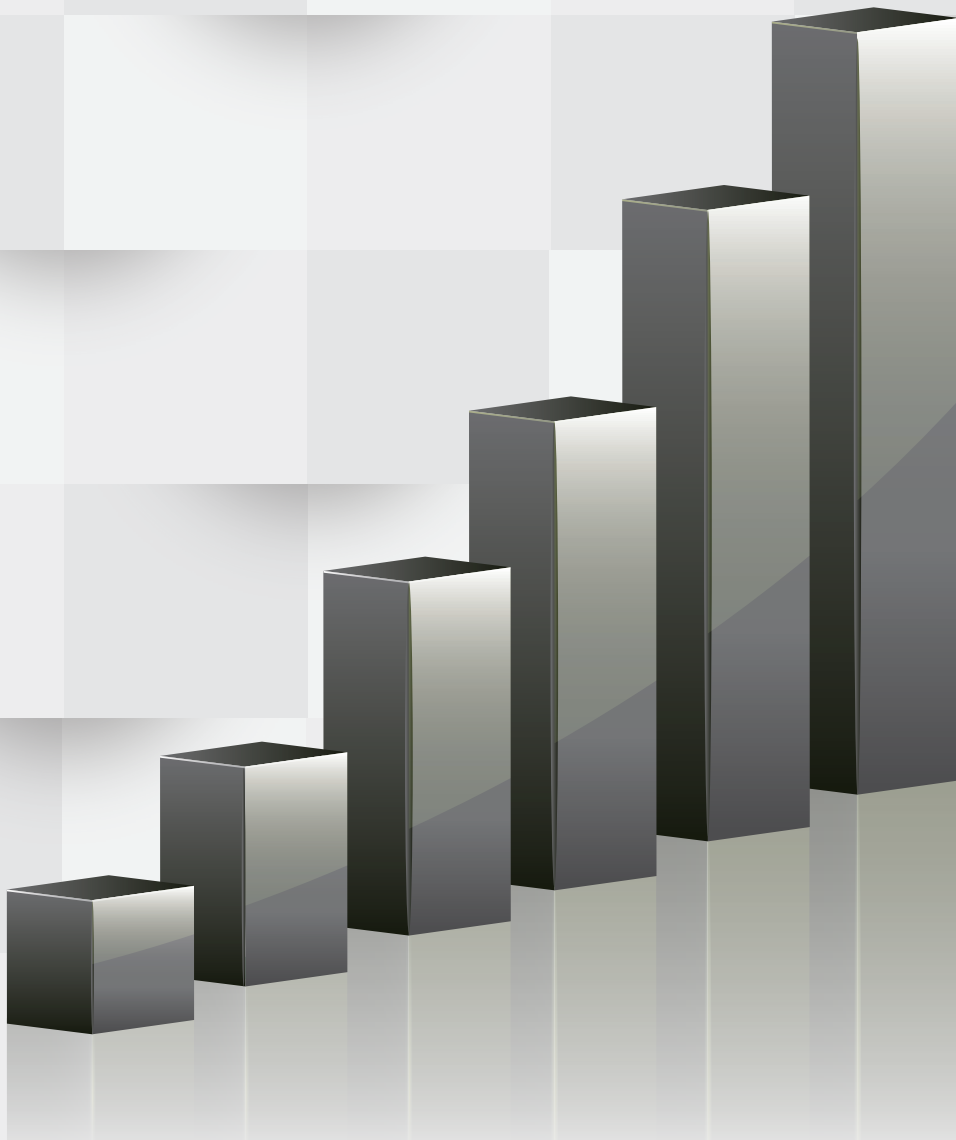




Central Bank of Kenya



CHIEF EXECUTIVE OFFICERS' (CEOs) SURVEY REPORT

May 2026

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1. BACKGROUND

The Central Bank of Kenya (CBK) conduct 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 May 4 and 22, 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 economy over the next 12 months. The Survey asked the CEOs to provide their assessment on the impact of the continued geopolitical tensions, particularly the conflict in the Middle East, on business expansion and growth prospects. In addition, 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 these constraints over the medium term (May 2026 – April 2028). The findings of the survey are summarized in this report.

3. SURVEY METHODOLOGY

The Survey targeted the CEOs of over 1000 private sector firms through questionnaires administered via a direct online survey. The Survey respondents

were from the following sectors: tourism, hotels, and restaurants accounting for (21 percent) of the respondents, professional services (16 percent), financial services (12 percent), wholesale and retail trade (10 percent), manufacturing (9 percent), agriculture (8 percent), ICT and telecommunications (6 percent), real estate (4 percent), building and construction (4 percent), other unspecified sectors (4 percent), healthcare and pharmaceuticals (3 percent), and mining and energy (2 percent). Transport and storage, education, media, and security sectors accounted for one percent and below of the respondents.

Majority of the respondents (77 percent) were domestically owned private firms, while the rest were foreign-owned private firms (13 percent), publicly listed domestic firms (1 percent), publicly listed foreign firms (3 percent), government owned entities (3 percent), and other ownership structure (3 percent). Forty nine percent of the respondents had a turnover of less than KSh 250 million in 2025, twenty two 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, 60 percent of respondents employed less than 100 employees, 33 percent of the respondents had between 100 and 1000 employees, while 6 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:

- Most respondents expected the Kenyan economy to remain resilient in the next 12 months, despite the elevated global risks, supported by resilient agricultural production with the expected favorable weather conditions, relatively stable macroeconomic conditions, digital transformation, and seasonal factors.
- Respondents reported mixed performance in indicators of business activity in 2026Q2 compared to 2026Q1. However, business activity is expected to remain stable in 2026Q3 compared to 2026Q2, driven mainly by seasonal factors.
- Recent geopolitical tensions, particularly the conflict in the Middle East, have significantly impacted firms' activities.

- Most firms reported operating below or near full capacity, indicating their ability to meet unexpected increase in demand or sales.
- Majority of respondents reported improved access to bank credit supported by easing monetary policy.
- Most firms reported continued automation initiatives and adoption of technology to improve efficiency.
- Business environment (cost of doing business), economic environment, geopolitical tensions, macroeconomic volatility, and energy prices are the key domestic and external factors that could hinder growth. However, firms plan to mitigate these risks through enhanced cost and risk management, digitization and innovation, and diversification of operations.

5. BUSINESS CONFIDENCE/OPTIMISM OVER THE NEXT 12 MONTHS

The Survey assessed CEOs' views on growth prospects for their companies, sectors, and the Kenyan and global economy over the next 12 months. Respondents expressed sustained optimism about business activity and growth prospects for the next 12 months, attributed to expectations of favorable weather conditions supportive of agricultural production, increased infrastructure investments, rising digital adoption and innovations, a stable exchange rate, improved private sector credit growth, and seasonal factors.

Nevertheless, respondents highlighted key risks to the growth outlook, including heightened geopolitical tensions and conflicts disrupting trade, supply chains, and export markets; elevated fuel and energy costs exerting upward pressure on production and operating expenses; high inflation and cost of living pressures reducing household purchasing power; high cost of doing business, tariffs, and regulatory burdens; moderated consumer demand, and potential weakening of investor confidence **(Chart 1)**.

Respondents remained optimistic about their company's growth prospects over the next 12 months citing increased technology adoption, improved access to business financing supported

by easing lending rates, expansion of digital financial services and payment systems, stronger marketing and customer acquisition strategies, business models adjustments, continued stability of key services sectors, and seasonal demand effects **(Chart 2)**.

At the sectoral level, growth is expected to remain broadly positive over the next 12 months **(Chart 2)**. Respondents in the agriculture sector expect enhanced production supported by favorable weather conditions and supportive government policies, particularly in provision of fertilizer subsidies. The financial services sector is expected to expand, driven by stronger demand for digital services, new customer acquisition and client retention strategies, and increased marketing of products and services. Growth in the ICT sector is expected to be driven by rising demand for digital financial services, including investments and wealth management solutions, as well as increased activity in the digital payments system. The tourism sector is expected to improve with the onset of the peak season; however, performance may be moderated by competition from alternative accommodation facilities such as Airbnb, high operating costs, and reduced international arrivals due to travel disruptions linked to geopolitical conflicts. Respondents in the professional services sector expect improved performance, supported by continued innovations and growing demand for essential services. However, the sector's performance may be constrained by increased competition, dominance of large firms, declining service charges due to market saturation and the entry of unskilled practitioners. On the other hand, growth in the manufacturing and wholesale and retail sectors is expected to slow down due to rising production and operational costs, the impact of geopolitical tensions on trade flows and inputs supplies, and weaker demand.

At the global level, respondents expect growth prospects to weaken over the next 12 months due to heightened geopolitical tensions, particularly in the Middle East, which are expected to increase oil and energy prices, disrupt supply chains and trade, raise production costs, and sustain inflationary pressures, while dampening global growth. While increased technology adoption may provide some support, it also presents risks related to labour market disruptions and increased cybersecurity threats.

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

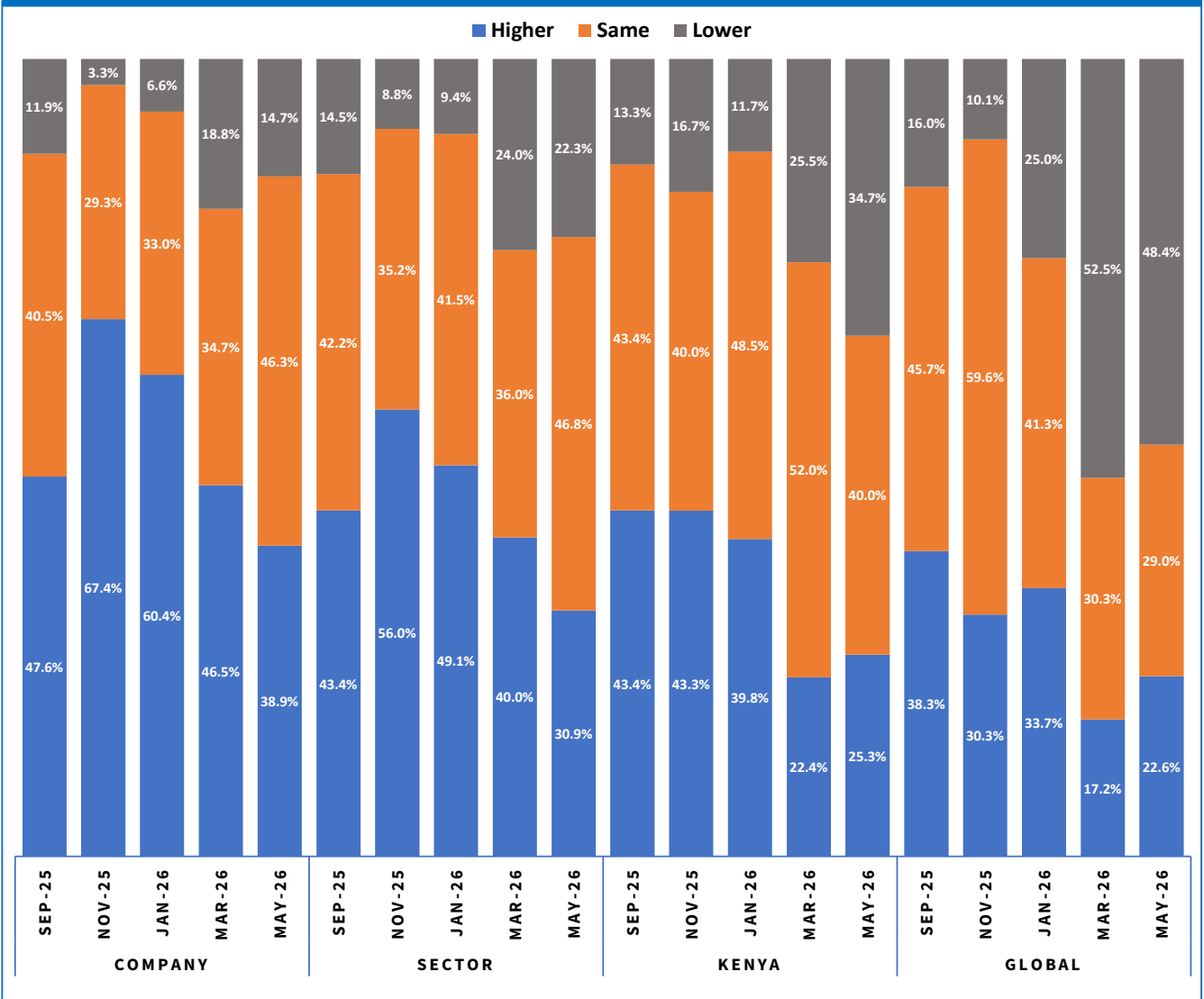
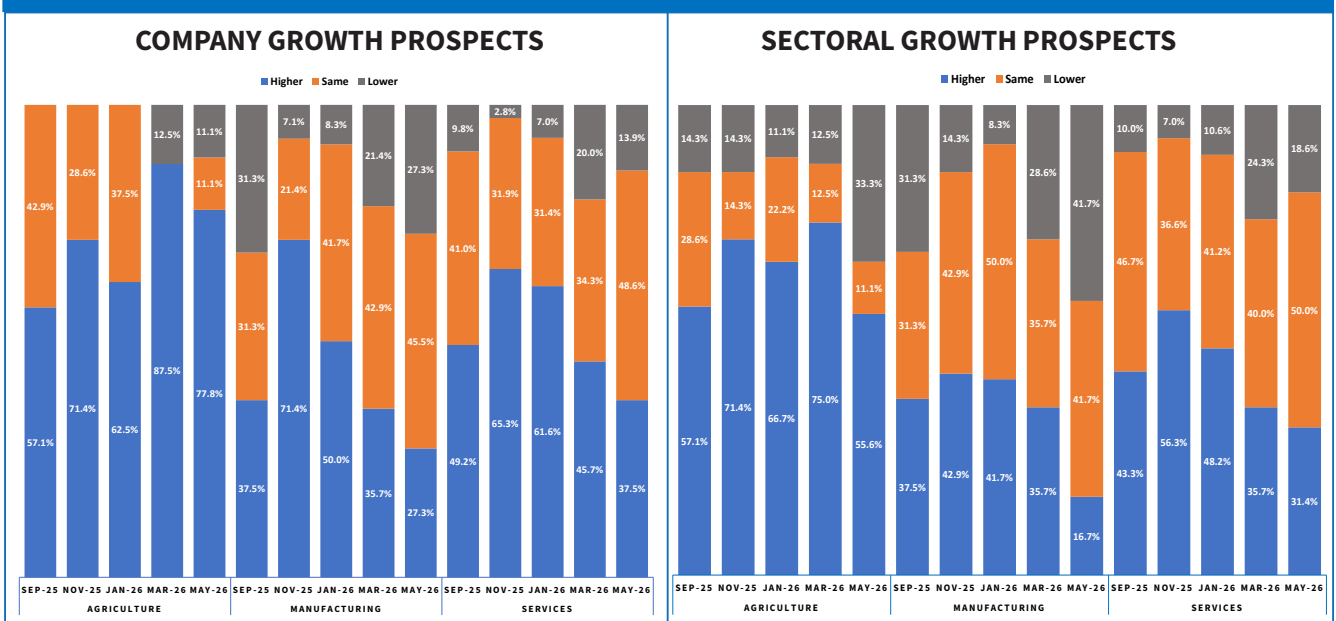


Chart 2: Sectoral analysis of growth prospects over the next 12 months (percent of respondents)



6. BUSINESS ACTIVITY IN 2026 Q2 COMPARED TO 2026 Q1

The Survey gathered information on CEOs' perceptions on business activity in the second quarter of 2026 relative to the first quarter of 2026. In the May survey, most respondents reported mixed business performance in 2026Q2 compared to both 2026Q1 and the March 2026 survey. On balance, respondents cited slower growth in demand/orders and sales, mainly due to reduced customer spending, delayed payments, weaker market activity, and heightened economic uncertainty amid ongoing global conflicts.

Production volumes declined, while business operations remained broadly stable, with demand largely met through existing inventories. Purchase and sales prices increased, reflecting higher fuel prices, and inflationary pressures resulting from trade and supply chain disruptions linked to global conflict. Moreover, implementation of additional levies exerted upward pressure on operational costs. Meanwhile, firms' workforce levels were higher, reflective of seasonal factors (**Chart 3 to 9**).

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

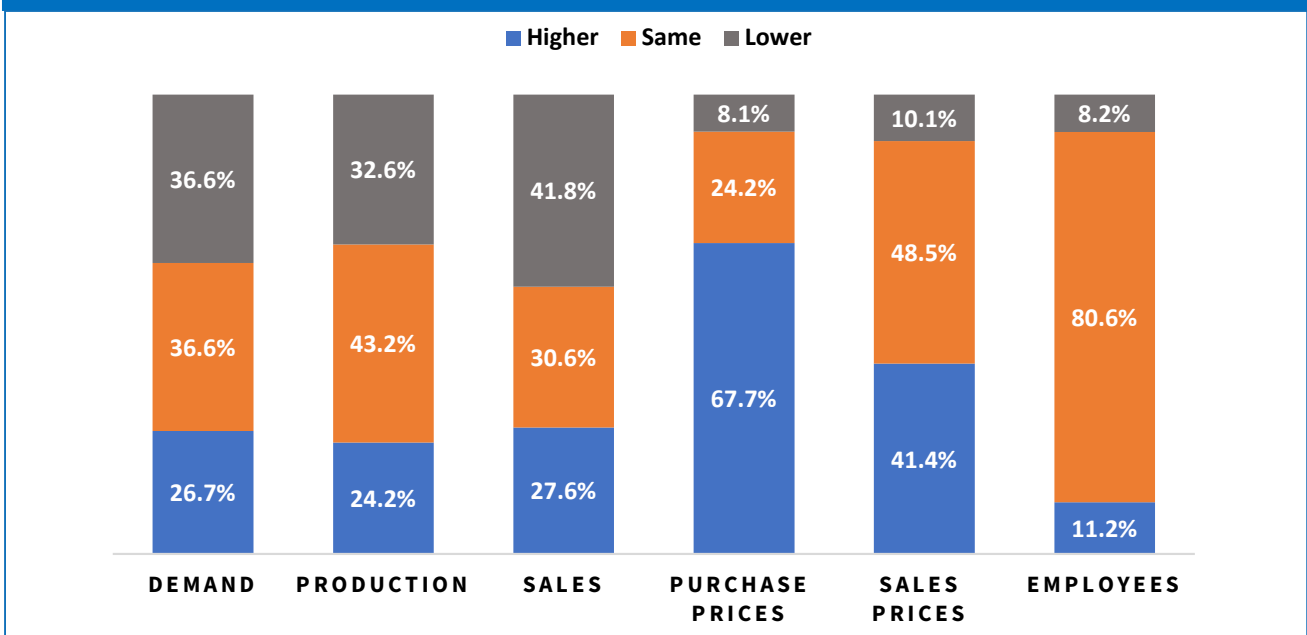


Chart 4: Comparison of business activity in 2026 Q2 relative to 2026 Q1 (balance of opinion)

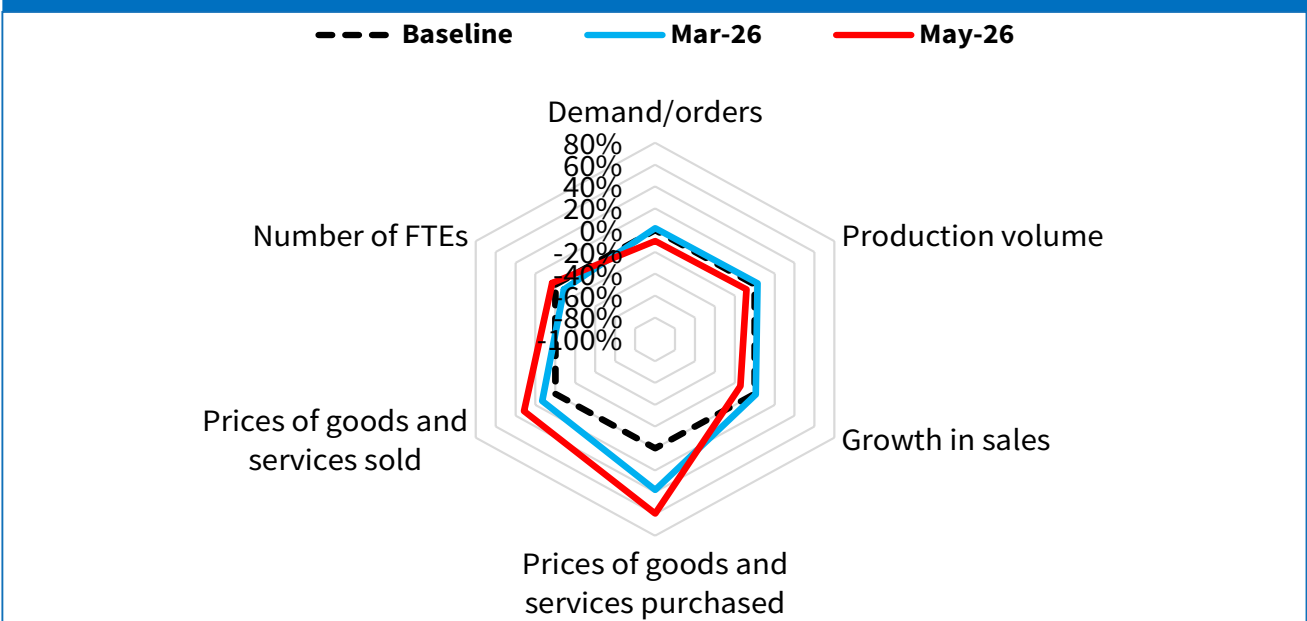


Chart 5: Demand/Orders in 2026 Q2 relative to 2026 Q1 by sectors (percent of respondents)

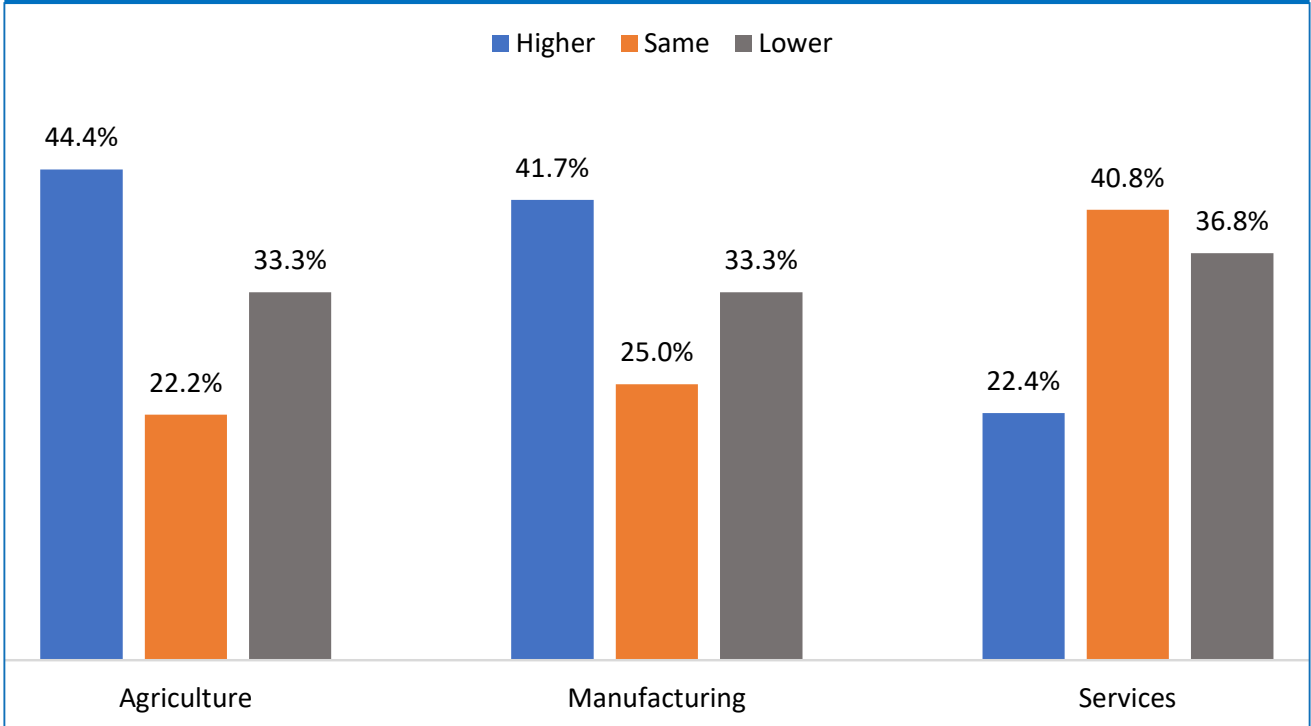


Chart 6: Sales growth in 2026 Q2 relative to 2026 Q1 by sectors (percent of respondents)

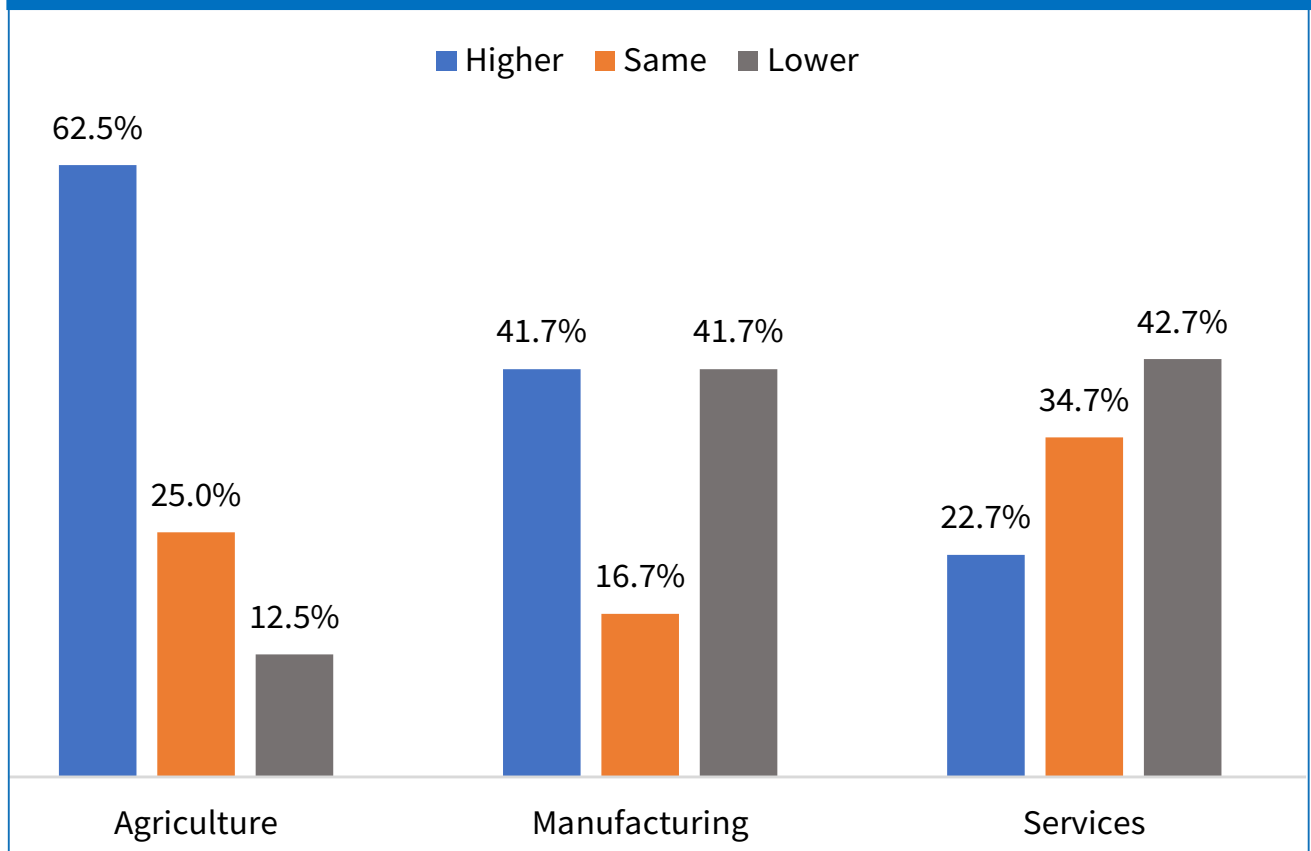


Chart 7: Purchase and sales prices in 2026 Q2 relative to 2026 Q1 by sectors (percent of respondents)

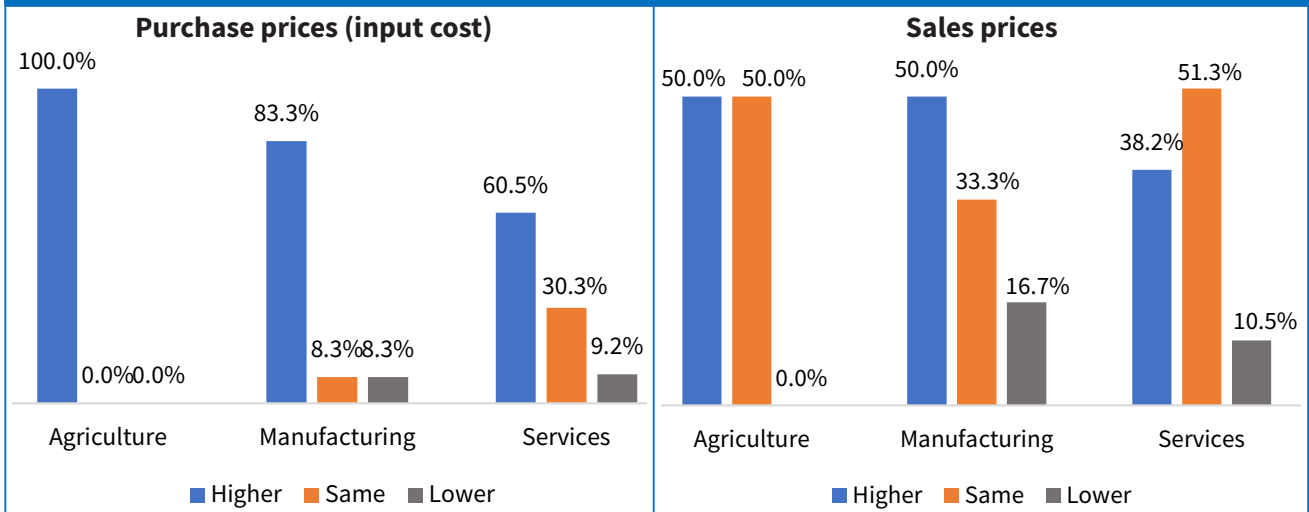


Chart 8: Production volumes in 2026 Q2 relative to 2026 Q1 by sectors (percent of respondents)

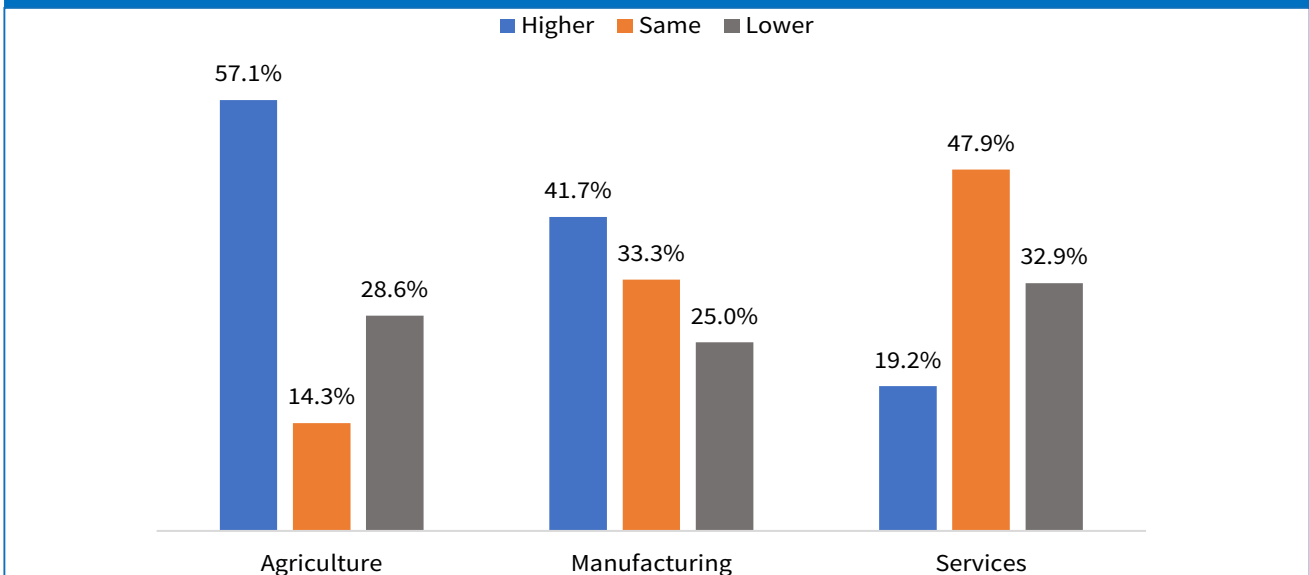
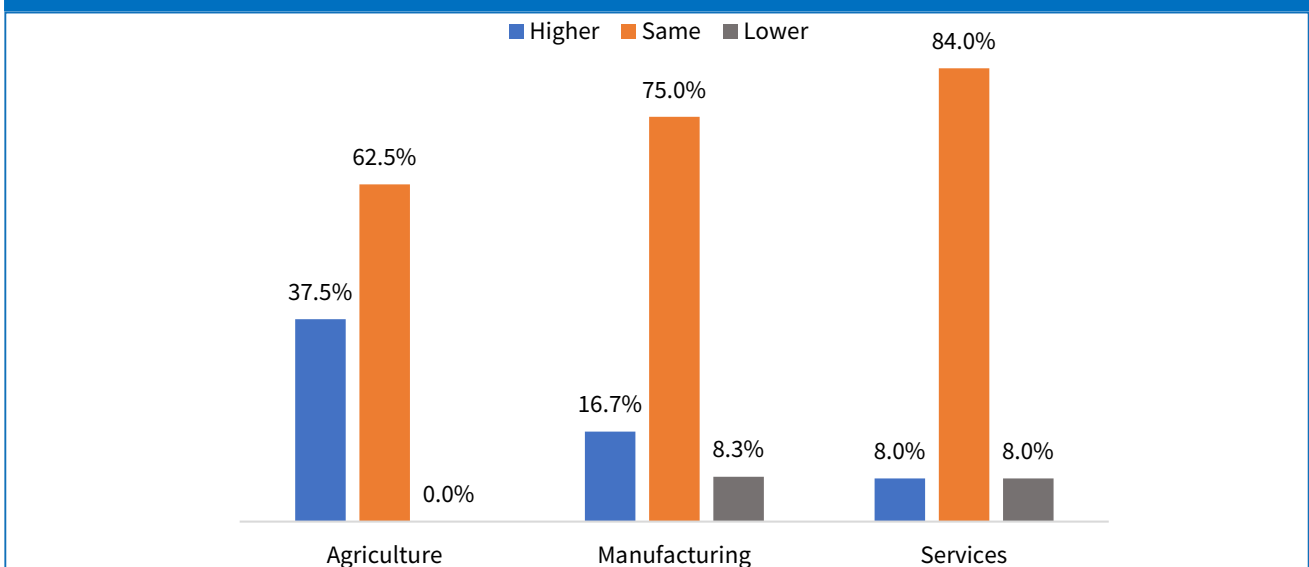


Chart 9: Number of full-time employees in 2026 Q2 relative to 2026 Q1 by sectors (percent of respondents)



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

The Survey sought CEOs' opinions on expectations of business activity in the third quarter of 2026 relative to the second quarter of 2026. Respondents reported continued stability in business activity in 2026Q3 relative to 2026Q2 (Chart 10). However, compared with the March 2026 survey, expectations for business activity in the next quarter have moderated. Demand/orders, sales growth and production volume are expected to be lower than in the March survey, but largely unchanged from the baseline. Expectations for demand/orders, and sales in growth are supported by seasonal opportunities, business resilience, innovation, digitalization, and market diversification,

which are expected to enhance competitiveness and support revenue growth. Purchase and sales prices are expected to remain elevated due to higher fuel and energy costs, imported inflationary pressures, and impact of geopolitical tensions in the Middle East. Nevertheless, some respondents expect lower prices, supported by favorable weather conditions that could boost agricultural production and food supply. Notably, price expectations in the May 2026 survey are slightly lower than in the March 2026 Survey, partly reflecting continued efforts to ease the geopolitical tensions in the Middle East (**Chart 11**).

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

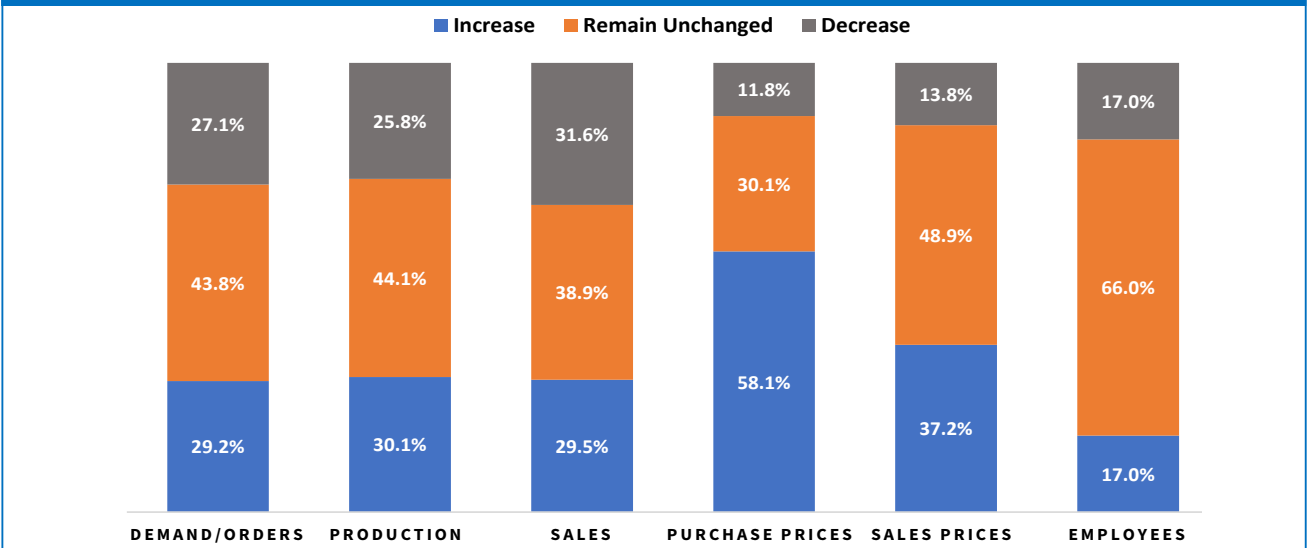
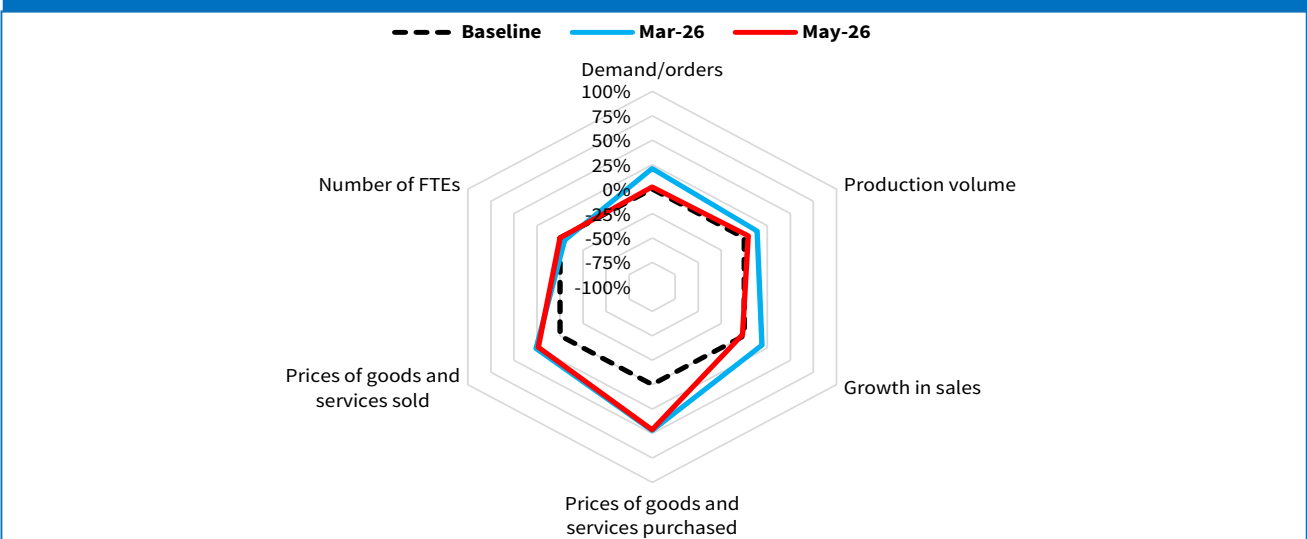


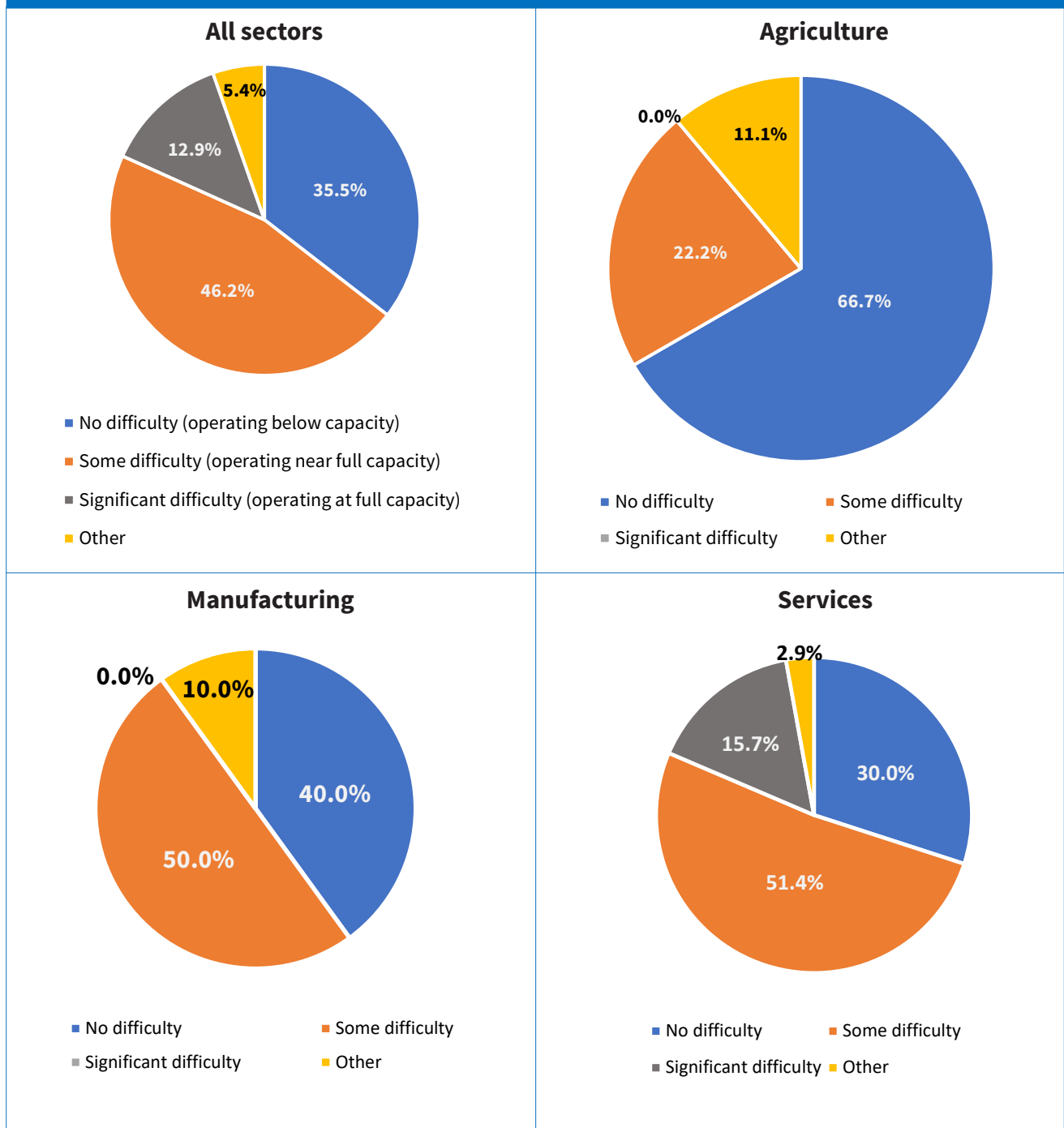
Chart 11: Expectations of business activity in 2026 Q3 relative to 2026 Q2 (balance of opinion)



Majority of firms reported operating below or near full capacity and are therefore able to accommodate an unexpected increase in demand or sales. This unexpected increase in demand can be met through available spare production capacity, adequate infrastructure and resources to support higher demand, inventory build-up due to subdued demand, and the ability to scale up staffing and production capacity when required. In addition, scalable technology and digital platforms are enhancing operational flexibility, and process efficiency, and

the capacity for rapid expansion. However, some respondents cited constraints that could limit their ability to respond to a sudden increase in demand. These include high operational costs and thin profit margins; liquidity and cash flow challenges arising from delayed payments and the high cost of credit; supply chain disruptions affecting availability of raw materials and other inputs; and lead time required to expand production, recruit and train staff, adjust logistics and comply with regulatory requirements **(Chart 12)**.

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

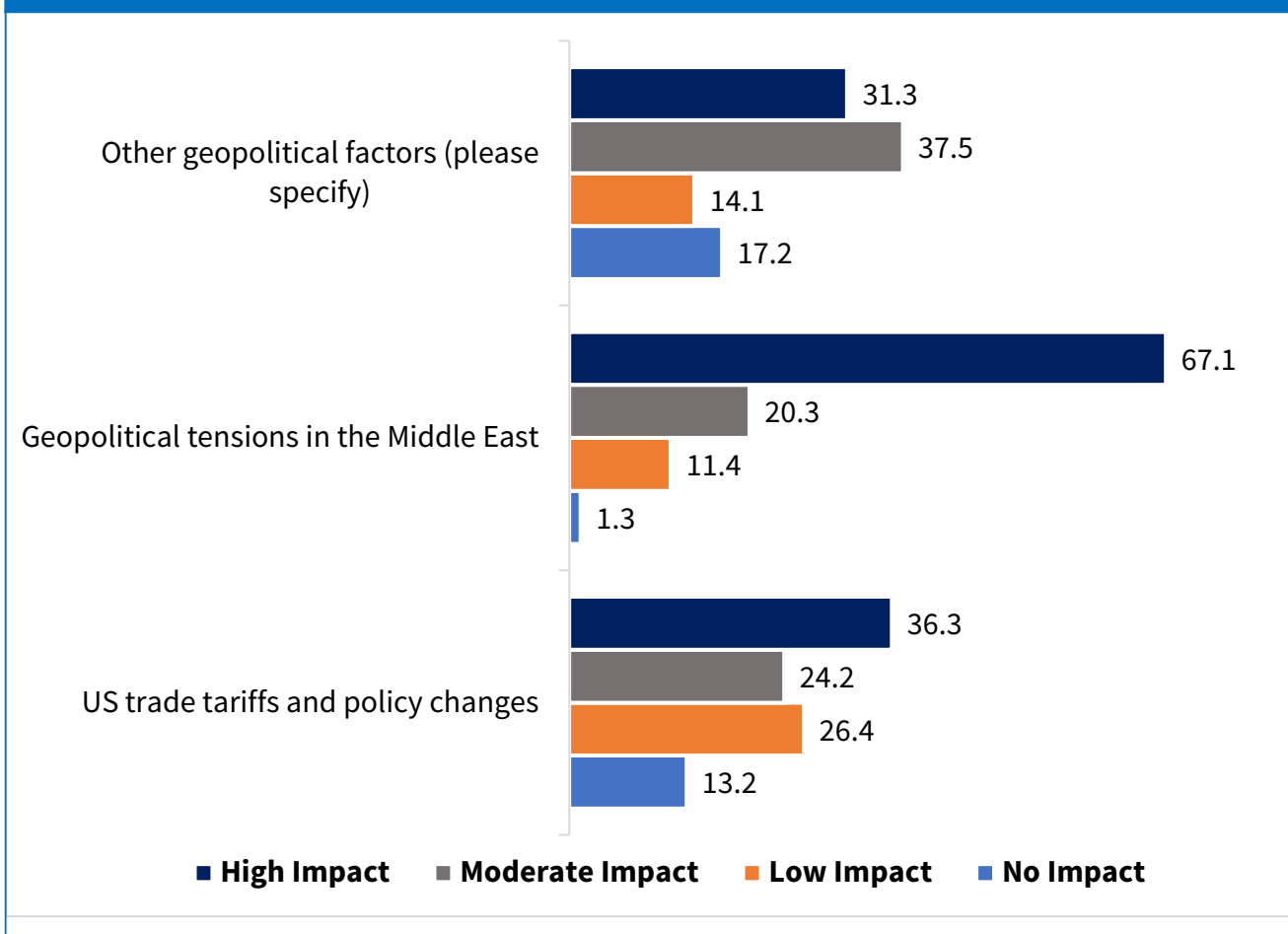


8. IMPACT OF RECENT GEOPOLITICAL DEVELOPMENTS ON FIRM'S ACTIVITY IN KENYA

Majority of respondents reported moderate to high impact of recent geopolitical developments on business activity, mainly through rising fuel prices, rising inflationary pressures, and increased operating costs. Tensions in the Middle East were identified as the main source of disruption, driven by elevated oil prices, higher transportation costs, and supply chain challenges. Meanwhile, U.S. tariffs and policy

changes had a moderate impact, mainly through increased import costs. In addition, heightened global uncertainty weighed on business activity by dampening demand, investment, consumer spending, and export performance. Geopolitical developments also contributed to higher inflationary pressures and reduced purchasing power, adversely affecting firm profitability (**Chart 13**).

Chart 13: Impact of recent geopolitical developments, (percent of respondents)

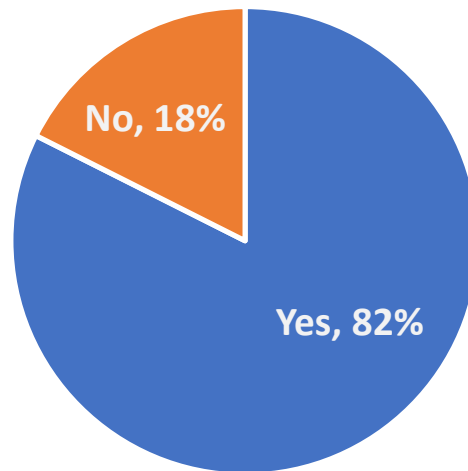


9. TECHNOLOGY ADOPTION AND AUTOMATION IN FIRMS

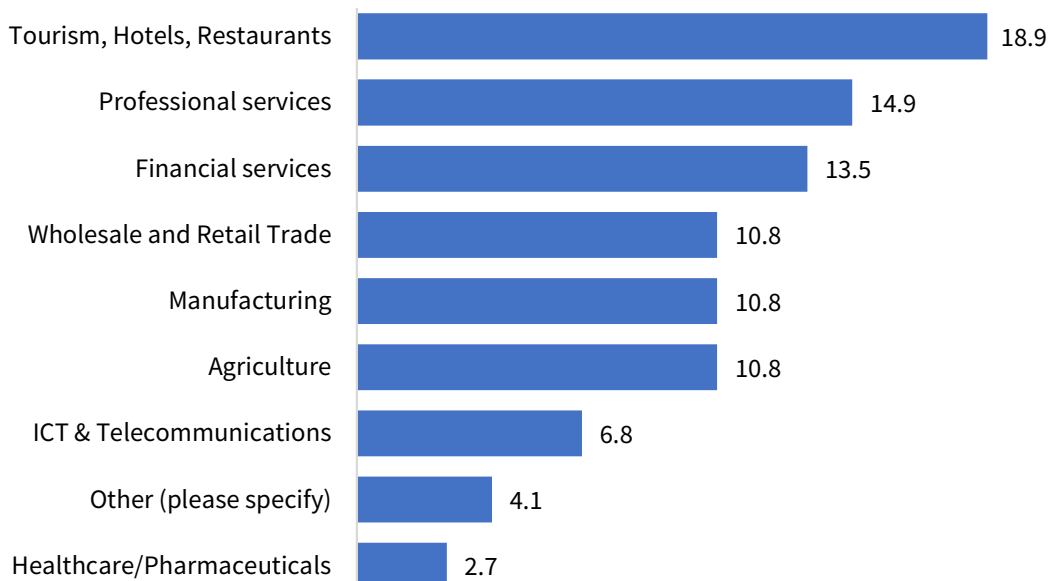
Most firms reported adopting technology and automation over the past 12 months to enhance operational efficiency (**Chart 14**). Key initiatives cited include enterprise resource planning systems, integrating core business functions, process automation, adoption of artificial intelligence, digital solutions to support regulatory compliance, such as E-TIMS, E-Government Procurement platforms, use of analytics for real time business insights and data driven decision-making, and digital sales and marketing tools. These efforts have improved productivity, decision-making speed, operational resilience, and competitiveness.

Despite these benefits, firms also cited several challenges associated with business automation. These included transitional challenges such as resistance to digitization by existing workforce, system integration complexities, staff skills gap and budget constraints; high costs associated with systems acquisition, implementation, maintaining and capacity building; potential exposure to cybersecurity threats and data privacy risks. In addition, power outages and unreliable internet connectivity were reported to undermine the efficiency gains from digital technologies.

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



Sectoral integration of technology/automation/digitization of processes (percent of respondents)

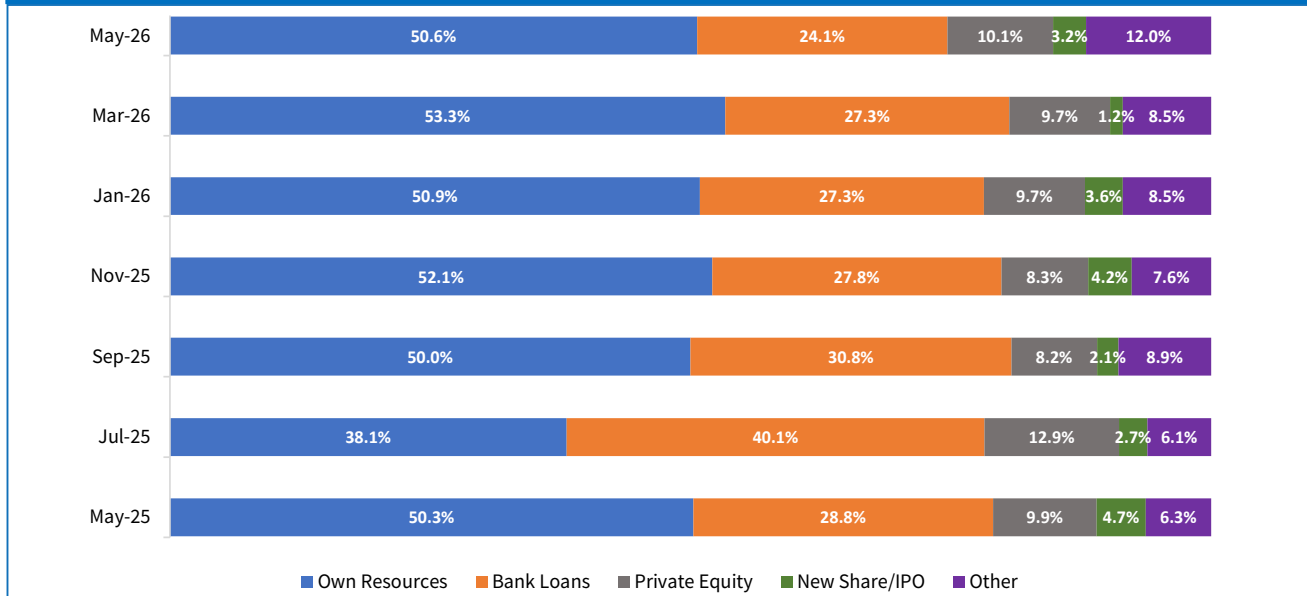


10. FIRMS' SOURCES OF FINANCING

The Survey sought to identify the main sources of firms' financing in the first quarter of 2026. Most firms

continue to finance their operations through own resources and bank loans (**Chart 15**).

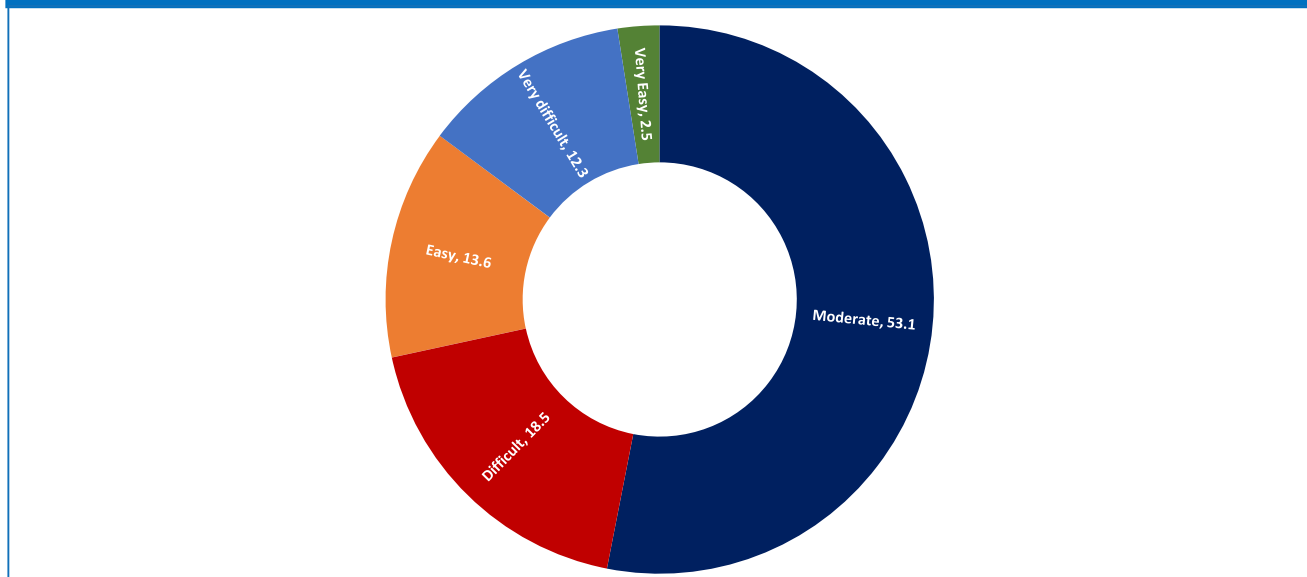
Chart 15: Firms' sources of financing (percent of respondents)



More respondents in the May 2026 survey reported moderately improved access to bank credit in the first quarter of 2026. Although monetary policy easing has contributed to improved financing conditions, some respondents observed that reductions in commercial lending rates have been

gradual. Consequently, firms continued to cite lending rates, alongside collateral requirements, credit appraisal procedures, and documentation requirements, as key constraints to borrowing for business financing (**Chart 16**).

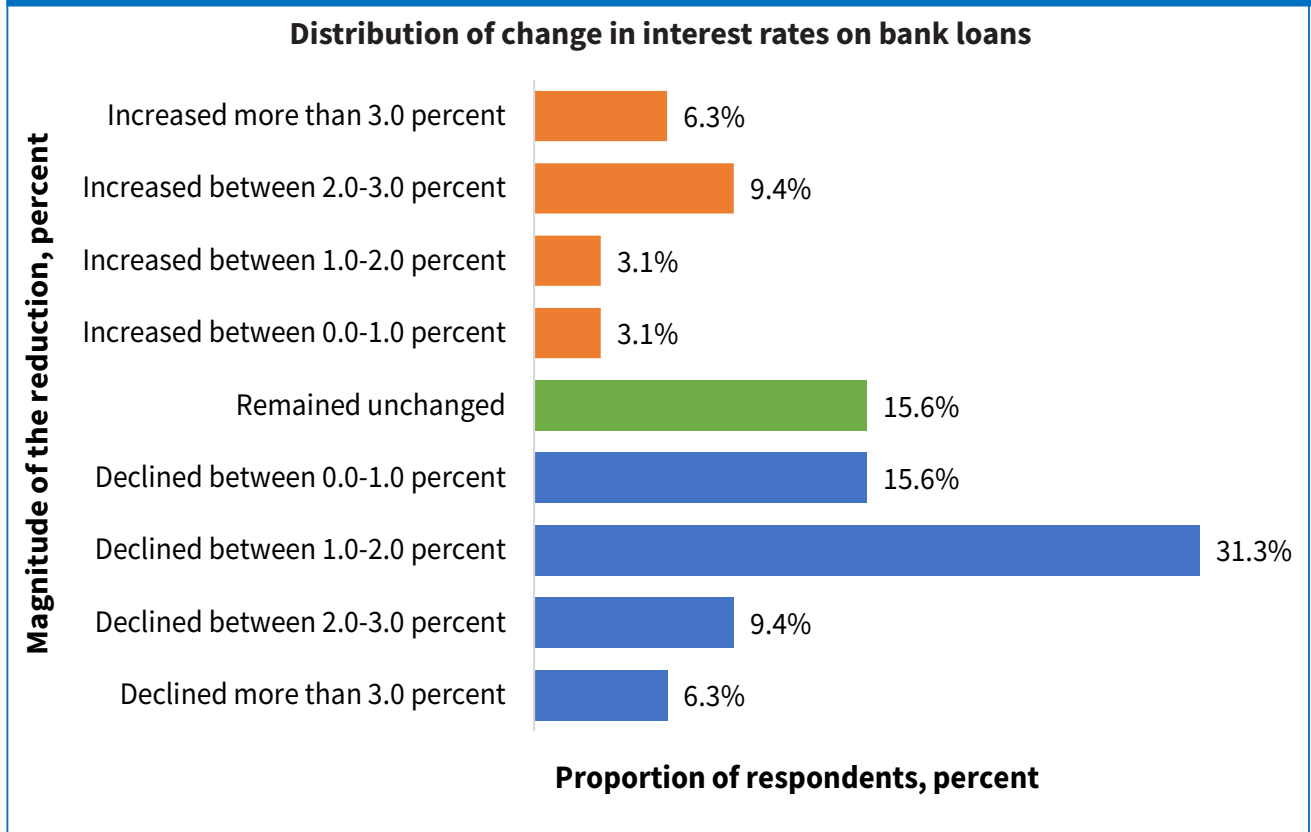
Chart 16: Ease of access to credit (percent of respondents)



A majority of respondents (62.5 percent) reported that they have experienced a decline in bank lending rates since August 2024, when the Central bank of Kenya adopted an easing policy stance. Most of these respondents indicated that lending

rates had fallen by less than 2.0 percent during the period. However, despite the easing in monetary policy, 21.9 percent of the respondents reported an increase in lending 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 highlighted several factors that could support firm growth in the next 12 months. Most respondents cited technology innovation and automation, digitization, customer centricity and

improved operational efficiency as the key drivers of firm growth and expansion over the next 12 months (**Chart 18**).

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



The main domestic constraints to growth cited by most respondents included the high cost of doing business, a challenging economic environment

characterized by rising inflation and slower economic growth, and weak consumer demand (**Chart 19 & 20**).

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

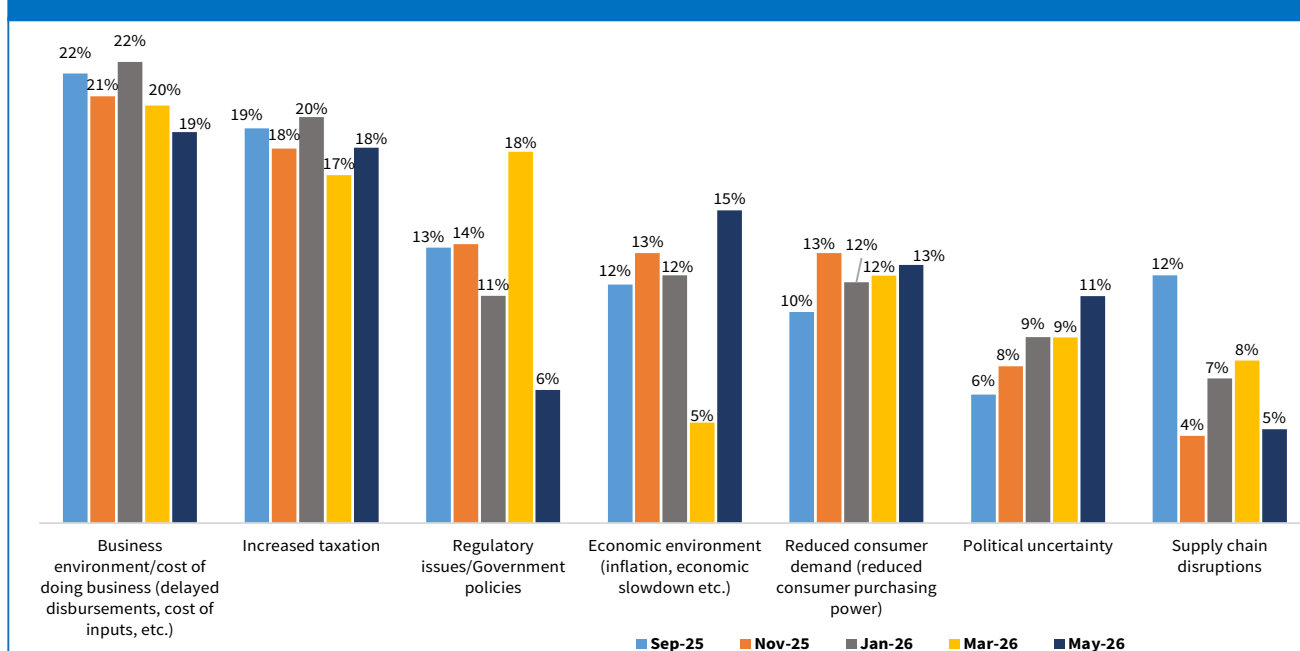
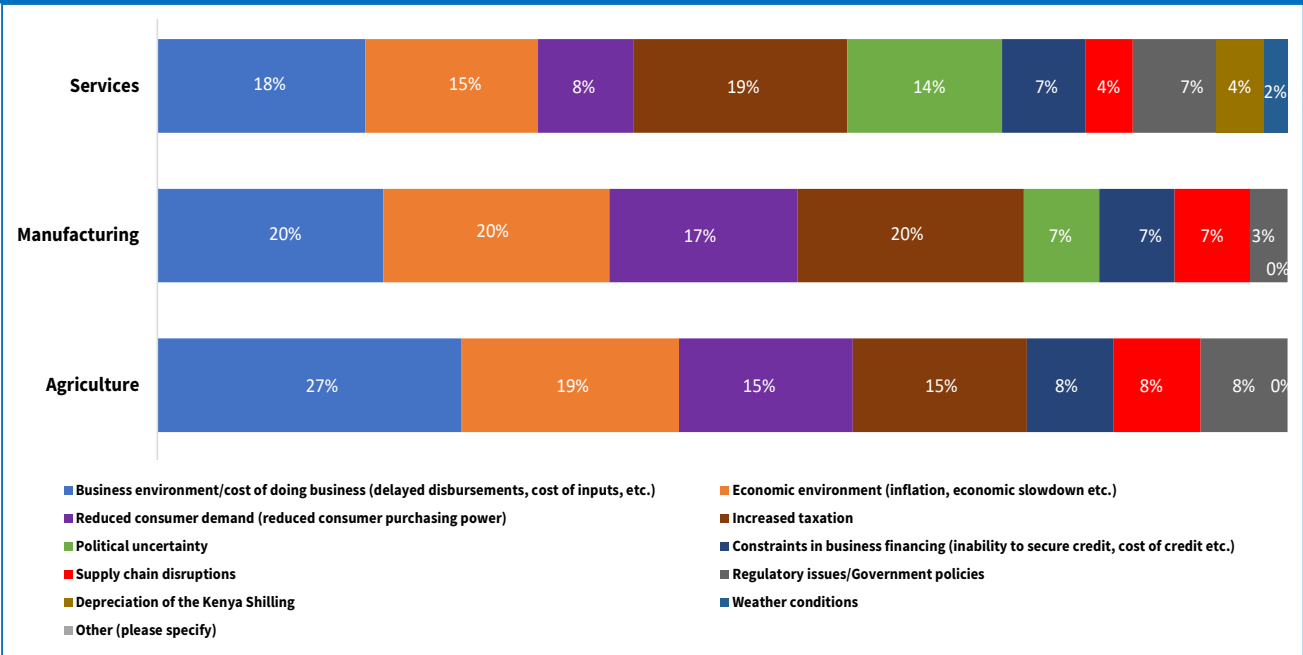


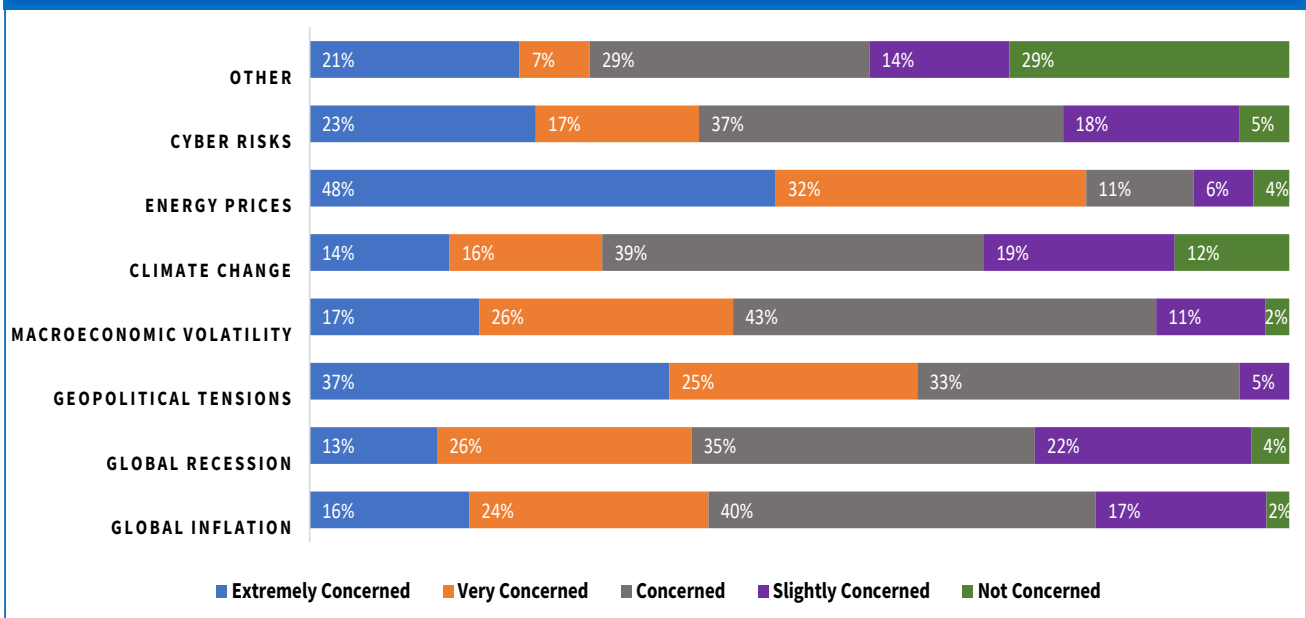
Chart 20: Domestic factors constraining firms' expansion by sectors (percent of respondents)



Across sectors, the cost of doing business and economic environment were the most cited constraints, particularly in relation to energy costs, inputs prices and compliance-related expenses.

Respondents identified geopolitical tensions, energy prices, and global macroeconomic volatility as the most significant external threats to business growth and expansion over the next 12 months (**Chart 21**).

Chart 21: External threats impacting firms' expansion (percent of respondents)



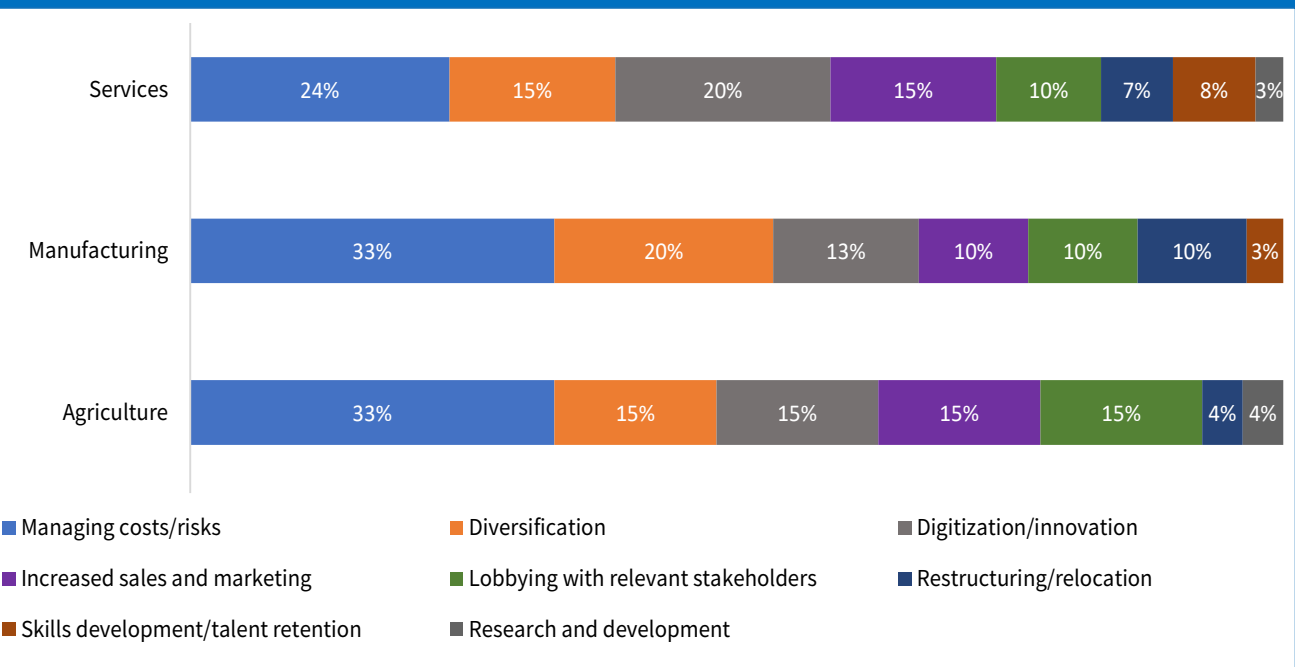
To mitigate these risks, firms indicated plans to strengthen cost and risk management frameworks, accelerate digitization and innovation, diversify

markets and products, and invest in sales and marketing initiatives (**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 findings indicate that firms' strategic priorities over the next three years remain centered on improving efficiency, diversifying operations, and optimizing costs.

Sustainable business growth, digital transformation, and investment in talent development and skills

development continue to feature prominently in firms' medium-term plans as organizations seek to enhance productivity, competitiveness and resilience (Chart 24 & 25).

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

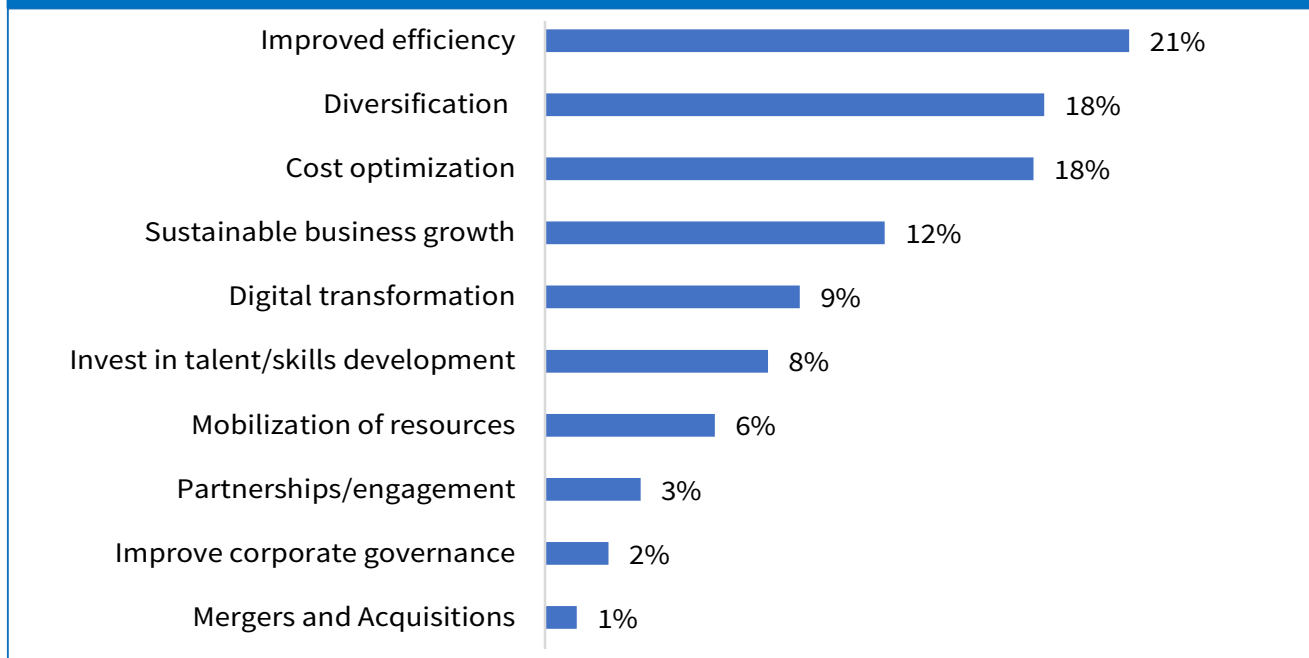
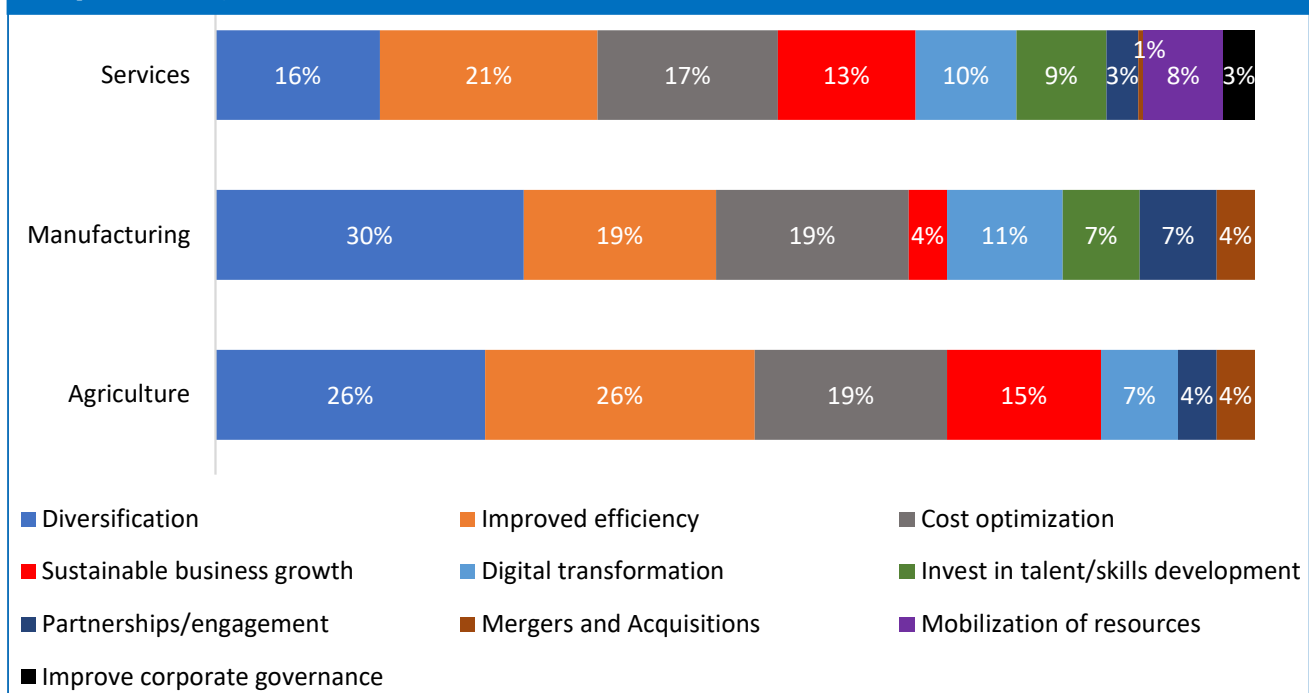


Chart 25: Firms' strategic priorities over the next three years by sector (percent of respondents)



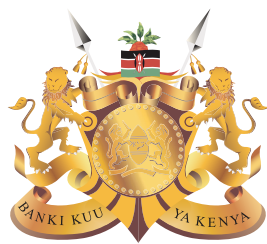
13. CONCLUSION

- The majority of respondents remain optimistic about Kenya's economic growth prospects over the next 12 months, despite heightened global uncertainties.
- Firms reported mixed business performance in 2026Q2 compared to 2026Q1, reflecting varying sectoral conditions and demand patterns.
- Respondents expect resilient business activity in 2026Q3 compared to 2026Q2, supported by favorable weather conditions, relatively stable macroeconomic conditions, technological innovation, and expected growth in seasonal demand.
- A larger share of firms reported the ability to meet unexpected increases in demand, supported by available unutilized capacity and ongoing efficiency improvements.
- Access to bank credit was reported to have eased moderately, although lending rates, collateral requirements and documentation requirements remain key constraints.
- Technology adoption and automation continue to play a critical role in improving efficiency and supporting business growth.
- Key risks to growth over the next 12 months include elevated business costs, weak consumer demand, high energy prices, geopolitical tensions, and global economic uncertainty remain.
- Firms' core strategic priorities over the medium term remain focused on cost optimization, diversification, innovation, and operational efficiency.

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

Survey respondents identified several measures that could contribute to a more conducive business environment and support private sector growth. These include:

- i) Promoting transparency and competition in credit pricing, alongside expanding access to affordable credit and alternative financing.
- ii) Continuing to reduce the cost of doing business through investing in infrastructure that improve competitiveness and lower transaction costs by reducing number of permits and associated fees.
- iii) Ensuring prompt settlement of pending payments and obligations to suppliers to improve liquidity within the private sector.
- v) Strengthening governance, accountability, and efficiency within public institutions to improve service delivery and investor confidence.
- vi) Support innovation, digitization, and adoption of emerging technologies through appropriate incentives, capacity building, and investment in digital infrastructure.



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