

BANKI
KUU YA
KENYA



CENTRAL
BANK OF
KENYA

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May 13, 2022

BANKING CIRCULAR NO.1 OF 2022

TO ALL CHIEF EXECUTIVES OF COMMERCIAL BANKS, MORTGAGE FINANCE COMPANY AND MICROFINANCE BANKS

EXPIRY OF CASH RESERVE RATIO EMERGENCY MEASURE

On March 27, 2020, the Central Bank of Kenya (CBK) issued [Banking Circular No.4 of 2020](#), to operationalize the Monetary Policy Committee (MPC) policy action of reducing the Cash Reserve Ratio (CRR) from 5.25 percent to 4.25 percent on March 23, 2020. The CRR reduction was part of emergency measures to cushion the banks against the adverse effects of the coronavirus (COVID-19) pandemic. The policy action released Ksh.35.2 billion additional liquidity to the banks to directly support borrowers that were distressed because of COVID-19 pandemic.

To access the additional liquidity, commercial banks, mortgage finance company and microfinance banks, submitted requests to CBK with the necessary supporting documents on how the borrowing to be restructured related to the impact of COVID-19.

Between March 2020 and March 2021, banks utilized Ksh.32.8 billion (93.2 percent) of the total Ksh.35.2 billion. It is worth noting that the other emergency measures including loan restructuring and extension of loan repayment periods, have lapsed. Similarly, the COVID-19 containment measures by the government have been eased.

The purpose of this circular therefore is to inform commercial banks, mortgage finance company and microfinance banks that the CRR emergency measure expires effective **Monday, May 16, 2022**, and the outstanding balance of Ksh.2.4 billion has been released to the respective banks for utilization as needed.

All commercial banks, mortgage finance company and microfinance banks are reminded that they should always observe the daily CRR requirement of 3 percent and monthly average CRR of 4.25 percent.

Yours faithfully,

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