

TOP NEWS

Parliament rejects Bill seeking to pay fallen bank depositors Sh1m

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Parliament has rejected a proposed law that would have seen depositors in fallen banks paid up to Sh1 million for every account in compensation.

The National Assembly Committee on Finance and National Planning shot down the Bill amid concerns that nearly Sh1 trillion would be needed to cover for the exposure.

The Kenya Deposit Insurance (Amendment) Bill 2020 sought to increase the compensation from the current cap of Sh500,000 to Sh1 million.

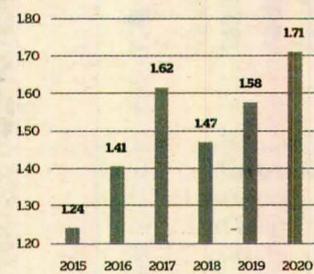
The Bill also sought to make the compensation be made for each account instead of per depositor, amid opposition from the Treasury and Kenya Deposit Insurance Corporation (KDIC).

The proposal to double the compensation came months after it was increased to Sh500,000 from Sh100,000 – the first time in three decades.

“If subsection 28 (2) of the principal Act is amended, unscrupulous individuals can collude to open several accounts in a bank and bring down the bank so that they can benefit from the deposit insurance,” the committee said in its report

Deposit accounts with over Sh100,000 (millions)

ONLY 1.71 MILLION ACCOUNTS HAD DEPOSITS WORTH SH100,000 AND ABOVE, REPRESENTING 2.34 PERCENT OF TOTAL DEPOSIT ACCOUNTS (72.47 MILLION)



SOURCE: CBK

on the Bill.

The KDIC – an independent agency that manages the deposit refund in collapsed banks – had opposed the Bill, saying that if passed it would increase its exposure to Sh950 billion against the current fund of Sh130 billion.

The agency added that changing the law to allow for compensation per account instead of per depositor would be against the internationally accepted bets standards of deposit insurance.

The increment to Sh500,000

made in July last year came at a time low compensation had exposed savers to higher losses in the event of bank closures because the refund was not adjusted to take into account changing economic realities over the three decades.

In 2015 and 2016, Dubai Bank, Chase Bank and Imperial Bank were placed under receivership, fuelling jitters among investors.

Dubai Bank is facing liquidation while Chase Bank and Imperial Bank had their good loans and deposits transferred to State Bank of Mauritius and KCB Group respectively.

The revised cap of Sh500,000 covers about 20 percent of all bank deposits from the previous eight percent.

The KDIC is funded by charging commercial banks a small percentage of their deposits in the form of insurance.

Banks currently pay an annual premium at a flat rate of 0.15 percent of the average total deposit liabilities or Sh300,000 per bank, whichever is higher.

The fee is applied uniformly while the assessments are conducted in July and premium payments are expected by August of each year.



Training deal for MPs

NAIROBI National Assembly Speaker Justin Muturi (left) with the University of Nairobi Vice-Chancellor Stephen Kiama when they signed a memorandum of understanding between the Parliamentary Service Commission, Centre for Parliamentary Studies and Training and the University of Nairobi yesterday. The deal is on training MPs, parliamentary staff and county assemblies in democracy, governance and international relations. --JEFF ANGOTE

National Assembly rejects IEBC bid to cap polls spending

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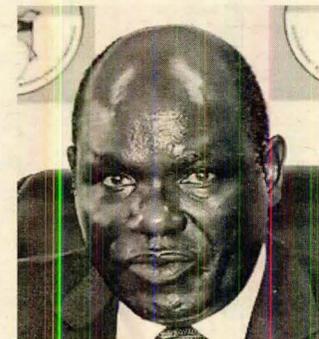
MPs have annulled a gazette notice that capped presidential campaign spending in the next General Election at Sh4.4 billion.

The National Assembly's Committee on Delegated Legislation said the legal notice is null and void as it was published without the Parliament approval as required by the Election Campaign Financing Act 2013.

The MPs made the decision at a meeting with the Independent Electoral and Boundaries Commission (IEBC) chairman Wafula Chebukati on the draft Election Campaign Financing Regulations 2020, which the electoral agency presented to Parliament last Thursday.

Mr Chebukati, who was accompanied by commissioners Abdi Guliye and Boya Molu, was hard-pressed to explain why IEBC published the spending limits contrary to section 29 of the Election Campaign Finance Act, which require Parliament approval before publication in the official gazette.

The IEBC is required under Section 5 of the Election Cam-



IEBC chairman Wafula Chebukati.
--SILA KIPLAGAT

paign Financing Act 2013 to make rules, which must be submitted to Parliament for approval at least 12 months before the General Election.

Kenya goes to the polls on August 9, 2022. The Draft Election Campaign Financing Regulations 2020 must have been passed on or before August 9, 2021.

“What you published was in total contravention of the law. Appreciate that you are time-barred. We cannot sit here and engage in a futile academic exercise because these regulations and the spending limits are null and void,” Charles Njagagua, who chairs the committee, told Mr Chebukati.

US raises Kenya Covid travel alert

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The US has issued a fresh travel advisory against Kenya in the wake of a surge in Covid-19 cases, dealing a blow to the recovering tourism sector.

The US has downgraded Kenya from level two to level three, which requires US citizens to avoid all non-essential travel to a destination and reconsider any planned travel.

The advisory comes less than a week after the UK, also retained Kenya on its travel ban list amid rising Covid-19 cases in the country.

The restrictions look set to hurt the vital tourism sector, which is in the middle of the high season period, given the two countries account for over 20 percent of travel to Kenya.

In the half-year to June, visi-

14.5%

RATE

of Covid-19 positivity in Kenya as of Tuesday this week

tors to Kenya from the US and UK stood as 65,442 representing 21.4 percent of arrivals.

“The Centers for Disease Control and Prevention (CDC) has issued a Level Three Travel Health Notice for Kenya due to Covid-19, indicating a high level of Covid-19 in the country,” a statement posted on the US embassy website said.

The US travel restrictions come amid fears that the highly contagious Covid-19 Delta variant may spark the fourth wave of infections in Kenya.

Kenya had 213,756 confirmed

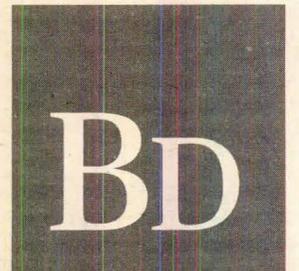
Covid-19 cases and 4,211 deaths, with a positivity rate of 14.5 percent as of Tuesday.

Traditionally, the Kenyan high tourist season starts in mid-July and runs till March the following year and is characterised by more international arrivals mainly from the US, UK, Germany, Italy and France.

The US classification of Kenya as Covid-19 high-risk could force many US travellers to either cancel or postpone their trips indefinitely.

In June, the US CDC issued a Level 2 Travel Health Notice for Kenya due to Covid-19, indicating a moderate level of Covid-19 in the country.

In April, the US retained the highest travel advisory on Kenya following what was said was the steep rise in Covid-19 cases in the country, as advised by its CDC.



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