



“My Chat with a Bank CEO”

TOPIC | **WOMEN IN BUSINESS**

CEO: **MWANGI GITHAIGA**

BANK: **KENYA WOMEN MICROFINANCE BANK**

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Women in Business

Chat Admin: We are happy to welcome you to this year's first "My Chat with a Bank CEO" session

Our topic for this morning is Banking Women in Business and our host is Mr. Mwangi Githaiga, the CEO of KWFT Bank Limited.

Mwangi Githaiga: Today is a great day to engage and discuss about women financing, because women form a significant part of this country and it is necessary that they participate in all economic activities of this country.

Mwangi Githaiga: I am personally very happy to engage with you so that we can get the views as an industry on what are the needs of women as they participate in entrepreneurship in Kenya and beyond.

Joyce Waweru: Good morning Mr. Mwangi, I'm glad to be able to interact with you today and ask some questions that I've been wondering about. How does your institution ensure that the clients living in rural areas benefit from banking products and services in the same way as those living in urban areas?

Mwangi Githaiga: Good morning Joyce Waweru, welcome, I see your question about rural access to finance. The banking industry engages in rural areas through alternative delivery channels which are not brick and mortar, for example mobile banking, agency banking so that we can be able to reach the excluded communities at affordable costs. There are also other players in the market who organise rural groups so that they can be given joint financial support, similar to the chama model.

RUTH MAWEU: Mr. Mwangi in this Rainy Season how is the Bank team able to reach the Rural Women where Matatus don't reach?

Mwangi Githaiga: Hi Ruth...we thank God for giving us a raining season which we have been looking forward for! Of course this comes with communications challenges. The best way to keep engaging our clients is by traversing the country on motorbikes / boda bodas, using mobile banking and agency banking.

Eric Muchoki: Good morning Mr. Githaiga, it's a pleasure to have you in this forum; What are the drivers of gender segmentation in banking and finance?

Mwangi Githaiga: Thank you Erick for your question. Your question is very pertinent especially when we come to financial inclusion because the majority of Kenyans are financially excluded and most live in the rural areas. Majority of these financially excluded are women and so there is a need for financiers to take deliberate actions to give women an opportunity to be banked. A team that plays with half its players will definitely lose.

Mwangi Githaiga: Good morning everyone, we are happy to welcome you this morning to this chat.

Oscar Munene: Good morning Mr. Mwangi Githaiga, ladies and gentlemen. As a champion of financial inclusion among women how do you minimise the risk involved considering the little information available of their financial history.

Mwangi Githaiga: Welcome Oscar. You raise the issue of financial literacy which is pertinent in this country and financial institutions are providing resources to be able to offer that most needed service of educating the banking public. Relationship banking goes a long way to ensure that individual issues are adequately addressed and that clients are well informed about the products.

Webstar Ireri : Good morning Mr.Mwangi. Yes women are the majority shapers of our economy, starting from the mama mboga to those in managerial positions, it's an essential discussion.

Mwangi Githaiga: Thank you very much Webstar...that is very true.

Joyrose Chebet : Goodmorning Mr. Githaiga, Congratulation, I saw on the media your bank won again the best micro finance bank, now my question to you is the culture impeding access to financing to women enterprises?

Mwangi Githaiga: Good morning Joyrose. Thank you for the compliment. We won the best micro finance bank courtesy of our clients who we are proud to serve. The issue around culture. This is very important because women do not have access to collateral mainly because of the traditional set ups of the African tradition. The challenge goes therefore to the financial institutions to recognise this limitation, and support the women to access finance as they continue playing a critical role in building the economy.

Noel Namunyak: Good Morning Mr. Githaiga, it is great to have you on board. I am Noel and am a business lady. My question is what are some of the trends in banking in Kenya and are Kenyans embracing the trends?

Mwangi Githaiga: Welcome Noel. I think the trend now is moving from brick and mortar to digital platforms. Making banking services more convenient and available real time is the driving force. Kenyans are responding very well to this trend and our customers are actually driving this process. And women have not been left behind.

Mary Mwangi: Morning Mr.Mwangi, currently what is your bank doing to empower women business wise especially the ones living in the rural areas

Mwangi Githaiga: Hello Mary Mwangi, KWFT has a network of 241 offices / branches in 45 of 47 counties. This network is meant to give women an opportunity to access the services we offer. Through this delivery channel we offer training and mentorship programs. We also facilitate trade networks.

George Gichuki: Does KWFT Bank exclusively serve women Customers? Why has the bank chosen to embrace the microfinance model despite its huge cost implications?

Mwangi Githaiga: Good morning George. Thank you for your questions. KWFT serves the family, but has women as our entry point. We are in micro finance by choice because we believe that micro

finance services and products are able to improve financial inclusion in this country because it focuses on the majority that is excluded from the financial sector. Indeed, micro finance is an expensive model, however, MFIs focus on the triple bottom line approach ie profitability, social impact, and environmental impact...so profit is not the only thing.

Steve Mwarumba: Good morning Mr Mwangi, it's a pleasure to have you in this forum. I would wish to know whether the devolved government system has affected banking and finance sector operations.

Mwangi Githaiga: Welcome Steve Mwarumba, the devolved government has offered Kenyans immense opportunities to get involved in their country's development. The banking sector has taken this seriously and is partnering with the county governments to take services down to the villages where initially there were no services. This is resulting to distribution of country wealth from the capital to mashinani.

COLLINS OYARO: Good morning Mr Mwangi. Research has indicated that women are good savers/managers when it come to finances applying their gift of nurturing children to see a business grow and yet they are still disadvantaged when it comes to access of funds to support the business due to requirements of collateral and high interest rates. As the leading microfinance institution in Kenya, how has KWFT turn this challenges faced by our women into opportunities for their growth?

Mwangi Githaiga: Dear Collins...your comment is spot on! Thank you. KWFT offers women who do not have access to collateral the much needed credit using social support from their group members. This is a model that has successfully worked for micro finance institutions in Kenya and the world over for many years.

Janet Njau: Morning Mr. Mwangi. I agree with the note on Inclusivity. Women now have many open opportunities especially on tenders since some are exclusively set aside for women. If there was a way the banking industry could include training to women on the available opportunities and the alternative access to finance,that would be very beneficial to them.

Mwangi Githaiga: I agree Ms. Njau that there are opportunities for women based on the 1/3 gender rule. Banks like KWFT are continuously working with women to develop products that support their participation in government tenders.

MOSES MWANGI: Good morning Mr. mwangi, we are glad to have you here, When I look at the banking sector, they are all embracing mobile banking and are using it to issue loans. In my opinion am seeing this as a cost effective way of issuing loans and mobilising savings. Is KWFT planning to start issuing loans through mobile to reduce its operating costs n mobilise savings?

Mwangi Githaiga: Moses you are right that mobile loans and savings is a positive trend in the banking sector. We do offer some products on mobile banking. Please visit our web site for www.kwftbank.com.

Oscar Munene: That's very great that you focus also on the triple bottom line, i think more financial institutions should focus on this to improve sustainability.

Mwangi Githaiga: Indeed Oscar. Thank you.

Benard Maina: Good job you are doing. As youth i.e18-35 years are the majority and very innovative, economically active etc what strategies you have to bring them on board.

Mwangi Githaiga: Thank you Bernard. Youth make up about 60 per cent of this country and the banking sector needs to continuously focus on this core segment. The banking sector has innovative products for youth but there is still room for improvement. There is much more that can be done.

Jackline Ogero: Good Morning Mr Mwangi. What can the banking industry do to reduce the cost of credit to enable many women entrepreneurs have access to it.

Mwangi Githaiga: Jackline I believe the use of technology is an important lever we can use. For example through digital platforms we can minimise the cost of operations (including providing services and debt recovery). The other cost that drives up the cost of credit is the cost of money. Banks lend other people's money which banks pick as deposits from the market. Based on the interest the bank pays the depositor, borrowers are charged a premium on the same. So when the cost of money (deposits) is high, the cost of credit also goes up.

Miricho Dedan: Good morning Mr. Mwangi Githaiga, I am grateful for the work KWFT has been doing with rural women groups especially in my home area. My siblings have managed to pay school fees through loans provided by KWFT. I actually managed to convince most of them to acquire shares through CSOP two years ago. My question is when the shares will start trading at the OTC ma

Mwangi Githaiga: Miricho karibu sana to this Chat! Indeed a lot has been achieved in terms of women economic empowerment in this country. And CSOP is one of the tools of women empowerment. The OTC is open please get in touch with your nearest branch.

Joyrose Chebet: what is the comparative growth of women led enterprises? And finally What is the impact of economically empowered women in the country?

Eric Muchoki : How do banks ensure that spouses are involved when their partners apply for financing especially where collateral used is for both parties?

Mwangi Githaiga: Eric based on the repealed Land Laws, spousal consent is mandatory for collateral clearance. Banks also require spouses to guarantee in the case of unsecured lending. These requirements are important because they help protect the family assets.

GEORGE KINYANJUI: Good morning Mr. Mwangi, thank you for allowing us to engage you on this forum. Kindly elaborate how KWFT finances along the Agricultural value chain given women contribute alot to Agricultural development.

Mwangi Githaiga: George Kinyanjui raises the important role of women in the agricultural sector. The Agri sector is the backbone of our economy and indeed any country that cannot feed itself cannot be able to achieve economic development. Women are the drivers of agriculture especially at the subsistence level therefore interventions that focus resources in this direction are very critical. The banking sector in the past 5 years has increasingly provided support to the Agricultural sector, and across the whole value chain. Government has created an enabling environment for our sector to do so. There are various products, including insurance that are meant to minimise the risks associated with Agri finance.

MUSYOKA JIMMY: Good morning Mr Mwangi, Deposit-taking microfinance institutions will now be required to hold cash with the Central Bank of Kenya (CBK) proportionate to their deposit base following a change of law, will this affect the cost borrowing in future?

Mwangi Githaiga: Musyoka thank you for your question. Yes, MFIs are required to have cash reserves at the CBK which increases the cost of doing business for the MFIs and as a result raises the cost of credit.

Josephine Oyombe: Recently we have had challenges in the financial sector where we have seen banks collapse, including Imperial Bank & Chase Bank. How is KWFT prepared in terms of maintaining its financial stability considering the fact that smaller lenders are inevitably affected and the same would have a spill over effect on women economic empowerment?

Mwangi Githaiga: Josephine thank you for your question about the sector's stability. Overall, the Kenyan banking is stable and sound, and produces some of the best practices in finance across all of Africa. This perception that small banks are unstable is wrong and unfounded because the strength of any institution is in its governance and service delivery (not size).

John Komu: Bwana Githaiga, how has the what impact has the entrance of new players like <https://branch.co> affected existing players in the micro-finance sector? And given that this new players are using your digital footprint to assess your ability to repay loans, in place of the traditional methods of collateral/ or guarantors, do you think they have an upper hand or are they just a passing cloud?

Mwangi Githaiga: John Komu ...karibu... approximately 60 percent of Kenyans are not participating in main stream banking, so any new initiative improving this situation is completely welcome and has its space. Competition is healthy.

Noel Namunyak: What are some of the policies and regulations hurdles women face in access to funding?

Mwangi Githaiga: Noel we covered some of the hurdles that limit women to access capital, such as access, cultural issues, collateral and financial literacy. And all these areas have interventions currently under way.

Maurice Ndege: through evaluation on CREDIT RATING being offered by a licensed rating agency we have been able to empower women and help them understand the lending dynamics in Kenya as a bank that deals more with women welfare do you accept third party credit ratings as a way to empower women entrepreneurs

Mwangi Githaiga: Maurice the role of credit rating bureaus is important as they provide lenders with information that helps them make credit decisions.

Leah Kibe: Hi Mr. Mwangi Githaiga. Currently, every bank has rolled out agency banking where every Kenyan can access banking services at their reach and convenience. Has your organization been able to engage in this platform?

Mwangi Githaiga: Yes Leah...KWFT does have agents please visit our web site for more details

Chat Admin: Ladies and gentlemen, our chat session is almost coming to a close. Mr. Mwangi will attempt to finalise and answer the next few questions in the next few minutes

Unanswered Questions

Aury Munene: Banks and real estate opportunities for young people. Ok. Is there an opportunities to get a response on how banks are supporting young women real estate entrepreneurs access funding

Oscar Munene: Do you generate sustainability reports of your activities Mr. Mwangi.

Steve Mwarumba: Thank you Mr Mwangi, how has the changing economic and political environment affected the operations of the banking sector?

Benson Kitabu: Good morning Mr Mwangi, Mr Musyoka has raised a point on the holding of cash by CBK do you?

Benson Kitabu: I think the government need to consider some reduced ratio considering thing is a fairly new industry under regulation

Caroline Toroitich: Morning Mr. Mwangi kindly help me understand the exclusive benefits women benefit from KWFT which other banks/MFI do not offer?

Steve Mwarumba: Banks finance women to start and expand their businesses, does the banking sector also support these women entrepreneurs to get market for their products and services?

Webstar Ireri: Benson Kitabu...That point on the deposits to be held by the CBK,I think it's the right thing to do, to streamline the banking sector all the way down the ladder in the interest of the individual depositor. I think as much as it's a drastic and strenuous thing to especially many micro banks, it's a good thing.

Maureen Ochola: Good morning Mr. Mwangi, with the intensive use of CRB reports by banks, how can the banks use the reports positively to encourage customers with good CRB reports in future?

Conrad Karume: The 2016 FinAccess Household Survey indicates that the Formal Financial Inclusion/Access is at 35% for women compared to 50% to that of men. While this is an improvement from a mere 10% and 19% respectively in 2006, what policies are the government and the banking sector formulating to narrow this gap?

Samuel Kungu: Mr. Mwangi. The emerging trends in mobile loans (mshwari, KCB Mpesa, Equitel loans, Branch, Mkopo rahisi e.t.c. is a big wave that can't be ignored and equally a convenient way for customers to fix urgent small financial needs needless to say they are unsecured and repayable in a very short duration. Is KWFT thinking of developing similar products for their women since the same women keep borrowing the mobile loans from those offering?

Benson Kitabu: Kwft has big network in kenya, are there any plans to expand regional?

Redemter Kiberi : Good morning Mr. Mwangi, the institution recognizes the role of women in national economic development and therefore the need for full optimization of women's economic potential. What are the options that KWFT is exploring to ensure this need is optimally met?

Monica Mwakio: I echo the views of John Komu and Samuel Kungu...emerging trends on mobile loans cannot be ignored. They have hit the market big time. Is KWFT embracing this trend?

GEORGE KINYANJUI: Mr. Mwangi, thank you for your response. I would also like to enquire how your organisation, especially being the biggest microfinance bank, contributes towards corporate social responsibility.

Macharia Mathenge: Mr. Mwangi, KWFT BANK has been at the fore front of financial inclusion, what is the next big thing for the bank.

Joyrose Chebet: Thank you so much MR. Githaiga for your time... We appreciate

Bernard Maina: Thanks Mr.Mwangi. Just to add Youth are opinion shapers and with the level of unemployment we have the time is now.

Mwangi Githaiga: Yes Monica ... tuko pamoja ... KWFT is there.

SOLOMON KARATHI: Heko Mr. Mwangi Githaiga and the entire KWFT fraternity! We do recognize and appreciate the good work you are doing to lift the financial welfare of the women of this great country. Indeed you are a market leader. Keep up your spirit.

Peris Maina: Thank you Mr Mwangi .Congratulations to KWFT for leading as the best Microfinance in Kenya.Do you have plans to transform to a Commercial Bank

Webstar Ireri: Mr.Mwangi,now the just flopped gender ammendment bill earlier in the month,what was the stand of your bank and do you think it could help in the development of women in business?Would the effects of the bill trickle down to the very small businesswoman in the slum somewhere?

Joyrose Chebet: Are there specific sectors that women excel in entrepreneurship?

Steve Mwarumba: How has the current situation where banks have been put under receivership affected operations of other banks?

Joyrose Chebet: Asante sana Bwana Githaiga, another question Sir, in your own view, do you think the less fortunate in the society should be given a special treatment by the banks when accessing financing? am a business woman would like to understand better the expectation..

Noel Namunyak: Thank You Mr. Githaiga, also how has the banking institutions supported women entrepreneurs learn more about the banking regulations and changing policies in the sector?

Joyce Waweru: My other question is could you please explain some of the challenges you face when coming up with new products or revamping existing products to satisfy women entrepreneurs.

Caroline Toroitich : what are exclusive benefits your bank offers to women in business?

Joyce Waweru: Finally, please expound on how technology has helped the banking sector satisfy its clients through its products and services.

George Gichuki: From your experience in banking women, which attributes make them better in servicing their loans compared to men?

Other Comments

Kennedy Chesire: women have potential in running business. They require financial training and mentorship to exploit their potentials

George Gichuki: Thanks a lot Mr. Mwangi Githaiga for your time and very insightful answers. All the best to your great team!

Joyce Waweru: Thanks for all the insightful information Mr. Githaiga

Oscar Munene: Thank you Mr. Mwangi for your time, I look forward to more of this kind of engagement and particularly interested in your sustainability efforts.

Mwangi Githaiga: As we wrap up on today's Chat, I'd like to share some thoughts

Mwangi Githaiga: Looking forward, into the future. The banking sector will continuously focus on rural development with emphasis on the financially excluded people, majority of who are in the rural areas so the voice of women who are the main drivers of rural economies will remain top of the agenda.

Mwangi Githaiga: With the current interventions that are under way, such as the 1/3 rule and financial products targeting women, we also expect to see more businesses owned and operated by women.

Mwangi Githaiga: As KWFT we promise women that we will continuously play our role of giving them access so that they can be financially empowered.

Mwangi Githaiga: Thank you all for joining this Chat today. I'm sorry we didn't get to all your points but I hope this session has been informative and helpful. I have enjoyed the points that have been raised which will form the basis of developing more interventions into the future.

Have a good weekend. Tujenge taifa letu.