



The Leasing Association of Kenya (LAK) is an umbrella association of asset finance and leasing practitioners in Kenya. LAK's mandate is to bring together all firms and individuals engaged in leasing with the aim of developing a sustainable Leasing industry in Kenya.

Leasing provides an avenue for Businesses and SMEs to acquire financing by acquisition of capital assets through off-balance sheet finance. As an industry, leasing is very significant globally. It is the engine of economic growth for developing countries and the best financing alternative for SME's.

The Leasing Association of Kenya draws its membership from banks, vendors (motor vehicles, yellow goods), independent leasing firms, Microfinance Institutions, audit firms, legal firms and other leasing associated businesses (insurances, Tax firms/consultants).



## KCB TRAINING

On the 30th of July 2013, The Leasing association of Kenya organized an in-house training for the Kenya Commercial Bank. The training took place at the KCB Leadership Centre and it focused on The FUNDAMENTALS OF EQUIPMENT LEASING.

The content of the training included:

- Leasing Overview (Kenya and East Africa Leasing Industry)
- Case Study
- Lease Pricing and Structuring
- Lease Marketing, Negotiation and Product Development.
- Termination of Leases
- Leveraged Leases
- Case Study on Strategic Lease Desk Modeling

The participants were happy with the training and so was the trainer who recognized that Victoria Mullu was the best participant and awarded her with an extra token on top of the certificate that was issued to all the participants.

# FSD RESEARCH

SCOPING STUDY TO DETERMINE THE PARAMETERS FOR THE EFFECTIVE ESTABLISHMENT AND RUNNING OF A COMMERCIALY VIABLE MOVABLE ASSET REGISTER FOR EFFECTIVE SME LEASING

## 1. BACKGROUND

The constraints to SME leasing indicate that the lack of an operational movable assets registry is one of the challenges lessors face when engaging with SME lessees. For the Leasing Association of Kenya, by assuring the existence of clean or encumbered title to movable assets, the registry would (i) remove a certain amount of risk from credit decisions, (ii) increase the visibility of leases to both the supply and demand sides and, (iii) allow for planning on the part of vendors in terms of stocking.

The idea of a movable assets registry is not in and of itself new and they exist amongst other registries in most jurisdictions including Kenya. What is clear however is that as presently constituted and housed, its usefulness to the financial sector is negligible. Its manual nature makes its veracity questionable and searches both time consuming and frustrating. Although the idea of such a registry operating efficiently is on the face of it a clear benefit, it raises some as yet unanswered operational and logistic issues. These broadly fall into three categories, (i) transmission platform, (ii) information requirement, and, (iii) operational responsibility. Clear answers to these issues formed the basis for the decision by FSD to invest time and resources to catalyse this innovation. A consultant was therefore engaged to carry out a scoping study to provide answers to these questions.

## 2. SCOPE OF WORK

### 2.1 Desk research and analysis

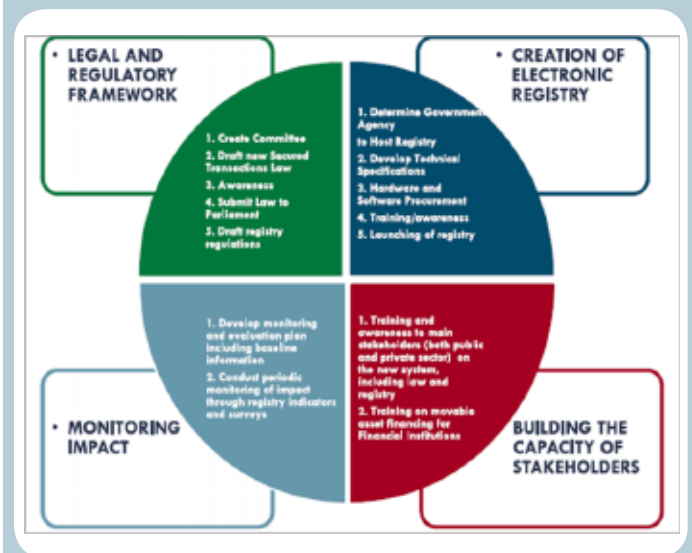
The consultant searched through existing literature and documents on the features of the Kenyan model of existing movable assets registries. These documents included the Vision 2030, the current financial sector medium term plan and the legal/regulatory framework in Kenya in regards to leasing and moveable asset registers.

### 2.2 Stakeholder interviews

The consultant identified stakeholders relevant to the establishment of a movable assets registry.

### 2.3 Stakeholder Workshop

The consultant conducted a stakeholder workshop to discuss with preliminary findings of the desktop research, stakeholder interview and draft recommendations from the consultant with the interviewees as well as industry stakeholders including regulators.



## AKCP

In order to add value to the members as well as enhance the sustainability of the industry, LAK continuously seeks strategic partners. The Association of Kenya Credit Providers (AKCP) is one such partner whom LAK established a working relationship in 2013.

The Association of Kenya Credit Providers (AKCP) was officially launched on 24th September 2013 during the 2nd Regional Credit Information Sharing Conference held in Nairobi. AKCP was however registered in April 2013 after operating as a project jointly conceived by the Central Bank of Kenya and the Kenya Bankers Association. AKCP was formed to address the gap in the market where there was no institution in Kenya that has an overarching strategic focus to build an inclusive credit information market. AKCP envisions an economy characterized by access to affordable credit and the transition from collateral based lending to greater reliance on information in the credit risk appraisal process.

AKCP members include, but not limited to: commercial banks, microfinance institutions, Higher Education Loans Board, asset finance and leasing companies, SACCO's, utility companies, insurance companies, hospitals, consumer retailers, etc.

## LAK 2013 AGM

The Annual General LAK Meeting was held on the 10th of October 2013, this was at the Strathmore Business School.

The Agenda was as follows:

1. To read the Notice for the AGM
2. Confirmations of minutes of the last AGM
3. Chairman's report
4. Financial report
5. Training updates and the Lease week
6. Market research and Kenya Credit information sharing initiative
7. Report by the Secretariat
8. Q & A Session
9. Elections
10. Appointment of the Auditor

11. AOB

The meeting was a success and the following members were elected as the committee:

1. Edna Kihara – chair person
2. Mike Makau – Vice chair
3. Patrick Amenia – Treasurer
4. Charles Nyoro – Secretary
5. Anthony Kibe – Special programmes Director
6. Raymond Mutura – Training Director
7. Mike Mulili – Member
8. Gulnar Kurji – Member

# DECEMBER 10<sup>TH</sup> 2013 CSR



As part of LAK community service responsibility, the members visited the National Spinal Injury Hospital on 10th December 2013 and donated 100,000/=. They were given the opportunity to tour, talk to the patients, get to know how the hospital is run and were able to meet some members of the Friends of the NSIH trustees.

The members identified the needs of the hospital and promised to try to solve some by reaching out to its members. (e.g. the need to get computers for their computer lab that only had two old ones.)

## THE LEASE CONVENTION



The Government of Kenya embarked on leasing 1,100 police vehicles. This is among the most committed engagement by government on leasing. We also note the new constitution provides a major investment challenge for County governments in regards to how they should stimulate development in their counties. They face the option of capital investments versus other alternative means such as Leasing.

with this in mind that the leasing Association of Kenya, intends to hold a two day convention targeting the public sector and other stakeholders to appreciate how leasing can be used to facilitate economic growth.

The target audience will include Ministries, County Governments, Parastatals, Regulators both in Kenya and the region. Our aim is to attract Pension Funds, Fund managers, Investment Banks, Private Equity companies, Insurance companies and Direct Financial institutions. Details to follow.