CBK Newsletter

Keeping you Informed

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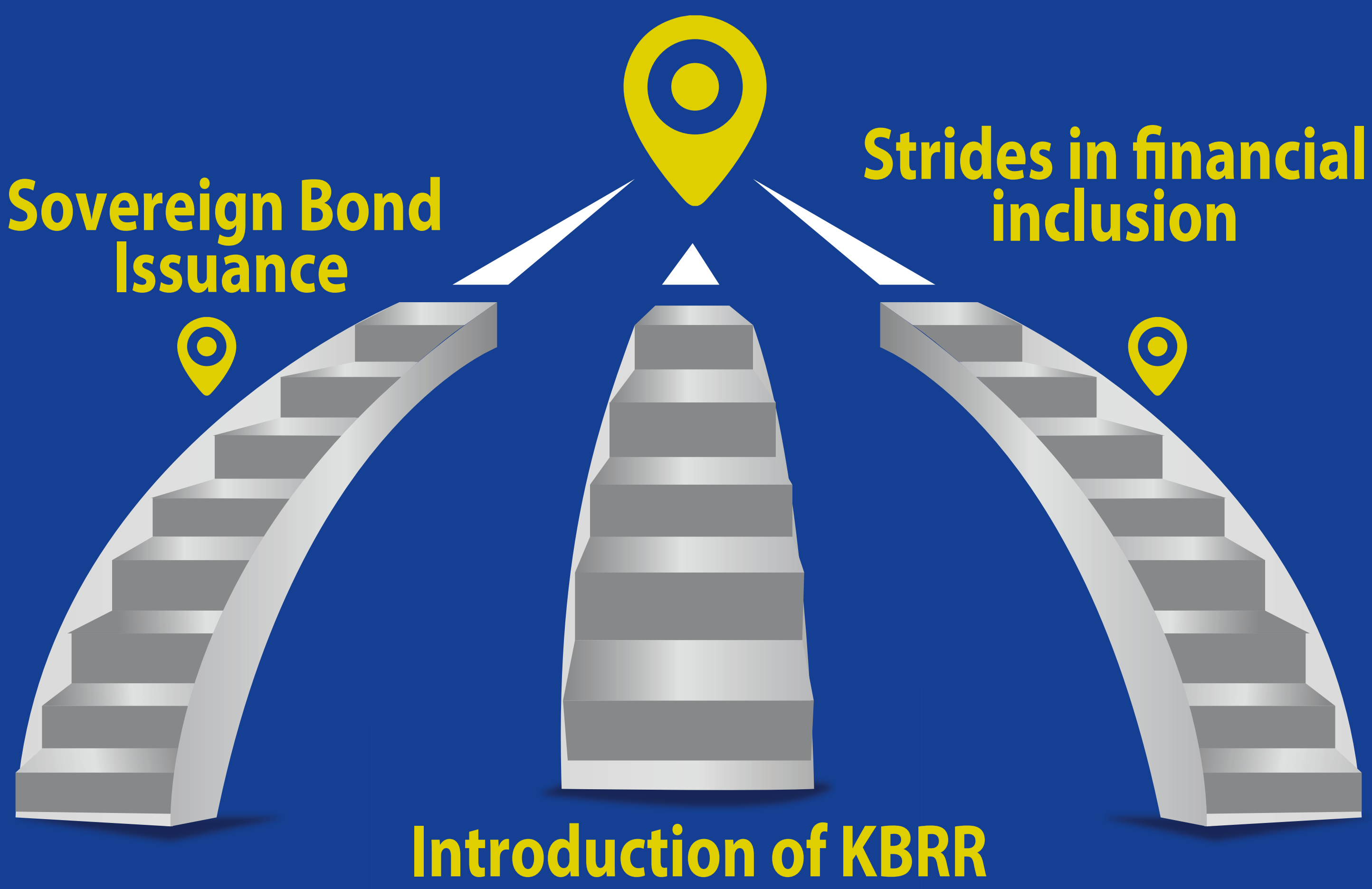
Enhancing Access to Credit in Kenya



CENTRAL BANK OF KENYA

VISION

A World Class Modern Central Bank

PRINCIPAL OBJECTIVES

The Principal objectives of the Central Bank of Kenya (CBK) are:

1. To formulate and implement monetary policy directed to achieving and maintaining stability in the general level of prices;
2. To foster the liquidity, solvency and proper functioning of a stable, market- based, financial system;
3. Subject to (1) and (2) above, to support the economic policy of the Government, including its objectives for growth, and employment.

Without prejudice to the generality of the above, the Bank shall:

- Formulate and implement foreign exchange policy;
- Hold and manage its foreign exchange reserves;
- License and supervise authorized foreign exchange dealers;
- Formulate and implement such policies as best to promote the establishment, regulation and supervision of efficient and effective payment, clearing and settlement systems;
- Act as banker and adviser to, and as fiscal agent of, the Government; and
- Issue currency notes and coins.

In this **Issue**

The Editor welcomes comments and articles from readers and stakeholders.
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Credit, a Lubricant for the Economy to Achieve Growth and Development

Economic vibrancy is an outcome of effective and efficient exploitation of economic opportunities. A key ingredient to the successful exploitation of economic opportunities is availability of credit. Credit is indeed the lubricant of the engine of economic growth. Kenya's long term economic blueprint, Vision 2030, has therefore prominently outlined the aspiration for the financial services sector as being to drive high levels of savings for financing Kenya's investment needs.

The level of credit to the private sector as a proportion of the Gross Domestic Product (GDP) is used to measure the level of access to credit. Developed countries are characterised with high private sector credit to GDP ratios of more than 100%. National output (GDP) and National income growth are significantly higher for countries with higher credit growth. Kenya's current private sector credit to GDP ratio is 40%, which denotes the prevailing constraints faced by productive economic sectors in accessing funding for exploitation of economic opportunities.

Expansion of private sector credit in Kenya is impeded by the high cost of credit. Kenya's Financial Access (FinAcess) survey of 2013 established that only 29 per cent of Kenya's adult population had access to credit as compared to more than 64 per cent who had access to savings. The low level of access to credit in Kenya as evidenced by the low number of bank loan accounts at 4.1 million in October 2014 as compared to 27.5 million deposit accounts, demonstrates lack of economies of scale in the sector. The costs incurred by banks to mobilise deposits are spread over a smaller number of borrowers, which contributes to the higher cost of credit.

The high cost of credit is an impediment towards a vibrant and globally competitive financial sector envisaged under Vision 2030. As a result, a Committee on Cost of Credit and Constraints in Mortgage Finance, led by the Cabinet Secretary to the National Treasury was constituted in January 2014 to explore ways of increasing private sector credit and mortgage finance in Kenya.

A review of various studies and surveys on cost of credit in Kenya showed that the prevailing high cost of credit is attributed to lack of effective competition, high overhead costs (including wages, infrastructure costs, cash-in-transit, and exorbitant costs involved in the creation, perfection and enforcement of collateral), high risk premiums, lack of alternative sources of non-bank funding, shareholders expectations for high profit margins, and low financial literacy levels.

In this regard, the Committee came up with short, medium and long term recommendations to promote credit expansion. In the short term, the focus is to enhance transparency and efficiency in the banking sector. A credit pricing benchmark, the Kenya Banks Reference Rate (KBRR) was introduced effective July 2014. The KBRR framework requires banks to explain to their customers the composition of the premium ''k'' levied above KBRR. The KBRR will enable borrowers to shop around for loans while promoting competition.

The Central Bank operationalized the full file information sharing among banks in February 2014 to enhance efficiency in credit risk assessment. In order to achieve an optimal credit information sharing (CIS) mechanism, more credit providers will be incorporated. Infrastructure costs are also expected to come down in the short term when banks begin to share their infrastructure as envisaged in the National Payment Systems Regulations, which were operationalized in August 2014.

Implementation of the Committee recommendations is monitored on a quarterly basis to ensure timely and effective implementation. Most of the short term and medium recommendations are already being implemented at a commendable pace. However, the impact of the initiatives and reforms to reduce cost of credit may not be felt immediately. As the reforms take root, lending rates are expected to drop in the medium to long term. Already we have seen the gradual decline in commercial banks' average lending rate from 19.7 percent in 2012 to 17.3 percent in 2013 and 15.9 percent in November 2014. Reasonable and affordable lending rates will be a precursor for increased lending to the private sector to transform their viable ideas and opportunities into productive ventures, which in turn will propel economic growth and development.

Prof. Njuguna Ndung'u, CBS

The CBK Governor, Prof. Njuguna Ndung'u (second left) displays the AFI Policy Award presented during the AFI Global Policy Forum.

CBK receives **AFI Policy Award**

The Central Bank of Kenya received an Alliance for Financial Inclusion (AFI) Policy Award in recognition of its innovative and impactful financial inclusion policies. The award was presented during the 6th Annual AFI Global Policy Forum which was held at Port-of-Spain, Trinidad and Tobago in September, 2014. Other institutions who received awards were Comisión Nacional Bancaria y de Valores, National Bank of Rwanda and Bangladesh Bank.

The Forum, conducted under the theme "*Global Partnerships, National Goals, Empowering People*" was hosted by AFI in collaboration with the Central Bank of Trinidad and Tobago. During the forum, policies that progress the global financial inclusion agenda as well as promote financial literacy and consumer protection were discussed. It was decided during the meeting that AFI's new permanent headquarters will be established in Kuala Lumpur, Malaysia.

During the same occasion Central Bank of Kenya Governor, Prof. Njuguna Ndung'u, was also presented an honorary award in recognition of his leadership as Chairman of the Alliance for Financial Inclusion (AFI) Steering Committee from 2009 to 2012.

AFI which was founded in 2008 and is a network of policymakers whose core mission is to encourage the adoption of inclusive financial policies in developing nations, in order to unlock their full economic and social potential while contributing to reduced income disparities, inclusive development and overall national financial stability.

During the forum, policies that progress the global financial inclusion agenda as well as promote financial literacy and consumer protection were discussed.

Strides in financial inclusion in Kenya

Introduction

The financial services landscape in Kenya has undergone significant transformation in the past decade. Financial services and products are now more diversified and offer a wider menu; and are much closer to majority of the population though some regional disparities still exist.

Why Financial Inclusion?

Financial inclusion or inclusive financing refers to the delivery of financial services at affordable costs to sections of disadvantaged and low-income segments of society. The prime objective is the realization of full participation in the financial sector by a wide segment of the population, based on the premise that financial services are a public good and should be accessible to all individuals in the society. Underpinning financial inclusion is 'Financial Access'. This refers to the provision of a wide range of financial services and products at an affordable price to make them accessible to low-income and marginalized groups in society. The Central Bank's main focus has been on Financial Access.

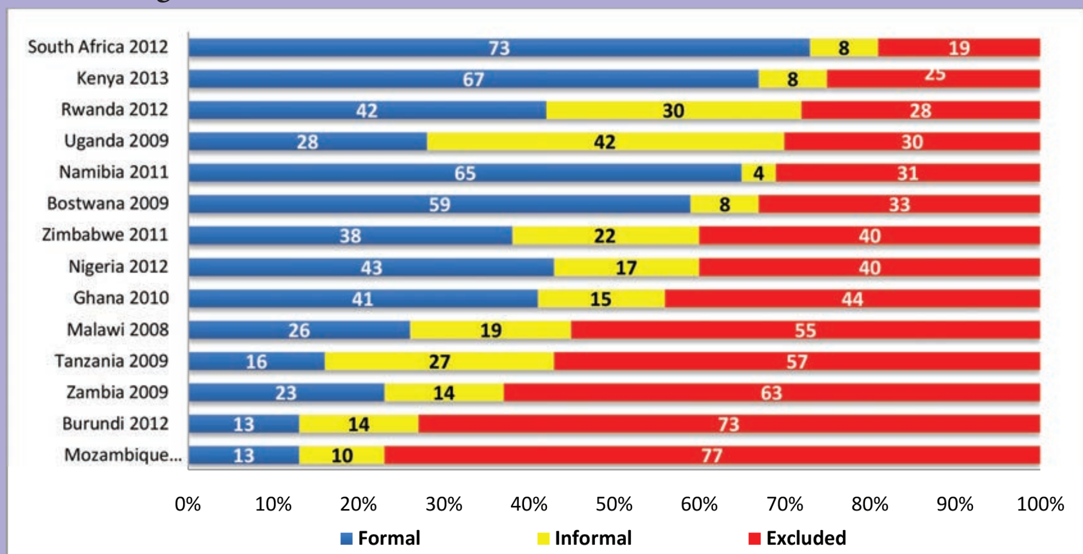
Financial Inclusion is entrenched in Kenya's development blue print, Vision 2030 in which the overarching goal is to create a competitive, highly efficient financial system as a driver for higher savings and investment for broad-based growth. Financial deepening and access to formal financial services is likely to increase deposit mobilization and financial resources for Small and Medium Enterprises (SMEs), while increased efficiency in financial intermediaries will channel savings into high return-investments, thus fueling economic growth. The Central Bank in conjunction with the Financial Sector Regulators Forum (FSRF) has been at the forefront in championing Financial Inclusion to ensure that these objectives are achieved.

Financial inclusion: 2006 - 2013

The data from FinAccess National Household Surveys 2006, 2009 and 2013 indicate that formal financial services expanded from 27.4 percent in 2006 to 41.3 percent in 2009 and 66.7 percent in the latest FinAccess Survey 2013 (figure 1). The Surveys also revealed that the population totally excluded from accessing formal financial services declined by 13.9 percent during the period 2006-2013, with only 25.4 percent of the adult population unbanked in 2013 compared with 39.3 percent in 2006 and 31.4 percent in 2009.

More women are excluded from the formal financial services than their male counterparts across all the three Survey periods. However, usage of the formal financial services between the two genders has risen significantly during the survey periods, with 62.7 percent of adult female and 71.1 percent of adult male population having access to formal financial services in 2013 from 21 percent and 34.3 percent respectively. In formal financial inclusion, women's use of Mobile Phone Financial Services was higher

Figure 2: Access to Financial Services in Sub-Saharan Africa



than men's usage, indicating that Mobile Phone Financial Services has contributed to the reduction of the gender gap. Geographically, rural population access to formal financial services increased to 61.6 percent in 2013 from 24.6 percent in 2006 while urban population access to formal financial services rose from 35.7 percent in 2006 to 80 percent in 2013. This tremendous expansion may be due to increased technological innovations including mobile phone money services, internet banking, agency banking and even bank branch network expansion. Other factors identified that explain the level of financial inclusion include the level of education, age group, livelihood and wealth/poverty.

In Sub-Saharan Africa, Kenya has the second lowest exclusion rate at 25 percent behind South Africa, whose exclusion rate stands at 19 percent. At the East African regional level, Kenya has the lowest exclusion rate followed by Rwanda at 28 percent, Uganda at 30 percent , Tanzania at 57.5 percent and Burundi at 73 percent based on various country surveys.

Usage of financial services in Kenya

The surveys reveal that banking services increased from 13.5 percent in 2006 to 17.1 percent in 2009 and 29.2 percent in 2013 (figure 3). Key to this expansion is the use of internet and mobile phone banking, agency banking as well as branch expansion that occurred mainly after 2007. Mobile Phone Financial Services providers recorded the highest jump, from 28 percent in 2009 to 62 percent in 2013. The use of Microfinance Banks, Saccos and informal channels such as buses and matatus for transacting financial services has declined or remained

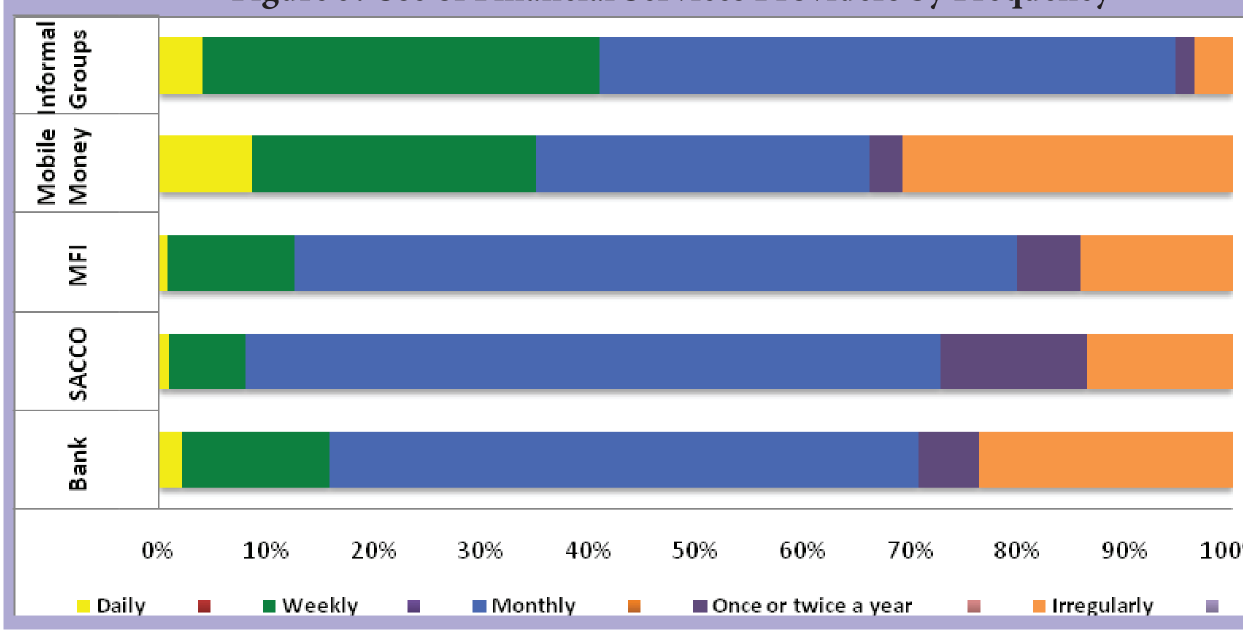
The Bank also works jointly with other regulators in the financial system under the Financial Sector Regulators Forum to undertake public awareness on the financial services and products unchanged between 2009 and 2013, perhaps reflecting increased use of technology-driven channels such as Mobile Money whose use has more than doubled in sending and receiving remittances over the period.

There is increased usage of various financial services across all financial institutions between 2009 and 2013. Consumers now prefer to use a portfolio of financial services comprising of insurance, banking, pensions, investments, payments and savings at any one point in time. For instance, in 2013, 46 percent of individuals used a portfolio of financial products compared to 28.8 percent who consumed a single financial product. In 2006, 42.9 percent used single financial service compared to 18.9 percent who used a combination of financial services at a time. This indicates that individuals are using a combination of financial services creating a portfolio rather than relying solely on a single product, thereby creating opportunities for a diversified financial system. While the access strands are based on the most formalized financial services used by an individual, what we actually see is that people are increasingly using financial services in combination as a portfolio of financial services.

Mobile Money played a significant role in increasing financial usage from 4.3 percent in 2006 to 33.2 percent in 2013 with 58.6 percent of the country's adult population now living within 3 kilometres of a mobile money access point. Mobile Phone Financial Service providers like M-Pesa by Safaricom had over 26 million registered users who transacted over Ksh.173 billion by the first quarter of 2014.

Another key driver is the adoption of agency banking in 2010. There were over 49,000 bank agents spread across the country who provided transaction services worth more than Ksh. 430 billion by December 2013. With the launch of internet banking by CBK in 2014, we expect further deepening of financial inclusion.

Figure 3: Use of Financial Services Providers by Frequency



Initiatives driving financial inclusion in Kenya

Over the last seven years or so, the Central Bank in collaboration with other stakeholders has pursued various initiatives ranging from policy and regulatory reforms, technological innovations, public education, and licensing of new products to promote access to a wide range of financial products and services. Among key initiatives and milestones on the supply side of financial inclusion initiatives include; the introduction of Mobile Phone Money transaction services in 2007 by Telecommunication companies, which has contributed immensely to geographical access of financial services; Licensing of Mobile Phone Banking in 2010 and adoption of internet banking that followed; Establishment of Credit Reference Bureaus (CRBs) to enhance consumer protection and fair pricing of credit risk; Licensing of Agency Banking in 2010 that expanded outreach; and Modernization of the payments infrastructure including the Automated Clearing House, Cheque truncation, adoption of Kenya Electronic Payments and Settlement System (KEPSS) and wider usage of Automated Teller Machines (ATMs). All of these have led to wider access to financial services. To ensure clean and adequate notes are available to the wider population across the country, the Bank established Currency Centres in Nyeri, Nakuru and Meru to supplement Kisumu, Mombasa and Eldoret Branches. As a result, banks now have access to the Central Bank within a short distance helping to reduce cash handling costs that would be passed to consumers.

The Bank also works jointly with other regulators in the financial system under the Financial Sector Regulators Forum to undertake public awareness on financial services and products. Through joint participation with Capital Markets Authority, Retirement Benefits Authority, Insurance Regulatory Authority and Sacco Societies Regulatory Authority in the National Agricultural Shows and Trade Fairs held across the country, the public is educated on available financial services and products in the country. These campaigns have enhanced inclusion.

On the demand side of Financial Inclusion, the Financial Access Partnership of which Central Bank is a member has undertaken three National Financial Access (FinAccess) Surveys in 2006, 2009 and 2013 to measure the extent of access to financial services and impact to the users. The objective is to use the results to inform policy initiatives and also provide information to service providers on opportunities in areas for expansion. Surveys were initiated by the Financial Access Partnership (FAP), a Private Public Partnership consisting of regulators, industry players, and development partners to build a comprehensive database to underpin policy recommendations and strategies to deliver the long term strategic outcomes set in Vision 2030 in Kenya.

Financial sector developments and innovations ranges from technologically enabled products and delivery channels resulting in Mobile Phone Financial Services (MFS), linkages of MFS and banking platforms, internet banking, agency banking, branch network expansion, Microfinance banks, and new products such as micro-insurance, deposit-taking Sacco societies, different investment vehicles and the modernization of the payments, clearing and settlement infrastructure. All these have contributed immensely to further deepen formal financial inclusion. These developments coupled with enhanced socio-economic infrastructure initiatives have continued to address the constraints and gaps to expanding financial inclusion in Kenya. Despite these great achievements, there is need to address both financial and economic development challenges that keep 25 percent of the adult population excluded from accessing and using financial services and products.

Challenges to Expanding Financial Inclusion

Exclusion is highest in the rural areas, where close to a third of the population were completely excluded, compared with 15.8 percent in urban areas. In addition, only 21.2 percent of Kenyans lived within 3km of a bank in 2013, while about 55 percent of the rural population spend more than 30 minutes to get to the nearest branch, compared with 46 percent of urban population who spend 10 minutes to get the their nearest branch.

Addressing Financial Inclusion challenges

To redress these challenges, various initiatives are taking place or are underway. Notable is the Geographic Information Survey (GIS) Mapping project whose findings were launched in March 2014. The project funded by Bill & Melinda Gates Foundation is aimed at mapping all financial service providers touch points in order to address the supply side constraints to financial inclusion. The project's next phase which is planned for late 2014 would provide information to industry players and policy makers in the financial sector. It will guide decision making in terms of expansion by service providers who wish to take advantage of business opportunities. It will also enable policy making, legal and institutional frameworks as well as the provision of physical infrastructure to facilitate reforms by policy makers that would increase geographical spread of financial services. All these will have positive implications on increasing access to financial services and products.

Conclusion

Promotion of financial inclusion in the country is very important in realizing the objectives of the Financial Sector Pillar in Vision 2030. FinAccess datasets (household, business & spatial) provide useful information for decision making in terms of policy reforms, product development, and innovations that would enhance delivery channels and create opportunities geared towards further financial inclusion. An all-inclusive financial system will significantly contribute to economic development through increased savings and investments, thus economic growth, employment creation and poverty reduction.

National Payments goes regional

The East Africa Community (EAC) Central Bank Governors officially launched the East Africa Payment System (EAPS) in May 2014, in Nairobi, Kenya. EAPS is a cross border payment initiative by the EAC Central Banks, the EAC Secretariat and in collaboration with Commercial Banks in the region. It is part of the East Africa's payments modernization efforts to enhance cross border payments system across the EAC Region.

EAPS integrates with the respective Real Time Gross Settlement (RTGS) Systems of respective EA countries namely: Kenya, Uganda and Tanzania. Rwanda and Burundi are set to join at a later date. It utilizes an internationally recognized messaging network for safe and secure delivery of payment and settlement messages. As a multicurrency system, it enables the public to pay as well as receive payments in a fast and effective way in the currencies of the EAC Member Countries, namely; Kenya Shillings (KES), Uganda Shillings(UGX), Tanzania(TZS), Rwanda Francs(RWF) and Burundi Francs(BIF).

Central Bank Governors from the East African region come together to launch the East African Payments System (EAPS)

EAPS is the fastest and most efficient way to make payments in the East African Region. It uses existing regional RTGS infrastructure to achieve efficient & safe cross border transfer of monetary value. The System is a boost to regional trade and is expected to promote, facilitate and support trade within the EAC Region. The system is easily accessible as it is available in all the commercial banks in the EAC countries. Participating commercial banks credit customer accounts within two hours of receiving a credit entry notification on their settlement account at the Central Bank. The EAPS system is suitable for transferring both large value and small value payments across the EAC region.

Enhancing access to credit in Kenya

Background

Following liberalization of Kenya's financial sector in 1991, several successful reforms have been carried out to expand financial depth and access. This has seen Kenya's financial sector become the third largest in Sub-Saharan Africa. There has been tremendous progress in expanding financial access, as evidenced by the 66.9 percent of the adult population using formal financial services in 2013 compared to 26.4 percent in 2006. This success is in part attributed to financial innovation, including integration of mobile phones and banking platforms, introduction of agency banking and credit information sharing. The reforms in the financial sector have been supported by macroeconomic stability which has seen economic growth close to 5.0 percent per annum accompanied by low inflation and stable exchange rates.

Given Kenya's macroeconomic stability, coupled with financial sector liberalization and the resultant financial deepening, credit to the private sector would have been expected to increase tremendously as the cost of intermediation fell. Instead, lending to the private sector in Kenya, which stands at about 40% of GDP, is way below international peer countries like Mauritius, South Africa and Malaysia whose private sector credit to GDP ratios are above 100 percent. One of the key barriers to the growth of credit to private sector in Kenya is the relatively high cost of accessing credit for both individuals and business enterprises. As a result, Kenya has become less competitive in terms of affordability of financial services and access to loans. Consequently, in January 2014, a Committee led by the Cabinet Secretary for National Treasury was constituted to explore ways of increasing and enhancing private sector credit and mortgage finance supply in Kenya.

Main constraints to increasing private sector credit

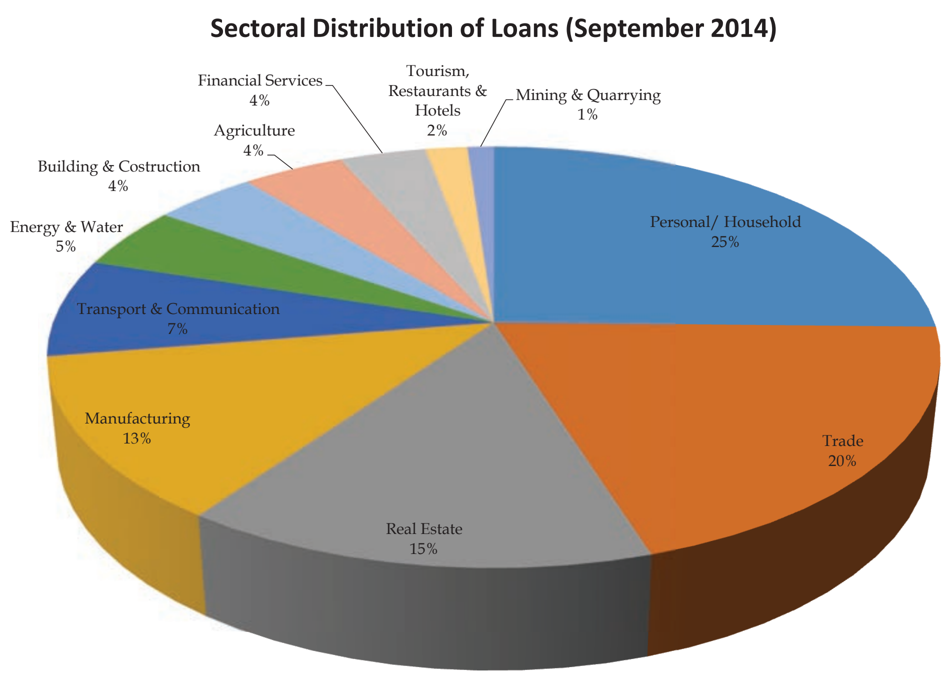
The Committee reviewed previous studies and surveys on increasing private sector credit that have been undertaken in Kenya. The Committee also reviewed ongoing reforms in the financial sector and also engaged several interested players in the public and private sector. Based on their findings, the main constraints to increasing private sector credit and mortgage finance in Kenya are:-

- High overhead costs such as salaries, cost of collateral, infrastructure costs, cash-in-transit costs and legal costs. The high overheads have to be borne by fewer borrowers.
- High profit margins and returns demanded by shareholders of banks.
- Lack of Effective Competition - Large banks are able to mobilize large deposits at much lower interest rates than small banks that have to pay a 'risk premium'.
- Alternative lucrative investment opportunities for banks in form of risk free Government securities.
- High risk perceptions by lenders which contribute to high risk premiums.
- High switching costs including penalties for early repayment and collateral transfer costs.
- Lack of alternative sources of funding. There is under development of alternative sources of funding such as leasing, venture capital funds, development finance institutions and equity and bond markets. This has resulted in overreliance on banking sector.
- Low financial literacy which impede informed financial decisions.

Recommendations to increasing private sector credit and mortgage finance in Kenya

Based on the Committee's work, the following recommendations were put forward to address the above constraints and as a result increase private sector credit and mortgage finance in Kenya. These recommendations were communicated to the public through a Press Release issued by the Cabinet Secretary to the National Treasury on 30th May 2014.

- All banks to use a transparent pricing framework to be known



One of the key barriers to the growth of credit to the private sector in Kenya is the relatively high cost of accessing credit for both individuals and business enterprises.

as Kenya Banks Reference Rate (KBRR). KBRR is computed as an average of the Central Bank Rate (CBR) and the average of the 91-day Treasury bill rate, a proxy for risk free return on funds. KBRR is a common base rate for all banks unlike before when each bank had its own base rate. KBRR was operationalised on 8th July 2014.

- Promotion of full disclosure of bank charges to facilitate informed banking decisions by the public (market discipline). This entails introduction of an Annual Percentage Rate (APR) for loans by the banking sector. The Kenyan banking sector, led by the Kenya Bankers Association (KBA), rolled out APR in August 2014.
- Fast tracking the ongoing modernisation of the Lands and Companies Registries to facilitate quicker collateral process and establishment of a legal framework for creation of an electronic moveable asset register.
- Implementation of the revised Credit Reference Bureau Regulations providing for positive credit information sharing by banks and expanding credit information sharing mechanism to other credit providers. Full file credit information sharing was introduced in February 2014 when microfinance banks were also allowed to participate in the mechanism.
- Implementation of the draft National Payment Systems (NPS) Regulations to fast track sharing of infrastructure by the banking sector. The NPS Regulations were operationalized in August 2014.
- Enhancing financial services consumer protection and financial education.
- Ensuring that Government borrowing does not crowd out private sector as well as adopting alternative sources of funding such as the Sovereign Bond while improving government cash management. The Government has already implemented this recommendation, i.e. the recently concluded successful issuance of the Euro Bond.
- Implement Treasury Mobile Direct system to enable retail investors to directly participate in government securities market to enhance competition for deposits.
- Fast track capital markets reforms to make capital markets more efficient and attractive as an alternative source of long term funds.
- Fast track establishment of the proposed Kenya Development Bank, from the existing Development Finance Institutions, as an alternative source of funding.
- Implement legislative amendments to facilitate banks to utilize a simplified, standardized charge document and to simplify valuation process for multi-unit developments.
- Both the National and County Governments to explore availability of land for development of large affordable housing projects by private developers.
- Facilitate lines of credit for large housing development projects targeted at lower income buyers for owner occupation.

Conclusion

Implementation of the above recommendations has commenced and it is expected that as the outcomes start to manifest, the cost of lending will come down. Lower costs of lending are expected to translate to increased lending to the private sector. This will eventually result in a higher rate of economic growth. Economic growth is largely dependent on the ease with which productive enterprises access funding to transform their viable ideas and opportunities into productive ventures.

What is Kenya Banks Reference **Rate**

Introduction

The Kenya Banks' Reference Rate (KBRR) was introduced in July, 2014 following discussions between commercial and microfinance banks, mortgage finance institutions, Kenya Bankers Association (KBA), Central Bank of Kenya (CBK), and The National Treasury. The KBRR was developed as part of the recommendations by a committee that was constituted by the Cabinet Secretary for The National Treasury to explore ways of enhancing the supply of private sector credit and mortgage finance in Kenya by facilitating a transparent credit pricing framework. The KBRR will serve as the base rate for all lending by commercial, microfinance banks as well as mortgage finance institutions. This framework will enhance the transmission of monetary policy signals through the lending rates since one of the components of the KBRR is the Central Bank Rate (CBR). The KBRR is computed as an average of the CBR and the 2-month weighted moving average of the 91-day Treasury bill rate.

Operationalization of the KBRR

The KBRR will be reviewed and announced by the CBK through the Monetary Policy Committee (MPC) press release after every six months from the effective date and it will be operationalized through banking circulars. At its inception on 8th July, 2014 the CBK computed and set the KBRR at 9.13 percent. The rate will remain at this level until its next review in January 2015 subject to market conditions not changing drastically. The interest rate that individual banks will charge their customers will be KBRR + K, where K is a premium depending on the lenders' cost of doing business, type of the loan and risk profile of the customer. In order to enhance transparency in the pricing of credit and mortgages, commercial and microfinance banks – as well as mortgage finance companies – will disclose to their respective borrowers and the CBK the breakdown of the composition of K. All new flexible/variable credit facilities applied for as from 8th July 2014 are being priced using the new KBRR framework. Existing flexible/variable credit facilities as at 8th July 2014 are being transitioned to the new KBRR framework by 30th June 2015.

Basis for the Kenya Banks' Reference Rate

The concept of a reference rate has been adopted by various central banks, including the South African Reserve Bank (SARB), as one way of enhancing the transmission of monetary policy signals from the policy rate to the lending rates. The reference rate should be seen and interpreted by banks while at the same time being capable of transmitting policy positions through information to other sectors of the economy.

Prior to the introduction of the KBRR, banks in Kenya were using their individual base rates to price their loans. The framework they applied in the determination of the base rates was not transparent. Similarly, some level of asymmetry (irregularity) was observed in the response by banks to

In Nigeria, all banks are required to disclose to Central Bank of Nigeria their interest rate pricing models, their spread between lending rate and monetary policy rate (MPR), and the maximum spread charged above MPR to prime customers.

reductions or increases in the CBR. Banks tended to raise their lending rates proportionately and contemporaneously with increases in the CBR but tended to respond sluggishly to decreases in the CBR. Consequently, monetary policy signals were transmitted to the banks interest rates in an asymmetric manner. The KBRR framework is expected to minimise or eliminate the asymmetric behaviour in the responses by banks to changes in the CBR the institutions will be pricing their loans using the same base rate.

In South Africa, all the major commercial banks have the same prime overdraft rate which is equivalent to the SARB Prime Repo rate (Monetary Policy Rate) plus a margin. The margin between the SARB's repo rate and the prime overdraft rate is based on convention and not regulation. The magnitude of this margin is based on an understanding between the SARB and the private-sector banks. The adoption of the same prime lending rate by all the major banks in South Africa has helped clients to compare the pricing by various banks relative to the same benchmark, thus making more informed choices.

In Nigeria, all banks are required to disclose to Central Bank of Nigeria, their interest rate pricing models, their spread between lending rate and monetary policy rate (MPR), and the maximum spread charged above MPR to prime customers. This measure is aimed at enhancing transparency, responsiveness to policy signals and to encourage narrower interest rate spreads. Similarly, in Australia and New Zealand, the respective central banks use the Official Cash Rate (this is the policy rate) to influence its target which is the lending rates that banks charge. As an operating objective in these countries, monetary policy is directed at affecting the interest rate paid on overnight funds. The eventual impact that changes in this interest rate have on the business cycle and inflation depends upon how the changes are transmitted to other interest rates in the economy.

The framework adopted in the computation of the KBRR has various advantages. The CBR is included as it is the monetary policy signalling rate – it coordinates movements in the short-term interest rates – to the market and currently forms the base for pricing all Open Market Operations. The formulation and determination of the CBR includes the real interest rate, the gaps between actual and target rates of inflation and output. These variables embody the behaviour of the entire economy. Improvements in monetary policy communications have enhanced the understanding of the role of the CBR as can be observed by expectations with respect to increases and decreases in the policy rate. The 91-day Treasury bill rate is also included because it is a short-term proxy for the risk free return on funds. A 2-month weighted moving average of the 91-day Treasury bill rate is used in the computation. In case there are any base effects on the Treasury bill rates, they will dissipate within the two months, so that it does not drag over a longer period, as in the case of a six months' average.

Summary

The KBRR framework is therefore designed to improve transparency in credit pricing on new loans. In order to enhance the effectiveness of this framework, the CBK is working with the KBA to start publishing the average premium (K) in the mass media and to sensitize the banking sector on how to compute and record its components.

Kenya's debut sovereign bond issuance

Introduction

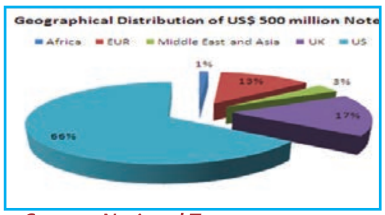
In the budget for 2013/14, the Cabinet Secretary for The National Treasury, Mr. Henry Rotich, announced plans to issue a Sovereign bond to raise about US$ 1.5 Million to pay off US$ 600 million syndicated loan incurred in 2011/12 , as well as provide financing for key Infrastructure projects in energy, transport and agriculture under the new Jubilee Administration.

Largest Debut Bond Issued in the Continent

The government undertook investor road shows in Europe and the US to market the bond to potential investors, and received positive response. The country received US$ 2 billion in its debut sovereign bond issue, in the process breaking Africa's record. The Issue comprised of US$ 500 million at an interest rate of 5.875 percent with a five year maturity and US$ 1.5 billion at an interest rate of 6.875 percent with a maturity of 10 years. Both notes received a weighted average interest rate of 6.6 percent. Before pricing, the debut bond was oversubscribed by 400 percent with total demand amounting to US$ 8.8 billion compared to the original target amount of US$ 1.5 billion. The Government prudently chose to take only US$ 2 billion, resisting the temptation to accept funds beyond its requirements.

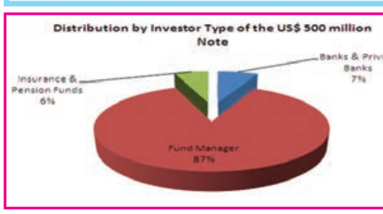
The bond was issued under English law and listed on the Irish Stock Exchange thereafter. The 5 year and 10 year notes continue to perform well in the secondary market, where they attract premium prices. On its first day of trading the notes closed at $102. At the time of writing this article, the 5 year note was trading at US$103.25 and the 10 year note was trading at US$106.26 indicating strong market demand for the two notes.

As shown in the chart below, the US$ 500 million 5 year Note was mostly taken up by US investors at 66%, followed by UK at 17 percent and then Europe at 13 percent. The rest of the investors from other regions held bonds of less than 5 percent.



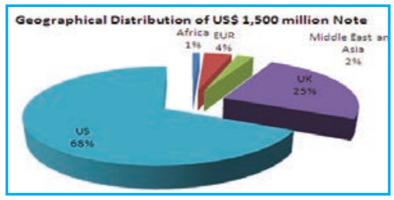
Source: National Treasury

In terms of distribution by investor type, fund managers took 87 percent of the US$ 500 million Note issues, while banks and insurance/pension funds held 7 percent and 6 percent, respectively.

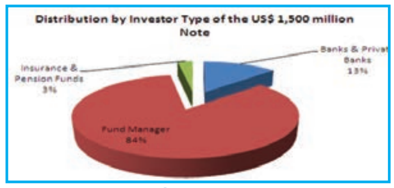


Source: National Treasury

Likewise, most of the US$ 1,500 million 10 year Note was held by US investors at 68 percent, followed by UK at 25 percent. The rest of the investors from other regions held bonds of less than 5 percent.



In terms of distribution by investor type, fund managers held 84 percent of the US$ 1,500 million Note issues, while banks and insurance/pension funds held 13 percent and 3 percent, respectively.



Source: National Treasury

Reasons for Success

In making their investment decisions, investors took notice of the country's growth potential, informed by Kenya's solid macro-economic management. Investors were confident that the Government was able to maintain and consolidate macro-economic stability, improve business climate and implement free-market oriented reforms. This was supported by Standard & Poors and Fitch who maintained their ratings at B+ with stable outlook. They noted that the country's current account and budget deficits are financeable and do not undermine macroeconomic stability and sustainable debt.

Investors noted that the country has a diversified economy with strong private sector: No one sector of Kenya's economy contributes more than 25 percent of GDP. This trend is expected to continue with the economy expected to be more diversified with new sectors such as oil and gas becoming increasingly important.

It was noted that Kenya had the largest banking system in the eastern Africa region, and the third largest in Africa, after South Africa and Nigeria with a well-developed domestic capital market. It is also an important economic, commercial and logistical hub and the gateway to Eastern Africa with large multinationals opting to have their headquarters in Nairobi.

In terms of its indebtedness, investors noted that Kenya has low debt levels compared to its peers and has maintained its public debt at a sustainable level despite not receiving debt relief or write-offs under the Heavily Indebted Poor Countries (HIPC) and Multilateral debt relief (MDRI) initiatives. Currently, Kenya's debt is at around 50 percent of GDP, well below the benchmark of 74 percent of GDP. The external debt remains low and manageable.

Expected Impact of Sovereign Bond Issuance

Firstly, diversification of funding sources has immense benefits. Prior to the eurobond issuance, the Government had been sourcing for concessional external financing with a limited window for borrowing on commercial terms to minimize costs and refinancing risks. The issuance of the sovereign bond has provided it with more options in future to raise resources at affordable rates in the international capital markets.

Issuing the sovereign bond helps give the country more autonomy in securing funding for development. This is so because the domestic market is now vibrant and continues to grow. Accessing the international markets will be much easier for the country in future having successfully navigated the processes of issuance. The international markets provide a good option for the country compared to external aid, which ties funding to stringent conditionalities.

Through the sovereign bond the government has established an important benchmark for domestic corporations to tap into the international capital markets to fund their businesses at a reasonable cost. Issuance of a 5 year Note and a 10 year Note at 5.875 percent and 6.875 percent respectively has set a positive benchmark for Kenyan businesses seeking to tap into the international capital markets.

The sovereign bond has increased the credit space available to the private sector. With successful issuance, the government intends to review downwards its domestic borrowing plans for the new financial year. As a result, more resources will become available in the financial system for lending to local investors. With the additional available resources in the banking system, domestic interest rates are likely to decline significantly, which should boost investments, economic growth and provide more employment opportunities. These effects are likely to be felt when most loans migrate to the Kenya Banks' Reference Rate (KBRR) framework. This is because the KBRR is to be computed as an average of the Central Bank Rate (CBR) and the average 91-day Treasury bill rate which is a short term risk free return on funds.

The sovereign bond should help to improve macro-economic stability by shoring up the Kenya shilling through a buildup in foreign exchange reserves. This will in effect increase the number of months of import cover. This is important because foreign currency reserves are a key defense against external shocks.

With prudent utilization of proceeds of the sovereign bond it is expected that the economy will expand providing new employment opportunities as the government invests in infrastructure projects in line with its development agenda.

The debut Eurobond, the largest by a first-time African issuer, represents an important milestone for Kenya and a stepping stone in the path towards emerging market status. With investor confidence in Kenya at a high, it is expected that the country will receive more foreign direct investment from investors abroad seeking new investment opportunities. The domestic capital markets will be a major beneficiary of these potential inflows. Given the reforms being undertaken to create a vibrant domestic market, it is hoped that the market will deepen even further as new entrants help to entrench existing market initiatives.

Lastly, the sovereign bond issuance has acted as an incentive for maintaining macroeconomic discipline and increasing transparency in economic management. The prospectus required disclosure of a substantial amount of data, allowing investors closer scrutiny of the current economic situation, and a better assessment of the country's prospects for successfully meeting its debt service payments.

In sum, the successful debut issuance of Kenya's sovereign bond has signaled an approval of the current and planned economic policies, and will help sustain steady momentum in maintaining prudent macroeconomic policies and carrying out critical structural reforms, especially because markets will continue to closely monitor economic developments.

Photo Gallery

from the gallery

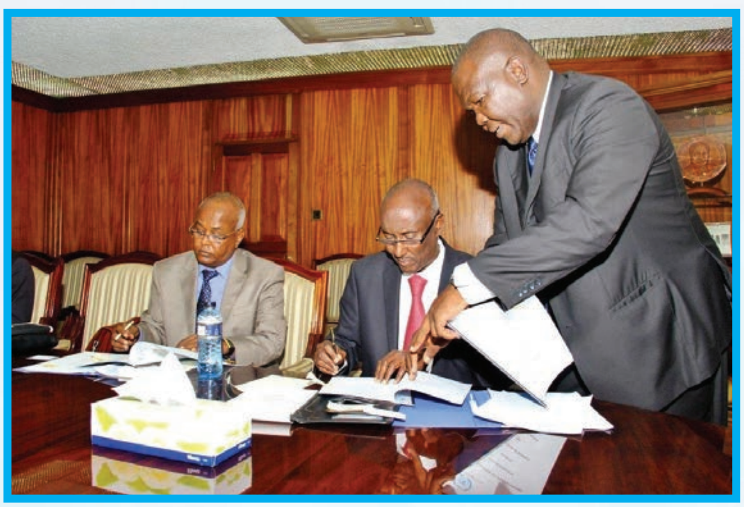
President Uhuru Kenyatta visits the Central Bank Stand during the Mombasa ASK Show in August, 2014. On his right is the Governor, Prof. Njuguna Ndung'u.

The Ag. CBK Chair, Dr. Mbui Wagacha (left), assists the Governor to cut a cake celebrating his award of the "Central Bank Governor of the Year in Sub-Saharan Africa 2014" by Emerging Markets (EM) Magazine. Looking on are CBK Board member, Ms. Florence Muindi and the Deputy Governor.

CBK Deputy Governor, Dr Haron Sirima shares a light moment with editors of media houses at the conclusion of the Business Editors' Workshop held in Naivasha.

Extra Ordinary MAC meeting participants tour the Ol-Karia Geothermal Plant in Naivasha on 14th November, 2014.

The Lord Mayor of London, Rt. Hon. Alderman Fiona Woolf, CBE paid a courtesy call on the Governor on 16th September, 2014.



CBK Bank Secretary, Mr. Kennedy Abuga coordinates the signing of a Memorandum of Understanding (MOU) with the Central Bank of Somalia (CBS) Governor; Dr. Bashir Issa Ali (2nd left). Looking on is CBS, Director, Economic Research and Statistics Department, Mr. Abdirizak Ismail Yusuf .

Kenya out of the **"dark grey" list**

The international standards set by the FATF are referred to as the "Forty Recommendations on Anti-Money Laundering, Combating the Financing of Terrorism and Proliferation"

Kenya's position as an attractive investment destination was recently boosted after the Financial Action Task Force (FATF) removed Kenya from its "dark grey" list. On the basis of the on-site visit report, the FATF concluded that Kenya had established the legal and regulatory framework to meet its commitments as highlighted in its action plan regarding the strategic deficiencies that the FATF had identified in February 2010.

The Financial Action Task Force (FATF) is the global body established in 1989 to set international standards on anti-money laundering and combating the financing of terrorism and to promote their implementation globally.

Kenya's Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT) regime has been under review by the International Co-operation Review Group (ICRG) of the Financial Action Task Force (FATF) since June 2009. Kenya's engagement with the ICRG has been facilitated by regular meetings with the Africa/Middle East Regional Review Group (RRG), which is responsible for overseeing the progress made by countries identified under the ICRG process that are located in Africa and Middle East. The ICRG assesses countries according to international standards set by the FATF which are referred to as the 40 Recommendations on Money Laundering, Combating the Financing of Terrorism and Proliferation of weapons of Mass Destruction. The ICRG conducted an on-site visit to Kenya on 12th and 13th May 2014 and from the basis of their findings, the FATF removed Kenya from the list of high risk investment countries.

FATF is the only standard-setting body and the guardian and arbiter of the application of its standard. In setting the standard however, FATF depends on input from FATF Style Regional Bodies (FSRB) as much as from

its own members. The Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) is an FSRB to which Kenya is a member and it plays the role of combating money laundering by implementing the FATF Recommendations. These effort include coordinating with other international organisations concerned with combating money laundering, studying emerging regional typologies, developing institutional and human resource capacities to deal with these issues, and co-ordinating technical assistance where necessary. ESAAMLG enables regional factors to be taken into account in the implementation of anti-money laundering measures.

The reforms that Kenya has implemented so far include adequately criminalizing of money laundering and terrorist financing, ensuring a fully operational and effective Financial Intelligence Unit (Financial Reporting Centre), establishing and implementing a legal framework for identifying and freezing terrorist assets; establishing adequate procedures for confiscation of funds related to money laundering, establishing and implementing Customer Due Diligence (CDD) requirements; establishing and implementing a supervisory framework on AML/CFT for all financial institutions and designated non-financial businesses and professions (DNFBP's) and implementing effective, proportionate and dissuasive sanctions in order to deal with natural or legal persons that do not comply with the national AML/CFT requirements.

Among the notable developments that were undertaken in 2012 were amendments to the Proceeds of Crime and Anti Money Laundering Act so as to align it with the international standards. Similarly, the Prevention of Terrorism (Implementation of United Nations Security Council Resolutions on Suppression of Terrorism) Regulations 2013, was gazetted to provide mechanism for the seizing and freezing of terrorist funds. The regulations establish the Counter Financing of Terrorism Inter-Ministerial Committee whose functions shall be to implement Resolution 1267, 1373, 1718 and 1988, resolutions relating to the suppression of terrorism financing and the prevention, suppression and disruption of the proliferation of, and financing of, dealings with weapons of mass destruction and such other related resolutions in accordance with these Regulations, formulate and supervise the implementation of the National Strategy and Action Plan on Counter Financing of Terrorism; and to perform such other functions as may be conferred on it by any other written law. These developments shall have considerable positive impact on Kenya's AML/CFT compliance regime both domestically and internationally by enhancing the country's financial sector integrity.

The removal of Kenya from the FATF list of high risk countries has improved Kenya's credit ratings more so in time for the issuance of the sovereign bonds in the international capital markets.

> *...the FATF was satisfied that Kenya had substantially addressed the technical requirements of its Action Plan and that there is political commitment and institutional capacity to continue implementing AML/CFT reforms*

KSMS hosts Aitec Mobile Money Comesa Conference

The Kenya School of Monetary Studies (KSMS) hosted the AITEC Banking & Mobile Money (COMESA) Conference 2014, in September, 2014

The two-day conference provided a valuable educational forum for the financial services sector, updating Chief Executives and Information Systems (IS) Managers on latest international developments in payment technologies, best practices in IT project deployment, and latest trends in customer service delivery. In addition, broader themes of risk management, governance, regulation and compliance were covered.

African banks have a great challenge in overcoming their heritage of colonial banking, which was designed to cater primarily for government, corporate and high-worth individuals. The bottom part of the pyramid has been badly neglected. Now that mobile operators are setting the pace in terms of providing low-cost banking services, banks are scrambling to catch up. This they can do not only through technological innovation, but also through a customer-oriented corporate culture and service innovation.

At event themed '*Finance SMEs and Fire up the Economy*" bankers shared insights on optimizing customer service, operations and delivery of banking services.

The event was attended by ICT managers & professionals in the banking and financial services sector, regulators, policy-makers, high-level managers at CEO, COO and CFO levels in banks, MFIs and telecom operators, innovators and service providers active in the financial services sector, telecom operators and service providers, NGOs/civil society organizations directly involved with delivering banking or microfinance services in rural areas and media representatives.

The conference also included a focus on Sharia-compliant banking, which is playing an increased role in the region and which all major banks are beginning to offer. A review of models and services currently on offer, their track record, and growth potential was explored to provide an invaluable bench-mark assessment opportunity for the region's bankers.

The AITEC Banking & Mobile Mobile COMESA 2014, now entering its eighth year, is the region's leading banking forum.

Outputs from the event included:

- Increased knowledge among top managers and professionals in the COMESA banking sector on latest international trends and technologies and their application in the region.
- Increased awareness among high-level non-technical managers in the sector regarding the vital role that ICT has to play in their business strategies – and the range of technologies and systems available.
- Informed media coverage to help profile the issues under discussion.

SatADSL, a Belgian Company offering affordable satellite services for connecting remote sites of larger corporates and banks in Africa, exhibit their products during the Aitec Conference

CBK staff members listen keenly during the MAC meeting

Extra ordinary MAC meeting

The Central Bank of Kenya hosted the Extra Ordinary Meeting of the Monetary Affairs Committee (MAC) in Naivasha, Kenya on 14th November, 2014. The meeting was attended by delegates from Partner States' Central Banks and the Governor of Bank of Mauritius, the IMF Resident Representative in Kenya and staff of the EAC Secretariat. The meeting was convened in accordance with decisions of the 17th MAC Meeting held in May 2014 in Nairobi, Kenya, in which Governors directed Heads of Research Function in Partner States' Central Banks to develop a transitional action plan to operationalize EAMU Protocol in areas that fall under the mandate of the Central Banks. This meeting was therefore held to discuss strategic and critical areas in the implementation of the East Africa Monetary Union (EAMU) Protocol.

During the meeting, the Governor Central Bank of Kenya who is also the Chairman of MAC said EAC Central Banks had made significant progress in attaining the requirements necessary for the EAMU process. He pointed out areas such as harmonizing monetary policy frameworks and macroeconomic statistics; launching the East Africa payment system that will enhance cross border payments and trade in the region and instituting reforms to enhance financial markets development were well on track.

The Governor appreciated the IMF's continued partnership with EAC countries that has been instrumental in the transformation and modernization of our economies at the national level as well as regionally.

CBK rolls-out Internet Banking

The Central Bank of Kenya rolled-out its Internet Banking (IB) platform in July 2014. The roll-out targets selected Government Ministries/ Departments, Commercial Banks and Corporate customers dealing in Government Securities.

What is it?

Internet banking (IB) which is often referred to as Online Banking or E-banking is a web based tool that allows customers of a financial institution to conduct transactions online from a remote location. As part of its strategic plan, the Bank has rolled-out an internet banking platform. This initiative seeks to transform how the CBK delivers service to its customers in a more efficient way.

Benefits

When fully rolled-out, CBK will allow its clients – The national treasury, ministries, county governments, commercial banks, individual securities investors plus internal Bank customers to perform a limited set of transactions on their accounts held at CBK. The services include funds transfer, RTGS (KEPSS) payments to their suppliers and other payees, participation in government securities auction and secondary trading, approval of transactions, viewing of account balances and downloading of statements among other services.

Finance for Agriculture

International bankers and agriculturalists were in Nairobi from the 14th to 18th July, 2014 to attend an international agricultural financing conference held at the Kenya School of Monetary Studies (KSMS). The conference brought together more than 700 delegates from both finance and agriculture sectors to discuss strategies for mobilizing finance to transform the agricultural sector in Africa and across the developing world.

The week-long conference, dubbed Fin4Ag, was officially opened by Kenya's Deputy President, Hon. William Ruto and focused on ways of 'revolutionizing' agricultural finance by encouraging financial innovation in the developing world. It also provided a platform for interested stakeholders to discuss ways of utilising innovations that already exist in individual countries and also instituting modern and high-performing agricultural financing systems for the developing world.

The conference was a collaborative partnership with the Netherlands-based Technical Centre for Agricultural and Rural Cooperation ACP-EU (CTA), the African Rural and Agricultural Credit Association (AFRACA), the Central Bank of Kenya (CBK) and the Kenya School of Monetary Studies (KSMS). Other international sponsors included the Rockefeller Foundation and the Food and Agriculture Organization of the United Nations (FAO).

In his address, the Deputy President, H.E. Hon. William Ruto said that there was need to educate farmers in rural areas on ways through which they can improve their farming methods and practices by leveraging on new technologies.

"We need to ask ourselves; how do we get farmers to use benefits of science and biotechnology to deal with our problems of hunger and poverty? We should endeavour to demystify scientific and technological knowledge for farmers in our countries so that this knowledge may be applied to foster food security."

Michael Hailu, Director of CTA, remarked, "Let us look at the situation here in Africa. As in many other developing countries, smallholder farmers – mostly women – provide the bulk of food for the rapidly growing populations. However, climate change, declining soil fertility and a variety of other factors, including a lack of access to credit, are making it increasingly difficult for farmers to boost their productivity."

Mr. Hailu added that the growing demand for food, particularly from African cities, could provide one of the best pathways out of poverty for tens of millions of smallholder farmers.

Dr. Akinwumi Adesina, Nigeria's Minister for Agriculture and Rural Development, reiterated this by adding, "Agriculture must cease being treated as a development programme; Agriculture is a business. The nature of new growth in Africa must open up to rural economies and unlock the potential in agriculture. African governments must step in, in this regard by using public money to leverage private capital. "

Over the 50 sessions, the event delved into a broad range of issues, such as warehouse receipt finance and collateral management systems, exploring ways to create a critical mass in the market; instruments that microfinance institutions can use to successfully lend to farmers; and what central banks and governments can do to encourage sustainable agricultural financing practices.

Other keynote speakers included Mr. Felix Koskei, Kenya's Cabinet Secretary for Agriculture, Livestock and Fisheries; Mr. Henry Rotich, Kenya's Cabinet Secretary for the National Treasury; Prof. Njuguna Ndung'u, Governor of the Central Bank of Kenya; Dr. Akinwumi Adesina, Nigeria's Minister for Agriculture and Rural Development; Ms. Tumusiime Rhoda Peace, Commissioner for Rural Economy and Agriculture at the African Union and Mr. Michael Hailu, Director of the Technical Centre for Agriculture and Rural Cooperation (CTA).

Central Bank's Inaugural Golf Tournament

The first ever CBK Golf tournament was held on Thursday, 8th December, 2014 at the Windsor Golf Hotel and Country Club. The tournament attracted over 100 golf enthusiasts mainly drawn from commercial banks and regulatory institutions.

Dickson Kaburi, a member of Railway Golf Club, clinched the men's overall title on 39 Stableford points. In the ladies category, Nancy Ndung'u of Muthaiga Golf Club, emerged the Ladies winner; she carded 36 stableford points. In the CBK Staff category, the lady winner was Shelmith Muraguri with 34 points while Tom Muriithi won the men's category with 37 points.

Dickson Kaburi, a member of Railway Golf Club, who clinched the men's overall winner title receives his award from the CBK Governor, Prof. Njuguna Ndung'u.

In his remarks, Prof. Njuguna Ndung'u, CBK Governor said the Central Bank organized the golf tournament as part of the efforts to strengthen partnership with its stakeholders. " We also want to enhance the understanding of our partners' needs while faciliating avenues for them to know more about the CBK 's role and mandate. This will help us appreciate the challenges and take advantage of opportunities that arise to enhance the financial landscape in the country", said the Governor. The theme of the tournament was *'Working Together for a Stable Financial Sector'*.

The Central Bank will be hosting the Golf tournement annually.

Professor Ndung'u named **Central Bank Governor of the Year**

Prof. Njuguna Ndung'u, Governor of the Central Bank of Kenya has been named the Central Bank Governor of the Year, Sub-Saharan Africa 2014, by *Emerging Markets* (EM) Magazine. In honour of this, the Governor was presented with an award on 11th October, 2014, at the EM Annual Awards Reception held in Washington D.C., during this year's World Bank/IMF Annual Meetings.

The award is given each year, in recognition of the achievements of leading policy makers in emerging markets. Prof. Ndung'u was recognized for his stewardship of the Central Bank of Kenya which has inspired faith and confidence in central bank policy among key stakeholders. The panelists noted that in spite of the economic turbulence, political strife and external shocks, his tenure has been characterized by monetary policy and financial sector policies that have contributed to a supportive environment for growth.

The award particularly recognized the Governor's role in spearheading monetary policy measures which have been credible in fighting inflation and maintaining price stability during an era of global economic turbulence, championing financial inclusion initiatives and banking sector innovations. In the citation, EM said "...this award signals the confidence you have inspired in your key stakeholders and reflects their faith in central bank policy under your leadership'.

Governor Ndung'u was nominated by a panel of renown public and private sector economists, analysts, bankers, investors and other experts.

Prof. Ndung'u was recognized for his stewardship of the Central Bank of Kenya which has inspired faith and confidence in central bank policy among key stakeholders

EM is an international news magazine reporting on economic analysis and commentary on economic policy, international economics and global financial markets, with a special focus on the emerging world.

In commemoration of Kenya's 50 Years of Independence

This commemorative coin was officially launched on 9th December 2013 by H.E. Hon. Uhuru Kenyatta, C.G.H., President and Commander in Chief of the Defence Forces of the Republic of Kenya.

GOLD PLATED SILVER COIN
Denomination: KES.50
Alloy: Gold plated Ag 925
Diameter: 38.61mm
Weight: 28.28gms

Price: KES.10,000

GOLD PLATED BASE METAL COIN IN ACRYLIC BLOCK
Denomination: KES.50
Alloy: Nickel Brass
Diameter: 38.61mm
Weight: 295gms

Price: KES.6,000

The coin is commemorative, and **NOT** intended for circulation. It is available for sale at any CBK Offices Countrywide.

PAMOJA TWASONGA MBELE

For further details visit the Bank website on www.centralbank.go.ke or email on comms@centralbank.go.ke

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