



## CENTRAL BANK OF KENYA

### Launch of the National Payments Strategy, 2022-2025

Remarks by Dr. Patrick Njoroge  
Governor, Central Bank of Kenya  
February 23, 2022

*As Prepared for Delivery*

**Good morning!** I am delighted to welcome you to the launch of the *National Payments Strategy 2022-2025*. At the outset, let me recognise the current and former Governors and Deputy Governors of our sister central banks who have joined us today. I also acknowledge Mr. Agustin Carstens, General Manager of the Bank for International Settlements (BIS), and Dr. Alfred Hannig, Executive Director of the Alliance for Financial Inclusion (AFI), for their insightful remarks and providing a global perspective.

Let me also thank Governor Kabedi-Mbuyi in her dual capacity as Governor of Banque Centrale du Congo and Chairperson of the Association of African Central Banks (AACB). As Chairperson of AACB, Governor Kabedi-Mbuyi brings on board, our sister central banks across the African continent. Governor, we are most grateful that you have graced us with your presence this morning. Finally, I would be remiss if I did not recognize our Chief Guest, Dr. Julius Muia, and thank him for joining us once again just two months after the launch of the *2021 Finaccess Household Survey*.

While anthropologists will find reasons to dispute Kenya's claim to being the cradle of humanity, its claim as the cradle of fintech is hard to challenge. From the starting point of a simple money transfer innovation, an elaborate financial services ecosystem has emerged. More importantly, the payments system has provided the rails for Kenya's financial inclusion journey. Over the last 15 years, access to financial services has tripled from 26 percent of adults in 2006 to 83 percent in 2021. Some of the key milestones in this journey have included, the roll out of mobile money, the implementation and continued strengthening of the Real Time Gross Settlement System, and the establishment of regional payments systems in both the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA) regional blocs.

Undoubtedly, we have achieved a lot, but much more remains to be done. Whereas, the COVID-19 pandemic on one hand accelerated the pace of digitization, on the other, it had a scarring effect on lives and livelihoods globally. Nevertheless, broad access to secure and efficient payment systems will be imperative, as we steer back to the path of shared prosperity for our citizens. Further, technological changes and innovations continue to gather pace. This has led to the emergence of new and prospective payment methods, including digital currencies such as electronic money, cryptocurrency, stable coins and Central Bank Digital Currencies (CBDCs). While each of these innovations offers prospective benefits, the inherent risks need to be assessed carefully.

It is against this backdrop, that we are launching the National Payments Strategy. It seeks to consolidate the gains we have made so far, while illuminating the path towards a new chapter in Kenya's payments journey. Accordingly, the *Strategy* seeks to realise the vision of ***a secure, fast, efficient and collaborative payments system that supports financial inclusion and innovations that benefit Kenyans***. This vision will be anchored on five core principles: ***trust, security, usefulness, choice, and innovation***.

The *Strategy* has been developed through a consultative process with three overarching themes:

- First, ***people-centricity***. While technology and innovations remain formidable allies, it is easy to fall for their allure. The test for any technology or innovation, as we push forward our payment frontiers, will be what need they meet. Mobile money has so aptly demonstrated what people-centricity means. In Kenya and across many other developing, frontier and emerging-market economies, the need to transfer money from rural to urban areas sowed the seeds of success of mobile money.
- Second, ***maximizing opportunities while minimizing risks***. Technology and innovations present us with opportunities to address the frictions in payment systems. These include cost, convenience, ease of use and more broadly the customer experience. The *next generation payments systems* that we are aspiring to, come with the promise of instant, cheaper, more convenient and user-friendly services. But risks lurk in the neighborhood, including cybersecurity, data privacy and fraud. To calibrate the balance between risks and opportunities, we shall be guided by the principles in the *Strategy*. This will ensure that citizens can *trust* that their payments will be made on a timely and reliable basis, *securely, affordably and conveniently*. In effect, this will foster good order in our payment systems.

- Third, *collaboration*. We cannot do it alone. Payment systems will require to be even more interconnected not just nationally, but regionally and globally. The cost of cross-border transfers remains high and in the case of remittances way beyond the Sustainable Development Goal (SDG) target of 3 percent by 2030. There are encouraging experiments going on globally through collaboration among various central banks. These initiatives are showing early promise in significantly reducing the cost of cross-border transfers through, for instance, the use of CBDC.

The *Strategy* provides us the basic elements to chart a safe course in the face of future innovations and outrageous fate. But in the words of a proverb, *if you want to go far go together*. It is therefore important that we learn from each other so that our countries are not left behind by the next generation of payment systems. In that sense the *Strategy* is ours but it also belongs to every other country. And that is why I am particularly delighted with the participation of BIS, AFI and AACB in the launch. But the litmus test is implementation. We look forward to walking with you and other partners as we implement the *Strategy* in an increasingly interconnected world.

As I close, let me thank my colleagues at CBK and all those that contributed in the consultative process: without their effort, we would not be here today. And let's take the moment to celebrate the completion of the *Strategy*, as we gear up to its implementation.

It is now my pleasure and honour to invite our Chief Guest Dr. Julius Muia, the Principal Secretary to make his remarks. **Karibu Bwana PS!**