

THE BANKING (AMENDMENT) ACT

No. 25 of 2016

Date of Assent: 24th August, 2016

Date of Commencement: 14th September, 2016

AN ACT of Parliament to amend the Banking Act

ENACTED by the Parliament of Kenya, as follows—

1. This Act may be cited as the Banking (Amendment) Act, 2016.

Short title.

2. The Banking Act in this Act referred to as “the Principal Act” is amended by inserting the following new section immediately after section 31.

Amendment of section 31 of Cap. 488.

Disclosure of information on loans.

31A. A bank or financial institution shall, before granting a loan to a borrower disclose all the charges and terms relating to the loan.

3. The Principal Act is amended by inserting the following new section immediately after section 33A.

Amendment of section 33A of Cap. 488.

Powers of Central Bank to enforce interest ceilings.

33B (1) A bank or a financial institution shall set—

- (a) the maximum interest rate chargeable for a credit facility in Kenya at no more than four per cent, the base rate set and published by the Central Bank of Kenya; and
- (b) the minimum interest rate granted on a deposit held in interest earning in Kenya to at least seventy per cent, the base rate set and published by the Central Bank of Kenya.

(2) A person shall not enter into an agreement or arrangement to borrow or lend directly or indirectly at an interest rate in excess of that prescribed by law.