

Co-operative Bank Kicks-off Sh 15.2 Billion MSME Program

Nairobi, 8th Feb 2019 ... Co-operative Bank has kicked off Customer Networking Forums for Micro, Small & Medium-sized Enterprises (MSMEs) which will see the bank train its customers countrywide on strategies to grow their businesses in changing operating environments. These forums are part of the US\$150 million (Sh15.2 Billion) program that the bank in partnership with the International Finance Corporation (IFC) launched in mid-2018 to provide affordable financing and business training to Kenyan MSMEs.

Speaking during the first MSME Customer Networking Forum at the Sarova Stanley on Thursday, the Director Retail & Business Banking at Cooperative Bank, Mr Arthur Muchangi said, “In partnership with IFC, the Bank expended a lot of resources on customer engagements and research work to understand the dynamics of this critical business segment. We now know for fact that MSMEs are the bedrock of wealth creation in Kenya as they account for over 90 per cent of Kenya’s private sector, employing over 15 million Kenyans in both the 1.7 million registered and 7 million unregistered businesses.”

The Customer Networking Forums are a key part of Co-op Bank’s MSME program as it is widely acknowledged that MSMEs need the insights and training on economic matters that have a direct bearing on their business, and which they have little or no control over.

The forums will be held across the country, and feature a detailed presentation by the bank economist on the opportunities in and out of the country that MSMEs can tap and the ways the bank is working to enable customers seize these opportunities. This is followed by a panel discussion with bank representatives and successful entrepreneurs, concluding with a networking session.

Mr. Muchangi added that the crucial insights on MSMEs that the Bank had gained had helped it retool and refresh the product offering to make it more responsive to the needs of MSMEs;

“Our message to MSMEs is simple; we have heard you. We have made available a substantial kitty of Sh15.2 Billion for a package of loans that include an **unsecured business loan**, a first of its kind in Kenya, **E-Credit** through our MCo-op Cash App where businesses are able to borrow up to **Ksh. 2 million** via their mobile phone, **packaged insurance cover** which are handpicked and specifically negotiated to suit various segments under MSME, revised and **pre-approved limits on overdrafts and loans**. **The loans will be supported by trade services that include** Letters of Credit, guarantees, supply chain financing, among others,” Mr Muchangi added.

Following the networking forum, Ms Pamela Bii of Tesha (K) Ltd, one of the panellists said, “The future is bright and good for us entrepreneurs but we need to move fast in embracing change such as new technology and emerging trends.”

Speaking on the key learnings from his entrepreneurship journey, Edward Kariuki, Co-Founder and Managing Director of Raerex Group of Companies said, “As an entrepreneur ensure you have proper structures, quality and packaging of your product is crucial, think differently from your competitors, have a good relationship with your partners and suppliers and lastly keep your word and be very honest.”

Co-operative Bank wishes to serve MSMEs in a wholesome fashion, and recently launched a partnership with Isuzu East Africa Ltd that offers an affordable means of purchasing Isuzu vehicles that are very popular with MSMEs. Through the partnership, customers will get upto 95% financing to purchase the vehicle of their choice, and be allowed a whole two months to use the vehicle before they begin repaying the loan. This will give customers the space to generate cash to service the loan, which is to be repaid over an extended period of five years. For those Isuzu customers who also wish to boost the working capital of their business, an additional loan of Ksh 300,000 to be repaid in 12 months will be provided. A comprehensive insurance package priced at 4.75% of vehicle value (that includes Political Violence & Terrorism) and Insurance Premium Finance is also available to allow customers pay insurance premiums in easy instalments.

To effectively engage this target the bank has trained its staff at the branches to identify the different needs customers have and correctly match them to relevant financial solutions. The vision for the Bank’s MSME offering is to grow world-class entrepreneurs beyond the Kenyan borders.

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