How use of moveable property as collateral is driving business growth

 seeking services such as company registration and registration of chatel at the State Law's Sheria House offices was for many years a tedious and protracted process. A great deal has changed over time, especially after the Business Registration Services (BRS) department adopted digital technology and embarked on legal reforms.

BRS Director-General Kenneth Gathuma sheds light on the ease of doing business reforms in Kenya and how ICT has become even more necessary during this era of Covid-19.

MANY KENYANS DO NOT KNOW WHAT THE BUSINESS REGISTRATION SERVICE (BRS) DOES. LET US START THERE.

The BRS is a public corporation established by an Act of Parliament under the Office of the Attorney-General and the Department of Justice. It oversees the operations of the companies, insolvency (official receiver), security rights and hire purchase registries.

WHAT ARE SOME OF THE SERVICES OFFERED BY BRS?

The department is mandated to oversee the operations of four key services. The first, of course, is the Companies Registry. This provides registry services for business name registration, company registration and limited liability partnership.

Since 2016, key reforms done by the BRS have tremendously eased doing business whereby all new registrations of companies, business names and limited liability partners are done online through the e-Citizen platform. We have reduced the steps and days taken to register a company in one single step.

The Office of the Official Receiver in Insolvency is implementing reforms aimed at the consolidation of insolvency laws, including provision for corporate rescue, and alternative to bankruptcy. This has shifted the focus from debt recovery to restructuring mechanisms which enable a business to recover while creating better safeguards for investors as the business tends to grow.

The Security Rights Registry and Hire Purchase Registry or Collateral Registry seeks to improve access to credit in Kenya.

It is a fully electronic registry established under the Moveable Property Security Rights Act of 2017.

Refreshing, the registry allows borrowers to use collateral such as household furniture, tools of trade, motor vehicles, motorcycles, livestock, crops and intellectual property to access credit.

The government policy of expanding the outreach of service to the public and improving efficiencies for ease of doing business and that of their security rights has also widened considerable to include informal lenders, besides banks, microfinance banks, savings, leasing and hire-purchase companies, and credit traders.

WHY, IN YOUR VIEW, IS THE WORK THAT THE MPSR ACTS IS DOING IMPORTANT FOR THE WAY BUSINESS IS DONE IN KENYA?

The MPSR Act has revolutionized and eased how business is done in Kenya. It has contributed to the improvement of Kenya's ranking in the Access to Credit indicator in the Ease of Doing Business, depicting the strengthening of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending in Kenya.

The regime has also been key in promoting financial inclusion. This has been achieved through widening the scope of assets that can be used as collateral. It has also widened the range of possible lenders. This has allowed traditionally excluded MSMEs and low-income earners to access credit.

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