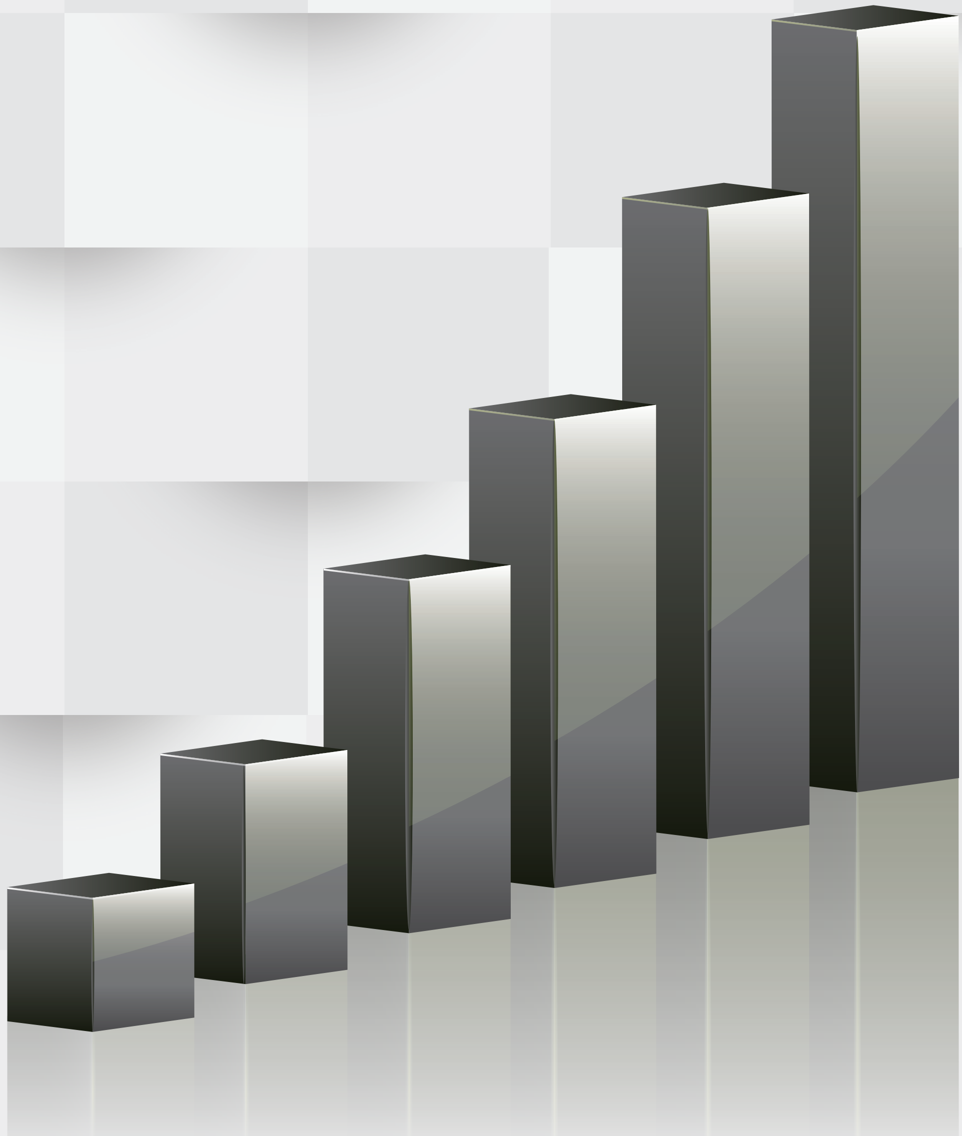
Central Bank of Kenya



CHIEF EXECUTIVE OFFICERS' (CEOs) SURVEY REPORT

July 2026

CONTENTS

1. BACKGROUND

The Central Bank of Kenya (CBK) conducts Chief Executive Officers' (CEOs) Survey every two months prior to the Monetary Policy Committee (MPC) meetings. The objective of the Survey is to capture firm-level information on the perceptions, expectations, and concerns about the business environment.

The Survey targets the CEOs of private sector organizations including members of the Kenya Association of Manufacturers (KAM), the Kenya National Chamber of Commerce and Industry (KNCCI) and the Kenya Private Sector Alliance (KEPSA). The CEOs Survey complements the other surveys conducted by the CBK, such as the Market Perceptions Survey and Agriculture Sector Survey, to inform decisions on monetary policy.

The CEOs Survey seeks views/perceptions on selected indicators including business confidence and optimism, current business activity, and outlook for business activity in the near term. The Survey also seeks information on key drivers and threats to firms' growth, internal and external factors that could influence the business outlook, and strategic priorities over the medium-term. The Survey obtains feedback in terms of the suggestions that would improve the business environment.

2. INTRODUCTION

The CBK conducted the CEOs Survey between July 13 and 24, 2026. The Survey sought CEOs' views on their levels of confidence/optimism regarding growth prospects for their companies and sectors, as well as the growth prospects for the Kenyan and global economies over the next 12 months. The Survey asked the CEOs to provide their assessment on the impact of the continued geopolitical developments, particularly the conflict in the Middle East, on business activity and growth prospects in the second half (H2) of 2026. In addition, the CEOs were asked to identify the factors that were likely to affect business expansion/ growth in the next 12 months, and to outline strategic directions and solutions to address the constraints over the medium term (August 2026 – March 2028). The findings of the survey are summarized in this report.

3. SURVEY METHODOLOGY

The Survey targeted the CEOs across key sectors, with respondents distributed as follows: wholesale and retail trade (17 percent), professional services (15 percent), tourism, hotels and restaurants (13 percent), financial services (12 percent), healthcare and pharmaceuticals (11 percent), agriculture (7 percent), manufacturing (7 percent), ICT and telecommunications (4 percent), transport and storage (4 percent), real estate (4 percent). Building and construction, other sectors not specified, mining and energy, education and media, accounted for two percent and below of the respondents.

Majority of the respondents (76 percent) were domestically owned private firms, while the rest were foreign-owned private firms (17 percent), publicly listed domestic firms (1 percent), publicly listed foreign firms (3 percent), government owned entities (1 percent), and other ownership structure (2 percent). Forty three percent of the respondents had a turnover of less than KSh 250 million in 2025, twenty six percent of the respondents had a turnover of between KSh 250 million and KSh 1 billion, twenty one percent of the respondents had a turnover of between KSh 1 billion and KSh 5 billion, while ten percent of the respondents had a turnover of over KSh 5 billion, during the same period.

In terms of employment, 63 percent of respondents employed less than 100 employees, 30 percent of the respondents had between 100 and 1000 employees, while 7 percent of respondents employed over 1000 people. The responses were aggregated and analysed using frequencies, percentages, and simple averages where appropriate.

4. KEY HIGHLIGHTS OF THE SURVEY

The key findings from the Survey were:

- Despite heightened global risks, firms remained optimistic about Kenya's growth prospects over the next 12 months.
- Respondents reported mixed business activity in 2026Q2 relative to 2026Q1, while activity is expected to remain broadly stable in 2026Q3.
- Most firms reported operating below or near-full capacity, indicating some capacity to accommodate an unexpected increase in demand or sales.
- Majority of respondents reported favorable access to bank credit supported by lower interest rates.

- Majority of firms reported to have integrated technology into their operations to improve efficiency and customer service, reduce manual processes, and manage costs.
- Firms reported technological innovations, customer centric approach, and improved operational efficiency as the key drivers of sectoral growth and expansion over the next 12 months.
- Domestic factors and external factors that could constrain growth over the next 12 months included high cost of doing business, high energy prices, geopolitical tensions, and global macroeconomic volatility.
- Firms intend to mitigate the constraining factors by managing costs and risks, adopting technology, automation and innovations, and diversification of operations.

5. BUSINESS CONFIDENCE/OPTIMISM OVER THE NEXT 12 MONTHS

The Survey assessed CEOs' views regarding growth prospects of their companies, sectors, and the Kenyan and global economies over the next 12 months. The July 2026 Survey points to improved growth prospects at the company and sector levels, a broadly stable outlook for the Kenyan economy, and persistent caution regarding global growth prospects.

Growth prospects for the Kenyan economy over the next 12 months remain resilient, supported by stable macroeconomic conditions, favourable weather, government interventions and infrastructure development, digital transformation and technological adoption, and strong demand across key sectors, largely driven by sector specific opportunities.

However, respondents identified the high cost of living and doing business, tight liquidity and limited accessing to affordable credit, geopolitical tensions, volatile energy prices, supply chain disruptions, weak external demand and the risk of imported inflation as key constraints to growth **(Chart 1).**

Company level growth prospects improved, supported by higher demand and orders, business expansion and market diversification, new product development, operational efficiency, government support, favourable weather conditions, and adoption of technology and innovation. However, growth continues to be constrained by subdued demand, high operating costs, tax refund delays, financing constraints, raw-material shortages, supply-chain disruptions, and global uncertainty **(Chart 2).**

Most respondents expect sectoral growth to strengthen over the next 12 months, supported by sector specific opportunities and favourable seasonal factors **(Chart 2).** Growth in agriculture is expected to benefit from favourable weather, government support, and strong demand for exports, although poor rainfall in some areas, tea export levy, and elevated freight costs pose risks. Financial services sector are expected to benefit from stable demand, operational improvements, customer retention strategies and enhanced customer experience, new product, investment-banking opportunities, and fintech expansion, while competition and credit risks remain constraints. ICT and telecommunications growth will continue to be supported by digitisation, technological advancements, and AI-related investments, although competition, particularly from established global institutions, remains a key challenge.

Respondents expect growth in tourism sector to be supported by peak-season demand, conferencing activities, improvement in services quality, and holiday travel, while elevated travel costs and limited government incentives may constrain growth.

Firms in manufacturing sector expect stronger external demand and new market opportunities, anticipated stabilization of shipping and raw materials availability to support the sector performance. However, high production and operational costs, global competition, raw materials shortages and shipment delays were identified as key constraints to the sector performance. Wholesale and retail trade sector is expected to benefit from increased demand and orders, although cost of living pressures, supply chain disruptions, and delivery delays remain constraints.

Growth of the health sector is expected to be supported by increased uptake of the Universal Health Coverage, and the rising demand, while tight liquidity conditions delayed payments and weak purchasing power remain challenges. Professional services are expected to be supported by seasonal demand but remain constrained by muted economic activity, reduced spending power, and delayed tax refunds. Real estate, building and construction sectors are expected to continue benefiting from civil works and affordable housing projects, and strong demand for construction materials. However, activity within the sectors could moderate as the elections period approaches, particularly given the sector's reliance on government-funded projects.

Most respondents expect global economic growth to weaken over the next 12 months, reflecting geopolitical tensions, particularly conflicts in the Middle East, higher energy prices, inflationary pressures, subdued global demand, and disruptions to trade and supply chains. Elevated debt levels and persistent geopolitical uncertainty are also expected to constrain global growth. However, AI and technological investments, resilient demand, opportunities in emerging markets, and a faster resolution of the geopolitical conflicts could support global growth.

Chart 1: Growth prospects over the next 12 months relative to 2025 (percent of respondents)

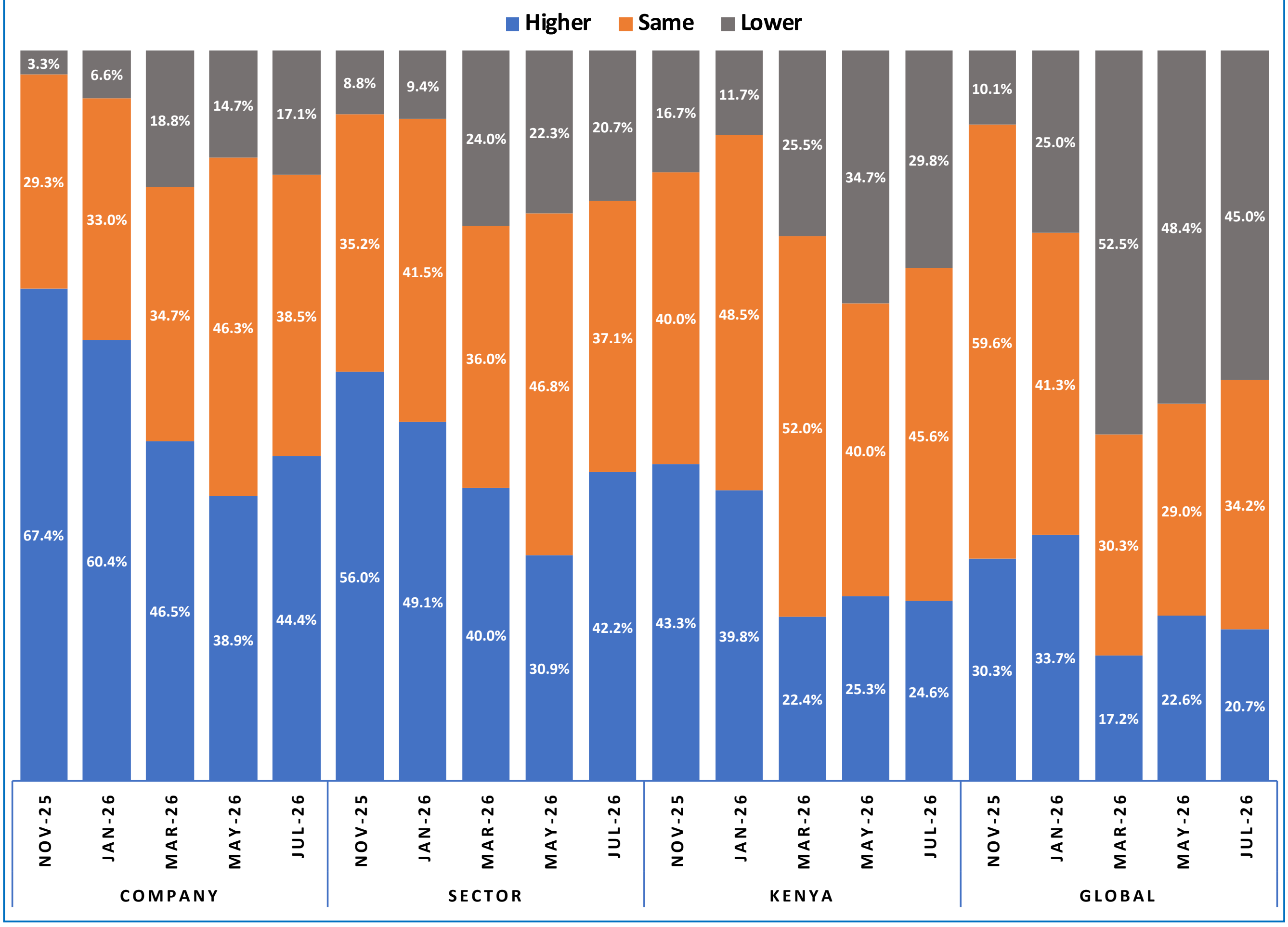
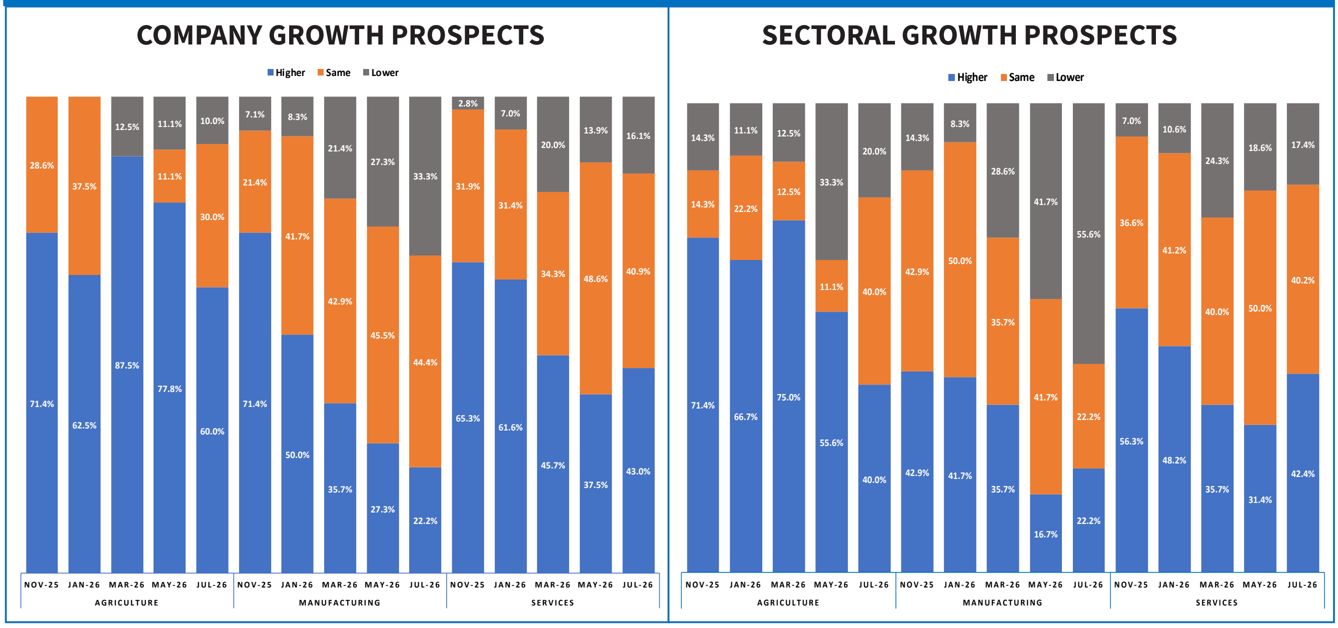


Chart 2: Sectoral analysis of growth prospects over the next 12 months relative to 2025 (percent of respondents)



6. BUSINESS ACTIVITY IN 2026 Q2 COMPARED TO 2026 Q1

The Survey gathered CEOs' perceptions on business activity in the second quarter of 2026 relative to the first quarter of 2026. Indicators of business activity point to mixed performance in 2026Q2. The balance of opinion points to stronger demand orders, production volumes and growth in sales as activity recovered from the post-festive season slow down experienced in the first quarter. Improvement in activity was supported by better access to credit at lower lending rates, favourable rainfall in agricultural sector, improved marketing, stronger demand in some sectors such as tourism, health and construction, and increased government spending on infrastructuel projects. However, rising fuel, energy and input costs, supply-chain disruptions, and weaker consumer purchasing power continued to constrain activity and put pressure on margins. Purchase prices generally increased, while selling prices remained broadly stable in several sectors due to price-sensitive demand and limited scope to pass on higher costs. Full-time employment remained largely unchanged, consistent with the overall level of activity during the quarter **(Chart 3 to 9)**.

Chart 3: Business activity in 2026 Q2 compared to 2026 Q1 (percent of respondents)

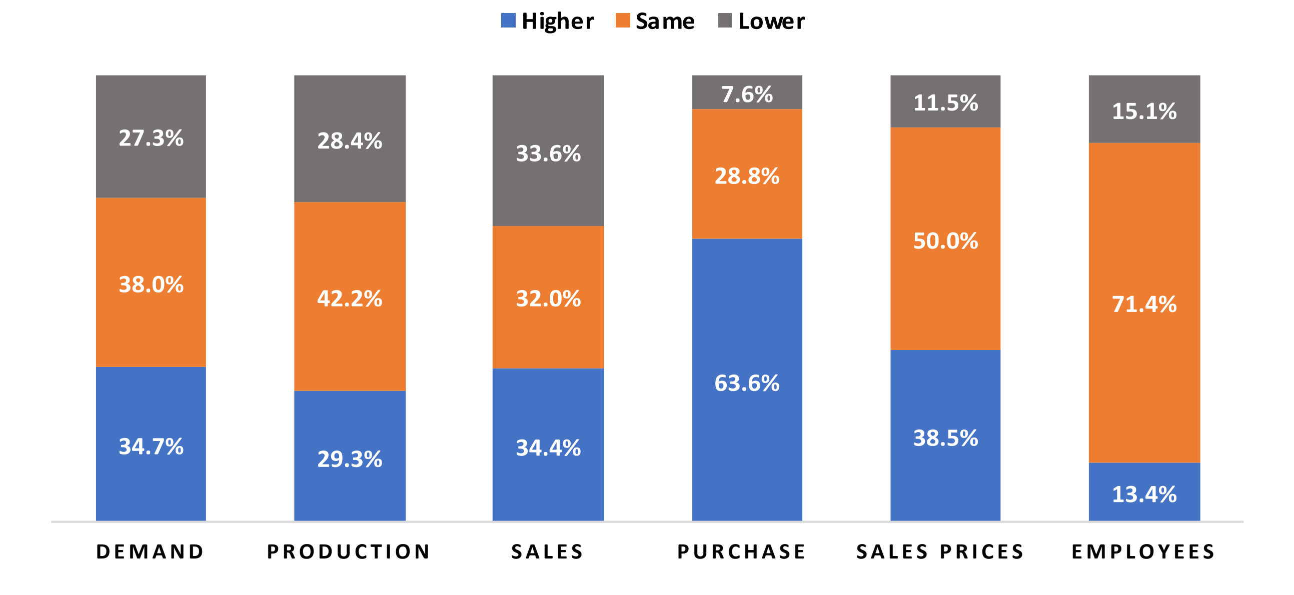


Chart 4: Comparison of business activity in 2026 Q2 relative to 2026 Q1 (balance of opinion)

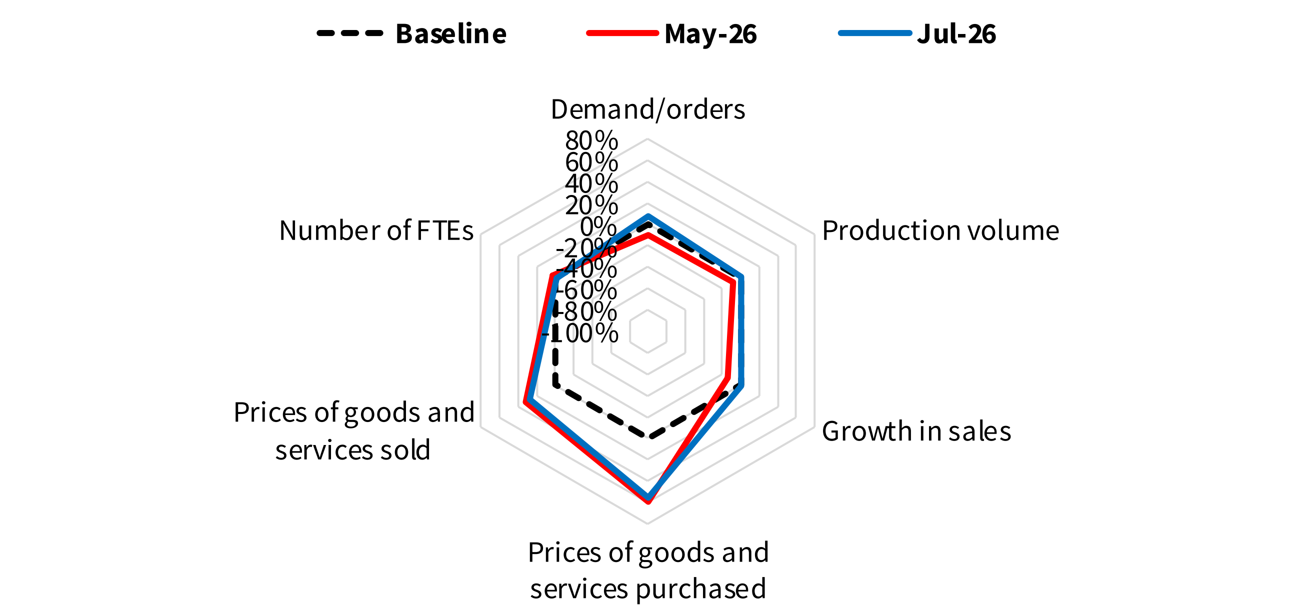


Chart 5: Demand/Orders in 2026 Q2 relative to 2026 Q1 by sectors (percent of respondents)

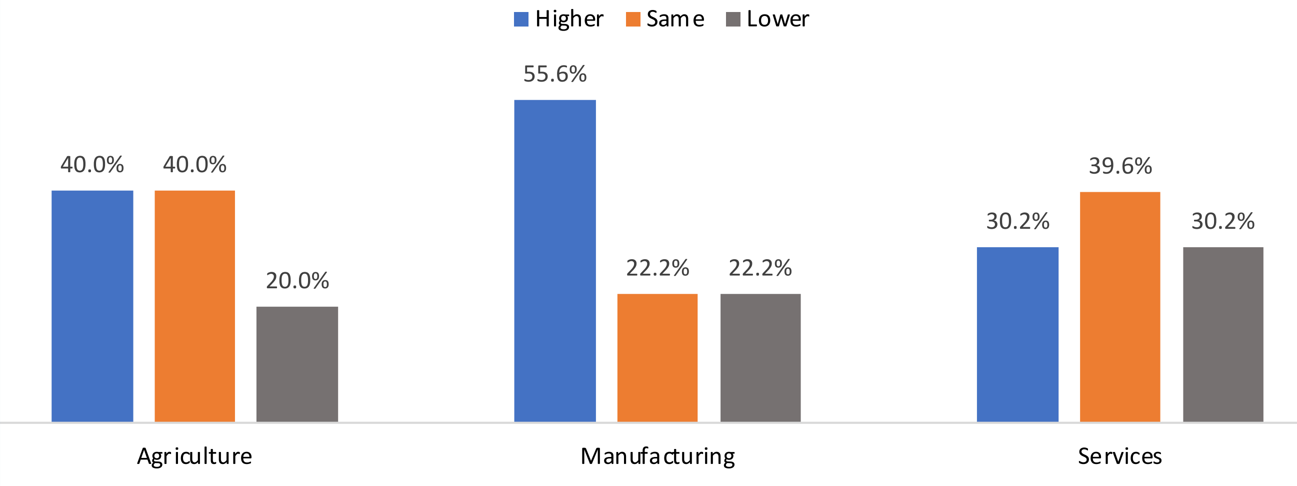


Chart 6: Sales growth in 2026 Q2 relative to 2026 Q1 by sectors (percent of respondents)

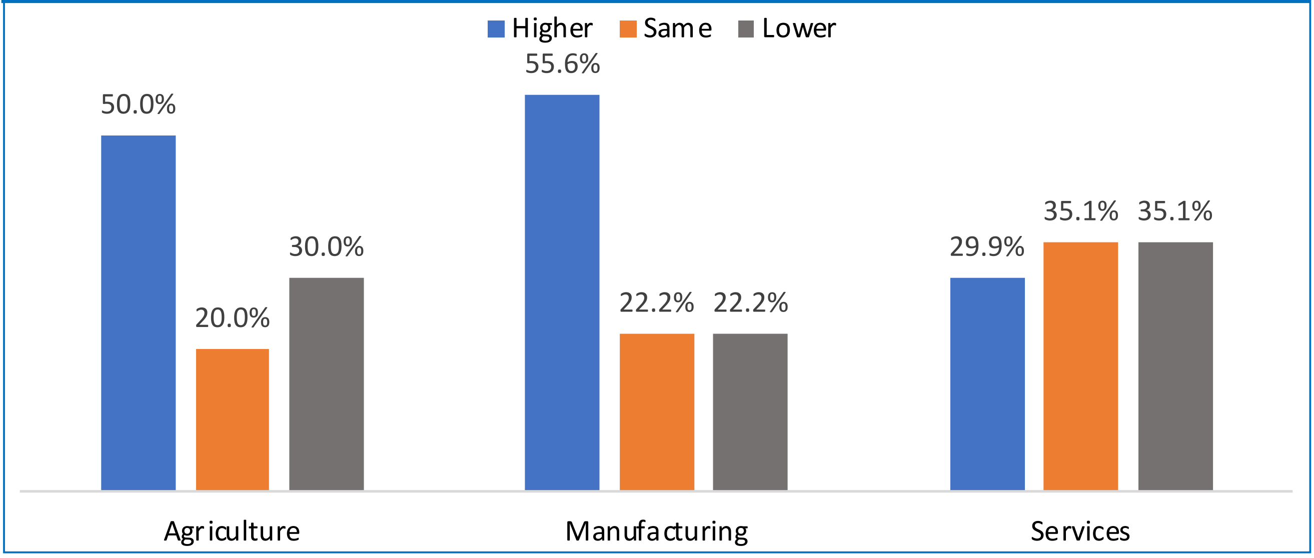


Chart 7: Purchase and sales prices in 2026 Q2 relative to 2026 Q1 by sectors (percent of respondents)

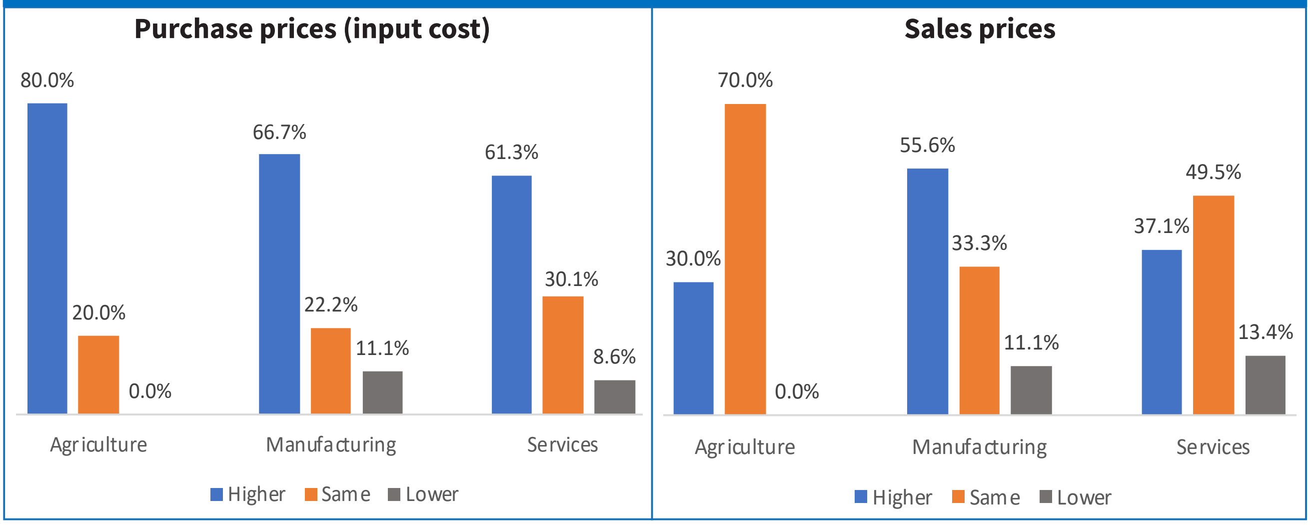


Chart 8: Production volumes in 2026 Q2 relative to 2026 Q1 by sectors (percent of respondents)

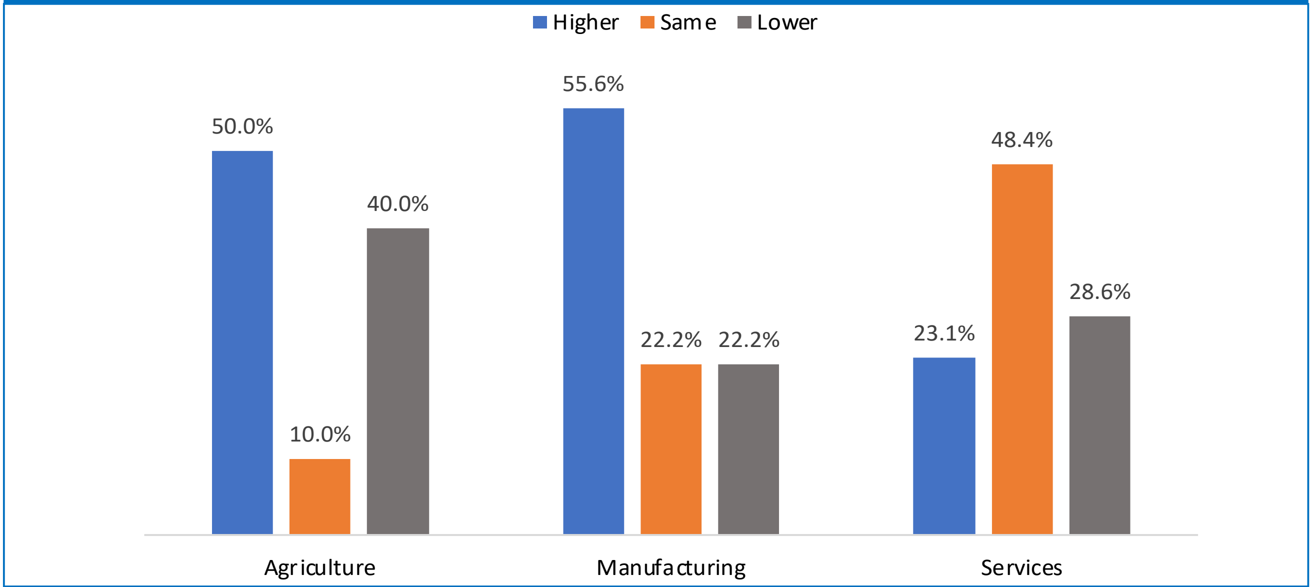
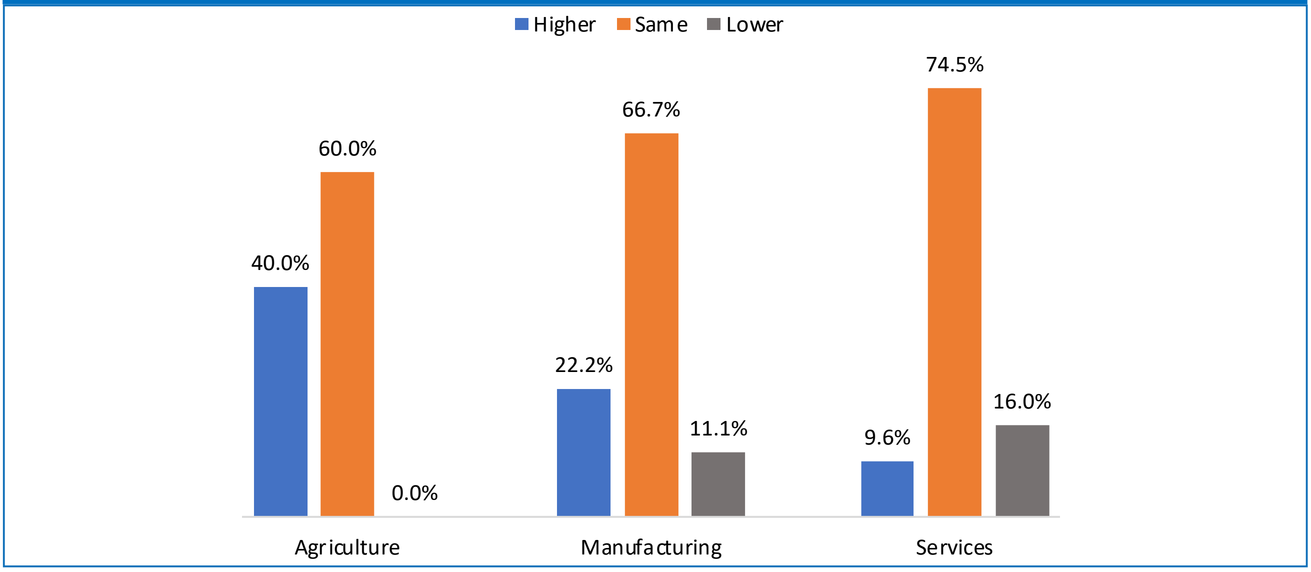


Chart 9: Number of full-time employees in 2026 Q2 relative to 2026 Q1 by sectors (percent of respondents)



7. OUTLOOK FOR BUSINESS ACTIVITY IN 2026 Q3 COMPARED TO 2026 Q2

The Survey sought CEOs views on expectations of business activity in the third quarter of 2026 relative to the second quarter of 2026. A larger proportion of respondents reported expectations of stability in business activity in 2026Q3. On balance, relative to the May 2026 survey, most firms expect improved business activity in 2026Q3, supported by higher demand and growth in sales, and increased production volumes supported by seasonal factors, such as increased hotel bookings during the peak tourism season, ongoing agricultural harvests; strong demand in some sectors following commencement of production seasons; marketing efforts; business expansion and capacity increases; and pick-up in activity following government budget releases. Nevertheless, high production and operational costs owing to higher energy and supplies costs, weak consumer purchasing power; geopolitical tensions and uncertainty surrounding global commodity prices; and high cost of living were cited as key areas of concern that could negatively impact on business activity.

Majority of respondents expect purchase prices to remain high, driven by high fuel and energy costs, raw material prices, and geopolitical developments However, relative to the May 2026 survey, firms reported expectations of moderation in purchase prices (input costs) as supply conditions continue to improve. Sales prices are expected to remain largely unchanged, owing to limited ability to pass higher costs to consumers due to price-sensitive demand. This is expected to continue squeezing firms profit margins. Meanwhile, on a net basis, employment levels are expected to remain stable, with some firms anticipating increased hiring due to business expansion, while others could reduce staffing levels due to weak turnover. Nevertheless, firms expressed readiness to adjust staffing in response to changes in demand and operating costs **(Chart 10 & 11)**.

Chart 10: Outlook on business activity in 2026 Q3 compared to 2026 Q2 (percent of respondents)

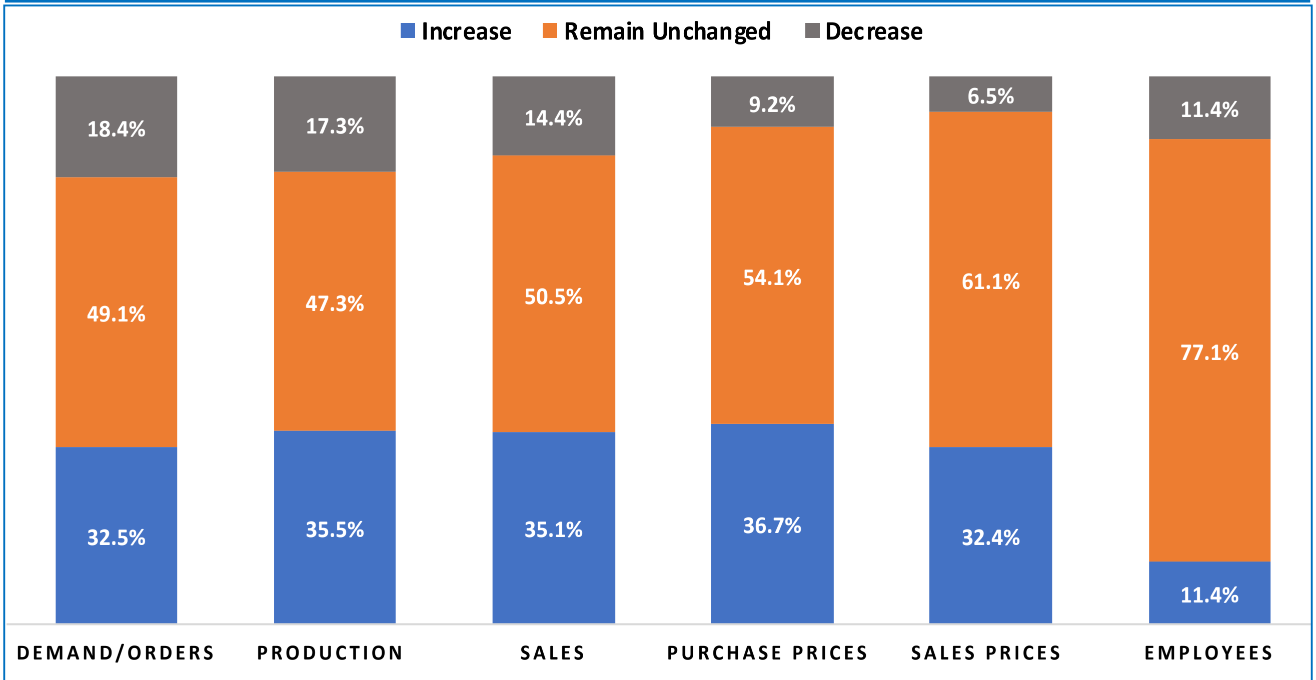
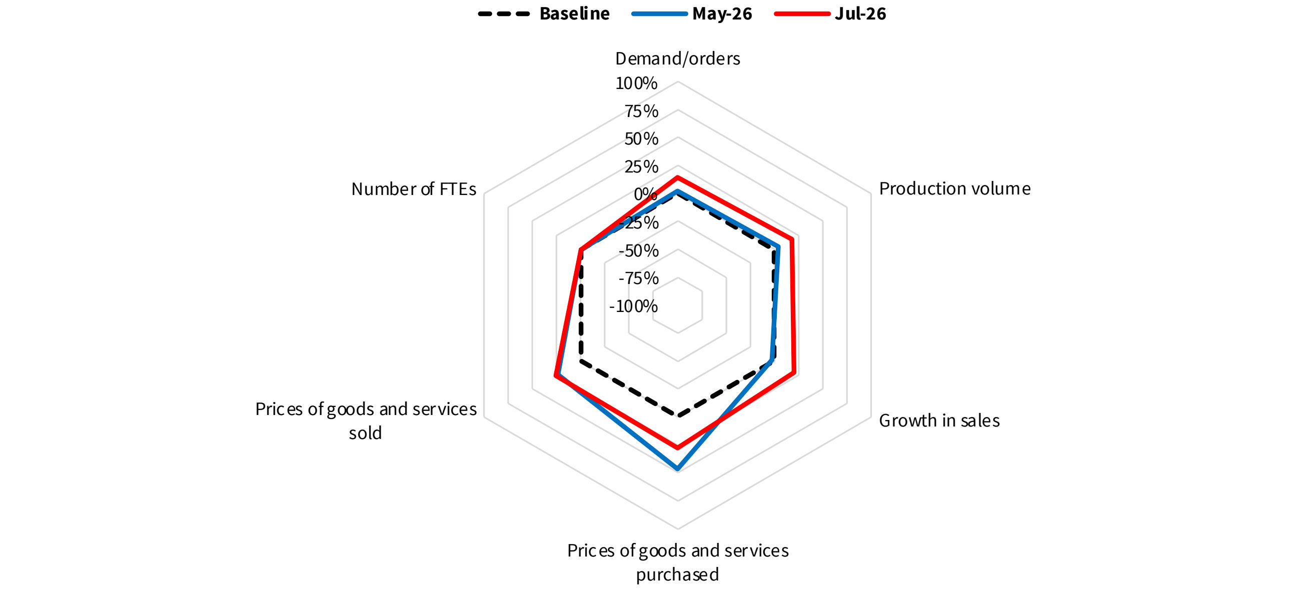


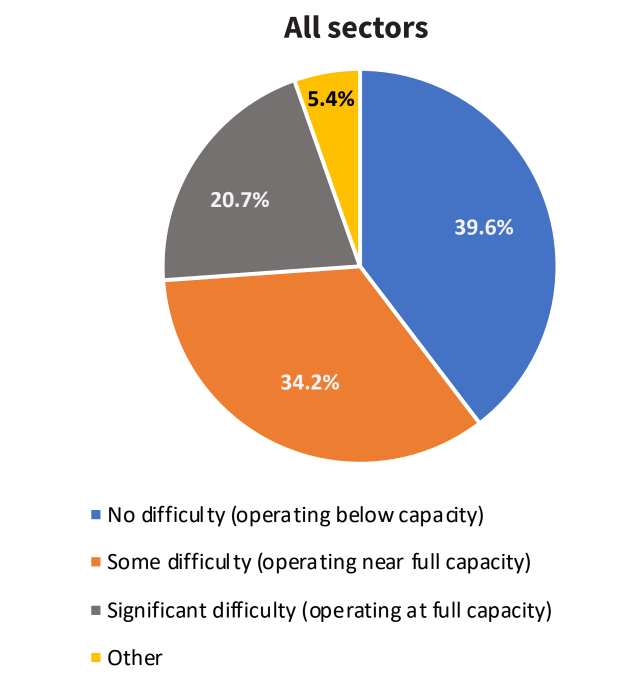
Chart 11: Expectations of business activity in 2026 Q3 relative to 2026 Q2 (balance of opinion)

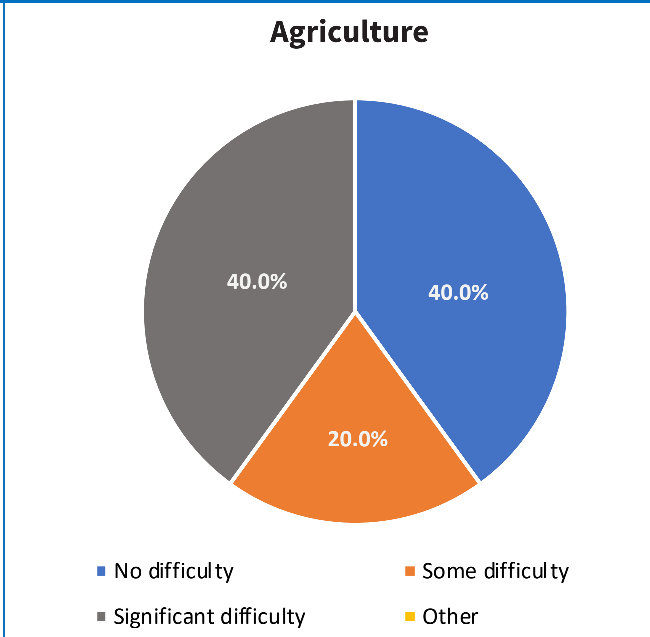


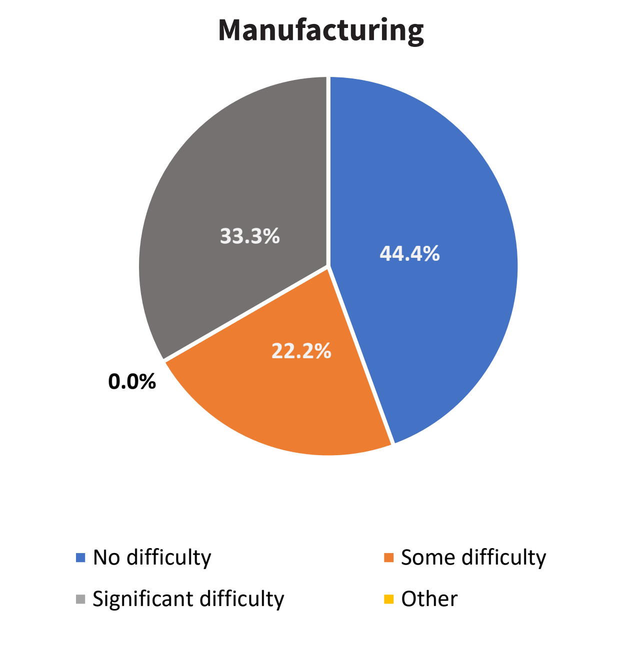
Majority of firms reported operating below or near capacity, and therefore able to meet an unexpected increase in demand or sales. This could be supported by availability of idle capacity and resources, ability to expand production through work shifts; process optimization and scalability through systems improvement to support expansion; inventory and supplies availability; ability to meet additional staffing needs through availability of casual labour; and business planning and preparedness to respond to increased demand.

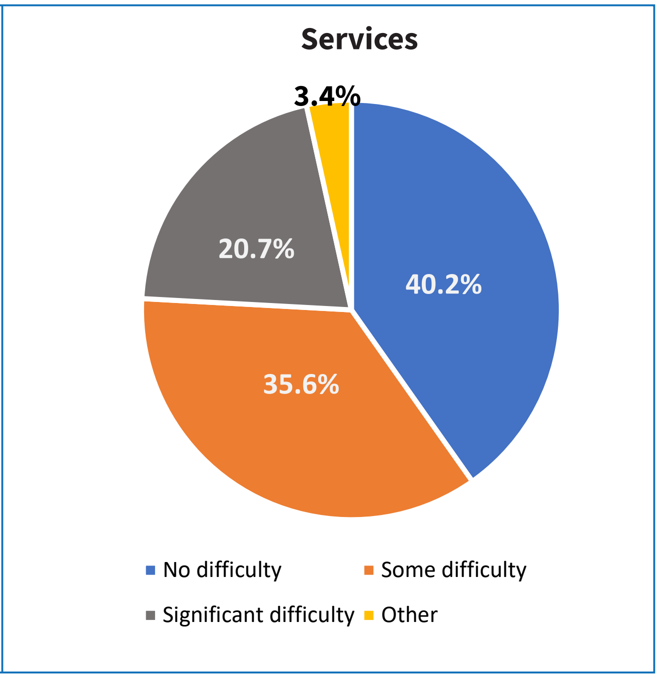
However, some firms reported limited capacity to respond to sudden increases in demand due to high operating and production costs; regulatory requirements; input and supply constraints due to shortages of raw materials and delays in delivery. Financial constraints, including slow cash flows, limited liquidity and difficulties accessing affordable funding, together with capacity constraints, particularly for firms operating at full capacity and shortages of specialized labour; would also limit firms' ability to respond to unexpected increases in demand **(Chart 12)**.

Chart 12: Potential level of difficulty in meeting increased demand or sales (percent of respondents)





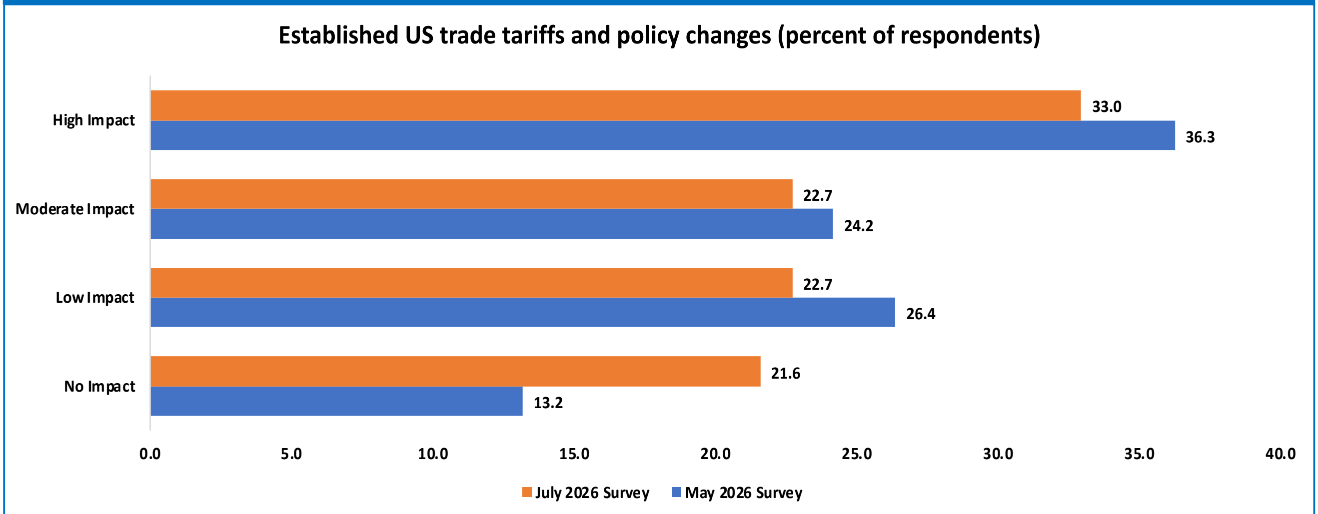


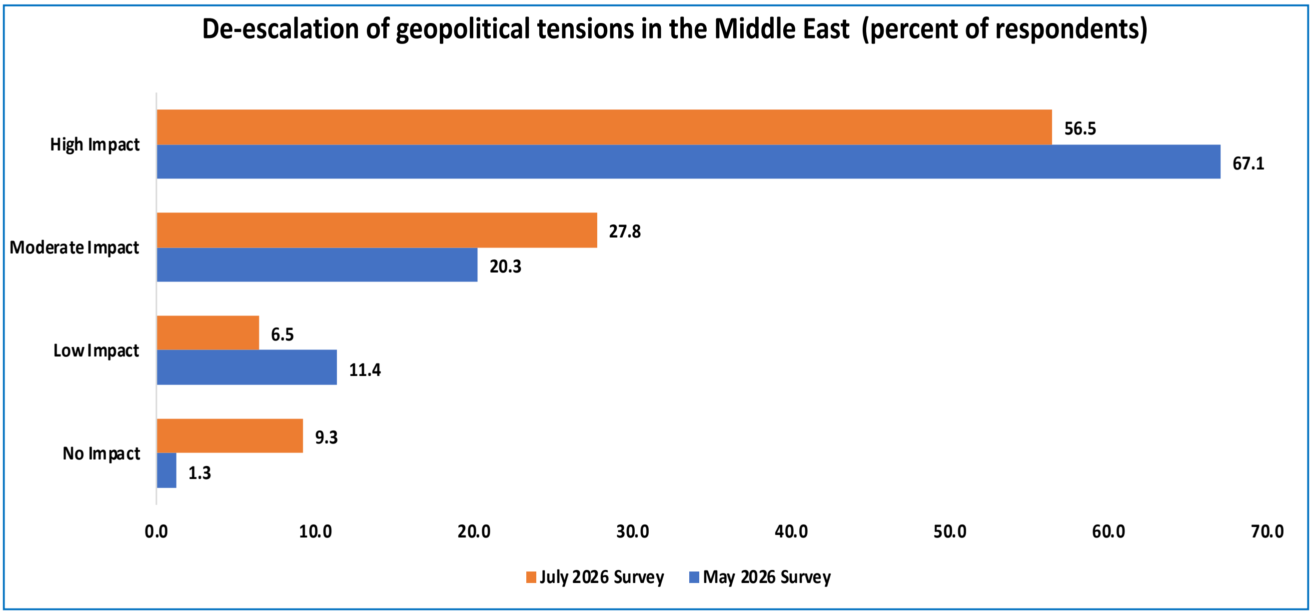


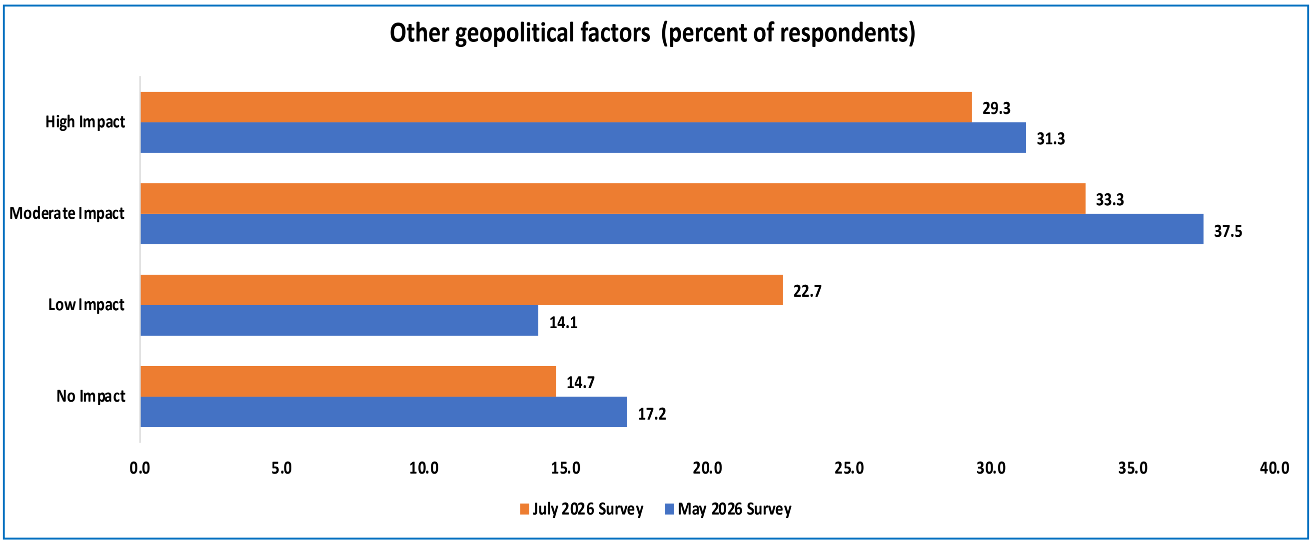
8. IMPACT OF GEOPOLITICAL DEVELOPMENTS

The Survey assessed CEOs' views on the anticipated impact of geopolitical developments on business operations in the second half of 2026. Compared with the May 2026 Survey, respondents reported a moderation in the impact of geopolitical developments. However, U.S. trade tarriffs and other policy changes are expected to increase trade and supply chain pressures, import and shipping costs, and production costs, while negatively affecting tourism and travel, donor funding and foreign aid, particularly for the health sector and government financing. Lower personal and business incomes are also expected to weigh on business activity through reduced consumer purchasing power. The de-escalation of geopolitical tensions in the Middle East is expected to have a moderately positive effect by lowering energy and freight costs and easing trade and supply chain pressures. Other geopolitical developments such as other global and regional conflicts, however, are expected to continue weighing on trade, while global financial and economic uncertainty could impact on import and borrowing costs as well as external demand. Nevetheless, the continued benefits of the African Growth and Opportunity Act (AGOA) are expected to support trade **(Chart 13)**.

Chart 13: Expected impact of geopolitical developments (percent of respondents)





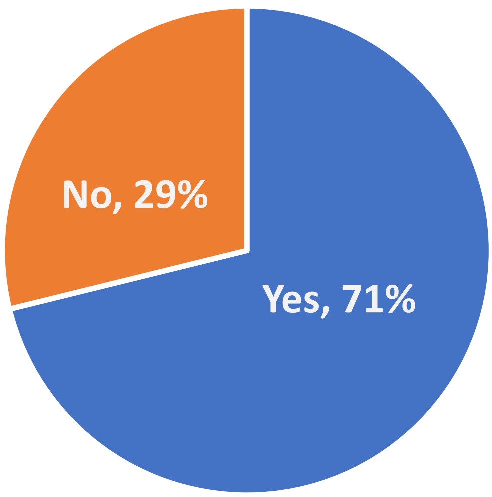


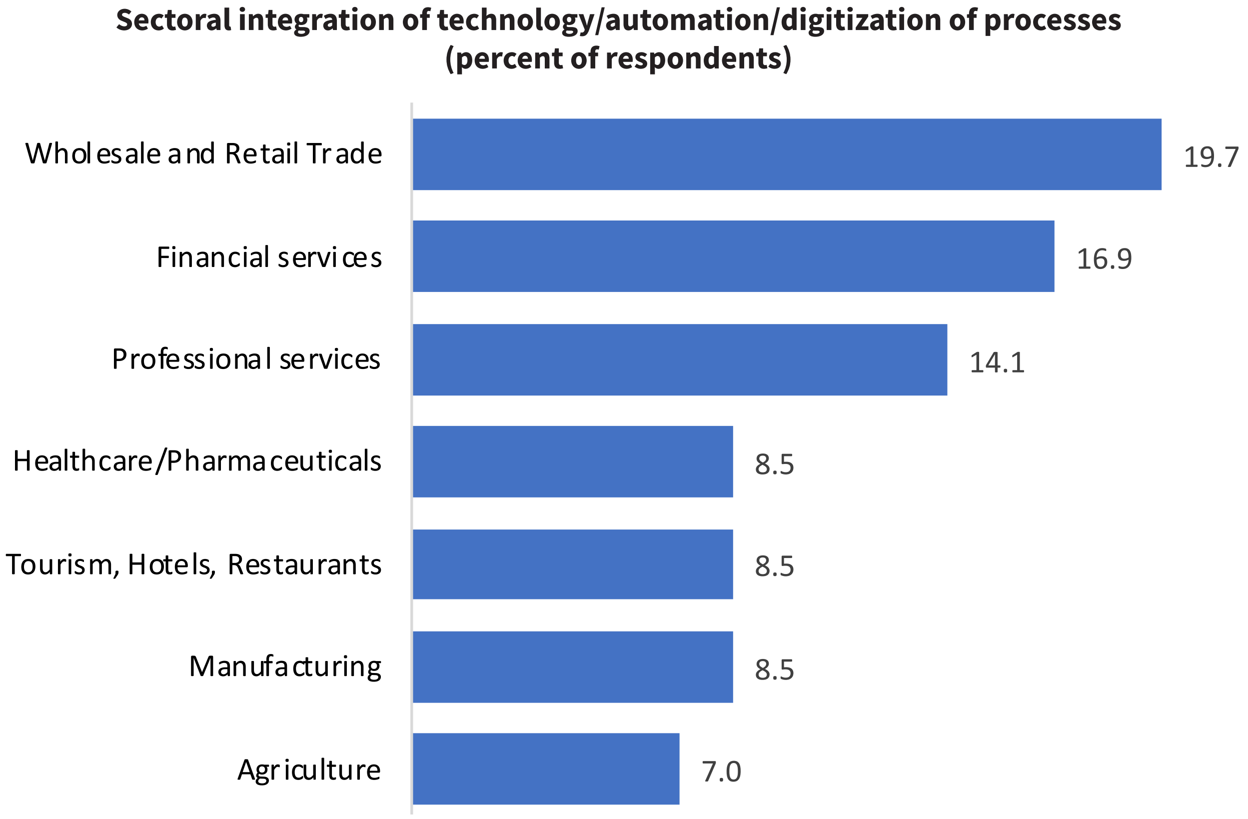
9. TECHNOLOGY ADOPTION AND AUTOMATION IN FIRMS

The survey assessed firms' progress in digitising their operations over the past year, the challenges associated with adoption, and their intentions to adopt new technologies over the next 12 months. The majority of respondents indicated continued adoption and upgrading of digital technologies to improve operational efficiency and customer service, including automation, digital payments, cloud-based solutions, AI-enabled systems, and integration with e-TIMS and other regulatory platforms **(Chart 14)**.

However, digitization remains constrained by high implementation and maintenance costs, skills gaps, system integration challenges, rapid technological change requiring continuous upgrades due to Artifical Intelligence, slow user adoption, cybersecurity and data privacy risks, internet and network disruptions, alongside uncertainty over returns on technology investment.

Chart 14: Automation/Digitization/Technology Adoption in firms (percent of respondents)

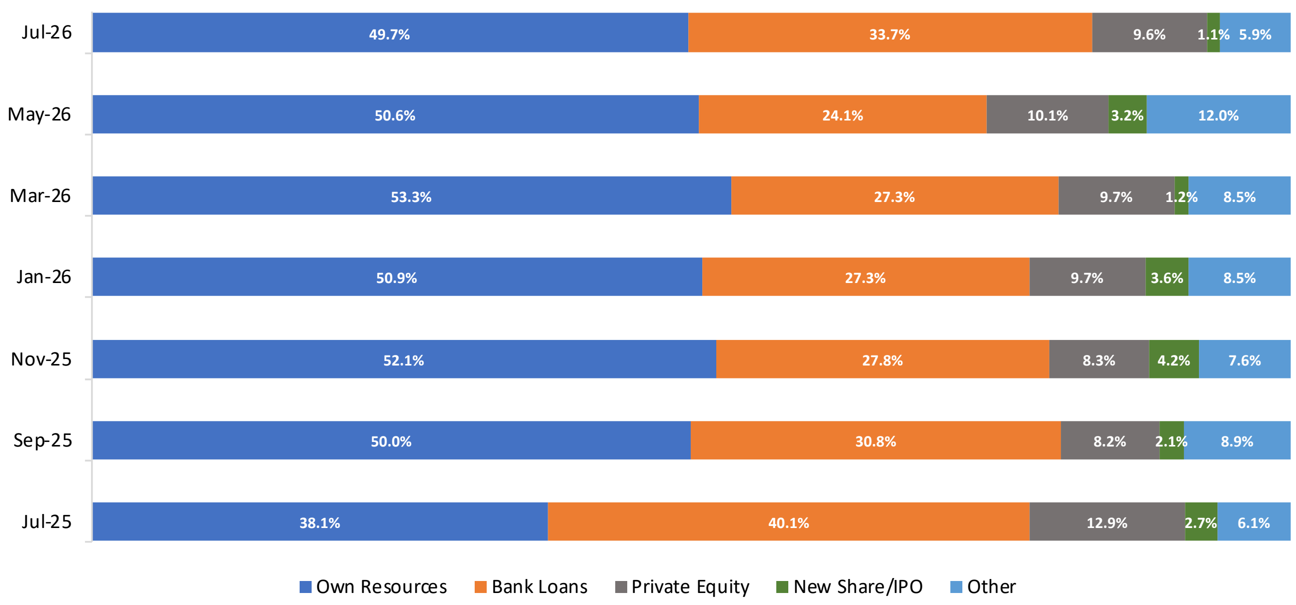




10. FIRMS' SOURCES OF FINANCING

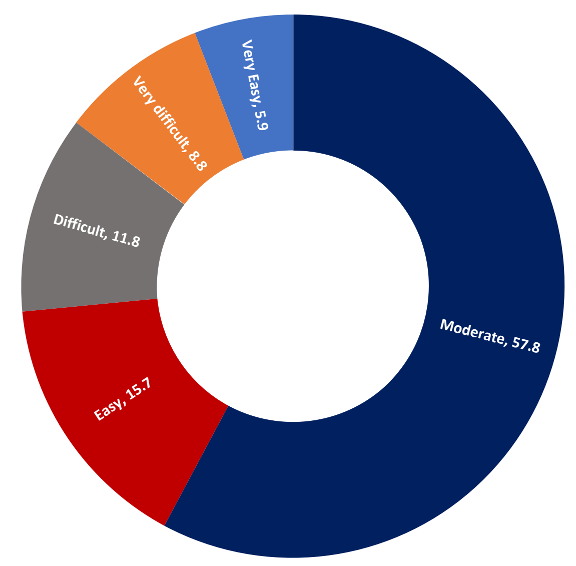
The Survey sought to identify the main sources of firms' financing in the second quarter of 2026. A larger proportion of CEOs reported financing their firm operations using own resources (internally generated funds) and bank loans **(Chart 15)**.

Chart 15: Firms' sources of financing (percent of respondents)



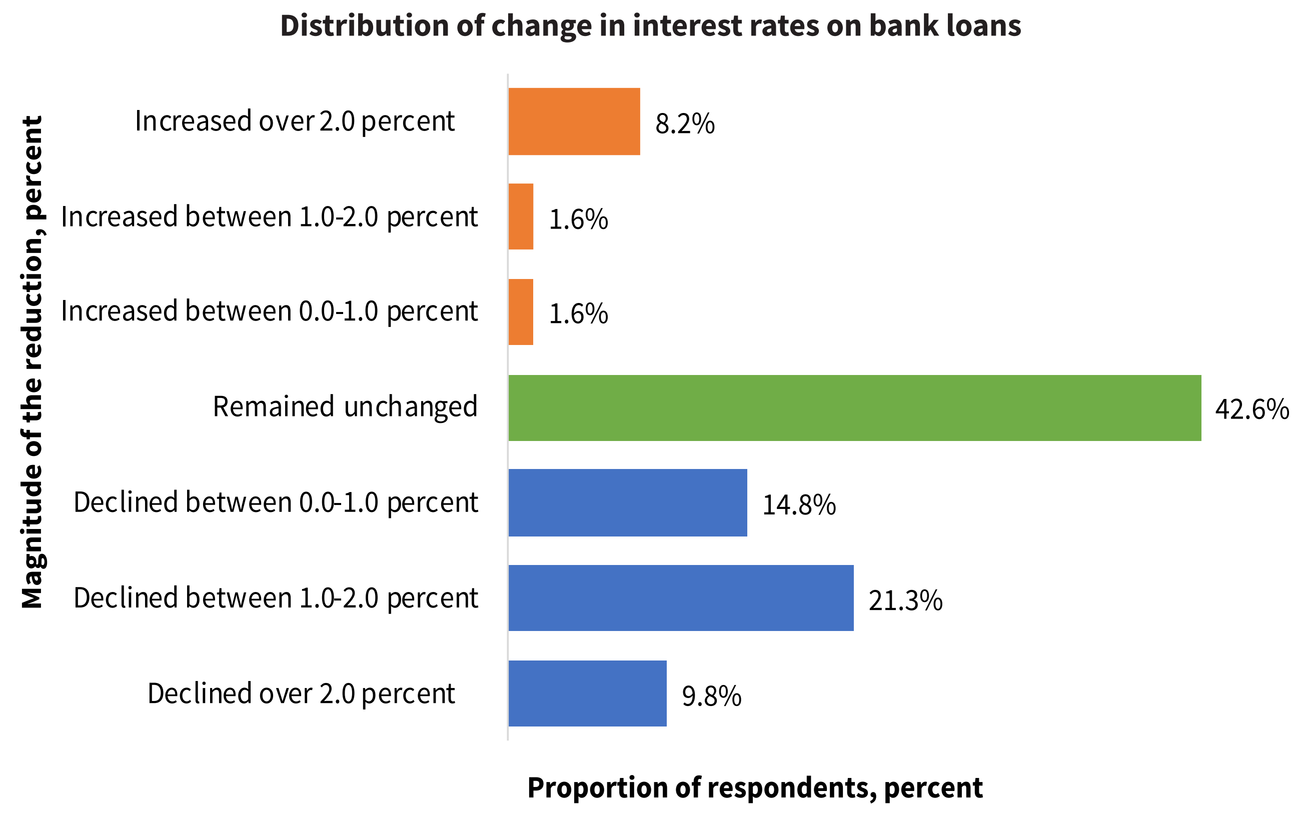
The Survey sought to assessed firms' access to bank financing. The majority of respondents reported moderate access to credit, supported by greater efficiency in banks through automation and digital loan processing, lower lending rates, strong bank–customer relationships, and established businesses with sound cashflows. However, some firms reported challenges in accessing credit due to firm operations using own resources (internally generated funds) and bank loans **(Chart 16)**.

Chart 16: Ease of access to credit (percent of respondents)



Most of the survey respondents (46 percent) reported experiencing declines in interest rates on bank loans since August 2024. Though gradual, the decline in lending rates was attributed to reductions in the policy rate. Nevertheless, some respondents cited stickiness in commercial bank lending rates despite easing policy rates **(Chart 17)**.

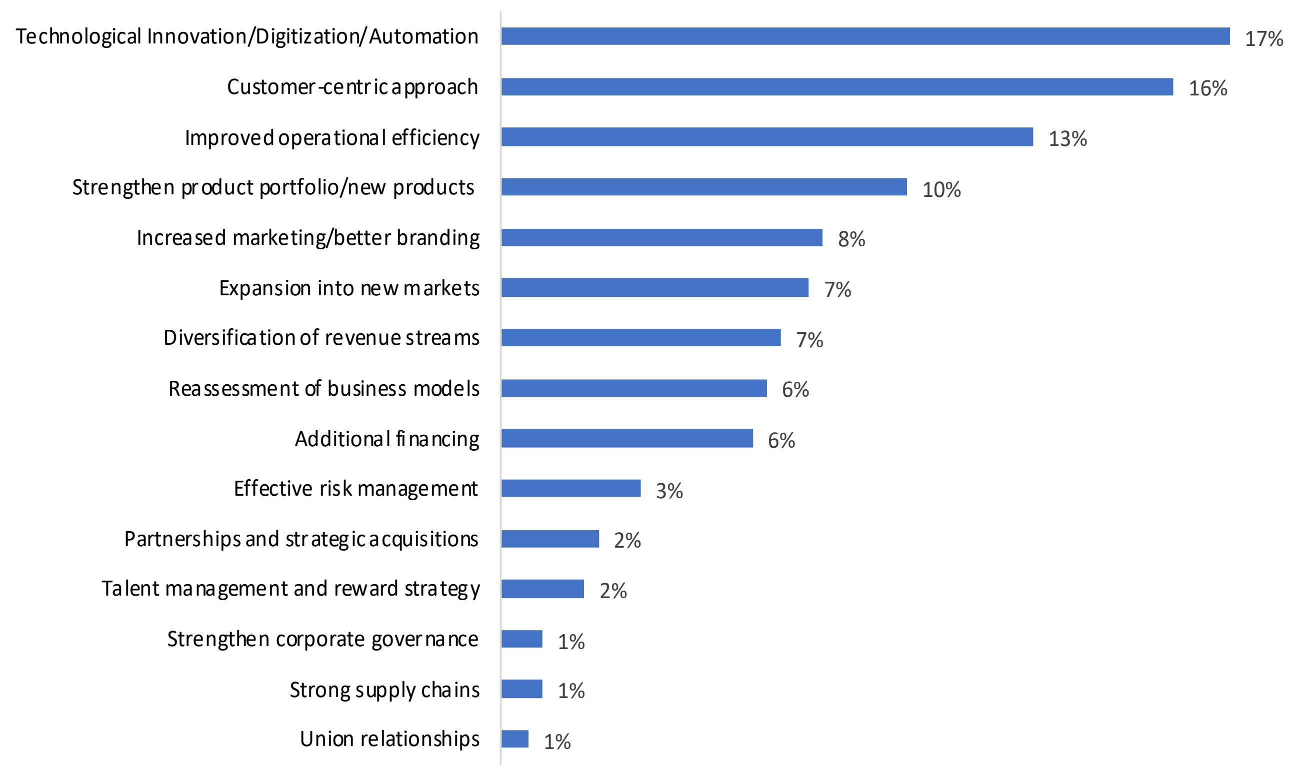
Chart 17: Change in interest rate on bank loans since August 2024, percent of respondents



11. FIRM EXPANSION AND GROWTH OVER THE NEXT 12 MONTHS

Respondents identified several factors that could support firms' growth over the next 12 months. Most frequently cited drivers included technological innovations and automation, customer centricity, and improved operational efficiency **(Chart 18)**.

Chart 18: Drivers of firm growth and expansion (percent of respondents)



Firms also identified factors that could constrain growth over the next 12 months. These included the elevated cost of doing business, and reduced consumer demand **(Chart 19 & 20)**.

Chart 19: Domestics factors constraining firms' growth and expansion (percent of respondents)

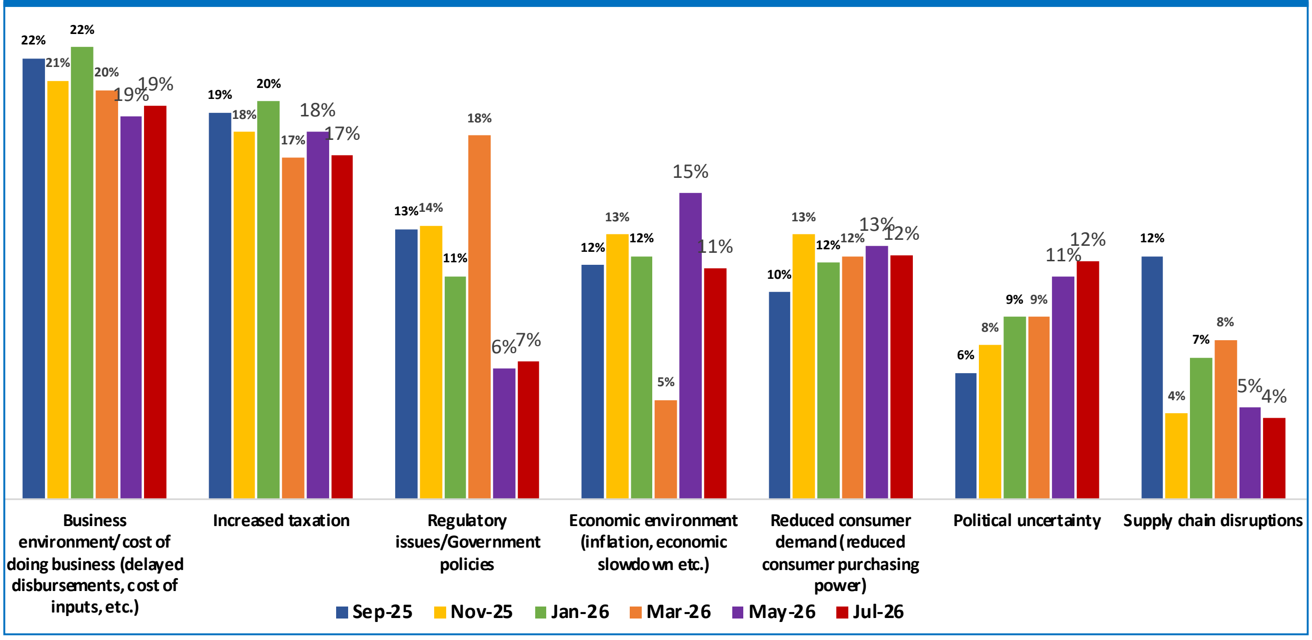
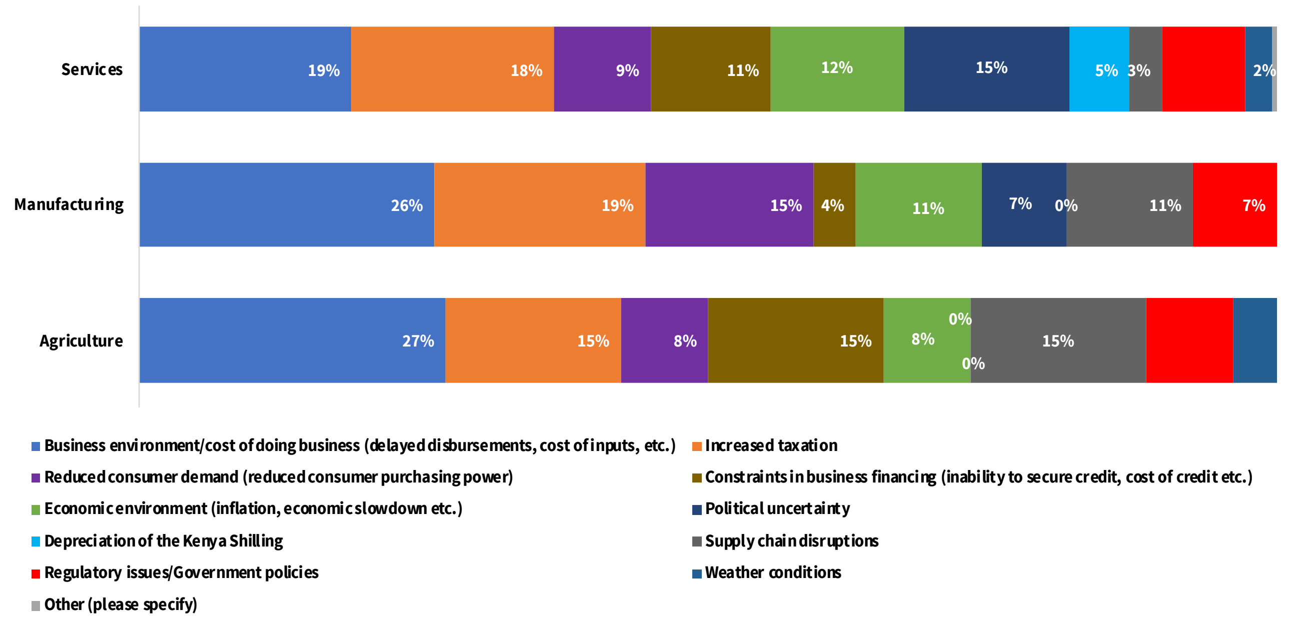
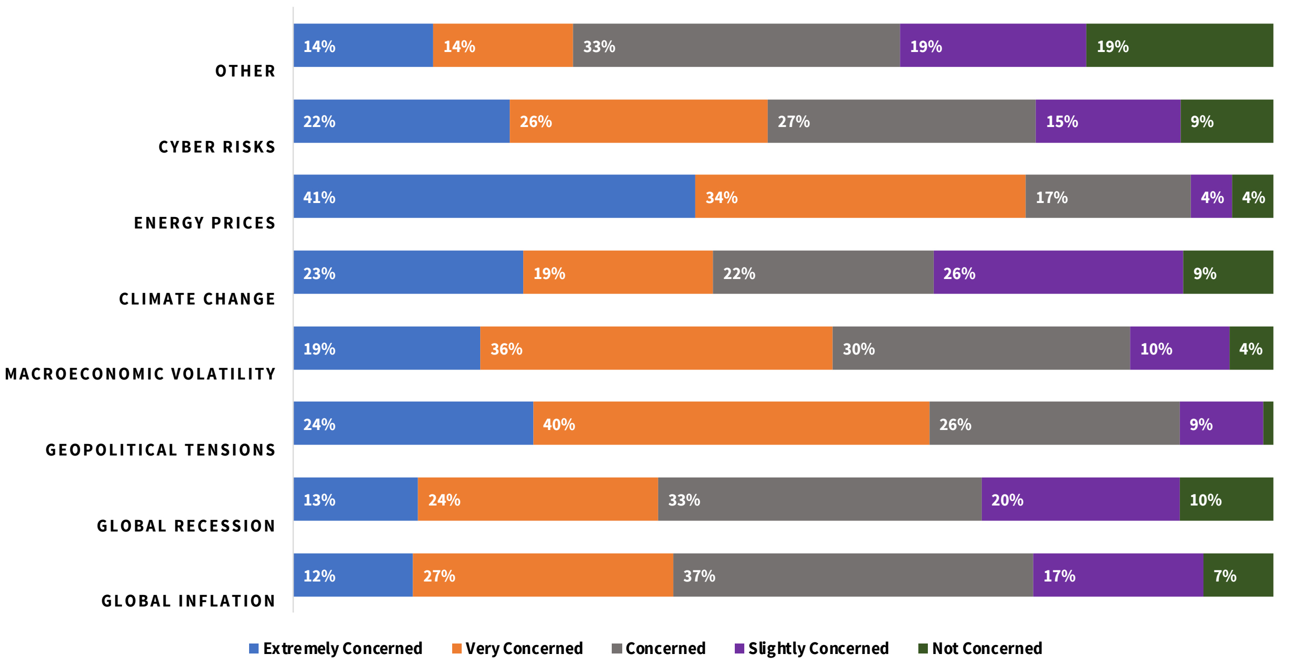


Chart 20: Domestic factors constraining firms' growth and expansion by sectors (percent of respondents)



Energy prices, geopolitical tensions, and global macroeconomic volatility were identified as the main external threats to firms' growth and expansion over the next 12 months **(Chart 21)**. Respondents reported that these risks could raise production and operating costs, disrupt supply chains, weaken demand, and contribute to inflationary pressures.

Chart 21: External threats to firms' growth and expansion (percent of respondents)



Nevertheless, firms intend to mitigate the constraining factors by improving on cost and risk management, adopting technology, automation and innovations, and diversification of operations (expansion into new markets and developing new products) **(Chart 22 & 23)**.

Chart 22: Mitigation of factors constraining firms' growth and expansion (percent of respondents)

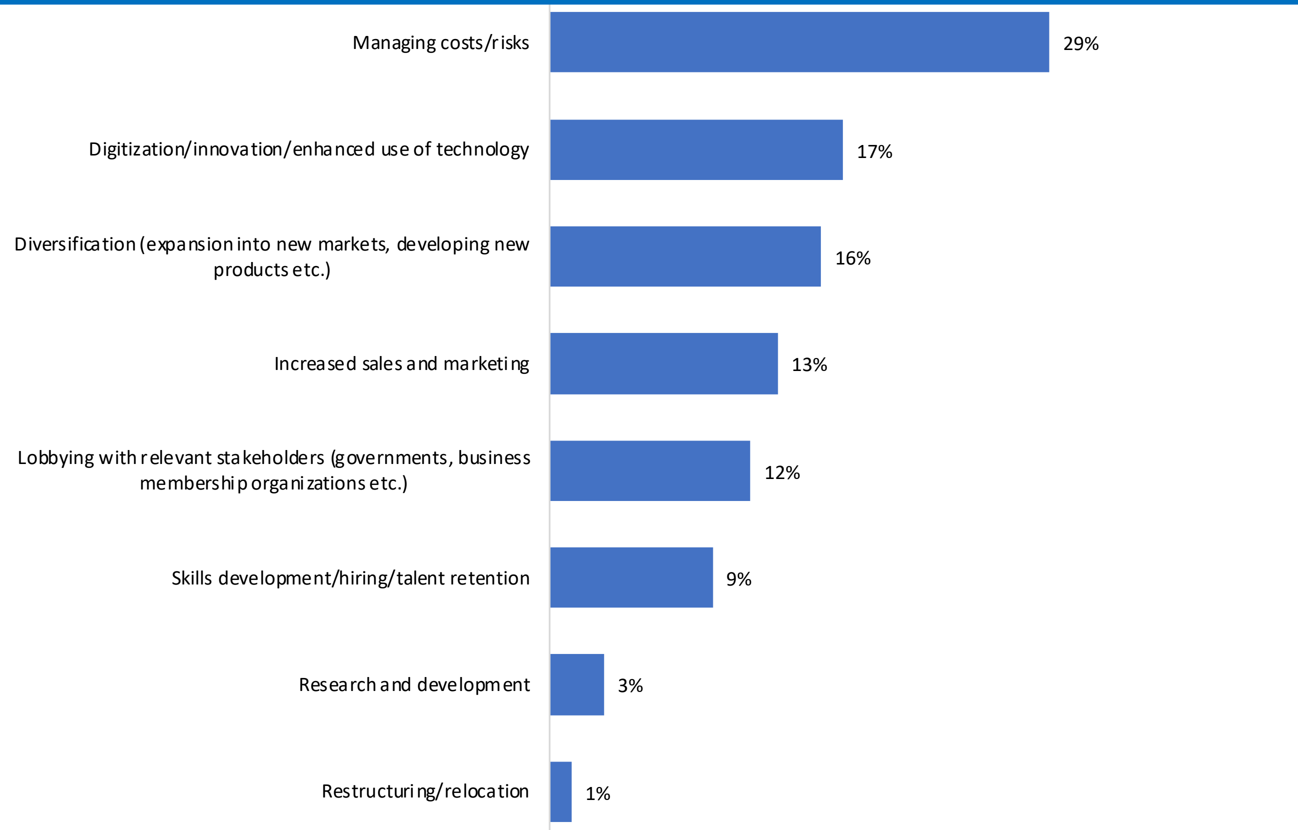
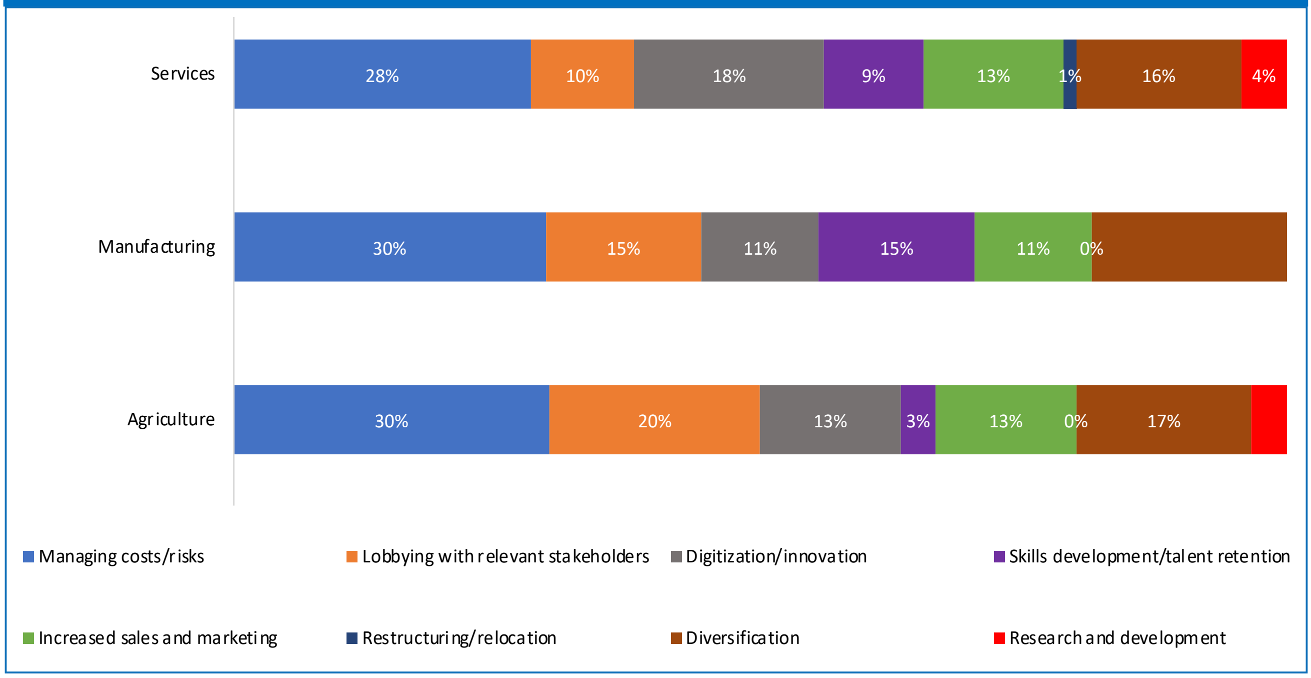


Chart 23: Mitigation of factors constraining firms' growth and expansion by sector (percent of respondents)



12. STRATEGIC PRIORITIES

The survey assessed firms' top strategic priorities over the next three years. Most respondents cited improving efficiency, sustainable business growth, and cost optimization as their primary focus areas in the near term **(Chart 24 & 25)**.

Chart 24: Firms' strategic priorities over the next three years (percent of respondents)

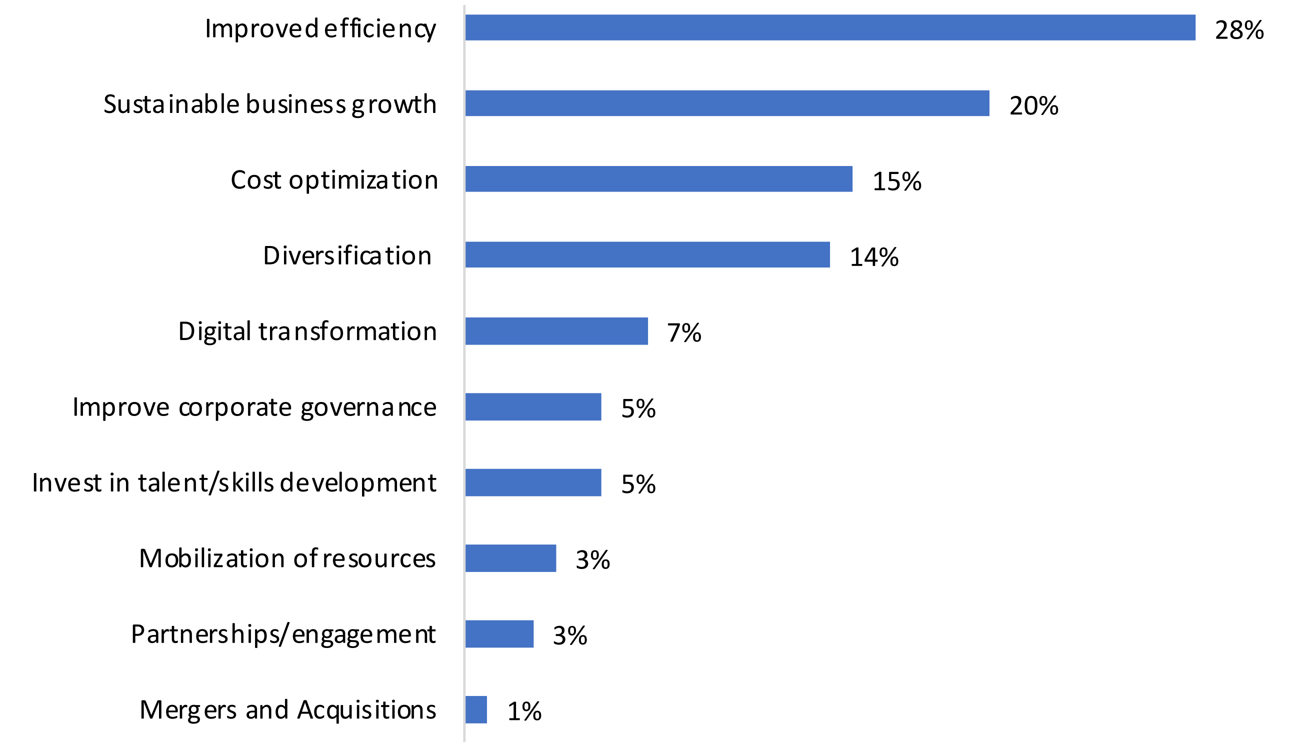
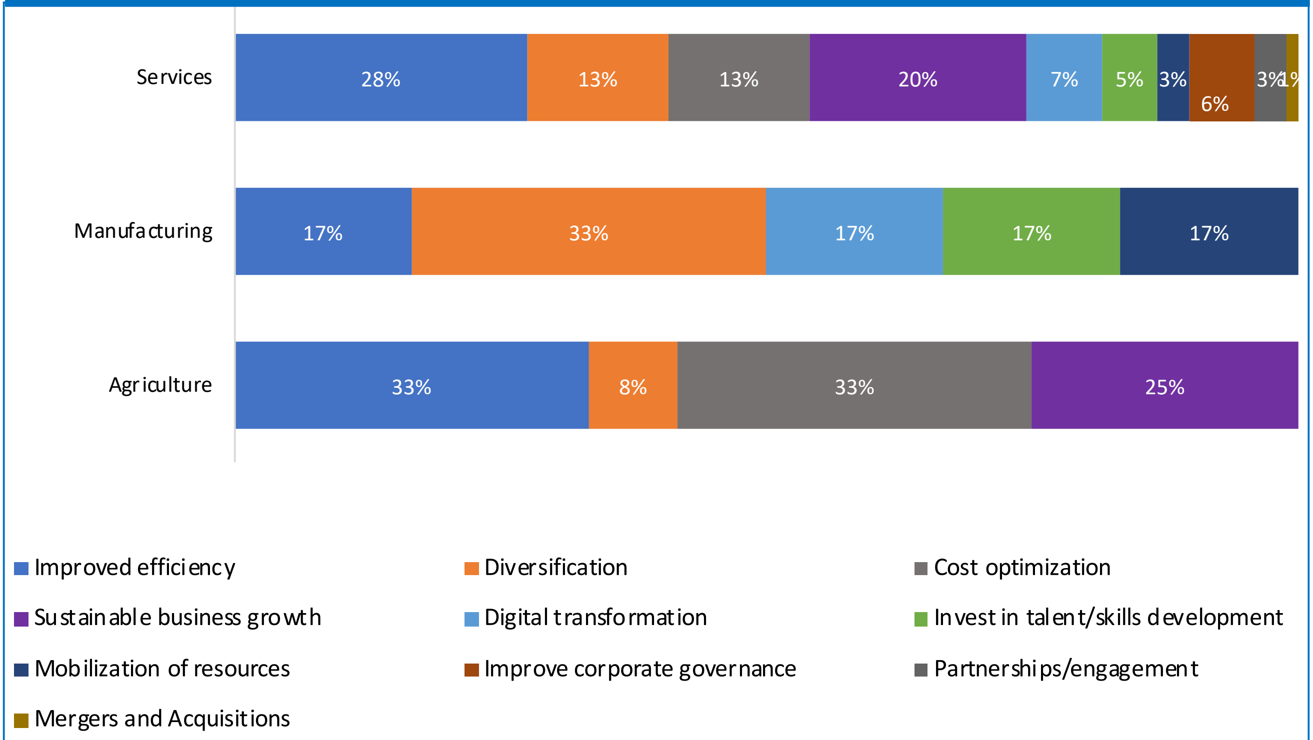


Chart 25: Firms' strategic priorities over the next three years by sector (percent of respondents)



13. CONCLUSION

- Despite heightened global risks, firms remained optimistic about growth prospects over the next 12 months.
- Respondents reported mixed business activity in 2026Q2. Activity is expected to remain broadly stable in 2026Q3.
- Most firms reported operating below or near-full capacity, indicating some capacity to accommodate an unexpected increase in demand or sales.
- Majority of respondents reported favourable access to bank credit supported by accommodative monetary policy.
- Majority of firms reported to have integrated technology into their operations.
- Firms reported technological innovations, customer centric approach, improving product portfolio and reassessment of business models as the key drivers of sectoral growth and expansion over the next 12 months.
- Cost of doing business remains the leading domestic constraints to firms' growth over the next 12 months. Geopolitical developments, particularly the conflict in the Middle East, were identified as the key external downside risk to economic activity.
- However, firms plan to mitigate against the constraining factors by managing business costs and lobbying with relevant stakeholders.

14. RECOMMENDATIONS ON HOW THE BUSINESS ENVIRONMENT IN KENYA CAN BE IMPROVED

Survey respondents identified interventions that could foster a more conducive business environment in Kenya to stimulate economic activity. This include the following:

1. Reduce the cost of doing business by lowering levies, licensing fees and compliance costs as well as fuel, energy, and key inputs costs.
2. Improving tax and regulatory predictability by maintaining stable, predictable, transparent and equitable policies, while minimising frequent policy changes and regulatory uncertainty.
3. Improve access to affordable financing, particularly for Small and Medium Enterprises, by reducing the cost of credit and support financing for investment, business expansion, and employment creation.
4. Strengthen governance by ease compliance by reducing bureaucratic processes that increase business costs and constrain productivity.
5. Strengthen fiscal management by ensuring timely settlement of pending bills and release of government funds, while maintaining a balanced approach to public and private sector financing.
6. Support macroeconomic stability by promoting long term national development plans that provide greater continuity beyond political cycles.
7. Improve infrastructure to attract investment and better support business activity.
8. Strengthen public – private sector engagement through sustained dialogue and collaboration, to ensure that government policies are effectively implemented and responsive to business needs.

BANKI KUU YA KENYA
Central Bank of Kenya
Haile Selassie Avenue P.O. Box 60000 - 00200 Nairobi | Tel: (+254) 20 - 286 0000 / 286 1000 / 286 3000
www.centralbank.go.ke