



PRESS RELEASE

We have received informal notification through the media that the Banking (Amendment) Bill, 2015, was passed today by the National Assembly in its Third Reading. The Bill intends to regulate interest rates that are applicable to banks' loans and deposits.

While appreciating the underlying sentiments about the need to lower the overall cost of credit, we continue to express concern on the adverse consequences of capping interest rates. These would include, inefficiencies in the credit market, credit rationing, promotion of informal lending channels, and undermining the effectiveness of monetary policy transmission.

We will continue to work with the National Assembly, the Government, the banking industry, and other stakeholders, to find an appropriate solution that sustainably reduces the cost of credit.

CENTRAL BANK OF KENYA

<https://www.centralbank.go.ke>

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