



**THE REPUBLIC OF KENYA**

LAWS OF KENYA

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**THE MICROFINANCE ACT**

NO. 19 OF 2006

Revised Edition 2013 [2006]

Published by the National Council for Law Reporting  
with the Authority of the Attorney-General

[www.kenyalaw.org](http://www.kenyalaw.org)



**NO. 19 OF 2006**

**MICROFINANCE ACT**

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**NO. 19 OF 2006****MICROFINANCE ACT***[Date of assent: 30th December, 2006.]**[Date of commencement: 2nd May, 2008.]***An Act of Parliament to make provision for the licensing, regulation and supervision of microfinance business and for connected purposes**

[Act No. 19 of 2006, Legal Notice 56 of 2008, Act No. 8 of 2009,  
Act No. 10 of 2010, Act No. 4 of 2012, Act No. 41 of 2013.]

**PART I – PRELIMINARY****1. Short title**

This Act may be cited as the Microfinance Act, 2006.

**2. Interpretation**

In this Act, unless the context otherwise requires—

**“agency”** means—

- (a) an institution's place of business operated within premises or structure owned or occupied by a third party by means of an agreement between the institution and the third party in the provision of deposit-taking microfinance business; or
- (b) an entity contracted by an institution and approved by the Central Bank, or sub-contracted by such entity to provide services of the institution on behalf of the institution, in such manner as may be prescribed by the Central Bank;

**“associate”**—

- (a) in relation to a natural person, means any person—
  - (i) related to that person by marriage, affinity or consanguinity; or
  - (ii) who is a partner or an employee of that person;
- (b) in relation to a company or other body corporate, means—
  - (i) its holding company or its subsidiary;
  - (ii) a subsidiary of its holding company;
  - (iii) a holding company of its subsidiary; or
  - (iv) any person who controls that company or body corporate, whether alone or with his associates or with other associates of the company or body corporate;

**“bank”** or **“financial institution”** have the meanings respectively assigned to them in the Banking Act (Cap. 488);

**“branch”** means an institution's place of business, used for the provision of deposit-taking microfinance business in Kenya and directly responsible to the head office of the institution for the conduct of business, and which is situated at a permanent location and address;

**“Central Bank”** means the Central Bank of Kenya established by the Central Bank of Kenya Act (Cap. 491);