



Kenya Virtual CIS Conference 2021

Impact of COVID-19 Disruptions On Credit Consumers in Kenya



Preliminary Demand-Side Survey 2021

9th March 2021



Motivation of the study

COVID-19 has had a profound disruption in Kenya's credit market. It is against this backdrop that CIS Kenya sought to conduct a survey on the impact of COVID-19 on credit consumers.

The main hypothesis for the research;

Credit consumers in Kenya were negatively affected by COVID-19 disruptions.

Methodology

Target respondents **1,000**

Data collection 9th – 16th February 2021
(6 days)

Conducted in 3 Counties Nairobi, Kiambu
& Machakos

Total number of respondents

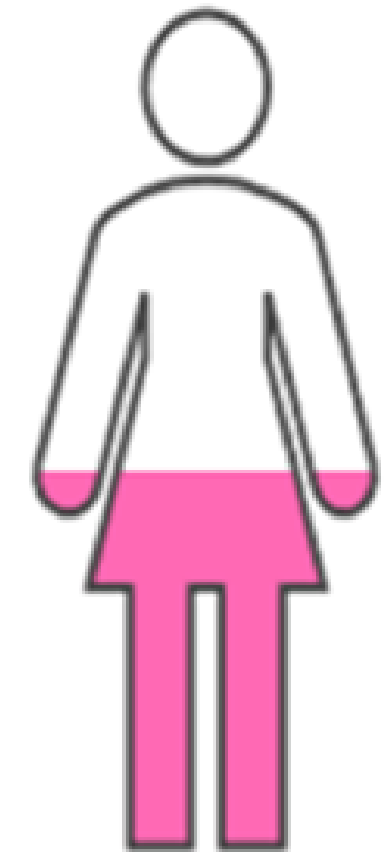
1,123

Gender Distribution of respondents

54.1%

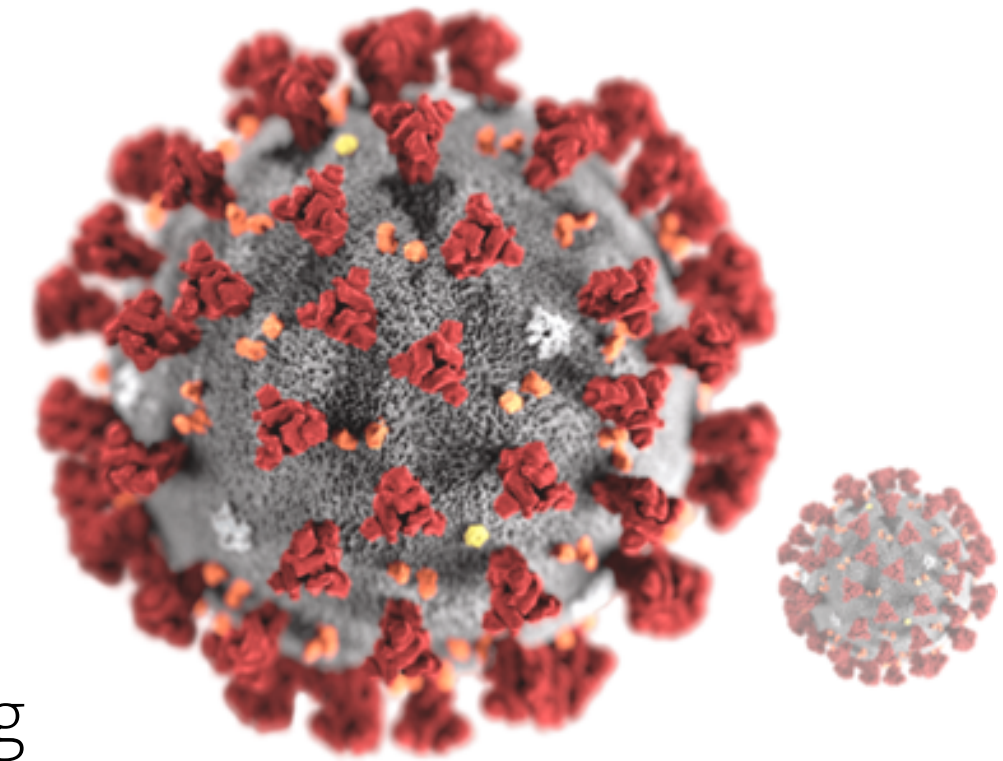


45.9%



Source: CIS Kenya Demand-Side Survey 2021

Historical Context



13th March 2020

1st case of COVID-19 reported in Kenya

14th April 2020

Executive order to suspend negative listing with the credit bureaus

Gazettement of The Banking CRB Regulations, 2020 by CBK

8th April 2020

End of suspension of negative listing.

Resumption of listing NPLs after 90 days i.e. 1st January 2021.

30th September 2020

Source: Central Bank of Kenya



Research Questions

a) Did the demand for loans increase due to the pandemic?

b) Did the pandemic affect the preferred channels for accessing loans?

c) Did the terms of credit changed owing to the disruption of COVID-19?

d) Did the pandemic lead to an increase in loan default?

e) Did the relief measures by CBK/ Government help?

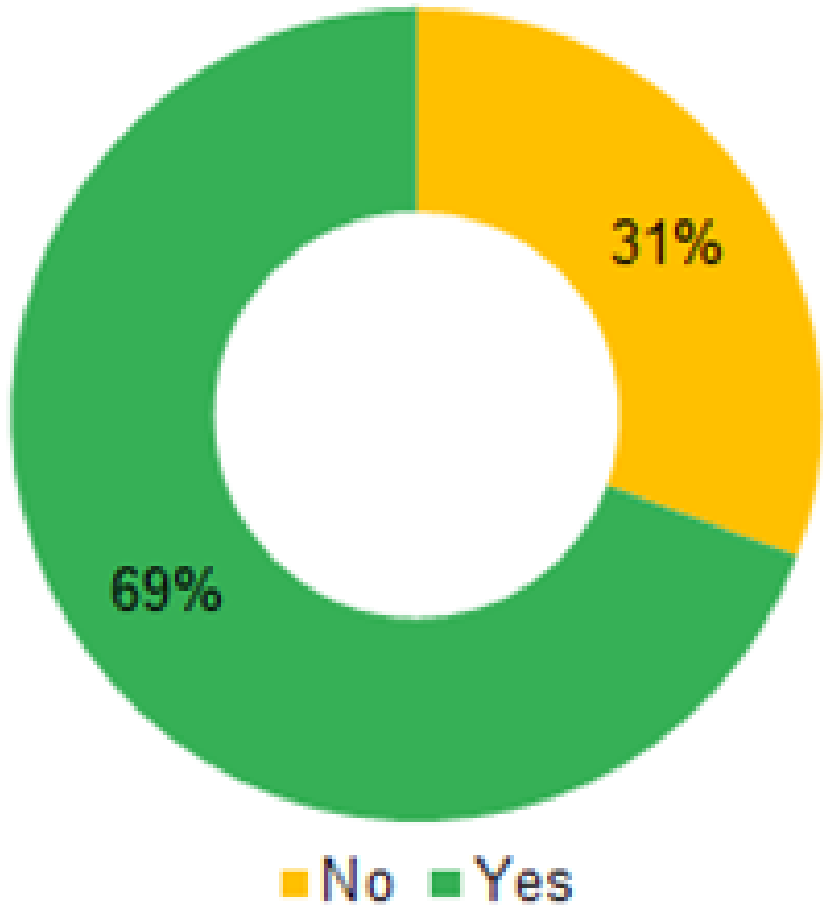


Findings

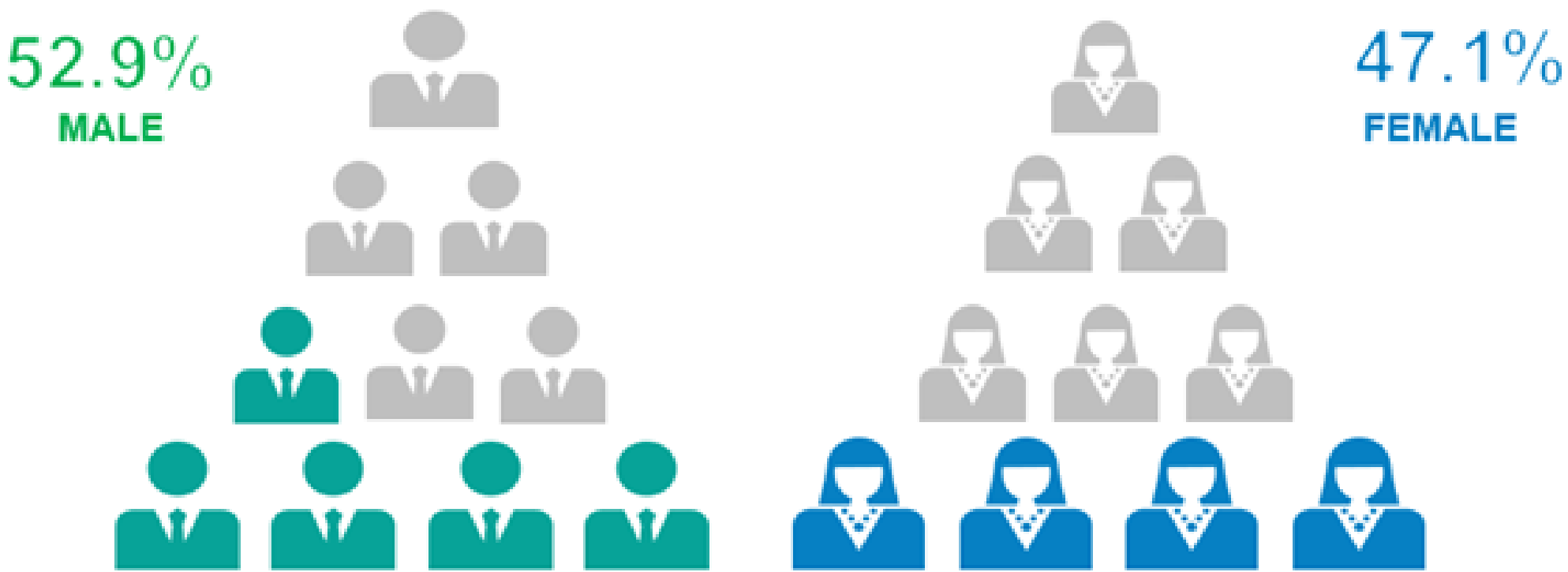


Source: CIS Kenya Demand-Side Survey 2021

a) The demand for loans increased due to the pandemic



Respondents who applied for loans during the pandemic



Gender distribution on loans granted during covid-19

b) The COVID-19 pandemic affected the preferred channels for accessing loans



Preference for digital channels

Before COVID-19

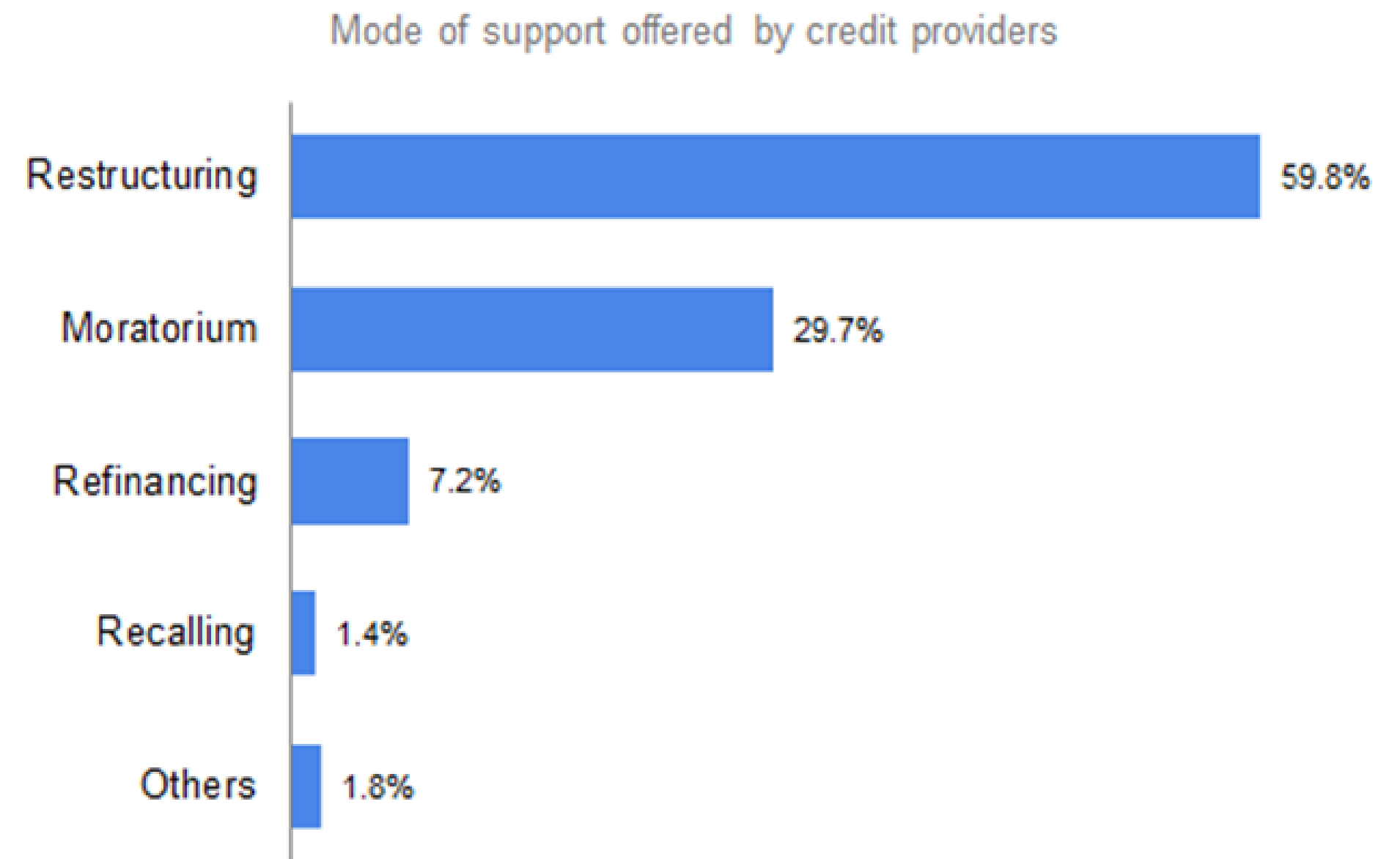
56.8%

During COVID-19

91.3%

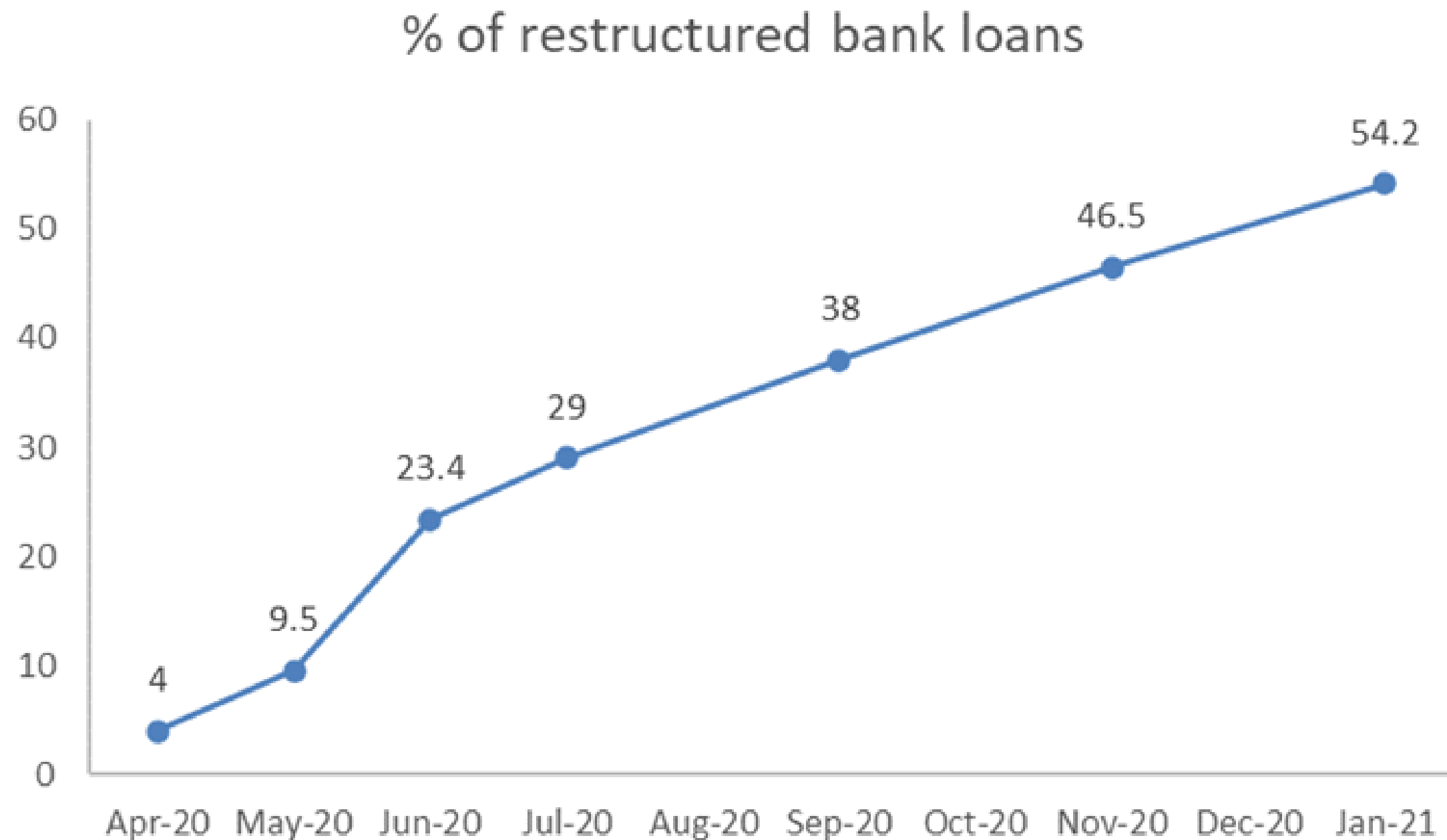
Source: CIS Kenya Demand-Side Survey 2021

c) Terms of credit changed owing to the disruption of COVID-19



Source: CIS Kenya Demand-Side Survey 2021

Terms of credit changed cont...



54.2%

KES 1.63 Trillion of
banking sector
loans were
restructured as at
27th January 2021

Source: Central Bank of Kenya Monetary Policy Committee (MPC) briefings

d) The pandemic led to an increase in loan default

Loan Repayment Pattern before COVID - 19					
	Unemployed	Employed in Government	Self-employed	Student	Employed in Private Sector
Paying on time	60.2%	98.9%	82.8%	71.4%	90.6%
Paying but late	37.9%	1.1%	15.8%	26.2%	8.5%
Not paying at all	1.9%	0.0%	1.4%	2.4%	0.9%
Loan Repayment during COVID - 19					
	Unemployed	Employed in Government	Self-employed	Student	Employed in Private Sector
Paying on time	11.8%	72.5%	18.1%	44.6%	39.6%
Paying but late	57.3%	25.3%	58.2%	27.0%	48.8%
Not paying at all	30.9%	2.2%	23.7%	28.4%	11.6%

Source: CIS Kenya Demand-Side Survey 2021

d) The pandemic led to an increase in loan default, Cont...

b) Average change in sales

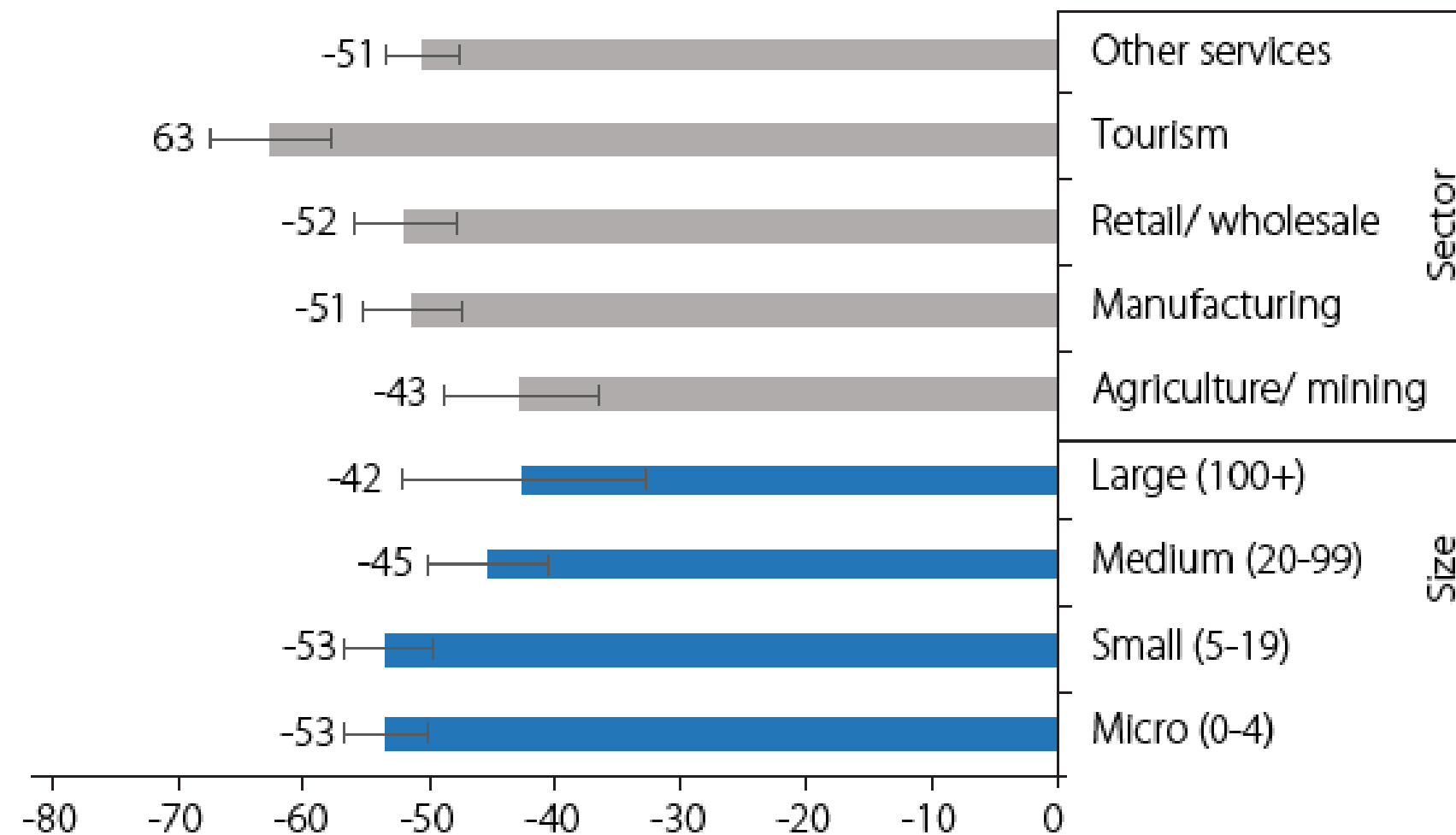
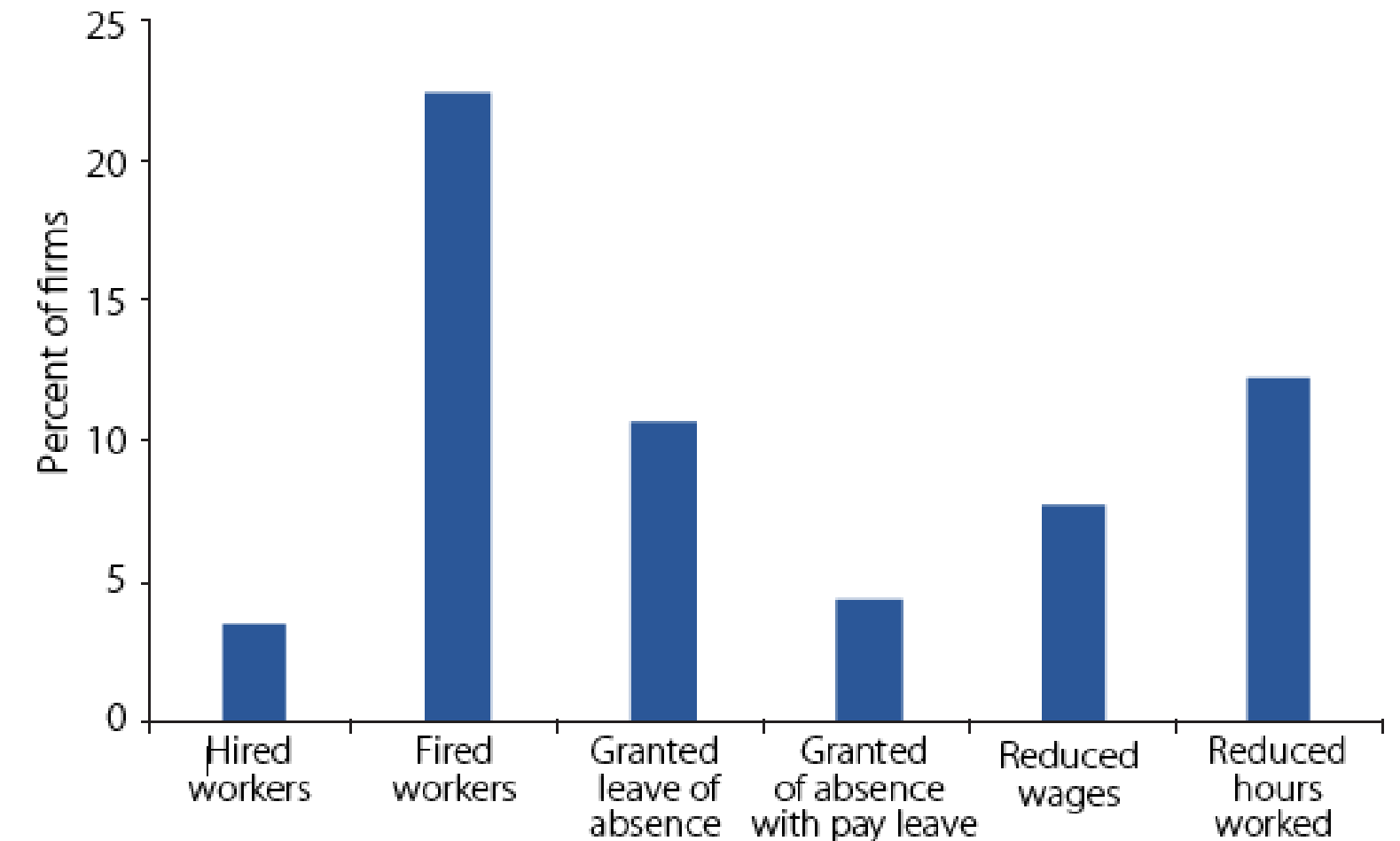
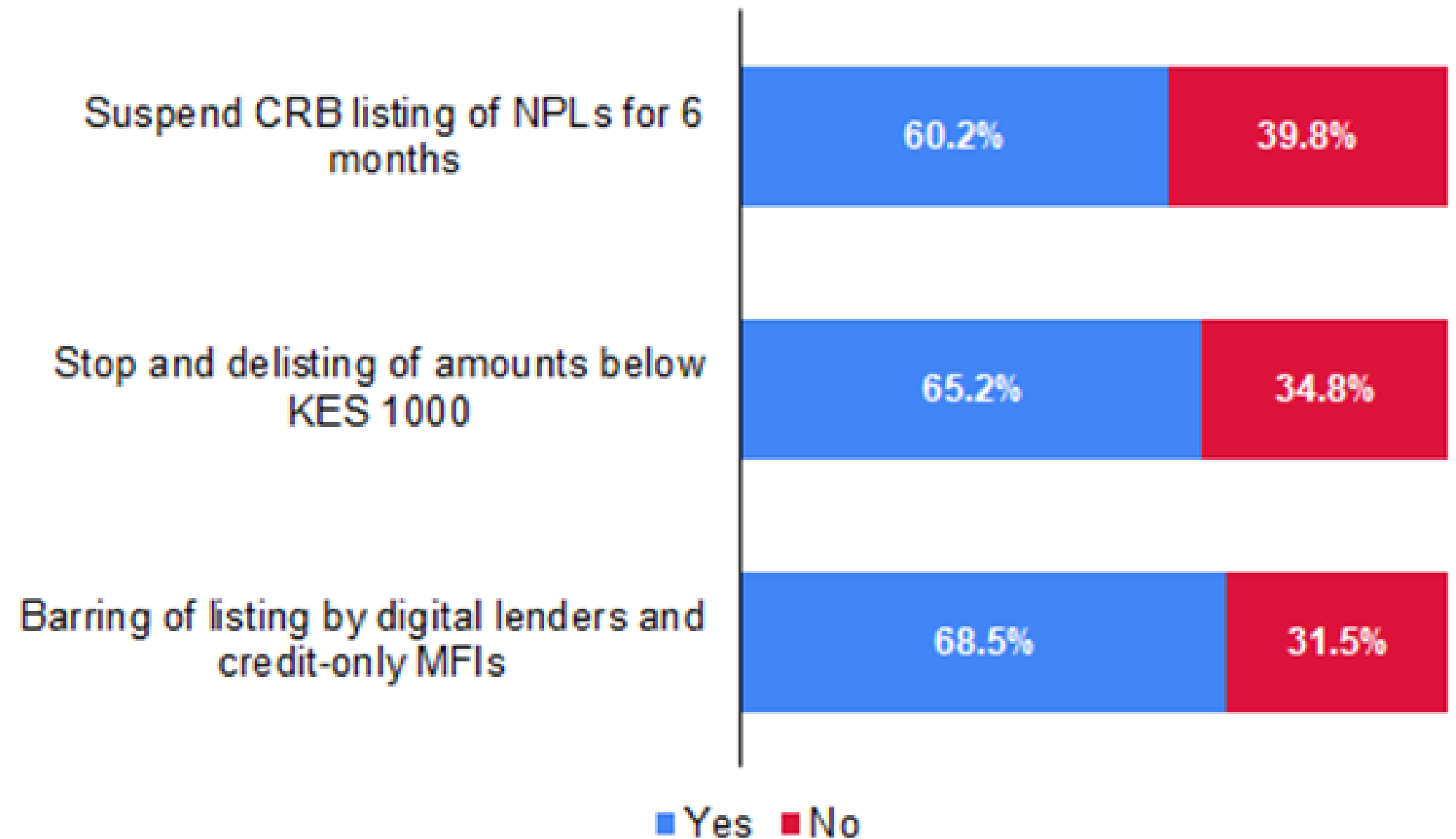


Figure 42: Margin of adjustment in employment



Note: Fraction of businesses reporting at least one employee in each category; excludes businesses that are permanently closed.

e) The relief measures by CBK/ Government helped credit consumers in Kenya



Source: CIS Kenya Demand-Side Survey 2021

Conclusion

a) There was an increase in loan appetite occasioned by COVID-19 (69%)

b) Delinquent loan accounts increased for the private sector (48.8%) and informal sector (58.2%) as compared to government sector employees (25.3%)

c) Most respondents about (59.8%) indicated they received support from their credit provider

d) COVID-19 pandemic has accelerated the adoption of digital channels (91.3%)

e) More than half of the respondents (60.2%) appreciated CBKs directive on non-listing of NPLs for 6 months



www.ciskenya.co.ke



Thank you!

Lemuel Mangla

lemuel.mangla@ciskenya.co.ke



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