



KENYA BANKERS  
ASSOCIATION

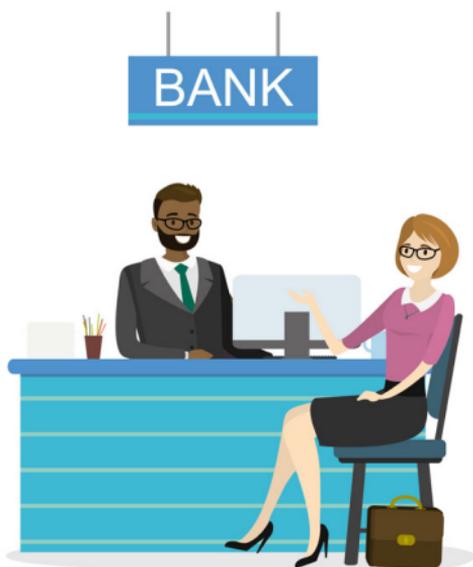


# KESONIA

Kenya Shilling Overnight Interbank Average

# What is KESONIA?

KESONIA, the Kenya Shilling Overnight Interbank Average, is the new formula for calculating bank loan interest rates in Kenya. It makes interest rates more transparent and fairer by clearly showing how they are determined.



Borrowers who repay on time benefit from lower rates and higher loan limits, while those facing challenges can still access loans and rebuild their repayment history to qualify for better terms in the future. KESONIA ensures that everyone has a fair chance to access affordable loans and support growth.

# How Does KESONIA Work?

KESONIA stands for Kenya Shilling Overnight Interbank Average. It is the average interest rate that banks pay to borrow from each other within a day or 24 hours, and it is used as the base rate for setting the interest rates that banks charge customers on loans.



# Why Overnight Interbank Average?



Banks borrow from each other on short term (24 hours) to ensure they have enough money to meet their obligations and repay the following day.



Banks that don't have enough money borrow from those that have excess, at an interest rate, (previously called interbank rate (now KESONIA)).



KESONIA is calculated from the average interest rate banks charged each other for these overnight loans, and it is used as the base rate the next day.



The interest rate for borrowing among banks is influenced by demand and supply, and the Central Bank Rate.



## Why is KESONIA Better?

Because KESONIA is based on what banks pay to borrow money from each other, it is fair and transparent. In simple terms, it reflects the price at which banks obtain the money on a wholesale basis.



## KESONIA and Monetary Policy

KESONIA is directly linked to monetary policy decisions: when the policy rate goes up, KESONIA rate goes up, and when the policy rate goes down, KESONIA goes down.

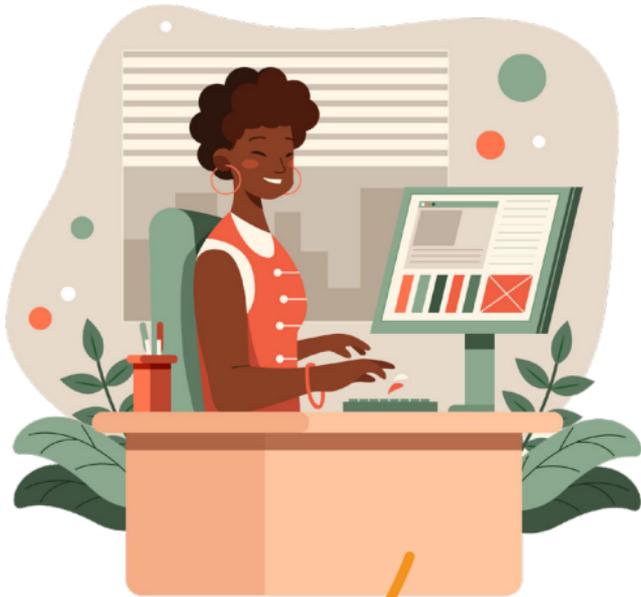
## KESONIA as Best Formula aligned to Global Best Practices

Globally, similar formulae exist. For example, Secured Overnight Financing Rate (SOFR) is used in the United States, and the Sterling Overnight Index Average (SONIA) is used in the United Kingdom. Kenya is aligning with international best practice through KESONIA.



# Why the change from the old formula?

The key difference between the old loan interest calculation formula and the new formula is that the new formula is more transparent.



Each borrower can now clearly see the items a bank uses to calculate the interest rate applied to their loan.

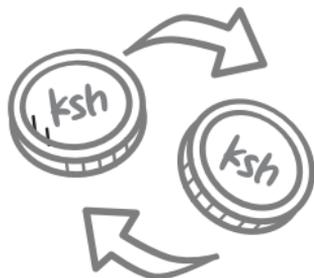


# What is a Base Rate and How Does it Work with KESONIA?



All banks will now use the same basis (base rate) in calculating interest rates, making it easier for customers to compare loan prices across the industry and choose the loan type that best fits their needs.

A **base rate** is the starting interest rate for a loan before including any other costs or discounts in calculating the total interest rate for a loan.



While the previous system was determined by each bank's own base rate, KESONIA is determined by the price at which banks lend and borrow money from each other on a daily basis



# Why is KESONIA Fair?

KESONIA is fair because it is based on the **actual interest** rates at which banks borrow from each other. This means interest rates for loans given to bank customers are based on the average interest rates banks charge each other, and not each bank deciding its own lowest interest rate (base rate).



# Why is KESONIA Clear?



## Transparency

KESONIA is transparent because the Central Bank of Kenya monitors and verifies all banks' borrowing and lending transactions.

## Independently Verifiable

Borrowers and the public can therefore be confident that KESONIA is an accurate and independently verifiable formula.

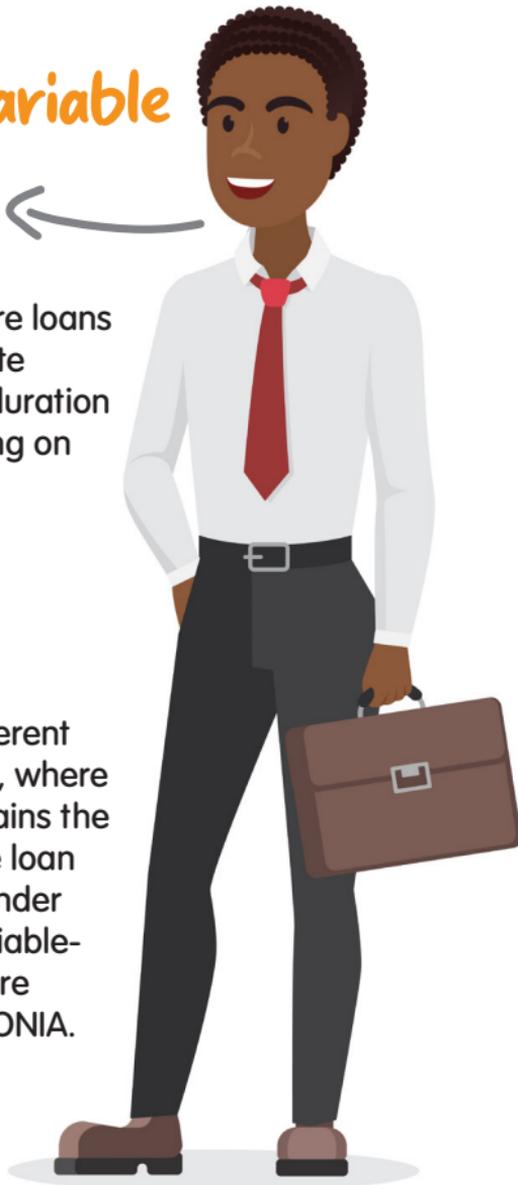
## Fair Loan Rates

In short, KESONIA ensures that loan interest rates are directly linked to real market activity, making them both fair and easy to understand.

## What are Variable Rate Loans?

Variable rate loans are loans where the interest rate changes during the duration of the loan, depending on market conditions.

This makes them different from fixed-rate loans, where the interest rate remains the same throughout the loan repayment period. Under the new formula, variable-rate loans in Kenya are directly linked to KESONIA.



# How Is KESONIA used to Calculate a Loan's Interest Rate?

KESONIA sets the base rate, which is the risk-free interest rate a bank can charge. On top of this base, each bank adds a margin (premium) to cover:



1



**Operating costs** (e.g., rent, salaries, systems, IT) related to the lending business.

The borrower's risk profile (CRB credit score, which is based on your loan repayment history and other assessments).



2

3



Agreed upon targeted or expected returns for shareholders

The formula makes variable rate loans more responsive, transparent, and fair, since borrowers can clearly see how their loan interest is determined.

# Would all Customers Stand a Chance to get Loans Under KESONIA?



## Old System

Under the old system, customers who had a history of poor loan repayment were completely locked out of accessing bank loans.

## New System

However, under KESONIA, everyone has a chance to access bank loans.

Good borrowers (those who repay their loans consistently and on time) will benefit from lower interest rates and have access to larger loan amounts.

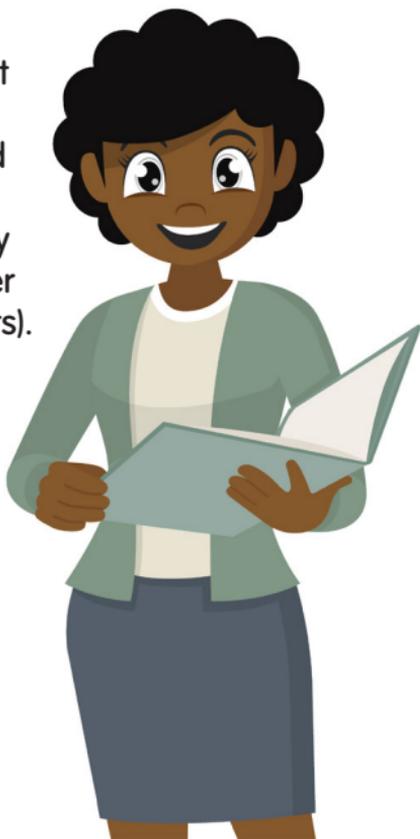
Borrowers who have a poor loan repayment history will not be denied loans, but the interest rates they will get will be based on their risks.

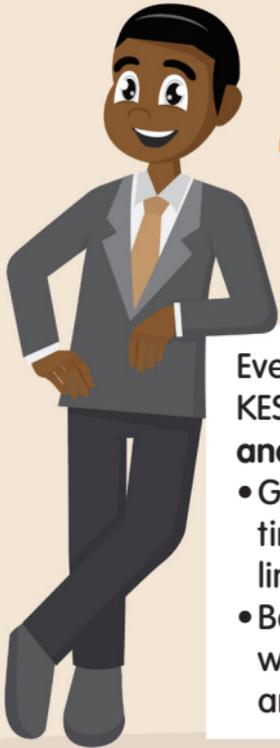
# What Happens to Customers Who have Defaulted Before?

① Borrowers with a history of default can still access loans, but at higher interest rates and/or with limited loan amounts.

② The advantage is that they now have an opportunity to rebuild their credit history, and over time, qualify for better terms (lower rates and higher limits).

③ Additionally, since KESONIA makes loan pricing more transparent, borrowers can see what factors contribute to their interest rate and can improve their repayment behavior, directly lowering their loan interest rates.





## What does KESONIA mean for ALL borrowers?

Everyone can access bank loans under KESONIA. **The difference is in the cost and limit:**

- Good borrowers (those who repay on time) will get lower rates + higher loan limits.
- Borrowers who have defaulted before will still access loans, but at higher rates and lower limits.

Importantly, customers with poor credit history can rebuild their repayment history over time and eventually access better terms.

# Will KESONIA reduce interest on my loan?



The interest rates will mainly be determined by the cost of lending and a borrowers loan repaymnet history credit score.

The Central Bank Rate (CBR) will also be considered as an alternative to KESONIA



**Under KESONIA, borrowers will see a direct link to Central Bank decisions:**

-  When the Central Bank Rate (CBR) goes down, loan rates decrease.
-  When it goes up, loan rates increase.



# Which Loans are Not Affected by KESONIA?

- 🏠 Fixed-rate loans
- 🏠 Foreign currency loans (USD, EUR, GBP, etc.)

# Who Benefits Most from KESONIA?

- 👍 Households: transparent loan costs, easier to compare interest rates across banks.
- 👍 Businesses (especially MSMEs): fairer loan interest rates.



- 👍 Everyone: can build or rebuild credit history, irrespective of whether they have borrowed before or never borrowed.

# When does KESONIA start Working?

Banks are currently adjusting to their new formula.

- **By 1st December 2025** New variable rate loans will start using KESONIA once bank boards approve their pricing models (They are required to complete this process by 30th November 2025).
- **By 28th February 2026** All existing loans will have transitioned to KESONIA as the base rate. (or Central Bank Rate
- **From 1st December** going forward, full loan costs will also be published on the Total Cost of Credit (TCC) website hosted by Central Bank of Kenya (CBK) and Kenya Bankers Association (KBA).



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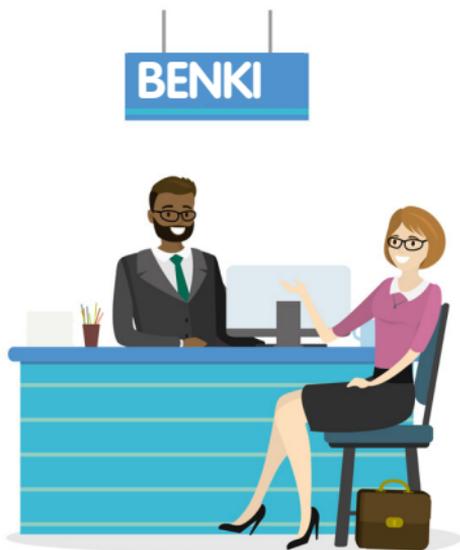


# KESONIA

Mfumo Mpya Wa Kujumuisha  
Riba ya Mikopo ya Benki

# KESONI ni Nini?

KESONIA, yaani Kenya Shilling Overnight Interbank Average, ni mfumo mpya wa kujumuisha viwango vya riba vya mikopo ya benki nchini Kenya. KESONIA inafanya viwango vya riba kuwa wazi na vya haki zaidi.



Wateja wa benki wanaolipa kwa wakati watanufaika na viwango vya chini na viwango vikubwa vya mikopo. Wale ambao wamefeli kulipa mikopo awali wanaweza kupata mikopo na kujenga upya historia nzuri ya ulipaji ili wapate riba nafuu siku za usoni. KESONIA inahakikisha kila mtu ana nafasi sawa ya kupata mikopo na kusaidia ukuaji.

# Manufaa Ya KESONIA

KESONIA ni kifupi cha Kenya Shilling Overnight Interbank Average. Ni kiwango cha wastani cha riba ambacho benki hulipiana zinapokopeshana kwa usiku mmoja.

Hutumika kama kiwango cha msingi (base rate) cha kuweka viwango vya riba kwa wateja wa benki.



# Kwa nini riba ya Siku Moja?



Benki hukopeshana usiku kucha kuhakikisha zina fedha za kutosha kukopesha wateja siku inayofuata.



Benki zisizo na fedha za kutosha hukopa kutoka kwa zile zenye ziada kwa riba fulani.



KESONIA inajumuishwa kutokana na wastani wa viwango vya riba vilivyotumika benki zilipokopeshana usiku uliopita.



KESONIA itapanda ikiwa riba za usiku zilikuwa juu, na hushuka ikiwa zilikuwa chini.



Riba kati ya benki huamuliwa na hali ya mahitaji na upatikanaji wa fedha.



## KESONIA Itasaidia Kivipi?

Kwa kuwa KESONIA inategemea gharama halisi za benki kukopeshana, inachukuliwa kuwa ya haki na wazi. Kwa maneno rahisi: inawakilisha bei ya fedha benki zinazonunua kwa riba ya jumla ili kuzikopesha.

# KESONIA na Sera ya Fedha (Monetary Policy)



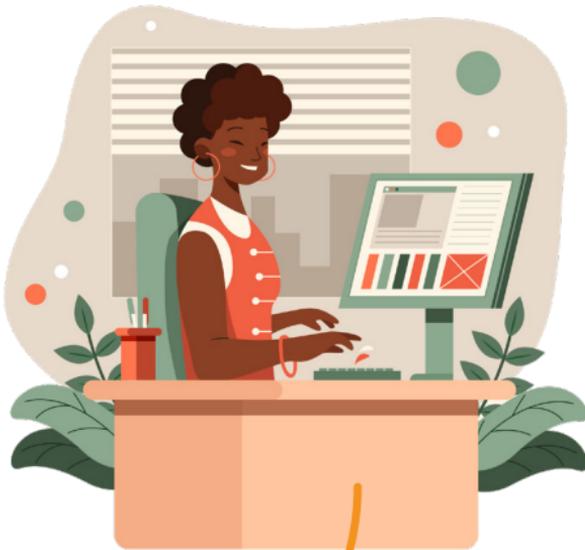
KESONIA imeunganishwa moja kwa moja na maamuzi ya sera ya fedha.

Kiwango cha sera (Central Bank Rate – CBR) kikiongezwa, KESONIA itapanda.

Kiwango cha sera kikishushwa, KESONIA itashushuka.

# Kwa nini mabadiliko kutoka kwa mfumo wa zamani?

Mfumo wa KESONIA ni wazi zaidi kuliko ya awali.



Kila mkopaji sasa anaweza kuona vipengele vinavyotumika kuhesabu kiwango cha riba ya mkopo wake.

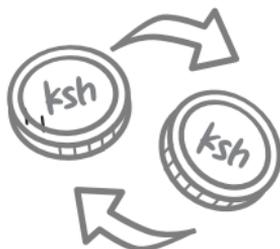
## Base Rate ni nini na inavyofanya kazi na KESONIA



Benki zote sasa zitakuwa na kiwango kimoja cha msingi cha kukokotolea riba.

Hii inarahisisha wateja kulinganisha bei za mikopo kwa benki tofauti.

(Base rate) ndiyo kiwango cha chini kabisa cha riba ambacho benki yoyote nchini Kenya inaweza kuanzia kutoza kwa mkopo.



Mfumo wa zamani ulitolewa na benki binafsi, lakini sasa KESONIA hutegemea bei halisi ambayo benki zinapata fedha kutoka kwa kila moja kwa usiku mmoja.

# Kwa nini KESONIA ni ya Haki?

Kwa kuwa KESONIA inategemea viwango halisi vya riba benki zinapokopeshana kila usiku, huzuia kila benki kuamua kiwango chake cha chini kivyake.



# Kwa nini KESONIA ni Wazi?



## Uwazi

Benki Kuu hufuatilia na kuthibitisha miamala yote ya kukopeshana kati ya benki.

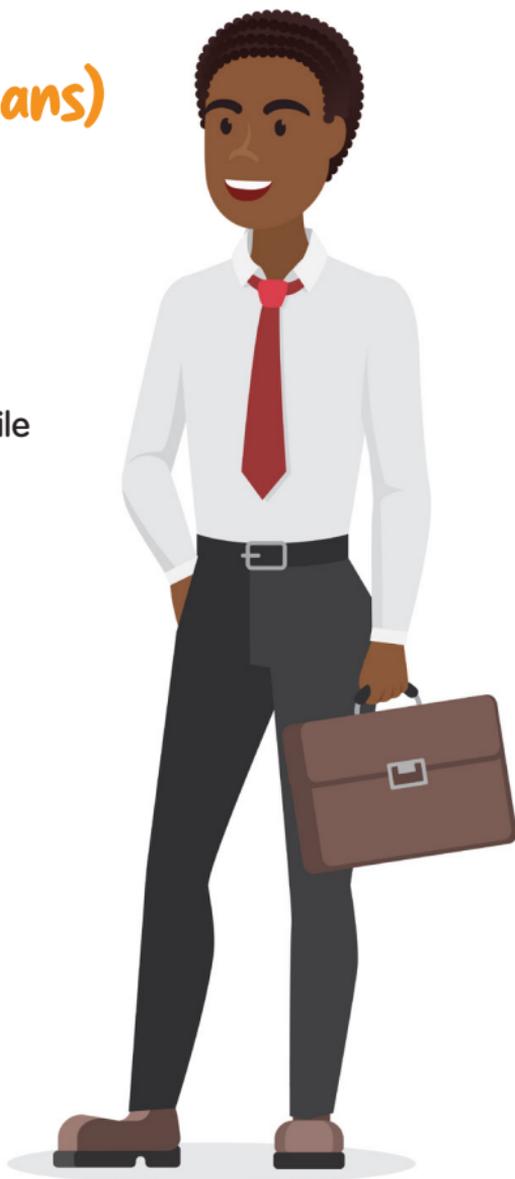
## Udhibitishaji wa huru

wakopaji na umma wanaweza kuwa na uhakika kwamba KESONIA ni mfumo sahihi na unaoaminika.

# Mikopo ya Kiwango cha riba Kinachobadilika (Variable Rate Loans)

Mikopo hii ni ile ambapo kiwango cha riba hubadilika kulingana na hali ya soko. Tofauti na mikopo yenye kiwango kisichobadilika (fixed rate), ambapo riba hubaki ile ile kipindi chote cha ulipaji.

Chini ya mfumo mpya, mikopo yenye kiwango kinachobadilika nchini Kenya sasa imeunganishwa moja kwa moja na KESONIA.



# KESONIA inavyotumika kukokotoa riba ya mkopo

KESONIA huweka kiwango cha msingi (base rate), ambacho ndicho kiwango cha chini zaidi cha riba benki inaweza kutoza. Benki kisha huongeza kiwango cha juu (margin) kwa ajili ya:



**Gharama za kazi** (kodi ya ofisi, mishahara, mifumo ya IT, n.k.)

Hatari ya mkopaji kukosa kulipa (mfumo wa CRB na historia ya ulipaji).



Faida kwa wanahisa.

Mfumo huu unafanya mikopo yenye kiwango kinachobadilika kuwa wazi zaidi na ya haki, kwani mkopaji anaona moja kwa moja jinsi riba yake inavyokokotolewa.

# Je, kila mtu ana nafasi ya kupata mkopo chini ya KESONIA?

## Mfumo wa zamani

Chini ya mfumo wa zamani, waliokosa kulipa mkopo walifungiwa kabisa.



## Mfumo mpya

Chini ya KESONIA, kila mtu ana nafasi ya kupata mkopo.

Wakopaji wazuri (wanaolipa kwa wakati) watanufaika na viwango vya chini vya riba na mikopo mikubwa zaidi.

# Nini hutokea kwa waliokosa kulipa awali?

① Walio na historia ya kukosa kulipa bado wanaweza kupata mikopo, lakini kwa viwango vya riba vya juu na/au kiasi kidogo cha mikopo.

② Faida ni kuwa sasa wote wana nafasi ya kujenga upya historia yao ya ulipaji na baadaye kupata masharti bora.

③ Kwa kuwa bei ya mkopo sasa ni wazi, mkopaji anaweza kuona ni nini kinaongeza gharama yake na kubadilisha tabia ya ulipaji ili kupunguza riba yake.





## KESONIA inamaanisha nini kwa wakopaji wote?

Kila mtu anaweza kupata mikopo ya benki chini ya KESONIA. Tofauti ipo kwenye gharama na kiwango cha mkopo:

- Wakopaji wazuri watapata viwango vya riba vya chini pamoja na viwango vya juu vya mkopo.
- Wakopaji waliowahi kushindwa kulipa mikopo hapo awali bado watapata mikopo, lakini kwa viwango vya juu vya riba na viwango vya chini vya mkopo.

La muhimu, wateja wenye historia mbaya ya mikopo wanaweza kujenga upya historia yao ya ulipaji kwa muda, na hatimaye kupata masharti bora.

# Je, KESONIA itapunguza riba ya mkopo wangu?



Viwango vya riba vitaamuliwa na gharama ambayo benki hukopeshana, ambacho kinasukumwa na mahitaji, upatikanaji wa fedha na hali ya uchumi.

Kiwango cha Riba cha Benki Kuu (CBR) pia kitahusiana moja kwa moja



**Chini ya KESONIA, wakopaji wataona uhusiano wa moja kwa moja na maamuzi ya Benki Kuu.**

CBR ikishuka - viwango vya mkopo hushuka.

CBR ikipanda - viwango vya mkopo hupanda.



# Ni mikopo gani haiathiriki na KESONIA?

- 🏠 Mikopo yenye kiwango kisichobadilika (fixed rate loans).
- 🏠 Mikopo ya fedha za kigeni (USD, EUR, GBP n.k.)

## Nani atanufaika zaidi na KESONIA?

👍 Familia: gharama za mkopo kuwa wazi, urahisi kulinganisha benki.

👍 Biashara (hasa ndogo ndogo): viwango vya riba vya haki zaidi.



👍 Wote: nafasi ya kujenga au kujenga upya historia ya ulipaji, hata kwa wasio na mikopo kabla.

# KESONIA inaanza lini?

Benki sasa zinaandaa mifumo yao kwa fomula mpya.

- Kufikia **1 Desemba 2025**, mikopo mipya yenye kiwango kinachobadilika itaanza kutumia KESONIA mara bodi za benki zitakapokamilisha mifumo ya bei.
- Kufikia **28 Februari 2026**, mikopo yote ya zamani itakuwa imebadilishwa na kuunganishwa na KESONIA.
- Kuanzia **1 Desemba 2025**, gharama zote za mikopo zitachapishwa kwenye tovuti ya Total Cost of Credit (TCC) inayoendeshwa na CBK na KBA.



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