Walk into a BPR, Equity, I&M or NCBA branch in Rwanda and you may think you're dealing with a local bank. A new IMF study says the money behind them is mostly Kenyan.

Banks owned by Kenyan groups hold about 65 percent of all banking assets in Rwanda. That is the highest share of any country in East Africa, according to an International Monetary Fund working paper published on 13 November.

The paper, *Cross-Border Banking Exposures and Macroeconomic Spillover Effects: The Case of Kenya* (Working Paper No. 2026/245), was written by economists Zhongxia Zhang and Francine Nyankiye. It shows that Kenyan banks have almost quadrupled their East African Community presence since 2018, reaching KSh 2,147 billion in 2024.

Rwanda tops the list for Kenyan bank ownership, ahead of the Democratic Republic of Congo (48 percent) and Uganda (29 percent). Yet Rwanda makes up only about 15 percent of Kenyan banks' total regional portfolio. In other words, it matters far more to Rwanda than Rwanda does to them.

Kenyan-owned banks serve Rwandan households and businesses through 149 branches. The best known are BPR Bank Rwanda, owned by KCB Group, along with Equity Group, I&M Bank and NCBA.

Why a Nairobi problem may not hit Kigali first

The IMF says Kenyan banks in Rwanda lend mostly with deposits collected from Rwandan customers, not with money sent from headquarters. So if a parent bank in Nairobi runs short of cash, its Kigali subsidiary is not automatically drained.

The authors warn that this does not make Rwanda immune. Many banks run their core technology, cybersecurity, treasury and risk decisions from group headquarters in Kenya. A failure there could still reach Rwanda.

Nairobi is also a link to global markets. Foreign lenders hold about US$6.5 billion in claims on Kenya, and foreign banks account for around 30 percent of Kenya's own banking assets.

Banks have mostly followed trade. The IMF found that each one-percentage-point rise in Kenya's exports to a country is linked to a 0.2-point rise in Kenyan bank

asset growth there.

For Rwandan importers and exporters on the Northern Corridor, one bank across several countries can mean easier payments, foreign exchange and trade finance.

Across 32 African economies, the researchers also tied stronger private-sector lending to short-term gains in economic output. They noted a mild, temporary rise in inflation when credit grows faster than local supply.

The IMF raises two concerns for regulators:

- **Bad loans.** Non-performing loan ratios at KCB and Equity were higher than national averages in Rwanda, Kenya and Uganda during parts of the period studied. The IMF does not suggest the banks are in trouble. It says fast expansion after acquisitions requires careful lending and strong loan recovery.
- **Weak joint supervision.** The Central Bank of Kenya has signed cooperation agreements with its regional counterparts. But the IMF found that joint on-site inspections have been almost non-existent, with most bank-country pairs recording none in ten years.

Accounting standards, minimum capital rules and bank-failure procedures also still differ across EAC countries. Deposit insurance is national, not regional. Rwandan savers are covered by the country’s Deposit Guarantee Fund. Customers of the same bank in another country face different protection and loss rules if a multi-country failure happens.

The authors are not calling for a rollback. They say regional banking has widened financial inclusion and business credit across East Africa. Their point is that supervision has to catch up with how the market already works.

For the National Bank of Rwanda, which oversees a financial sector with total assets of RWF 17.5 trillion in mid-2026, that means setting up joint supervisory colleges, aligning rules for handling failing banks, and stress-testing systemically important subsidiaries against technology and liquidity shocks.

To strengthen the story for Rwanda Dispatch, consider a comment from the National Bank of Rwanda or one of the banks, and a quote from a Rwandan economist on what 65 percent means for local lending.