

# Financial Services Sector Report

Q1 2021



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# BANKING

## I. Subsidiary Legislation

### *Legal Notices awaiting Printing*

The following notices were published in the Kenya Gazette in Q1 but are not yet available for review at the Government Printers:

- i. The Banking Act Exemption Gazetted 22nd January 2021 – Vol CXXIII – No. 17
- ii. The Warehouse Receipt Systems Regulations, 2021 LN No 3 of 2021 Gazetted 29th January 2021 – Vol. CXXIII No 22

## II. Guidelines, Notices & Circulars

### *Announcement of The Diaspora Remittances Survey*

The Central Bank of Kenya (CBK) issued a [press release](#) on 15<sup>th</sup> January 2021 regarding a diaspora remittance survey to be conducted in February and March 2021 in conjunction with the Kenya National Bureau of Statistics, Ministry of Foreign Affairs and other stakeholders. The survey is aimed at collecting valuable information on remittance inflows to Kenya so as to guide policy and boost the role

of remittances in supporting the economy. The survey would be conducted in two phases with the first phase focusing on sources of remittances and the second targeting the households that receive remittances.

### *Expiry of Emergency Measures on Restructuring of Loans for Bank Borrowers*

On 23<sup>rd</sup> March 2021, CBK published a [press release](#) with respect to the expiry of emergency measures on restructuring of loans for bank borrowers. CBK noted that the measures announced in March 2020 to mitigate the adverse economic effects of the Covid-19 pandemic on bank borrowers were highly effective. The press release indicated that loans amounting to KES 1.7 Trillion were restructured by the end of February 2021, accounting for fifty seven percent (57%) of the banking sector's gross loans. From 3<sup>rd</sup> March 2021, banks will assess the performance of all restructured loans that were performing as at 2<sup>nd</sup> March 2020 but went into arrears thereafter. Borrowers whose loans were performing before 2<sup>nd</sup> March 2020 but were restructured and subsequently went into arrears will have three (3) months (up to 3<sup>rd</sup> June 2021) to regularize their loans. CBK advised that it will continue to monitor the unwinding of the outstanding restructured loans to ensure continued stability of the banking sector.

# INSURANCE

## I. Guidelines, Notices & Circulars

### *Partial Settlement of Concord Insurance Company Ltd (In Liquidation) Policy Holder Claims*

The Insurance Regulatory Authority (IRA) published a [public notice](#) on 10th March 2021 announcing that it would prioritize compensation of unsettled policyholder claims with respect to Concord Insurance Co. Ltd and Standard Assurance Co. Ltd which were undergoing liquidation. The regulator advised that payments were being settled through the Policyholders Compensation Fund with the maximum compensation payable on any one lodged claim being KES 250,000/=.

### *Clarification of validity and scope of motor vehicle insurance coverage during Covid-19 Containment Measures*

The IRA issued a [press statement](#) on 31<sup>st</sup> March 2021 clarifying the validity and scope of motor vehicle insurance coverage in light of the Covid-19 containment measures and particularly driving past curfew hours. The regulator noted that driving past and during curfew hours is not an exclusion as per the approved and standardized motor insurance and policy documents. While claims incurred during curfew hours are payable, IRA encouraged citizens to follow the set the Covid-19 containment guidelines issued by the Ministry of Health and relevant government agencies.

## INVESTMENTS

### I. Guidelines, Notices & Circulars

#### *Review of Capital Markets Master Plan*

The Capital Markets Authority (CMA) issued a [press release](#) on 8<sup>th</sup> February 2021 advising that it engaged a consultant with the support of FSD Africa to conduct review of the Capital Market Master Plan 2014 – 2023 which provides long-term strategic direction for the Kenyan capital markets. CMA CEO, Mr. Wyckliffe Shamiah noted that while fifty four percent (54%) completion of the master plan’s deliverable has been achieved, significant challenges have been experienced including disruptions occasioned by the global Covid-19 pandemic.

#### *Licensing of coffee brokers in line with the Capital Markets (Coffee Exchange) Regulations, 2020*

On 16<sup>th</sup> March 2021, the CMA published a [public notice](#) regarding the licensing of coffee

brokers in line with the Capital Markets (Coffee Exchange) Regulations, 2020. Marketing agents intending to operate as coffee brokers on the Nairobi Coffee Exchange were advised to apply to the CMA for licensing. Effective 1<sup>st</sup> July 2021, only licensed coffee brokers will be allowed to carry out coffee brokerage services at the Coffee Exchange.

#### *Publication of the Capital Markets (Whistle-blower) Draft Regulations, 2021*

A [public notice](#) issued by the CMA on 29<sup>th</sup> March 2021 announced the publication of the Capital Markets (Whistle-blower) Draft Regulations, 2021. The aim of the regulations is to promote ethical behaviour by incentivizing the reporting of misconduct within the capital markets. The regulations also intend to foster CMA’s mandate to protect investors from unfair, improper or fraudulent practices as well as nurture fair and efficient capital markets. The CMA invited comments from stakeholders and the general public which submissions will close on 30<sup>th</sup> April 2021.

## RETIREMENT BENEFITS

### I. Guidelines, Notices & Circulars

#### *List of Registered Service Providers*

On 4<sup>th</sup> February 2021, the Retirement Benefits Authority [published](#) a list of administrators, custodians and manager registered as at 1<sup>st</sup> January 2021.

## SACCOS

### I. Guidelines, Notices & Circulars

#### *Model By-Laws for The Regulated Non-Withdrawable Deposit Taking Saccos*

The Saccos Societies Regulatory Authority (SASRA) [published](#) model by-laws for Non-Withdrawable Deposit Taking Sacco Societies in Kenya on 29<sup>th</sup> January 2021. The model by-laws provide minimum requirements which must be contained in the by-laws of every Sacco society undertaking non-deposit taking Sacco business. In the guidance note, SASRA intends that the adoption of the model by-laws shall enhance compliance with prescribed legal and regulatory framework including the implementation of sound business policies and procedures, internal and external reporting and regulatory compliance so as to contribute to a stable and efficient Sacco subsector.

#### *Regulations for Undertaking Specified Non-Deposit Taking Business (Bosa)*

Through a [public notice](#) dated 1<sup>st</sup> February 2021, SASRA noted the gazettelement of the Sacco Societies (Non-Deposit Taking Business) Regulations, 2020 on 5<sup>th</sup> May 2020. The regulations prescribe prudential market conduct measures to be complied with by all Sacco societies undertaking the specified non-deposit taking business. Since the regulations took effect from 1<sup>st</sup> January 2021, the notice required the respective saccos to provide detailed particulars or other information relating to the Sacco society by 31<sup>st</sup> January 2021 being guided by the template. Submission of applications for authorization by SASRA will close on 30<sup>th</sup> June 2021 being the date of expiry of the transition period. Upon the expiry of the transition period, no Sacco society shall be allowed to carry on non-deposit taking business unless such Sacco society will have complied with the Saccos Societies Act and the regulations.



NOTARIES PUBLIC • COMMISSIONERS FOR OATHS • PATENT AGENTS

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