

BANKI
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KENYA



CENTRAL
BANK OF
KENYA

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AUGUST 10, 2023

BANKING CIRCULAR NO. 5 OF 2023

TO: ALL CHIEF EXECUTIVES OF COMMERCIAL BANKS

CHANGES TO THE CBK DISCOUNT (OVERNIGHT) WINDOW FACILITY

The Monetary Policy Committee (MPC) of the Central Bank of Kenya (CBK) at its meeting held on August 9, 2023, reviewed and approved changes to the CBK Discount (Overnight) Window Facility. These changes are designed to enhance monetary policy transmission in line with reforms outlined in the White Paper on *Modernization of the Monetary Policy Framework and Operations*.

The CBK therefore makes the following changes:

1. The applicable interest rate on the facility has been reviewed from 600 basis points above the CBR to 400 basis points above the CBR;
2. The advances will continue to be secured by Government of Kenya securities subject to a haircut of 10 per cent and 20 per cent for Treasury bills and Treasury bonds, respectively; and
3. The existing terms for access to the Intra-day Liquidity Facility (ILF) remain unchanged.

This Circular supersedes all previous circulars issued on the above subject matter and the changes take effect immediately.

A handwritten signature in blue ink, appearing to read 'Michael Eganza'.

MICHAEL EGANZA

DIRECTOR, BANKING AND PAYMENT SERVICES DEPARTMENT

cc: Chief Executive Officer, Kenya Bankers Association