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18

KENYAN

SME

FINANCE  
SURVEY



Viffa Consult

# 2018 KENYAN SME FINANCE SURVEY

A study on SME financing challenges relating to access to finance and their general financial needs.

While Kenya's small and medium enterprises (SMEs) continue to create jobs and boost the country's GDP, they face a myriad of challenges that impede their growth. Kenya's 2017 overall GDP growth is projected at 6.4 percent with SMEs contributing 3 percent.

A recent National Economic Survey report by the Central Bank of Kenya (CBK) indicate that SMEs constitute 98 percent of all business in Kenya, create 30 percent of the jobs annually as well as contribute 3 percent of the GDP.

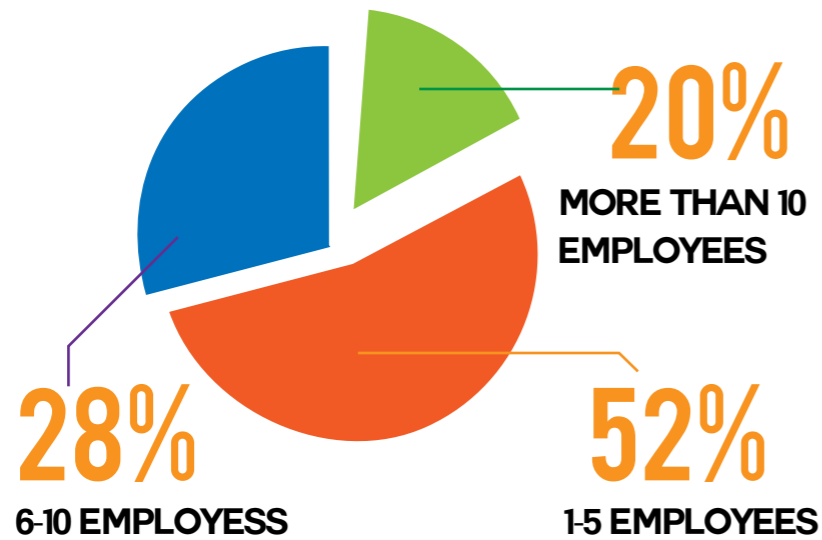
According to the 2014 survey, 80 percent of the 800,000 jobs created in the year came from the informal sector which is dominated by the SMEs.

Further according to a report Deloitte Kenya Economic Outlook 2016, SMEs are hindered by inadequate capital, limited market access, poor infrastructure, inadequate knowledge and skills and rapid changes in technology. Corruption and other unfavourable regulatory environments present other bottlenecks to this vital cog of the economy.

A survey by the Kenya National Bureau of Statistics released early 2017 indicates that approximately 400,000 micro, small and medium enterprises do not celebrate their second birthday. Few reach their fifth birthday- leading to concerns of sustainability of this critical sector.

Introduction of interest rate cap was initially intended to lower the cost of credit and increase access for both businesses and individuals. Over its 18 Month life there has been a lot of debate of whether it has made the economic situation worse or good depending where stand on the demand supply curve.

In light of the aforementioned Viffa conducted a study on SME to establish broadly; their current financing challenges relating to access to finance and their general financial needs. The results were as follows:



### NUMBER OF PEOPLE EMPLOYED

52% of respondents employed between 1 to 5, while 28% employed between 6 to 10 employees.

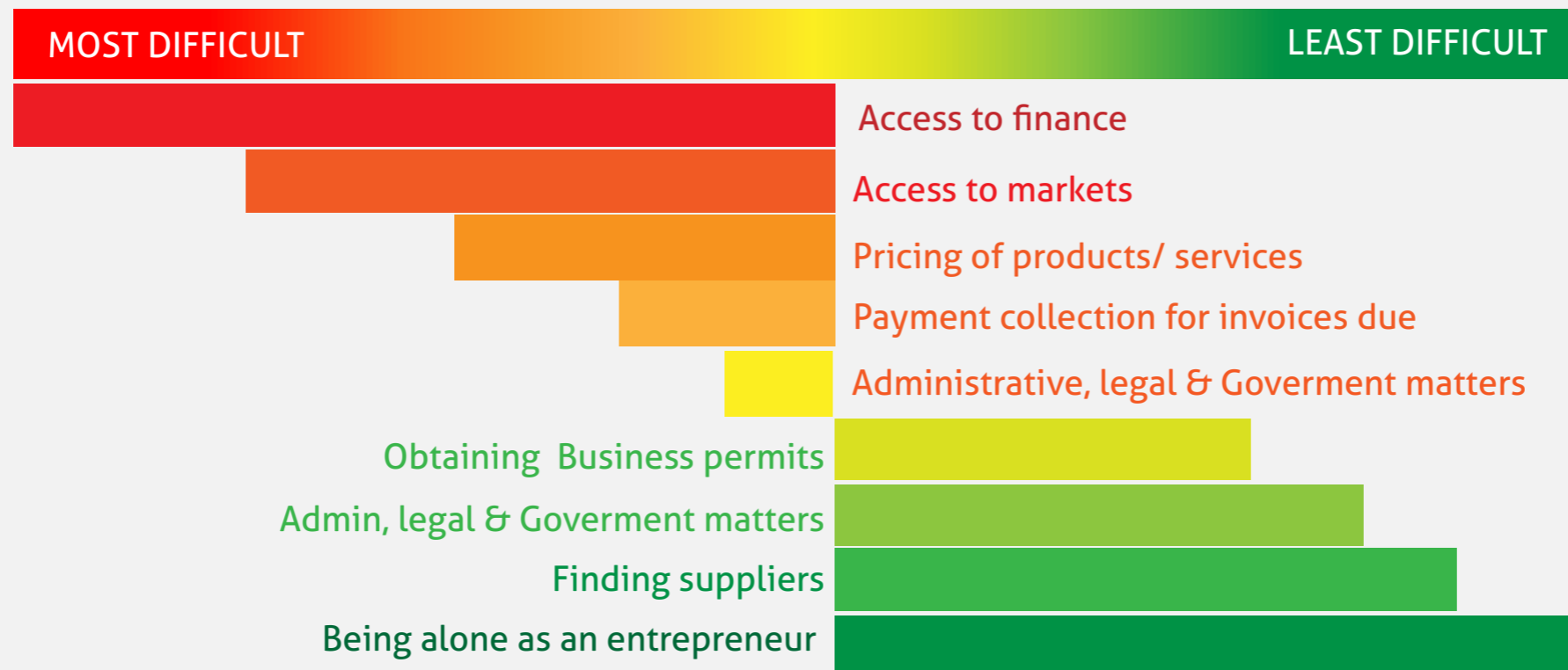


### NUMBER OF PEOPLE EMPLOYED

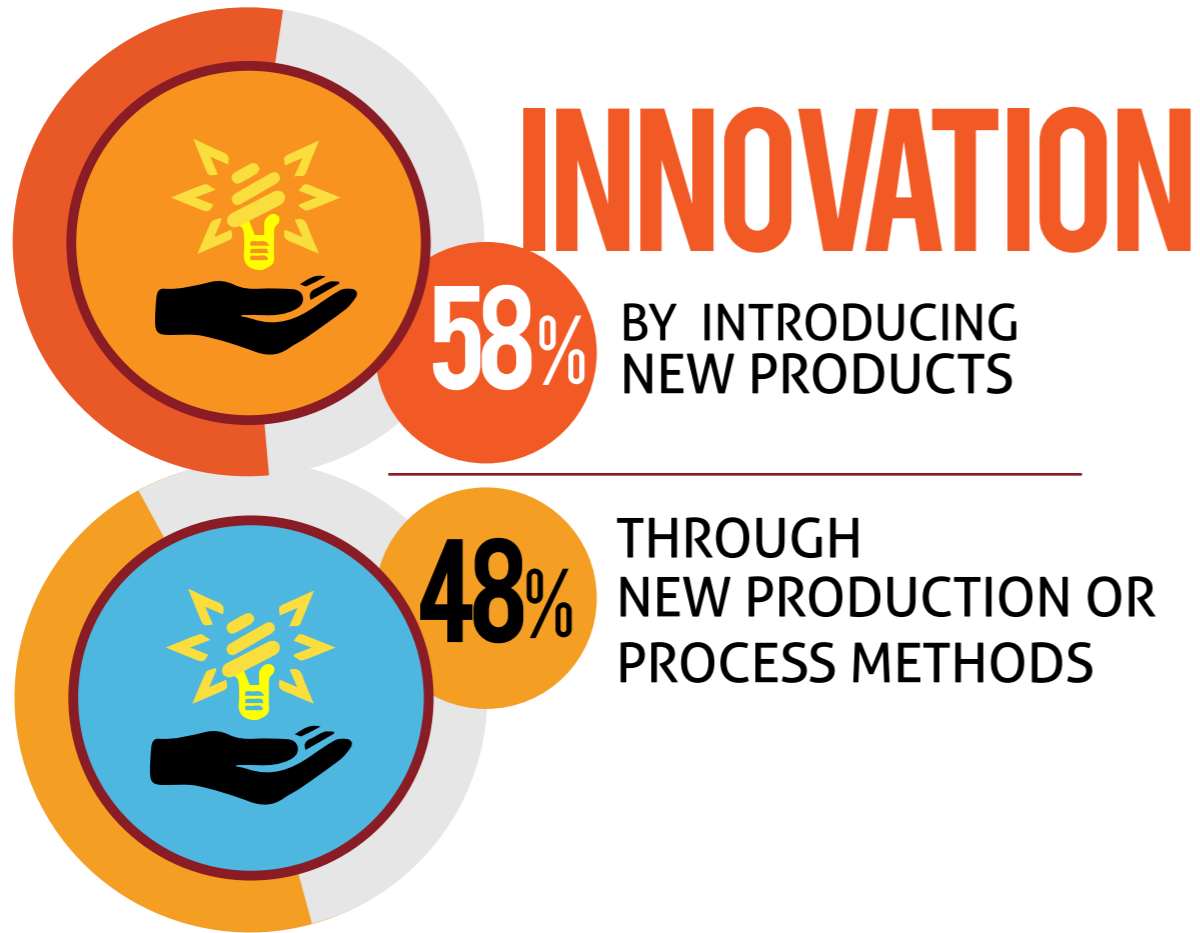
80% of SMEs respondents employ between 1 and 10 Employees.



## MOST DIFFICULT ASPECT WHEN STARTING BUSINESS

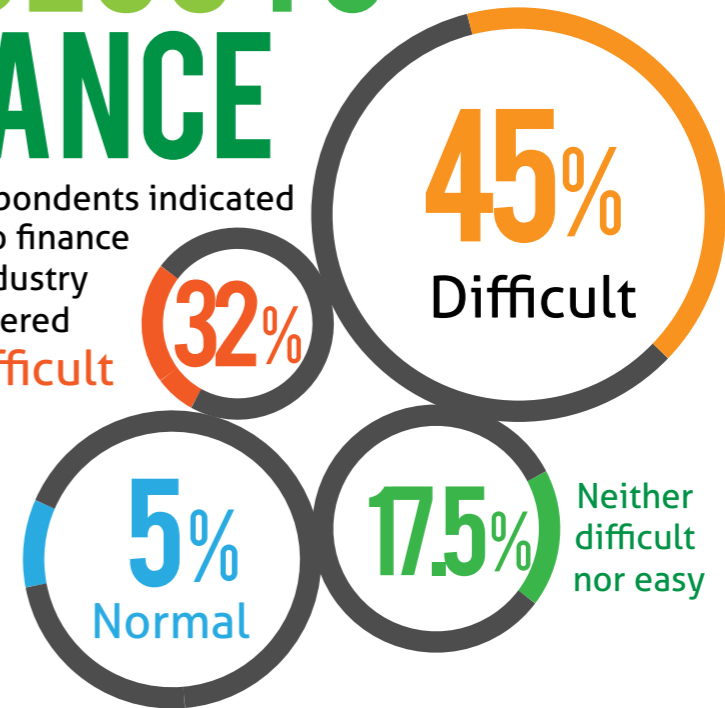


Access to finance was ranked as the most difficult in starting and running a business followed by access to markets, pricing of products/services, obtaining payment for outstanding invoices, dealing with legal/government/administrative matters (Taxes etc), Obtaining and paying for business permits ,finding suppliers and being alone as an entrepreneur respectively.

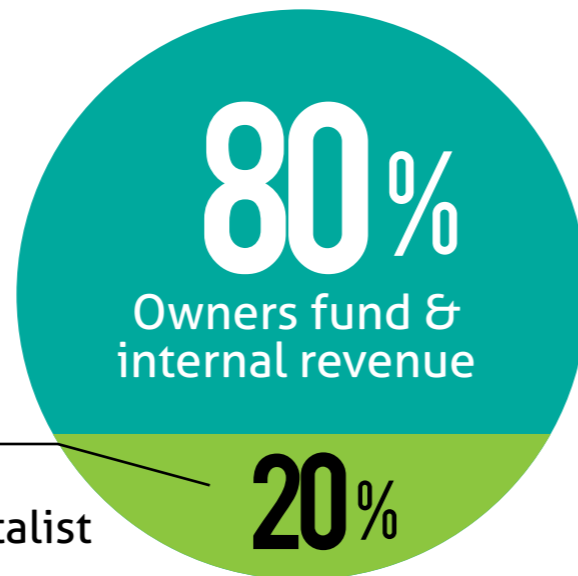


# ACCESS TO FINANCE

32% of all respondents indicated that access to finance in their industry is considered **Very difficult**

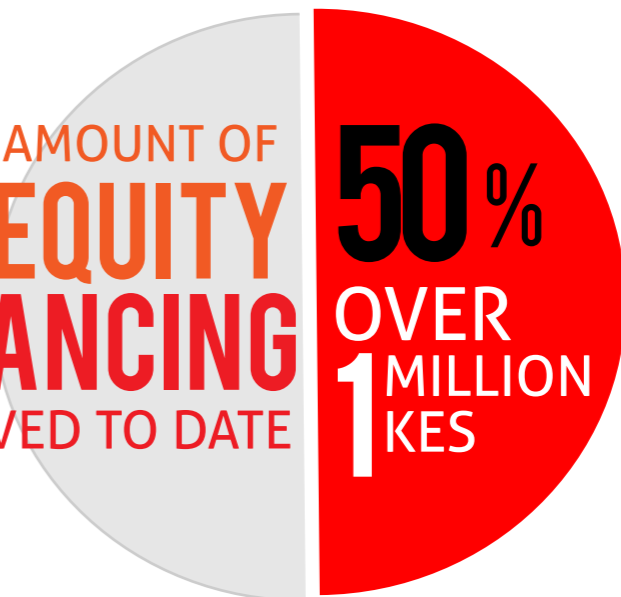


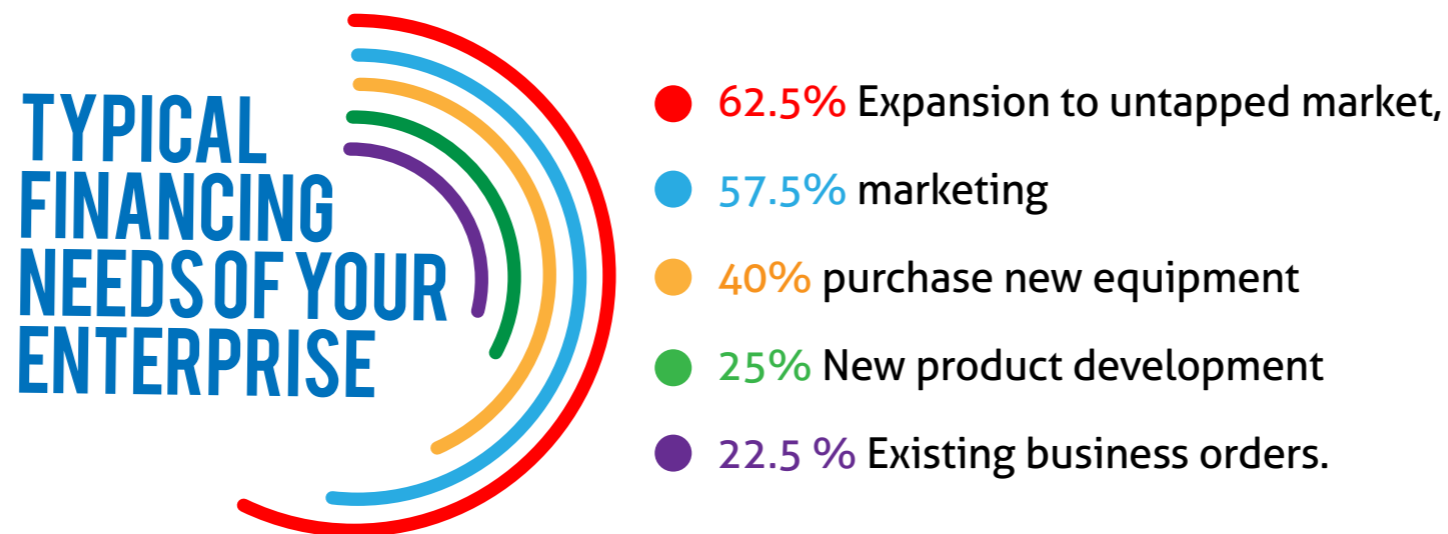
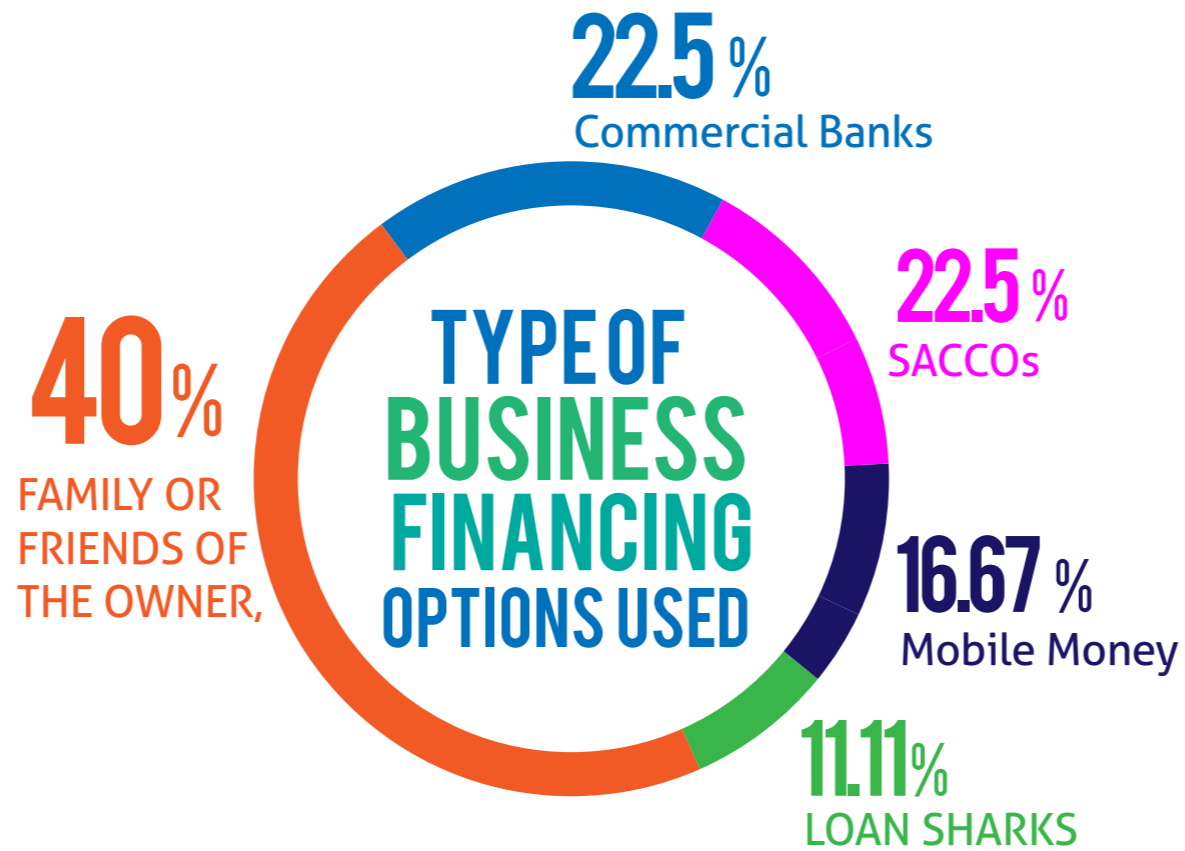
## TYPE OF EQUITY FINANCING RECEIVED TO DATE



Family & friends, Angel investors, Venture Capitalist and others

## AMOUNT OF EQUITY FINANCING RECEIVED TO DATE







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