

Q1 2024

Executive Summary  
**Kenya Market  
Analytics Report**



The Kenya Market Analytics Report for the first quarter of 2024 provides an in-depth analysis of the macroeconomic environment and its influence on credit trends within the Kenyan market.

This executive summary highlights key findings from the report, including significant trends and metrics within the credit sector that reflect the emerging economic landscape and its impact on consumer and business credit behaviours.

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## Macroeconomic overview

Kenya's GDP expanded by 5.0% vs a growth of 5.5% in the previous year and overall Inflation in Q1 2024 stood at 5.7% as compared to 9.2% in Q1 2023, a decline of 38.0%. Central Bank Rate (CBR) was increased to

13.0% during Q1 2024 from 12.50% in the last quarter. The Kenyan Shilling depreciated against all major international trading currencies in the Q1 2024 compared to the corresponding quarter in 2023.



# Q1 2024 highlights

Table 1: Overview of the formal loan data in TransUnion, Q1 2024

Index	Q1 2023	Q4 2023	Q1 2024	QoQ% change	YoY% change
Active accounts	24.73M	29.72M	29.79M	0.2%	20.5%
No. of non-performing active accounts	3.89M	7.65M	7.74M	1.3%	99.2%*
Total outstanding balance	4.11T	5.03T	5.02T	-0.3%	22.1%
No. of non-performing active balance	507.7B	599.1B	613.1B	2.3%	20.8%
NPL rates	12.35%	11.80%	12.17%	3.1%	-1.5%

\* Drastic change noted due to the credit repair framework between Q1 2023 and Q4 2023.

# Overview of the Kenya Market Analytics Report, Q1 2024

Based on bureau data from Q1 2023 to Q1 2024

**Table 2: Account distribution per product**

Business loans had the highest loan balance in Q1 2024 making up 34.03% with 742.3K active accounts and KES 1.71T balance.

Account type	Active clients	Accounts	Loan balance	% balance
Business loans	541.3K	742.30K	1.71T	34.03%
Personal loans	1.30M	2.27M	1.09T	21.78%
Mortgage loans	52.4K	60.98K	646.25B	12.87%
Trade finance	12.5K	69.01K	539.67B	10.75%
High-value OD (>KES 6K)	503.6K	566.95K	499.14B	9.94%
Asset finance	73.0K	97.41K	200.77B	4.00%
Mobile loans	8.00M	15.83M	158.80B	3.16%
Other	169.2K	196.22K	112.56B	2.24%
Low-value OD (≤KES 6K)	7.60M	9.84M	34.69B	0.69%
Credit cards	217.0K	317.95K	26.49B	0.53%
Total		29.98M	5.02T	

# Sector and product overview

## Sector distribution

**Table 3: Account distribution per sector**

In Q1 2024, the banking sector held a dominant 96.3% share of loan balances with 27.18M active accounts totaling KES 4.84T, signaling robust lending activity and significant market command for lenders.

Sector	Subscribers	Active accounts	Loan balance	% balance
Bank sector	39	27.18M	4.84T	96.34%
Microfinance sector	16	642.7K	78.90B	1.57%
Sacco sector	18	351.6K	53.52B	1.07%
Other	4	182.1K	40.47B	0.81%
FinTech sector	8	1.43M	11.07B	0.22%
Total		29.79M	5.02T	

# Credit sector overview

Q1 2024 findings provide insights into the credit sector, highlighting nuanced behaviours across product lines.

**The banking sector** maintained its stronghold on the market in Q1 2024, commanding a lion's share (96.34%) of loan balances with 27.18M active accounts reflecting a consolidated balance of KES 4.84T. This dominance underscores the pivotal role banks play in the lending ecosystem.

A detailed assessment of different credit products revealed a complex narrative.

**Mobile loans** exhibited an observable growth in both the issuance of new accounts and cumulative value, signalling a climate of increased borrowing. The loan limits however saw a reduction.

**High-value overdrafts (>KES 6K principal amount)** indicated a trend towards higher borrowing limits, appealing to customers looking for more substantial credit options.

In a broader context, the landscape was characterised by dynamic shifts within various sectors.

**FinTech, microfinance** and **Saccos**, although smaller in scale than traditional banking, demonstrated an agile and adaptive credit marketplace catering to a range of consumer and business financial needs.

## Demographic insights

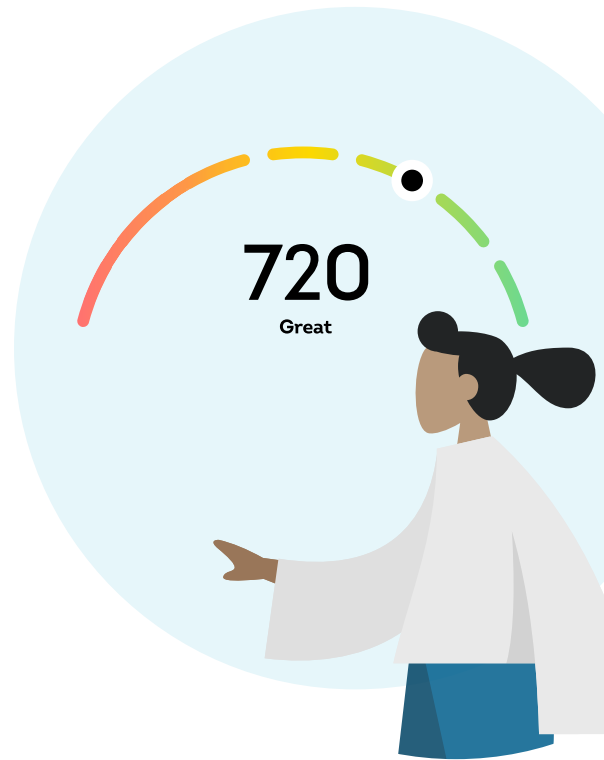
Q1 2024 highlighted the Millennial cohort as a driving force within Kenya's credit market. This significant demographic continues to engage actively with various loan products, suggesting its central role in shaping current and future credit trends. In Q1 2024, Millennials held 51.1% of the mobile loans principal amount. This group's evolving preferences and financial behaviours highlight the need for lenders to tailor their products and services, ensuring they meet the unique demands of this increasingly influential consumer segment.



# Looking ahead

## Customer centricity

Lenders in Kenya must anchor strategies in the principles of customer-centricity, nuanced risk management and operational efficiencies. A shift toward more customer-focused business models is imperative, with risk-based credit pricing and transparent information disclosure becoming the cornerstones of modern lending practices.



## Risk management

In the realm of risk management, lenders are encouraged to adopt a more vigilant stance, thoroughly evaluating customer affordability against the backdrop of an ever-evolving credit landscape. Leveraging trended credit data and insights will be pivotal in making informed credit decisions.

## Efficient operating models

Operational models must continue to evolve, embracing digitisation as a tool for enhancing business continuity and as a safeguard against the rising tide of cyber threats. Investing in robust IT systems will be key to safeguarding the integrity of financial transactions in an increasingly digital world.



# Solutions for lenders

In the changing landscape of Q1 2024, risk-based pricing emerged as an industry standard. Lenders are now tasked with delving deeper into customer insights and market trends to shape effective pricing strategies across varied consumer segments and products.

TransUnion's suite of enhanced credit risk solutions, identity verification tools and fraud prevention systems is designed to support lenders in navigating

this complexity. These solutions aid in managing risk, optimising portfolio growth and enabling more informed lending decisions.

Our offerings in account and portfolio management, analytics, consulting, collections and recovery, credit reporting, customer acquisition and engagement encapsulate a robust toolbox for lenders aiming to enhance profitability while managing risk adeptly.



## Account and portfolio management

Bolster profitability and mitigate risk with incisive analysis of your customers' financial activities, gaining valuable market insights and understanding consumer trends.



## Analytics and consulting services

Set your business apart with TransUnion's cutting-edge analytical and consulting expertise.



## Collections and recovery management

Improve engagement rates, efficiently prioritise collection efforts, minimise costs and enhance recovery rates. Our solutions provide continuous monitoring of loan portfolios, offering proactive alerts on early signs of delinquency.



## Credit and risk reporting

Employ enriched data and sophisticated algorithms to refine risk management and enhance profitability. Our risk-based pricing models enable lenders to price loans commensurate with assessed risk levels.



## Customer acquisition

Drive informed decision-making to convert prospects into customers, thereby expanding revenue. Our analytical scorecards support effective decision-making from acquisition through to underwriting.



## Customer engagement

Strategically target and engage prospective customers, maximising the impact of your marketing investment. With enriched data you can enhance your marketing initiatives, whether it's upselling, cross-selling or acquiring new business.



## Fraud and verification

Enhance customer trust and security with TransUnion TruValidate®, a holistic fraud solution that facilitates secure and smooth transactions in the digital age. The powerful features of this solution allow for reliable consumer identity establishment and authentication.



# Conclusion

Kenya Market Analytics Report Q1 2024 revealed a credit market in flux, shaped by macroeconomic shifts, consumer behaviour changes and technological advancements. The period's insights underscore a dynamic and evolving sector pivotal to Kenya's broader financial ecosystem.

As the country continues to navigate the complexities of a changing economic landscape, the credit sector stands as a critical pillar, fostering growth and offering rich opportunities for innovation and adaptation.

Lenders – equipped with deeper insights and advanced tools – will be well-positioned to meet these challenges head-on, crafting and adapting strategies that respond quickly to the current climate while anticipating future market shifts.






## Kenya Market Analytics Report Q1 2024

Contact us for more information on how TransUnion can assist your business in navigating a changing credit landscape.

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