



CENTRAL BANK OF KENYA

**MONETARY POLICY COMMITTEE
SURVEY QUESTIONNAIRE – *NON-BANK PRIVATE
SECTOR***

DECEMBER 2012

Central Bank of Kenya Survey on Private Sector Perceptions on the Economy

Please check the boxes that best answer each topic in your opinion. A glossary of key terms is attached for your information.

1. Name of establishment.....

2. Please tick the major sector in which your company transacts (Please tick one only)

- | | |
|--|---|
| <input type="checkbox"/> Agriculture and Forestry | <input type="checkbox"/> Trade (Wholesale/Retail) |
| <input type="checkbox"/> Manufacturing | <input type="checkbox"/> Real Estate (Residential) |
| <input type="checkbox"/> Mining/Quarrying | <input type="checkbox"/> Real Estate (Commercial) |
| <input type="checkbox"/> Building and Construction | <input type="checkbox"/> Transport and Communications |
| <input type="checkbox"/> Finance and Insurance | <input type="checkbox"/> Energy & Water |
| <input type="checkbox"/> Private households | <input type="checkbox"/> Hotels/Restaurants |
| | <input type="checkbox"/> Other
Please Specify..... |

3. Approximately how many employees does your institution have?

- | | |
|------------------------------------|------------------------------------|
| <input type="checkbox"/> 1 - 50 | <input type="checkbox"/> 51 - 100 |
| <input type="checkbox"/> 101 - 250 | <input type="checkbox"/> Above 250 |

4. What is the annual turnover of your institution (in millions of Kenya Shillings)?

- | | | |
|-----------------------------------|------------------------------------|----------------------------------|
| <input type="checkbox"/> 1 – 10 | <input type="checkbox"/> 11 - 25 | <input type="checkbox"/> 26 - 50 |
| <input type="checkbox"/> 51 - 100 | <input type="checkbox"/> Above 100 | |

5. What is the anticipated output/production for your company in the year 2013 relative to that in 2012?

above 2% (Please specify)	1– 2%	None	down by 1 – 2%	down by more than 2% (Please specify)

Please give reasons for your answer above.....

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6. a) Does your company use the Government's economic growth forecast when planning?

Yes No

b) The Government economic growth target for the country in the year 2012 is 5.6%. What is your expectation?

above 6.0% (Please specify)	5.7 to 5.9%	Same Level (5.6%)	5.0 to 5.5%	below 5.0% (Please specify)

Please provide a reason for your expectation in 6 (a) on economic growth.....

7. If Your answer to 6 (a) above is No, please state the source of your economic growth forecast for the country

8. Does your institution currently have a loan with a commercial bank?

Yes No

(If your response is yes, please answer question 9 and 10 below)

9. a) What is the type of credit?

Term loan Overdraft Other (specify).....

b) At the time of contracting the loan, what was the interest rate per annum?

0 – 5%	6 - 10%	11 – 15%	16 - 20%	above 20% (Please specify)

10. Have the interest rates terms on the loan changed?

Yes No

If yes, how did the terms change?

.....

11. If the answer to 9 (a) above is a term loan, what was the tenor of the borrowing?

Less than 1 year 1 – 3 years

3-5 Years Over 5 years

12. If your company has borrowed from a bank in the last two months have there been other charges on the loan other than interest?

Yes No

If yes, provide a list of these charges?

.....

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13. In which of these currencies does your institution borrow largely?

Ksh US\$ Sterling Pound £ Euro €

Other (Please specify).....

14. Do you negotiate interest rates on loans from commercial banks?

Yes No

15. What is the perception on your company's expected demand for credit from commercial banks in the year 2013 relative to the demand in 2012?

Higher by more than 20% (Please specify)	Higher by (10-20)%	Higher by (1-10) %	Same Level	Lower by (1-5)%	Lower by more than 10% (Please specify)

Please provide reasons for your choice.....

16. What is your expectation on the direction of average commercial banks lending interest rates in the year 2013 relative to that in 2012?

Increase	Remain at the same level	Decrease

Please provide a reason for your response.....

17. a) Please give an indication of the percentage of funds held by your company in the following deposit accounts in commercial banks?

Demand Time Savings Other (specify).....

b) What is the current level of interest rate that you earn on your main deposit account above?

None	less than 1% (Please specify)	1 - 4%	5 - 9%	above 10% (Please specify)

18. Do you negotiate interest rates on your deposits in commercial banks?

Yes No

19. a) Are you aware of the decision of the Monetary Policy Committee in its meeting on 7th November, 2012?

Yes No

If Yes, please provide your interpretation of the objective of the decision.....

.....

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b) If your answer to 19 (a) is Yes, please indicate the significance in the order 1 (most significant) to 4 (least important) the source of information on the decision.

CBK Website Print media Electronic Media Meetings
 Other, specify.....

20. Please state the percentage contribution of the following expenditure items in the total costs/expenditure of your company in the last 12 months.

	Percentage Contribution
a. Interest cost on borrowed funds	
b. Utility costs (Energy, water etc)	
c. Transport	
d. Salaries and wages	
e. Communications (e.g. telephone, internet, etc)	
f. Rents	

Please provide any other major costs components not listed in 20 above.....

21. What is the expected increase (%) in the cost of production of your company in the year 2013 relative to that in 2012?

Increase by more than 5% (Please specify)	Increase by 1-5%	None	Decrease by 1 - 5%	Decrease by more than 5% (Please specify)

Please provide a reason for your choice.....

22. What is your perception on the overall month-on-month inflation in the year 2013 relative to the 3.25% in November 2012?

Increase by more than 2% (Please specify)	Increase by 1 – 2%	Same Level	Decrease by 1 - 2%	Decrease by more than 2% (Please specify)

Please provide a reason(s) for your choice.....

23. What proportion of output from your company is exported annually?

None	1 – 5%	6 – 10%	10 – 20%	above 20%

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24. What proportion of inputs in your company is imported annually?				
None	1 – 5%	6 – 10%	10 – 20%	above 20%
25. What is your perception on the direction of the exchange rate of the Ksh/USD in the year 2013 compared with the 85.93 at the end of November 2012?				
Strengthen by more than 3% (Please specify)	Strengthen by 1-3%	Remain at the same level	Weaken by 1-3%	Weaken by more than 3% (Please specify)
Please provide a reason for your choice.....				
26. If your company deals in either import or export trade, what is your main source of foreign exchange? (Please tick one only)				
<input type="checkbox"/>	Commercial Banks	<input type="checkbox"/>	Forex Bureaus	
<input type="checkbox"/>	Export Earnings	<input type="checkbox"/>	Others (Please Specify).....	
27. What are the three main challenges, in your own view, which if addressed by the Government would result in improved business performance of your company?.....				
28. Please provide any other general comments and / or suggestions on how to:				
(i) Maintain a low and stable inflation rate				
(ii) Enhance Economic Growth				
(iii) Maintain the current exchange Rate stability				
29. (i) Name and position of person completing the questionnaire.....				
(ii) Address:				
(iii) Date on which questionnaire was filled.....				
(iii) E-mail address (if any)				
(iv) Telephone Number				
(v) Town/Location				

GLOSSARY OF KEY TERMS

1. Central Bank Rate (CBR)

This is the rate of interest that the CBK charges on loans to commercial banks. It is reviewed and announced by the Monetary Policy Committee at least every two months as part of its decisions.

2. Reserve Requirements

The amounts that banks are required to keep on deposit at the Central Bank based on the legal Cash Ratio Requirements.

3. Excess Reserves

Bank reserves in excess of the reserve requirement set by the central bank. Bank reserves are banks' holdings of deposits in accounts with the central bank.

4. Retail Lending Products

These are loans to individuals rather than institutions.

5. Corporate Lending Products

These are loans to institutions rather than individuals.

6. Interest rate risk

The risk borne by an interest-bearing asset such as a loan or a bond, due to variability of interest rates.

7. Country risk

The risk of investing in a country, dependent on changes in the business environment, that may adversely affect operating profits or the value of assets in a specific country. For example, financial factors such as currency controls, regulatory changes, or stability factors such as mass riots, civil war and other potential events contribute to companies' operational risks. Price controls also bring in inefficiencies in the market.

8. Credit risk

Credit risk is the risk of loss due to a debtor's non-payment of a loan or other line of credit (either the principal or interest (coupon) or both). This is proxied by the ratio of gross non-performing loans to the total loans

9. Liquidity risk

The risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss (or make the required profit).

10. legal risk

The risk of a loss arising from the uncertainty of legal proceedings

SUMMARY OF MPC DECISION ON 7TH NOVEMBER, 2012

The Monetary Policy Committee (MPC) met on 7th November, 2012 to review market developments and evaluate the outcomes of its monetary policy stance. The Committee noted that this stance had continued to deliver the desired outcomes of a decline in overall inflation and exchange rate stability. The Committee also noted that while there remain risks to the macroeconomic outlook emanating from continued volatility of international oil prices and high current account deficits, overall inflation had maintained its decline overtime and exchange rate remained stable. The Committee therefore concluded that there was adequate space for easing of monetary policy stance while monitoring the above developments. On the basis of this, the Committee decided to reduce the CBR by 200 basis points to 11.0 percent.
