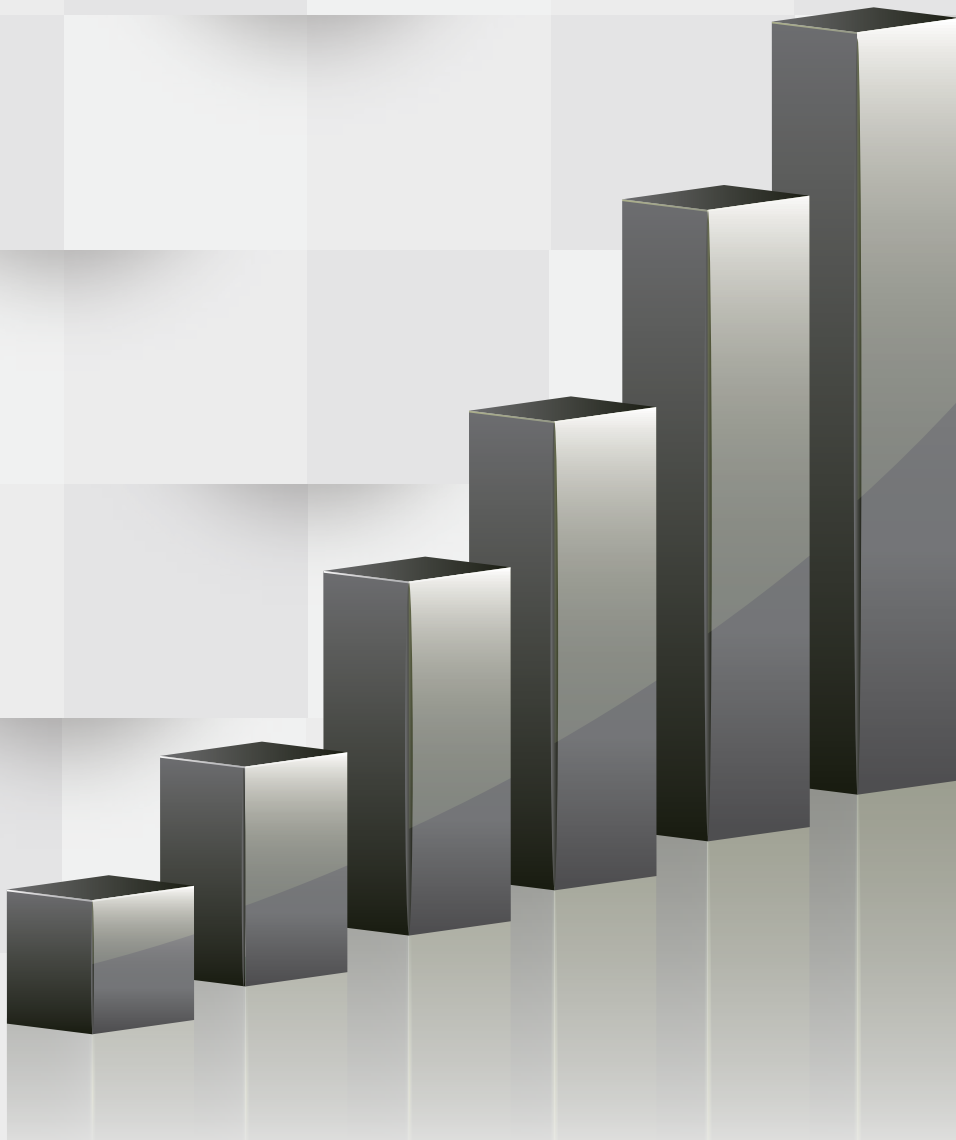




Central Bank of Kenya



CHIEF EXECUTIVE OFFICERS' (CEOs) SURVEY REPORT

September 2026

CONTENTS

1. BACKGROUND	1
2. INTRODUCTION.....	1
3. SURVEY METHODOLOGY	1
4. KEY HIGHLIGHTS OF THE SURVEY	1
5. BUSINESS CONFIDENCE/OPTIMISM OVER THE NEXT 12 MONTHS	2
6. BUSINESS ACTIVITY IN 2026 Q3 COMPARED TO 2026 Q2	4
7. OUTLOOK FOR BUSINESS ACTIVITY IN 2026 Q4 COMPARED TO 2026 Q3.....	7
8. IMPACT OF GEOPOLITICAL DEVELOPMENTS	9
9. TECHNOLOGY ADOPTION AND AUTOMATION IN FIRMS.....	10
10. FIRMS' SOURCES OF FINANCING	11
11. FIRM EXPANSION AND GROWTH OVER THE NEXT 12 MONTHS	13
12. STRATEGIC PRIORITIES.....	16
13. CONCLUSION	17
14. RECOMMENDATIONS ON HOW THE BUSINESS ENVIRONMENT IN KENYA CAN BE IMPROVED	18

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 September 7 and 18, 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 (September 2026 – August 2028). The findings of the survey are summarized in this report.

3. SURVEY METHODOLOGY

The Survey targeted the CEOs of 600 private sector firms through questionnaires administered via a direct online survey. The survey respondents were from the following sectors: tourism, hotels and restaurants (20 percent), wholesale and retail trade (17 percent), professional services (16 percent), agriculture (9 percent), manufacturing (8 percent), financial services (7 percent), healthcare and pharmaceuticals (5 percent), ICT and telecommunications (4 percent), transport and storage (4 percent), real estate (4 percent), mining and energy (2 percent) and building and construction (2 percent). Education, media and security accounted for one percent and below of the respondents.

Majority of the respondents (79 percent) were domestically owned private firms, while the rest were foreign-owned private firms (14 percent), publicly listed domestic firms (2 percent), publicly listed foreign firms (1 percent), government owned entities (2 percent), and other ownership structures (2 percent). Fifty three percent of the respondents had a turnover of less than KSh 250 million in 2025, eighteen percent of the respondents had a turnover of between KSh 250 million and KSh 1 billion, sixteen percent of the respondents had a turnover of between KSh 1 billion and KSh 5 billion, while thirteen percent of the respondents had a turnover of over KSh 5 billion, during the same period.

In terms of employment, 64 percent of respondents employed less than 100 employees, 28 percent of the respondents had between 100 and 1000 employees, while 8 percent of respondents employed over 1000 people. The responses were aggregated and analyzed using frequencies, percentages, and simple averages where appropriate.

4. KEY HIGHLIGHTS OF THE SURVEY

The key findings from the Survey were:

- Despite global risks, respondents remain optimistic about growth prospects for their sectors, companies, and the Kenyan economy, with optimism improving relative to July 2026.
- Business activity was mixed in 2026Q3 but is expected to improve in 2026Q4, supported by seasonal demand.
- Demand orders and sales improved, while production and employment remained broadly stable. Purchase prices increased, while selling prices remained largely unchanged.

- Most firms expect orders and sales to increase in the next quarter, alongside further increases in purchase prices. However, selling prices are expected to remain broadly stable, as competition limits the pass-through of higher costs to consumers.
- Most respondents reported declining lending rates. However, collateral requirements, lengthy approval processes, and cautious bank lending continued to constrain access to credit.
- Most firms reported operating below their capacity.
- The high cost of doing business, elevated energy prices, and geopolitical tensions, particularly in the Middle East, remain the key constraints to firms' growth over the next 12 months.

5. BUSINESS CONFIDENCE/OPTIMISM OVER THE NEXT 12 MONTHS

The Survey assessed CEOs' views on growth prospects for their companies, sectors, the Kenyan and the global economy over the next 12 months. The September 2026 Survey indicated improved optimism regarding company growth prospects and the Kenyan economy compared to July 2026, while more respondents expected the global growth to remain stable.

Respondents attributed the improved growth outlook for Kenya to resilient domestic demand, higher orders, and seasonal spending. Rising domestic and international tourism, continued services sector activity, lower borrowing costs, improved liquidity, a stable exchange rate, anticipated foreign investment and increased technological adoption were also expected to support growth and investor confidence. However, elevated fuel, transport and other input costs, pressure on household incomes, adverse weather conditions, geopolitical tensions, and weaker external demand posed downside risks to growth **(Chart 1)**.

At the company level, optimism on growth prospects improved compared to July 2026, supported by increased customer orders and demand, with higher production and sales expected during the festive season. Firms also cited customer and product diversification, including new products, services, entry into new export markets, stronger marketing, improved customer retention, investor capital injections and increased loan disbursements as factors supporting growth **(Chart 2)**.

Sectoral growth prospects are expected to vary. Agriculture is expected to benefit from seasonal rains and harvesting, although higher production and transport costs remain constraints. Manufacturing is expected to be impacted by competition from cheap imports, high input costs and subdued demand, despite steady orders. Tourism is expected to be supported by increased domestic and international visitors, business travel, and diaspora holiday arrivals as well as marketing efforts. Healthcare prospects are expected to improve with normalization of healthcare payments, although delayed payments by insurers and other debtors, high import costs and limited household spending on non-urgent healthcare may constrain growth. ICT growth is expected to be supported by technological advances, fintech development and improved digital customer experiences.

Financial services activity is expected to benefit from seasonal events, housing demand, and demand for finance and investment products, although limited expansion plans and weather-related loan repayments pressures posed risks. Wholesale and retail trade is expected to benefit from improving demand and steady orders, although lower uptake of goods, constrained consumer incomes, and increased competition could limit growth.

More respondents expected global economic growth to remain stable over the next 12 months. Technological advancements and the potential resolution of ongoing conflicts were expected to support global economic activity. However, continued conflicts in the Middle East and Europe, volatile fuel prices, energy supply uncertainty, trade tariffs and disruptions, weak external demand, inflationary pressures, higher interest rates and constrained consumer incomes remained key risks.

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

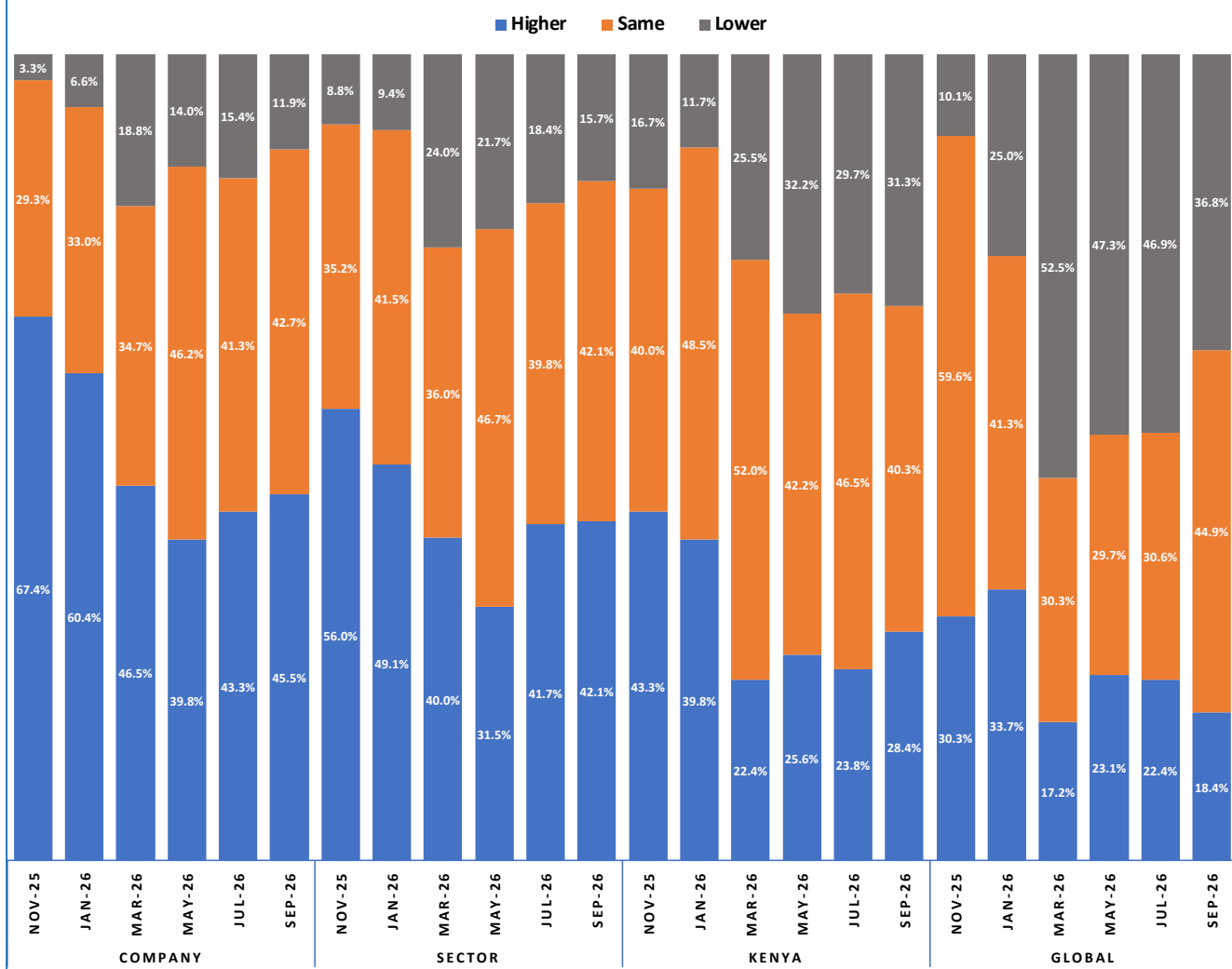
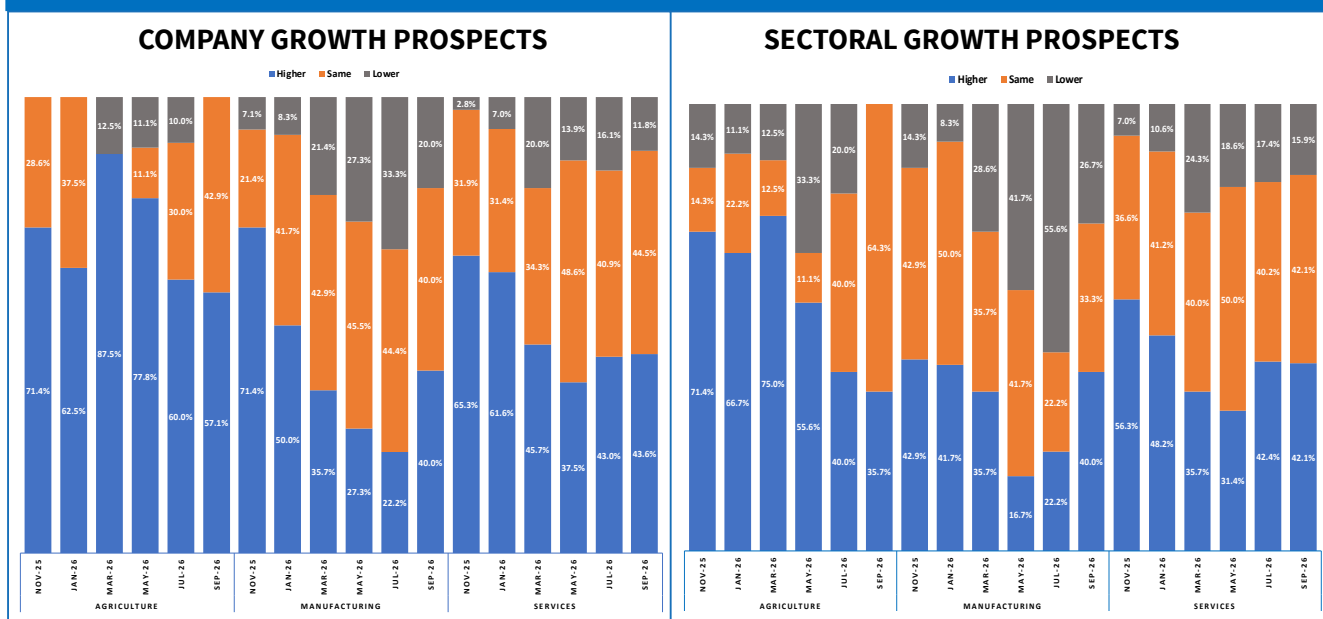


Chart 2: Sectoral analysis of growth prospects over the next 12 months (percent of respondents)



6. BUSINESS ACTIVITY IN 2026 Q3 COMPARED TO 2026 Q2

The Survey assessed CEOs' perceptions on business activity in the third quarter of 2026 relative to the second quarter of 2026. The Survey indicated a modest improvement in business activity in 2026Q3 relative to 2026Q2, although performance varied across firms and sectors. Demand orders increased or remained unchanged, supported by tourism, crop harvesting, new products, and domestic and export orders. However, weak consumer purchasing power and off-peak activity constrained demand in some firms. Production remained broadly stable, with drought, raw material shortages, low tea production and rising input costs limiting output.

Sales improved in some firms, supported by stronger demand, tourism activity and harvesting. Purchase prices generally increased, reflecting higher fuel, transport, import and other input costs. Selling prices remained largely unchanged, as some firms balanced cost recovery against weak demand. Full-time employment was also broadly stable, with some firms reducing staff in response to rising costs and subdued demand **(Chart 3 to 9)**.

Chart 3: Business activity in 2026 Q3 compared to 2026 Q2 (percent of respondents)

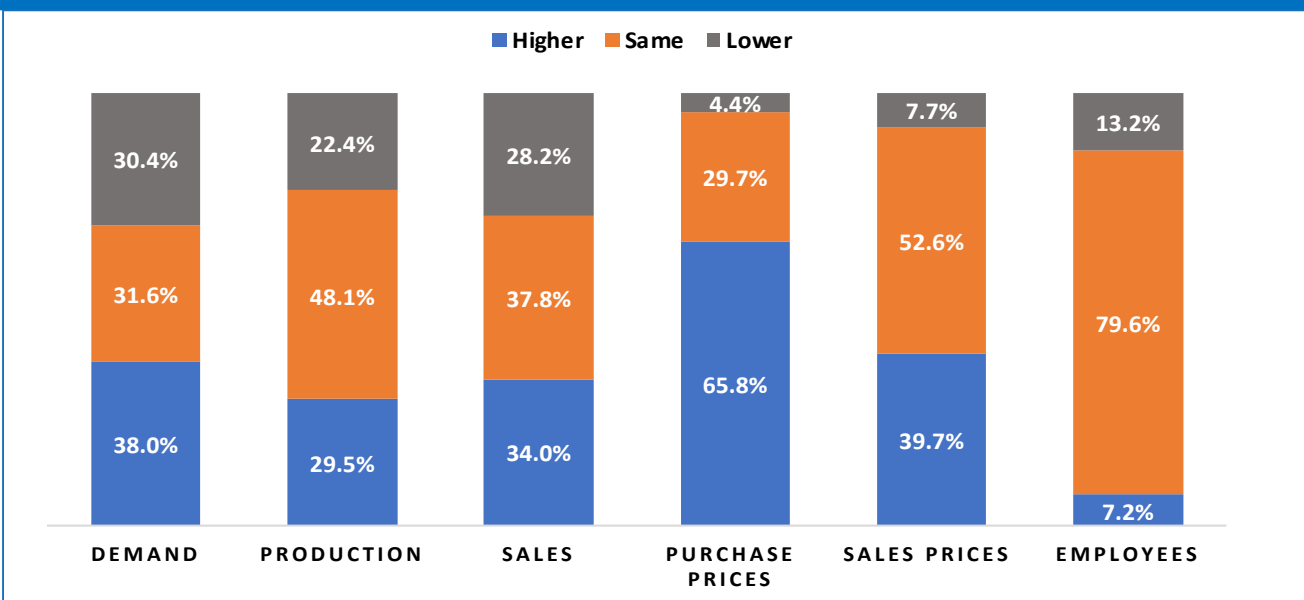


Chart 4: Comparison of business activity in 2026 Q3 relative to 2026 Q2 (balance of opinion)

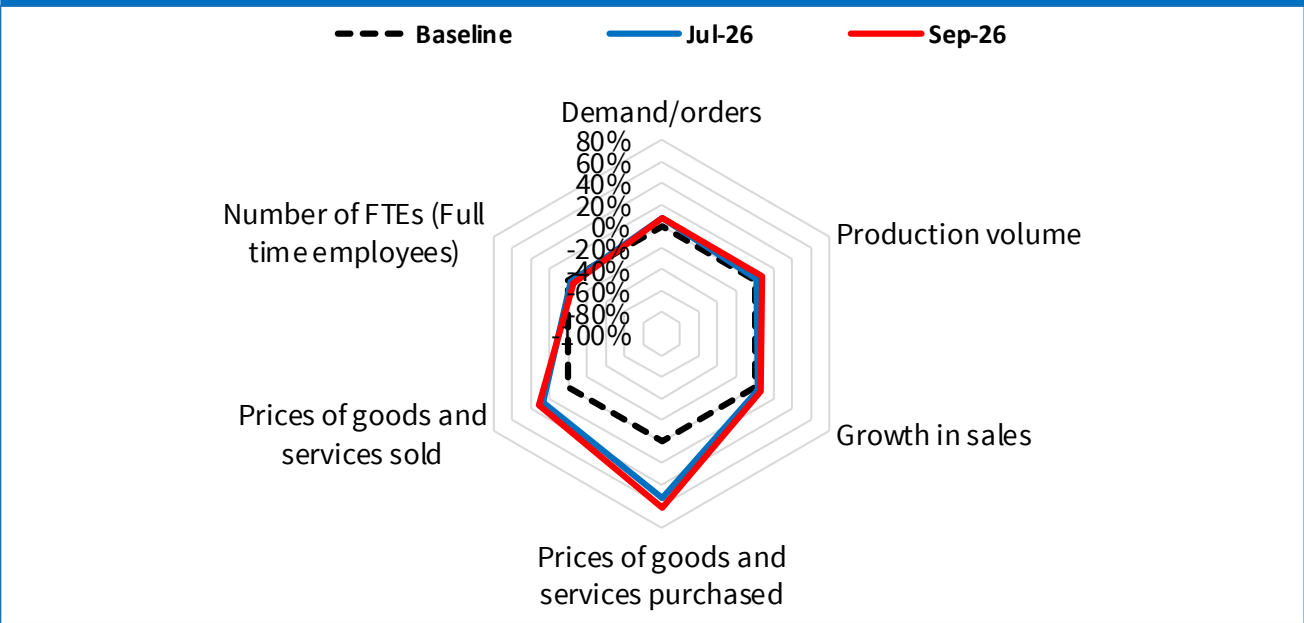


Chart 5: Demand/Orders in 2026 Q3 relative to 2026 Q2 by sectors (percent of respondents)

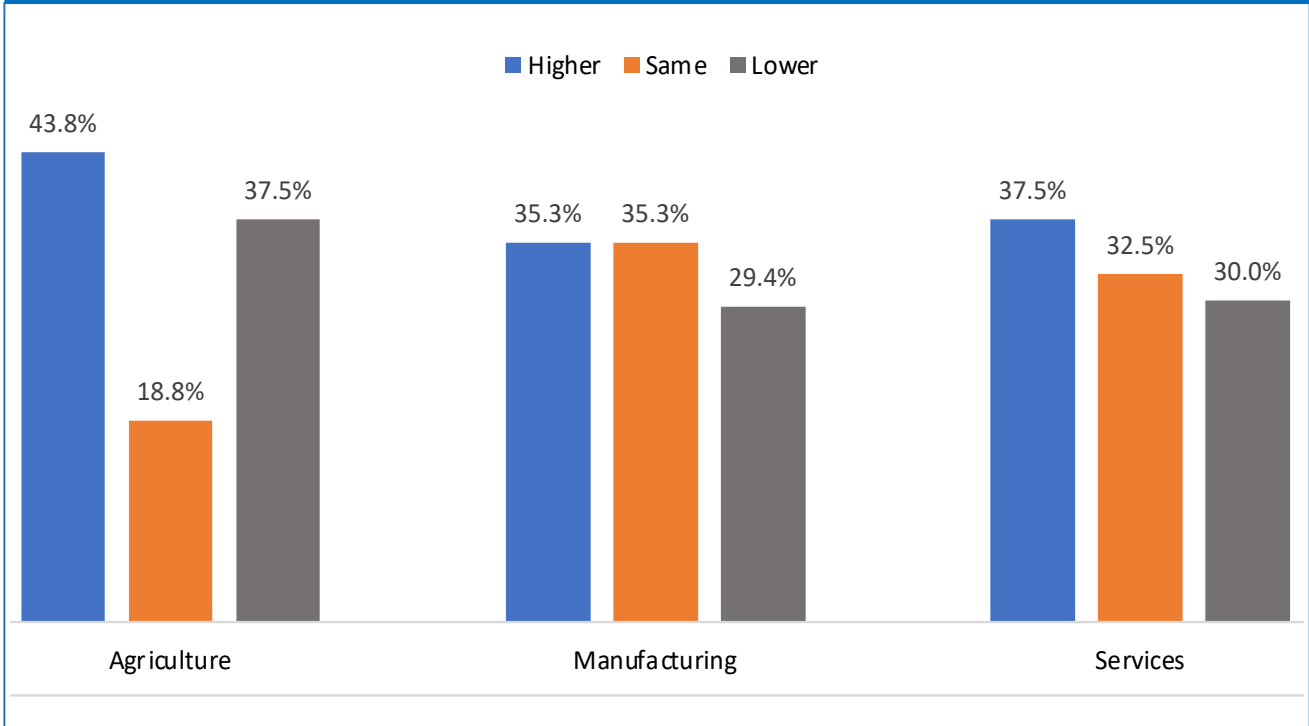


Chart 6: Sales growth in 2026 Q3 relative to 2026 Q2 by sectors (percent of respondents)

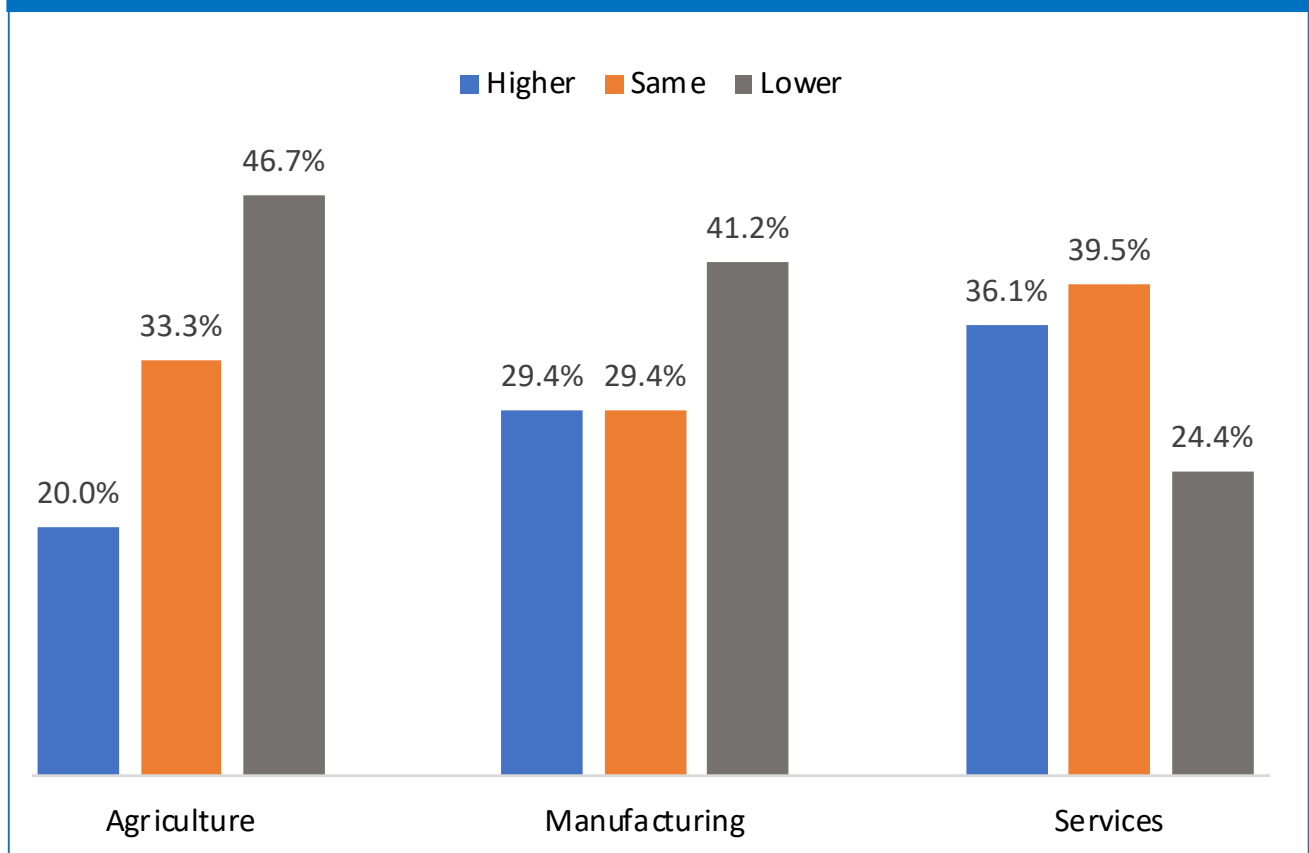


Chart 7: Purchase and sales prices in 2026 Q3 relative to 2026 Q2 by sectors (percent of respondents)

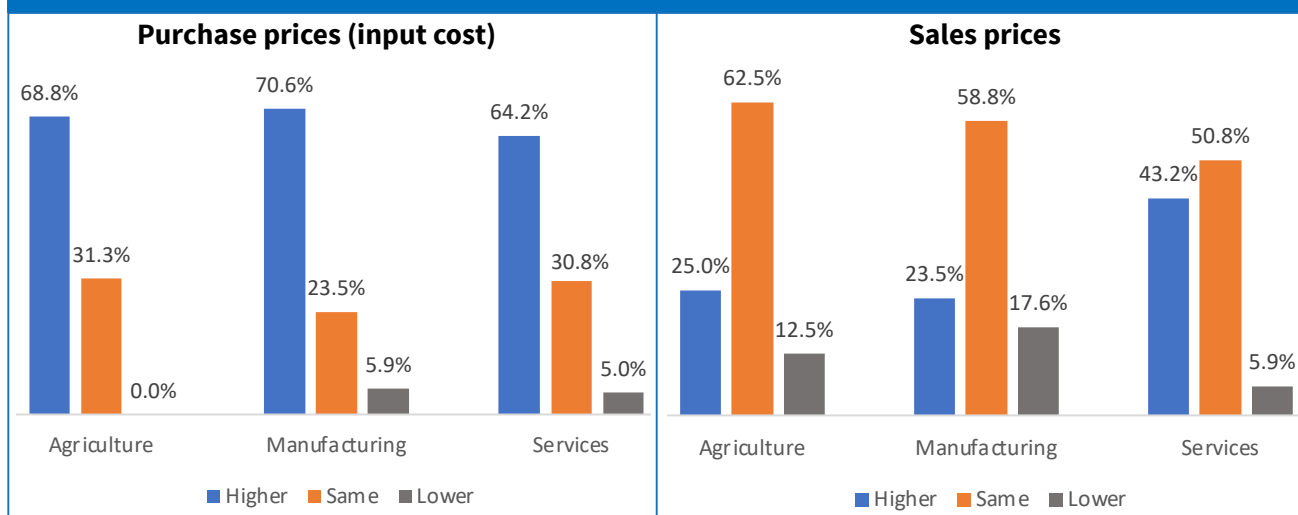


Chart 8: Production volumes in 2026 Q3 relative to 2026 Q2 by sectors (percent of respondents)

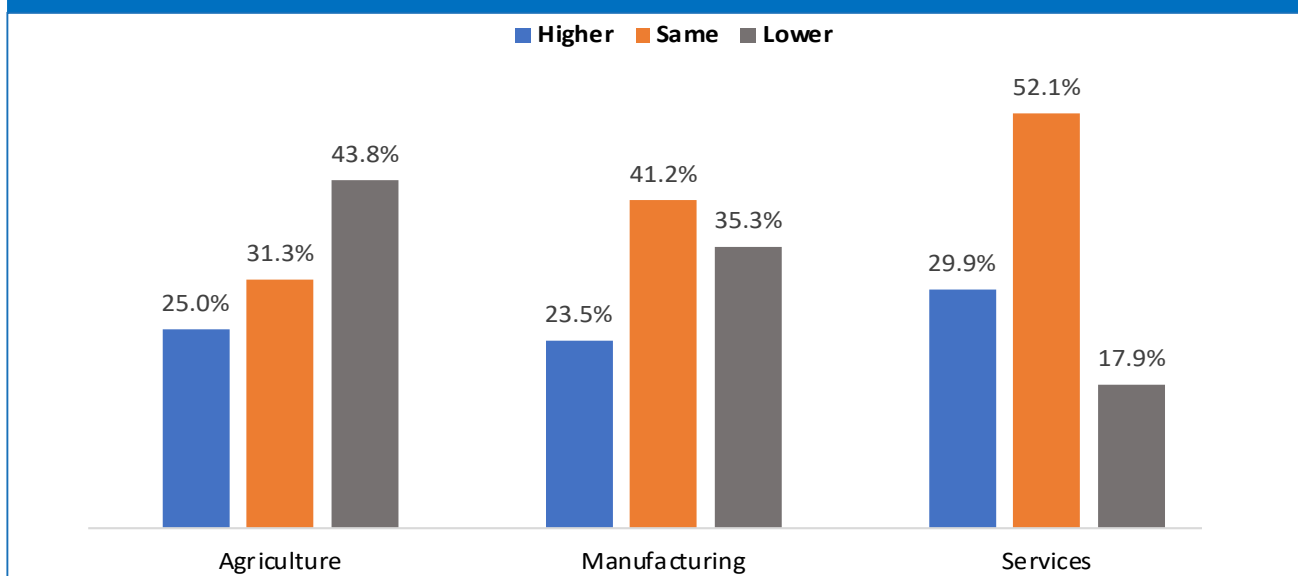
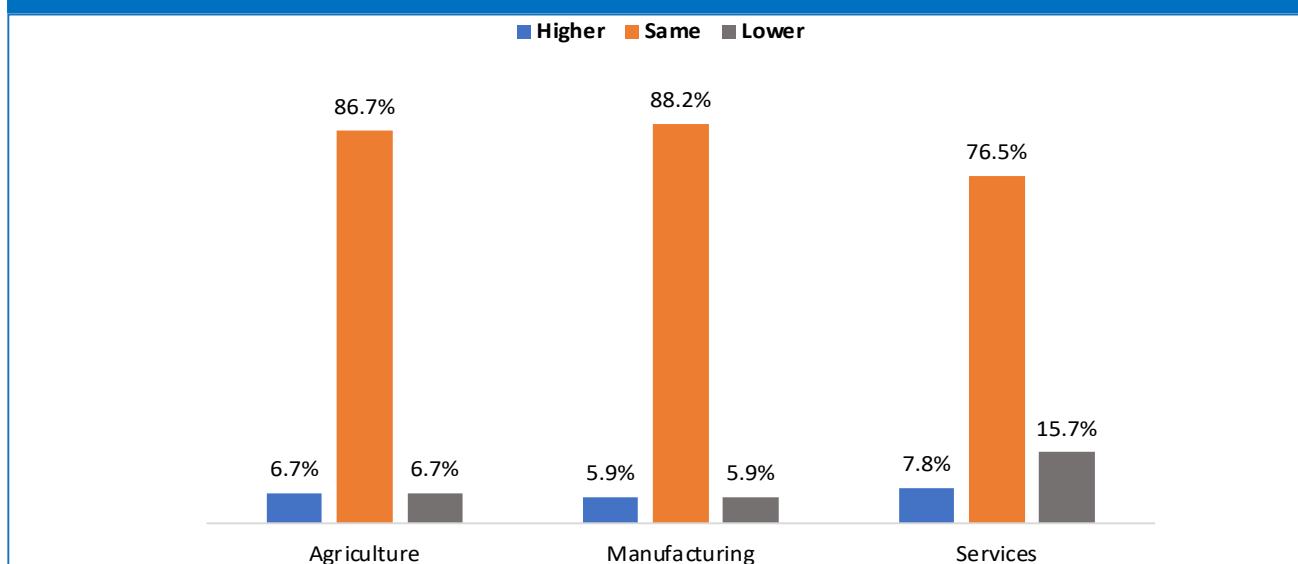


Chart 9: Number of full-time employees in 2026 Q3 relative to 2026 Q2 by sectors (percent of respondents)



7. OUTLOOK FOR BUSINESS ACTIVITY IN 2026 Q4 COMPARED TO 2026 Q3

The Survey assessed CEOs expectations of business activity in the 2026Q4 relative to 2026Q3. Respondents anticipated improved business activity, driven by festive spending, hotel bookings and social events. Demand orders, sales and production were expected to increase, with improved agricultural output. However, weak purchasing power, excessive rainfall and off-peak seasons could constrain activity. Purchase prices were expected to rise due to higher input, fuel, transport and shipping costs. Selling prices were expected to remain broadly stable as weak demand and competition limited cost pass-through, although some firms expected to raise prices to offset higher input costs and protect margins. Meanwhile,

full-time employment was expected to remain largely unchanged, as firms sought to contain labour costs **(Chart 10)**.

Compared to the July Survey, the balance of opinion indicated improved expectations for demand orders, production and sales. The balance of opinion on purchase prices rose sharply, pointing to increased input cost pressures, while that on selling prices edged up slightly. Employment expectations remained broadly unchanged.

Overall, the outlook pointed to improved business activity, supported by seasonal spending and higher orders, although weak purchasing power and rising operating costs remained key constraints **(Chart 11)**.

Chart 10: Outlook on business activity in 2026 Q4 compared to 2026 Q3 (percent of respondents)

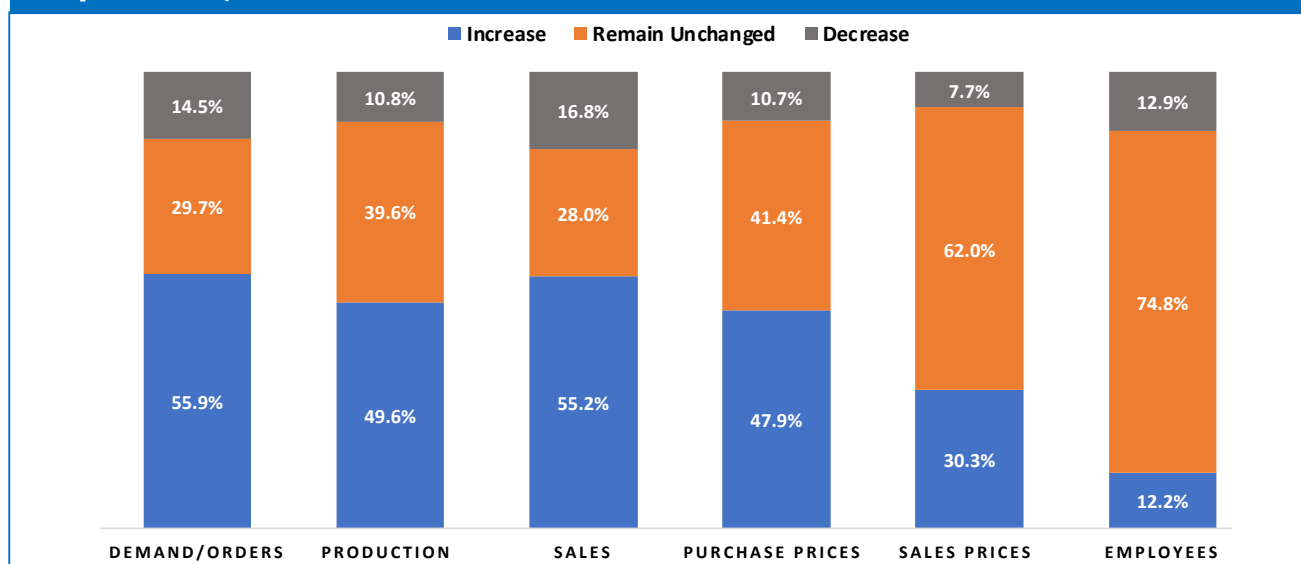
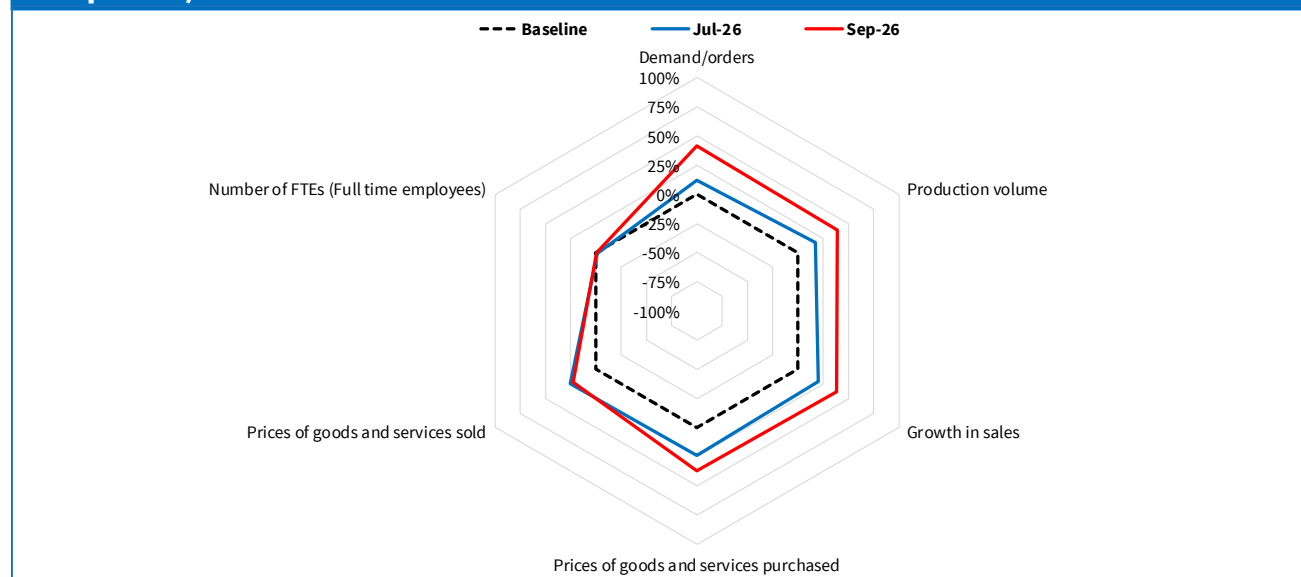


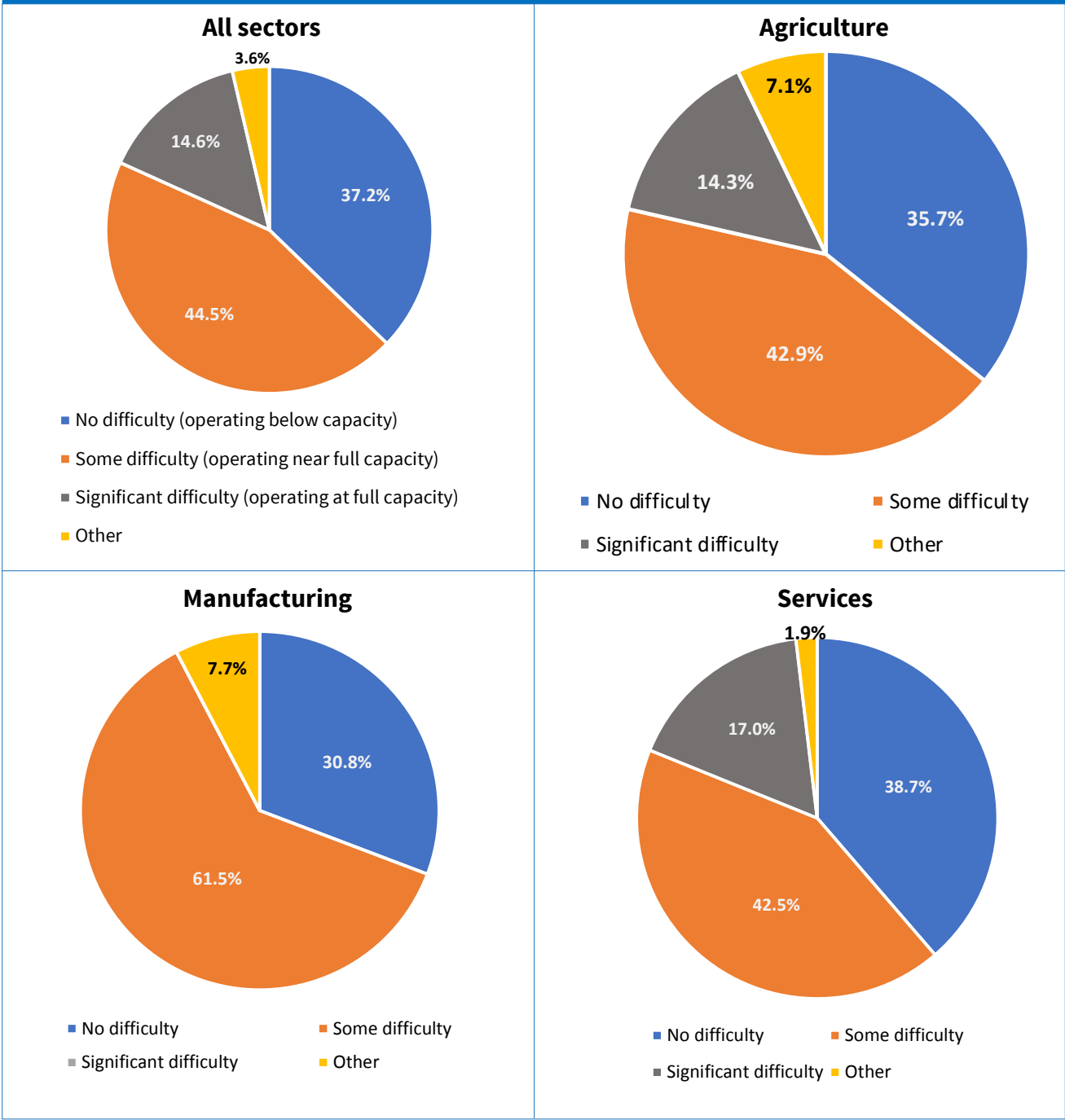
Chart 11: Expectations of business activity in 2026 Q4 relative to 2026 Q3 (balance of opinion)



Among respondents, 37.2 percent reported operating below capacity and expected no difficulty meeting an unexpected increase in demand. This was due to availability of spare capacity due to low demand and off-peak activity, adequate machinery and stocks, and the ability to use technology and mobilize resources, to absorb additional demand. A further 44.5 percent anticipated some difficulty as they were operating near full capacity. Their ability to respond would be constrained by pressures on working capital, labour, equipment and logistics; the time needed to train specialists, acquire equipment, and adjust scheduling and procurement; regulatory

requirements for product development; and erratic weather affecting production, processing and marketing, particularly in agriculture. Another 14.6 percent expected significant difficulty expanding capacity, mainly because of limited capacity, ageing machinery and long production lead times, which would hinder their response to a sudden increase in demand. Shortages of raw materials, delayed imports and insufficient working capital could further constrain output. Meanwhile, manufacturing recorded the highest proportion of respondents anticipating some difficulty in meeting a sudden increase in demand (**Chart 12**).

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

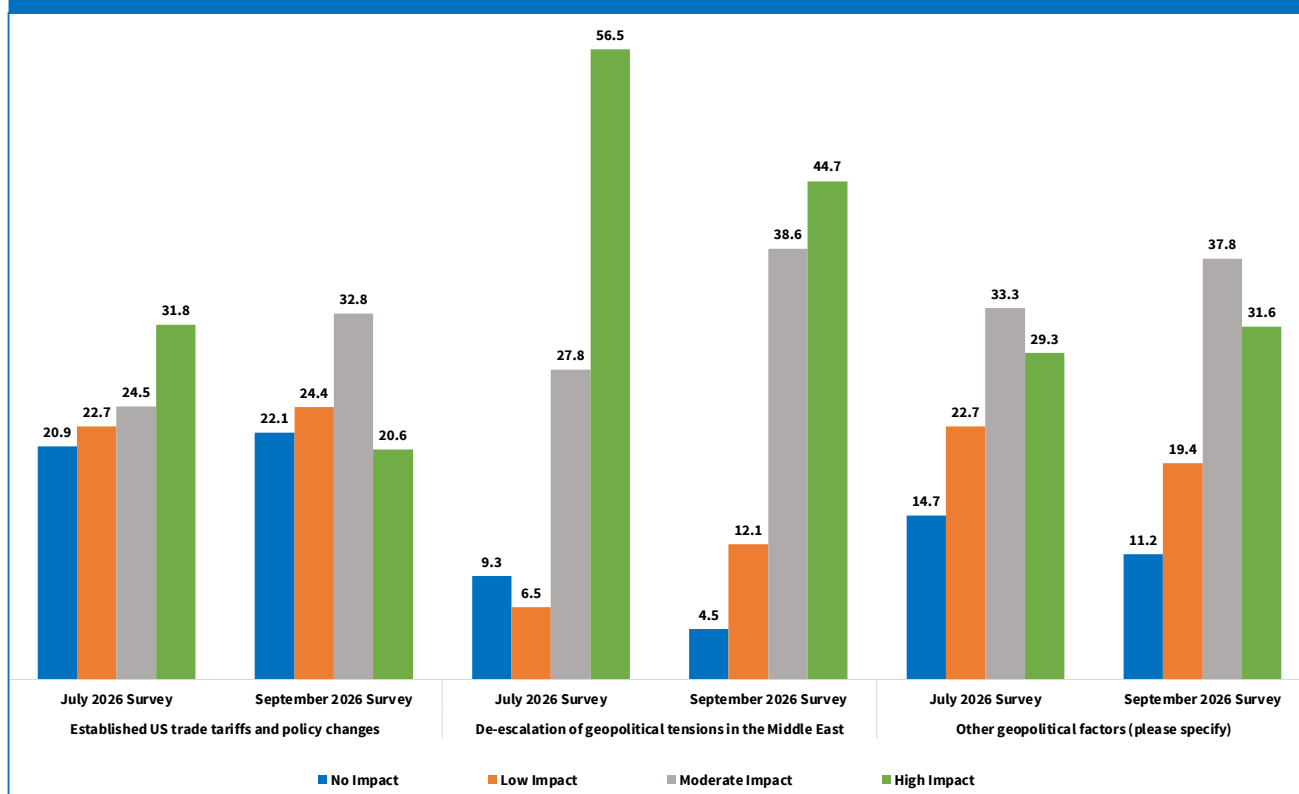


8. IMPACT OF GEOPOLITICAL DEVELOPMENTS

The September 2026 Survey assessed the anticipated impact of geopolitical developments on firms' business outlook. Compared with July 2026, fewer respondents anticipated a high impact of US trade policies and Middle East developments on business activity. Developments in the Middle East remained the most significant concern, with de-escalation expected to ease fuel and freight costs, reduce supply disruptions and improve business confidence.

Most firms reported limited direct exposure to US trade policies, although tariffs could raise import costs and disrupt supply chains. Other geopolitical risks, including the Russia-Ukraine war and conflicts in Sudan, South Sudan and the Eastern Democratic Republic of Congo and Rwanda, were associated with trade uncertainty, exchange rate volatility, higher costs and delays in supplies **(Chart 13)**.

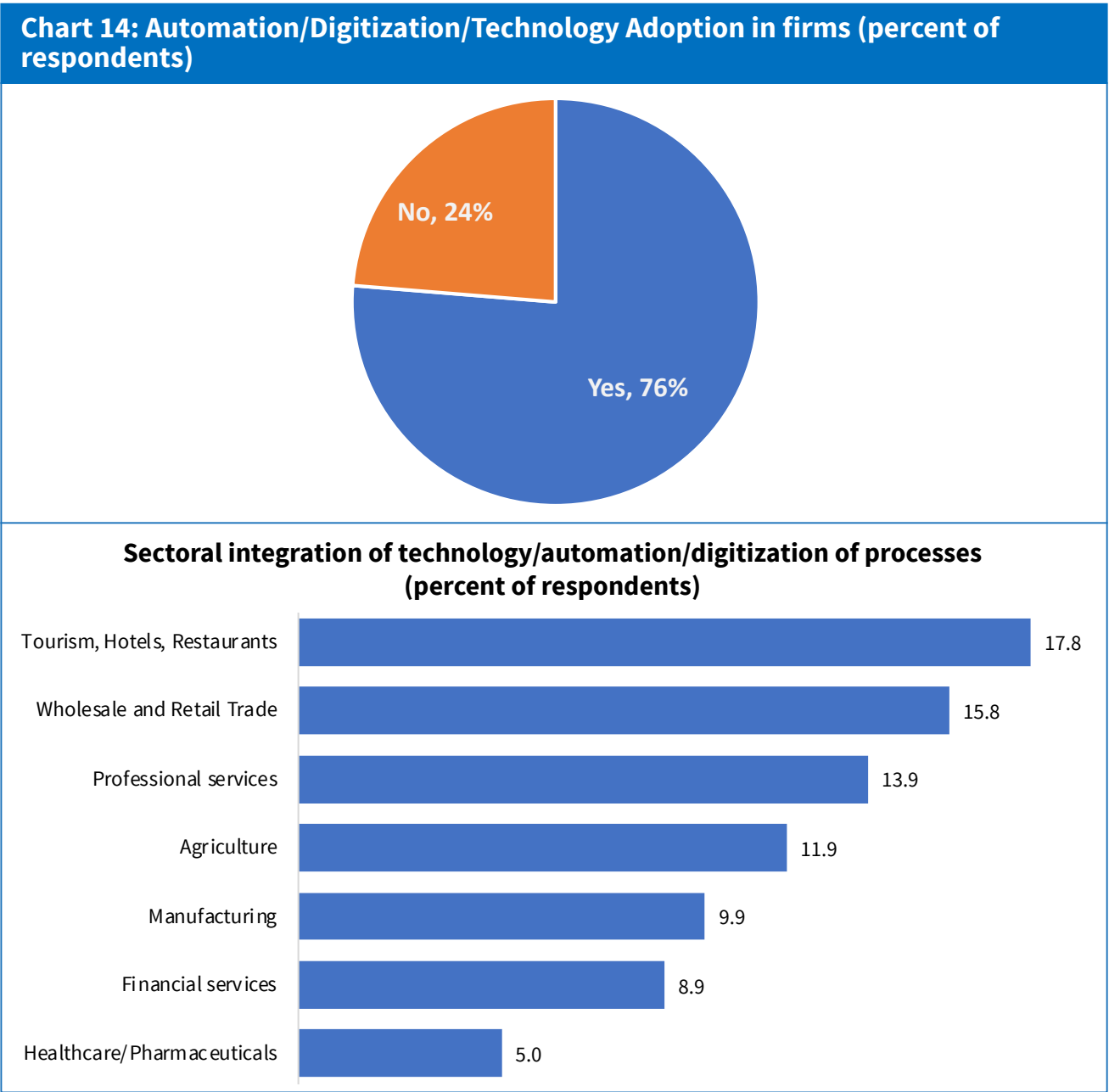
Chart 13: Expected impact of geopolitical developments (percent of respondents)



9. TECHNOLOGY ADOPTION AND AUTOMATION IN FIRMS

The survey assessed firms' integration of technology, automation and digitisation into their business operations. Seventy-six percent of respondents reported adopting these technologies to support business processes. Key areas of application included Enterprise Resource Planning (ERP), inventory tracking and warehouse management systems, e-commerce platforms, retail point-of-sale systems and online booking platforms. Firms also cited electronic tax registers to track sales and simplify tax reporting, digital weighing scales, treasury management systems and artificial intelligence tools, alongside digital integration with customers and business partners **(Chart 14)**.

Respondents identified several challenges to technology adoption, including the high costs of acquiring, implementing and maintaining systems and supporting infrastructure. Digital skills gaps, difficulties recruiting specialists and the time required to train staff also constrained integration. Poor internet connectivity, power outages, system downtime and limited technical support affected implementation and use. Other challenges included cybersecurity threats, fraud, concerns over data security, privacy and integrity, compatibility with older systems and employee resistance to change.

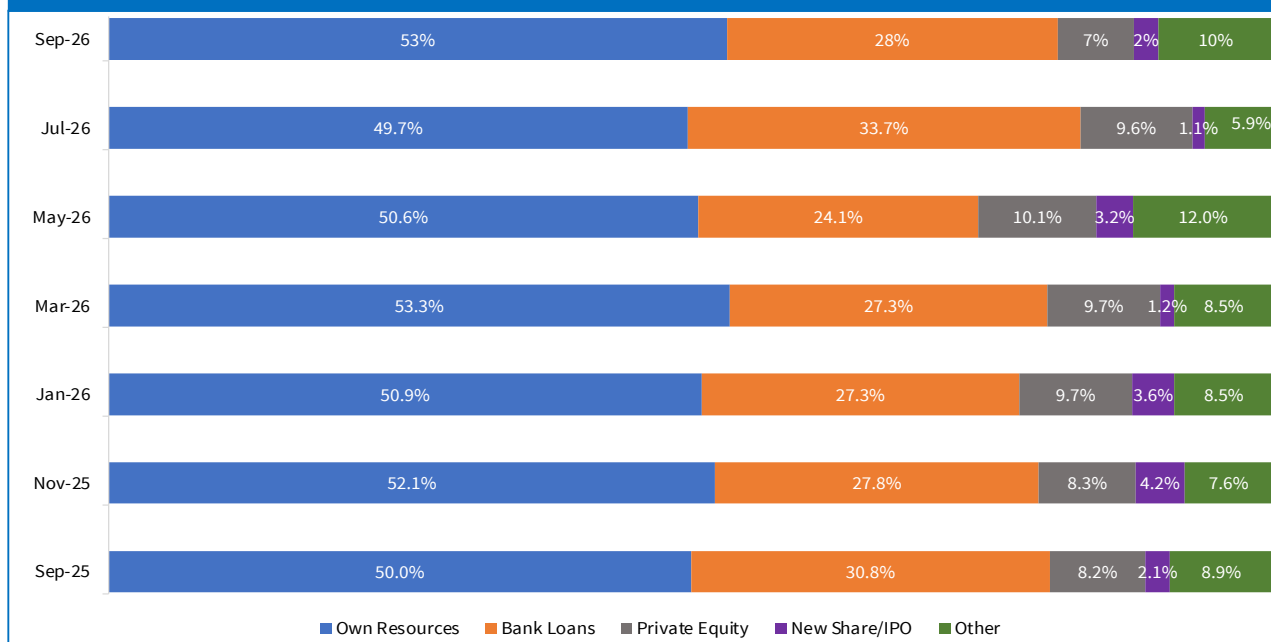


10. FIRMS' SOURCES OF FINANCING

The Survey assessed the main sources of firms' financing in the third quarter of 2026. Most CEOs reported financing their firm operations using

internally generated funds and retained profits, supplemented by revenue from domestic and export sales (**Chart 15**).

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



Others used bank loans and overdrafts to finance working capital, equipment and business inputs. Additional sources included supplier credit, customer deposits and advance payments, short-term support from family and business associates, and grants from development partners. Although lending rates had declined, concerns over credit affordability continued to influence some firms' preference for internally generated funds (**Chart 15**).

The Survey sought to assess firms' access to bank financing. In 2026Q3, 43.1 percent of respondents rated access as moderate, 30.2 percent as easy or very easy, and 26.7 percent as difficult or very difficult. Some respondents reported improved borrowing conditions following declines in lending rates and increased willingness by banks to lend.

Strong banking relationships, sound balance sheets and good repayment capacity also supported access.

37.7 percent of the respondents reported declines in interest rates on loans, supported by accommodative monetary policy stance.

However, high collateral requirements, lengthy approval processes, documentation demands and borrowing costs constrained access, particularly for smaller businesses, while weak demand and cash-flow pressures limited their appetite for additional borrowing (**Chart 16 & 17**).

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

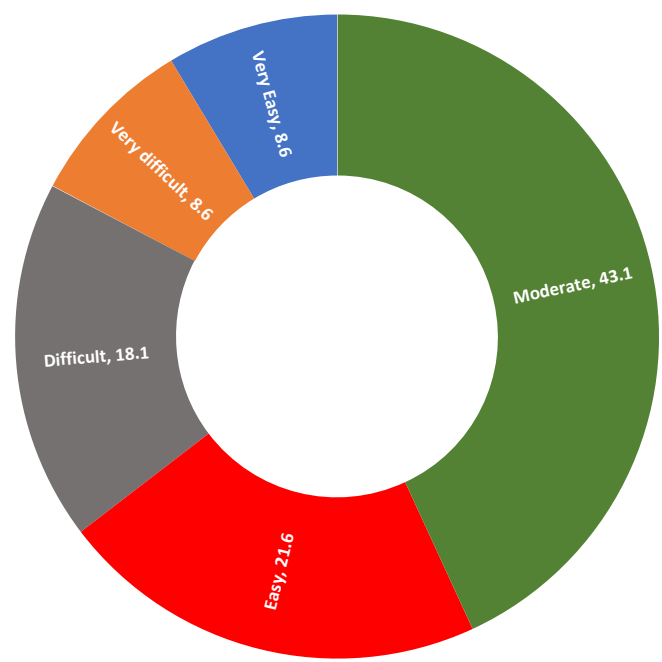
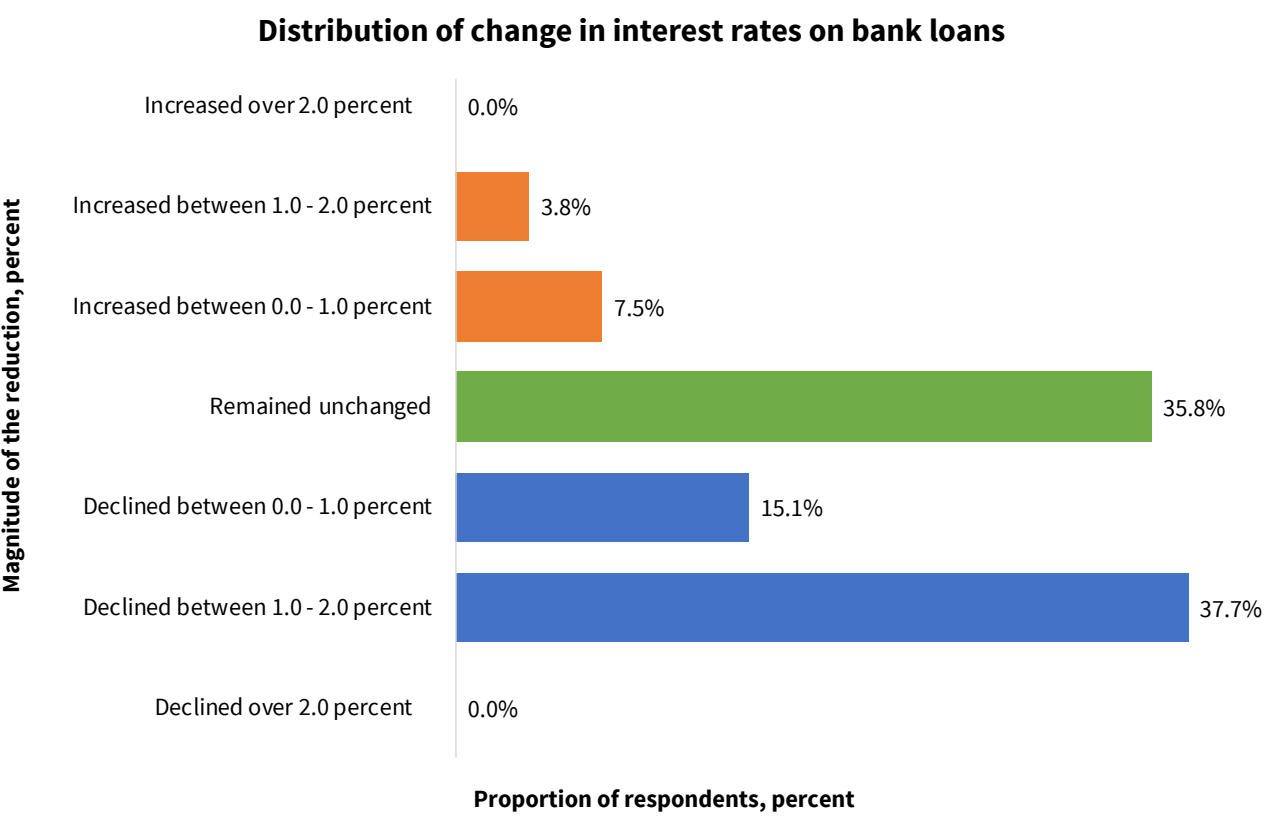


Chart 17: Change in interest rate on bank loans since August 2024, percent of respondents

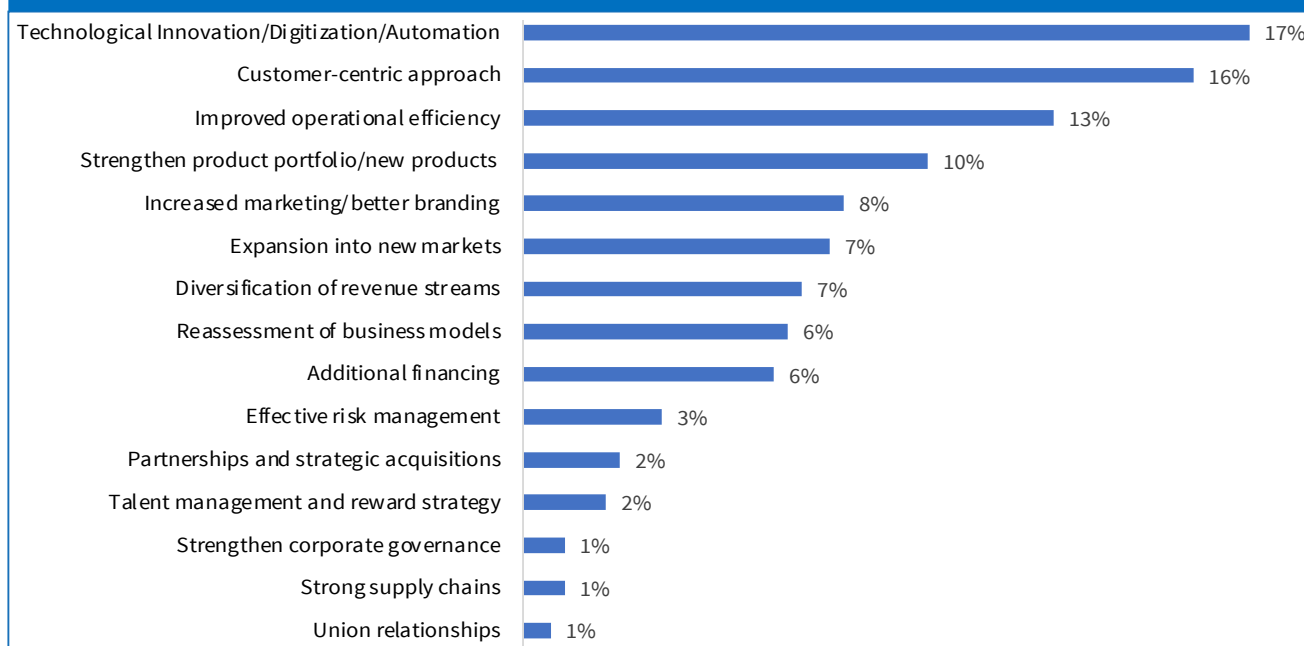


11. FIRM EXPANSION AND GROWTH OVER THE NEXT 12 MONTHS

Respondents identified technological adoption, customer centricity, and improved operational efficiency as key drivers of growth over the next 12 months. Other growth factors included strengthened product portfolio, increased marketing and better branding, expansion into new markets, diversification of revenue streams and reassessment of business models.

Additional financing was considered important for working capital, equipment upgrades, facilities expansion and undertaking larger contracts, while stronger partnerships and customer relationships were expected to support business expansion (Chart 18).

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



However, firms identified high cost of doing business and subdued demand in some markets as potential

constraints to growth over the next 12 months (Chart 19 & 20).

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

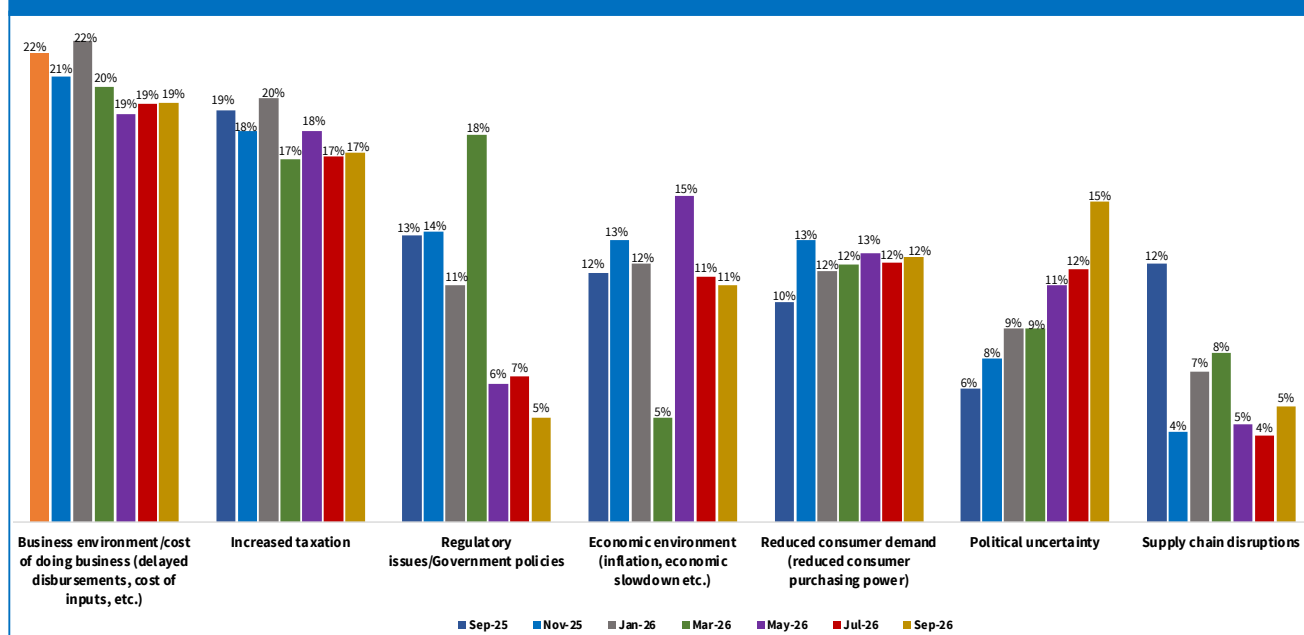
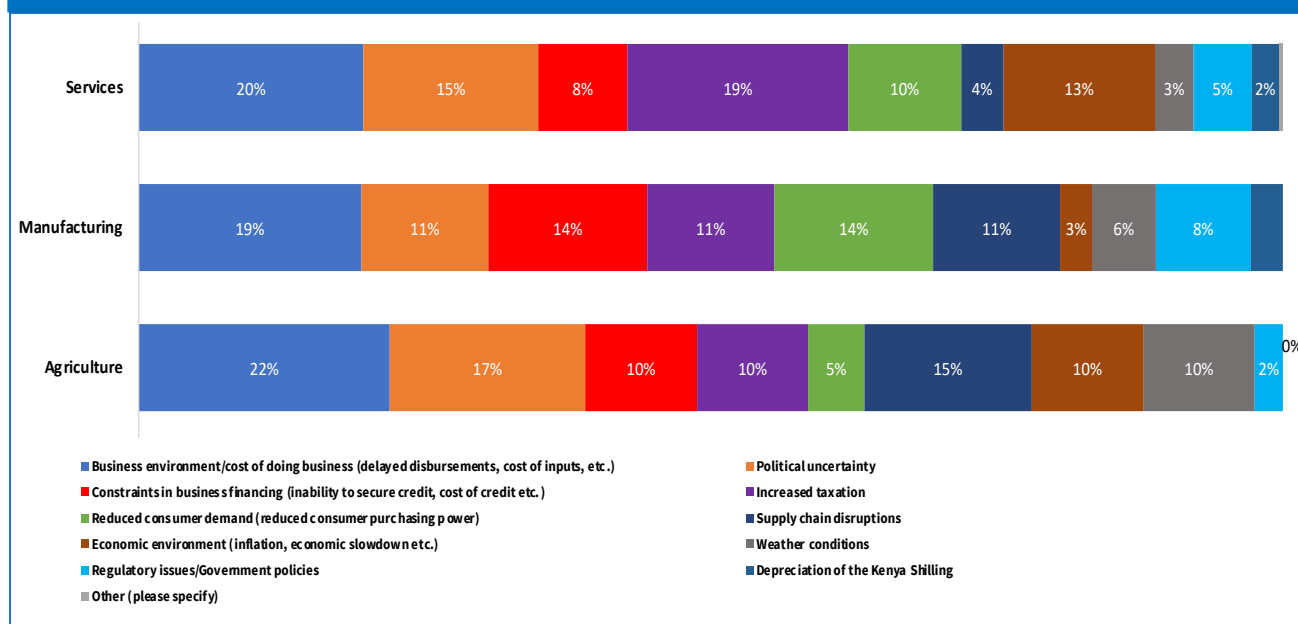
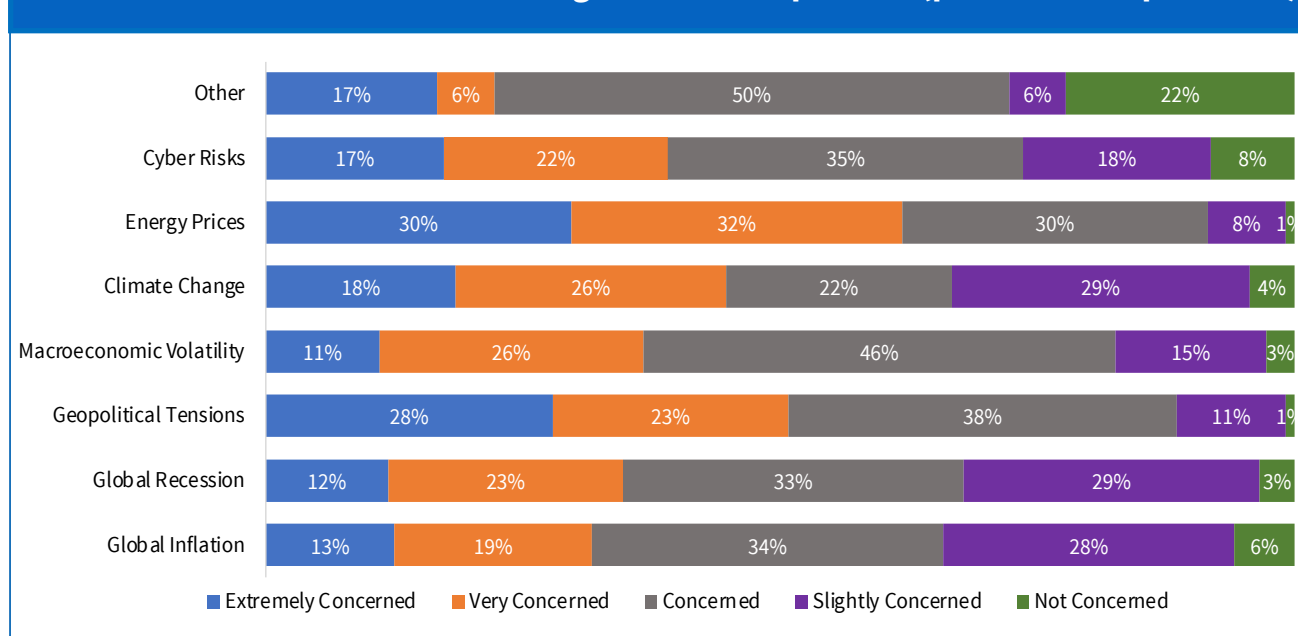


Chart 20: Domestic factors constraining firms' growth and expansion by sectors (percent of respondents)



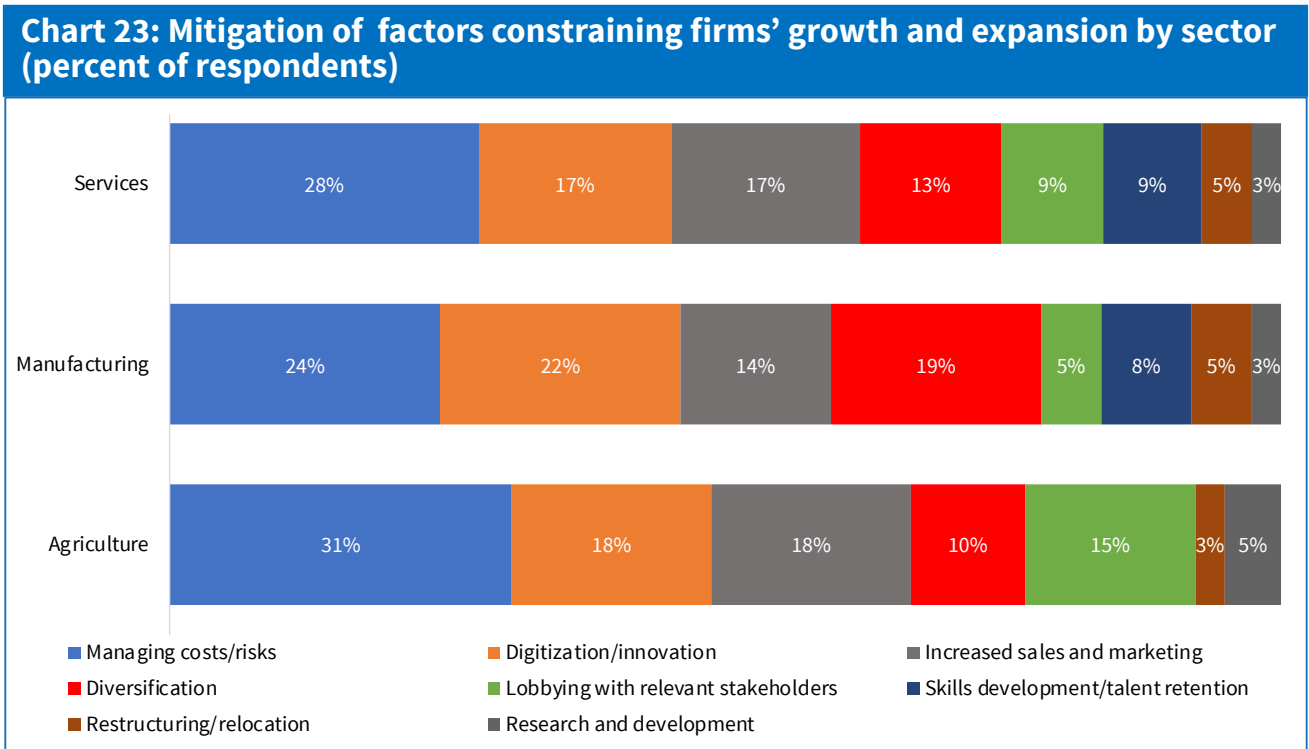
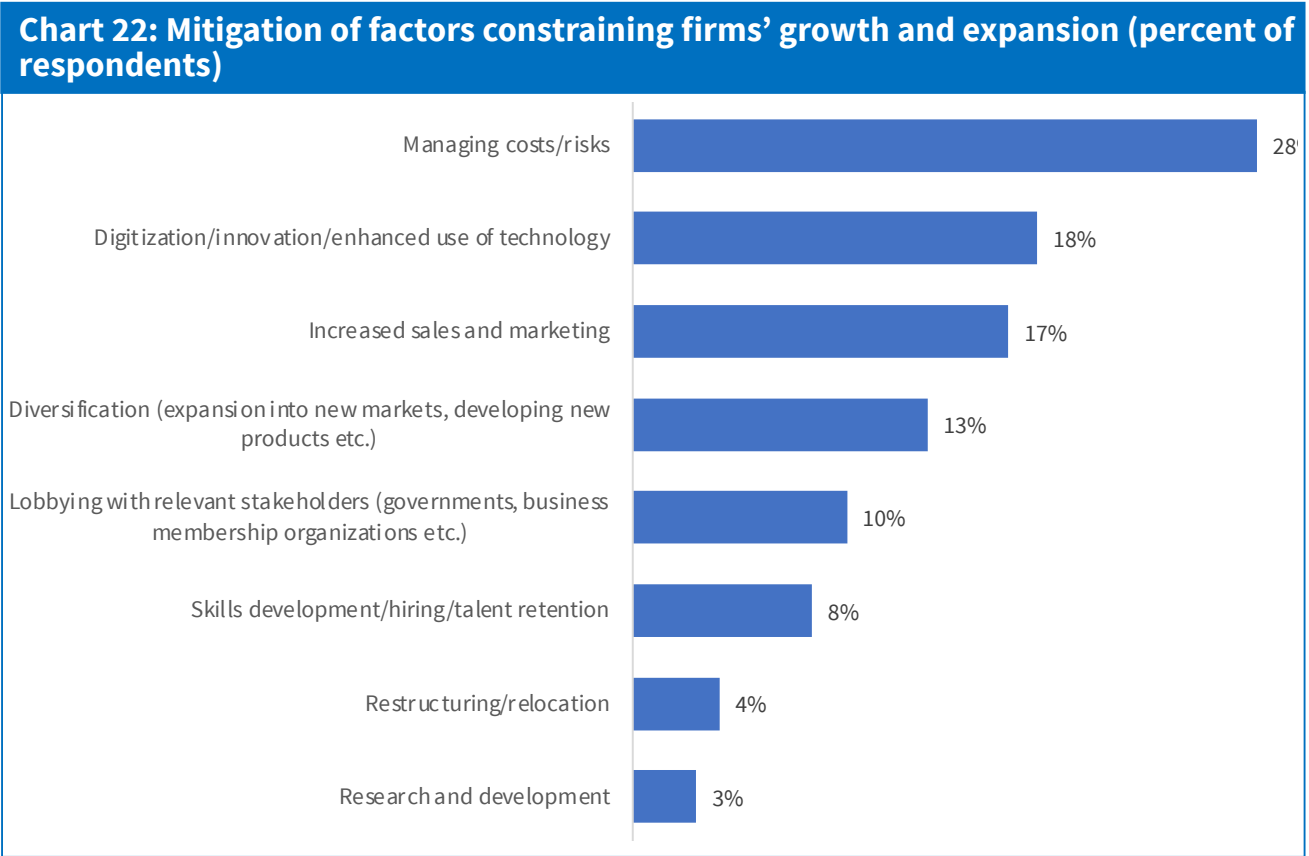
Geopolitical tensions, energy prices, macroeconomic volatility remained the leading external threats to firms' growth and expansion over the next 12 months **(Chart 21)**.

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



Nonetheless, firms planned to mitigate these constraints by prioritizing cost and risk management, digitization and innovation, and stronger sales and marketing efforts.

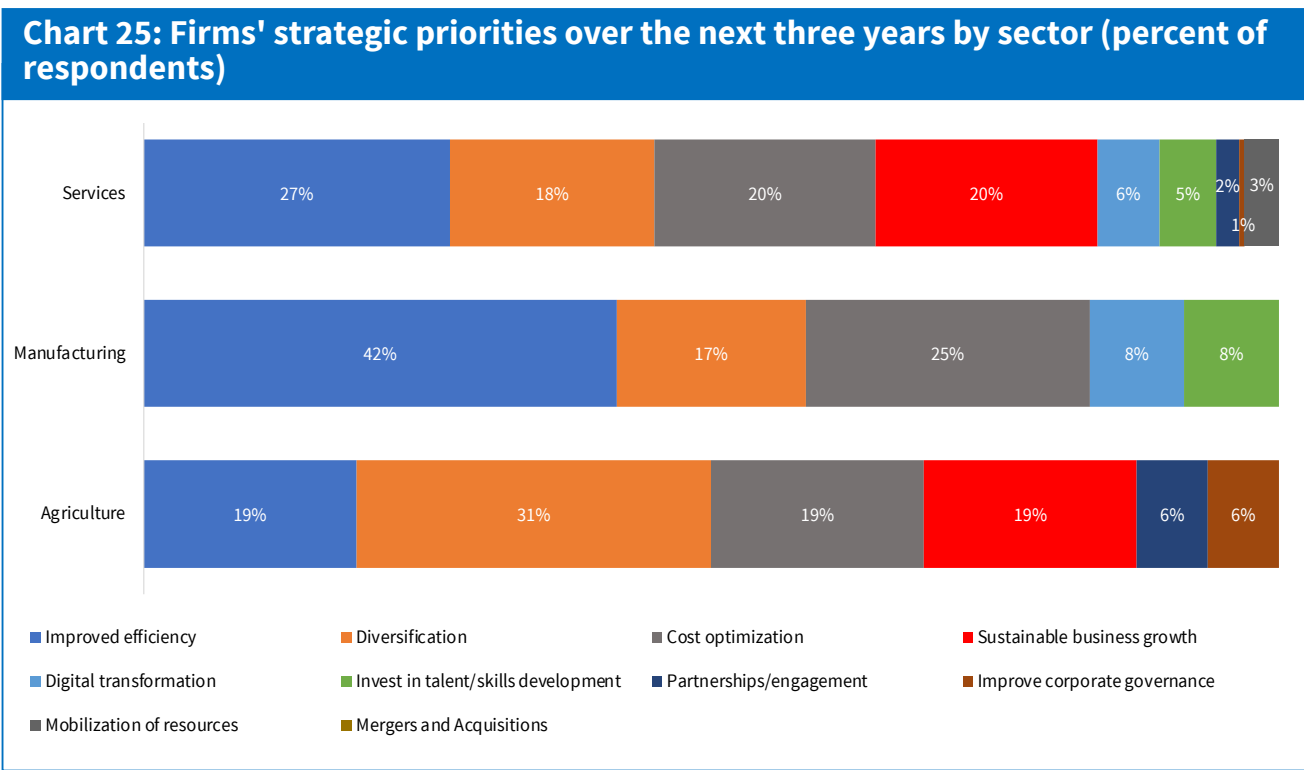
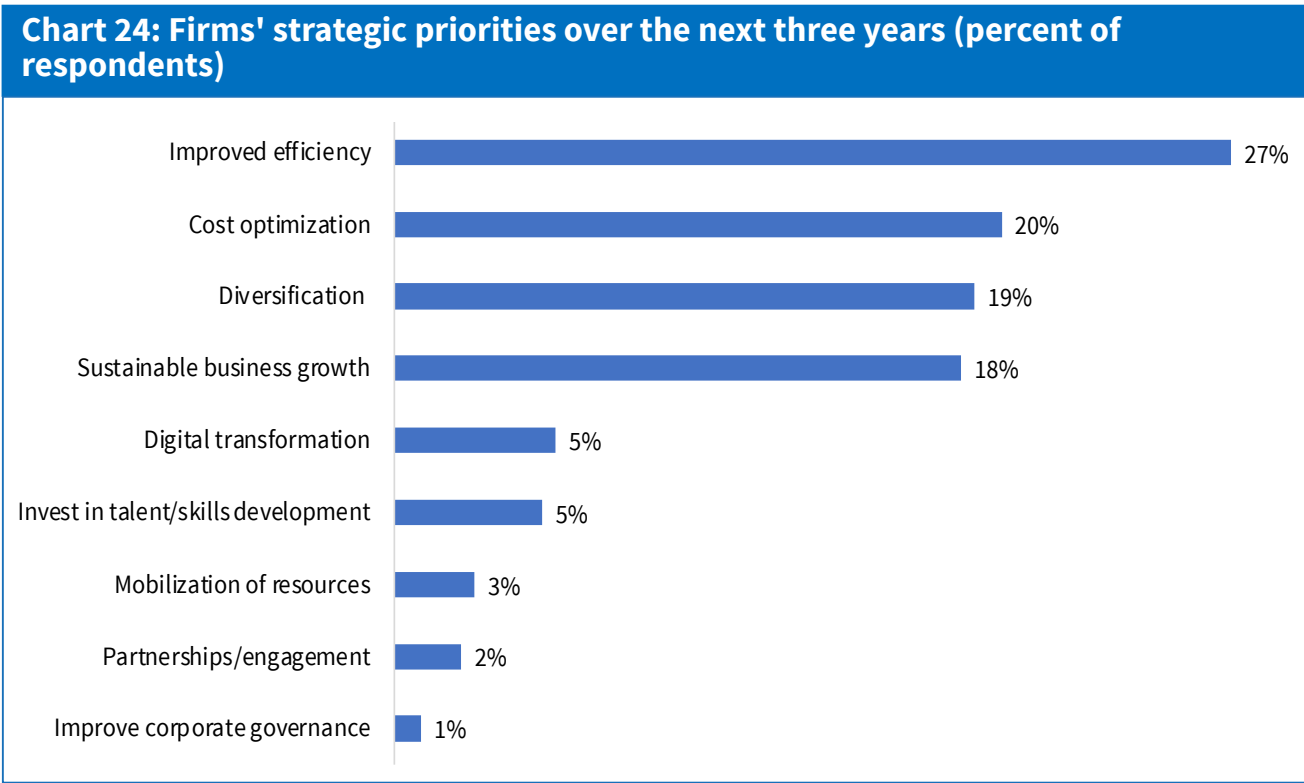
Other measures include expansion into new markets and development of new products, engagement with relevant stakeholders, and skills development and/or talent retention **(Chart 22 & 23)**.



12. STRATEGIC PRIORITIES

The survey assessed firms' key strategic priorities over the next three years. Improved operational efficiency emerged as the leading priority, followed by cost optimization, market and product diversification,

and sustainable business growth. Across sectors, manufacturing and services firms placed greater emphasis on improving efficiency, while agricultural firms prioritized diversification (**Chart 24 & 25**).



13. CONCLUSION

- Respondents remain optimistic about company growth over the next twelve months, with optimism improving slightly from July 2026 Survey.
- Business activity was mixed in 2026Q3, with improvements in demand and sales, broadly stable production and employment, and elevated input costs. Activity is expected to improve in 2026Q4, supported by seasonal demand.
- Purchase price pressures are expected to intensify in 2026Q4, while most firms anticipate stable selling prices, limiting the pass-through of higher costs.
- Most respondents reported lower lending interest rates. However, collateral requirements, lengthy approval processes and cautious lending continue to constrain credit access.
- Most firms indicated capacity to meet unexpected increase in demand, as they were operating below their potential levels.
- Technological adoption, customer centricity and improved operational efficiency remain as key drivers of growth over the next 12 months. However, cost of doing business, muted consumer demand, geopolitical tensions and elevated energy prices were identified as potential risks to growth.

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. They include the following:

1. Reduce the cost of doing business by lowering levies and license fees, compliance costs and production costs to improve competitiveness and preserve households' disposable income.
2. Expand access to affordable credit through lower lending rates, simpler loan requirements and flexible repayment terms, particularly for SMEs.
3. Maintain predictable tax and regulatory policies, with adequate consultation and better coordination across government agencies before implementation.
4. Simplify business licensing and regulatory processes by consolidating national and county permits, reducing bureaucracy and expediting import clearance.
5. Strengthen governance and the rule of law, combat corruption and reduce wasteful spending. Promote long-term development plans to provide continuity beyond election cycles.
6. Lower energy costs and improve power reliability, transport and digital infrastructure. Support local production, skills development and export access.



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