



## Microfinance, Kenya's other speciality

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Kenya played host to nearly 2,000 microfinance professionals from over 40 countries.

The Africa / Middle East Regional Microcredit Summit, which took place from 7 to 10 April 2010 in Nairobi, was an opportunity for those involved in the sector to share their experiences as well as to take stock of the progress achieved with respect to the Microcredit Summit Campaign goals.

It's been more than thirteen years since 2,900 individuals from 137 countries met in Washington in February 1997 for the first Global Microcredit Summit. The aim was to establish a nine-year global campaign aimed at providing financial services to 100 million families from the world's poorest populations. This goal was achieved at the end of 2006. It was then decided to launch a new campaign, ending in 2015, with a dual purpose:

- to reach 175 million families through microfinance services
- to ensure that 100 million families move above the poverty threshold of \$1 per day.

Since its inception in 1997, the Microcredit Summit Campaign has held regular summits, both global and regional, to bring microfinance practitioners together. This year, it teamed up with the Association of Microfinance Institutions of Kenya (AMFI) to create this event. The AMFI has over 40 members who serve a total of 4 million people, with a loan portfolio of \$303 million. As the microfinance sector is particularly active in Kenya, it was natural for the regional summit to take place in this country.

### Kenya: a microfinance laboratory

There are many organizations active in the microfinance sector in Kenya, including banks specialising in microfinance, MFIs (Microfinance Institutions), cooperatives and NGOs. To date, two banks are involved: Equity Bank, the leading microfinance bank in Africa and the largest bank in the region in terms of customers (52% market share in Kenya), and K-Rep Bank, the first commercial microfinance bank in Kenya. In addition to these banks, there are several MFIs registered with the Central Bank for permission to take deposits. Examples include Jamii Bora, Faulu, KADET (Kenya Agency for the Development of Enterprise and Technology), SMEP (Small and Micro Enterprise Project) and KWFT (Kenya Women Finance Trust). These MFIs have set an example in the world of microfinance, for their professionalism as much as for their ability to develop new products that meet the needs of disadvantaged populations.

For example, Jamii Bora was launched 10 years ago and today has 300,000 customers. Most of them coming from run-down and impoverished neighbourhoods; certain becoming members of the



Executive Committee of the micro-bank. On a different note, the example of the Equity Bank is also remarkable. Virtually bankrupt fifteen years ago, today the Equity Bank serves more than 4.5 million customers, nearly 60% of the Kenyan market. The organisation has a tremendous impact on financial education.

Beyond the traditional services of microcredit and micro savings, some of these MFIs have developed innovative services for micro-insurance (health insurance, life insurance and insurance against loss) as well as successful mobile banking solutions, focused on money transfers. In addition, since the beginning of 2010, the Central Bank of Kenya has announced it will amend legislation to allow the establishment of “branchless banking” for MFIs. Such a measure would enable non-financial organizations to provide financial services to poor populations on behalf of regulated banks and MFIs, and thereby extend the scope of their activities, especially in rural areas, and reduce their transaction costs.

Some reports about the conference and on site visits by special envoys from BNP Paribas.

**For your reference:**

<http://www.microcreditsummit.org/>

<http://regionalmicrocreditsummit2010.org/>

[www.amfikenya.com](http://www.amfikenya.com)