

National Payments Strategy

2022-2025

he National Payments Strategy ("the Strategy") sets out the vision and strategic objectives for Kenya's Payments System for the next four years. The Strategy is anchored on the vision - A secure, fast, efficient and collaborative payments system that supports financial inclusion and innovations that benefit Kenyans. Implementation of the Strategy will be guided by the following principles:



Trust

A system which guarantees that payments will be made and received in a timely and reliable manner

A resilient system that safeguards all payments and channels in an increasingly digital world





Usefulness

A system that meets customer needs, especially among the financially excluded, in a cost-effective manner

Availability of feasible options resulting from collaboration among different players in the payments ecosystem





An ecosystem that produces customercentric and value adding solutions which also compete on the global stage

Summary of the Journey to Modernise Kenya's Payments System



First 2 ATMs introduced in Kenya.



Amendment of CBK Act to give CBK explicit powers over the NPS.



2005

Kenya Payment and Settlement System (KEPSS) launched.

Development of the first National Payments Framework 2004 - 2008. Introduction of clearing of Domestic Foreign Currency Cheques.

enya's payments system has come a long way, beginning with manual systems in the early 1990s to the present-day automated, electronic payment systems. The development trajectory is explained by key milestones outlined herein.

To continue the National Payments System modernisation journey and support the emergence of a 24/7 economy, CBK will be rolling out the enhanced features of the new Real Time Gross Settlement (RTGS) System. This will be in line with the wider government's agenda of a fully digitised and 24/7 economy.

2018 Launch of person-to-



2011 Enactment of the NPS Act.

2007

services.

Launch of mobile

money financial

Introduction of the East African Payments System (EAPS) to facilitate real-time payment, clearing and settlement in the region.

Implementation of COVID-19 emergency mitigation measures and authorisation of PSPs.

Finalisation of the second National Payments Strategy 2022- 2025 and authorisation of PSPs.



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Central Bank of Kenya

The Strategic Objectives

To support a payments system that meets the diverse needs of customers, especially with respect to financial inclusion and shared prosperity.



To support an ecosystem that is anchored on collaboration that produces customercentric and world-leading innovations.





To enhance the safety and security of the payments system through the adoption of relevant industry and global standards.



To create a supportive policy, legal and regulatory framework that is robustly enforced across existing and emerging players in the payments ecosystem.

Ensuring a resilient and robust payments infrastructure

ayments services facilitate economic activities and support livelihoods. Therefore, the benefit that Kenyans will draw from the future payments ecosystem will depend mostly on the degree to which payments services, innovation and infrastructure are able to translate into tangible improvements in the performance of business enterprises and households. Thus, collectively we should champion, facilitate and undertake oversight activities in order to ensure that current and future services contribute to the betterment of lives of ordinary Kenyans, and the wider societal objectives of inclusive and sustainable growth.



A resilient and robust payment infrastructure is vital not only for purposes of Monetary Policy but also for mitigating a wide variety of financial shocks such as those arising from the COVID-19 pandemic. Some key initiatives in this strategy, that are expected to contribute towards enhancing the resilience and robustness of the payments infrastructure are:

- Ensuring implementation of full interoperability
 in the payments industry this will promote and
 strengthen the digitalisation of all payment channels;
- 2. Reviewing the existing legal and regulatory framework:
- 3. Promoting adoption by the payments industry of **best** international standards;
- 4. Promoting the roll out of the new Real Time Gross
 Settlement (RTGS) System enhanced features in line
 with the wider government's agenda of a fully digitised
 and a 24/7 economy for Kenya;
- 5. Implementing a further cheque value capping policy and progressively exploring the possibility and merits of phasing-out of cheques in future;
- 6. Continue promoting the integration of regional and Pan African payments infrastructure; and
- 7. Continue exploring the usefulness of new forms of digital money and their use cases for Kenya.