



**Central Bank of Kenya**

# **National Payments Strategy 2022 - 2025**

Kenya's Payments Journey and Overview  
of the Strategy

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Wednesday, February 23, 2022

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- Global and domestic context
- Kenya's payments journey
- Highlights of the Strategy
- Near-term priorities
- Implementation approach

# Global and domestic context

## 2.

# Drivers of change at global payments landscape

### PROVIDERS

- Entry of non-Bank, BigTech
- New age technologies as the back bone of innovation in Payments ( AI, Blockchain and DLT)
- Use of Big data, Digital Identity

### CUSTOMERS

- Instant
- Secure
- Interoperable
- Affordable
- Privacy

### REGULATION

- System resilience and security
- Standards and harmonisation
- Real-economy focus
- BigTech governance & systemic risk

3.

## COVID – Disruption and impact (Globally)



16%



Global usage  
of cash, 2020



41%

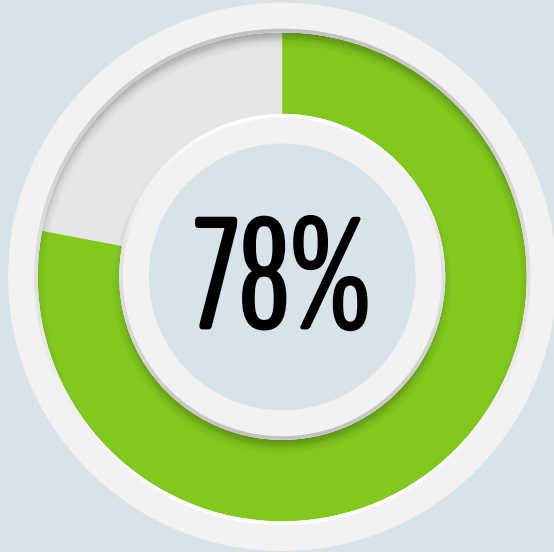


Global increase  
in real-time  
payments, 2020

(Source: McKinsey Global Payments Report 2021)

4.

## Mobile 'rails' integrated with households and economy



Customers and small business likely to change how they do payments

(Source: Visa 2021)

Shift from in-store to online commerce – “catching up” in previous low e-commerce countries

(Source: BIS, 2021)



# Kenya's payments journey

## Payments journey intertwined with the history of the Kenya's currency

### Modernisation kick-off 3 decades ago, e.g.,

- Automation of cash withdrawal (ATMs)
- Clearing House automation
- Large-value payments infrastructure
- Regional payments links in the EAC and COMESA
- Payments mandate, legal and regulatory reforms

Introduction of mobile money that has seen integration of mobile money across all sectors of the society.

Licensing of new Payments Service Providers (PSPs)



## 6.

## Where has the journey led us to?

## Kenya's National Payments System, December 2021

	Volume, Mn	Volume, Ksh. Bn	% Volume	% Value
<b>TOTAL RETAIL</b>	<b>1,167</b>	<b>2,594</b>	<b>99.95</b>	<b>47.60</b>
of which: All mobile transactions	1,152	2,208	98.69	40.52
<b>TOTAL LARGE VALUE</b>	<b>0.6</b>	<b>2,856</b>	<b>0.05</b>	<b>52.40</b>
<b>GROSS TOTAL</b>	<b>1,167</b>	<b>5,450</b>	<b>100</b>	<b>100</b>

Source: Central Bank of Kenya

## 7.

## Measures to create a level-playing field

## Card Transactions

	2010	2021	Change	"Card acceptance still remains a challenge"
Card Transactions Value, KSh. Bn	48	89	84%	
Card Transactions Volume, Mn	11	11	4%	

## Cheque Transactions

	2010	2021	Change	"Declining Volume of cheques . What is the future of cheques ?"
Card Transactions Value, KSh. Bn	170	218	28%	
Card Transactions Volume, Mn	1.5	1.1	-27%	

Source: Central Bank of Kenya

8.

## In perspective: Daily consolidated mobile money transactions, December 2021

Ksh. **176** Bn

Total daily non-cash payments

Source: Central Bank of Kenya

Ksh. **83** Bn

Daily average NSE Market Capitalisation, Dec. 2021

Source: Nairobi Securities Exchange

9.

## Government Payments and Remittances

Ksh. **2.1** Tn

Gov't Payments at  
CBK, 2021

Source: Central Bank of Kenya

U.S.\$ **3,718** Mn

Diaspora receipts, 2021

Source: Diaspora Survey, Central Bank of Kenya

10.

## COVID – Impact on the Kenya's payments ecosystem

22 Mn + → 25 Mn

Feb. 2020 and Dec. 2021  
Value of wallets and bank transfers (Ksh.)

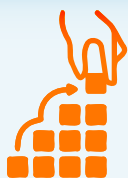
Feb. 2020 and Dec. 2021  
Number of 30-day active  
mobile money customers

133 Bn + → 606 Bn

# Highlights of the Strategy

11.

## Why a National Payments Strategy?



Build on the  
**foundation**  
over the last  
two decades



To steer to  
system to be **fit**  
**for purpose, fit**  
**for future**



Ultimately,  
**benefit**  
**customers,**  
businesses and  
the economy

**VISION**

**A secure, fast, efficient and collaborative payments system that supports financial inclusion and innovations that benefit Kenyans**





# 13.

## Strategy Principles



### Trust

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

### Security



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.

### Choice



### Innovation

An ecosystem that produces **customer-centric** and **value-adding solutions** which also compete on the global stage.

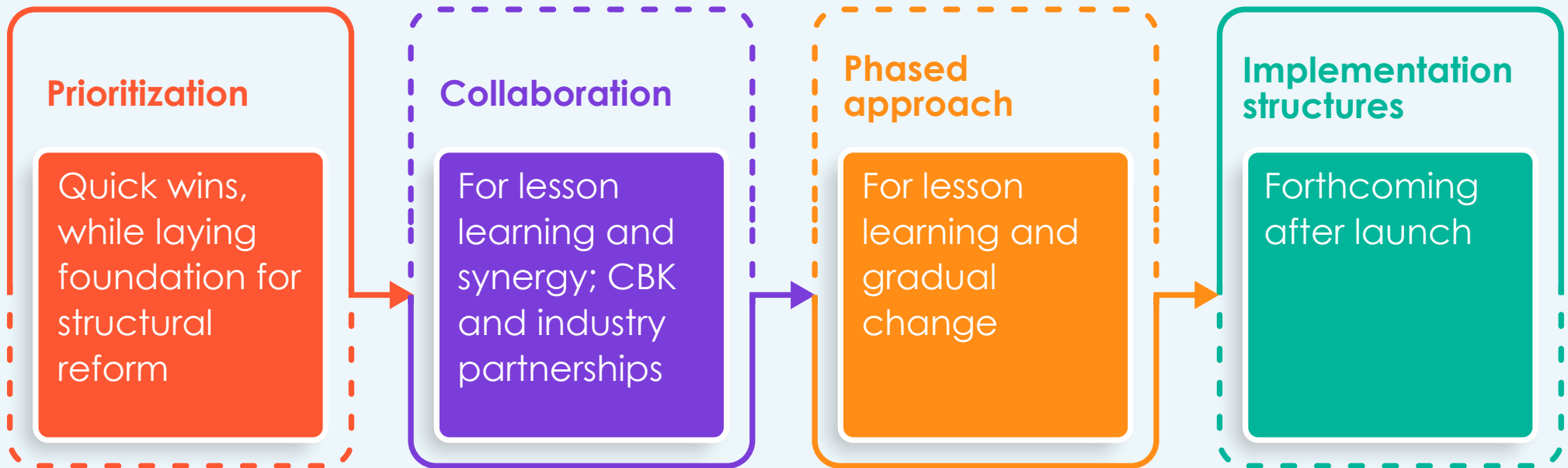
# Near-term priorities

1. **Full-scale interoperability** – Building on existing collaboration, progress to national switch; “pay anyone anywhere”
2. **Review legal and regulatory framework** – to align to current , future trends
3. **Fostering customer-centric innovation** – While assessing functionality (customer focus) and mitigating risks
4. **Regional and pan-African payments integration** – Through harmonization of regulatory frameworks and infrastructure
5. **Progression towards 24/7 economy** – Anchored on enhanced capabilities of the new RTGS system
6. **Review current cheque-value threshold** – While considering the impact of a progressive reduction in the usage of cheques
7. **Exploring usefulness of new forms of digital money** – Their risks, applicability and practical use-cases for Kenya

# Implementation approach

15.

## Implementation approach



*Thank You!*

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