Equity plans to Leverage on Non-funded income to grow revenue

The bank's portion of non-funded income to total income grew from 33% to 41.4% depicting the quality of the revenue streams

06/05/2017…. Equity Bank plans to optimize diversified revenue strategy as it shifts its focus to non-funded earnings to boost performance.

The bank's non-funded income grew by 21% from KShs 5.2Bn to KShs 6.3Bn reducing the effects of reduced interest income on total income. The net effect of these resulted in only a 3% reduction in total income to KShs 15.2Bn from KShs 15.6Bn.

Speaking during the release of 2017 Q1 financial results, Equity Bank CEO Dr. James Mwangi said that, the shift to non-funded income has increased and enhanced the quality of earnings significantly by reducing the risked income to non- risked income. The contribution by non-funded income have surpassed this year's target of 40% to record a 42% growth making it a game changer for the bank.

The sustainable initiatives that the bank has employed for the past one year, are now paying off through improved performance directly linked to its strategy. Part of this initiatives include the mobile banking strategy where transactions have grown by 75 % to KShs 308.8mn up from KShs 176.9Mn. Equity's diaspora remittances are up 79% to Kshs 130.1mn from Kshs 72.5mn;Trade Finance income has increased by 78% to KShs 282.8mn from KShs 159mn, Swifts, RTGS has grown by 28%, and agency banking by 19 % while merchant commissions up by 8%.

Moving forward, the bank also plans to grow treasury, forex and fixed income trading to be part of growing list of alternative revenue streams. This reflects a scalable and sustainable plan by the lender as it grows its revenue lines to compensate for the interest income which has been affected by the rates capping.

During the first quarter of the year, Equity has emerged as the most profitable bank in Kenya with a profit before tax of Kshs 6.9Bn.

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