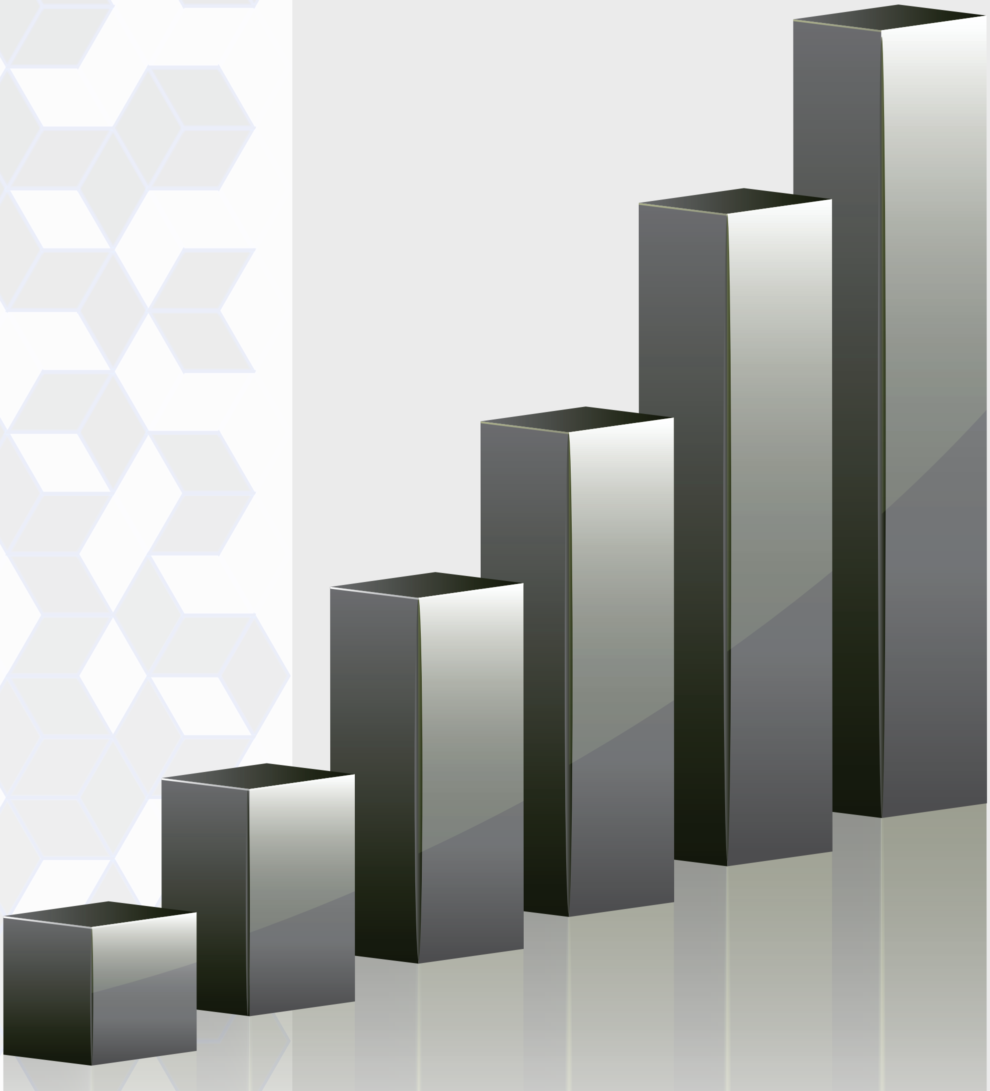
Central Bank of Kenya

Chief Executive Officers' (CEOs) Survey

September 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 September 8 and 19, 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 three (Q3) compared to 2025 quarter two (Q2), and their expectations for economic activity in the fourth quarter of 2025 (Q4). The Survey also sought to obtain the significant factors likely to affect business expansion/growth in the next one year (September 2025 - August 2026), as well as the strategic directions and solutions to address their key constraining factors over the medium term (September 2025 - August 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: tourism, hotels, and restaurants (20 percent), manufacturing (17 percent), financial services (13 percent), professional services (11 percent), agriculture (8 percent), wholesale and retail trade (8 percent), ICT and telecommunications (8 percent), Real estate (4 percent), healthcare and pharmaceuticals (4 percent), transport and storage (3 percent) and education (2 percent), building and construction, media, mining and energy and all other sectors not specified accounted for one percent and below of the respondents.

Majority of the respondents (75 percent) were privately-owned domestic firms, while the rest were privately-owned foreign businesses (16 percent), government owned entities (7 percent), and other ownership structure (2 percent). Forty-three percent of the respondents had a turnover of less than Ksh 250 million in 2024, seventeen percent of the respondents had a turnover of between Ksh 250 million and Ksh 1 billion, twenty six 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, 49 percent of respondents employed less than 100 employees, 41 percent of the respondents had between 100 and 1000 employees, while 10 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 improved growth prospects for the Kenyan economy for the next 12 months supported by continued macroeconomic stability, favourable weather conditions, seasonality factors and expectations of improved access to credit owing to declining bank lending rates.
- Majority of the respondents reported expectations of enhanced performance at company level over the next 12 months.
- Respondents reported improved sectoral growth prospects, driven by sector specific opportunities. However, some sectors reported challenges.

- More respondents reported higher growth prospects for the global economy over the next 12 months supported by low inflation and monetary policy easing in advanced economies.
- Indicators of business activity show mixed performance in 2025Q3 relative to 2025Q2. However, economic activity is expected to improve in 2025Q4 compared to 2025Q3 driven by seasonality factors.
- Majority of the respondents expect to be impacted by the recent U.S trade tariffs and policy changes.
- A larger proportion of the respondents reported a decline in bank loan rates in the September 2025 survey. However, the magnitude of the decline is marginal.
- Most of the firms reported operating below their capacity.
- Majority of respondents have adopted technology and automated their firm processes in the last 12 months.
- Customer centricity, improved operational efficiency, and technology innovation and automation of firm processes were reported as the key drivers of firm's growth and expansion over the next 12 months. However, elevated cost of doing business, muted consumer demand, liquidity challenges, U.S tariffs and policy changes and geopolitical tensions could constrain growth.

5. BUSINESS CONFIDENCE/OPTIMISM OVER THE NEXT 12 MONTHS

The Survey assessed the CEOs optimism in the growth prospects for their companies, sectors, the Kenyan and global economies over the next 12 months. The survey showed improved growth prospects for the Kenyan economy in the next 12 months, supported by favourable weather conditions, stable macroeconomic environment continued decline in banks' lending rates, and expansion of the digital economy However, respondents raised concerns around liquidity challenges from pending bills, limited access to financing, low consumer purchasing power, and the possible supply chain impact of the US tariffs and geopolitical tensions on the domestic economy (**Chart 1**).

Majority of respondents reported high expectations of enhanced company performance over the next 12 months. This optimism is supported by greater customer centricity, increased innovation and technology adoption, and automation of business processes to improve productivity and efficiency. Respondents also cited improved access to financing resulting from lower lending rates, ongoing restructuring and reassessment of business models to enhance resilience, and the strengthening of product portfolios to diversify revenue sources. However, cashflow challenges from pending bills, limited access to credit facilities despite the declining interest rates, and subdued consumer demand are some of the factors that could constrain growth at company level (**Chart 2**).

Sectoral growth prospects for the next 12 months improved, supported by sector specific opportunities (**Chart 2**). Respondents in the agriculture sector expect to benefit from favourable weather conditions that will support production. However, exporters continue to face stiff competition from established global producers. The financial services sector anticipates increased demand, driven by diversification of product portfolio, the expansion of digital products, and greater automation of processes; nonetheless, the implementation of the induplum rule and new Non-Deposit Taking Credit Providers regulation are expected to present transitional challenges. The tourism sector prospects improved, supported by expectations of intensified activity during the upcoming festive season, increased marketing initiatives, and political stability, though activity has been dampened by reduced NGO funding - mainly through lower conferencing demand - and transitional challenges related to the Government E-procurement policy. The ICT sector continues to grow, supported by strong demand stemming from ongoing technology adoption and automation across firms. The manufacturing sector is expected to record improved activity during the festive season.

Despite improved overall sectoral prospects, some sectors continue to face challenges. For instance, the manufacturing sector continues to report constraints such as liquidity challenges from pending bills, limited access to financing, elevated business costs, weak consumer demand, and competition from global manufacturers. Meanwhile, the wholesale and retail trade sector continues to be impacted by the lower consumer purchasing power.

Global growth prospects in the next 12 months improved, largely attributed to low inflation and easing monetary policy stance in several major economies, which are expected to stimulate global demand and trade activity. However, geopolitical tensions, and the recent U.S. tariffs and policy changes continue to pose risks with possible disruption of global supply chains and subsequent increase in the cost of imports.

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

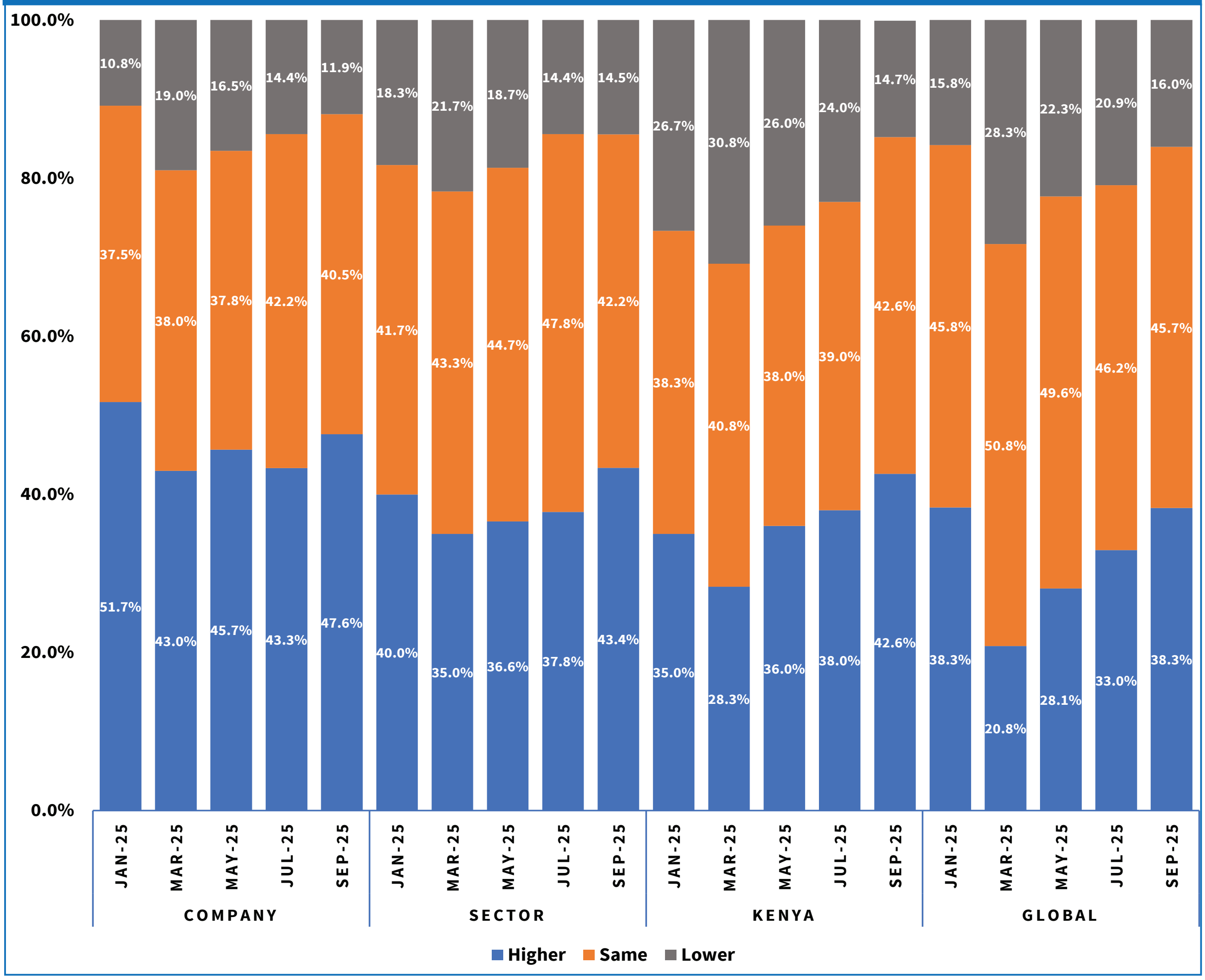
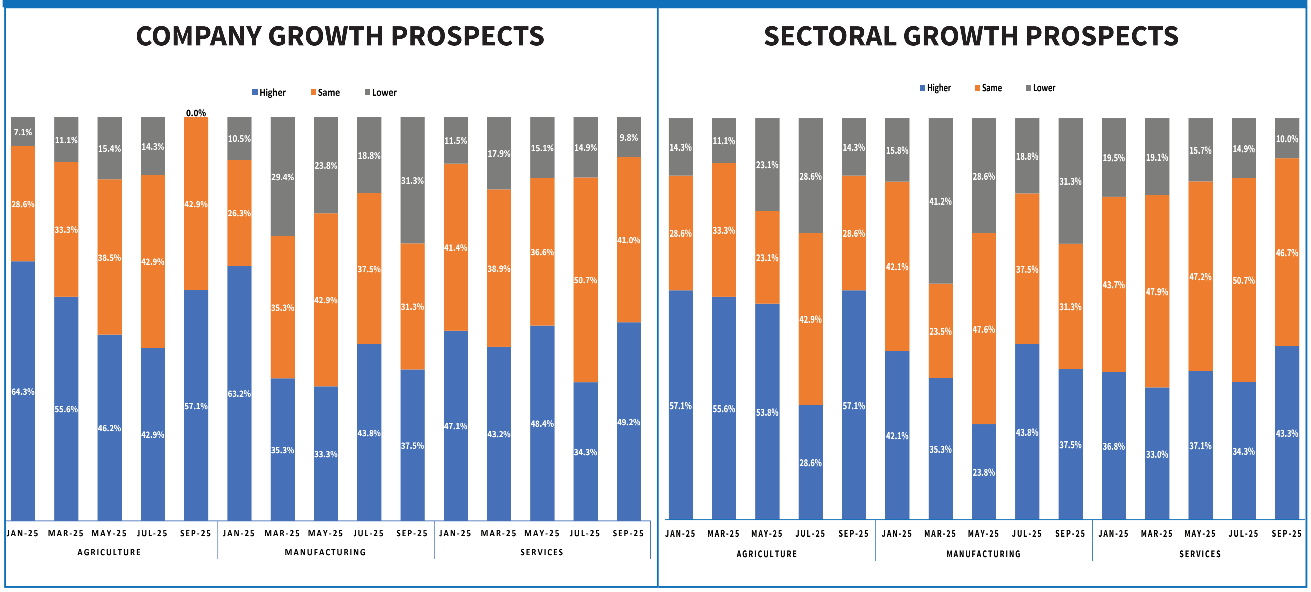


Chart 2: Sectoral analysis of growth prospects over the next 12 months (percent of respondents)



6. BUSINESS ACTIVITY IN 2025 Q3 COMPARED TO 2025 Q2

The Survey sought CEOs perceptions on business activity in the third quarter relative to the second quarter of 2025. The balance of opinion of 2025Q3 expectations relative to the previous quarter shows mixed performance of indicators of business activity. Compared to the July 2025 Survey, respondents reported lower demand orders, sales prices and sales growth owing to softer consumer demand. However, production volumes, prices of goods and services purchased, and the number of full-time employees remained largely unchanged (**Chart 3 and 4**).

Production volumes and demand orders were highest in the agriculture sector on account of the good weather experienced during the quarter. The sector also recorded the highest input prices, reflective of the high cost of production within the sector. On the other hand, the manufacturing sector recorded growth in demand orders, with stability recorded across all the other indicators of economic activity. Meanwhile, more respondents in the services sector reported stability across all indicators of business activity (**Chart 5 to 9**).

Chart 3: Business activity in 2025 Q3 compared to 2025 Q2 (percent of respondents)

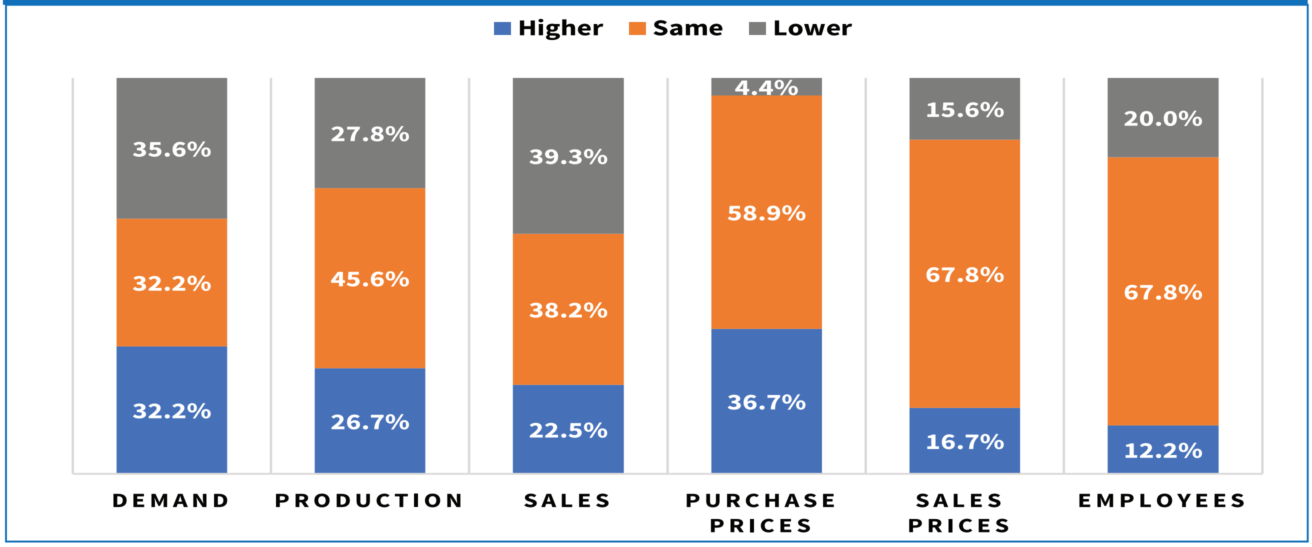


Chart 4: Comparison of business activity in 2025 Q3 relative to 2025 Q2 (percent of respondents)

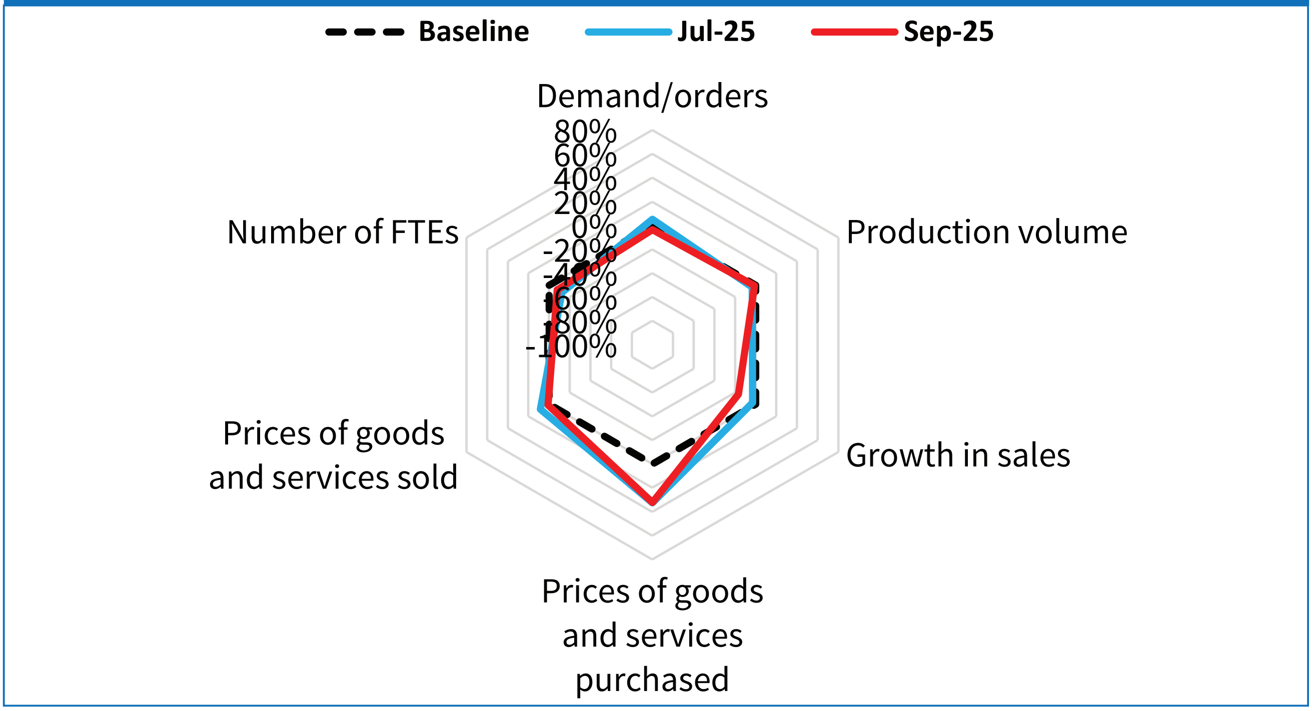


Chart 5: Demand/Orders in 2025 Q3 relative to 2025 Q2 by sectors (percent of respondents)

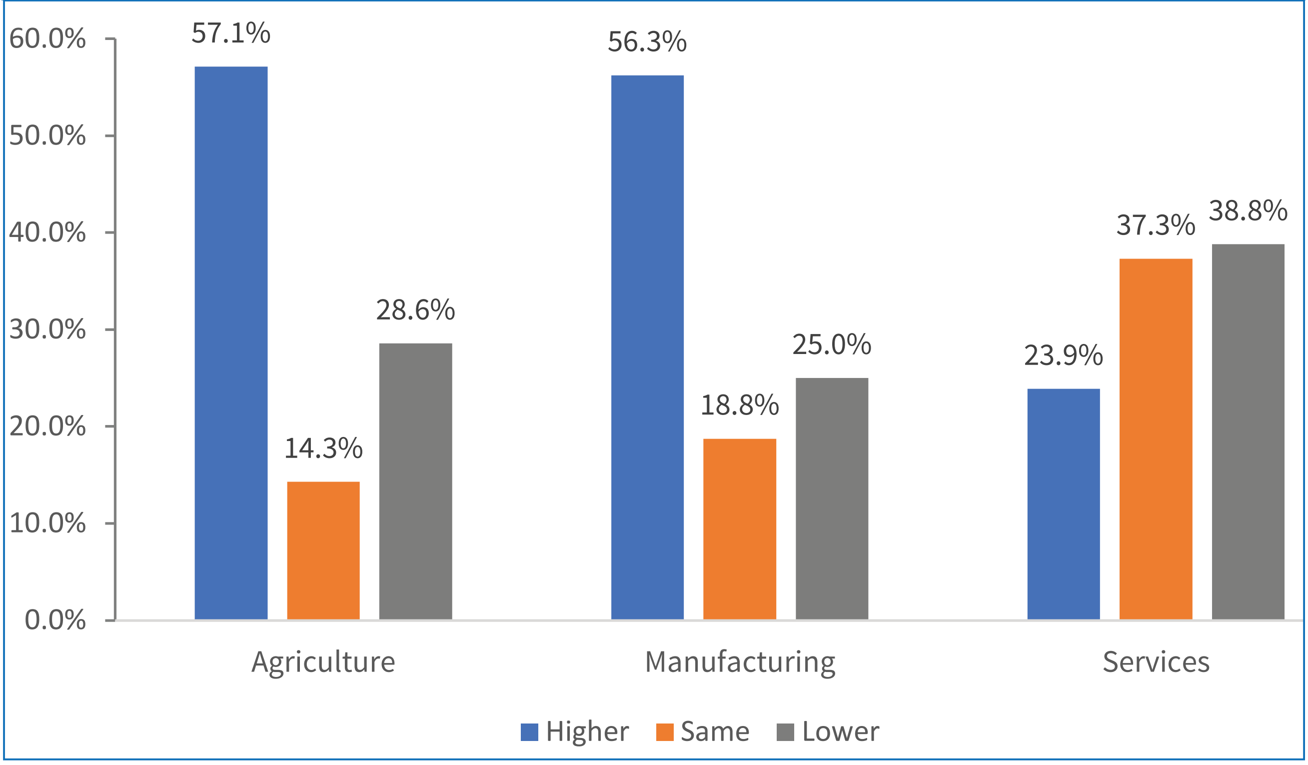


Chart 6: Sales growth in 2025 Q3 relative to 2025 Q2 by sectors (percent of respondents)

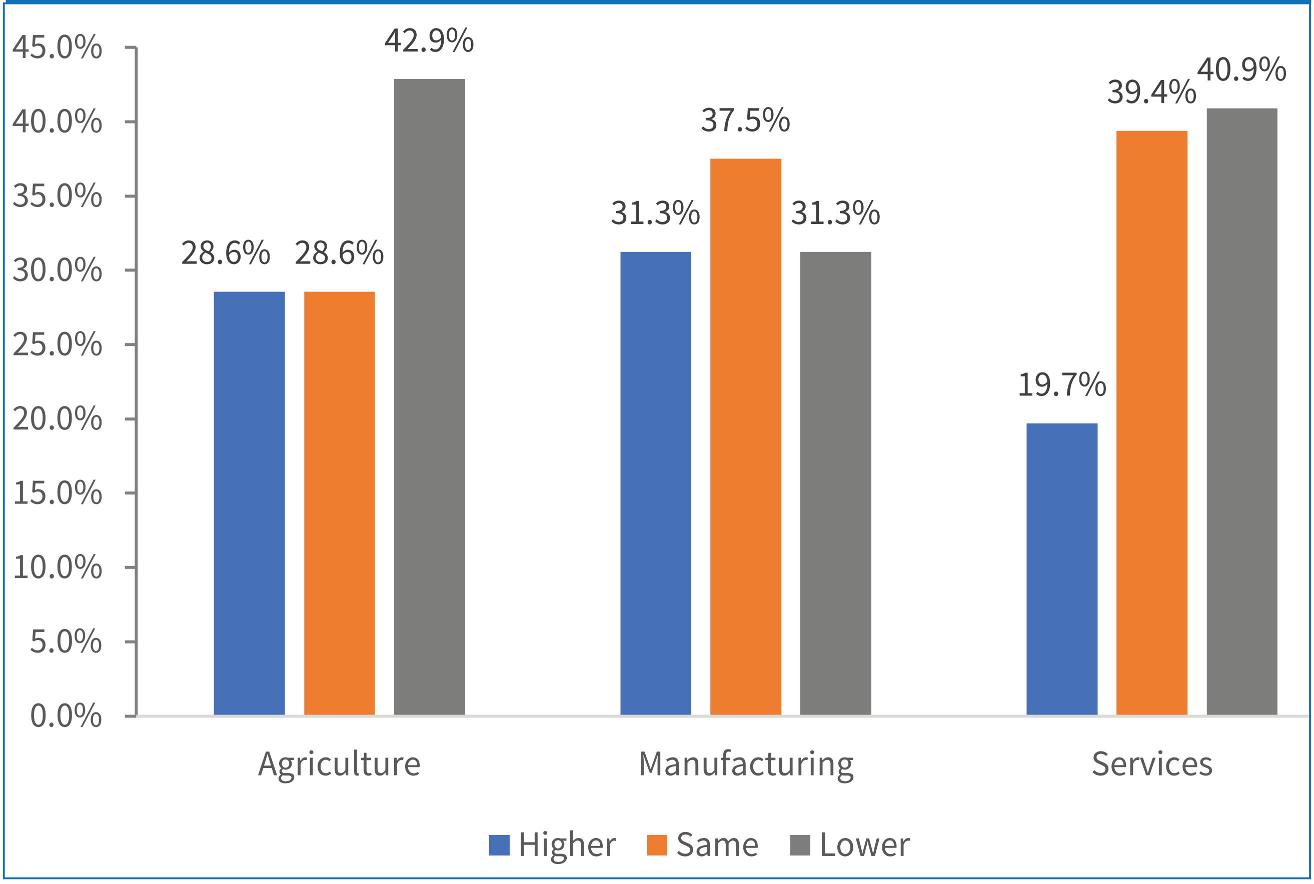


Chart 7: Purchase and sales prices in 2025 Q3 relative to 2025 Q2 by sectors (percent of respondents)

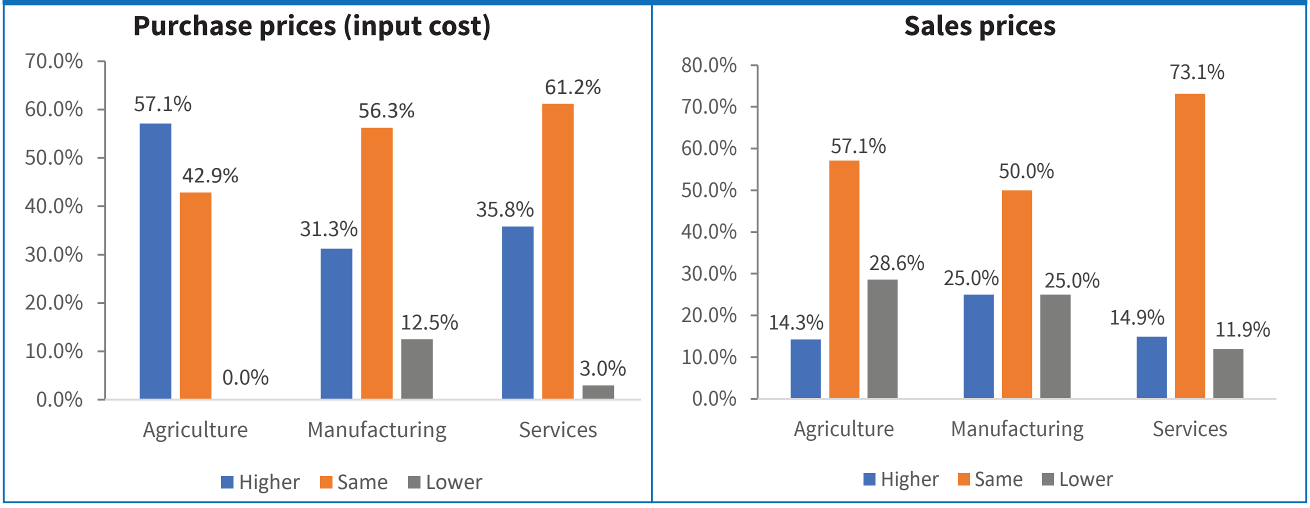


Chart 8: Production volumes in 2025 Q3 relative to 2025 Q2 by sectors (percent of respondents)

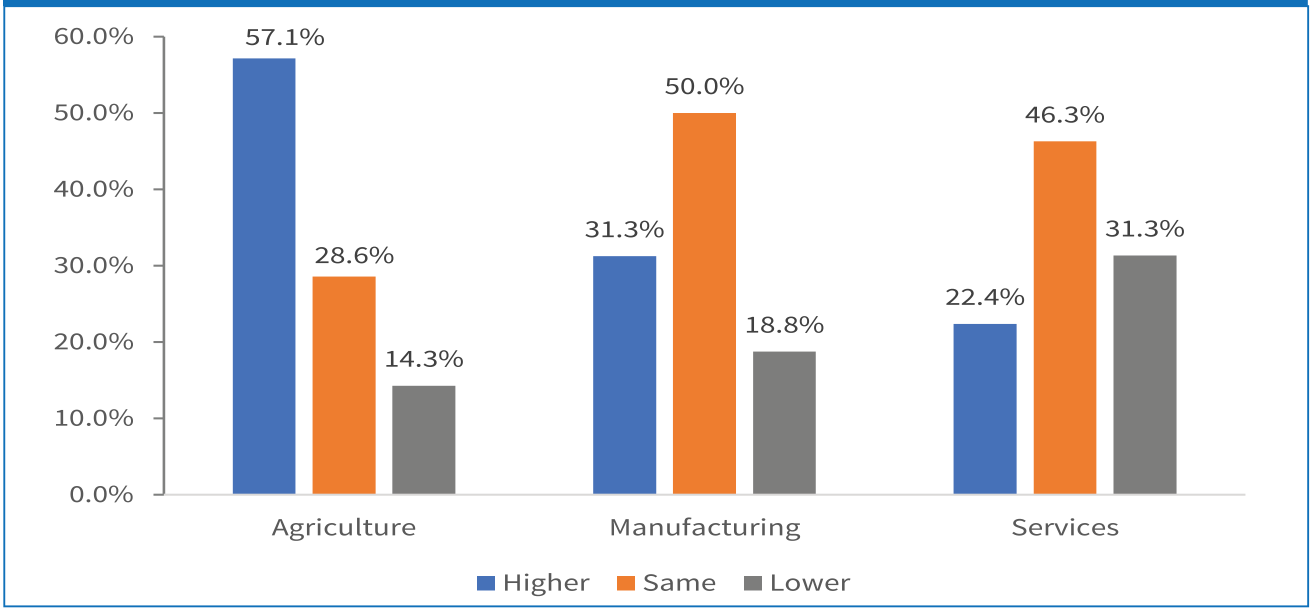
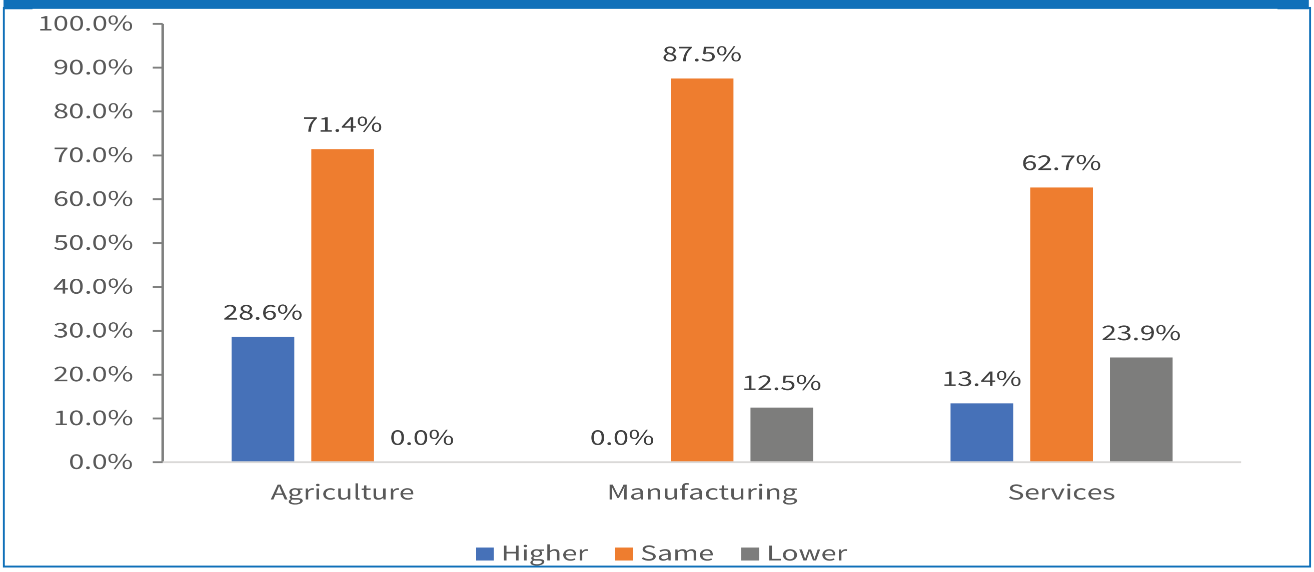


Chart 9: Number of full-time employees in 2025 Q3 relative to 2025 Q2 by sectors (percent of respondents)



7. OUTLOOK FOR BUSINESS ACTIVITY IN 2025 Q4 COMPARED TO 2025 Q3

The Survey sought CEOs expectations of business activity in the fourth quarter of 2025 relative to the third quarter. More respondents expect improvement in business activity in 2025Q4 relative to 2025Q3 (**Chart 10**). The balance of opinion for 2025Q4 expectations shows enhanced business activity relative to 2025Q3 and the baseline. However, a comparison of the surveys outcome for 2025Q4 expectations relative to 2025Q3 show higher activity in the September Survey relative to July Survey except for sales and purchase prices, which are expected to remain largely unchanged. Demand orders, growth in sales, number of employees and production volume are higher relative to July survey, due to expected increase in activity during the festive season. However, compared to the baseline, prices of goods and services purchased (input costs) are expected to rise moderately, mirroring commodity price trends while prices of goods sold are expected to be impacted by stronger demand pressures, despite firms discounting their prices during the festive season to retain customers. Meanwhile, the number of full-time employees is expected to increase as firms hire additional staff to support heightened activity during the festive period (**Chart 11**).

Chart 10: Outlook on business activity in 2025 Q4 compared to 2025 Q3 (percent of respondents)

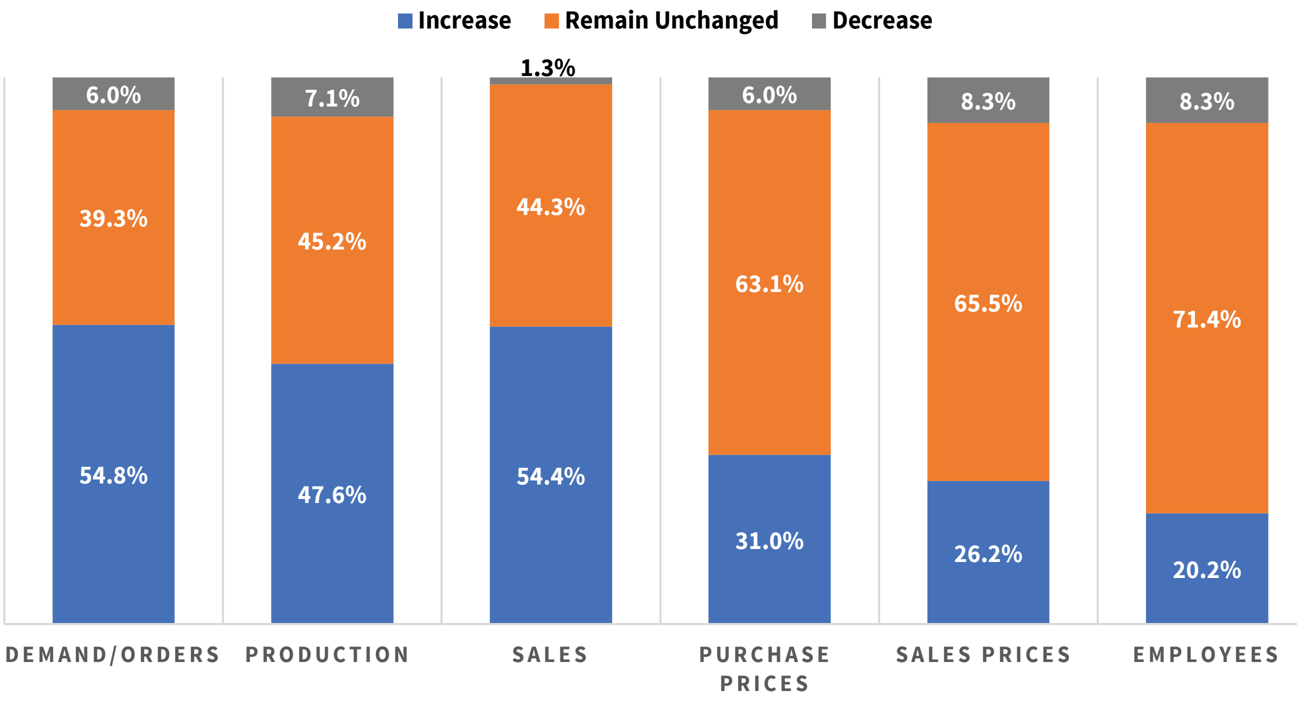
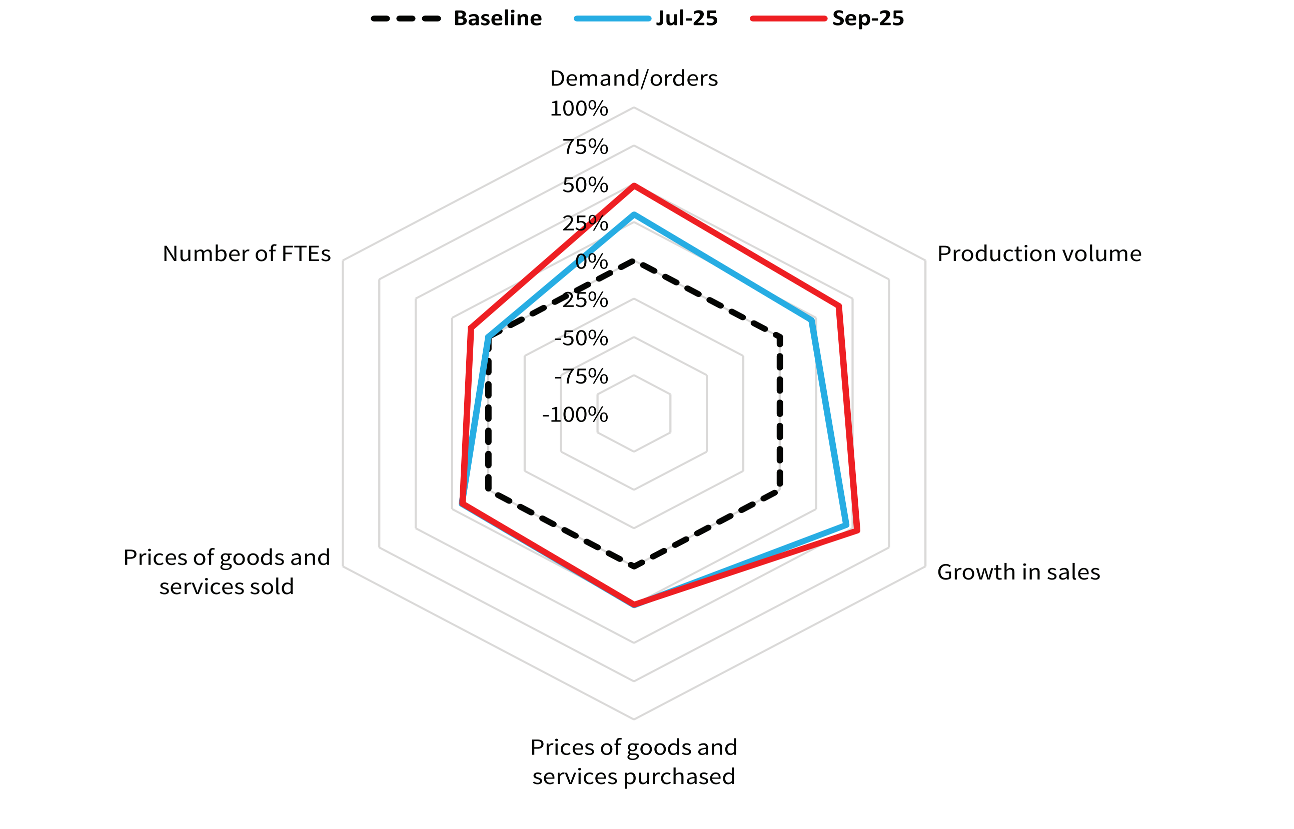


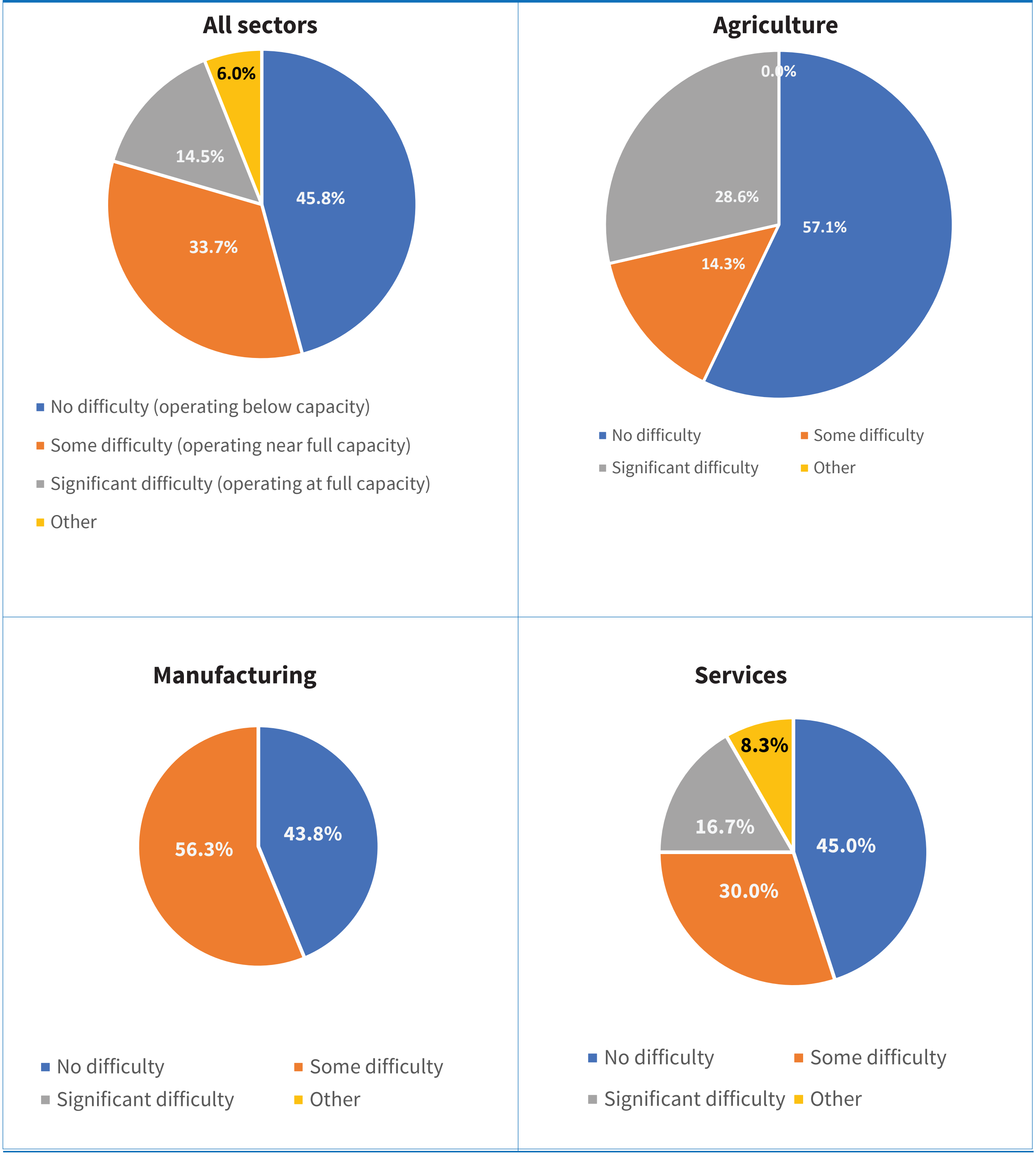
Chart 11: Expectations of business activity in 2025 Q4 relative to 2025 Q3 (balance of opinion)



Majority of firms are currently operating below their capacity, and therefore able to meet an unexpected increase in demand or sales. This can be met through leverage on existing capacity and infrastructure, intensification of activity by increasing shifts and flexy hours, and enhanced efficiency through automation of processes and mechanisation, hence unbottling capacity.

However, constraints to this include liquidity challenges with limited access to working capital, lead time required to expand capacity, and difficulty retaining labour with specialized skills (**Chart 12**).

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

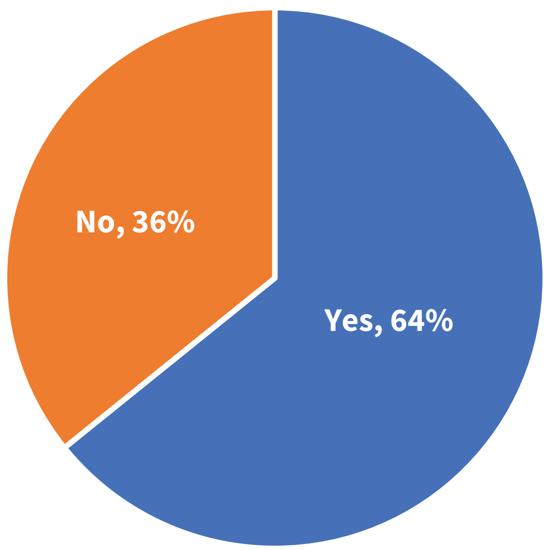


8. IMPACT OF RECENT U.S. TRADE TARRIFFS AND POLICY CHANGES

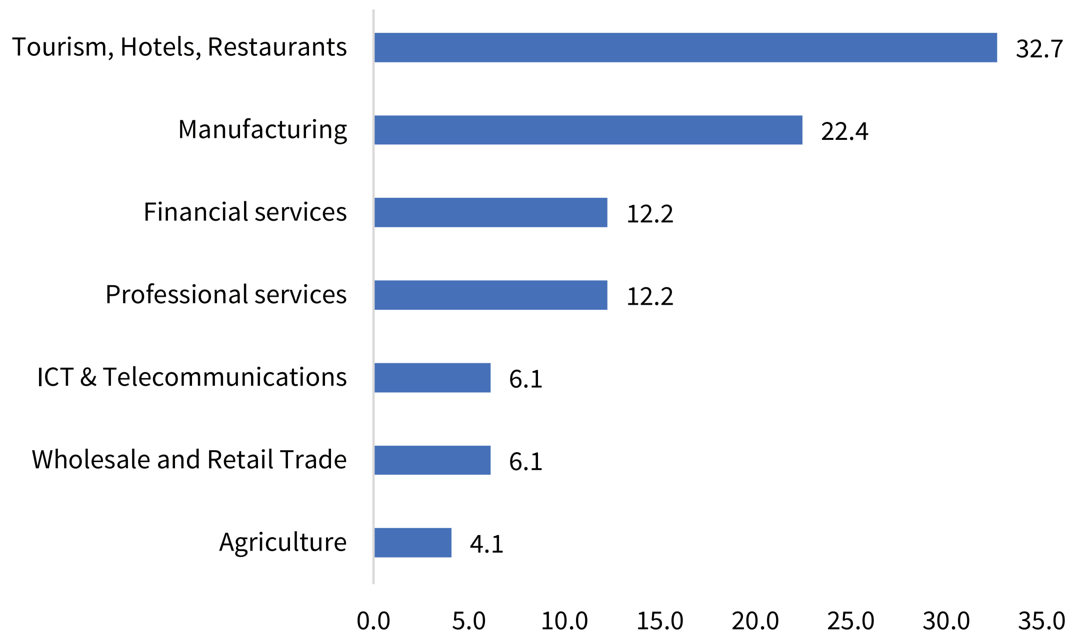
Most respondents anticipate to be affected by the recent U.S. trade tariffs and policy changes through higher import costs for inputs and finished goods and, reduced exports to the U.S. after the expiry of AGOA. They also expect lower consumer demand due to reduced disposable incomes from declining profits and job losses, as well as secondary effects on local businesses reliant on affected clients. For instance, the hotel industry reported reduced business, with fewer conference bookings from NGOs and other donor-funded programs (**Chart 13**).

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

Impacted by recent U.S. trade tariffs/policy changes?



Sectoral impact of recent U.S. trade tariffs/policy changes (percent of respondents)



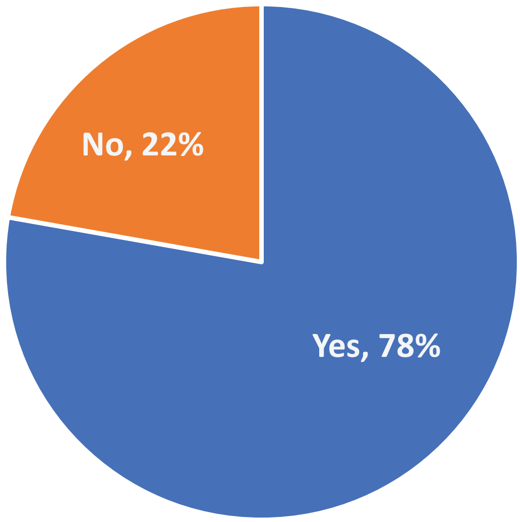
9. TECHNOLOGY ADOPTION AND AUTOMATION IN FIRMS

Majority of respondents have adopted technology and automated firm processes in the last 12 months to improve productivity. Areas of automation include customer service and stakeholder engagement, communication, diversification of systems to avoid overreliance on one type of system, compliance with government directives such as KRA work processes and Government E-procurement and analytics of sales, revenue and costs with the aim of increasing efficiency (**Chart 14**).

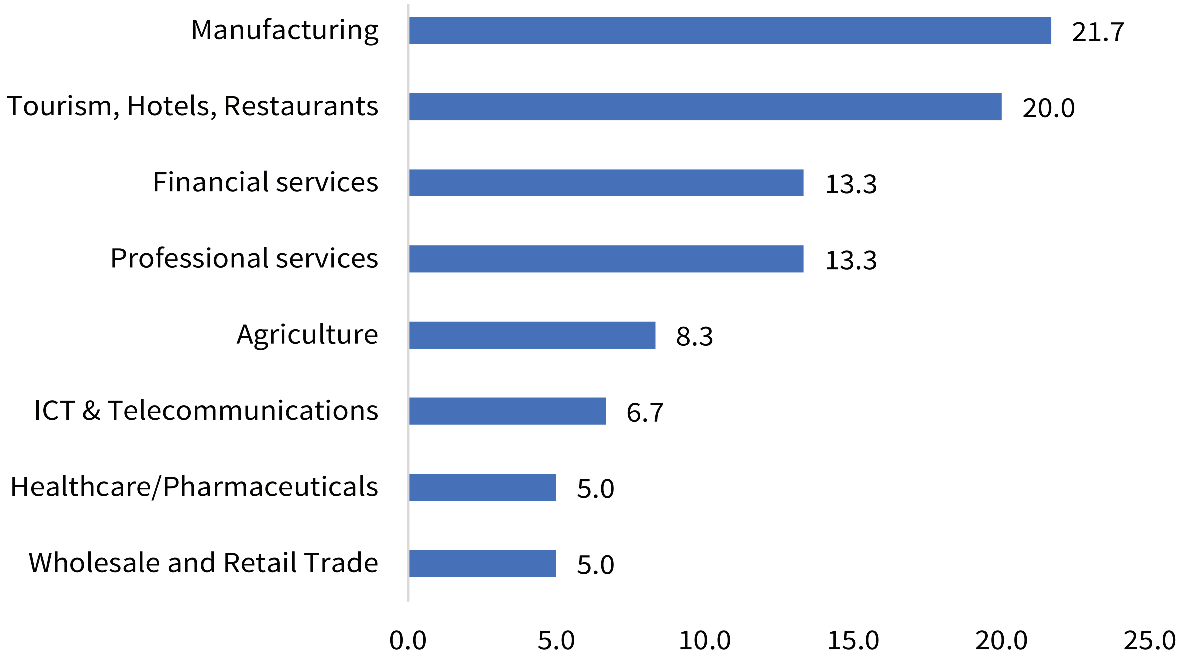
However, challenges with technology integration and automation include high installation and maintenance costs, insufficient inhouse skills and high training costs, transitional challenges with some reporting resistance to change, difficulty keeping up with the continuous systems upgrade, possible exposure to cyber risks, and internet downtime.

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

Automation/Digitization/Technology Adoption, percent of respondents



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

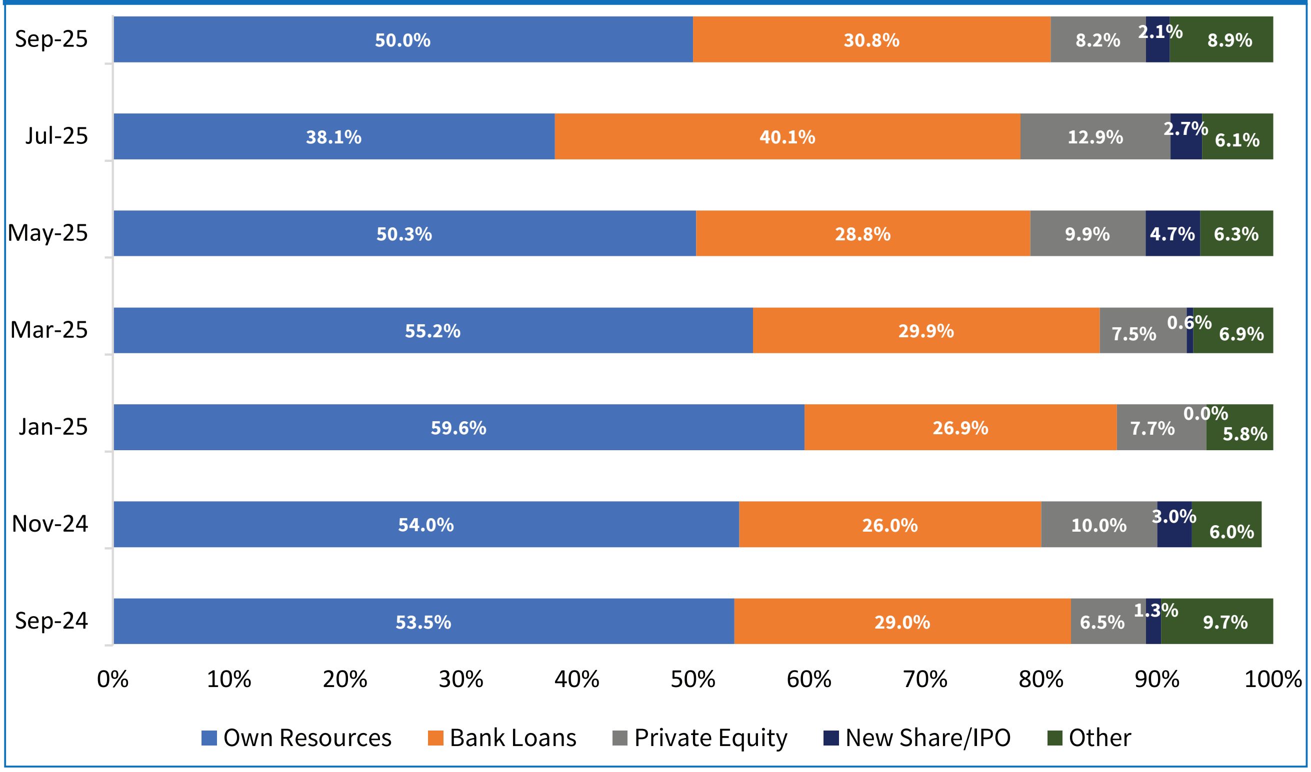


10. FIRMS' SOURCES OF FINANCING

The Survey sought to determine the sources of firm's financing in the third quarter of 2025. In addition, the Survey assessed the situation regarding ease of access to credit to find out whether banks were transmitting the benefits of the lower rates to their customers, in line with the lowering of the Central Bank Rate (CBR) by the Monetary Policy Committee of the Central Bank of Kenya since August 2024.

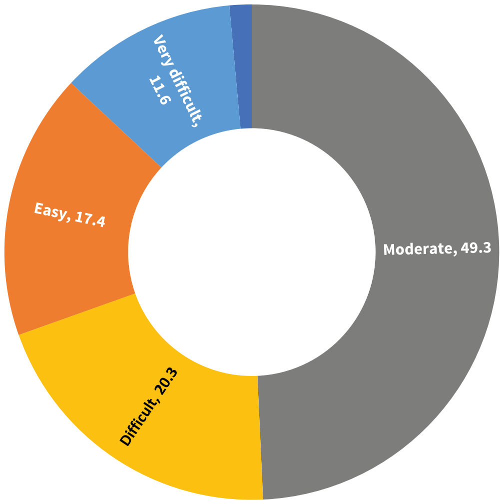
Most respondents reported that they finance their operations through multiple sources of funding However, own resources and bank loans are the main sources of financing for firms (**Chart 15**).

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



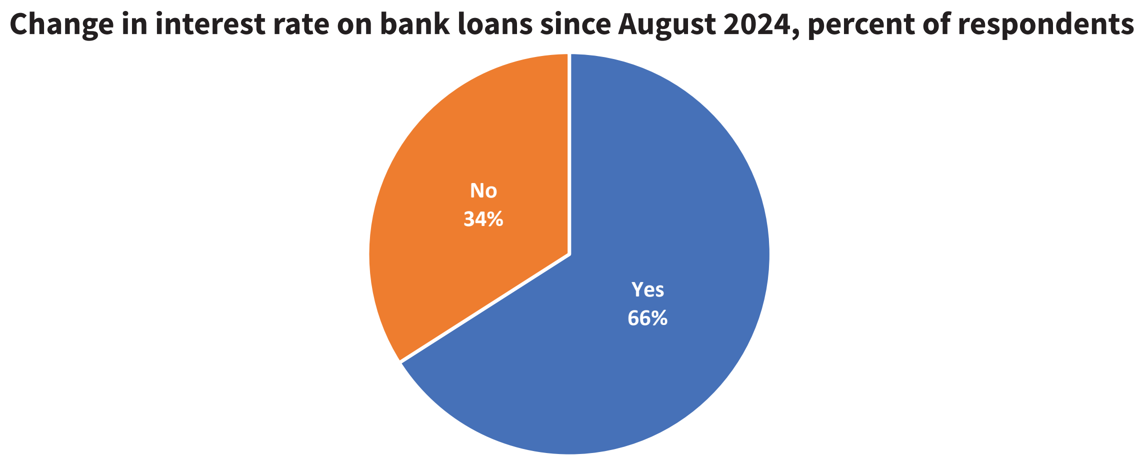
The majority of respondents reported moderate conditions in accessing credit. Key challenges included cautious lending practices by banks, stringent legal and collateral requirements particularly for small and medium-sized enterprises (MSMEs), lengthy and tedious loan application procedures and high-risk perception of MSMEs. Nevertheless, some respondents noted improved access to credit, attributed to long-term relationships with banks, the automation of banking processes, and the expansion of digital banking and credit facilities. In addition, lower lending rates have reduced the overall cost of credit and improved borrowers' confidence in their ability to service loans (**Chart 16**).

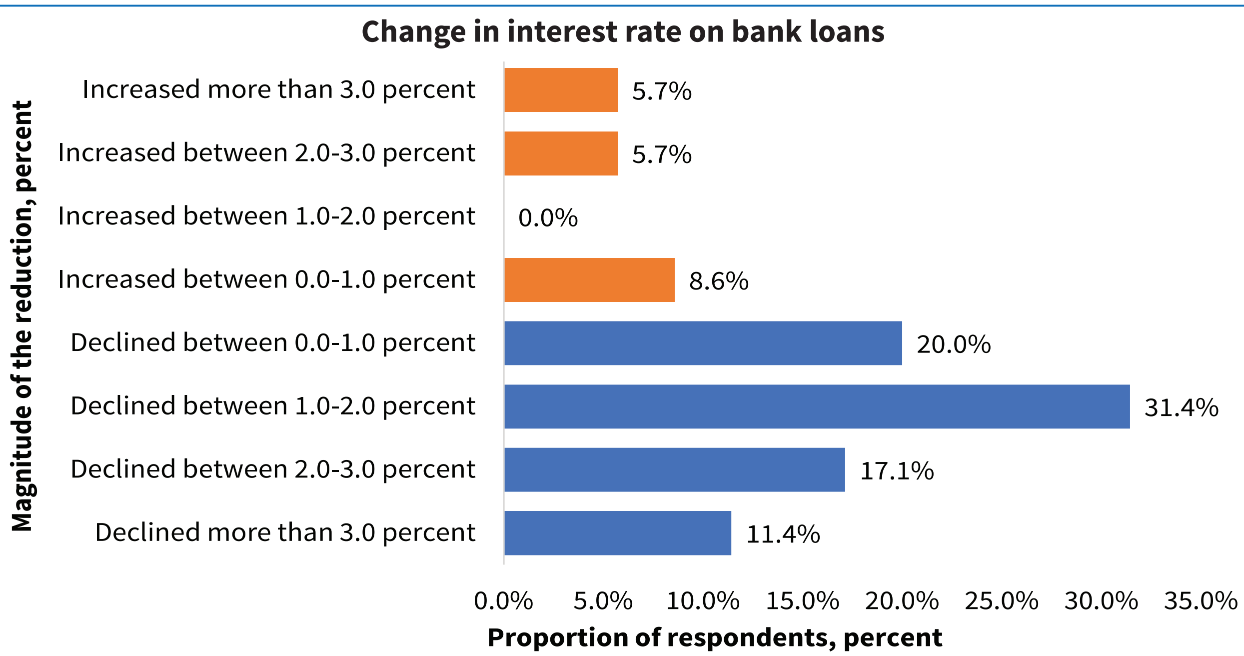
Chart 16: Ease of access to credit (percent of respondents)



More respondents reported declined bank loan rates in the September 2025 survey, indicative of banks transmitting the benefit of lower interest rates to their customers. However, the declines were marginal, with most respondents reporting reduction in their bank loans rates by 1.0 – 2.0 percent (**Chart 17**).

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

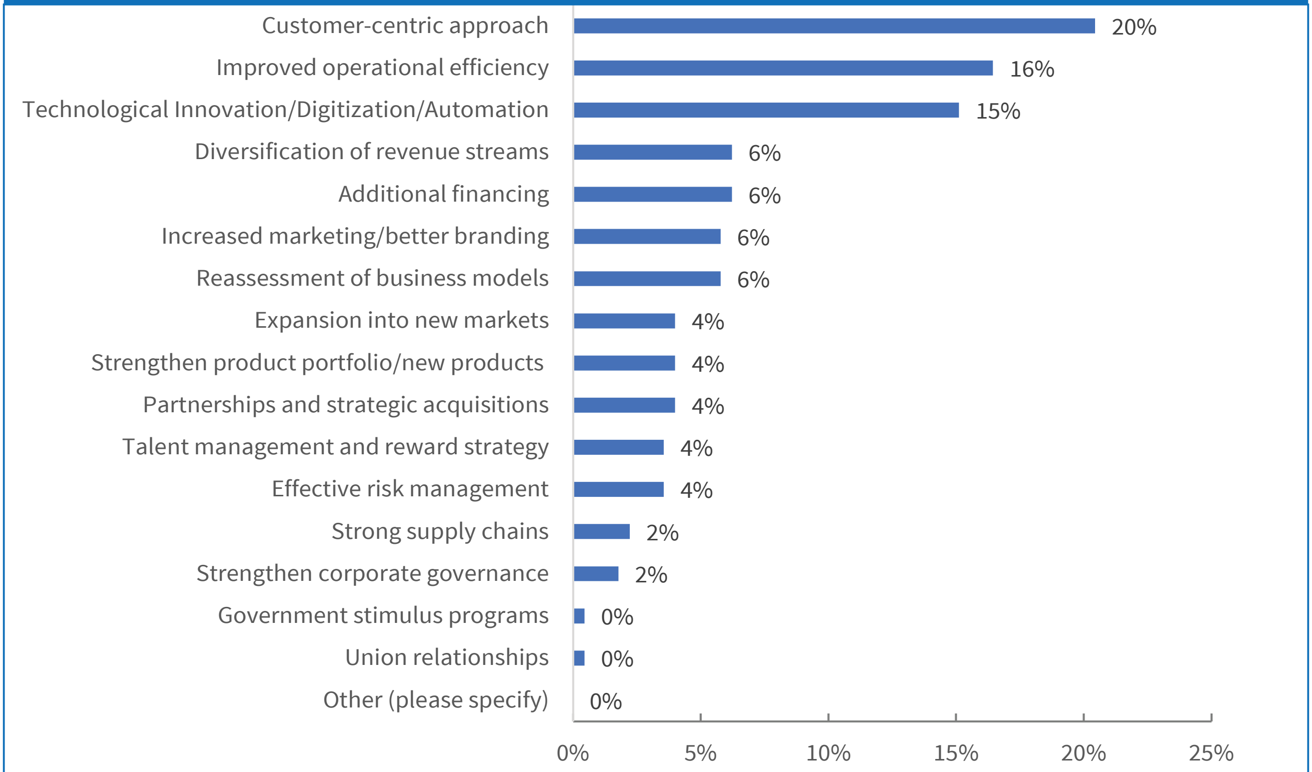




11. FIRM EXPANSION AND GROWTH OVER THE NEXT 12 MONTHS

Respondents to this survey highlighted several factors that would drive firm growth and expansion in the next 12 months. Majority of the respondents cited customer centric approach to operations, improved operational efficiency, and technological adoption, automation or digitization of operations as the key drivers of growth (**Chart 18**).

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



Nevertheless, respondents raised concerns around the business environment as shown by the elevated cost of doing business, increased taxation and reduced consumer demand which has resulted in slow inventory movements (**Chart 19 & 20**).

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

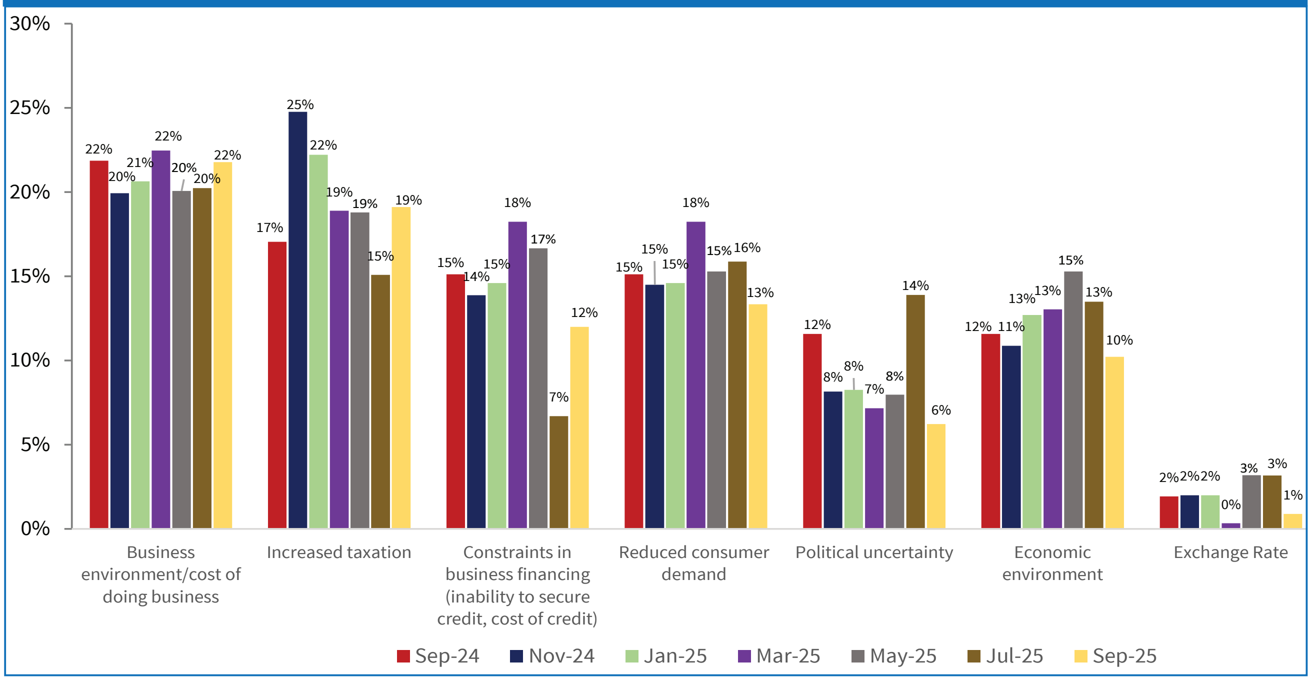
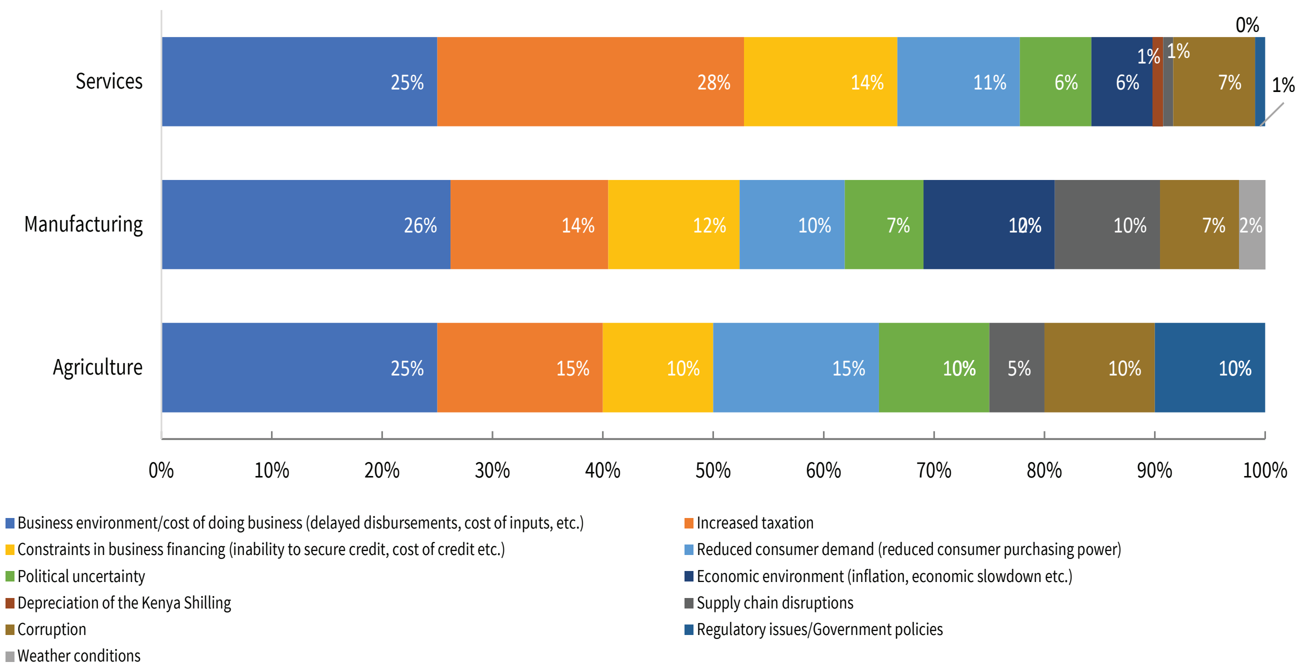
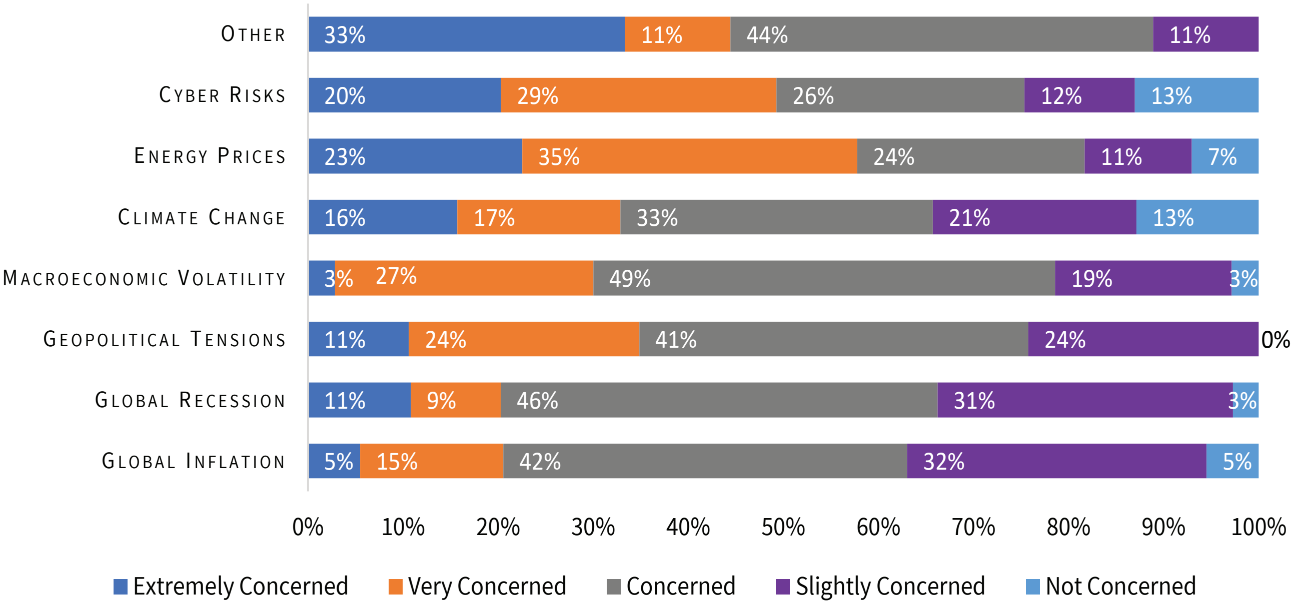


Chart 20: Domestic factors constraining firms' expansion by sectors (percent of respondents)



On the external front, firms reported energy prices, macroeconomic volatility, and geopolitical tensions as key factors that could constrain firm growth and expansion in the next 12 months (**Chart 21**).

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



However, firms are employing varied techniques to mitigate the mentioned constraining factors. These include management of costs and risks, technology adoption, innovation and automation of processes, and increased sales and marketing of their goods and services for wider market reach (**Chart 22 & 23**).

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

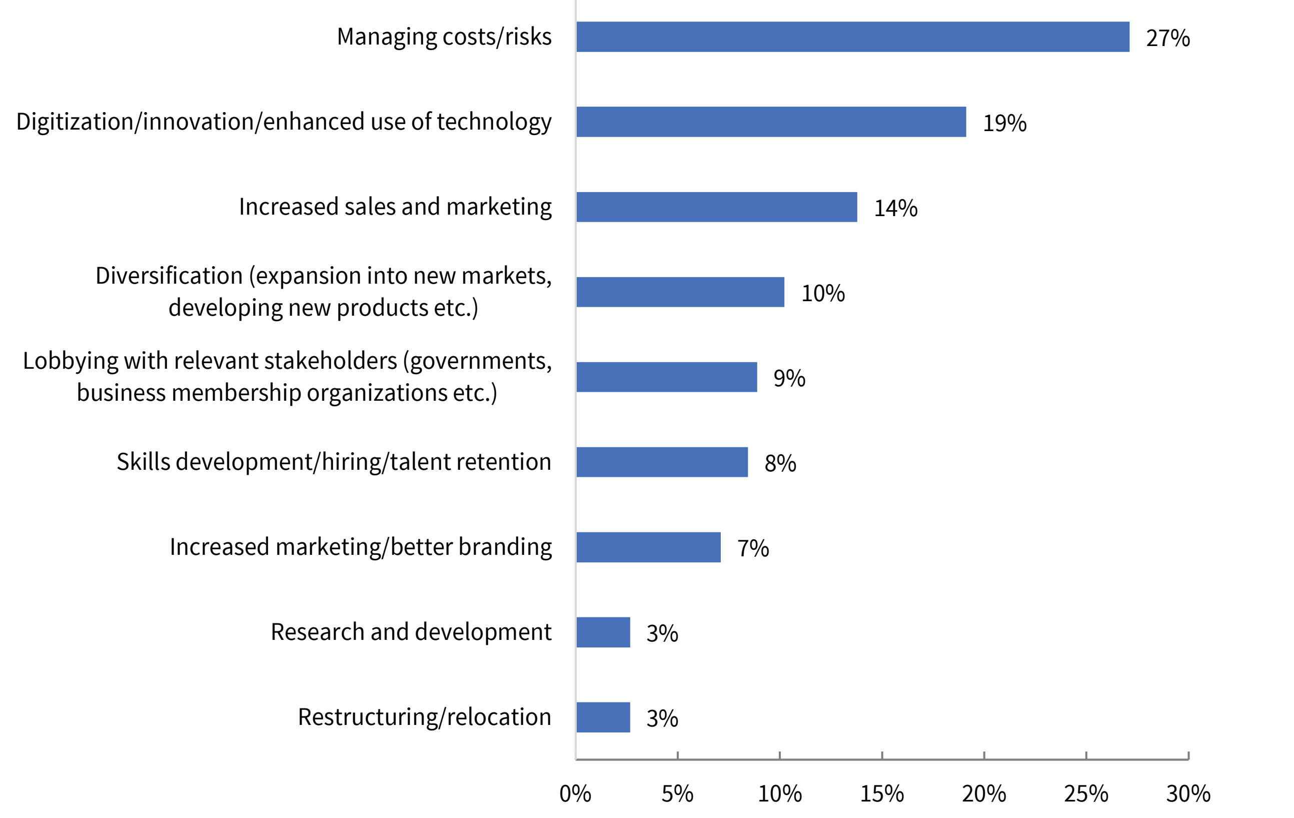
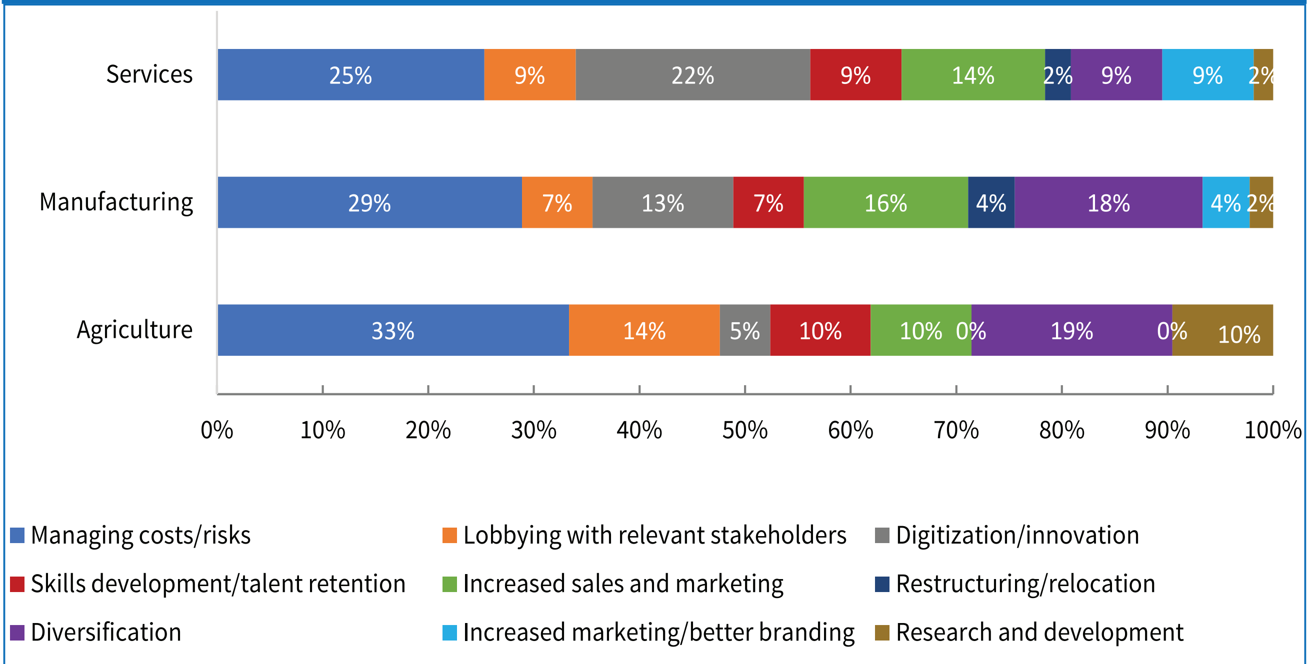


Chart 23: Mitigation of factors constraining firms' growth and expansion by sector (percent of respondents)



12. STRATEGIC PRIORITIES

Firms reported on their key priority areas for the next three years, with majority of the respondents citing improvement in efficiency, diversification of operations through the introduction of new products and expansion into wider markets and implementing cost optimization strategies to enhance competitiveness and sustainability (**Chart 24 & 25**).

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

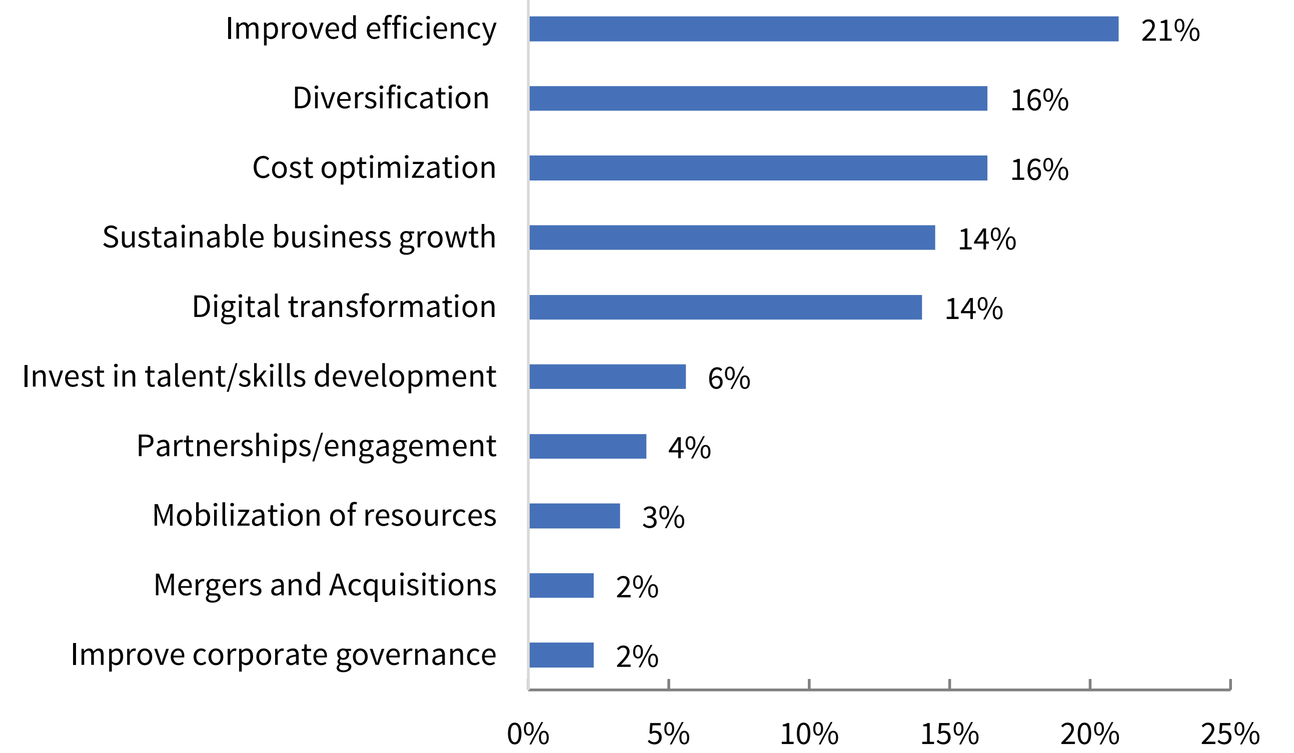
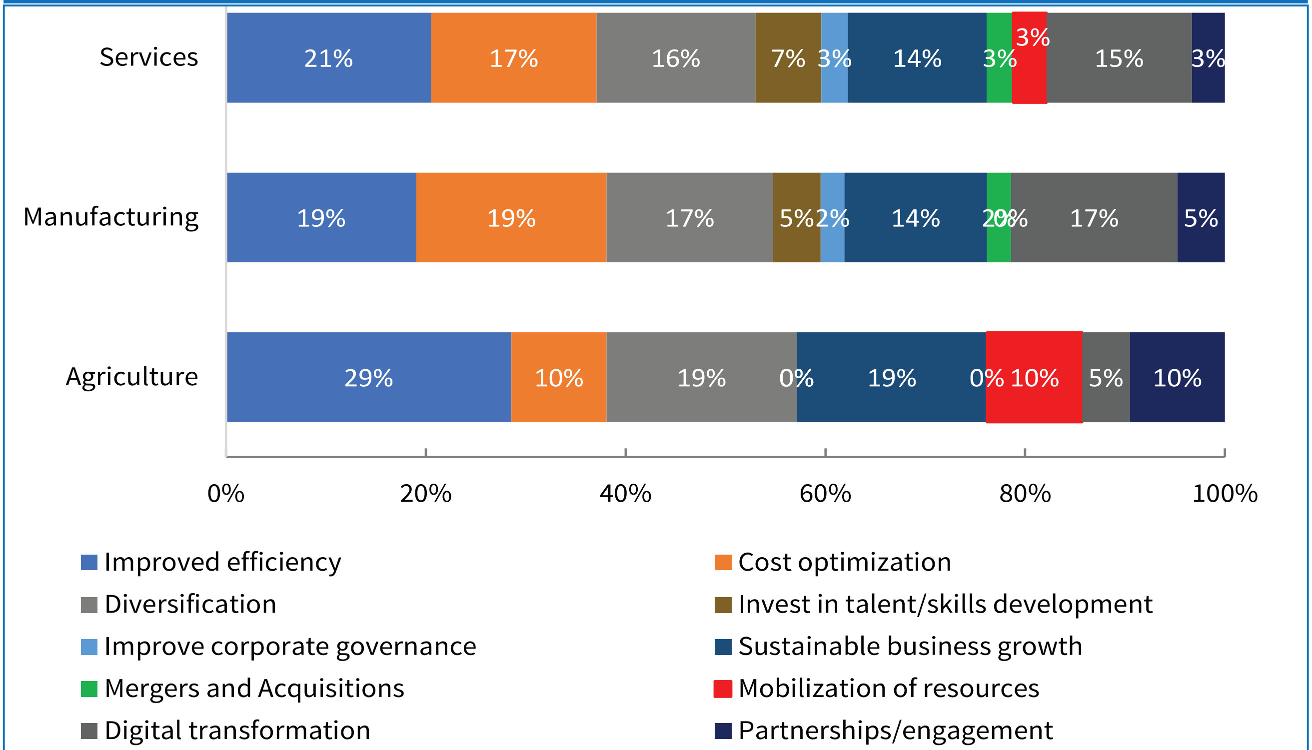


Chart 25: Firms' strategic priorities over the next three years by sector (percent of respondents)



13. CONCLUSION

- Firms reported improved growth prospects for the Kenyan economy for the next 12 months supported by continued macroeconomic stability, favourable weather conditions, seasonality factors and expectations of improved liquidity owing to declining bank lending rates.
- Majority of the respondents reported expectations of enhanced performance at company level over the next 12 months.
- Majority of the respondents expect to be impacted by the recent U.S trade tariffs and policy changes.
- A larger proportion of the respondents reported declined bank loan rates in the September 2025 survey. However, the magnitude of the decline is marginal.
- Majority of respondents have adopted technology and automated their firm processes in the last 12 months.
- Customer centricity, improved operational efficiency, and technological innovation and automation of firm processes are the key drivers of firm's growth and expansion over the next 12 months. However, elevated cost of doing business, muted consumer demand, liquidity challenges, U.S tariffs and policy changes and geopolitical tensions could constrain growth.
- Firms' top strengths include trusted brands and product quality, skilled workforce, and customer centricity.

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

The respondents to this survey gave recommendations on how the business environment in Kenya could be improved to enhance economic activity. They included the following:

i) Provide government support to producers to facilitate access to local and international markets.

ii) Lower the cost of doing business to strengthen competitiveness.

iii) Promote access to affordable business financing.

iv) Hasten VAT refunds to improve business cashflows.

v) Clear pending bills to enhance liquidity.

vi) Consider stakeholder engagement when formulating policies.

vii) Continuous development of infrastructure to encourage investment.