



## PRESS RELEASE

### CREDIT REPAIR FRAMEWORK

The Central Bank of Kenya (CBK) announces the rollout of a Credit Repair Framework (the Framework) by commercial banks, microfinance banks and mortgage finance companies (the institutions). The Framework seeks to improve the credit standing of mobile phone digital borrowers whose loans are non-performing and have been reported as such to Credit Reference Bureaus (CRBs). The limited Framework will expire on **May 31, 2023**. The concerned institutions will contact their eligible borrowers to provide them with further details of the Framework.

Through the Framework, the institutions will provide a discount of at least fifty percent of the non-performing mobile phone digital loans outstanding as at end October 2022, and update the borrowers credit standing from non-performing to performing. The institution will then enter into a repayment plan with the borrowers for a period up to **May 31, 2023**, for the balance of the loan. Upon expiry of the Framework, the credit standing of the borrowers with respect to these loans will depend on their repayment performance during the six-month period.

The Framework will cover loans with a repayment period of 30 days or less and were offered by these institutions through mobile phones. It is anticipated that the Framework will enable over 4.2 million mobile phone digital borrowers, adversely listed with CRBs, to repair their credit standing.<sup>1</sup> The total value is approximately Ksh.30 billion, equivalent to 0.8 percent of the gross banking sector loan portfolio of Ksh.3.6 trillion at end October 2022.

The borrowers covered in the Framework are mainly in the personal and micro-enterprises sectors and were adversely impacted by the COVID-19 pandemic. Their lives and livelihoods were severely impacted by the pandemic through *inter-alia* loss of employment and closure of their micro-enterprises. The adverse effects of the pandemic continue to linger for the covered borrowers. Accordingly, the Framework is expected to enable this segment of borrowers to access credit and other financial services as they rebuild their lives and livelihoods.

CBK reminds the public to honor their payment obligations on their credit facilities when they fall due. This will enable them to build a good credit history based on their payment behavior and thereby obtain loans at better rates. When borrowers experience challenges in repaying their loans, they should proactively engage their lenders.

**CENTRAL BANK OF KENYA**

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<sup>1</sup> These are mobile phone loan borrowers from commercial banks regulated under the Banking Act and microfinance banks regulated under the Microfinance Act by CBK. Digital loan borrowers from unregulated Digital Credit Providers were expunged from the CRBs in April 2020.