A report prepared by:
The Centre for Research on Financial Markets and Policy
From the CEO’s Desk

Since the last edition of the Kenya Bankers Economic Bulletin, we have witnessed substantial developments within the banking sector and across industries as highlighted in this edition. Possibly the most compelling being the effects of monetary and fiscal policy on the country’s inflation which declined from a high of 19.7 percent in November 2011 to slightly over 6 percent in August 2012.

In addition to discussing the macroeconomic environment in relation to the various sectors, we discuss the KBA’s efforts to enhance efficiency within the banking sector through the automation of the cheque clearing process. This seemingly subtle change is often overlooked; but when we appreciate the journey – which KBA embarked on in 1996 to modernise payments via cutting-edge technology (at the time it was the introduction of Magnetic Ink Character Recognition) to today when banks process payments through high capacity Wide Area Network links – it is then that you realise business and trade are moving that much quicker, causing positive developments in the economy that much faster.

We hope you will find new and helpful information covered in this edition. We always welcome your feedback and comments via email to research@kba.co.ke.

– Habil Olaka
CEO, Kenya Bankers Association
The Kenya National Bureau of Statistics (KNBS) estimated that the Kenyan economy grew by 3.3 percent in the second quarter of 2012 down from a growth of 3.5 percent in the first quarter of 2012. This is also lower than the 4.1 percent recorded in the second quarter of 2011. The slowdown in the second-quarter of 2012 could be attributed to the spillover effects of the slowdown witnessed in the first quarter of 2012 and the last two quarters of 2011. Even though monetary policy eased in the second quarter of 2012 and domestic credit expanded, expansion in output following the expansion in credit would take time. Following the slowdown in economic performance in the first two quarters of 2012, growth forecasts for 2012 which had been projected at 5.3 percent will not possibly be realized. Performance of the economy in the last two quarters of 2012 is however expected to be better than the first two quarters of 2012 given the loose monetary policy stance taken by the Central Bank of Kenya (CBK) in the second quarter of 2012. Figure 1 below shows the second quarter performance of the economy.

Growth in the agricultural sector slowed down in the second quarter of 2012 to 1.6 percent from 4.2 percent recorded in the second quarter of 2011. Some of the factors that contributed to the slowdown include delayed onset of the long rains in most parts of the country and frost that affected tea producing areas. Production of tea for instance declined by 8.1 percent in the second quarter of 2012 to stand at 85.7 thousand metric tonnes compared to 93.3 thousand metric tonnes recorded in the second quarter of 2011. The European debt crisis also contributed to an extent as export demand from the European countries declined. The third quarter of 2012 started with a depressed performance of the tea sub-sector. Provisional figures show that tea production for July 2012 decreased marginally by 0.39 percent to 24,366 metric tonnes, down from 24,401 metric tonnes in July 2011. Monthly export volumes of tea for the month of July decreased by 16.6 percent to 28,054.4 MT in 2012, down from 33,629 MT in 2011, with the value of the exports for the same month decreasing 15.7 percent, from Kshs 9,266 million in 2011 to Kshs 7,812 million in 2012. This trend shows the continued difficulty experienced by the sub-sector.

Performance of the coffee sub-sector in the third quarter of 2012 however started on a positive note. Even though the volume of coffee sales at the Nairobi Coffee Exchange decreased 6 percent in July 2012 to 3,107 MT, compared to 3,305 MT in 2011, coffee export volumes doubled in July 2012 to 5,727.3 MT, up from 2,857.2 MT in July 2011. The value of exports for the same month also increased but by a lesser margin, at 37.08 percent, to Kshs 1748.5 million, up from Kshs 1266.5 million in 2011. This is due to a drop in world coffee prices, which, for “other mild Arabica”, fell by an average of 32 percent in July and August 2012 to 182.64 US cents per pound, compared to 269.23 US cents per pound in 2011.
Horticultural exports in the first month of the third quarter showed a marked improvement in both volumes and value. The quantity exported increased by 21 percent to 18,655 MT, from 15,420 MT in July 2011. The value of the exports on the other hand went up from an average of Kshs 5,530.9 million in 2011 to Kshs 8,139 million in 2012, an increase of 47.2 percent from Kshs 5,530.9 million in 2011 to Ksh 8,139 million in 2012. The figures above show the performance of tea, coffee and horticulture sub-sectors in the second quarter of 2012.

Data for the whole quarter in 2012. The figures above show the performance of tea, coffee and horticulture sub-sectors in the second quarter of 2012. Data for the whole quarter in 2012 was not yet available at the time of writing this report.

The quantity of coffee exported in the first four months of 2012 was on average higher compared to the quantity exported in the same months in 2011. Exports of coffee between January and April 2012 stood at an average of 4,111 MT compared to 3,695 MT exported in the first four months of 2011. The value of the coffee exported in the first four months of 2012 was also on average higher compared to the value of the coffee exported in the same period in 2011.

In the first four months of 2012, horticultural exports averaged at 18,168 MT compared to 19,624 MT in the same period in 2011. This represented a slight decrease in the quantity of horticultural exports. The value of those exports on the other hand went up from an average of Kshs 5,530.9 million between January and April 2012 to Kshs 7,428 million in the same period in 2012. In the first quarter of 2012, the volume of horticultural exports had decreased by 9.9 percent, from 35,850 metric tonnes in 2011 to 49,682 metric tonnes, although the value had slightly increased by 3.2 percent during the same period, from Kshs 22,390 million to Kshs 23,109 million in 2012. The figures above show the performance of tea, coffee and horticulture sub-sectors in the second quarter of 2012.

For the whole of the third quarter, the quantity of milk, maize meal and soft drinks recorded declines in the same period. Growth in all other manufacturing, including cement production, assembly of motor vehicles, manufacture of textiles clothing and footwear grew by only 1.0 percent while production of milk, maize meal and soft drinks recorded declines in the same period.

The third quarter of 2012 started with a mixed outcome for different sub-sectors of manufacturing. In the month of July 2012, production of assembled vehicles increased by 8.8 percent, to 570 units, up from 524 units in 2011. Domestic production of sugar in July 2012 on the other hand increased by 60.7 percent to 41,607 MT, compared to 25,884 MT in July 2011. Increased processing capacity and stiff competition for matured cane contributed to the increase. Soft drink production in the same period declined by 22.5 percent in July 2012 to stand at 22,071 million litres, compared to 28,478 thousand litres in the same month in 2011. Export of industrial supplies in July 2012 increased only marginally, by 4 percent, to Kshs12,657.50 million, up from Kshs 12,457.00 million in July 2011. Exports of coffee between January and April 2012 stood at an average of 4,111 MT compared to 3,695 MT exported in the first four months of 2011.

In the second quarter of 2012, the manufacturing sector recorded a growth of 3.0 percent compared to 2.5 percent in the same period in 2011. This represented an expansion of 0.5 percent and was mainly driven by growth in the manufacture of food and beverages which grew by 7.7 percent during the period. Growth in all other manufacturing, including cement production, assembly of motor vehicles, manufacture of textiles clothing and footwear grew by only 1.0 percent while production of milk, maize meal and soft drinks recorded declines in the same period.

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Building and Construction

Growth in the building and construction industry slowed down to 1.4 percent in the second quarter of 2012 compared to a growth of 5.4 percent in the second quarter of 2011. This was mainly attributed to the tight monetary policy that was put in place towards the end of 2011 and which continued to impact the sector beyond 2011. However the trend in the third quarter of 2012 already shows signs of recovery of the sector Consumption of cement, a key indicator of activity in the construction industry increased by 18.4 percent to 348,031 metric tonnes in July 2012, up from 293,914 metric tonnes in 2011. This is higher than the 7.43 percent increase recorded in July 2011. This is occasioned by the raising of inflationary expectations and monetary policy with resultant decline in lending rates.

Transport and Communications

Statistics for the first two months of the third quarter show an improvement in the performance of the transport and communications sector but at a slower pace compared to the same period in 2011. The total number of new vehicle registrations for July 2012 for instance increased by 4.3 percent to 39,347 units, up from 37,925 units for the same period in 2011. This represents a slowdown from the 24.6 percent increase recorded in July 2011. This is occasioned by the raising of inflationary expectations and monetary policy with resultant decline in lending rates.

Tourism

Although total third-quarter visitor arrivals data is not yet available, the tourism sector likely suffered a setback due to insecurity at the Kenyan coast. Near simultaneous unrest following the death of a prominent cleric in Mombasa as well as clashes in the Tana Delta led to travel warnings from Western countries against travel to the Coast. This is against the backdrop of the sporadic terrorist attacks and additional failed attacks witnessed in the country. In addition, the infrastructure to the country’s famed game reserves is in very poor state making travel to the reserves very difficult and costly for the tourists. The European crisis, although being contained, and the slow economic recovery in the USA, the major sources of overseas visitors in Kenya, continue to dampen growth in the industry. On a more positive note, the London Olympic games in July and August presented an opportunity for the country to market itself to the world. Major stakeholders in the tourism sector including the Brand Kenya Board, the Kenya Tourism Board, Kenya Investment Authority, Kenya Wildlife Service, National Museums of Kenya among other institutions marketed the country at the “Kenya House” in London, targeting the millions of visitors in London. Total visitor arrivals through our international airports for the first half of 2012 increased by 8.7 percent to 7,738,882 subscriptions in 2012. This is higher than revenues; growing 12.1 percent, to Kshs 915.89 billion as at June 2012, up from Kshs 794.43 billion, up from Kshs 679.5 billion in 2011. Nevertheless, total expenditure grew faster than revenues, growing 12.1 percent, to Kshs 915.89 billion as at June 2012, up from Kshs 817.1 billion at the same period in 2011. The budget deficit thus grew by 11.9 percent, from Kshs 1,375.6 billion as at June 2011, to Kshs 1,513.5 billion at the same period in 2012. The gap was filled through domestic borrowing of Ksh 736.2 billion domestically and Kshs 99.4 billion externally. The Government has however taken steps to reduce expenditure as part of fiscal discipline measures. Recurrent expenditure, total interest and other expenditure grew 9.9, 19.7, and 7.3 percent respectively as at June 2012, compared to 11.9, 21.7, and 8.1 percent growth as at the same period in 2011. Development expenditure on the other hand increased 17.5 percent as at June 2012, compared to an 18.5 percent increase as at June 2011. The increase in strikes as worker agitate for improved salaries is however a threat to maintaining fiscal discipline measures. Recurrent expenditure on the other hand increased 17.5 percent as at June 2012, compared to an 18.5 percent increase as at June 2011. The increase in strikes as worker agitate for improved salaries is however a threat to maintaining fiscal discipline in government and keeping the budget deficit small. Wage increases are likely to increase unbudgeted expenditure which will either mean cut backs on development expenditures or increase in taxes. Both of these measures would have negative impacts on aggregate consumption and economic growth as people’s disposable income is reduced by tax.

Financing of Government

Provisional figures indicate that total government revenue and grants as at June 2012 increased 8.1 percent to Kshs 1,100.38 billion, up from Kshs 679.5 billion in 2011. Nevertheless, total expenditure grew faster than revenues, growing 12.1 percent, to Kshs 915.89 billion as at June 2012, up from Kshs 817.1 billion at the same period in 2011. The budget deficit thus grew by 11.9 percent, from Kshs 1,375.6 billion as at June 2011, to Kshs 1,513.5 billion at the same period in 2012. The gap was filled through domestic borrowing of Ksh 736.2 billion domestically and Kshs 99.4 billion externally. The Government has however taken steps to reduce expenditure as part of fiscal discipline measures. Recurrent expenditure, total interest and other expenditure grew 9.9, 19.7, and 7.3 percent respectively as at June 2012, compared to 11.9, 21.7, and 8.1 percent growth as at the same period in 2011. Development expenditure on the other hand increased 17.5 percent as at June 2012, compared to an 18.5 percent increase as at June 2011. The increase in strikes as worker agitate for improved salaries is however a threat to maintaining fiscal discipline in government and keeping the budget deficit small. Wage increases are likely to increase unbudgeted expenditure which will either mean cut backs on development expenditures or increase in taxes. Both of these measures would have negative impacts on aggregate consumption and economic growth as people’s disposable income is reduced by tax.
Fostering Objectivity in Banking & Financial Services

Kenya Bankers Association holds its inaugural research conference in Nairobi

The conference was an indicator of KBA’s renewed commitment to closer engagement with stakeholders for the benefit of the industry as well as the banking public. Our goal is to set and shape the agenda towards a more vibrant and sustainable banking sector. Towards this end, we collaborated with researchers from the Central Bank of Kenya, the Kenya School of Monetary Studies, Strathmore Business School, Kenyatta University, Egerton University, International Monetary Fund and the Kenya Institute for Public Policy Research and Analysis (KIPPRA). Through rigorous and objective research, the KBA Centre for Research on Financial Markets and Policy hopes to come up with measures to address constraints to credit access and reduce the cost of credit in Kenya. KBA is planning to hold the conference on an annual basis.
Money supply in the economy grew by 14 percent as at the end of August 2012, compared to August 2011. Growth of M1 and M2 increased by 4.2 and 15 percent respectively. Although third quarter figures are not yet available, total domestic credit at the end of the first half stood at Kshs 1550.52 billion, a 15.3 percent increase from Kshs 1344.23 billion in June 2011, compared to a 23.7 percent increase in 2011, up from Kshs 1,086.75 billion in June 2010. High interest rates contributed to the slowdown in the growth of credit. Growth of credit to the private sector was the largest contributor to the total growth, increasing by 18 percent compared to August 2011.

Money and Credit

Inflation

Overall inflation continued its decline into the third quarter of 2012. In July, the country registered single digit inflation for the first time since March 2011 to stand at 7.74 percent in July, 6.1 percent in August and 5.32 in September. The drop in inflation was attributed in part to the impact of the tight monetary policy stance taken by the CBK which started in September 2011 and in part to the increase in rainfall which increased food production and led to a fall in food prices. Food and fuel costs, traditionally the biggest contributors to overall inflation, significantly reduced at the end of September 2012, contributing 2.91 and 7.67 percent respectively to the overall inflation, compared to 24.37 and 14.09 percent respectively for the same period in 2011.

The trade sector was the largest debtor to the banking system, borrowing Kshs 1,258.01 billion, up from Kshs 1066.42 billion in 2011, compared to a 23.7 percent increase in 2011, up from Kshs 1,086.75 billion in June 2010. High interest rates contributed to the slowdown in the growth of credit. Growth of credit to the private sector was the largest contributor to the total growth, increasing by 18 percent compared to August 2011.

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Balance of Payments

The overall Balance of Payments position improved to a surplus of US$ 646 million as at June 2012, compared to a deficit of US$ 55.13 million as at June 2011. The current account deficit decreased 12.4 percent to US$ 313.28 million as at June 2012, from a deficit of US$ 357.57 million as at June 2011. The strengthening of the Kenya Shilling contributed to the slight improvement in the current account position. Nevertheless, the current account deficit still poses challenges for the BoP position and needs to be trimmed down by improving competitiveness of Kenya's exports and exploring untapped export markets, particularly in Asian and South American. The value of foreign exchange reserves as at July 2012 increased 34.8 percent to US$ 7075.55 million, compared to US$ 5248.73 million as at the same month in 2011.

In July, India was Kenya's major source of imports, exporting into the country Kshs 21,958.60 million worth, followed by China and the UAE, which exported Kshs 15,473.93 million and 14,358.03 million respectively into the country. Non-food industrial supplies constituted the highest percentage of the imports at 28.2 percent, valued at Kshs 34,843.5 million. Diaspora remittances in July increased 27.4 percent to US$ 92.7 million in 2012, from US$ 72.7 million in the same month in 2011 on the strength of the improving economic environment in the US and Europe.

Interest Rates

Treasuries bill rates continued their downward trend following monetary policy easing adopted in July 2012. The average 91-day Treasury bill yield rate for the months of July and August increased 25.6 percent to 11.4 percent in 2012, up from 9.1 percent for the same period in 2011. In July 2012, the MPC reduced its benchmark CBR for the first time since September 2011. The CBR was lowered to 16.5 percent in July, and subsequently to 13.0 percent in September. The average weighted rate on advances from commercial banks decreased by 61 basis points to 20.09 percent, down from 20.2 percent in the second quarter of 2012 and had reached 20.13 percent in August 2012.

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Exchange Rate

The Kenya Shilling exchanged at an average of Kshs 84.5, 106.4, and 134.5 against the US Dollar, Euro and Sterling Pound respectively for the third quarter of 2012, compared to an average of Kshs 95.6, 134.7, and 153.8 per US Dollar, Euro and Sterling Pound respectively for the same period in 2011. The shilling appreciation is not surprising, given that the shilling had dramatically depreciated in the third quarter of 2011 into the fourth quarter.
Banking Sector Performance

The Kenyan Banking Sector sustained a development path with the size of assets standing at Kshs 2.2 trillion, loans & advances worth Kshs 1.29 trillion, while the deposit base was Kshs 1.66 trillion and profit before tax of Kshs 53.2 billion as at 30th June 2012. During the same period, the number of bank customer deposit and loan accounts stood at 14,893,628 and 2,051,658 respectively.

Assets and Loans

The banking sector’s assets increased by 4.8 percent from Kshs 2.1 trillion in March 2012 to Kshs 2.2 trillion in June 2012. The major components of the balance sheet were loans and advances, government securities and placements, which accounted for 56.6 percent, 19.5 percent and 7.3 percent of total assets respectively. The sector’s gross loans and advances increased from Kshs 1.24 trillion in March 2012 to Kshs 1.29 trillion in June 2012, which translated to a growth of 4.8 percent.

Nairobi Securities Exchange

The total value of shares traded at the Nairobi Securities Exchange for the months of July and August in 2012 decreased 11.5 percent to Kshs 11,719 million, down from Kshs 13,241 million during the same period in 2011. The average NSE-20 Shares Index for the same period in 2012 however, increased 6.9 percent to 3849, up from 3602 in 2011. The impending general elections, which historically have seen the markets perform below par may leave particularly foreign investors cautious, going into the fourth quarter, despite the fact that the foreign investors have been the major driving force in the third quarter performance.

Deposits

Deposits, which form the main source of funding for the banking sector, accounted for 75.5 percent of total funding liabilities. The deposit base grew by 6.4 percent from Kshs 1.36 trillion in March 2012 to Kshs 1.46 trillion in June 2012 mainly due to branch expansion, remittances and receipts from exports. The number of bank branches stood at 1,196 in June 2012, an increase of 22 from the 1,174 branches registered in March 2012. Similarly, the number of bank deposit accounts increased from Kshs 14.36 million in March 2012 to Kshs 14.89 million in June 2012, which translated to a growth of 3.7 percent.

Total Capital and Shareholder Funds

The banking sector registered improved capital levels in June 2012 with total capital growing by 4.8 percent from Kshs 280.9 billion in March 2012 to Kshs 294.3 billion in June 2012. This growth is mainly attributed to the requirements by the CBK that all banks build-up their core capital towards the Kshs 1 billion mark by December 2012. Shareholders’ funds on the other hand increased by 5.1 percent from Kshs 299.8 billion in March 2012 to Kshs 315.1 billion in June 2012. Similarly, the ratio of total capital to total risk-weighted assets increased from 20.2 percent in March 2012 to 20.3 percent in June 2012 while core capital to total risk-weighted assets decreased from 17.9 percent to 17.7 percent over the same period.

Bank Profitability

The banking sector profit before tax for the quarter ended June 2012 increased by 15.4 percent from Kshs 24.7 billion in March 2012 to Kshs 28.5 billion in June 2012. However, total income stood at Kshs 88.0 billion in the second quarter being a marginal decline of 0.5 percent from Kshs 88.4 billion registered in the first quarter of 2012, whilst total expenses declined by 6.4 percent from Kshs 63.7 billion in the March 2012 quarter to Kshs 59.6 billion in the June 2012 quarter. On an annual basis, the profitability of the sector increased by 30.4 percent to Kshs 53.2 billion from the Kshs 40.8 billion registered in June 2011.

Gross Non-Performing Loans (NPLs)

The stock of gross non-performing loans (NPLs) increased by 7.1 percent from Kshs 53.7 billion in March 2012 to Kshs 57.5 billion in June 2012. Accordingly, the ratio of gross NPLs to gross loans increased from 4.3 percent in March 2012 to 4.5 percent in June 2012.
The Cheque Truncation Project

By Fidelis Muia, Director, Technical Services, KBA

The Cheque Truncation project is a culmination of a dream for the Kenya Bankers Association. The long journey to this project started with the Automation of the Manual Clearing House in 1996 when the Association introduced the Magnetic Ink Character Recognition (MICR) system and the Electronic Journal system. This had the impact of reducing Clearing times countrywide from ten working days to four days within the urban towns and ten working days from twenty one days for remote towns.

The liberalization of the Telecommunications sector brought great improvements in the communication infrastructure and is the backbone on which this project rides. All Commercial banks participating in this project are connected to high capacity Wide Area Network links to facilitate the transmission of cheque images and Data to and from the Clearing House. This has greatly speeded up the clearing process and introduces opportunities for greater efficiencies and savings on costs, primarily the cost of transporting cheques from branches countrywide to Nairobi overnight. Other savings are derived from the reduced clearing times and a safer clearing system from reduced fraud incidents.

New Clearing Cycle

A major deliverable of the project was to reduce the time it takes for a cheque to clear, also known as the clearing cycle. The cycle was four days within towns in Nairobi and upcountry and ten days for remote towns. It was intended that this will reduce to two working days in both urban and remote towns.

The new clearing cycle, (known as T+2 in banking terms) means that the paying bank has two (2) days to determine the fate of a cheque presented for payment at the Automated Clearing House. Previously the old clearing cycle gave the paying bank three (3) days to determine the fate of a cheque.

This cycle is applicable across the whole country, effectively making Kenya one clearing zone.

EXAMPLE:

Wednesday Day 2 - Latest day of return/advice unpaid.

Other Benefits of the Project

We have seen a reduction in the number of cheque frauds, as a result of the enhanced security features of the new redesigned cheque books.

As a result of the faster processing times, a number of banks have extended the hours that customers have to deposit cheques and transact at the branch.

We hope to reduce the clearing period further by one day, making the clearing cycle T+1 where cheques will clear within one working day. This would mean that a customer who deposits a cheque on Monday will have the money in his/her account on Wednesday. This is the most advanced clearing process anywhere in the world and will make the Automated Clearing House a world-class system.

Volumes in the Automated Clearing House

In July 2011 and 2012 the Automated Clearing House processed the following items:

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<tr>
<th>Items</th>
<th>July 2011</th>
<th>July 2012</th>
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<tr>
<td>Debits (Cheques)</td>
<td>1,541,130</td>
<td>1,666,533</td>
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<tr>
<td></td>
<td>169,019,997.75</td>
<td>189,697,852.153.55</td>
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<tr>
<td>Electronic Funds</td>
<td>728,575</td>
<td>765,057</td>
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<tr>
<td>Transfer Credits</td>
<td>28,229,905,193.90</td>
<td>33,179,751,126.65</td>
</tr>
</tbody>
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the contributors

Habil Olaka has served as CEO of the Kenya Bankers Association since 2010. Previously, he was the Director of Operations of the East African Development Bank (EADB). He holds a First Class Honours BSc degree in Electrical Engineering from the University of Nairobi and an MBA in Finance from the Manchester Business School (UK). He is a member of the Institute of the Certified Public Accountants of Kenya (ICPAK) and the CFA Institute.

Dr. Jacob Oduor is the Director of the Centre for Research on Financial Markets and Policy at KBA. Dr. Oduor has over ten years experience in macro-economic policy research and university teaching. He most recently served as Senior Analyst at Kenya Institute for Public Policy Research and Analysis (KIPPRA) and has served as lecturer of Econometrics and Statistics at Kenyatta University for over seven years. He is published in international journals, including the Journal of Policy Modelling, Economic Modelling and Journal of Development Effectiveness. He holds a Master’s degree in Business Administration and Strategic Management from University of Nairobi and a Bachelor of Commerce degree in Marketing from Kenyatta University. He has been involved in the banking industry modernization since the introduction of the MKR, the introduction of the Real Time Gross Settlement System, the Credit Information Sharing Initiative and lately the Cheque Truncation Project.

Lydia Mbura is a Research Fellow. She has experience in management, business analysis, corporate governance and ethics, and marketing. She has published a research paper on the “Effects of Logistics Outsourcing Strategies on Organisational Performance” in the International Journal of Business Management. She lectures Corporate governance & ethics and performance Management.

Francis Ogula is a Research Fellow. He has experience in banking and card services, primarily in the areas of credit, regulation, and operations. Other industry experience includes retail and security services. He holds a Master of Science in Finance degree from the University of London (UK); a Bachelor of Science in Computer Science from Catholic University of Eastern Africa; a Bachelor of Arts in Economics from Ohio State University (US), and a diploma in French studies.

Fidelis M. Muia is the Director, Technical Services, Kenya Bankers Association. Fidelis has been in the IT industry since the late 1980s working as a software developer. He has a vast experience in Insurance and Banking, having worked for Alico (Now Chartis) and Barclays Bank of Kenya. He has been involved in the Banking Industry modernization since the introduction of the MKR, the introduction of the Real Time Gross Settlement System, the Credit Information Sharing Initiative and lately the Cheque Truncation Project.

At the KBA Fidelis is involved in the industry initiatives to improve the technology platforms from an industry level and represents the Banking industry in the National Payments Steering Committee which is mandated to develop and implement the National Payments infrastructure.

Lydia Mbura is a Research Fellow. She has experience in management, business analysis, corporate governance and ethics, and marketing. She has published a research paper on the “Effects of Logistics Outsourcing Strategies on Organisational Performance” in the International Journal of Business Management. She lectures Corporate governance & ethics and performance Management.

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