ksh1.22 billion, while Tana River recorded a relatively higher PAR of 14.83%, compared to Kwale's 6.56%.

Eastern Region

Eastern Kenya demonstrated extensive outreach, especially in Meru, Kitui, Makueni, and Machakos. Meru posted a notably high PAR of 25.28%, signaling elevated risk, whereas Makueni had one of the lowest PAR levels nationally at 5.77%. The region remains diverse in its credit performance.

Nairobi

Nairobi County remained the largest operational hub, hosting 29 branches and serving 82,588 clients. With an outstanding loan portfolio of Ksh8.85 billion, Nairobi accounted for the highest share of the national loan book. PAR stood at 14.09%, slightly above the national average.

North Eastern Region

Garissa, Wajir and Mandera presented unique operating environments characterised by smaller client bases but elevated risk levels. PAR across the region ranged between 15.78% and 17.08%, making it one of the higher-risk regions.

Nyanza Region

Counties such as Kisumu, Kisii, Homa Bay, Migori, Nyamira and Siaya maintained strong outreach and relatively stable PAR levels, which largely fell below 12%. Kisumu recorded the largest loan portfolio in the region at Ksh1.43 billion.

Rift Valley Region

This region had the widest spread of branches, with counties such as Nakuru, Uasin Gishu, Laikipia and Trans Nzoia offering extensive coverage. PAR levels varied considerably from low-risk counties like West Pokot (4.27%) to high-risk counties such as Samburu (22.85%) and Turkana (21.33%). Nakuru and Uasin Gishu recorded some of the highest loan portfolios in the region.

Western Region

Kakamega, Bungoma, Busia, and Vihiga demonstrated strong operational presence, with PAR levels generally ranging between 7% and 15%. Kakamega and Bungoma recorded the largest client bases in the region.

5.4.2: Overall Insight

The 2024 geographical coverage of COMFIs' data illustrates the extensive reach of COMFIs across Kenya, although performance varies significantly across counties and regions. Nairobi leads in loan portfolio size, while regions such as Rift Valley, Eastern and Coast demonstrate broad physical outreach. However, certain counties, particularly in North Eastern and parts of the Rift Valley, show elevated portfolio risk, signaling the need for continued monitoring and targeted credit risk mitigation. The slight

discrepancies in totals are attributable to one COMFI that did not provide geographical coverage data.

CHAPTER 6: CONCLUSION AND RECOMMENDATIONS

6.1.0 Conclusion

The 2024 Microfinance Sector Report highlights a year defined by resilience, divergent performance across market segments, rising credit risk, and strong demand for inclusive financial services. The sector continues to play a critical role in expanding financial inclusion for women, youth, MSMEs, rural households, and underserved regions. Across wholesale MFIs (WMFIs), Microfinance Banks (MFBs) and Credit-Only MFIs (COMFIs), outreach remained substantial, but the quality and sustainability of portfolios varied significantly.

Wholesale MFIs reported strong portfolio health, minimal delinquency, and portfolio age concentrated in the current (0–60 days) category, reinforcing their continued stability and strong credit governance.

Microfinance Banks, on the other hand, experienced strains arising from asset contraction, high sectoral delinquencies, slow loan book growth, MIS challenges, and regional repayment disparities. Portfolio-at-risk levels, particularly among large MFBs, remained elevated due to exposure to manufacturing, green energy, and trade-related lending, all of which recorded high delinquency rates.

Credit-Only MFIs demonstrated the widest outreach footprint, benefiting from a well-distributed branch network and sizeable frontline workforce. Their portfolio quality remained moderate relative to MFBs, although challenges emerged in mobile-based lending, where repayment performance deteriorated and PAR escalated among restructured loans. Despite these constraints, COMFIs remain an important driver of financial access, particularly in rural counties.

Cross-cutting themes affecting sector stability include:

- Rising credit risk, especially visible in MFBs and in certain high-exposure sectors.

- Regional disparities, with some counties showing persistent repayment challenges.
- Fragmented MIS systems across COMFIs and several MFBs, leading to weak data reliability and increased operational costs.
- High operational pressure among credit staff, particularly for institutions with large rural portfolios.
- Growing demand for specialized products, including SME loans, agriculture finance, and digital lending.

Overall, while the microfinance sector remains a core pillar for inclusive growth and economic participation, long-term sustainability will depend on enhanced digital integration, strengthened credit governance, and increased institutional capacity in risk management and data systems.

6.2.0 Recommendations

6.2.1 Strengthen Credit Risk Management

Institutions, particularly MFBs, should enhance risk-based lending frameworks, especially in high-risk economic sectors where delinquency remains high (e.g., manufacturing, energy, and trade finance) as highlighted in the report.

Recommended actions include:

- Improved borrower vetting and sector-specific risk scoring.
- Deployment of early-warning credit monitoring systems.
- Stress-testing portfolios in regions and sectors exhibiting high PAR.
- Strengthening post-disbursement monitoring to reduce default migration.

6.2.2 Enhance MIS Integration and Digital Transformation

The report identifies MIS fragmentation among COMFIs and some MFBs as a major constraint to efficient reporting, risk management, and customer service delivery.

Institutions should:

- Adopt interoperable, cloud-based MIS solutions.
- Standardize data structures to support AMFI-K reporting tools.
- Integrate digital analytics for monitoring loan performance, especially mobile loans.
- Expand digital channels for collections to reduce operational costs and improve timeliness.

6.2.3 Strengthen Institutional Capacity and Staff Productivity

Given the heavy workload on credit staff, especially in institutions with rural outreach, there is a need for targeted capacity building in:

- Credit appraisal and financial analysis.
- Digital tools for field officers.
- Portfolio monitoring and recovery strategies.
- Customer engagement, especially for youth, women and first-time borrowers.

AMFI-K may coordinate sector-wide capacity building initiatives to address these gaps.

6.2.4 Promote Product Diversification and Innovation

To improve sustainability and reduce vulnerability to sector-specific shocks, institutions should diversify lending portfolios by:

- Expanding products in agriculture value chains, renewable energy, and SME finance.
- Developing savings-linked products (where permitted) to strengthen liquidity.
- Designing digital micro-products targeted at youth and women entrepreneurs.
- Product diversification will also improve risk distribution across regions and customer groups.

6.2.5 Strengthen Governance, Reporting, and Sector Collaboration

The report highlights governance gaps that affect consistency in reporting, compliance, and portfolio oversight. Recommendations include:

- Boards and senior management to prioritize portfolio governance through periodic exposure analysis, write-off policies, and restructuring guidelines.
- AMFI-K to reinforce the adoption of standardized reporting through the Data Collection Tool.
- Deepened collaboration with CBK, SASRA, and development partners on policy reforms that promote financial stability, digitization, and capital access.

6.2.6 Address Regional Repayment Disparities

Institutions operating in counties with persistent PAR challenges should adopt:

- Tailored regional credit strategies.
- Financial literacy training for clients in affected regions.
- Stronger monitoring and recovery teams.
- Partnerships with county governments and local enterprises to support customer cash flows.

6.2.7 Improve Recovery and Write-Off Management

Institutions should:

- Strengthen recovery units with data-driven tools.
- Adopt centralized recovery frameworks.
- Implement restructuring guidelines that prevent restructured loans from quickly reverting into delinquency.

6.3.0 Way Forward

As Kenya's microfinance industry continues to evolve, the sector must invest in digital modernization, strong governance, market-driven products, and risk discipline. AMFI-K will continue supporting institutions with data harmonization, research, capacity

building, and advocacy to ensure a resilient, sustainable, and inclusive microfinance ecosystem.

ANNEXES

1. List of Reporting MFBs (2024)

No.	Microfinance Bank (MFB)	7	U & I Microfinance Bank Limited
1	Faulu Microfinance Bank Ltd	8	Caritas Microfinance Bank Limited
2	Kenya Women Microfinance Bank PLC	9	Choice Microfinance Bank Limited
3	Rafiki Microfinance Bank Limited	10	On It Microfinance Bank Limited
4	SMEP Microfinance Bank PLC	11	Salaam Microfinance Bank Limited
5	Branch Microfinance Bank Limited	12	Muungano Microfinance Bank PLC
6	Sumac Microfinance Bank Limited		

2. List of Reporting COMFIs (2024)

No.	Institution Name	11	Modesty Microfinance
1	ASA Microfinance Kenya Ltd	12	Mogo Kenya
2	Bimas Kenya Ltd	13	Momentum Credit Ltd
3	Cherehani Kenya	14	Money Worth Ltd
4	ECLOF Kenya	15	Musoni Microfinance Ltd
5	ED Partners Africa	16	My Credit Ltd
6	FinCredit Kenya Ltd	17	Neema HEEP
7	Hand in Hand Eastern Africa	18	Platinum Credit Ltd
8	Incredo Finance Ltd	19	Real People Kenya Ltd

9	Jawabu Microfinance	20	Springboard Capital Ltd
10	Juhudi Kilimo Ltd	21	VisionFund Kenya

3. List of Reporting WMFIs (2024)

No.	**Institution Name**
1.	Oiko Credit
2.	MESPT