

***PROMOTING MSME  
FORMALIZATION THROUGH THE  
COOPERATIVE ENTERPRISE MODEL  
WORKSHOP***

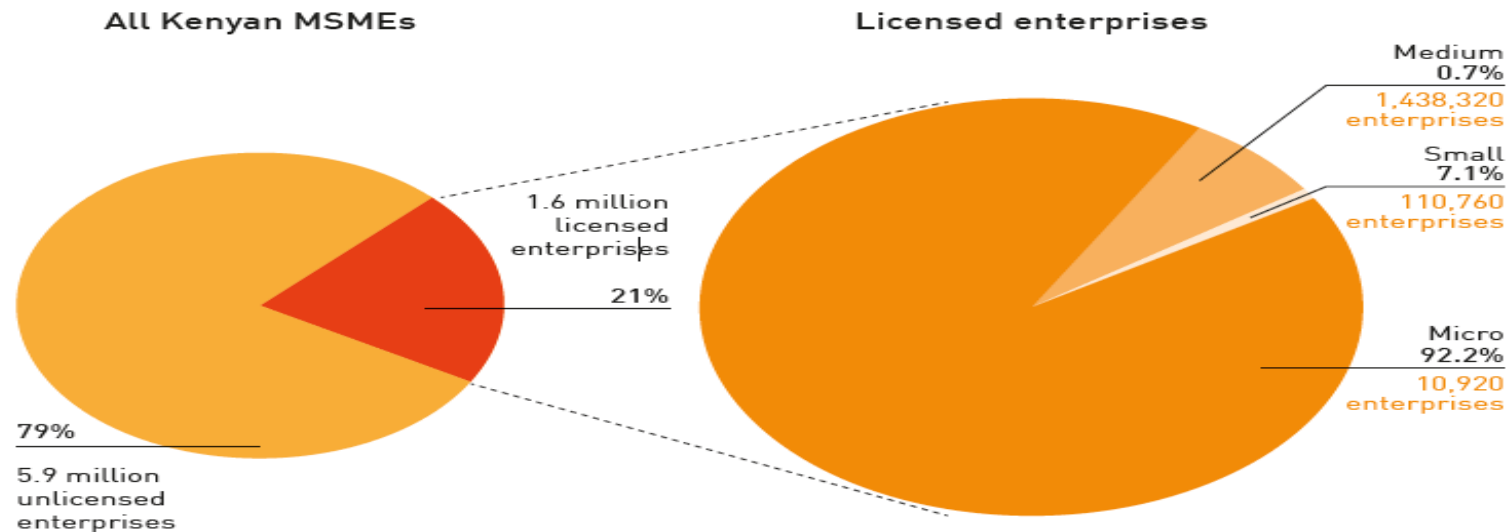
March 2021



- **Number of MSMEs:** There are 7.4 million MSMEs in Kenya; 1.5 million of these businesses are licensed by the 47 county governments and about 5.9 million are unlicensed. This indicates that there is a high number of undocumented businesses operating informally in Kenya.
- **MSME Categories:** Micro Constitutes 92.1% of licensed MSMEs operated by owner with few or no worker. Small establishments, account for 7.2 per cent of the total licensed MSMEs Medium establishments only account for 0.7 per cent of the total number of licensed MSMEs.
- **Distribution of MSMEs by County:** Are concentrated in Nairobi, Mombasa Kiambu, Nakuru, Kakamega i.e. Major Towns.
- **MSMEs Ownership:** Micro-sized establishments had the highest proportion of sole proprietorship at 73.2 per cent while small and medium enterprises had 37.3 per cent and 25.4 per cent of their businesses, respectively, under sole proprietorship.
- **Business Capital:** Licensed businesses require higher start-up capital compared to the unlicensed ones.
- **Business Records:** Most MSMEs keep some records though these records vary in form and consistency with which they are kept. The most common records are purchases day book, monthly purchases ledgers, cash books and petty cash books.
- **Employment in the MSME sector:** Total employment in the sector is estimated at 14.9 million persons.
- **Value of MSME output:** MSME sector contribution is high to the national economy. In 2015, the value of the MSME's output is estimated at KSh 3,371.7 billion against a national output of KSh 9,971.4. This represents a contribution of 33.8 per cent.

Dynamic SME Sector	Fast Evolving SME Needs	Regulatory/Govent Policies
SME s are highly sensitive to changes in economic environment, usually operate in in risky markets with higher rate of failure	SME needs are evolving very Fast and loans are not their sole expectation	Banks are uncertain on th implications of these regulations
Are the most challenging customer segment to Acquire	SME expects banks to offer innovative and personalized services and sound banks advice on banking solutions	Additional cost incurred in Implementing regulatory requirements and training ie ALM,PROCAMLA
Are heterogeneous, active in large number of economic sectors and difficult to segment using traditional banking models	SME expects excellent services to be provided by bank which a times are costly	Delayed payment by National, County and Quasi Govt bodies payment to Suppliers/Contractors who are SMEs

# GROWING MSMEs IN KENYA



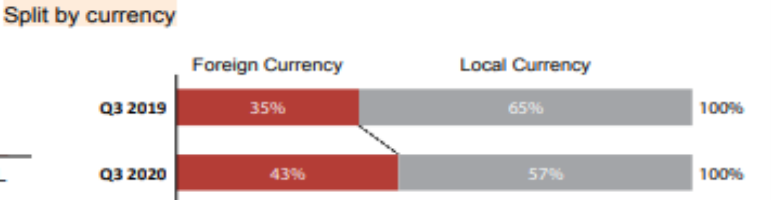
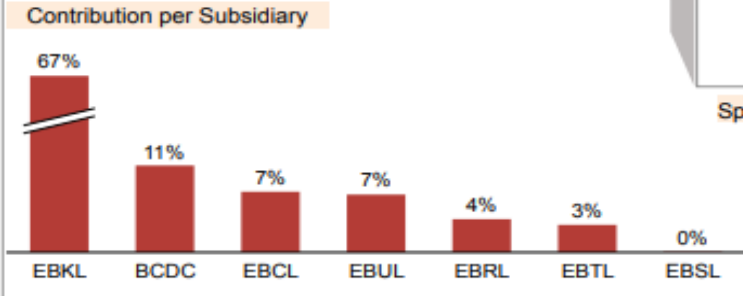
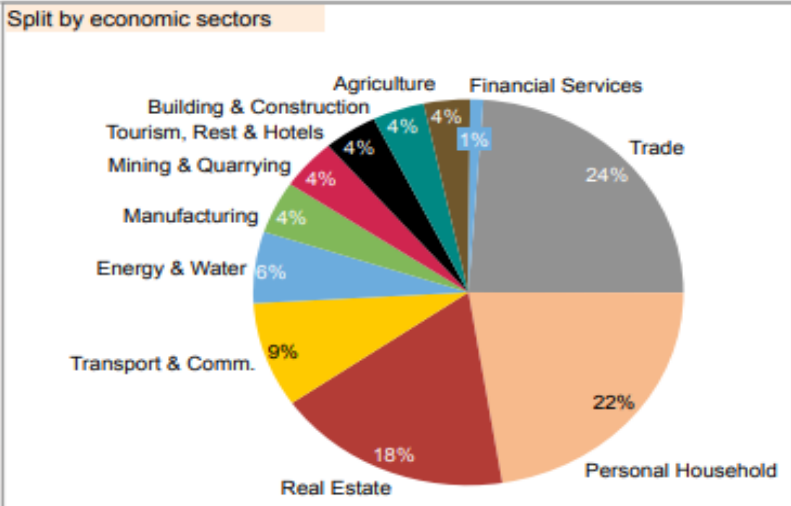
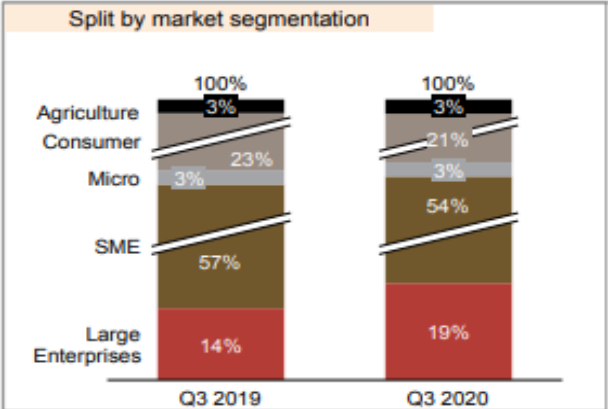
- 1.6 million licensed enterprises i.e. 21% of total MSMEs in Kenya
- Over 90% are Micro therefore focus is to grow them to **SMALL and MEDIUM**
- 7.1% of the Licensed are small and 0.7% are Medium enterprises.

- Development of strong local economies
- Job creation and Social Stability
- Help Country achieve Big 4 Agenda
- Mitigating imbalance in the balance of payment accounts through its export promotion.
- Assist in distribution of income and wealth.
- Innovation and Risk Taking



# EQUITY'S POSITION

## EQUITY'S ASSETS QUALITY



## EQUITY'S APPROACH TO SMEs NEEDS



### Digital

- Digital Is King-Accelerating Digital Adoption



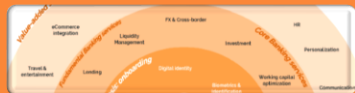
### Restructure

- Introduce new experiences for distressed customers i.e. Restructuring Loans and client Advisories services by RMS and BCA



### Partners

- Global success requires smart partners and collaboration i.e. G.o.K ,MCF,IFC,KNCCI,MSEA



### Ecosystem

- Entrenching of Ecosystem in the banking



### Payments

- Accelerate the omnichannel(multiple ways for customers to transact) business model, which has become essential rather than optional)



### Relationship

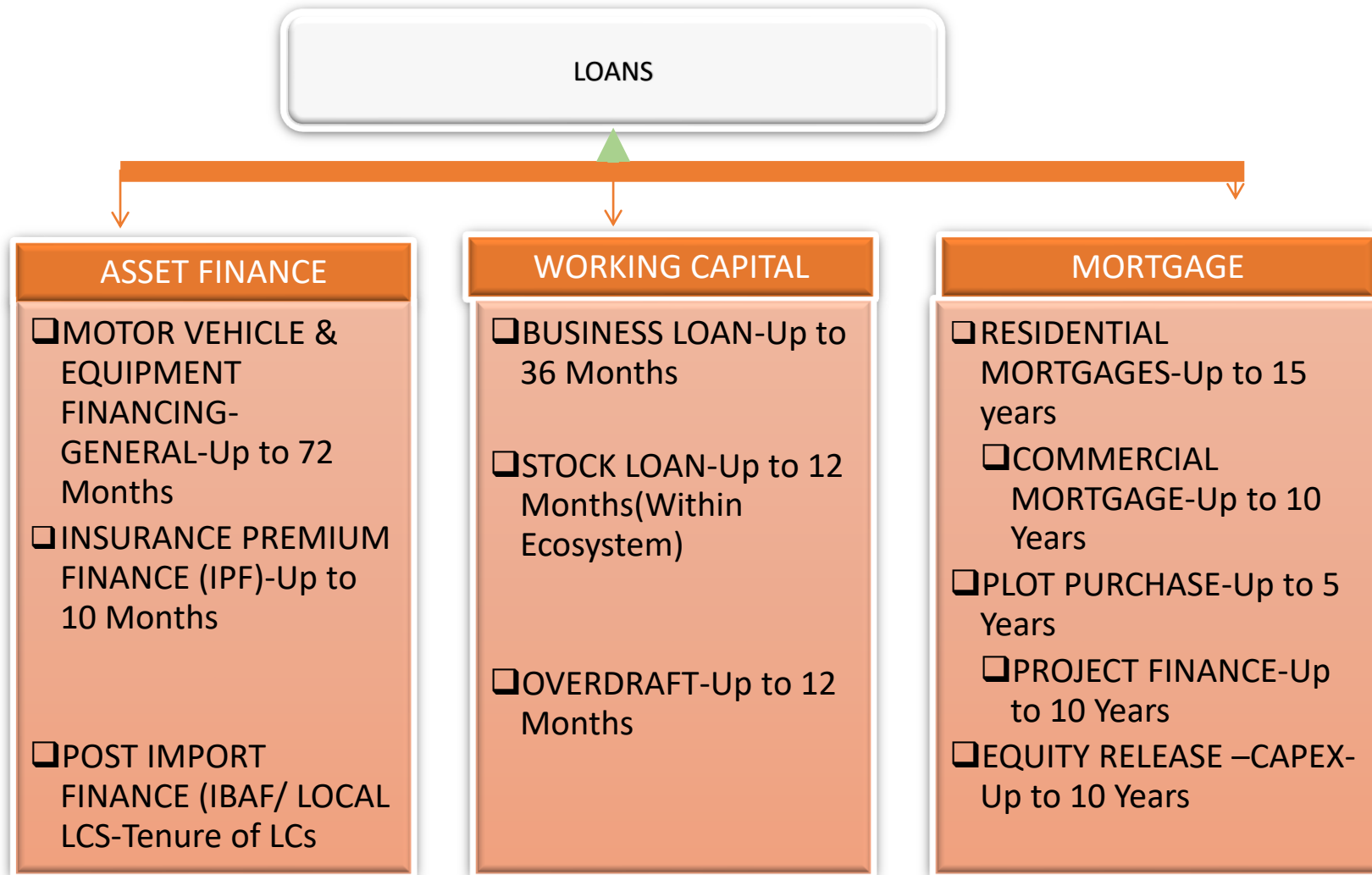
- Realign RMs to match new market conditions(Emerging



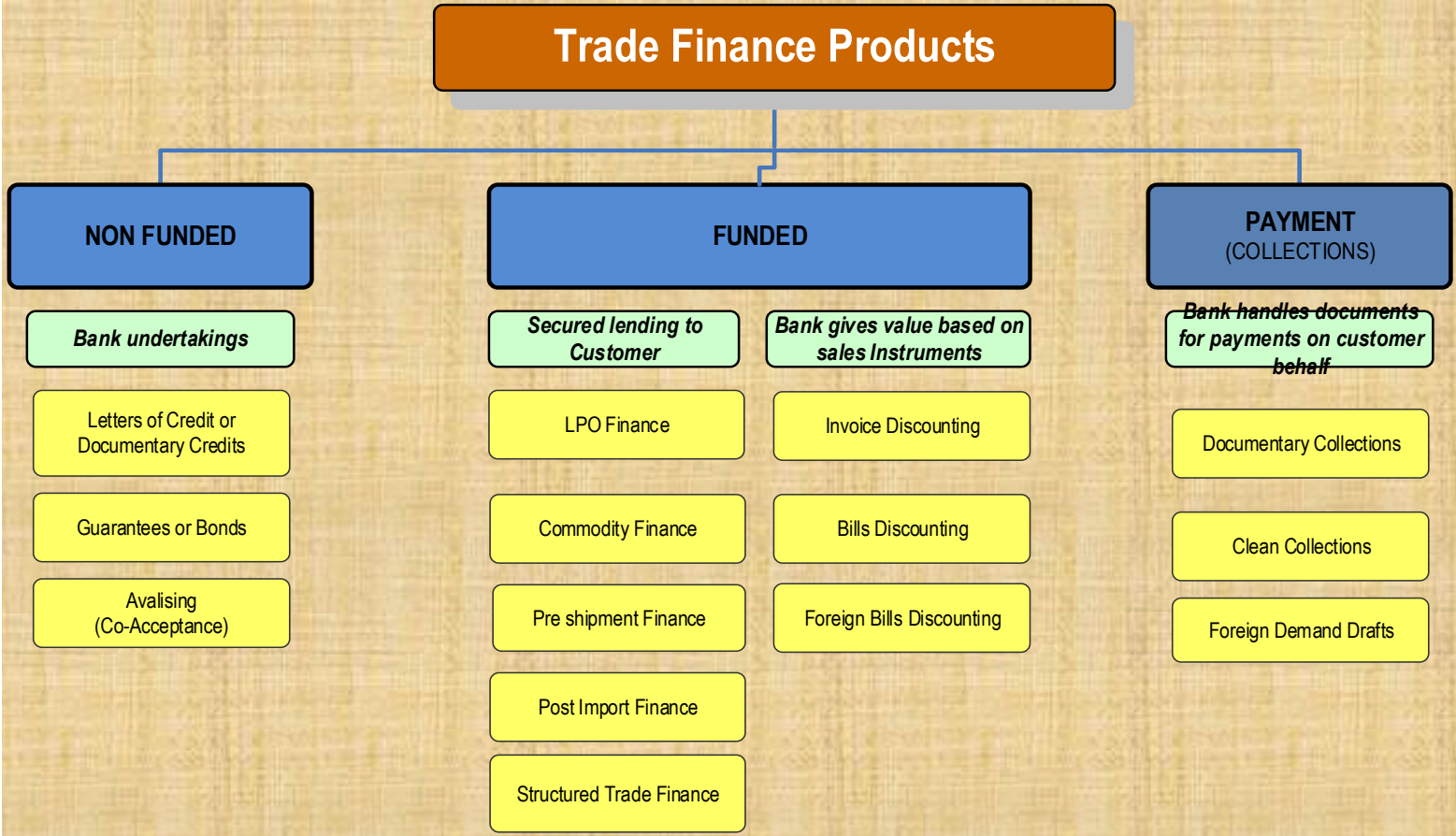
### Adaptive

- Need to be adaptive-New Normal in Business Banking

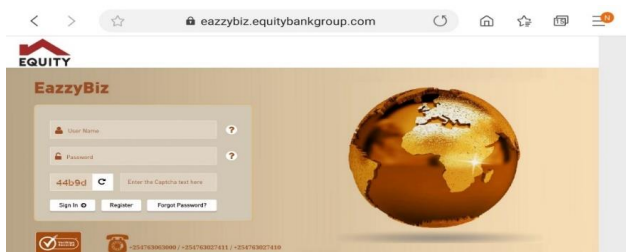
## Financing SMEs the Equity Way- Product Offering







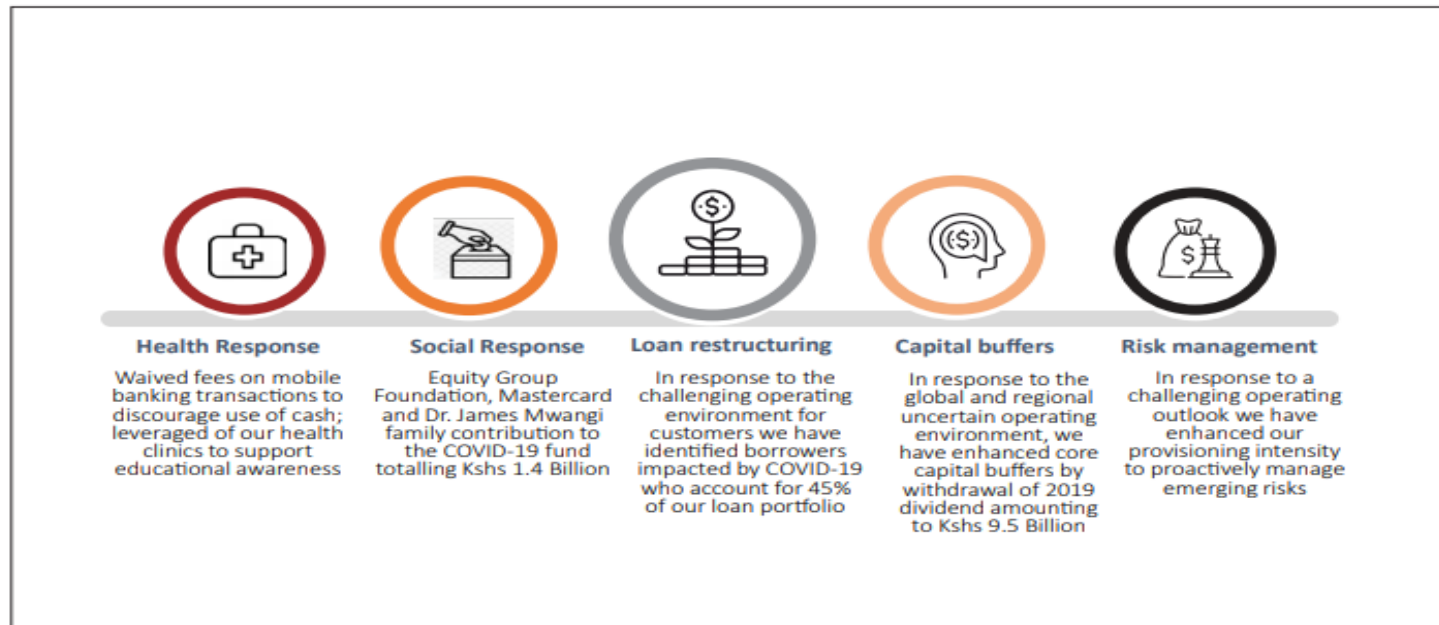
# PRODUCT OFFERING



# OTHER PRODUCTS



## Equity Boosts Government Efforts against COVID-19 Pandemic



**Thank you**

