

**BANKI
KUU YA
KENYA**



**CENTRAL
BANK OF
KENYA**

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October 24, 2014

BANKING CIRCULAR NO. 6 OF 2014

TO: CHIEF EXECUTIVE OFFICERS OF COMMERCIAL BANKS

Dear All,

**INTERGRATION OF THE NATIONAL BANK OF RWANDA INTO THE EAST
AFRICAN PAYMENT SYSTEM (EAPS)**

We are pleased to inform you that the National Bank of Rwanda was integrated into EAPS on 22nd October 2014, thereby enabling exchange of transactions between Rwanda, Kenya, Uganda and Tanzania.

As you are aware, the East African Payment System (EAPS) went live on 25th November, 2013 and was officially launched on 16th May 2014 by the East African Community (EAC) Central Bank Governors. EAPS project is part of the East Africa's payments modernization efforts spearheaded by the EAC Central Bank Governors to enhance cross border payment system across the EAC region. EAPS will facilitate trade in the region and enable the public to pay as well as receive payments on real time basis. The implementation of EAPS addresses deficiencies in the current cross-border payment methods, through enhanced efficiency and risk controls.

EAPS links with the respective real time gross settlement systems of Kenya, Uganda, Tanzania and now Rwanda that utilize internationally recognized SWIFT messaging network for safe and secure delivery of payment and settlement messages. All the commercial banks in Kenya, Tanzania, Uganda and Rwanda are participants in the systems. Commercial banks in Burundi are expected to join later.

EAPS has many benefits, the major one being to facilitate trade. Other benefits of EAPS is real time transfer of funds across the EAC borders; transfer of large value transfers in the

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region; enhanced safety through use of the SWIFT infrastructure; increased accessibility as it is available in all the commercial banks; same day settlement; increased reliability through integration with RTGS; and improved risk control mechanisms. Transactions can also be carried out in any of the EAC local currencies, Kenyan Shillings (KES), Ugandan Shillings (UGX), Tanzanian Shillings (TZS) or Rwandese Francs (RWF).

The Central Bank of Kenya therefore wishes to encourage the commercial banks to promote EAPS usage by members of the public to benefit from the resulting efficiencies including the enhancement of safety and security of the regional payment systems.

MARK L. LESII

DIRECTOR, BANKING SERVICES, NATIONAL PAYMENT SYSTEM & RISK MANAGEMENT DEPARTMENT