


REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT – THIRD SESSION – 2024
DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

REPORT ON THE CONSIDERATION OF THE BUSINESS LAWS (AMENDMENT) BILL, 2024
(NATIONAL ASSEMBLY BILLS NO. 49 OF 2024)

 THE NATIONAL ASSEMBLY PAPERS LAID		
DATE:	02 DEC 2024	DAY: MON.
TABLED BY:	Hon. (CPA) Kura Kimani (Chairperson, Finance and National Planning)	
CLERK-AT THE TABLE:	MERG CHUMO	

CLERKS CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
PARLIAMENT BUILDINGS
NAIROBI

DECEMBER, 2024

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LIST OF ABBREVIATIONS AND ACRONYMS

ADR	-	Alternative Dispute Resolution
B2B	-	Business to Business
B2C	-	Business to Customer
CBK	-	Central Bank of Kenya
CS	-	Cabinet Secretary
DST	-	Digital Service Tax
EAC	-	East African Community
FDI	-	Foreign Direct Investment
KRA	-	Kenya Revenue Authority
MFIs	-	Microfinance Institutions
NDT	-	Non-Deposit-Taking
NSE	-	Nairobi Securities Exchange
OECD	-	Organization for Economic Co-operation and Development
TOGC	-	Transfer of Business as an Going Concern

LIST OF ANNEXURES

- Annexure 1: Adoption Schedule
- Annexure 2: Adoption Minutes
- Annexure 3: The Business Laws (Amendment) Bill, 2024 (National Assembly Bills No. 49 of 2024)
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- Annexure 5: Letter from the Clerk of the National Assembly inviting relevant stakeholders to attend the public participation forum
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CHAIRPERSON'S FOREWORD

This report contains the proceedings of the Departmental Committee on Finance and National Planning on the review and consideration of the Business Laws (Amendment) Bill, 2024 (National Assembly Bills No. 49 of 2024), published on 31st October 2024. The Bill underwent its First Reading on 13th November 2024. It was subsequently referred to the Departmental Committee on Finance and National Planning for consideration and reporting to the House, pursuant to Standing Order 127.

The Bill comprises nineteen (19) clauses and seeks to make various amendments to various statutes as summarized below—

(a) THE BANKING ACT, CAP. 488

The Bill proposes amendments to strengthen regulatory oversight and enhance financial stability. It introduces stiffer penalties for banks and credit reference bureaus that fail to comply with prudential guidelines issued by the Central Bank of Kenya (CBK). Additionally, the Bill seeks to amend the Second Schedule of the Banking Act to progressively increase the minimum core capital requirements for banks and mortgage institutions. The proposed schedule includes a phased compliance plan, starting with a minimum core capital of Ksh.1 billion by December 31, 2024, and culminating at Ksh.10 billion by December 31, 2027.

(b) THE CENTRAL BANK ACT, CAP. 491

The Bill expands the regulatory mandate of the Central Bank of Kenya (CBK) to cover all non-depositing credit providers, including digital lenders, peer-to-peer lenders, and credit guarantee businesses. The proposal aims to bring the previously unregulated entities under CBK's oversight to ensure fair and transparent practices.

The Bill also introduces requirements for licensing, approval of credit channels, and establishment of credit parameters. Additionally, it mandates credit information sharing to promote responsible lending and enhance consumer protection. This regulatory framework seeks to ensure that non-deposit-taking credit providers operate in a manner that upholds financial stability and consumer trust.

(c) THE MICROFINANCE ACT, CAP.493C.

The Bill transfers the regulation of non-deposit-taking microfinance businesses from the Microfinance Act to the Central Bank of Kenya (CBK) Act, placing them under CBK's direct oversight. This aims to ensure consistency and strengthen consumer protection within the financial sector. The Bill sets out clear requirements for these institutions, including the mandatory disclosure of all credit costs and providing borrowers with detailed information about their rights and obligations. To facilitate a smooth transition, the Bill grants a six-month compliance period for these businesses to align with the new regulatory framework, ensuring better consumer safeguards and accountability.

In compliance with Article 118(b) of the Constitution of Kenya, 2010 and Standing Order 127(3), the Clerk of the National Assembly placed an advertisement in the print media

on 14th November 2024, inviting the public and stakeholders to submit their memoranda, through both written and oral submissions on the Bill from 15th to 27th November 2024.

In accordance with the requirements of Article 118 (1) (b) of the Constitution, the Committee invited stakeholders to a public participation forum via letters REF: NA/DDC/F&NP/2024/(126) and REF: NA/DDC/F&NP/2024/(127) dated 18th November 2024 and 19th November 2024 respectively. The stakeholders' engagement meeting was held at the Mini Chamber, Main Parliament Buildings on 22nd November 2024 and at the Kenyatta International Convention Centre from the 25th to 28th of November 2024. During the engagement, stakeholders made oral and written submissions before the Committee. Additionally, the Committee conducted Public Hearings in 6 counties from 18th November 2024 to 20th November 2024, allowing members of the public to present their oral submissions.

On behalf of the Departmental Committee on Finance and National Planning and pursuant to the provisions of Standing Order 199(6), it is my singular honor to present to this House the Report of the Committee on its consideration of the Business Laws (Amendment) Bill, 2024 (National Assembly Bills No. 49 of 2024). The Committee extends its gratitude to the Offices of the Speaker and Clerk of the National Assembly for the invaluable logistical and technical support throughout the consideration of the Bill. The Committee acknowledges and appreciates the dedicated participation and submissions from all stakeholders and members of the public whose contributions have been instrumental in the thorough review of the bill.

Finally, I would like to express my sincere appreciation to the Honourable Members of the Committee and the Committee Secretariat for their invaluable contributions to preparing and producing this report. Their dedication and hard work have tremendously contributed to completing this task.

I am pleased to report that the Committee on Finance and National Planning has considered the Business Laws (Amendment) Bill, 2024 (National Assembly Bills No. 49 of 2024) and wishes to report to this August House with the recommendation that the House approves the Bill.

HON. CPA KURIA KIMANI, M.P.
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

CHAPTER ONE

1.0. PREFACE

1.1. ESTABLISHMENT OF THE COMMITTEE

- I. The Departmental Committee on Finance and National Planning is one of the twenty Departmental Committees of the National Assembly established under **Standing Order 216** whose mandate under **Standing Order 216 (5)** is as follows:
 - i. *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
 - ii. *To study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;*
 - iii. *To study and review all the legislation referred to it;*
 - iv. *To study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
 - v. *To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;*
 - vi. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order No. 204 (Committee on Appointments);*
 - vii. *To examine treaties, agreements and conventions;*
 - viii. *To make reports and recommendations to the House as often as possible, including recommendations of proposed legislation;*
 - ix. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution and*
 - x. *To examine any questions raised by Members on a matter within its mandate.*

1.2. MANDATE OF THE COMMITTEE

2. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider public finance, monetary policies, public debt, financial institutions (excluding those in securities exchange), investment and divestiture policies, pricing policies, banking, insurance, population revenue policies including taxation and national planning and development.
3. In executing its mandate, the Committee oversees the following government Ministries and departments:
 - i. The National Treasury.
 - ii. Commission on Revenue Allocation
 - iii. Office of the Controller of Budget
 - iv. State Department for Economic Planning

1.3. COMMITTEE MEMBERSHIP

4. The Departmental Committee on Finance and National Planning comprises of the following Members:

Chairperson

Hon. CPA Kuria Kimani, MP
Molo Constituency

UDA Party

Vice-Chairperson

Hon. Amb. Benjamin Langat, CBS, MP
Ainamoi Constituency

UDA Party

Hon. Dr. Adan Keynan, CBS, MP
Eldas Constituency

Jubilee Party

Hon. David Mboni, MP
Kitui Rural Constituency

Wiper Party

Hon. Joseph Kipkoros Makilap, MP
Baringo North Constituency

UDA Party

Hon. CPA Julius Rutto, MP
Kesses Constituency

UDA Party

Hon. Paul Biego, MP
Chesumei Constituency

UDA Party

Hon. Dr. John Ariko, MP
Turkana South Constituency

ODM Party

Hon. George Sunkuya, MP
Kajiado West Constituency

UDA Party

Hon Andrew Okuome, MP
Karachuonyo Constituency

ODM Party

Hon. Joseph Oyula, MP
Butula Constituency

ODM Party

Hon. Umul Ker Kassim, MP
Mandera County

UDM Party

Hon. Shadrack Ithinji, MP
South Imenti Constituency

Jubilee Party

Hon. Joseph Munyoro, MP
Kigumo Constituency

UDA Party

Hon. Soud Machele, MP
Mvita Constituency

ODM Party

1.4. COMMITTEE SECRETARIAT

5. The Committee is facilitated by the following staff—

Mr. Benjamin Magut
Principal Clerk Assistant /Head of Secretariat

Ms. Jennifer Ndeto
Deputy Director, Legal Service

Mr. Salem Lorot
Legal Counsel I

Mr. James M. Macharia
Media Relations Officer I

Ms. Peninnah Simiren
Legal Counsel II

Ms. Winfred Kambua
Clerk Assistant III

Mr. George Ndenjeshe
Fiscal Analyst III

Mr. Benson Kamande
Clerk Assistant III

Ms. Nelly W.N Ondieki
Research Officer III

Mr. Benson Muthuri
Serjeant-At-Arms

Ms. Joyce Wachera
Hansard Officer III

6. Further, the Committee Secretariat was supported by the following technical officers—

- | | | |
|------|------------------------------|---|
| I. | Dr. Martin M. Masinde | - Director, Parliamentary Budget Office |
| II. | Dr. Robert Nyaga | - Deputy Director, Parliamentary Budget Office |
| III. | Mr. Isaac Nabiswa | - Legal Counsel II |
| IV. | Ms. Gladwel Amimo | - Research Officer III |
| V. | Mr. Onyango Adera | - Fiscal Analyst III |
| VI. | Ms. Joy Kyalo | - Fiscal Analyst III |
| VII. | Mr. Allan Ngugi | - Intern |

CHAPTER TWO

2.0. OVERVIEW OF BUSINESS LAWS (AMENDMENT) BILL, 2024

2.1. BACKGROUND

7. The Business Laws (Amendment) Bill, 2024 (National Assembly Bills No.49 of 2024), is sponsored by the Leader of Majority Party, Hon. Kimani Ichung'wah, EGH. The Bill was published on 31st October, 2024. It was read for the First Time on 13th November, 2024 and thereafter referred to the Committee for consideration and tabling of a report to the House pursuant to standing order 127.

2.2. SUMMARY OF THE BILL

8. **Clause 2** of the Bill seeks to amend section 55 of the Banking Act by introducing specific penalty amounts for non-compliance. The amendment provides for penalties for non-compliance of up to Ksh.20 million in Institutions and Credit Reference Bureaus that fail to comply with any provisions of the Act, Prudential Guidelines, or Central Bank directives. Natural persons /individuals will be subjected to penalties of up to one million shillings for non-compliance. The proposal also introduces daily penalties on ongoing violations of up to one hundred thousand per day for each day or part of a day that the non-compliance continues.
9. Based on financial impact, the bill proposes penalties on institutions and Credit Reference Bureau of up to three times the gross monetary gain made or loss avoided due to non-compliance, whichever is higher. Corporate entities and natural persons or individuals are to suffer penalties of up to three million shillings and one million shillings, respectively.
10. **Clause 3** of the Bill seeks to amend the Second Schedule of the Banking Act to provide for progressive increase of the minimum core capital requirements for banks and mortgage institutions to enhance banking sector stability to attract global players. The amendment provides a transition period to help institutions comply with the new core capital requirement gradually. The Compliance provides as follows—
 - ✓ By December 31, 2024: Minimum core capital of Kshs. 1 billion.
 - ✓ By December 31, 2025: Minimum core capital of Kshs. 3 billion.
 - ✓ By December 31, 2026: Minimum core capital of Kshs. 6 billion.
 - ✓ By December 31, 2027: Full compliance with Kshs. 10 billion
11. **Clause 4** of the Bill proposes an amendment to broaden the Scope of Non-Deposit-Taking Credit Providers under the Central Bank of Kenya Act. The bill proposes to change Section 2 of the Central Bank of Kenya Act by removing the current definitions of digital credit business and replacing them with broader ones. These new

definitions will cover all types of non-deposit-taking credit providers, not just those offering digital credit. This will fix the previous gaps in the law, which only focused on digital credit and left out other types of credit providers.

12. The updated definitions also make it clear that services like buy now pay later, peer-to-peer lending, and asset financing are now included under the law. This change helps remove any confusion about whether these businesses were regulated, ensuring they are properly monitored by the Central Bank to protect consumers and strengthen the financial system.
13. **Clause 5** of the bill proposes to amend Section 4A of the Central Bank of Kenya Act to widen the scope of credit providers. This change will empower the Central Bank of Kenya (CBK) to license and supervise non-deposit-taking credit providers that are not regulated under any other written law. Currently, the CBK only regulates digital credit providers like mobile lenders, but the bill seeks to broaden this oversight to include other types of credit services like buy now pay later and asset financing. The Bill proposes also proposes that credit guarantee companies be brought under CBK supervision.
14. **Clause 6** of the bill recommends the Expansion of Regulatory Scope to Include Non-Deposit Taking Credit Providers Under the Central Bank Act. The Bill proposes to change the heading of Part VIC of the Central Bank of Kenya Act from "Regulation of Digital Lenders" to "Regulation of Non-Deposit Taking Credit Provider". The amendment tends to allow the Central Bank to regulate a wider range of credit providers who offer loans or credit services but do not take deposits, including those offering buy now pay later, peer-to-peer lending, and credit guarantees.
15. **Clause 7** proposes to amend Section 33R of the Central Bank of Kenya Act to expand the scope of regulation from solely digital lenders to a broader category of non-deposit-taking credit providers. This amendment empowers the Central Bank to oversee all providers offering credit services without taking deposits, such as buy now, pay later, asset financing, and credit guarantee companies. Additionally, the Bill seeks to grant the Central Bank of Kenya (CBK) the authority to issue an enforceable Code of Conduct for non-deposit-taking credit providers.
16. **Clause 8** of the bill proposes to amend Section 33S of the Central Bank Act, which mandates non-deposit-taking credit providers to obtain a license to operate. It also seeks to prohibit individuals from engaging in non-deposit-taking credit business without the proper authorization.
17. **Clause 9** proposes amendments on the Regulation and Licensing of Credit Guarantee Businesses under the Central Bank Act. The proposed amendment introduces a new section, 'PART VID —CREDIT GUARANTEE BUSINESS', to the Central Bank Act, focusing on credit guarantee businesses. It outlines the requirements for companies wishing to engage in this business, including the registration and licensing

process with the Central Bank, and penalties for non-compliance. Key provisions include:

- ✓ Registration and Licensing: Businesses must apply for registration and obtain a license to operate, with specific exemptions for certain foreign or international entities.
- ✓ Regulatory Oversight: The Central Bank will regulate credit guarantee companies, setting standards for capital adequacy, liquidity, and governance, while conducting supervision and enforcement.

18. The bill also introduces penalties on non-compliance for a person operating without registration or a license to be liable to a fine of up to KSh.1m, imprisonment for up to 3 years, or both, and a body corporate committing the same offense be liable to a fine of up to KSh.10m. Additionally, Providing false information to obtain a license carries a fine of up to KSh.1million or imprisonment for up to 3 years, or both for individuals; and up to KSh.10 million for body corporates

19. **Clause 10** of the Bill amends Section 43 of the Central Bank Act, changing the language in subsection (1) by replacing the term "digital" with "non-deposit-taking". This means that non-deposit-taking credit providers (instead of just "digital credit providers") are now included in the entities required to furnish information to the Central Bank. In other words, non-deposit-taking financial institutions, such as certain microfinance banks, mortgage refinance companies, and digital credit providers, will now all be subject to the requirement of submitting relevant information and data to the Central Bank as prescribed.

20. The proposal broadens the scope of the types of financial entities that must comply with the Bank's data and information reporting requirements. It also obligates non-deposit-taking credit providers to furnish the Central Bank of Kenya (CBK) with any information or data that the CBK may reasonably require to properly discharge its functions. This amendment broadens the reporting requirements to include all non-deposit-taking credit providers, ensuring greater oversight and enhancing the CBK's ability to monitor and regulate these institutions effectively

21. **Clause 12** of the bill introduces a Transition Period for Credit Guarantee Businesses to Comply with New Licensing and Regulatory Requirements under the Central Bank Act. It introduces a five-year transition period for businesses already engaged in credit guarantee services to comply with the new registration and licensing rules outlined in sections 33V, 33W, 33X, and 33Y. It also ensures that businesses must first meet the CBK's compliance standards before being granted a registration and license to operate.

22. **Clause 13 provides** clarification of the Non-Deposit-Taking Microfinance Business Definition. The Bill proposes to amend Section 2 of the Microfinance Act by updating the definition of "non-deposit-taking microfinance business" to specify that it refers to

a non-microfinance bank business that provides physical credit. This change aims to clarify the type of business by emphasizing that it involves offering credit secured by movable or immovable assets rather than relying on cash collateral.

23. **Clause 14** of the Bill proposes to amend Section 3 of the Microfinance Act to grant the Cabinet Secretary the authority to make regulations regarding the exemption of any non-deposit-taking microfinance business from the application of the Act. This amendment allows for the possibility of exempting certain businesses based on special circumstances, or nature of operations of the business.
24. However, the Bill further clarifies that such an exemption shall not be granted to any non-deposit-taking microfinance business whose annual revenue exceeds five hundred thousand shillings. This ensures that businesses generating significant revenue remain within the regulatory framework of the Act, ensuring accountability and oversight. Moreover, the Cabinet Secretary can outline specific criteria or conditions under which exemptions may apply, to balance regulatory compliance with the unique needs of smaller businesses in the sector.
25. **Clause 15** of the Bill proposes inserting a new provision, Section 4A, into the Microfinance Act, which sets out the qualifications for a non-deposit-taking microfinance business. This provision aims to fill a lacuna in the Act by clearly defining the conditions under which such businesses can operate. Specifically, the amendment requires that:

Qualifications for Operating Non-Deposit-Taking Microfinance Business:

- ✓ A person or entity wishing to carry out a non-deposit-taking microfinance business must be a company registered under the Companies Act, with the primary objective of engaging in a non-deposit-taking finance business.
- ✓ Additionally, the person or entity must be licensed under the Microfinance Act to carry out such business legally.

Penalty for Non-Compliance:

- ✓ Any individual or entity that carries out a non-deposit-taking microfinance business without fulfilling these registration and licensing requirements will be committing an offence.

Penalties for non-compliance include

- ✓ A fine of up to one hundred thousand shillings
- ✓ Or imprisonment for a term not exceeding three years.
- ✓ Or both a fine and imprisonment

26. **Clause 16** of the Bill proposes to amend Section 5 of the Microfinance Act to provide for the requirement that a non-deposit-taking microfinance business must apply for a license to carry out its business. Therefore, the requirement to apply for a license to

carry out a deposit-taking business will now also apply to those wishing to carry out a non-deposit-taking microfinance business.

27. **Clause 17** is on the Revocation of License for Non-Deposit-Taking Microfinance Businesses. The Bill proposes to amend Section 9 of the Microfinance Act to include provisions for the revocation of a license for a non-deposit-taking microfinance business if the licensee ceases to operate the business.

28. **Clause 18** of the Bill proposes to amend Section 16 of the Microfinance Act, allowing a person to apply for a loan or credit facility not only from a microfinance institution but also from a non-deposit-taking microfinance business. Currently, the Act only allows applications for loans or credit facilities from institutions, specifically microfinance banks that are licensed under the Act. The proposal broadens the scope by including non-deposit-taking microfinance businesses, which are entities offering microfinance services like loans and credit but do not accept deposits from the public.

29. **Clause 19** of the Bill proposes to insert new provisions into the Microfinance Act focused on consumer protection for borrowers engaging with non-deposit-taking microfinance businesses and outlines transitional mechanisms for businesses operating before the Act's commencement. They include—

a) **Consumer Protection Measures:**

- ✓ Non-deposit-taking microfinance businesses will be required to provide borrowers with clear and accurate information about the procedures and conditions for acquiring a micro-loan.
- ✓ Before a borrower acquires a micro-loan, the business must inform them of all financial costs associated with obtaining and servicing the loan, including interest rates, fees, and any other charges to be borne by the borrower.
- ✓ The amendment mandates that non-deposit-taking microfinance businesses maintain the confidentiality of borrowers' personal and financial information.
- ✓ Borrowers will be informed of their rights and duties related to the acquisition of micro-loans. This is crucial in ensuring that borrowers understand both their entitlements and obligations under the loan agreement, thereby reducing the risk of disputes and misunderstandings.

b) **Transitional Mechanisms for Non-Deposit-Taking Microfinance Businesses**

The Bill also introduces transitional mechanisms for non-deposit-taking microfinance businesses that were already operating before the enactment of the new provisions:

- ✓ **Licensing Requirements:** Within six months of the commencement of the Act, any person conducting a non-deposit-taking microfinance business must apply for a license under the new framework. This ensures that all such businesses are formally recognized and regulated.

- ✓ **Continued Operations Pending Licensing:** Businesses applying for a license can continue their operations while awaiting the determination of their application, but they must comply with the provisions of the new Act, any related regulations, and the conditions set by the Central Bank.
- ✓ **Grandfathering of Existing Licenses:** Any licenses issued before the commencement of the Act will remain valid until their expiration, allowing businesses time to align with the new regulatory framework.
- ✓ **Penalties for Non-Compliance:** A person who fails to comply with the licensing requirements or other provisions of the Act will be subject to severe penalties. They may face a fine of **Kenya Shillings Two million**, imprisonment for up to **five years**, or both, depending on the offense.

CHAPTER THREE

3.0. PUBLIC PARTICIPATION AND STAKEHOLDER ENGAGEMENT ON THE BILL

3.1. LEGAL FRAMEWORK ON PUBLIC PARTICIPATION.

30. Article 118 (1)(b) of the Constitution provides that:

"Parliament shall facilitate public participation and involvement in the legislative and other business of Parliament and its Committees."

31. The National Assembly Standing Order 127 (3) and (3A) stipulates that:

"(3) The Departmental Committee to which a Bill is committed shall facilitate public participation on the Bill through an appropriate mechanism, including-

(a) inviting submission of memoranda;

(b) holding public hearings;

(c) consulting relevant stakeholders in a sector and

(d) consulting experts on technical subjects.

(3A) The Departmental Committee shall consider the views and recommendations of the public under paragraph (3) in its report to the House.

3.2. STAKEHOLDER AND PUBLIC ENGAGEMENTS

32. The Committee placed an advertisement in the print media on 14th November 2024, inviting the public to submit written memoranda on the Bill. The Committee received memoranda from stakeholders in various sectors of the economy and individuals from all walks of life, including members of the public. Further, the Committee conducted public participation for two weeks, during which stakeholders presented their views on the Bill to the Committee. The public participation included a town hall meeting at Min Chamber -Parliament.

33. The Committee received memoranda from the several stakeholders and members of the public.

34. The feedback from the interactions with stakeholders and various members of the public from Counties provided valuable input, highlighting specific concerns and suggestions for amendments. The following are the submissions on various clauses of the Bill:

3.2.1. KENYA BANKERS ASSOCIATION (KBA)

Clause 2

35. KBA proposed to delete the clause that prescribes penalties to be paid by stating that the proposed fines for non-compliance set for institutions and individuals may lead to higher costs of obtaining CRB reports and individuals are also at risk of being unwarranted. KBA proposed standardizing penalties for banks with those applied to other corporates to ensure fairness and equity in enforcing compliance measures and prevent any single sector from facing disproportionately severe penalties.

Committee Observation

The Committee noted the stakeholder's proposal; however, the proposed penalties seek to ensure compliance with the Prudential Guidelines, any provision of the Banking Act, or any directions issued by the CBK. This provision seeks to ensure stability within the banking sector. In addition, any institution that complies with this provision will not incur additional costs.

Clause 3

36. KBA was against the proposal by observing that the timeline for compliance with the core capital requirement was too short. They noted the fact that the policy aims to enhance stability. Still, they argued that the unintended short-term consequences and impacts on smaller banks, credit accessibility, operational priorities, and sector-wide adjustments may be disruptive.
37. Further, KBA Proposed a staggered increase of Kshs.1 billion every year over the next 8 years and not 3 years as proposed. The proposed gradual increase of the Core Capital within 3 years is too ambitious for smaller banks as they would need to inject more capital in the next 3 years.

Committee Observation

The Committee noted that the Kenyan banking sector has grown exponentially between 2012 and 2024 in terms of assets, loan portfolio, non-performing loans, deposits, number of deposit accounts, number of loan accounts, number of local bank branches and number of cross border subsidiaries and/or branches.

Despite the exponential growth in assets, liabilities, number of depositors and borrowers, the minimum core capital requirement for the banks has remained at Kshs.1.0 billion since 2012. The low capital base, which supports a significant asset base of the banking sector, makes it more susceptible to bank failure. The current minimum core capital can no longer support the sector's current and expected growth trajectory.

However, the Committee noted that three (3) years, as proposed in the Bill, is too short a time for the banks to restructure and ensure to achieve the Kshs 10 billion Core

capital. The Committee is proposing a phased-up approach of a maximum 8 years to achieve the set target of core capital

Clause 9.

38. Amend the proposed amendment that introduces regulations for credit guarantee companies to specify whether guarantees are excluded from the scope of the new credit guarantee business framework when offered as part of a bank's regular activities.
39. KBA proposed a further amendment on the proposed clause 9, to introduce a proviso after 33X(2) (c), to read as follows—
 - a) *Is a bank providing guarantees as part of its regular banking activities and already regulated under the Banking Act.*
40. The amendment will clarify whether licensed banks are exempt from the additional licensing and registration requirement.

Committee Observation

The Committee agreed with the proposal to introduce regulations for credit guarantee companies.

New Proposal on the Second Schedule of the Banking Act -KBA

41. KBA proposed introducing incentives, such as tax breaks for retained earnings or lower costs for issuing capital, to help banks meet the new core capital requirements without excessive financial strain.

Committee Observation

The Committee noted the stakeholder's proposal however, the new core capital requirement has been staggered over a period of 8years thus creating room for limited financial strain.

3.2.2. KERICHO COUNTY

Clause 3

42. The residents of Kericho County supported the amendment to the Banking Act, which seeks to increase core capital requirements for banks and mortgage institutions, for it will strengthen the financial sector and ensure its flexibility against global economic shifts. They noted that previously, the sector had faced challenges with some banks, such as Chase Bank, collapsing and people losing their savings. This requirement will ensure that such instances do not happen.

Clause 19

43. The residents supported the proposal and highlighted that the Microfinance Act amendments will streamline the licensing of non-deposit-taking microfinance institutions and introduce crucial consumer safeguards, helping protect borrowers from exploitative lending practices. They noted this amendment is timely, especially in the boda sector, where most residents have faced unfair practices. Additionally, they supported amendments to the Standards Act and the Scrap Metal Act, noting this will improve compliance with safety standards and enhance Kenya's manufacturing sector

3.2.3. SIAYA COUNTY

Clause 4

44. The residents supported the introduction and oversight of the buy-now-pay-later companies by the Central Bank of Kenya for it will regulate how rapidly growing business is done as some of the products offered are not licensed. They further outlined numerous cases of buy-now-pay-later firms about predatory lending.

3.2.4. ISIOLO COUNTY

Clause 5

45. Residents of Isiolo County expressed support for the amendments, stating that it would bring non-deposit-taking credit institutions under the control of the Central Bank of Kenya (CBK). They argued that this move would enhance the regulation and oversight of these institutions, ensuring greater financial stability and protecting consumers from potential risks. They also emphasized that by placing non-deposit-taking institutions under the CBK's supervision, there would be better monitoring of their operations, which could help prevent fraud, mismanagement, and other financial irregularities. Many also believed that the amendments would increase public confidence in these institutions, as they would be held to higher standards of accountability and transparency.

3.2.5. MOMBASA COUNTY

Clause 5

46. The residents supported the proposal to have non-deposit-taking credit institutions regulated by the Central Bank of Kenya but raised concerns about the criteria to be used in regulating the credit institutions. Additionally, the proposal will have credit institutions increase lending fees due to strict regulations, which will be expensive for the clients who are the end beneficiaries of the credit facilities.

New Proposed amendment on Section 55(2) of the Banking Act-

47. Some residents proposed an amendment for the non-deposit-taking institutions, where in the event that one pays a credit facility, he/she is automatically removed from CRB.

Committee Observation

The Committee noted that stakeholder's comments however, the Committee noted that the matter is adequately provided in the current legislation.

3.2.6. TAITA TAVETA COUNTY

Clause 5

48. The proposal to have non-deposit-taking institutions regulated by CBK was strongly supported with further amendments. They proposed to have the Central Bank of Kenya regulate the interest rates charged on loans by credit institutions. This will protect Kenyans from financial exploitation by these institutions and ensure standardization of credit facilities.

Committee Observation

The Committee noted that Clause 7 of the Bill gives power to the CBK to regulate credit institutions, including setting parameters for credit pricing. Therefore, the stakeholders' concerns have been taken care of in the Bill.

3.2.7. HON. LEWIS NGUYAI

Clause 19

49. Amend the proposed new section 53(1) (a) by inserting the words "and recovery" immediately after the words 'for lending.' The amendment will ensure a non-deposit-taking microfinance business exhibits transparency in dealing with the public and shall furnish borrowers with accurate information on the procedure and conditions for lending and recovering loans they issue.

Committee Observation

The Committee agreed with the stakeholders, noting that the proposal safeguards the borrower's interests.

50. Hon. Nguyai also proposed introducing a new paragraph immediately after the new section 53(1)(a) that requires every non-deposit-taking business to disclose all the charges and terms relating to a loan before granting it to a borrower. This would obligate lenders to give full and material disclosure of the charges and terms relating to the loans to protect consumers of these loans.

Committee Observation

The Committee noted the concerns have been provided for in the provisions of new section 53 (1)(b) in Clause 19 of the Bill.

51. Hon. Nguyai proposed the insertion of new subsections immediately after the proposed subsection 2 in Section 53 of the Microfinance Act as follows:

(2A) *A non-deposit-taking microfinance business shall comply with the requirements of Article 31 of the Constitution and the Data Protection Act in lending loans and recovery of debts.*

(2B) *A non-deposit-taking microfinance business shall issue adequate notice to a borrower of its intention to recover a debt.*

(2C) *A non-deposit-taking microfinance business shall recover from a debtor with respect to a non-performing loan the maximum amount prescribed under subsection (2D).*

(2D) *The maximum amount referred to in subsection (2C) is the sum of the following –*

- a) the principal owing when the loan becomes non-performing;*
- b) interest, in accordance with the contract between the debtor and the non-deposit-taking microfinance business, not exceeding the principal owing when the loan becomes non-performing; and*
- c) expenses incurred in the recovery of any amounts owed by the debtor.*

(2E) *This Section shall apply with respect to loans made before this Section comes into operation, including loans that have become non-performing before this Section comes into operation:*

Provided that where loans become non-performing before this Section comes into operation, the maximum amount referred to in subsection (2C) shall be the following –

- (a) the principal and interest owing on the day this section comes into operation;*
- (b) interest, in accordance with the contract between the debtor and the non-deposit-taking microfinance business accruing after the day this Section comes into operation, not exceeding the principal and interest owing on the day this Section comes into operation and*
- (c) expenses incurred in the recovery of any amounts owed by the debtor.*

(2F) *If a loan becomes non-performing and then the debtor resumes payments on the loan and the loan becomes non-performing again, the limitation under paragraphs (a) and (b) of subsection (2D) shall be determined with respect to the time the loan last became non-performing.*

(2G) *Subsection (2D), shall not apply to limit any interest under a court order accruing after the order is made.*

(2H) A person who fails to comply with the provisions of this Section commits an offense and shall be liable upon conviction to a fine not exceeding five million shillings or imprisonment for a term not exceeding five years or both.

(2I) The Central Bank may suspend or revoke a license of a non-deposit-taking microfinance business by written notice to the holder of the license if the non-deposit-taking microfinance business fails to comply with the provisions of this Act.

52. Amend the new proposed section 53 subsection (3) by inserting the following proviso-

Provided that the interest on a loan shall be charged annually.

53. Hon. Lewis Nguyai stated that the above-proposed amendments protect consumers who use loans from non-deposit-taking microfinance businesses while setting out precise requirements to be met by these microfinance businesses. Additionally, the proposals seeks to govern the interest charged by these non-deposit-taking microfinance businesses.

Committee Observation

The Committee agreed with the proposed amendment 2A. Regarding the other proposals, the Committee noted that they are provided for in the regulations related to the Central Bank under section 57 of the Central Bank of Kenya Act.

3.2.8. ONGOZA KENYA

Clause 5

54. The stakeholders supported the proposal to regulate non-deposit-taking credit providers, which include digital lenders. They noted the need to protect amounts paid on credit advancement from exploitation by non-deposit-taking credit providers. They also proposed including a provision that protects clients of non-deposit-taking credit institutions from harsh penalties on delayed repayment of loans under exceptional and unavoidable circumstances such as illnesses.

55. They also stated that non-deposit-taking credit institutions need a governing Act that guides and regulates the institutions in the industry and not the CBK Act.

3.2.9. ANJARWALLA & KHANA LLP

Clause 2(b)

56. ALN proposed an amendment to clause 2 (b) on the proposal to increase penalties on institutions, credit finance bureaus, and natural persons that fail to comply with the provisions of the Banking Act, Prudential Guidelines, or any other direction of CBK

57. ALN proposed new penalties be as follows:

a) *Not more than Kshs.20,000,000 for an institution or credit finance bureau or three times the gross amount of monetary gain made or loss avoided by the failure or refusal to comply, whichever is higher,*

b) *Kshs.3,000,000 for a corporate entity.*

c) *Kshs.1,000,000 for a natural person.*

d) CBK may make regulations prescribing additional penalties not exceeding Kshs 100,000 for each day of such failure.

58. Since the present applicable regulations for penalties is the Banking Penalties Regulations, 1999, the penalties proposed in the Bill should be revised to align with the same. It is the view of ALN that high penalties could pose financial risks to small institutions.

Committee Observation

The Committee noted the stakeholder's proposal; however, the proposed penalties seek to ensure compliance with the Prudential Guidelines, any provision of the Banking Act or any directions issued by the CBK. This provision seeks to ensure stability within the banking sector. In addition, any institution that complies with this provision will not incur any additional costs.

Clause 3.

59. ALN proposed that the core capital requirement of Kshs.10 billion to be met in three years be amended to either extend the compliance time or reduce the core capital requirement. This proposal would attract international investors, strengthen the banking sector, and improve the resilience of banks, but it would pose a challenge for 14 out of the 39 licensed lenders in Kenya.

Committee Observation

The Committee noted that the Kenyan banking sector has grown exponentially between 2012 and 2024 in terms of assets, loan portfolio, non-performing loans, deposits, number of deposit accounts, number of loan accounts, number of local bank branches and number of cross border subsidiaries and/or branches.

Despite the exponential growth in assets, liabilities, number of depositors and borrowers, the minimum core capital requirement for the banks has remained at Kshs.1.0 billion since 2012. The low capital base, which supports a significant asset base of the banking sector, makes it more susceptible to bank failure. The current minimum core capital can no longer support the sector's current and expected growth trajectory.

However, the Committee noted that three (3) years, as proposed in the Bill, is too short a time for the banks to restructure and ensure to achieve the Kshs 10 billion Core

capital. The Committee is proposing a phased-up approach of a maximum 8 years to achieve the set target of core capital

Clause 19

60. The stakeholder was against the proposal, with the view that if the proposal were implemented, non-deposit-taking microfinance businesses would be governed by the Central Bank Act and the Microfinance Act. This could create double licensing, compliance requirements, and double financial liability.

Committee Observations

The Committee is of the different view that there is no potential clash on the regulatory framework.

3.2.10. KENYA DEVELOPMENT CORPORATION LIMITED (KDC)

Clause 4

61. Amend Clause 4(f) that defines a 'non-deposit-taking credit provider' to include "or an entity that is wholly or majorly owned by the national government or county government" immediately after 'or county government's proposal aims to exclude commercial public sector entities that are wholly or majorly owned by national or county governments from the institutions to be governed by the Act. Such entities typically have a development-oriented mandate, are government-backed, and operate under the oversight of other government ministries.

Committee Observation

The Committee disagreed with the stakeholder since these institutions can be efficiently operated by private entities as opposed to government agencies.

3.2.11. M-KOPA KENYA LIMITED, M-KOPA LOANS LIMITED AND M-KOPA MOBILITY KENYA LIMITED.

Clause 4 b

62. The stakeholder proposed deleting the proposal and amending the definition of "non-deposit-taking credit business" to specify the means of granting credit. The proposed clause in the Bill will fail to account for the unique aspects and business models employed by digital credit providers, including operational complexities and costs of their online platforms, investments in technology and the data-driven models to support their operations. They proposed to amend clause 4 (b) (a) to read as follows—

Granting of loans or credit facilities, whether or not digitally to members of the public or a Section of it, with or without interest and either secured or unsecured on the goods or assets purchased;

Committee Observation

The Committee agreed with the stakeholder proposal which will cater of all models of granting credit facilities.

63. Further, they proposed the inclusion of the definition “pay as you go” such that entities can leverage their unique characteristics and, the Bank can, in recognition of these unique characteristics, determine an appropriate pricing framework and other supervisory rules for each. They proposed the inclusion of the pay-as-you-go immediately after Clause 4 (b) (c), which reads as follows—

d. Pay-as-you-go arrangements as determined by the bank

Committee Observation

The Committee agreed with the stakeholder’s proposal.

Clause 7

64. The stakeholder supported the proposal and proposed an amendment to section 33R(c) as follows—

(d) determine a framework for pricing of credit;

Committee Observation

The Committee was of a different view that, as currently drafted, the provision is sufficient.

65. The stakeholder also proposed further revision of the proposed clause (7) (33R) (e) to read as follows:

(e) provide A minimum mandatory standard of conduct is required from all non-deposit-taking credit providers to comply with in their business conduct.

Committee Observation

The Committee was of a different view that, as currently drafted, the provision is sufficient.

Clause 8

66. The stakeholder proposed an amendment on the proposed new clause to ensure fairness in pricing models, where the unique costing models of each business are considered. Amend the clause to read as follows—

(f) the licensee fails, without reasonable justification, to follow the Bank's guidelines (under this Act or as the Bank may direct), to address a customer's complaint;

(g) the licensee imposes unreasonable or unjustifiable charges on loans, deviating from the pricing framework provided by the Bank and/or pricing parameters approved by the Bank (where applicable).

Committee Observation

The Committee was of a different view that, as currently drafted in (h), the provision is sufficient.

Clause 11 (j)

67. Amend the proposal because no consideration appears to have been made to the gravity of an offense. To avoid inconsistent application of penalties and ensure fairness, introducing a tiered system considering the impact on a customer's financial liberties and the frequency of said impact as one of the gravest of violations is recommended. The amendment to read as follows—

(4) Without prejudice to the generality of subsection (3) (h), the Bank shall, in regulations, prescribe a tiered system of penalties to be paid by non-deposit-taking credit providers who fail or refuse to comply with the provisions of this Act, the regulations made thereunder, guidelines, Code of Conduct and directives issued by the Bank. The penalty tiers shall be based on the severity and frequency of violations. The criteria for determining the appropriate penalty tier shall be clearly defined. The limit for the penalties shall not exceed one million shillings or one time the gross amount of the monetary gain made or loss avoided by the failure or refusal to comply, whichever is higher, and may prescribe additional penalties not exceeding ten thousand shillings in each case for each day or part thereof during which such failure or refusal continues:

Provided that the Bank shall, on a case-by-case basis, assess the facts of each case and determine the reasonable penalty to impose in accordance with, taking into account such factors as may be prescribed or as the Bank may consider necessary. The Bank shall allow a reasonable grace period of not less than one year for licensees to adjust to the new penalty regime and prioritize remediation and corrective action over punitive measures for first-time or minor violations.

Committee Observation

The Committee, while considering the stakeholder views, was of a different view that, as currently provided, the clause provides for a fair and predictable penalty regulatory framework.

3.2.12. AMERICAN CHAMBER OF COMMERCE (AMCHAM)

Clause 4 (b) (a)

68. AMCHAM proposed an amendment on the proposed definition of "non-deposit-taking credit business" to read as follows:

"non-deposit taking credit business" means the granting of loans or credit facilities, whether digitally or not, to members of the public or a section of it, with or without interest, and either secured or unsecured on the goods or assets purchased;

69. It is the view of AMCHAM that this amendment will reduce ambiguity and uncertainty introduced by the deletion of the definition as proposed in Clause 4 (a).

Committee Observation

The Committee agreed with stakeholder on the need to define "non-deposit taking credit business" to include the words "digitally or not"

Clause 7

70. AMCHAM proposed an amendment on 33R (e) to read as follows—

(e) develop and implement an enforceable Code of Conduct binding all non-deposit-taking credit providers in their conduct of business upon:

- I. Active engagement with the non-deposit-taking credit providers before implementation of the Code of Conduct;*
- II. Ensuring the Code of Conduct allows for flexibility and innovation, enabling adaptation to changing market conditions and customer needs;*
- III. Ensuring regular review of the Code of Conduct for relevance and effectiveness in the evolving credit landscape.*

71. Further, AMCHAM proposed a new insertion immediately after 33R (e) that reads as follows—

(f) Assign non-deposit-taking credit providers to dedicated relationship managers to facilitate effective communication and support.

Committee Observation

The Committee noted the stakeholder's proposals; however this is already provided for in the current legislation.

Clause 8

72. AMCHAM proposed a new amendment after paragraph (f) to ensure fairness and transparency by noting that it is essential to provide clear guidance on what constitutes a "conclusive address of a customer's complaint" and establish objective

criteria for determining "unreasonable or unjustifiable charges. The proposal to read as follows—

(g) the licensee fails to conclusively address a customer's complaint, following the Bank's guidelines on customer complaints redress within the time and manner prescribed by the Bank under this Act or as the Bank may direct.

(i) The licensee imposes unreasonable or unjustifiable charges on loans, deviating from the Bank's approved pricing parameters.

Committee Observation

The Committee, while considering the stakeholder views, was of a different view that, as currently provided, the clause provides for a fair and predictable penalty regulatory framework.

Clause 11 (j)

73. AMCHAM noted that lack of clarity on the penalty regime may lead to inconsistencies and disproportionate penalties, creating uncertainty for businesses. A clear and tiered penalty system is essential to ensure fairness and encourage compliance based on the severity and frequency of violations. AMCHAM proposed a new amendment to read as follows—

"(4) Without prejudice to the generality of subsection (3) (h), the Bank shall, in regulations, prescribe a tiered system of penalties to be paid by non - deposit taking credit providers who fail or refuse to comply with the provisions of this Act, the regulations made thereunder, guidelines, Code of Conduct and directives issued by the Bank."

The penalty tiers shall be based on the severity and frequency of violations. The criteria for determining the appropriate penalty tier shall be clearly defined. The limit for the penalties shall not exceed one million shillings or one time the gross amount of the monetary gain made or loss avoided by the failure or refusal to comply, whichever is higher; and may prescribe additional penalties not exceeding ten thousand shillings in each case for each day or part thereof during which such failure or refusal continues:

Provided that the Bank shall, on a case-by-case basis, assess the facts of each case and determine the reasonable penalty to impose in accordance with, taking into account such factors as may be prescribed or as the Bank may consider necessary.

The Bank shall allow a reasonable grace period of not less than one year for licensees to adjust to the new penalty regime and prioritize remediation and corrective action over punitive measures for first-time or minor violations.

Committee Observation

The Committee, while considering the stakeholder views, was of a different view that, as currently provided, the clause provides for a fair and predictable penalty regulatory framework.

3.2.13. SAFARICOM PLC

Clause 4 (b)

74. Amend the proposed new definition of 'buy now pay later' to read as follows—

buy-now-pay-later' means an arrangement whereby the consumer purchases corporeal movable goods or assets, secured or unsecured on the goods or assets, and pay later in installments with or without interest.

75. This provides clarity in so far as the goods and assets as assets may be interpreted to include services, whereas the proposal covers moveable physical assets.

Committee Observation

The Committee, while considering the stakeholder views, was of a different view that assets cannot be in the form of services, and therefore, as currently provided, the provision is explicit.

76. Safaricom proposed to introduce a new section 4 (b) (g) that reads as follows—

(g)This act will not apply to any credit arrangements involving the provision of credit by a person that is merely incidental to the sale of goods or provision of services by the person;

77. This proposal will ensure that where a business is providing credit for the support of its core business, it will not be required to be licensed as a credit provider. For example, a manufacturer may extend credit terms to its distributor, or a business may extend credit services to its customers when accessing the services or goods it sells.

Committee Observation

The Committee agreed with the stakeholder proposal noting the need for clarity when a manufacturer/business extends credit services to a distributor/customer.

New proposals by Safaricom

78. Safaricom proposed a transitional period for licensing the 'Non-Deposit Taking Credit Taking' business to allow service providers and the Central Bank of Kenya ample time to apply and streamline the operational processes. We propose 12 months from the date the amendments are assented to by the President.

Committee Observation

The Committee agreed with the stakeholder's proposal to comply within a period of twelve (12) months.

79. Safaricom also proposed that the license period for the 'Non-Deposit Credit Taking' business license be longer than one year. We propose that the license to be issued should be for 5 years, with annual compliance reviews where necessary. This will ensure that investors have an adequate period to recoup their investment.

Committee Observation

The Committee, while considering the stakeholder views, was of a different view that the stakeholder is confusing the initial license and renewable licenses.

CHAPTER FOUR

4.0. COMMITTEE OBSERVATIONS

The Committee having reviewed the Business Laws (Amendment) Bill, 2024, (*National Assembly Bills No. 49 of 2024*) **observed THAT:**


1. The Minimum Core Capital has remained unchanged for the past 12 years, which requires the need for its review and subsequent increase. While it is evident that an upward adjustment is necessary to align with the current economic and financial environment, the proposed timeline of three years in the Bill for banks to meet the revised minimum core capital requirements is considered too short. Extending this compliance period to eight years would provide a more practical and manageable timeframe for banks to raise the required capital, allowing them to strategize and implement measures that ensure sustainable compliance without destabilizing their operations or the wider financial sector.
2. The Committee also emphasized the importance of the Central Bank of Kenya (CBK) playing a pivotal role in guiding the process. The CBK should offer clear guidelines and a structured roadmap on how institutions can progressively raise their capital within the stipulated period. This could include phased benchmarks, tailored support for smaller institutions, and mechanisms to monitor compliance while minimizing disruption to the banking sector and safeguarding financial stability. Such an approach would ensure that the increase in minimum core capital is achieved in a manner that strengthens the banking sector without imposing undue pressure on financial institutions.
3. The proposed penalties for non-compliance with the Prudential Guidelines, any provisions of the Banking Act, or any directives issued by the Central Bank of Kenya (CBK) are structured to promote adherence to regulatory standards and safeguard the stability of the banking sector.
4. The penalties for institutions or CRBs that fail or refuse to comply are capped at a maximum of KSh. 20 million. Alternatively, the penalty could amount to three times the gross monetary gain obtained, or the loss avoided as a result of the non-compliance, whichever is higher. This tiered approach ensures that penalties are commensurate with the financial impact of the violation, thereby discouraging willful breaches of the regulatory framework.
5. **Corporate Entities (Other than Institutions or CRBs):** For corporate entities, the penalty is set at a maximum of KSh. 3 million. This provision addresses violations committed by non-banking entities while ensuring that the penalties are substantial enough to act as a deterrent.

6. These regulatory measures are not intended to create undue financial burdens but to promote responsible and transparent operations within the sector. Ultimately, these provisions are geared toward fostering a stable, reliable, and resilient banking environment that protects depositors, promotes confidence in the financial system, and supports the broader economic stability of the country.
7. **The Committee further observed that the proposed regulatory framework would greatly benefit the common Mwananchi by establishing clear and transparent requirements for financial institutions.** Key among these requirements is the mandatory disclosure of all credit costs, ensuring borrowers are fully informed about the total expenses associated with their loans. Additionally, institutions will be required to provide borrowers with detailed information about their **rights and obligations**, empowering them to make more informed financial decisions and fostering greater accountability in the financial sector.
8. **To facilitate seamless implementation of these changes, the Committee noted that the six-month compliance period outlined in the Bill might be insufficient for affected businesses to fully align with the new regulatory framework.** Recognizing the potential challenges posed by this limited timeframe, the committee proposed extending the compliance period to **12 months**. This amendment is intended to provide businesses with adequate time to adapt their systems, processes, and operations to meet the new legal and regulatory requirements.
9. The proposed extension reflects the Committee's commitment to balancing the need for swift regulatory improvements with the practical realities of implementation. Allowing businesses sufficient time to comply, the amendment aims to ensure a smoother transition, minimizing disruptions while maintaining the overarching goal of safeguarding the interests of borrowers and promoting transparency and fairness within the financial sector. Ultimately, these measures seek to build a more inclusive, stable, and resilient financial ecosystem that works for all stakeholders, particularly the everyday citizen.


CHAPTER FIVE

5.0. COMMITTEE RECOMMENDATION

The Committee having reviewed the Business Laws (Amendment) Bill, 2024, (National Assembly Bills No. 49 of 2024) **recommends that the House approves the Bill with amendments.**

SIGNED.......... DATE 2nd Dec, 2024.....

HON. CPA KURIA KIMANI, MP
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	02 DEC 2024
	DAY: Mon
TABLED BY:	Hon (CPA) Kuria Kimani (Chairperson, Finance and National Planning)
CLERK AT THE TABLE:	Metsy Chumo