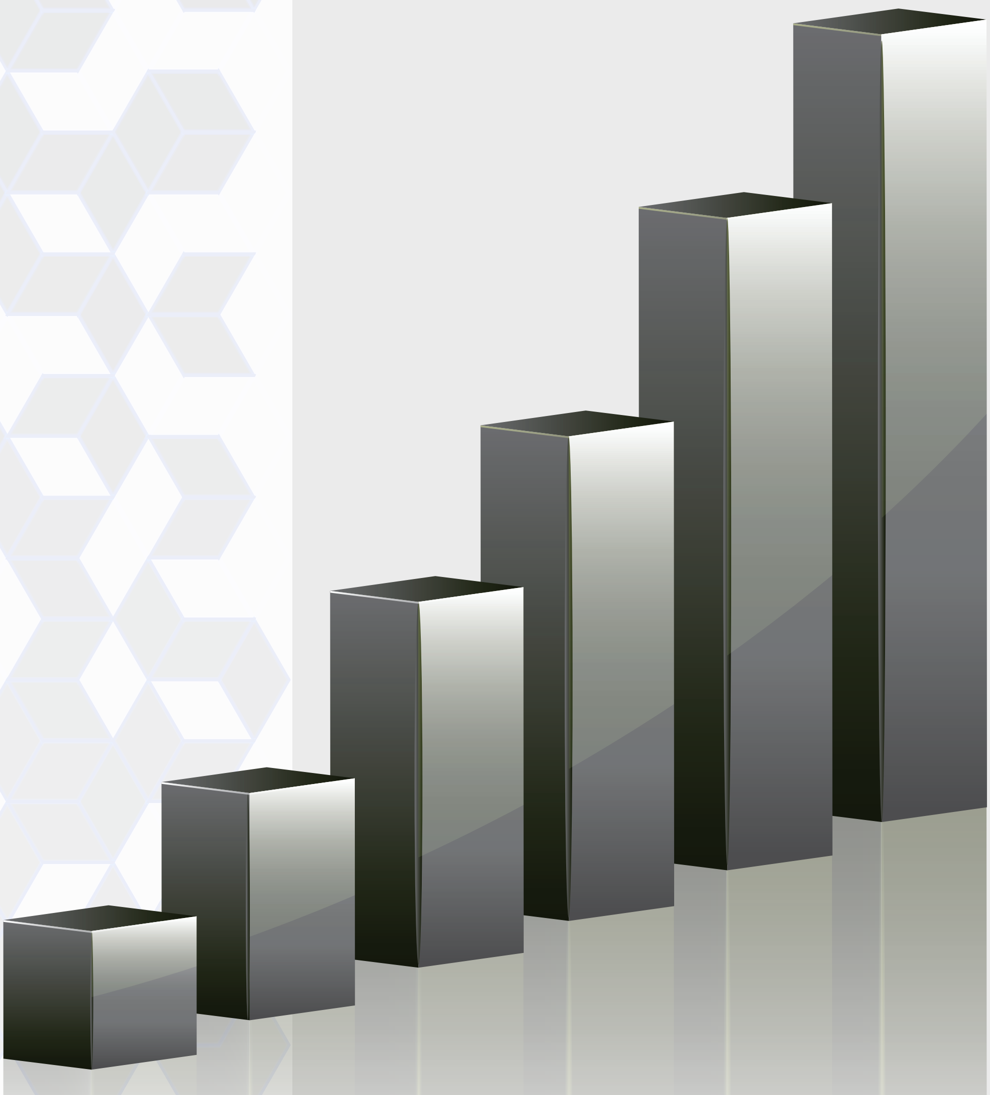
Central Bank of Kenya

Chief Executive Officers' (CEOs) Survey

November 2025



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1. BACKGROUND

The Central Bank of Kenya (CBK) Chief Executive Officers' (CEOs) Survey complements the other surveys (Market Perceptions Survey and Agriculture Sector Survey) conducted every two months prior to the Monetary Policy Committee (MPC) meetings. The objective of the Survey is to capture information on top firms' perceptions, expectations, and issues of concern. The Survey supports key decisions including monetary policy.

The Survey seeks CEOs 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 to establish the 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 also obtains feedback in terms of the suggestions that would improve the business environment.

The Survey targets CEOs of key 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).

2. INTRODUCTION

This Survey was conducted between November 10 and 21, 2025. The Survey inquired from CEOs their levels of confidence/optimism in the growth prospects for their companies and sectors, as well as the growth prospects for the Kenyan and global economies over the next 12 months. In addition, the Survey interrogated CEOs on business activity in 2025 quarter four (Q4) compared to 2025 quarter three (Q3), and their expectations for economic activity in the first quarter of 2026 (Q1). The Survey also sought to obtain the significant factors likely to affect business expansion/growth in the next one year (November 2025 – October 2026), as well as the strategic directions and solutions to address their key constraining factors over the medium term (November 2025 - October 2028). This report provides a summary of the findings of the Survey.

3. SURVEY METHODOLOGY

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

The respondents were from the following sectors: financial services (16 percent), manufacturing (15 percent), tourism, hotels, and restaurants (14 percent), professional services (12 percent), agriculture (9 percent), real estate (8 percent), ICT and telecommunications (7 percent), healthcare and pharmaceuticals (6 percent), wholesale and retail trade (3 percent), and transport and storage (3 percent). Media, education, security, building and construction, mining and energy, and all other sectors not specified accounted for one percent and below of the respondents.

Majority of the respondents (68 percent) were privately-owned domestic firms, while the rest were privately-owned foreign businesses (19 percent), government owned entities (4 percent), publicly listed domestic (2 percent), publicly listed foreign (2 percent) and other ownership structure (5 percent). Forty-three percent of the respondents had a turnover of less than KSh 250 million in 2024, sixteen percent of the respondents had a turnover of between KSh 250 million and KSh 1 billion, twenty four percent of the respondents had a turnover of between KSh 1 billion and KSh 5 billion while eighteen percent of the respondents had a turnover of over KSh 5 billion, during the same period.

In terms of employment, 41 percent of respondents employed less than 100 employees, 46 percent of the respondents had between 100 and 1000 employees, while 12 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:

- Firms reported sustained growth prospects for the Kenyan economy over the next 12 months, attributing this to resilient agricultural production supported by favorable weather conditions, stable macroeconomic environment, technological adoption, and seasonality factors. However, respondents noted that high cost of doing business, taxation, reduced consumer demand, changes in U.S. policy and tariffs, and geopolitical tensions could hinder growth.

- A larger proportion of respondents reported improved company growth prospects over the next 12 months supported by strategies to spur growth.
- Firms expect enhanced sectoral growth prospects over the next 12 months attributed to sector specific opportunities. Nevertheless, sectoral challenges remain.
- Respondents expect moderated growth prospects for the global economy over the next 12 months due to increased uncertainty and geopolitical tensions.
- Respondents noted an improvement in business activity in 2025Q4 relative to 2025Q3, driven by festive season-related demand. However, business activity is expected to moderate in 2026Q1 compared to 2025Q4 as the effects of the festive season subside.
- A larger proportion of respondents reported moderate conditions regarding access to bank credit. In addition, most of the respondents have experienced declines in bank lending rates since August 2024.
- Most firms are operating below or near full capacity, and therefore foresee no significant difficulty in meeting an unexpected increase in demand or sales.
- Majority of the respondents have adopted technology and automated firm processes in the last 12 months.

5. BUSINESS CONFIDENCE/OPTIMISM OVER THE NEXT 12 MONTHS

The Survey assessed the CEOs optimism regarding the growth prospects for their companies, sector, the Kenyan and global economies over the next 12 months. The survey outcome showed sustained growth prospects for the Kenyan economy over the next 12 months, supported by favorable weather conditions, a stable macroeconomic environment characterized by low inflation, a stable exchange rate and continued decline in banks' lending rates, as well as technological adoption and seasonality factors associated with the festive season.

Nevertheless, respondents cited the elevated cost of doing business, cashflow constraints, taxes and levies, reduced consumer demand, the impact of the U.S. protectionists policies and geopolitical tensions as key factors that could hinder growth **(Chart 1)**.

Most of the respondents expect improved growth prospects at company level over the next 12 months. The improvement in growth prospects is attributed to enhanced automation and increased innovation to improve efficiency, diversification of products and services for wider customer reach and distinctive customer experience, change in business strategy including restructuring, access to new markets through digital marketing, continued improvement in the quality of products and customer experience, enhanced access to business financing due to declining lending rates, and effective leveraging of available business opportunities **(Chart 2)**.

Most of the respondents reported enhanced sectoral growth prospects over the next 12 months, supported by sector specific opportunities **(Chart 2)**. In the tourism sector, respondents expect increased activity, driven by festive season demand. The agriculture sector is expected to benefit from favorable weather conditions, boosting the sector. The financial services sector continues to benefit from automation, which has enabled product diversification and increased access to and demand for digital financial products. Growth in the professional services sector is expected to continue expanding, driven by rising demand for their services. The ICT sector continues to benefit from continued digitization of the economy while the manufacturing, and wholesale and retail sector are expected to gain from accelerated demand related to the festive season.

Nevertheless, sectoral challenges remain: The tourism sector continues to be negatively impacted by increased park fees and levies; wholesale and retail trade continues to hurt from reduced consumer demand owing to lower disposable incomes; the health sector has been affected by liquidity constraints emanating from pending bills and donor fund cuts. Meanwhile, manufacturing sector continues to be impacted by elevated cost of doing business, reduced consumer demand, liquidity challenges resulting from pending bills, lower revenues and difficulties accessing business finance, and competition from other global manufacturers.

Respondents expect moderated global growth prospects over the next 12 months due to increased global uncertainty, the expected impact of the U.S. tariffs and policy changes, particularly on supply chains, cost of imports and developmental projects following donor funding cuts; and geopolitical tensions and their implications on global supply chains and energy prices.

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

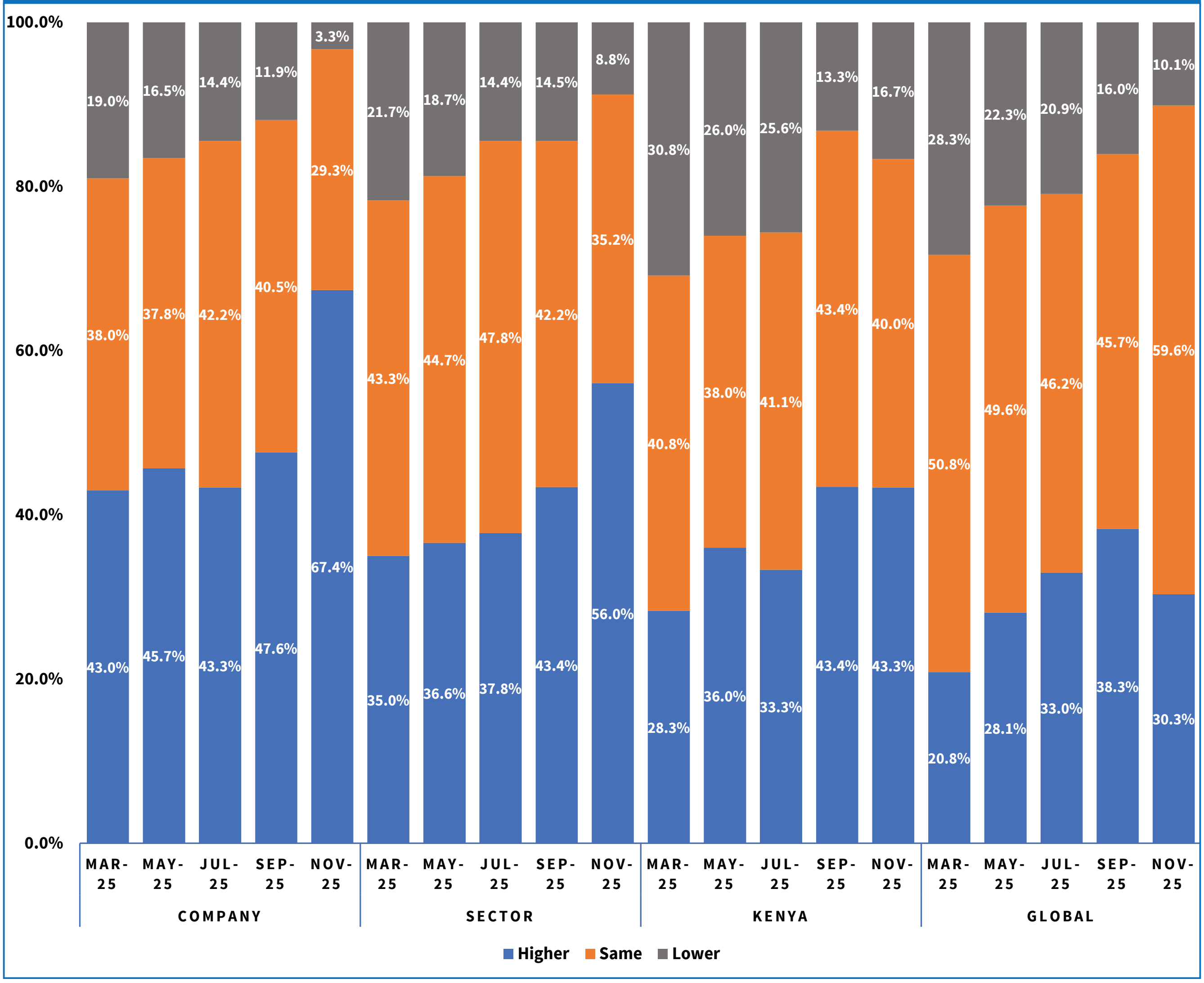
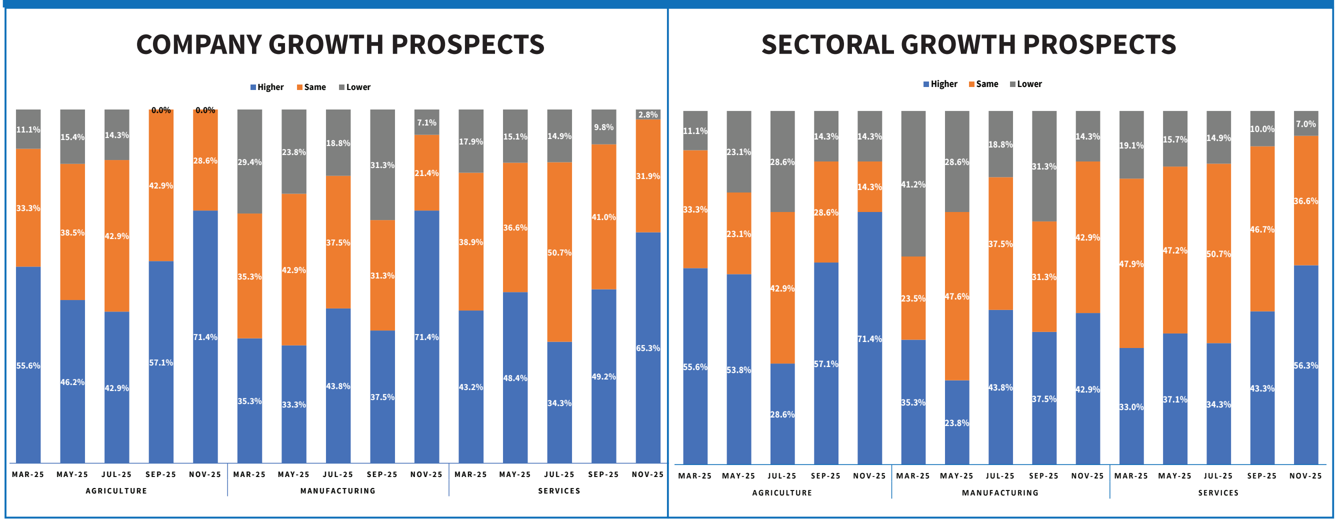


Chart 2: Sectoral analysis of growth prospects over the next 12 months (percent of respondents)



6. BUSINESS ACTIVITY IN 2025 Q4 COMPARED TO 2025 Q3

The Survey sought CEOs perceptions on business activity in the fourth quarter relative to the third quarter of 2025. Indicators of business activity show improved performance in 2025 Q4 relative to 2025 Q3 driven by seasonality factors associated with the festive season. Key improvements were reported in demand orders, sales growth, production volumes, and the number of employees.

Sales prices were reportedly higher, reflective of the festive season demand pressures. However, purchase prices remained largely unchanged, in line with the stability of commodity prices **(Chart 3 to 9)**.

Chart 3: Business activity in 2025 Q4 compared to 2025 Q3 (percent of respondents)

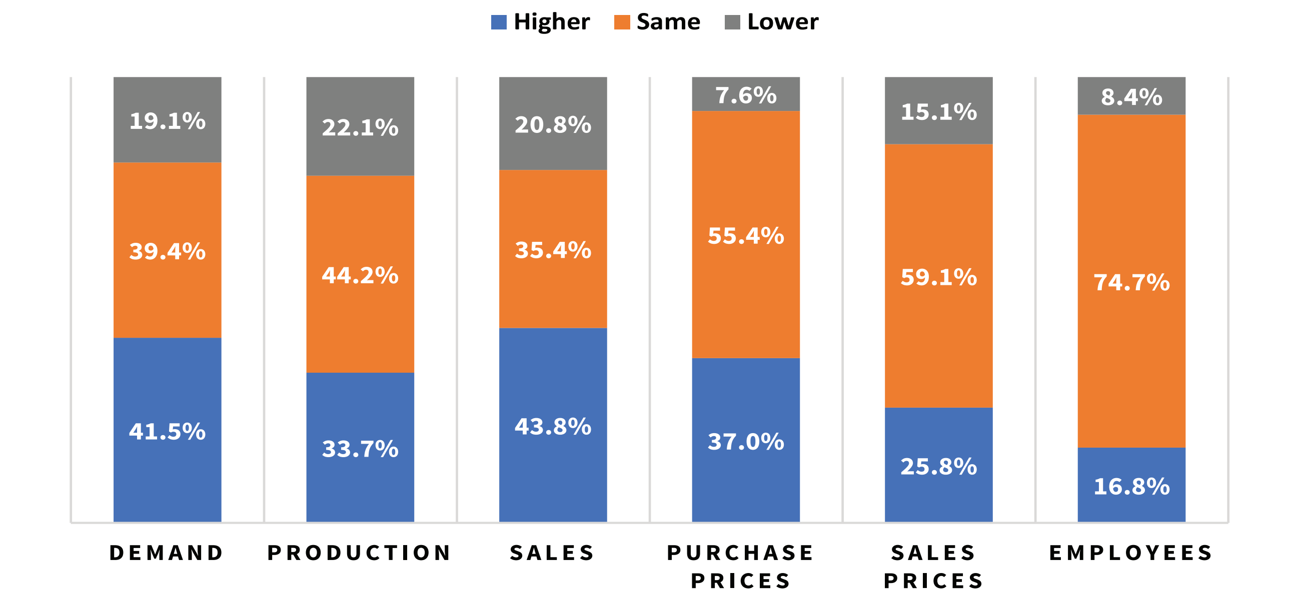


Chart 4: Comparison of business activity in 2025 Q4 relative to 2025 Q3 (balance of opinion)

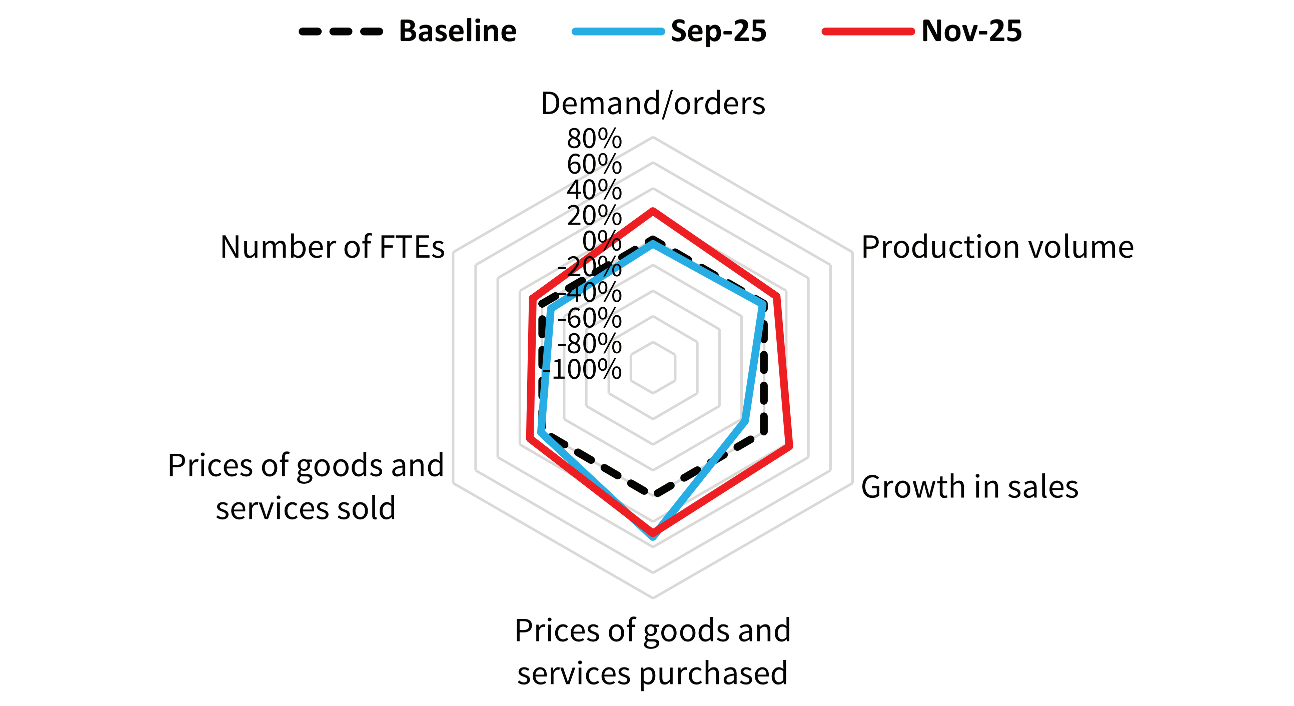


Chart 5: Demand/Orders in 2025 Q4 relative to 2025 Q3 by sectors (percent of respondents)

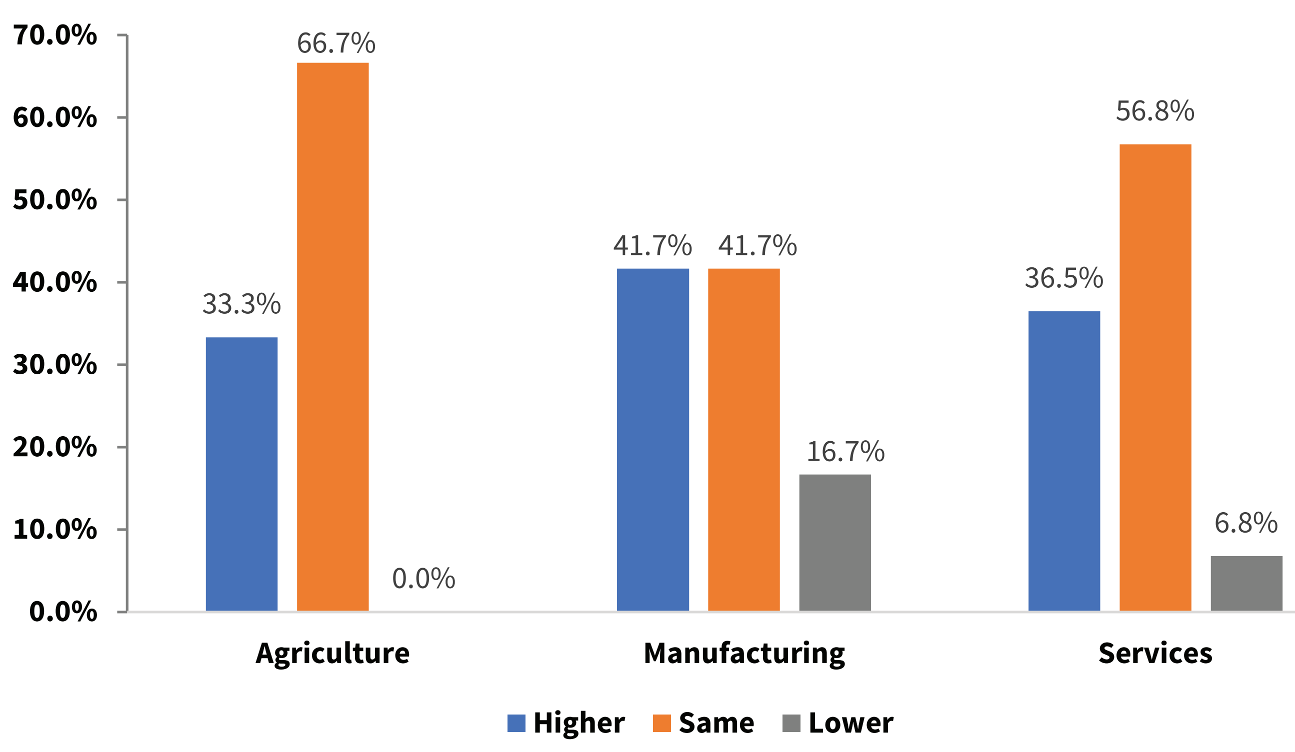


Chart 6: Sales growth in 2025 Q4 relative to 2025 Q3 by sectors (percent of respondents)

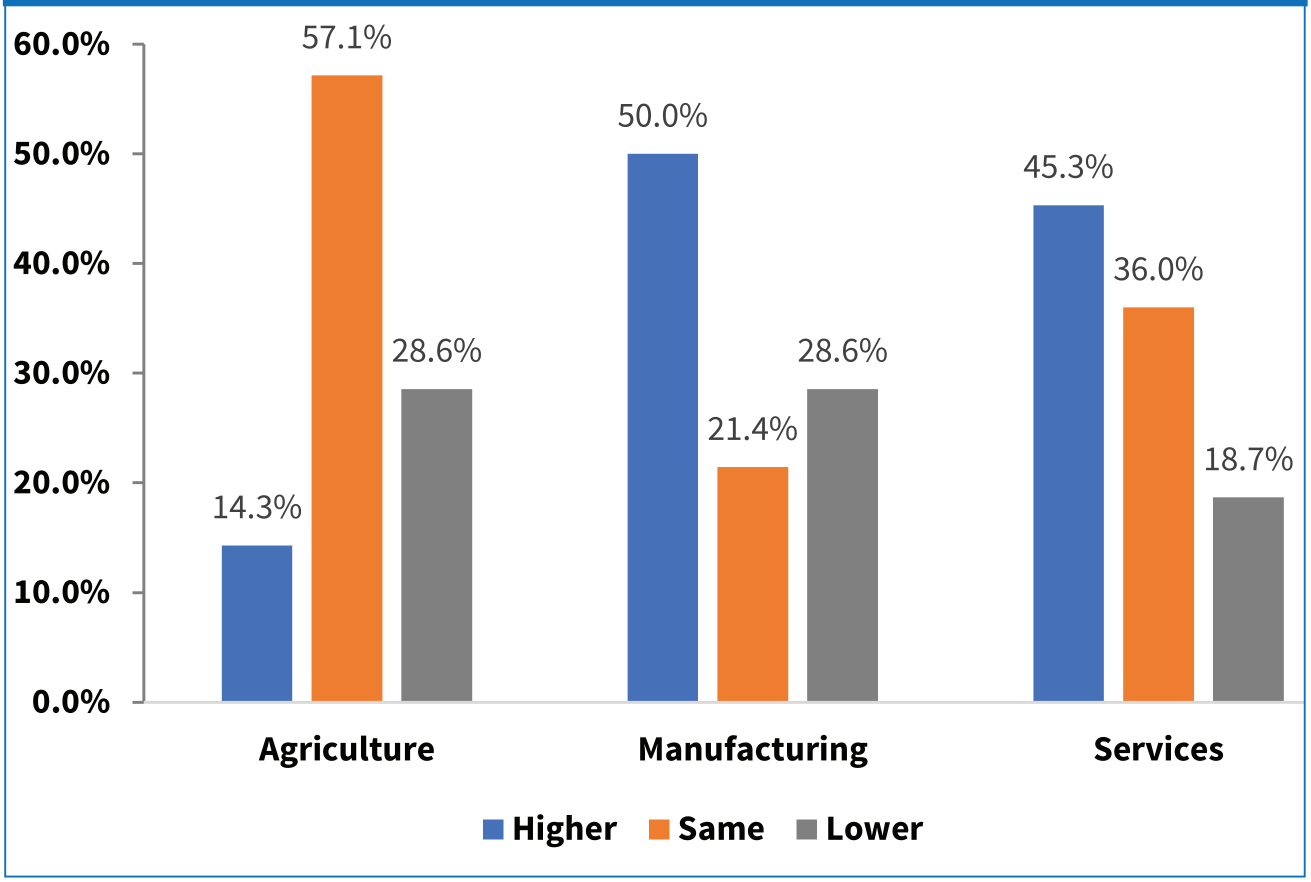


Chart 7: Purchase and sales prices in 2025 Q4 relative to 2025 Q3 by sectors (percent of respondents)

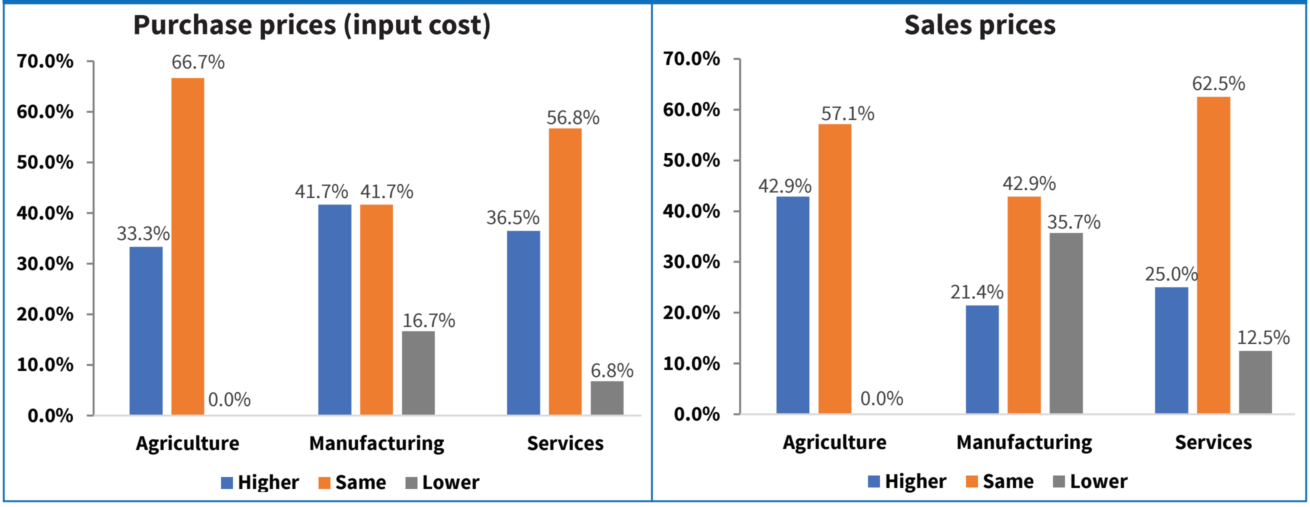


Chart 8: Production volumes in 2025 Q4 relative to 2025 Q3 by sectors (percent of respondents)

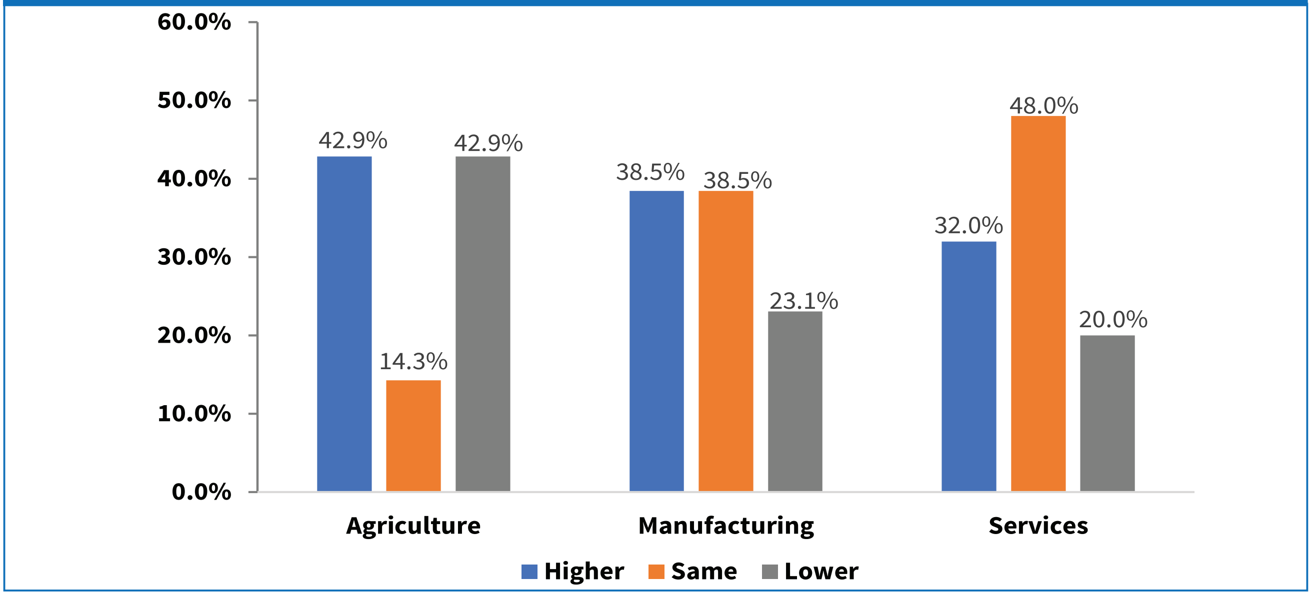
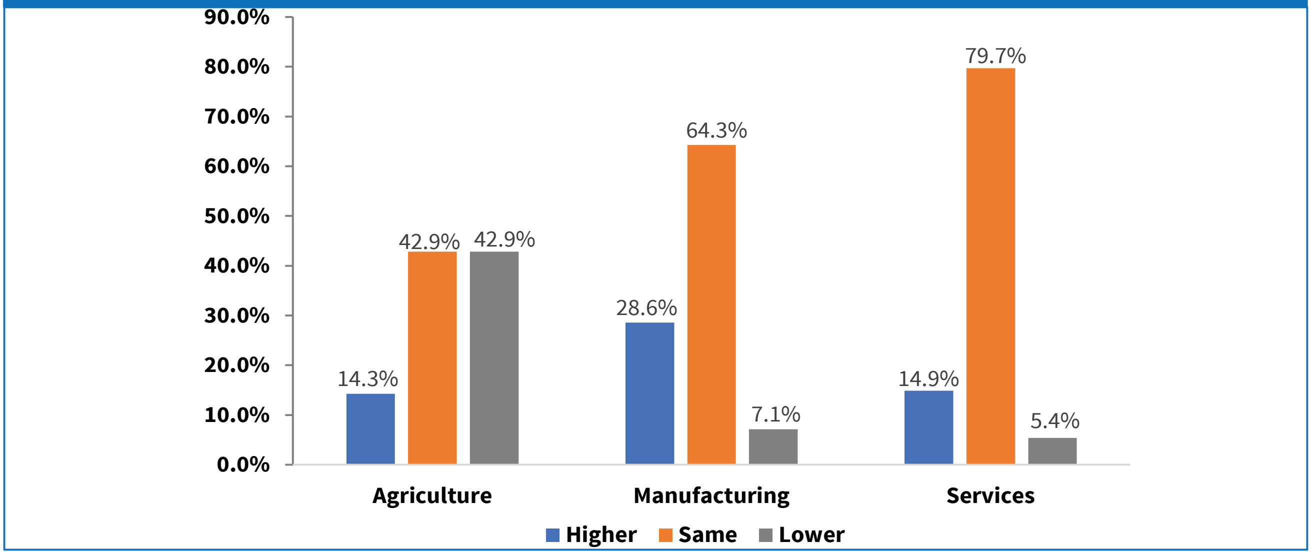


Chart 9: Number of full-time employees in 2025 Q4 relative to 2025 Q3 by sectors (percent of respondents)



7. OUTLOOK FOR BUSINESS ACTIVITY IN 2026 Q1 COMPARED TO 2025 Q4

The Survey sought CEOs expectations of business activity in the first quarter of 2026 relative to the fourth quarter of 2025. On balance, respondents reported mixed expectations on business activity in the next quarter, largely driven by seasonality factors **(Chart 10)**. However, the expected performance represents an improvement relative to the baseline. Demand orders, production volume, and the number of employees are expected to decline, reflecting the anticipated moderation in business activity in quarter one as the effects of the festive season fade. On the other hand, sales and purchase prices are expected to remain largely stable with an upward bias in the next quarter, in tandem with expected developments in international and domestic commodity prices **(Chart 11)**.

Chart 10: Outlook on business activity in 2026 Q1 compared to 2025 Q4 (percent of respondents)

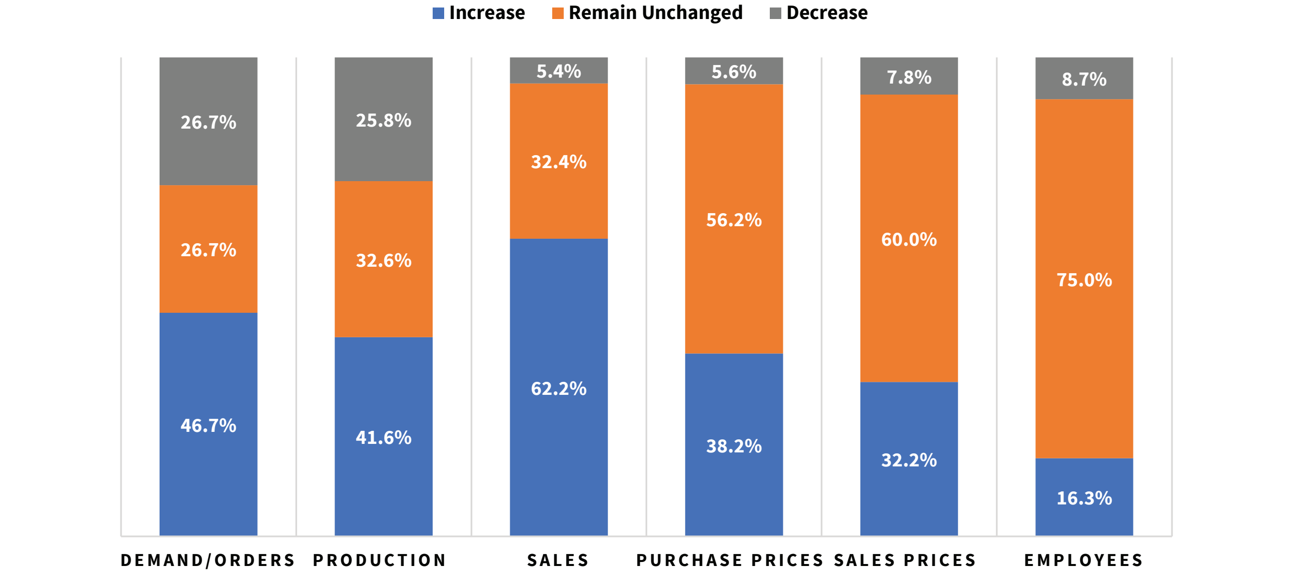
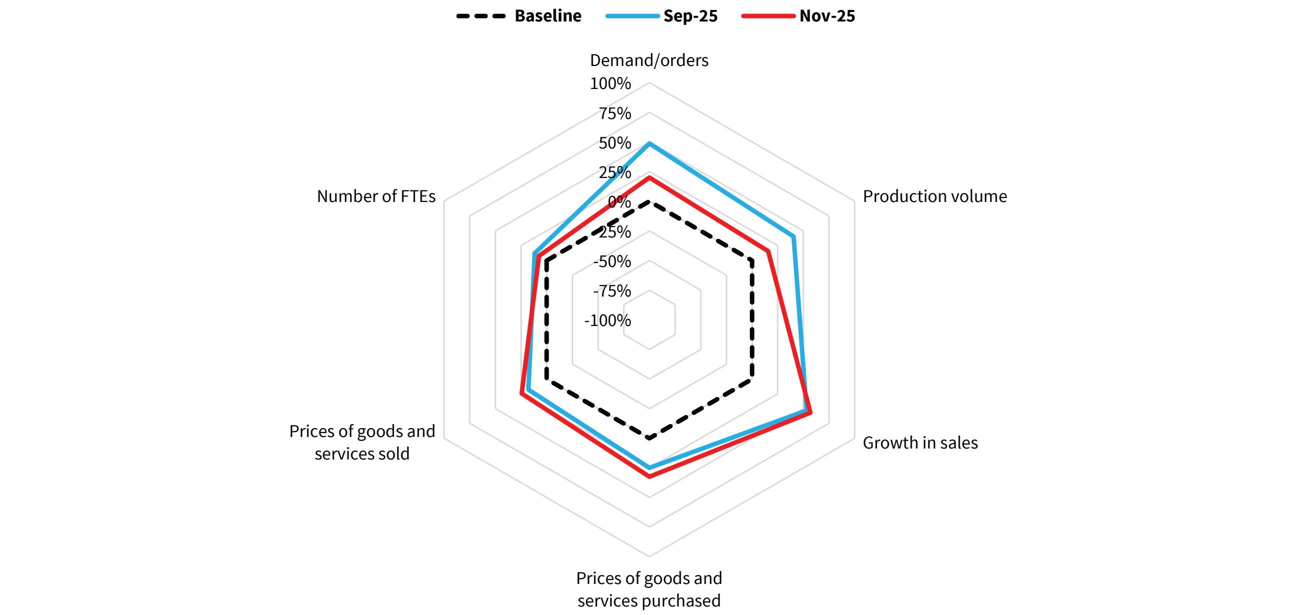


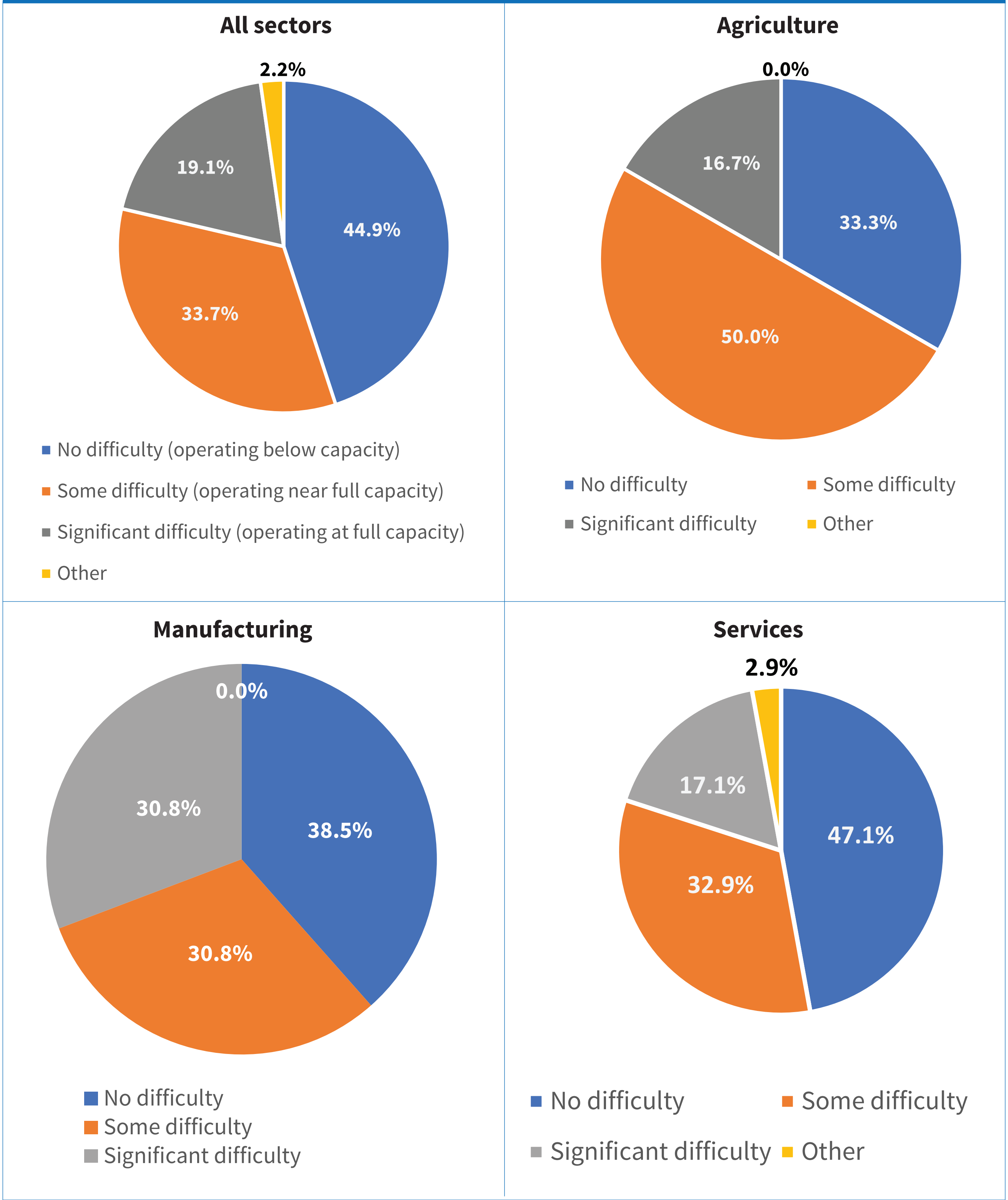
Chart 11: Expectations of business activity in 2026 Q1 relative to 2025 Q4 (balance of opinion)



Majority of firms reported ability to meet unexpected increase in demand or sales as they were operating below or near full capacity. This would be achieved by leveraging on existing idle capacity such as infrastructure and labor, utilizing carryover stocks from reduced consumer demand, and increased automation of processes which continue to improve efficiency.

Nevertheless, challenges in meeting this unexpected increase in demand are attributed to cashflow constraints from pending bills and difficulties in accessing business financing, reduced revenues due to slow business reflected in muted consumer demand, the lead time required to expand production, elevated production costs, stiff competition from imports, and compliance requirements for scaling up operations in some sectors **(Chart 12)**.

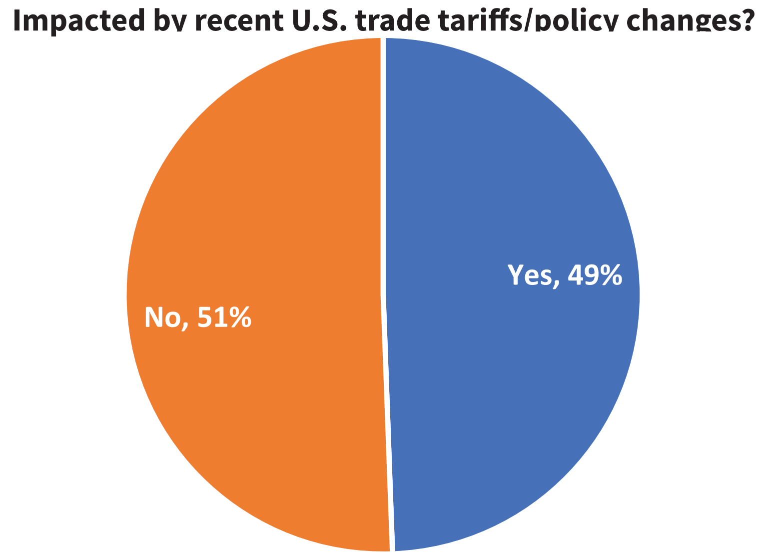
Chart 12: Potential level of difficulty in meeting increased demand or sales (percent of respondents)

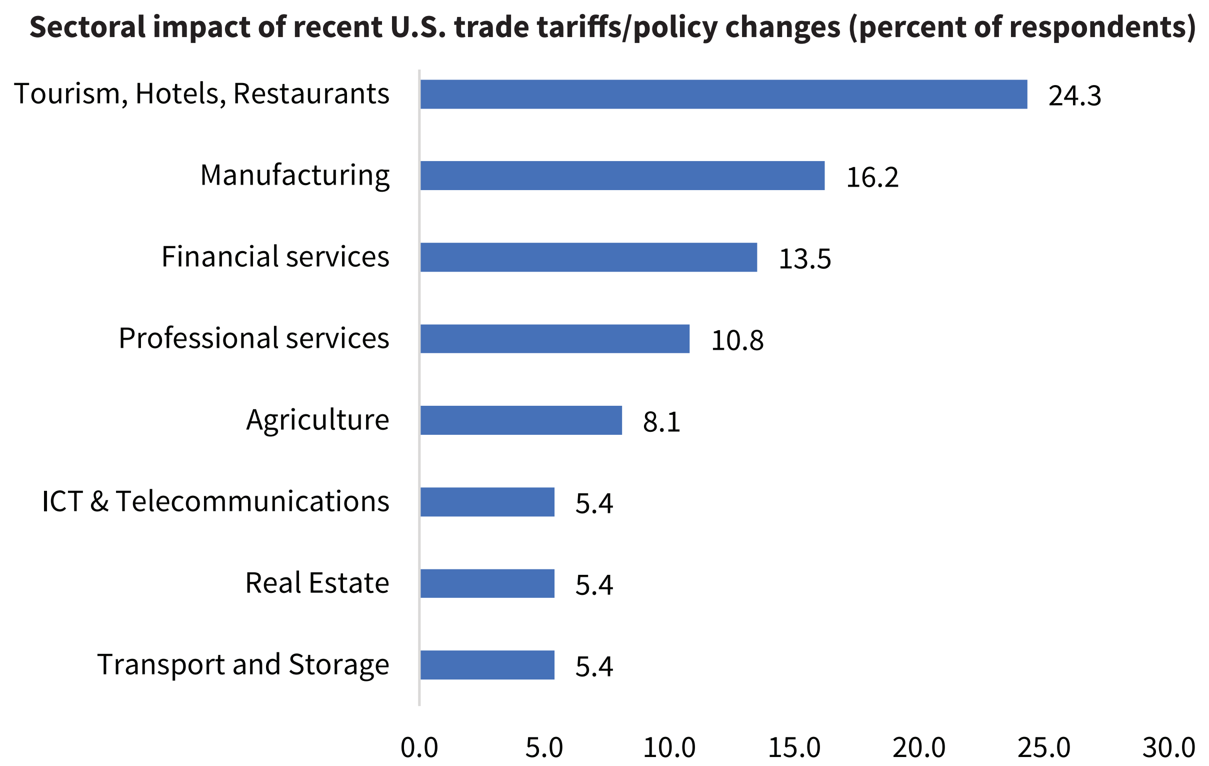


8. IMPACT OF RECENT U.S. TRADE TARRIFFS AND POLICY CHANGES

The survey assessed the extent of the impact of recent U.S. trade tariffs and policy changes on domestic firms. The survey outcome showed a roughly equal proportion of respondents expecting to be affected by U.S. protectionists polices and those not expecting an impact. The impact would be felt through; lower trade volumes with the U.S. following the expiry of the African Growth and Opportunity Act (AGOA), potential increase in import tariffs with implications on domestic production costs; reduced donor funding, which is adversely affecting the health and hospitality sectors, strict immigration policies likely to impact on diaspora remittances, and possible supply chain disruptions **(Chart 13)**.

Chart 13: Proportion of respondents impacted by the recent U.S. Tariffs/Policy changes (percent of respondents)



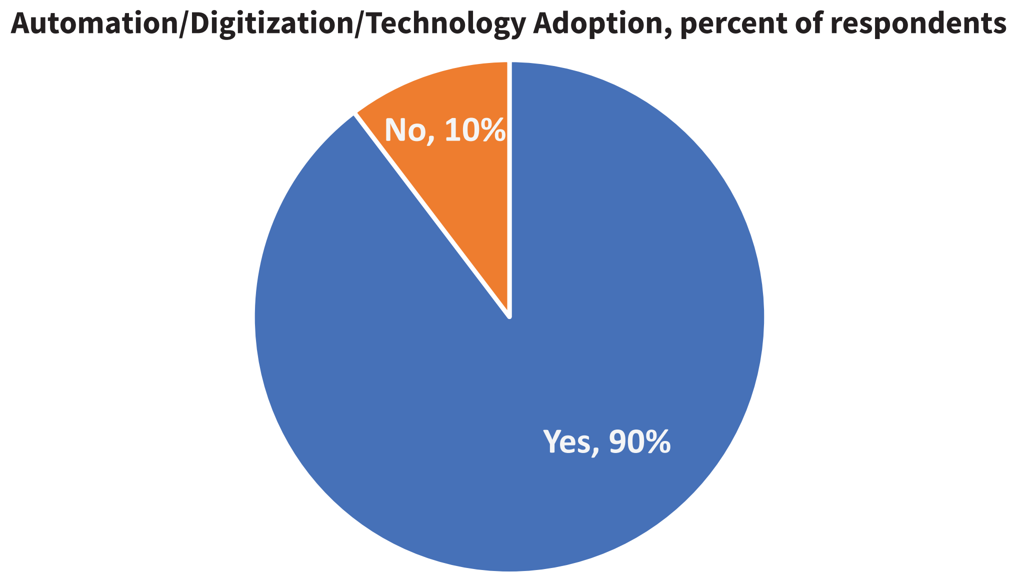


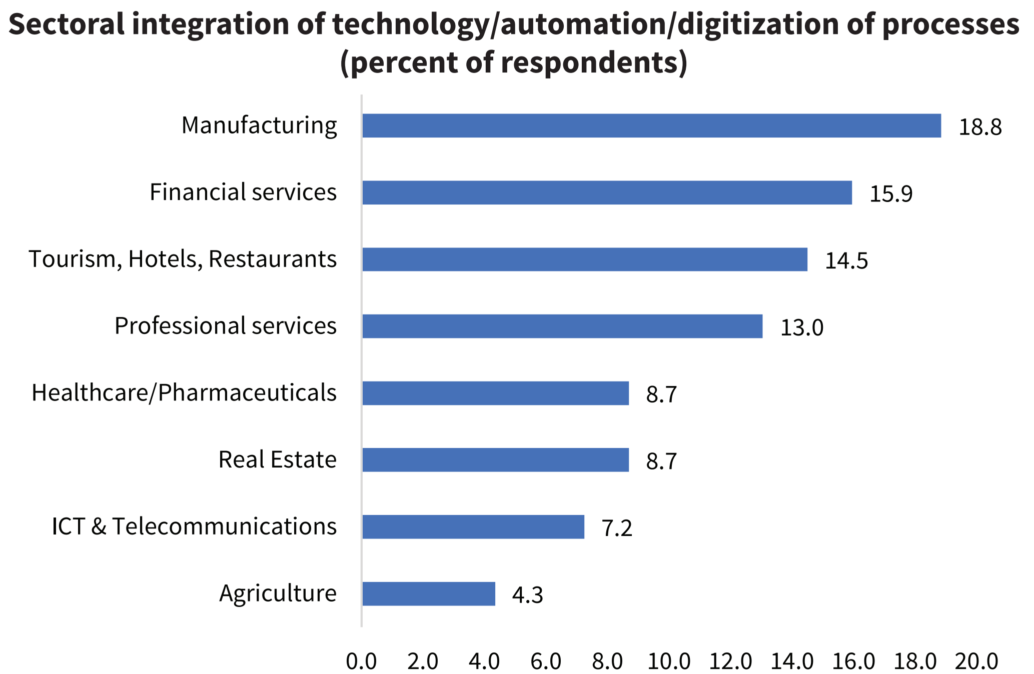
9. TECHNOLOGY ADOPTION AND AUTOMATION IN FIRMS

The survey examined the extent of digitization in Kenyan firms over the past 12 months, and their plans for technology adoption in the next one year. Most respondents reported automating their processes during the past year to enhance operational efficiency. The majority of the respondents indicated investments in cloud computing, sales and revenues analytics, general operations, customer billing and payment processing, staff and client communication, marketing, compliance with government directives such as ETIMS and E- Government Procurement, and upgrades to existing technology **(Chart 14)**.

Respondents highlighted some challenges and constraints associated with technology integration within their firms. These include: budget limitations due to high installation and maintenance cost; gaps in inhouse technological skills, compounded by the high cost of training and recruiting skilled staff; resistance to change among the existing workforce due to fear of job losses from automation; rapid technological evolution, which makes it difficult for organizations to keep pace with system upgrades; increased exposure to cyber risks, as evidenced by rising cybercrime attempts and threats; and internet disruptions that affect operational efficiency.

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

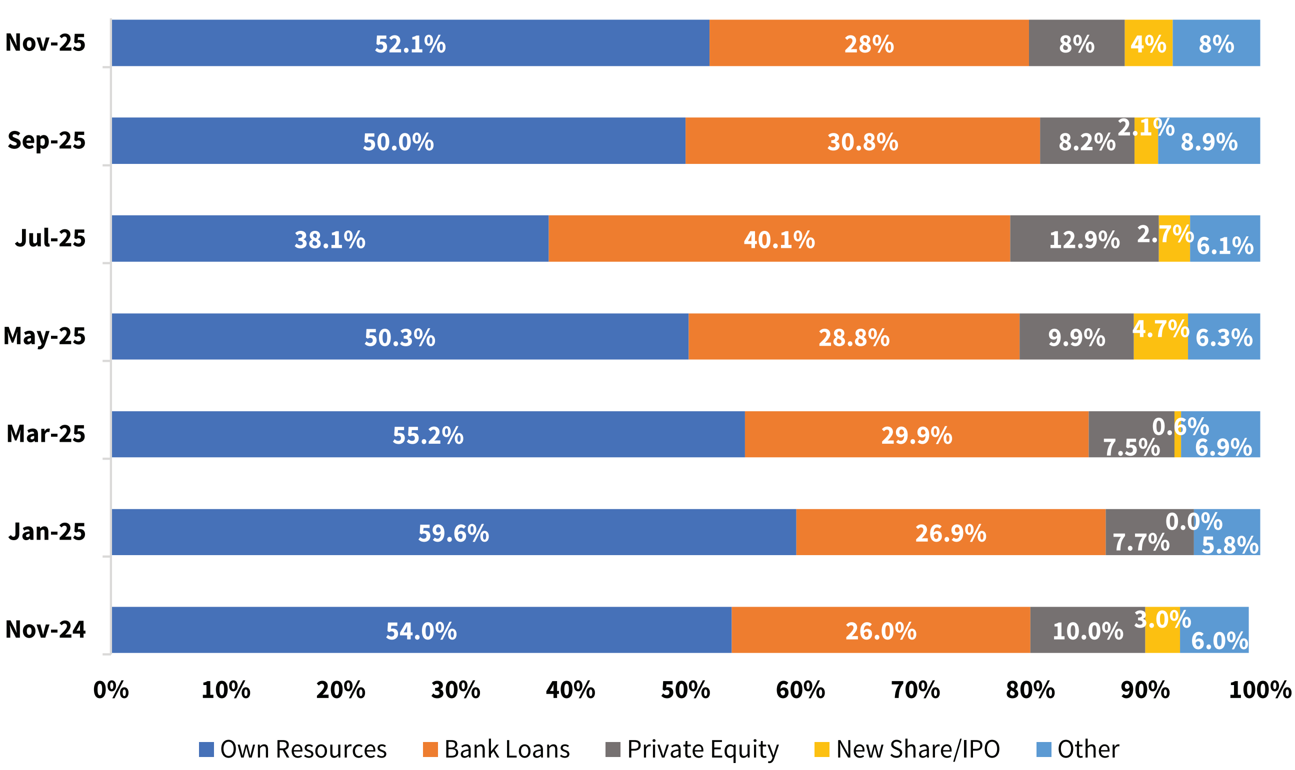




10. FIRMS' SOURCES OF FINANCING

The Survey sought to identify firms' sources of financing in the third quarter of 2025. Firms reported continued reliance on internal resources and bank loans to finance their operations **(Chart 15)**.

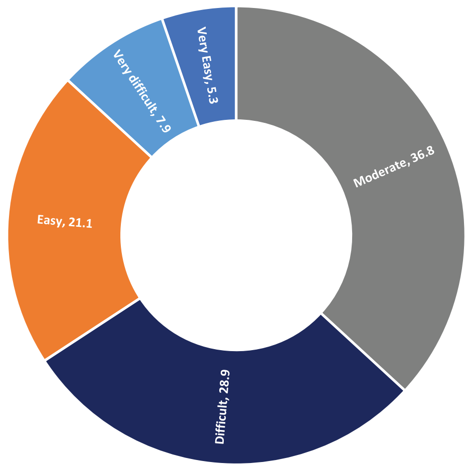
Chart 15: Firms' sources of financing (percent of respondents)



In addition, the survey assessed access to credit to determine whether banks were passing on the benefits of the lower interest rates to customers, following the reduction of the Central Bank Rate (CBR) by the Monetary Policy Committee of the Central Bank of Kenya since August 2024. Most respondents reported moderate access to credit in Kenya. However, difficulties persisted, mainly due to slow loan processing caused by lengthy bureaucratic procedures, high collateral requirements that were beyond the reach of many customers, and cautious lending practices by banks, particularly toward sectors such as agriculture, professional services and creative industry, elevated interest rates that were unfavorable to small and medium businesses, poor credit histories, and banks' risk perceptions of borrowers.

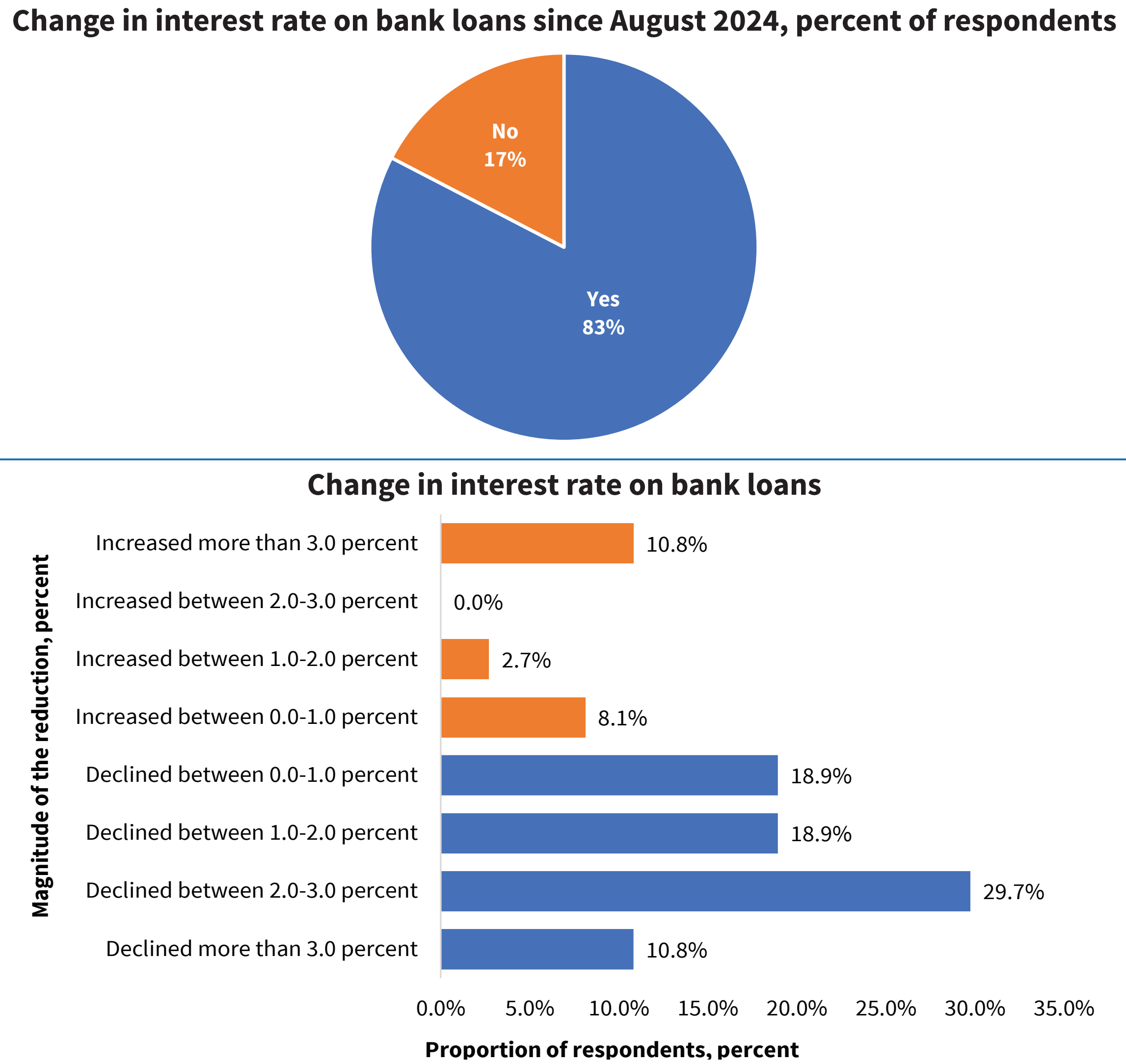
However, some respondents reported easing conditions in access to credit, owing to strong business relationships with banks, the adoption of technology and automation of loan processing, which has improved efficiency, good credit ratings of borrowers, stable businesses with long operational histories that give banks greater confidence to lend, and continued decline in interest rates, which has boosted affordability **(Chart 16)**.

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



Majority of the respondents to the November 2025 survey reported lower bank lending interest rates, reflecting the continued transmission of monetary policy easing by the Central Bank. Most of the respondents experienced declines in bank loan interest rate of 2.0–3.0 percent. This reduction in lending rates has gradually supported renewed credit uptake by businesses, particularly for working capital and short-term investment needs **(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

The survey respondents identified various strategies that firms are using to drive growth over the next 12 months. Most respondents highlighted technological adoption and automation of processes, customer centricity, and improved operational efficiency as the key drivers of growth in the next one year **(Chart 18)**.

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

However, respondents identified the cost of doing business, taxes and levies, and reduced consumer demand as key constraints to growth over the next 12 months. At the same time, they reported easing constraints to business financing due to declining lending interest rates **(Chart 19 & 20)**.

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

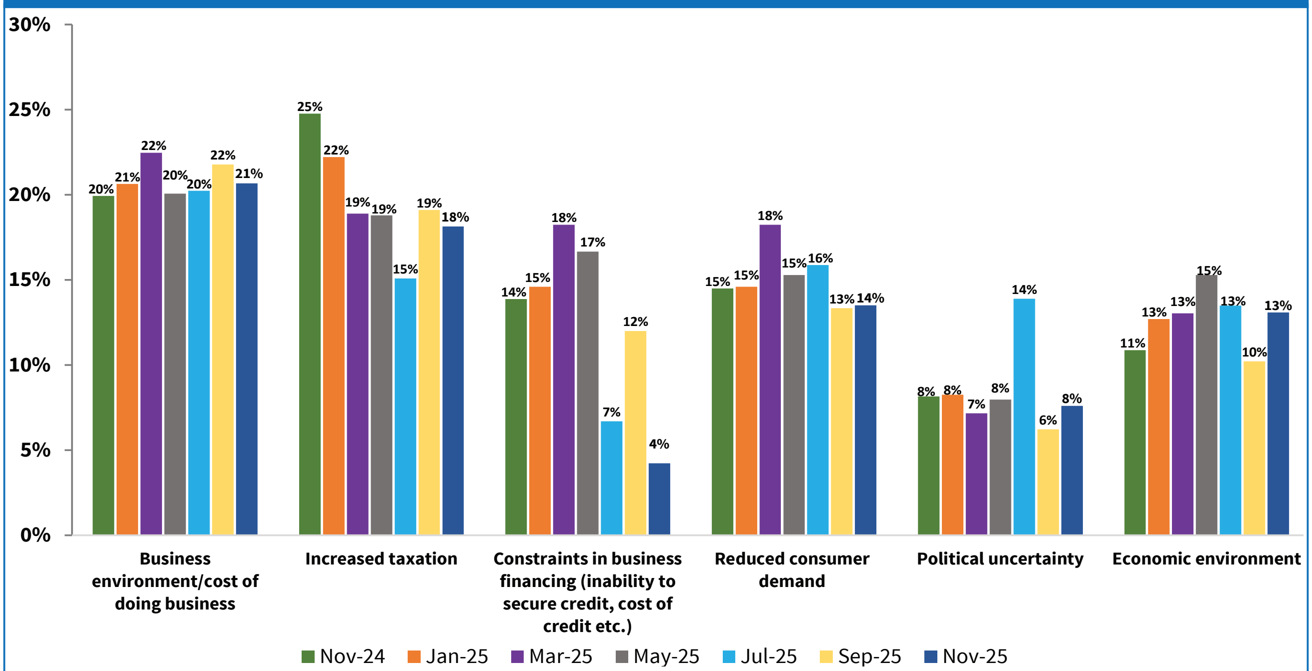
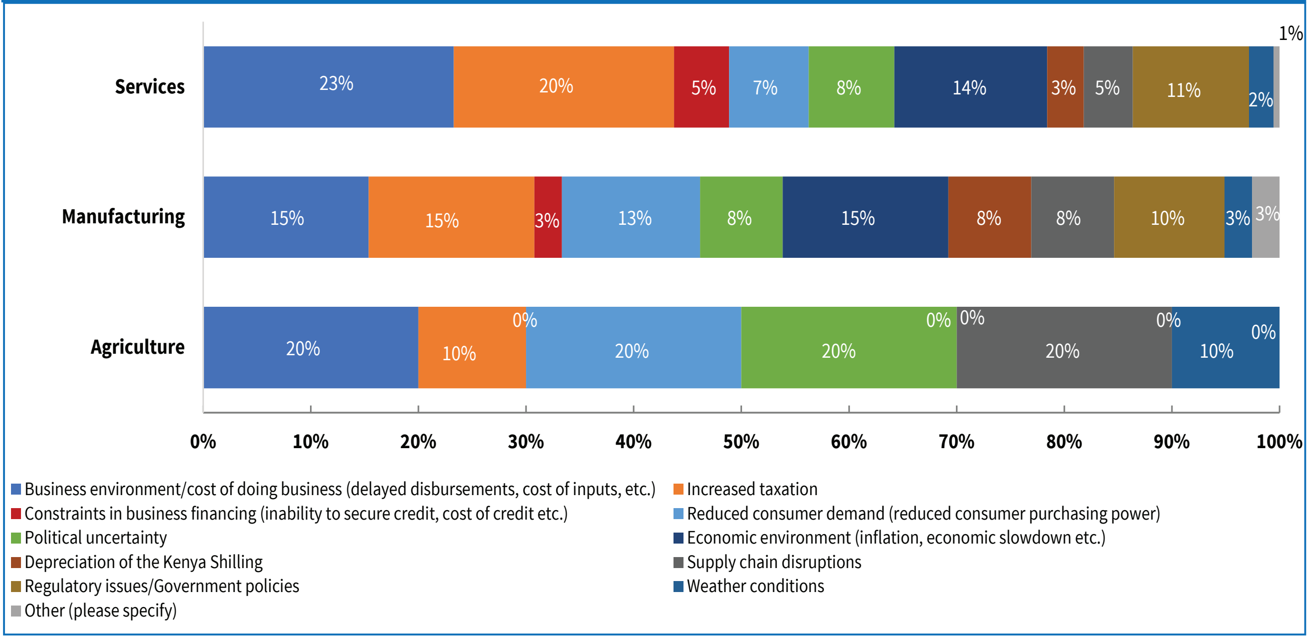
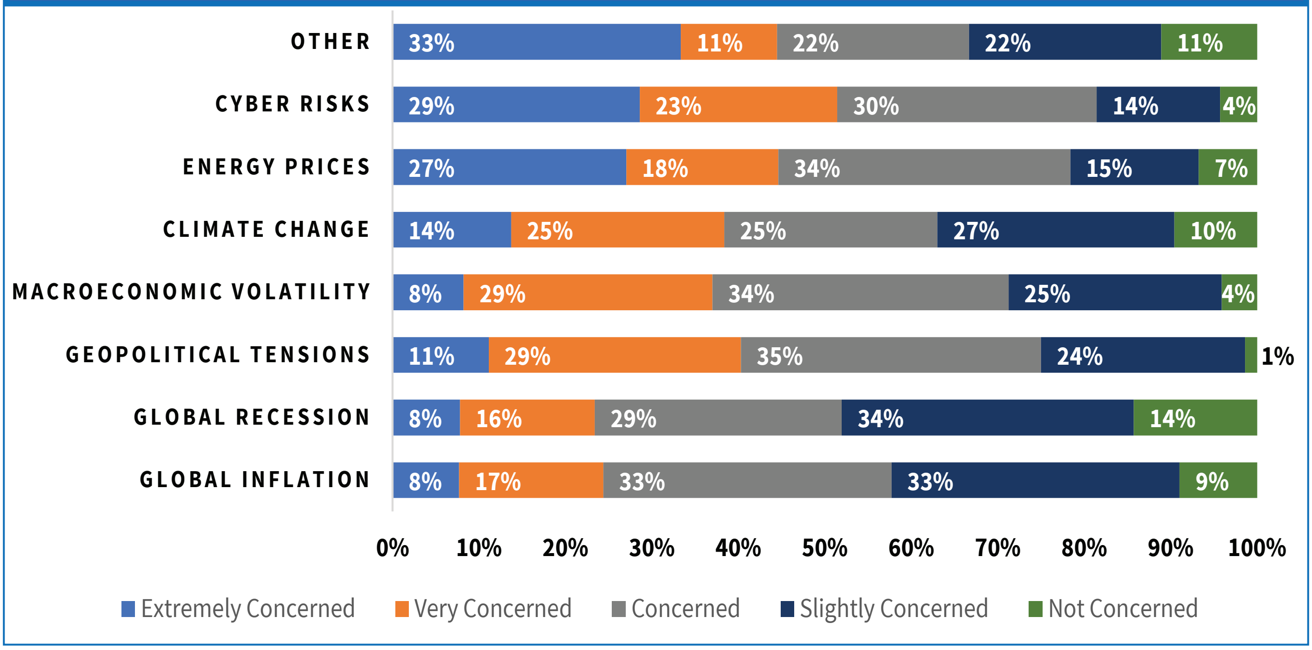


Chart 20: Domestic factors constraining firms' expansion by sectors (percent of respondents)



Geopolitical tensions, macroeconomic volatility, and cyber risks (associated with increased digitization in organizations) were identified as the major external threats to firm's growth and expansion over the next 12 months **(Chart 21)**.

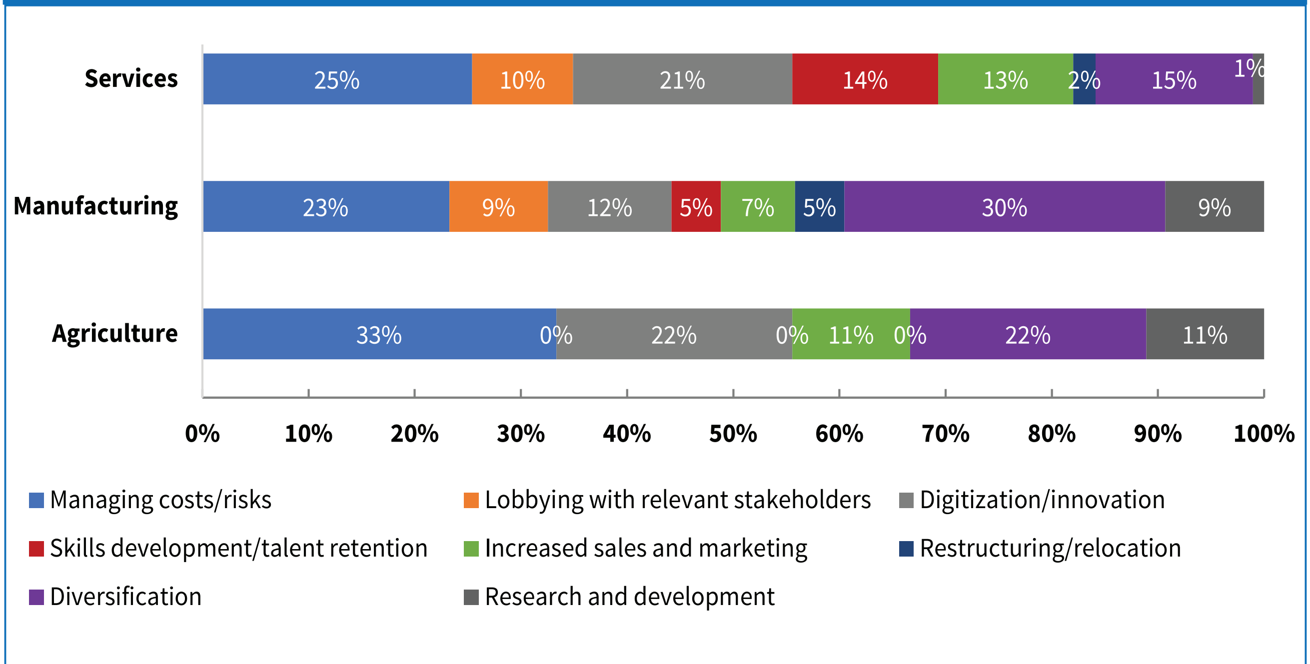
Chart 21: External threats impacting firms' expansion (percent of respondents)



Nevertheless, firms are addressing these constraints by managing costs and risks, digitizing processes to enhance efficiency, diversifying operations through the development of new products and services, as well as expansion into new markets **(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 sought to find the key strategic priority areas for firms in the next three years. A larger proportion of the respondents identified diversification of products and markets, improvement in efficiency and sustainable business growth as their priority areas over the medium term **(Chart 24 & 25)**.

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

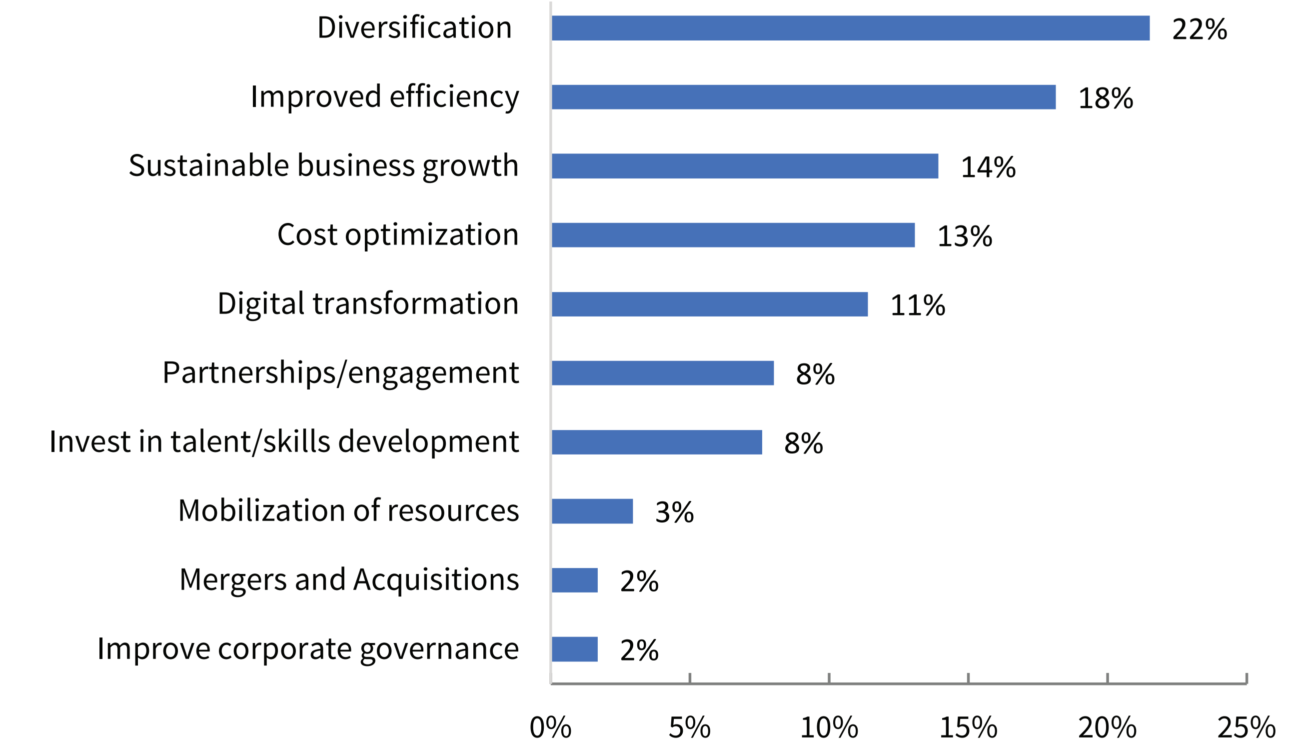
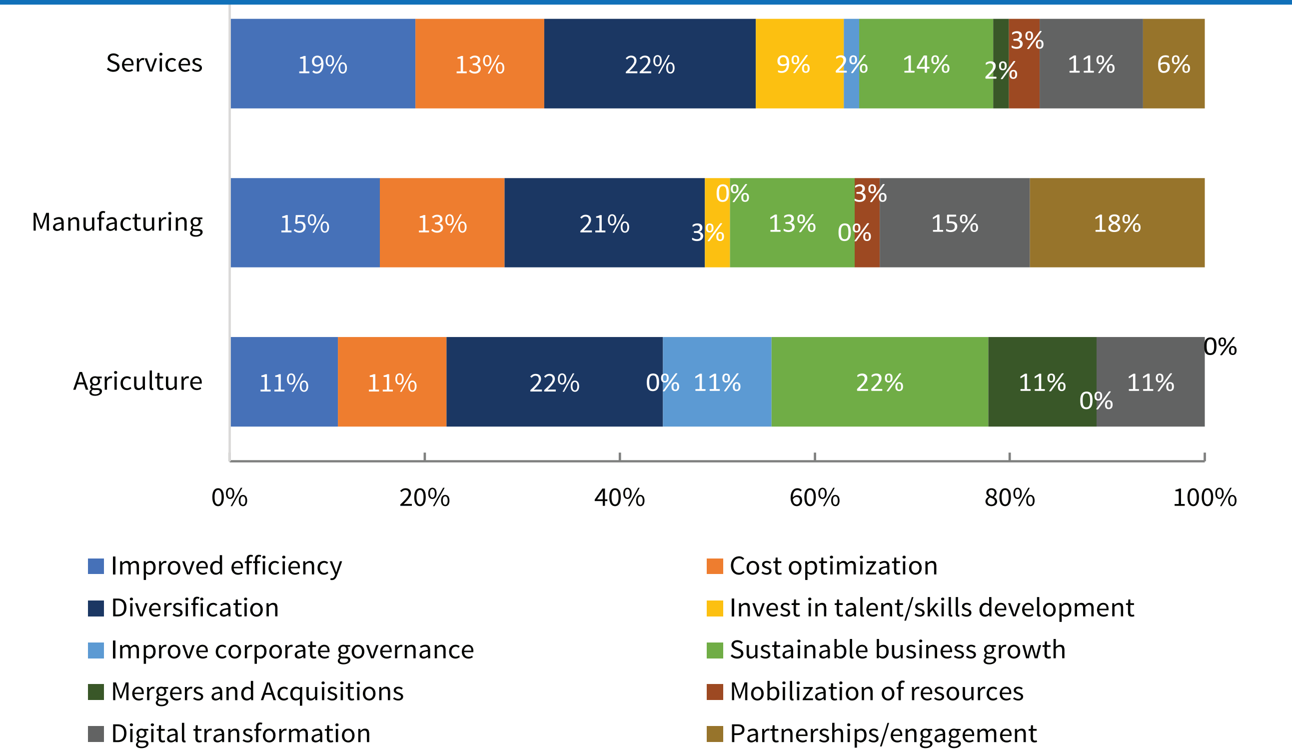


Chart 25: Firms' strategic priorities over the next three years by sector (percent of respondents)



13. CONCLUSION

- Firms reported sustained growth prospects for the Kenyan economy over the next 12 months supported by favorable weather conditions, stable macroeconomic conditions, technological adoption, and seasonal factors.
- Respondents noted an improvement in business activity in 2025Q4 compared to 2025Q3, driven by increased demand associated with the festive season
- Business activity is expected to moderate in 2026Q1 compared to 2025Q4 due to seasonal factors as the effects of the festive season wane.
- Majority of the respondents expect to be impacted by the recent U.S trade tariffs and policy changes.
- Banks continue to reduce loan interest rates, reflecting the monetary policy easing stance adopted since August 2024.
- Technological innovation and automation, strengthening of product portfolio, and customer centricity are the key drivers of firm's growth and expansion over the next 12 months.
- The cost of doing business, taxes, reduced consumer demand, U.S. policy changes and tariffs, and geopolitical tensions are key factors that could constrain growth over the next 12 months.
- Firms are expected to mitigate constraining factors through cost and risk management, diversification of operations, and digitization of processes.
- Firms' top priorities over the next 3 years include diversification of operations, achievement of sustainable business growth, and improvement of operational efficiency.

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

Survey respondents highlighted several interventions that could create a favorable business environment in Kenya to boost economic activity. They included the following:

i) Promote policies that support the growth of Micro, Small and Medium Enterprises (MSMEs) to drive employment creation.

ii) Create factories focused on value addition to increase exports and reduce trade imbalances.

iii) Enhance human capital development through quality and relevant education, talent building, skills development, and adoption of technological advancements.

iv) Continue enhancing access to business financing through affordable credit support.

v) Establish a central collateral depository for securities to facilitate easier access to banking facilities and enable migration to cheaper funding sources

vi) Streamline the African Continental Free Trade Area (AFCFTA) processes to eliminate non- tariff barriers and improve the flow of goods.

vii) Continuously strengthen public-private partnerships to promote economic development.

viii) Strengthen governance by reducing bureaucratic processes and ensuring prudent management of Kenya's resources.

ix) Reduce taxes and levies, particularly in the hotel and tourism sector.

x) Enhance infrastructural development to attract investments.

xi) Ensure timely payment of supplies to maintain business liquidity and boost activity.

Central Bank of Kenya

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