



ASSOCIATION OF  
MICROFINANCE  
INSTITUTIONS  
(AMFI)



**MICROFINANCE  
SECTOR REPORT  
4TH EDITION  
2018**



## ASSOCIATION OF MICROFINANCE INSTITUTIONS-KENYA

### CALL FOR MEMBERSHIP

- \* Are you a Microfinance Institution operating in Kenya offering Microfinance services to the poor or low-income earners or provide support services to the Microfinance industry?
- \* Are you a member of the Association of Microfinance Institutions Kenya?

#### Who is AMFI:

The association 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. Since inception the association has continued to play a major role in the development of the industry with a broad mandate of promoting a conducive environment for the development of MFIs, clients and the business environment. AMFI lobbied for the enactment of the Microfinance Act and is currently lobbying for the issuance of the credit only regulations.

#### Who can join:

Microfinance Banks, Commercial banks with a focus in Microfinance, Credit Only Microfinance Institutions, Wholesale Microfinance lenders, Developmental institutions, Insurance companies and Saccos.

Join today and be part of this great sector!

#### Why join AMFI:

- Building your institution's profile regionally and internationally
- Having a voice in shaping the future of the microfinance industry in Kenya
- Access to various forums where members make contacts, share and gather information and build consensus on industry issues
- Access to a wide range of services from AMFI including information, capacity building, technical assistance and advertising opportunities in AMFI's publications and website
- Networking with AMFI's global and regional partners

For further information on how you can become a member, contact:

**Programmes Manager-Membership & Capacity Building**

**Association of Microfinance Institutions - Kenya**

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# ASSOCIATION OF MICROFINANCE INSTITUTIONS – KENYA, BOARD MEMBERS



Caroline Mulwa, Country Manager,  
Dikocredit (Chair)



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Jubilant Kenya Ltd.



Mr. Ireneus Gichana, CEO, Maisha  
Microfinance Bank Limited



Bernard Kivava, CEO, Juhudi Kilimo



Simon Gatheca, CEO, Daraja MFB

For more information on the operations of AMFI and how to become a member, visit our website on [www.amfikenya.com](http://www.amfikenya.com) or send an email to [info@amfikenya.com](mailto:info@amfikenya.com). You may also visit our office located next to the Methodist Guest House, at the Methodist Ministries Centre, along Oloitokitok road, off Argwings Kodhek Road, Lavington.

## EXECUTIVE SUMMARY (Ag. CEO)



In behalf of the Association of Microfinance Institutions (AMFI) Kenya Board and Secretariat, I am proud to present the 4th edition sector report on the Microfinance Sector in Kenya. This publication comprises a section on the Kenyan microfinance sector trends as at 30th June 2017, displaying business information such as portfolio, delivery methods, different target groups, branch network, sectors as well as a list of the microfinance institutions that participated.

This publication is part of AMFI-Kenya's role to foster transparency in the microfinance sector as the national professional association aiming at building the capacity of the sector to ensure the provision of high quality financial services to the low-income people.

This publication is also intended to allow the Kenyan microfinance sector to benefit from increased visibility on domestic and international capital markets, besides providing individual microfinance institutions (MFIs) with benchmarks to set their standards and strategic goals.

AMFI would like to gratefully and sincerely thank all participants who made the issue and the relevance of the publication possible. This publication indeed raised significant interest among MFIs and in total, we were able to count on the participation of 30 institutions from the AMFI membership comprising; 8 microfinance banks, 1 Sacco and 21 retail credit only microfinance institutions.

The data was collected, analyzed and compared between two periods ending 31st December 2016 and 30th June 2017 where applicable.

We believe that the publication of this report is a very positive step towards enhancing transparency in the sector. I would therefore like to thank all the AMFI-Kenya members who participated by submitting information to be published in this edition.

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## FOREWORD (CHAIR)



It has been a while since AMFI issued a sector report, the last issue having been published in 2014. We are particularly pleased to be in a position to issue this report at this time. AMFI has collected, collated and verified data from 30 of its member institutions, and analyzed it to bring you this report. Although it would have been preferred if all our members participated in this exercise in order to provide more representative data, we consider it a success to have a 67% response rate, and are grateful that we have a place to begin.

Speaking of beginnings, we are grateful for the opportunity to see another year. A new year, and a new start in which we can plan, implement and actualize our dreams. 2017 was a difficult year for businesses --- much more for small businesses --- but we do believe that as a sector, we are on the way to overcoming the worst, and will soon be once again on a positive trajectory. Although small businesses often lack the supporting structures to survive in turbulent times, we do recognize that businesses are propelled by people; and as a people, Kenyans are courageous, resilient, full of grit, and sometimes that is all we need to survive.

If survive is all we did in 2017, that is good enough. It means we did not succumb. We did not give in, or give up despite the macro economic and political pressures experienced. The financial sector underwent and is still going through a most difficult time. Non-performing loans crept up to double digit numbers, as the economy contracted and grappled with a particularly protracted electioneering period. You will recognize this from the high average PAR 90 figures of 12% presented. The year was characterized with lengthy contracting processes and delayed payments.

The interest rate caps put pressure on lending to the private sector and due to low deposits base, the microfinance sector was unable to respond appropriately. The microfinance sector is guided on the premise of social impact, built and developed to respond to the financial needs of low income and disadvantaged people, to give them dignity by including them in the financial ecosystem. The good news is that we continued to diligently meet our social mission. The sector reaches 7 million clients with a menu of financial services which include credit, savings, payment systems, insurance, renewable energy, housing, health, education, financial literacy and capacity building programmes.

It is therefore appropriate that majority of the sector's clients are women, for we cannot claim to have a development agenda if we do not support women. In the period starting from January to June 2017, almost 70% of all disbursements by the sector went to women. Studies show that women generally utilize all their resources on the family, they are better savers and better spenders, and therefore provide a guarantee for an improved standard of living at the family level. On the other hand, our rural branch network stands at 66% and the youth form 30% of our client base.

The sector is deliberate about growing our value proposition in these segments so as to keep delivering impact in our chosen areas of business. I hope you enjoy reading this sector report and invite you to help us add value to the process. I wish to thank everyone who committed to and spared time to participate in this data sharing exercise which is setting a benchmark for us going forward. I also wish to thank the secretariat for relentlessly pursuing this information, and to all AMFI members for your continued support in making the sector more relevant. I look forward to a 100% response rate in the next edition, and wish you all the best in the year ahead!

## ACRONYMS

AMFI -Association of Microfinance Institutions

ASCAS -Accumulative Savings and Credit Associations

CBK -Central bank of Kenya

CGAP -Consultative Group to Assist the Poor

FSD -Financial Sector Deepening

FSS -Financial self sufficiency

GDP -Gross Domestic Product

MFB - Microfinance banks

MFI -Microfinance institutions

OSS -Operational self sufficiency

ROSCAS -Rotating Savings and Credit Associations



# 1. INTRODUCTION

## 1.1 BACKGROUND INFORMATION

The Association for Microfinance Institutions (AMFI) 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 18 years of existence, AMFI's membership has increased from the original 5 founder members to the current 60 fully paid up members in 2017. Adoption of the Alternative banking channels (ABC) like agency banking, Online and mobile banking have made the provision of financial services easier, affordable and time saving. This has promoted the accessibility of the services especially by the low-income people residing in the rural and marginalized areas. The vision 2030 identified microfinance subsector as key in ensuring every Kenyan is bankable by 2030. This has seen the government intensify the financial inclusion campaign through creating funds for the microfinance in the National budget, establishment of funds like women and youth and also developing legislation to promote micro and small enterprises (MSEs). Various reviews and literature have highlighted some of the internal limitations that AMFI faces including competition from alternative networks, weak value proposition and inability to effectively influence policy and over-reliance on external funding creating mission drift and lack of self-sustainability plan.

The future of AMFI lies in its ability to meet and satisfy members' needs which in the end ensures members full participation in and funding of her activities. To achieve this, AMFI members are categorized as; ordinary members (MFBs, Credit-Only MFIs and Wholesale funders to microfinance Institutions); Associate Members (Commercial Banks, SACCOs and Insurance Companies); and Honorary Members (key persons who have contributed to MFI industry).

The governance structure of AMFI comprises; the General Assembly, the Board of Directors and the Secretariat. The board provides strategic directions while the secretariat implements the strategies identified by the Board. The Voting rights and board representation of the different categories of members are well stipulated in the AMFI constitution which binds all members.

AMFI 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 constant review of membership fees and outreach strategies to reach more members offering microfinance services. The current strategic plan runs from 2013 to 2018 and documents 4 key result areas which were identified by members;

- 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'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
- 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 conducts an assessment of members' capacity building needs and organize demand-driven training, workshops and seminars on thematic areas and develop content specifically tailored to respond to members' needs.
- Networking and Linkages: AMFI provides regular platforms for her members to enhance effective collaboration with the local financial services providers, relevant stakeholders to the industry and all other regional and international networks that are relevant to her members. To achieve this AMFI participate in microfinance forums that provide a platform for peer to peer learning and to improve information sharing and dissemination.
- 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 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 through a well-defined questionnaire, analyzed and published through the AMFI sector report.

## 1.2 MISSION AND VISION STATEMENT

### 1.2.1. vision statement

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

### 1.2.2 Mission statement

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

## 1.3 MICROFINANCE INDUSTRY IN KENYA

The Kenyan Microfinance sector is one of the most vibrant in Sub-Saharan Africa. It includes a diversity of institutional forms and a fairly large branch network to serve the poor. Having begun in the late 1980s after the collapse of Kenyan industries and retrenchment of workers, the industry continues to thrive year after the other. The business takes different forms ranging from those who are regulated as deposit taking MFIs, those registered as Non-governmental organizations, Church based, Merry go round (Chamas), Rotating Savings and Credit Associations (ROSCAs), accumulative savings and credit associations (ASCAS) and investments groups. The absence of complete regulatory framework has made it easy to perform business and as a result improved on financial literacy and financial inclusion.

Delivery of the microfinance products and services takes different forms from group lending, individual, corporate, and non-formal lending. Wide coverage of the telecommunication services has enhanced lending to the marginalized areas which are characterized by illiteracy, poor infrastructure and vicious cycle of poverty. The success stories and contributions to both social and economic factors have made the industry become an icon in the country's economy hence keen interest from the government and international investors. The Economic Pillar of Kenya's Vision 2030 objective of enhancing deposit mobilization, increasing savings levels and improving the general quality of life for all citizens, has seen the government introduce regulations through the Microfinance act 2006 and the continued amendment to ensure the industry is able to meet their objectives of serving the poor.

Section 3(2) of the Act, empowers the Minister for Finance to make regulations specifying the credit only Microfinance business and prescribes measures for the conduct of the specified business (MF Act, 2006). Currently 13 Microfinance institutions are licensed to conduct the microfinance business and AMFI has been in constant talks with the government to ensure the credit only regulations are enacted and fully operational by the end of year 2018.

## 2. THE NATURE AND STRUCTURE OF AMFI MEMBERSHIP

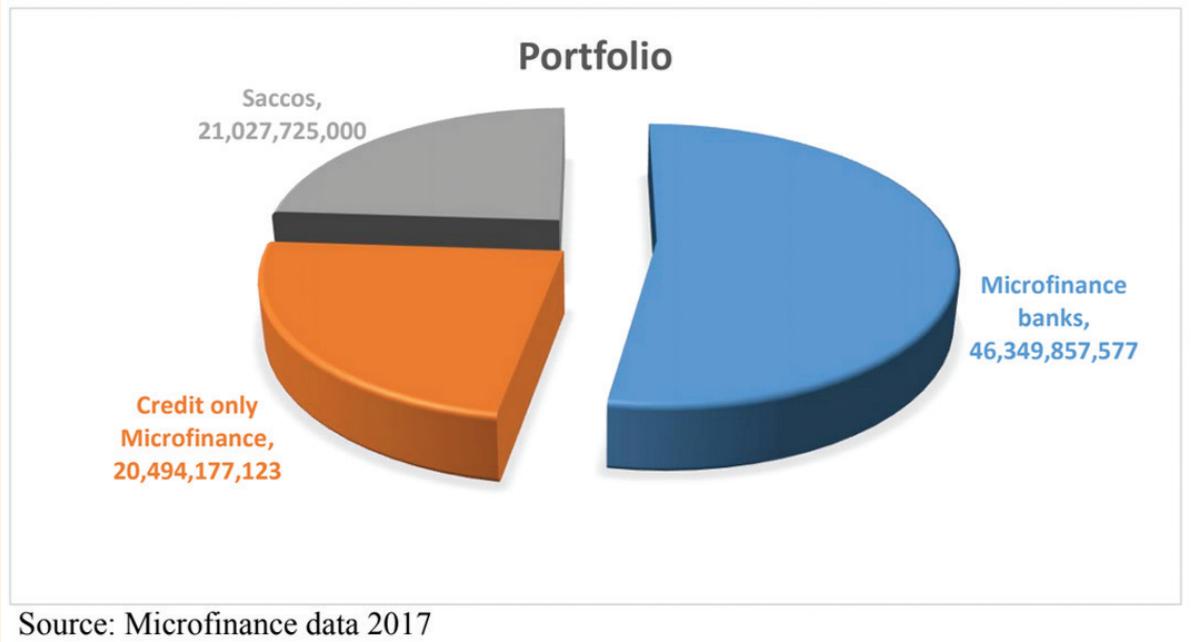
As at 30th June 2017 the membership of AMFI comprised of 13 Microfinance banks, 43 Credit only Microfinance providers, 1 Sacco, 2 wholesaler funders, and 1 developmental organization. However, this report is restricted to the 30 institutions who shared data. The outstanding loan portfolio in the AMFI membership totaled to 87.9b as at 30th June 2017.

**Table 1. Outstanding loan Portfolio of Microfinance institutions**

Category	Total gross loan portfolio	% of OLB
Microfinance banks	46,349,857,577	53%
Credit Only MFIs	20,494,177,123	23%
Sacco	21,027,725,000	24%
<b>TOTAL</b>	<b>87,871,759,700</b>	<b>100%</b>

**Source: Microfinance data 2017**

**Chart 1: Value of Microfinance Portfolio size in ksh. as at 30<sup>th</sup> June 2017**



### 3.PORTFOLIO ANALYSIS

Portfolio data was collected from 30 Microfinance institutions. They comprised of 8 microfinance banks, 1 Sacco and 21 retail credit-only microfinance. The data was collected analyzed for two periods ending 31st December 2016 and 30th June 2017.

#### 3.1 Portfolio growth

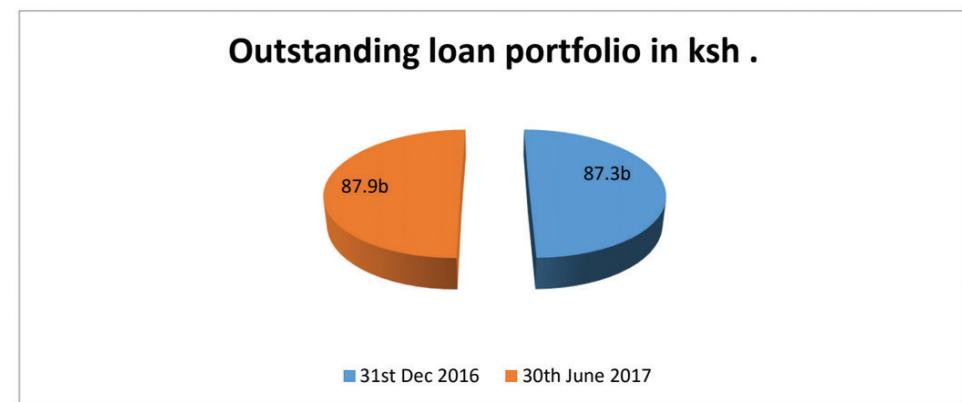
In the past half year of 2017, 15 of the microfinance institution who shared the data recorded 8% positive growth moving from 35.1b to 37.8b. However, at the same period 15 institutions recorded 5% negative growth with portfolio declining from 52.4b at 31st December 2016 to 49.9b at 30th June 2017. The overall effect was however very negligible due to the compensatory effect of positive and negative growth which cancelled each other. Portfolio moved from 87.4b recorded in December 2016 to 87.9Billion in June 2017 representing 0.3% upward movement.

**The table 2: The outstanding loan portfolio for the two periods**

	Total in Ksh
31 <sup>st</sup> December 2016	87,398,043,180
30 <sup>th</sup> June 2017	87,871,759,700

Source: Microfinance data 2017

**Chart 2: Outstanding loan portfolio in figures**



### 3.2 Portfolio quality

The overall portfolio quality deteriorated for the period ending 30 th June 2017 when compared with the data as at 31 st December 2016 measured through the portfolio at risk between one day and 365 days, it was noted that at the end of June 2017 the figure stood at 19.3b as compared to 18.9b as at 31 st Dec 2016.

#### 3.2.1 Portfolio at risk 1 to 30 days

Out of 87.9b outstanding loan portfolio as at 30 th June 2017, loan amounting to 7.5b remained unpaid between 1-30 days representing 9% of the total OLB. This was an improvement when compared to 31 st December 2016 where 8.4b out of 87.4b was unpaid representing 10% par for the loans that remained unpaid between 1-30 days.

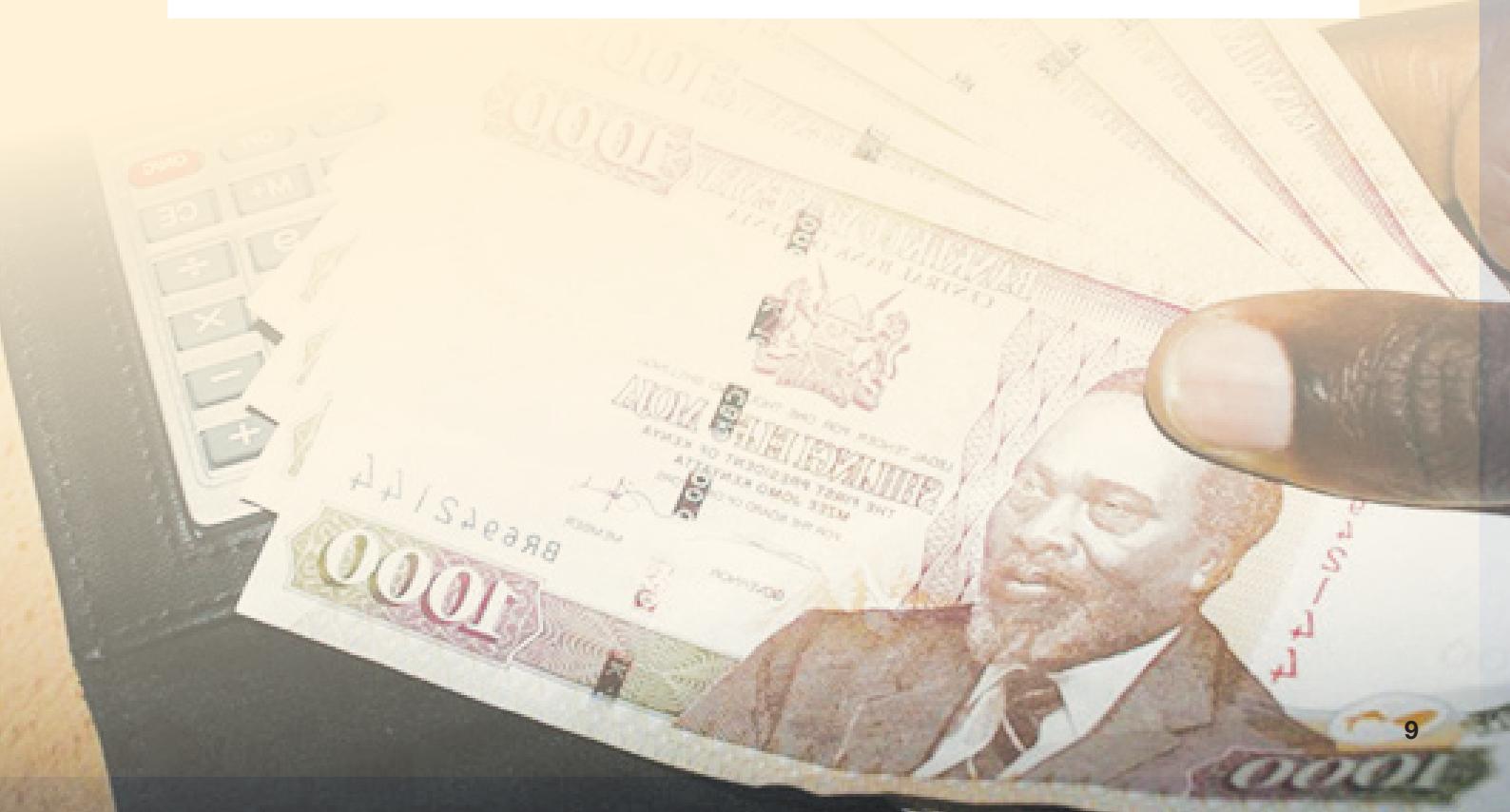
#### 3.2.2 Portfolio at risk 30 days and above

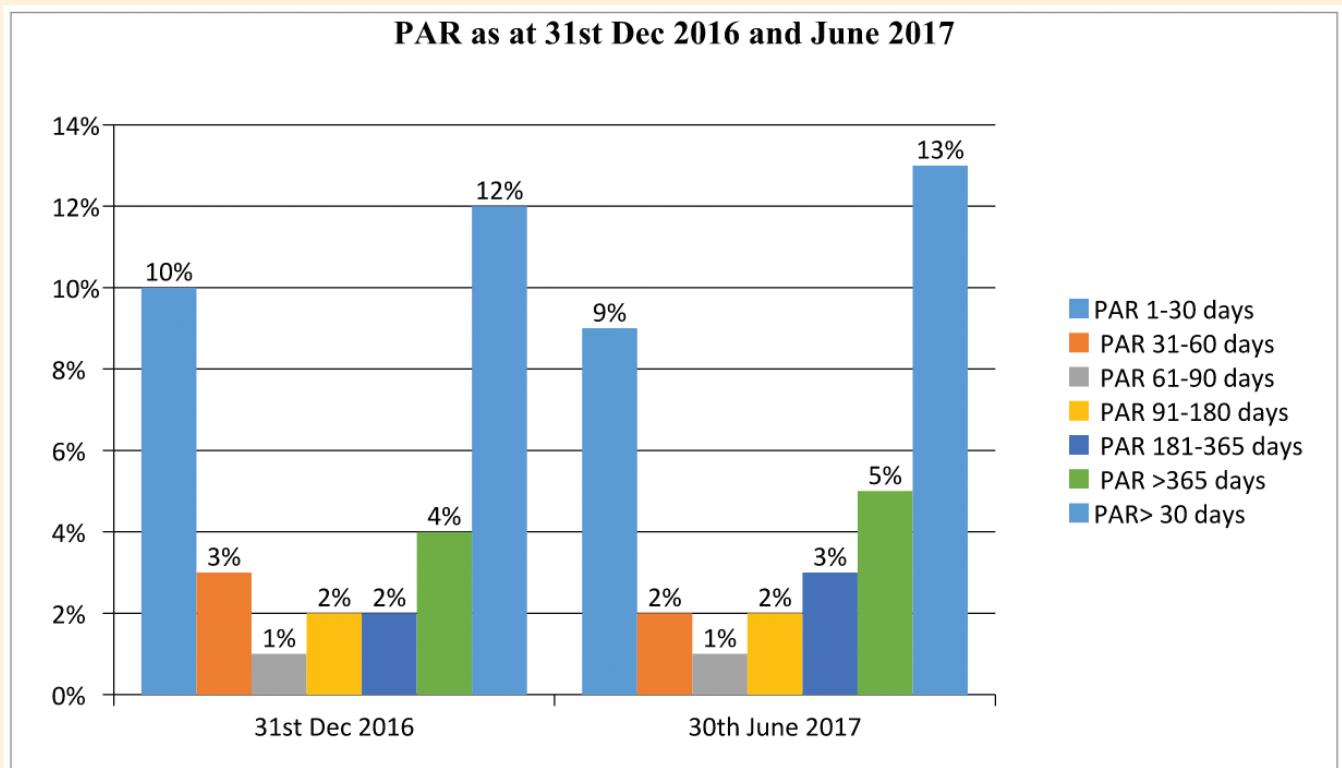
Out of 87.9b outstanding loan portfolio as at 30 th June 2017, 11.8b remained unpaid for 31 days and above while 10.4b was at risk out of the OLB of 87.4b as at 31 st December 2016. This represented 13% and 12% respectively for the two periods. Loans over 365 days amounted to 4.3b and 3.2b as at 30 th June 2017 and 31 st Dec 2016 respectively representing 5% and 4%. The summary of the portfolio at risk tested under various ageing brackets is shown in table 3 below

**Table 3: Portfolio at risk summary**

<b>Ageing in days</b>	<b>PAR in Kshs. as at 31<sup>st</sup> Dec 2016</b>	<b>PAR in Kshs. as at 30<sup>th</sup> June 2017</b>	<b>PAR in % as at 31<sup>st</sup> Dec 2016</b>	<b>PAR in % as at 30<sup>th</sup> June 2017</b>
PAR 1-30 days	8,491,956,960.72	7,547,179,463.00	0.10	0.09
PAR 31-60 days	2,391,416,238.71	1,657,157,459.38	0.03	0.02
PAR 61-90 days	1,180,501,798.51	1,266,198,399.74	0.01	0.01
PAR 91-180 days	1,683,149,045.61	2,157,391,642.08	0.02	0.02
PAR 181-365 days	1,940,495,003.34	2,231,064,318.54	0.02	0.03
PAR >365 days	3,188,661,155.90	4,337,215,317.61	0.04	0.05
<b>Control lines PAR &gt;30</b>	<b>10,384,223,242.0</b>	<b>11,802,221,781.79</b>	<b>0.12</b>	<b>0.13</b>

**Source: Microfinance data 2017**





### 3.3 Portfolio per gender

#### 3.3.1 Outstanding loan balance as at 30th June 2017

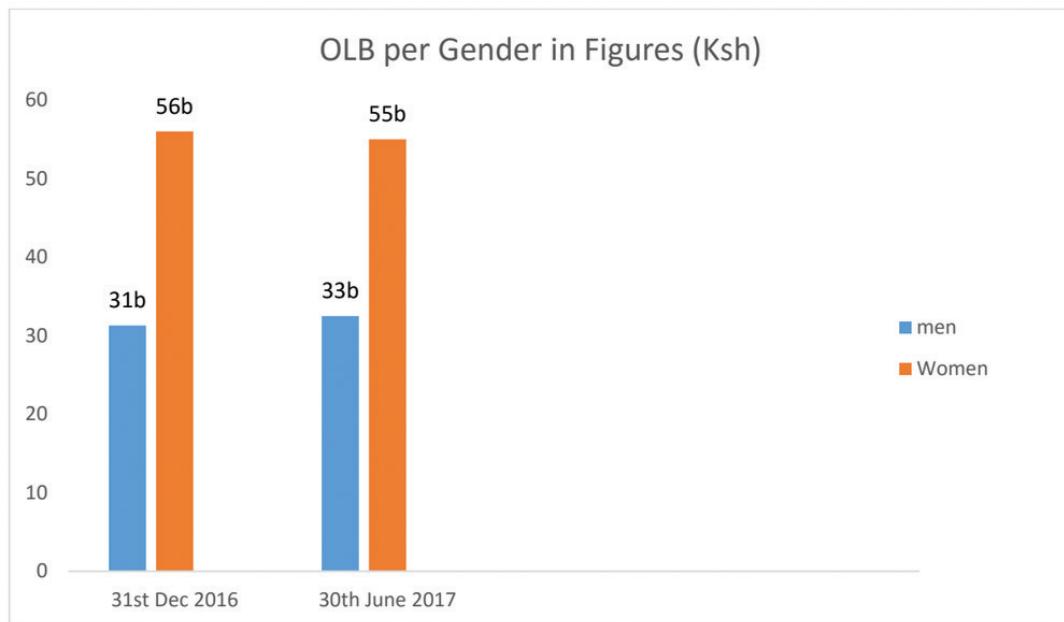
Analysis of the two periods reveal that female held 67% of the outstanding loan portfolio while male held 33% of the outstanding loan balances as at 31st Dec 2016 and 66% and 34% as at 30th June 2017. The summary of the loan per gender is given in table 4 below.

**Table 4: Value of Outstanding loan portfolio per gender**

Portfolio (end of period)	31 <sup>st</sup> Dec 2016	30 <sup>th</sup> June 2017
Outstanding loan portfolio- Male	31,335,125,003	32,517,125,809
Outstanding loan portfolio-Female	56,062,918,177	55,354,633,891
Total gross Loan portfolio	87,398,043,180	87,871,759,700

Source: Microfinance data 2017

#### Chart 4: outstanding loan portfolio per gender in figures



Source: Microfinance data 2017

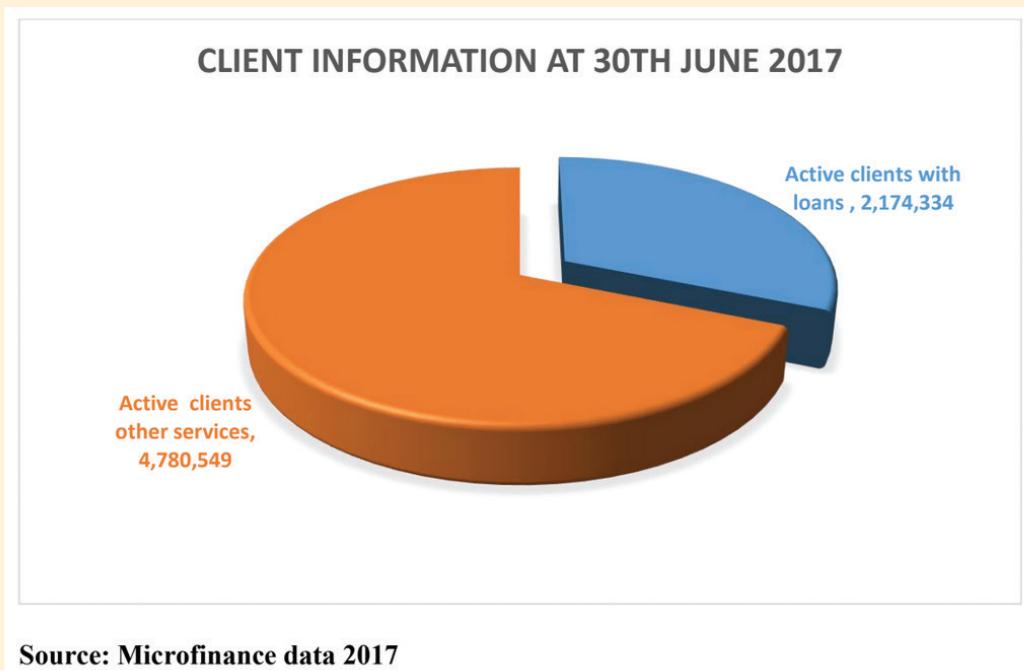
#### 4. CLIENTELE INFORMATION

The industry served approximately 7 million clients as at 30th June 2017 with 31 % of the clients accessing loans. On the other hand, 69% accessed other services by end of the same period. Table 6 below shows the distribution of the active clients as at 30th June 2017

Table 6: Clientele information

Clientele information	Total clients	Percentage
Number of active clients with loans	2,174,334	31%
Number of active clients accessing other services	4,780,549	69%
Total Number of active clients as at 30 <sup>th</sup> June 2017	6,954,883	100%

Source: Microfinance data 2017



Source: Microfinance data 2017

#### 4.1 Active Clients with loans per gender

Table 7 below shows how active clients as at 30th June 2017 were distributed per gender

**Table 7: Active clients with loans per gender**

Gender of clients	Total	%
Male clients as at 30 <sup>th</sup> June 2017	619,090	28%
Female clients as at 30 <sup>th</sup> June 2017	1,555,244	72%
<b>Total active clients</b>	<b>2,174,334</b>	<b>100%</b>

Source: Microfinance data 2017

**Chart 7: Clients per gender**



Source: Microfinance data 2017

## 4.2 Age Distribution of the loaned active clients

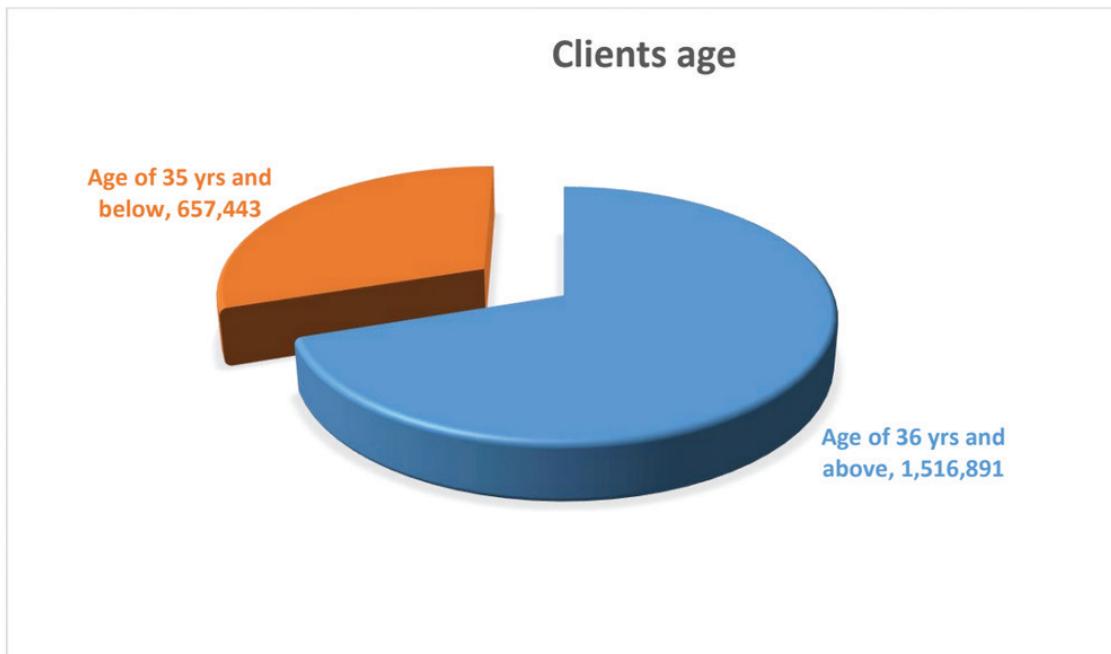
The table below demonstrates how the active clients age was distributed at the end of first half of year 2017.

**Table 8: Clients age**

Age bracket	Number	% age
Clients with age of 36 years and above as at 30 <sup>th</sup> June 2017	1,516,891	70%
Clients with age of below 35 years as at 30 <sup>th</sup> June 2017	657,443	30%
<b>Total active clients</b>	<b>2,174,334</b>	<b>100%</b>

Source: Microfinance data 2017

**Chart 8: Clients age distribution**



Source: Microfinance data 2017

## 4.3 Active clients under 35 years of Age

Active youth clients accounted for 30% of the total active clients. Table 9 below shows the per gender active clients of the youth

**Table 9: Youth clients per gender**

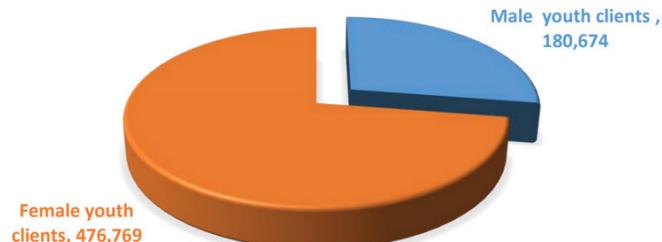
Male clients under 35 years as at 30 <sup>th</sup> June 2017	180,674	27%
Female clients Under 35 years as at 30 <sup>th</sup> June 2017	476,769	73%
<b>Total youth clients</b>	<b>657,443</b>	<b>100%</b>

Source: Microfinance data 2017

Male clients who were active as at 30th June 2017 forms 27% of the total youth who either saved or borrowed from an MFI while female who were under the youth category represented 73% of the total youth clients who were active at 30th June 2017 . Chart 9 below displays the youth clients per gender

**Chart 9: Youth clients per gender**

**Youth per gender**



**Source: Microfinance data 2017**

## 5. BRANCH NETWORK

The industry had total 574 branches spread in all the 47 counties. As at 30th June 2017, most branches were concentrated in rural areas which amounted to 380 branches translating to 66% while the urban areas had only 194 branches translating to 34% of the total branches. Table 10 below shows the analysis of the branch networks

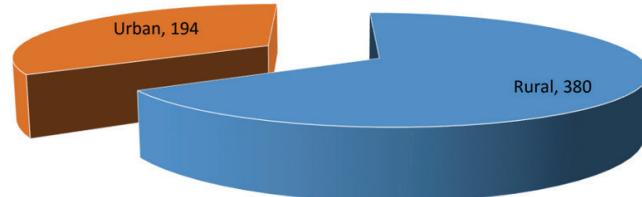
**Table 10: Branch network of the AMFI members**

Number of branches	Total	%
No of branches in the rural areas	380	66
No of branches in the urban areas	194	34
Total number of branches	574	100

**Source: Microfinance data 2017**

**Chart 10: Branch network total and percentages**

**Branch Network as at 30th June 2017**



**Source: Microfinance data 2017**

## 6. DELIVERY METHODS

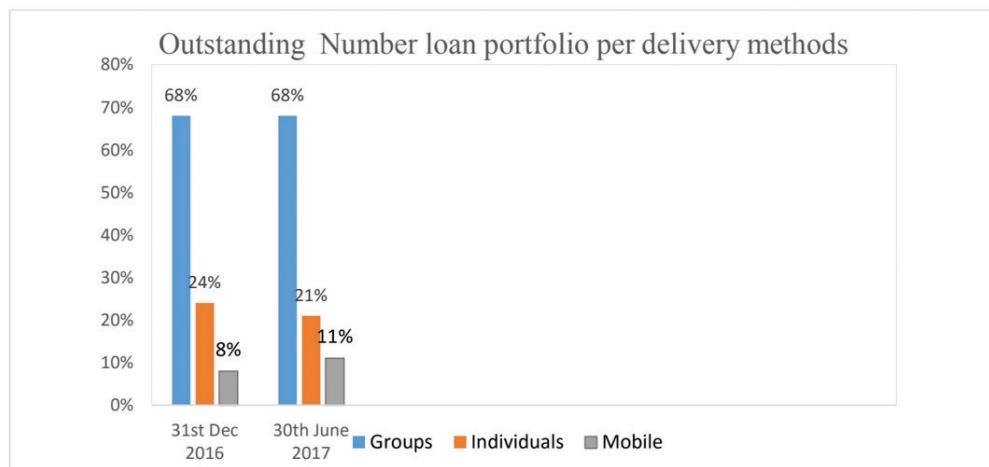
Microfinance institutions deliver their services through various methods. For the two periods ending 31st Dec 2016 and 30th June 2017, AMFI membership used the following channels to lend and deliver financial services; Group methodology, individual clients and mobile banking. Table 11 below gives the summary of the channels used in 2016 and 2017 to lend and the Outstanding number of loans per each channel as at 31st December 2016 and 30th June 2017

**Table11: OLB as per delivery channels**

Delivery methods Methods	31st December 2016 Outstanding number of loans	30th June 2017 outstanding number of loans	% as at 31 <sup>st</sup> December 2016	% as at 30 <sup>th</sup> June 2017
Groups	1,028,234.30	1,139,143.65	68%	68%
Individual	365,541.63	360,779.63	24%	21%
Mobile loans	126,198.76	180,052.16	8%	11%
Total	1,519,974.69	1,679,975.00	100%	100%

**Source: Microfinance data 2017**

**Chart 11: Outstanding number of loans as various delivery methods as at 31<sup>st</sup> Dec 2016 and 30<sup>th</sup> June 2017**



**Source: Microfinance data 2017**

### 6.1 PAR per delivery channels

Portfolio at risk for the industry was categorized per the delivery channel. Table 12 below shows the breakdown of portfolio at risk for the two periods under consideration

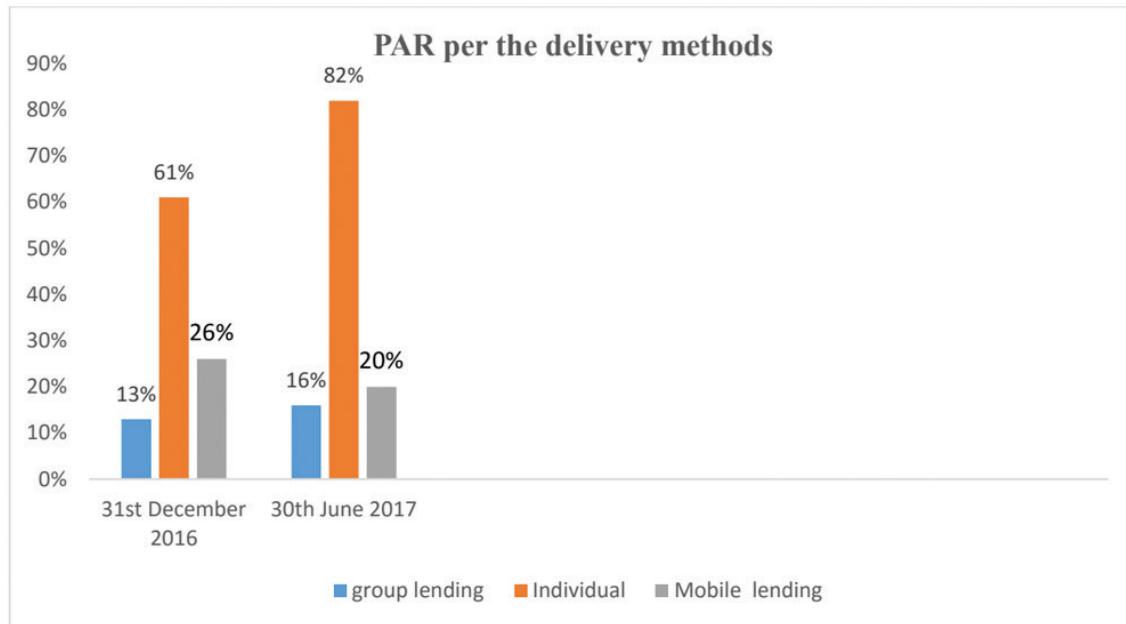
**Table 12: portfolio at risk per delivery channel**

Delivery methods Methods	Portfolio at risk 31st December 2016	Portfolio at risk 30th June 2017	% as at 31 <sup>st</sup> December 2016	% as at 30 <sup>th</sup> June 2017
Groups	1,352,285,075	1,865,294,779	13%	16%
Individual	6,258,517,016	9,770,469,008	61%	82%
Mobile loans	2,714,101,438	179,660,660	26%	2%
Total	10,324,903,529	11,815,424,448	100%	100%

**Source: Microfinance data 2017**

In 2017 group lending registered the lowest risk of 16%. While individual lending carried the highest non-performing loan of 82% of the total unpaid loan. Chart 12 below shows the PAR per delivery channel

**Chart 12: PAR per the delivery channels**



**Source: Microfinance data 2017**

## 6.2 Outstanding loan portfolio per the delivery channels

Individuals had the highest percentage of the outstanding loans in both 2016 and 2017. It is noted that in 2017 mobile loans balances declined as compared to 2016 while an upward movement in the group and individual loan balance was noted. The summary of the outstanding loans categorized for the lending channel is shown in table 13 below

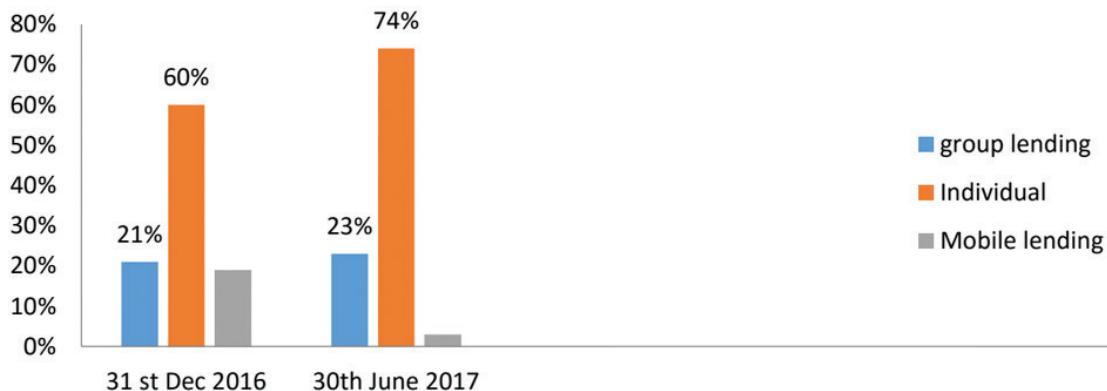
**Table 13: Value of the Outstanding loan portfolio per the lending channel**

Delivery methods Methods	Portfolio at risk 31st December 2016	Portfolio at risk 30th June 2017	% as at 31 <sup>st</sup> December	% as at 30 <sup>th</sup> June 2017
Groups	18,524,363,712	20,547,557,552	21%	23%
Individual	51,976,354,021	65,041,645,881	60%	74%
Mobile loans	16,897,325,447	2,282,556,267	19%	3%
Total	87,398,043,180	87,871,759,700	100%	100%

**Source: Microfinance data 2017**



### Value of the Outstanding loan portfolio per the lending Channel



Source: Microfinance data 2017

## 7. PER SECTOR ANALYSIS

### 7.1 Outstanding loan per sector

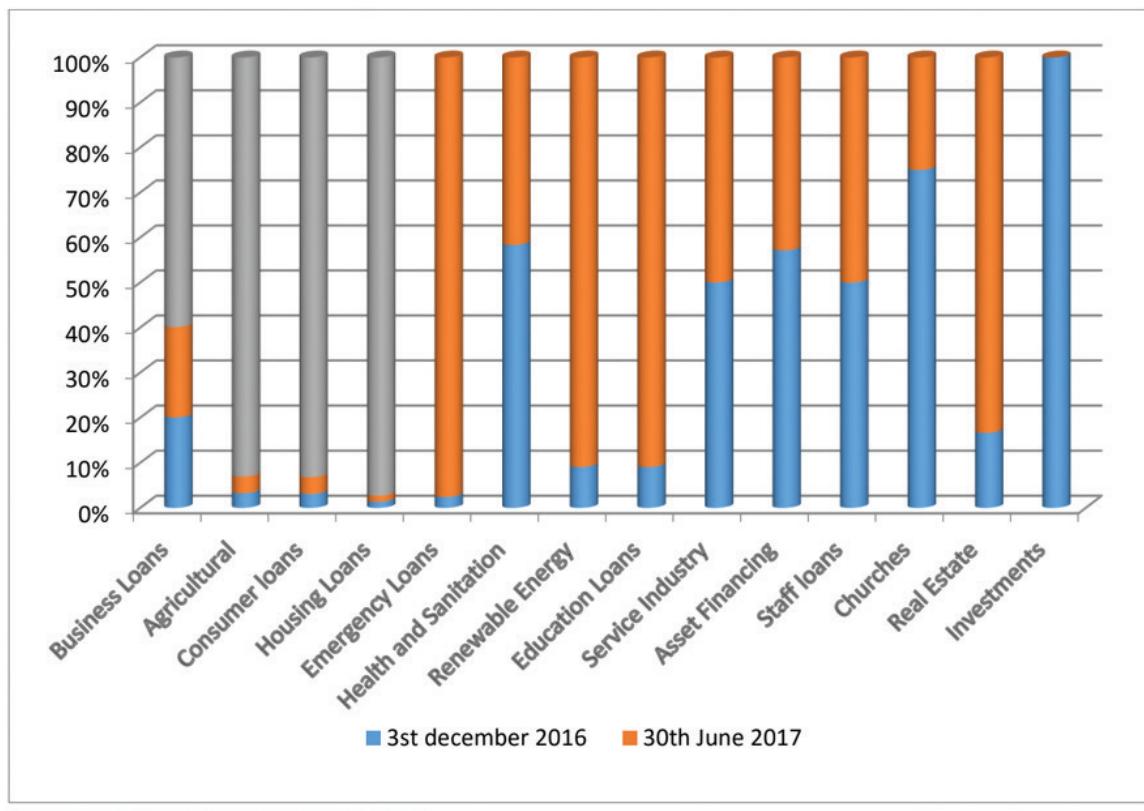
As at June 30th 2017, the industry served various sectors with business lending carrying the highest value. The period closed with 1.7m loan accounts which amounted to Ksh. 87.9b

**Table 14: value of the outstanding loan portfolio per sector**

SECTOR	30 <sup>th</sup> June 2017	percentage	31 <sup>st</sup> Dec 2016	Percentage
Business Loans	59,063,867,948	67%	58,881,182,831	67%
Agricultural	6,908,714,312	8%	5,955,960,334	7%
Consumer loans	9,280,438,940	12%	8,878,795,684	10%
Housing Loans	6,152,056,932	7%	6,242,186,903	7%
Emergency Loans	345,661,531	4%	122,797,460	0.10%
Health and Sanitation	418,844,742	0.50%	592,398,982	0.70%
Renewable Energy	112,499,983	0.10%	57,446,860	0.01%
Education Loans	946,420,174	1%	966,594,195	0.10%
Service Industry	120,789,676	0.10%	112,371,351	0.10%
Asset Financing	2,729,673,016	3%	3,676,097,540	4%
Staff loans	1,767,932,378	2%	1,440,820,975	2%
Churches	21,954,928	0.01%	25,585,328	0.03%
Real Estate	2,905,140	0.01%	1,559,022	0.002%
Investments	-		444,245,716	1%
Total by sector	87,871,759,700		87,398,043,180	

Source: Microfinance data 2017

**Chart 14: Portfolio per sector in percentages**



Source: Microfinance data 2017

## 7.2 Portfolio at Risk per sector

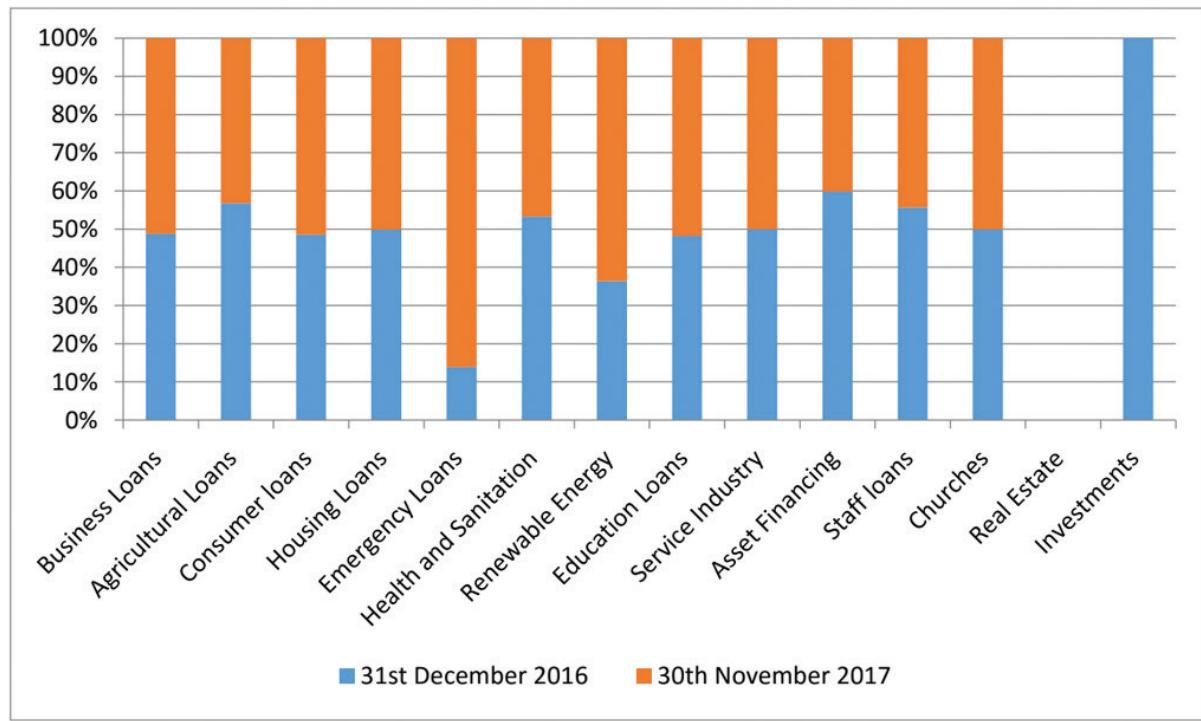
Business loans registered the highest portfolio at risk of KSh.7.8b as at 30th June 2017 while real estate had the lowest par at the same period. Table 15 below gives a summary of the distribution Par per sector as at 30th June 2017 and 31st December 2016.

**Table: 15 Portfolio per sector**

SECTOR	PAR>30 at 31 <sup>st</sup> Dec 2016	% age at Dec 31 <sup>st</sup> 2016	PAR>30 at 30 <sup>th</sup> June 2017	% age June 30 <sup>th</sup> 2017
Business Loans	9,247,664,133	78.27%	7,712,290,722	74.70%
Agricultural Loans	577,842,655	4.89%	663,217,041	6.42%
Consumer loans	736,085,495	6.23%	606,911,230	5.88%
Housing Loans	660,078,075	5.59%	574,348,573	5.56%
Emergency Loans	65,876,605	0.56%	9,483,607	0.09%
Health and Sanitation	24,299,014	0.21%	24,692,812	0.24%
Renewable Energy	8,731,636	0.07%	3,971,606	0.04%
Education Loans	68,253,905	0.58%	55,812,177	0.54%
Service Industry	5,683,542	0.05%	4,929,014	0.05%
Asset Financing	283,139,998	2.40%	368,927,242	3.57%
Staff loans	133,362,821	1.13%	147,073,124	1.42%
Churches	4,306,986	0.04%	4,521,506	0.04%
Real Estate	99,584	0.00%	112,500	0.00%
Investments	-	-	148,612,374	1.44%
Total by sector	11,815,424,448		10,324,903,529	

Source: Microfinance data 2017

**Chart 15: Par in percentages per sector**



**Source: Microfinance data 2017**

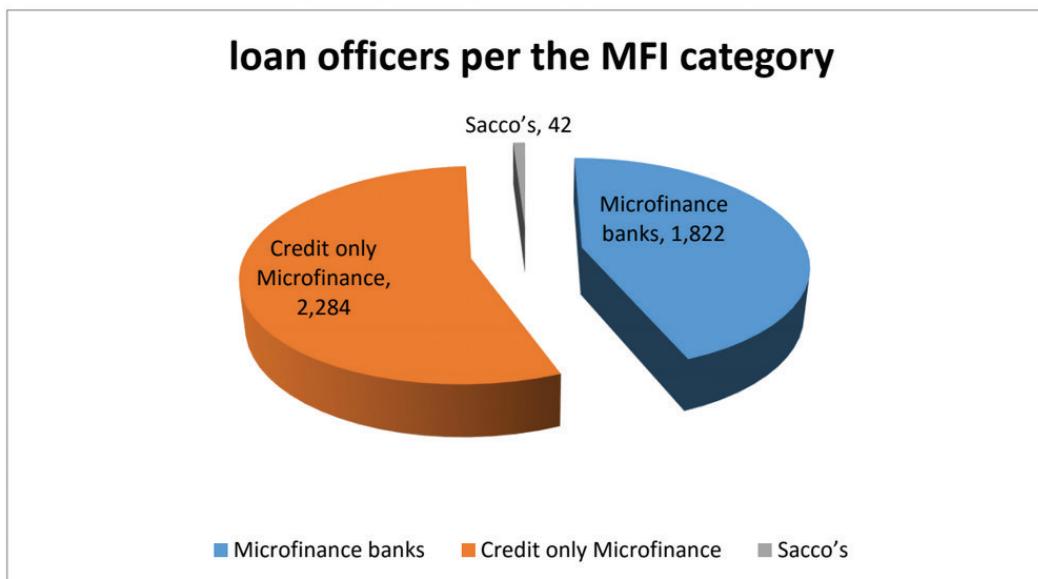
## 8. LOAN OFFICERS

As at 30th June 2017, there were over 4 thousand loan officers who managed the loan portfolio. Table 16 below shows the summary of the loan officers per each MFI category.

MFI Category	Number of loan officers
Microfinance banks	1,822
Credit only Microfinance	2,284
Sacco's	42
<b>Total</b>	<b>4,148</b>

**Source: Microfinance data 2017**

**Chart 16: Distribution of Loan officers per the MFI category**



**Source: Microfinance data 2017**

## 9. CONCLUSION

The operations of the sector were disrupted so much in 2017 by the political uncertainty and hence posting a very high Portfolio at risk for the 1st half of the year. Deterioration of the portfolio quality is anticipated in the next half of the year though most institutions had taken precaution measures of ensuring loan recovery was given the priority which as a result might slow down the disbursement for the 2nd half of the year.

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 all their financial needs can be fulfilled. By having diversified delivery methods and a wide coverage of their branch network with majority of the branches concentrated in the rural areas, it is a good promise that Microfinance is a vehicle to deliver the vision 2030 through improving the financial literacy and broadening the financial inclusion initiatives.

## ANNEXES

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

1. AAR Credit services ltd
2. BIMAS Ltd
3. Daraja Microfinance bank ltd
4. Eclof Kenya
5. Faulu Microfinance bank ltd
6. Greenland fedha ltd
7. Hand in Hand East Africa
8. Jubilant PLC
9. Juhudi Kilimo co. ltd
10. Kenya women microfinance bank ltd
11. Letshego
12. Maisha microfinance bank ltd
13. Micro mobile ltd
14. Moneyworth Investment ltd
15. Musoni Kenya ltd
16. NEEMA HEEP
17. Nyali capital ltd
18. Premier Kenya Credit ltd
19. Private Equity ltd
20. Rafiki microfinance bank ltd
21. Real People
22. REMU microfinance bank ltd
23. SMEP Microfinance bank ltd
24. Springboard capital ltd
25. Stima SACCO ltd
26. Sumac Microfinance bank ltd
27. U&I Microfinance bank
28. Ushindi bora ltd
29. Vison fund Kenya
30. Yehu microfinance trust



## **Mission:**

**To champion the aspirations of micro finance institutions through advocacy, capacity building, linkages and research.**

## **Vision :**

**To be the network of choice that promote a conducive environment for micro finance providers in Kenya.**

## **Core & Values :**

**Team Professionalism, Service Excellence, Leadership & Integrity**

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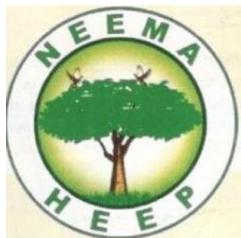
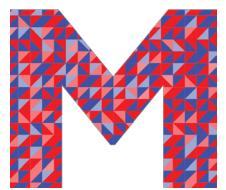
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## THE PARTICIPANTS



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LIMITED

