



**REGULATORY IMPACT STATEMENT**  
**ON**  
**THE CENTRAL BANK OF KENYA (NON-DEPOSIT TAKING CREDIT**  
**PROVIDERS) REGULATIONS, 2026**

**MAY 2026**

## **1.0 The Central Bank of Kenya (Non-Deposit Taking Credit Providers) Regulations, 2026**

The Regulations are made in line with Sections 57(1), (3) and (4) of the Central Bank of Kenya Act and the Statutory Instruments Act. Section 57(1), as read together with Section 57(3) of the Central Bank of Kenya Act, empower the Central Bank of Kenya (CBK) to develop regulations for the establishment and operation of non-deposit taking credit providers (NDTCPs). Section 57 (4) gives CBK the powers to assess and impose penalties on NDTCPs which fail to comply with the Act, guidelines, Code of Conduct and directives issued by the CBK.

## **2.0 Regulatory and Policy Context of the (Non-Deposit Taking Credit Providers) Regulations, 2026**

The purpose of the Central Bank of Kenya (Non-Deposit Taking Credit Providers) Regulations, 2026, is to give effect to Sections 57(1), (3) and (4) of the Central Bank of Kenya Act.

The Central Bank of Kenya (CBK) Act was amended vide the CBK (Amendment) Act, 2021, to introduce the legal framework for the licensing and regulation of Digital Credit Providers (DCPs). Subsequently, the CBK (Digital Credit Providers) Regulations, 2022, were issued in March 2022, to provide the regulatory framework for DCPs. The law was meant to cover all non-deposit taking credit providers not regulated under any other law. Specifically, it was intended to address concerns relating to the high cost of loans, unethical debt collection practices and abuse of personal information by DCPs.

Despite the gains achieved following the operationalisation of the law, many challenges continued to affect the effectiveness of the legal and regulatory framework for DCPs. Accordingly, the CBK Act was further amended by the Business Laws (Amendment) Act, 2024, to widen the scope of the operations of Non-Deposit Taking Credit Providers (NDTCPs), formerly DCPs. In particular, the term “digital” was replaced with “non deposit taking” to address confusion by industry players and the public on the scope of the DCP framework.

To give effect to the amendments, CBK drafted the CBK (Non-Deposit Taking Credit Providers) Regulations, 2026. Additionally, the draft Regulations have strengthened

consumer protection safeguards, an enforceable Code of Conduct, and enhanced reporting requirements.

The purpose of this regulation, therefore, is to give effect to the amendments to section 55 of the Central Bank of Kenya Act enacted *vide* the Business Laws (Amendment) Act, 2024.

Once published, the CBK (Digital Credit Providers) Regulations, 2022, will stand revoked.

### **3.0 Key Clauses of the Central Bank of Kenya (Non-Deposit Taking Credit Providers) Regulations, 2026**

The Central Bank of Kenya (Non-Deposit Taking Credit Providers) Regulations, 2026, are divided into eleven (11) parts, with each part addressing different areas as outlined below.

<b>Parts</b>	<b>Highlight</b>
<b>Part I — Preliminary</b>	This Part indicates the purpose of the Central Bank of Kenya (Non-Deposit Taking Credit Providers) Regulations, 2026. It also clarifies the persons who will be subject to the Regulations.
<b>Part II — Licensing of Non-Deposit-Taking Credit Providers</b>	This Part outlines the procedure for issuance of a license including the prohibition from carrying on business without a license or registration.
<b>Part III — Registration of Non-Deposit Taking Credit Providers</b>	This Part describes the procedure for application for registration including issuance of a Certificate of Registration and the process of conversion of registration to license.
<b>Part IV — Operation of Non-Deposit Taking Credit Business</b>	This Part covers the obligation by Central Bank to publish the names of non-deposit taking credit providers in the Kenya Gazette, Permissible and Prohibited Activities, Fit and Proper Certification, Corporate Governance, Risk

Parts	Highlight
	Management, Exchange of Credit Information, and Credit Appraisal, Disbursement and Collection, amongst others.
<b>Part V — Consumer Protection</b>	This Part details the safeguard in place to protect the customer including a principles of customer protection, key information to be furnished to customer, contents of a loan agreement, non-performing loans, pricing parameters, and customer complaints mechanism.
<b>Part VI —Anti-Money Laundering and Combating the Financing of Terrorism</b>	This Part addresses sources of funds and customer identity.
<b>Part VII — Reporting Requirements and Oversight by The Central Bank</b>	This Part describes reporting requirements, onsite inspection and off-site monitoring.
<b>Part VIII— Code of Conduct</b>	This Part details Objectives of the Code of Conduct, its application and Guiding Principles and enforceability of the Code.
<b>Part I— Enforcement</b>	This Part covers the enforcement and administrative sanctions which the Central Bank shall apply for non-compliance with the Act, Regulations and the Code of Conduct.
<b>Part X — Review</b>	This Part details the process for the review of a decision by the Central Bank.
<b>Part XI — Miscellaneous</b>	This includes voluntary liquidation of the business and transitional provisions.

#### 4.0 Statement on Regulatory and Non-Regulatory Options

This section analyses the alternative courses of action explored by the CBK as the best form of regulatory action. Section 5 of the Statutory Instruments Act requires a regulator to conduct an informed comparison of various regulatory and non-regulatory policy measures early in the regulatory process, considering relevant issues such as costs, benefits, distributional effects and administrative requirements.

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## **5.0 Financial Costs**

The regulatory framework will impose no new financial costs on persons found liable for committing violations contained in the Regulations,

## **6.0 Cost-Benefits Analysis**

There will be no additional regulatory cost to implement the Regulations. The Regulations will only affect banks which violate the Banking Act, Prudential Guidelines and CBK directions. There will be no financial cost or burden to banks which do not violate the law. The benefits and impact of the Regulations include enhanced compliance of institutions licensed by the CBK under the Banking Act and to enhance integrity of the banking sector pursuant to CBK's mandate contained in section 4(2) of the CBK Act. Critically, the Regulations will not impact the Public.

## **7.0 Conclusions and Recommendations**

The Regulations will go a long way towards promoting compliance of institutions licensed under the CBK with banking laws and to enhance integrity of the banking sector. It is

recommended that the Central Bank of Kenya (Non-Deposit Taking Credit Providers) Regulations, 2026, to be adopted and published.