



## PRESS RELEASE

### EXPIRY OF EMERGENCY MEASURES TO FACILITATE MOBILE MONEY TRANSACTIONS AND THE INTRODUCTION OF PRINCIPLES TO GUIDE PRICING

On March 16, 2020, the Central Bank of Kenya (CBK) [announced](#) emergency measures to facilitate increased use of mobile money transactions instead of cash, in the context of the COVID-19 (Coronavirus) pandemic. These measures ran until June 30, 2020, and were [extended](#) until December 31, 2020, after a review.

A significant increase of mobile money usage has been noted over the period the measures have been in place, demonstrating that they were timely and effective. For instance, the monthly volume of person-to-person transactions increased by 87 percent between February and October 2020. Over this period the volume of transactions below Ksh.1,000 increased by 114 percent, while 2.8 million additional customers are using mobile money. Business-related transactions also recorded significant growth over the same period.

CBK has reassessed the emergency measures with the objective of consolidating the gains made so far and also facilitate a transition towards sustainable growth of the mobile-money ecosystem. Following consultations with Payment Service Providers (PSPs), CBK will allow the emergency measures to expire on December 31, 2020, and PSPs will introduce revised pricing structures from January 1, 2021, with the following elements:

1. There will be no charge for person-to-person transfers of up to Ksh.100 to any customer and network.
2. There will be no charges for transfers between mobile money wallets and bank accounts.
3. To facilitate the integration of Savings and Credit Societies (SACCOs) with the mobile money ecosystem, SACCOs regulated by the Sacco Societies Regulatory Authority (SASRA) may levy a charge for transfers between SACCO accounts and mobile money wallets. CBK will oversee these charges in the context of the products that banks and PSPs offer to SACCOs.
4. Going forward, PSPs will propose pricing structures that reflect the “**Pricing Principles**” that CBK has introduced (see Annex). These “**Pricing Principles**” aim to support the development of an efficient, safe and stable payments and mobile money ecosystem where the customer and public interests are adequately protected.

It is noted that the wallet and transactions limits that were announced on March 16, 2020, will remain in force as was [communicated](#) earlier. CBK will continue to monitor developments in the payments ecosystem and take any necessary actions.

**CENTRAL BANK OF KENYA**

December 17, 2020

## ANNEX – PRINCIPLES ON THE PRICING OF MOBILE MONEY SERVICES

### 1. Purpose

To facilitate the development of an efficient, safe and stable electronic payments ecosystem where the customer and public interests are adequately protected.

### 2. Specific objectives

- (a) To increase access, usage and equity in provision of digital payments services;
- (b) To improve transparency and disclosure in provision of digital payments services;
- (c) To foster a business culture underpinned by the primacy of customer's interest;
- (d) To promote competitiveness and sustainable growth of digital payment services.

### 3. Basis

These principles are issued by the Central Bank of Kenya (CBK) based on its mandate of promoting an efficient and effective payment system, and to issue advice and direction while paying due regard to, among other things, efficiency, integrity and public interest.

### 4. Principles

#### 4.1. *Customer centricity*

Adequate consideration of a customer's needs, preferences and circumstances in the design, pricing and roll out of mobile money services. The primacy of the customer interest must be evident in how services are developed, priced and marketed.

#### 4.2. *Transparency and disclosure*

Clear description of charges, fees and charges that a customer will incur at the point of sale, are during use of the service. Terms and conditions should be in simple and legible language. Conflicts of interest ought to be disclosed, where there is a risk this will lead to mis-selling of inappropriate services to obtain commissions or fees.

#### 4.3. *Fairness and equity*

Provision and pricing of mobile money services in a manner that is proportional to the service provided and benefit obtained. Pricing policies and practices should pay due regard to the profile of customers and purpose of the underlying payment.

#### 4.4. *Choice and competition*

Customers should be presented with cost-effective options. Customers must be presented with mechanisms and channels that enable frictionless comparison, choice and switching, including resolution of complaints, particularly price-related ones, without undue delays.

#### 4.5. *Affordability*

Provision and pricing of services in a manner that is proportional to low-value and other "public good" related payments. Pricing policies need to strike a balance between short-term commercial targets and long-term sustainable growth.

## **5. Responsibility**

Responsibility for alignment and implementation of these principles rests on the Board of Directors of Payment Service Providers (PSPs). PSP Boards are required to:

- (a) Champion these principles in their governance and oversight duties by setting the appropriate “tone from the top” that is aligned to the principles;
- (b) Ensure formulation of internal policies and procedures that actualise the principles across their entire business operations;
- (c) Hold management accountable for adherence to these principles by staff, business partners and agents associated with the PSP;
- (d) Ensure timely and accurate submission of information, data and returns to the CBK as required from time to time.

## **6. Implementation and monitoring**

CBK has developed these principles as it embarks on the journey to anchor review of mobile money tariffs and charges based on the intended purpose and objectives above.

Implementation will be carried on a gradual basis. CBK will be periodically engaging PSPs to ensure alignment, identify and promote best practice in implementation.

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