



PRESS RELEASE

ISSUANCE OF A CONSULTATIVE PAPER ON THE REVIEW OF THE RISK-BASED CREDIT PRICING MODEL: COMMENTS FROM THE PUBLIC

The Central Bank of Kenya (CBK) in April 2025, issued a [*Consultative Paper on the Review of the Risk-Based Credit Pricing Model \(the Paper\)*](#). The *Paper* sought public views on the review of the Risk Based Credit Pricing Model by May 2, 2025.

The *Paper* elicited over 40 responses from a diverse range of individuals, commercial banks, non-bank financial institutions, industry associations, international financial institutions, consultancy firms, academia and corporate firms. CBK appreciates the responses and will take them into consideration.

Arising out of the public consultation process and as it reviews the responses, CBK wishes to make the following two clarifications. **First**, the *Paper* does not propose the re-introduction of interest rate caps. **Second**, it does not indicate that CBK will cease its monetary policy implementation framework anchored on the interbank rate as the operational target.

CBK continues to enhance the effectiveness of the monetary policy implementation framework. Following the recent changes [announced](#) to the framework, CBK has operationalized the narrowing of the width of the interest rate corridor around the Central Bank Rate (CBR) from ± 150 basis points to ± 75 basis points. This has continued to enhance the stability of the interbank rate and aligned it closer to the CBR.

Additionally, CBK has adjusted the applicable interest rate on the Discount Window from the previous 300 basis points to 75 basis points, which is the upper bound of the interest rate corridor.

CBK reiterates that it will continue working with various stakeholders towards a transparent, accessible and efficient credit market. This will spur the growth of credit to the private sector and support economic growth and the shared prosperity of Kenyans.

CENTRAL BANK OF KENYA

May 13, 2025