

# ANNUAL REPORT

2015





 **FSD Kenya**  
Financial Sector Deepening

The Kenya Financial Sector Deepening (FSD) programme was established in early 2005 to support the development of financial markets in Kenya as a means to stimulate wealth creation and reduce poverty. Working in partnership with the financial services industry, the programme's goal is to expand access to financial services among lower income households and smaller enterprises. It operates as an independent trust under the supervision of professional trustees, KPMG Kenya, with policy guidance from a Programme Investment Committee (PIC). Current funders include the UK's Department for International Development (DFID), the Swedish International Development Agency (SIDA) and the Bill and Melinda Gates Foundation.



BILL & MELINDA  
GATES foundation

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*Building inclusive  
financial markets*

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## DIRECTOR'S FOREWORD

2015 was the final year of FSD's five-year strategy which started in 2011. This strategy was based on our scenario analysis in which we considered three possible outcomes for financial inclusion in Kenya over the coming decade. We saw the risk of a low-case in which problems of market concentration would loom large. In the absence of credible competition there would be no substantial shift downward in transaction pricing and financial inclusion would remain well below potential. A second scenario looked at the potential for integration of formal and informal financial systems driven by technology. The result could be an enhancement of the safety and flexibility of low cost informal-formal intermediation helping to significantly increase savings and credit among lower income groups. A final take-off scenario is based on a successful concerted Government and private sector effort towards achieving a 'cash-lite' society in Kenya by 2020. Strong sharing of retail channels could underpin a sharp reduction in the use of cash and consequent reduction in transaction costs. This high-case could see increases in formal service provision driving a dramatic improvement in financial inclusion. FSD's strategic focus over the last five years was shaped by our ambition to help Kenya achieve these more positive scenarios.

So what progress has been made? It is perhaps still too early to say. There are certainly signs of positive developments. Simply looking at the headline indicators of financial access, measured by the FinAccess surveys, Kenya has made huge strides over the last decade. The prospects for achieving near full financial access within the next five years are bright. Though exclusion is strongly associated with poverty, the expansion of cash transfer based social protection programmes provides an opportunity to reach the poorest in Kenya. Following successful pilot work, there is now widespread agreement that these transfers are most effectively delivered through the financial system.

Considerable headway has also been made in creating the underlying infrastructure needed to support the shift towards a cash-lite economy. A new

national payments switch is at an advanced stage of development and expected to launch in the course of 2016. This has the potential to both significantly improve the efficiency of the financial system as a whole and reduce barriers to competition and innovation. Whether all these gains will be achieved remains to be seen; there remains a tension between individual commercial interests and the wider sector which is not easily overcome. Credit information sharing, a similar vital piece of infrastructure, is in a similar position. Much has been achieved but realising the full potential remains very much 'in play'.

FSD's research over the last five years has shown that we need to pay much more attention to the real needs of households and businesses. Although our strategy identified this as a priority, the scale of the challenge here is much greater than we had originally supposed. So far, many financial services are offering far less to the typical Kenyan household and business than the rhetoric of financial inclusion suggests. In short, it turns out that conventional financial products are simply not very useful to most people. As our work on small and medium enterprise (SME) finance shows, this applies as much to businesses as households.

We now have to recognise that there is a need for a further evolution in what we mean by financial inclusion. Work on the foundations in the form of enabling infrastructure and regulatory frameworks is vital. But this is not enough. FSD's new five-year strategy will focus on creating value through financial inclusion. This will be about harnessing the potential of technology and markets to help solve real world problems. There are enough positive examples of how this can be achieved to provide grounds for cautious optimism. Looking at the developments in which FSD has been involved during 2015 suggests that Kenya is well placed to tackle this next challenge.

**David Ferrand**  
Director

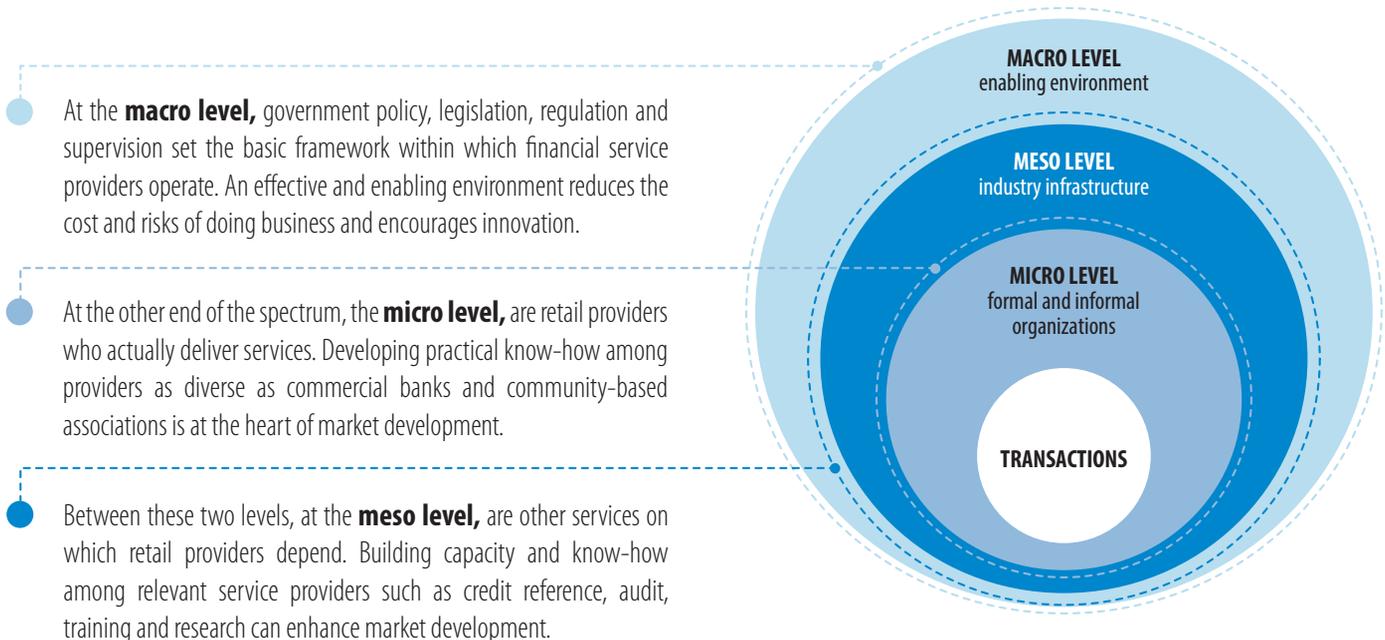
## OUR APPROACH

The conceptual underpinning of FSD's work derives from the "making markets work for the poor" (M4P) approach, which has emerged as an increasingly influential development paradigm over the last decade.

M4P has been defined as "an approach to developing market systems that benefit poor people, offering them the capacities and opportunities to enhance their lives. Building on a detailed understanding of market systems and a clear vision of the future, M4P allows agencies to address identified systemic constraints and bring about large-scale and sustainable change." This approach provided the original impetus for the establishment of FSD Kenya and has guided our activities for the past ten years.

While FSD operates as an independent Trust, its role is not to become an independent institution developing its own unique vision and strategy. FSD was established to effect the policy objectives set by government and development agency funders. Vision 2030, the government's long term policy, identifies the financial sector as one of the priority sectors through which Kenya can achieve middle-income status by 2030. It is this vision that provides the overarching policy framework for FSD Kenya.

**Figure 1: Market development requires addressing challenges at three levels**



# OUR STRATEGY

2015 marked the fifth and final year under FSD Kenya’s strategy for 2011 to 2015. The strategy is based on analysis of what the future could look like. We looked at the various ways in which the financial sector could evolve by considering three potential scenarios:

- **Equilibrium**  
Domination of the low value retail payment space by a single player;
- **Integration**  
Technology-driven integration of formal and informal systems; and
- **Take off**  
Towards a “cash-lite” scenario by using a demand pull from government payments and effective regulation to ensure that competition drives down the cost of electronic money.

## FSD’S GOAL AND OBJECTIVE

Since inception ten years ago, our goal has been **to generate sustainable improvements in the livelihoods of lower-income households through reduced vulnerability to shocks, increased incomes and employment.**

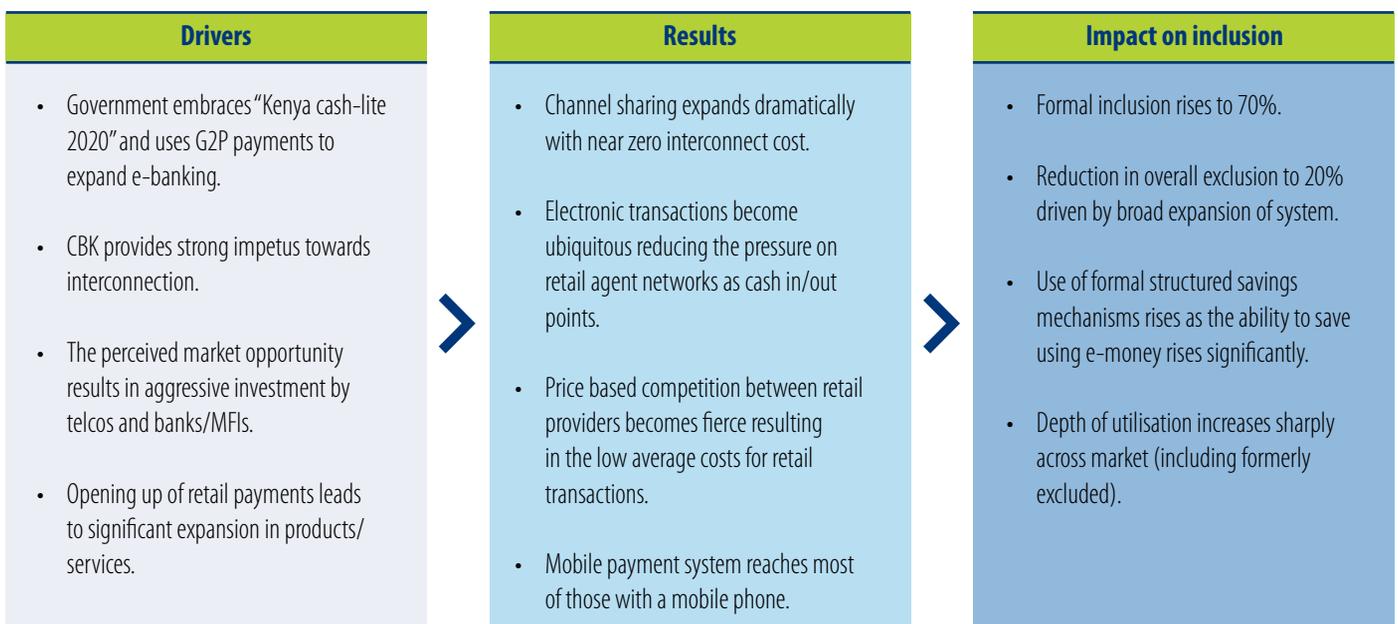
Over time, however, FSD has changed its emphasis in how we go about contributing effectively to the achievement of that goal. In recent years, we have recognised the importance not simply of access to financial services, but how these services are used.

Our current objective is, therefore, **increased use of a broad range of quality financial services provided by a stable and competitive financial system in a way which benefits the livelihoods of underserved lower income groups.**

Achieving this objective requires us to focus on the real opportunities for FSD to influence the trajectory of future market development. FSD’s strategic priorities are, therefore, to:

1. Influence the evolution of markets towards a “cash-lite society” by 2020 driven by the effective exploitation of technology.
2. Focus on how the specific financial management needs of underserved and excluded households and businesses can be addressed in order to maximize impact.

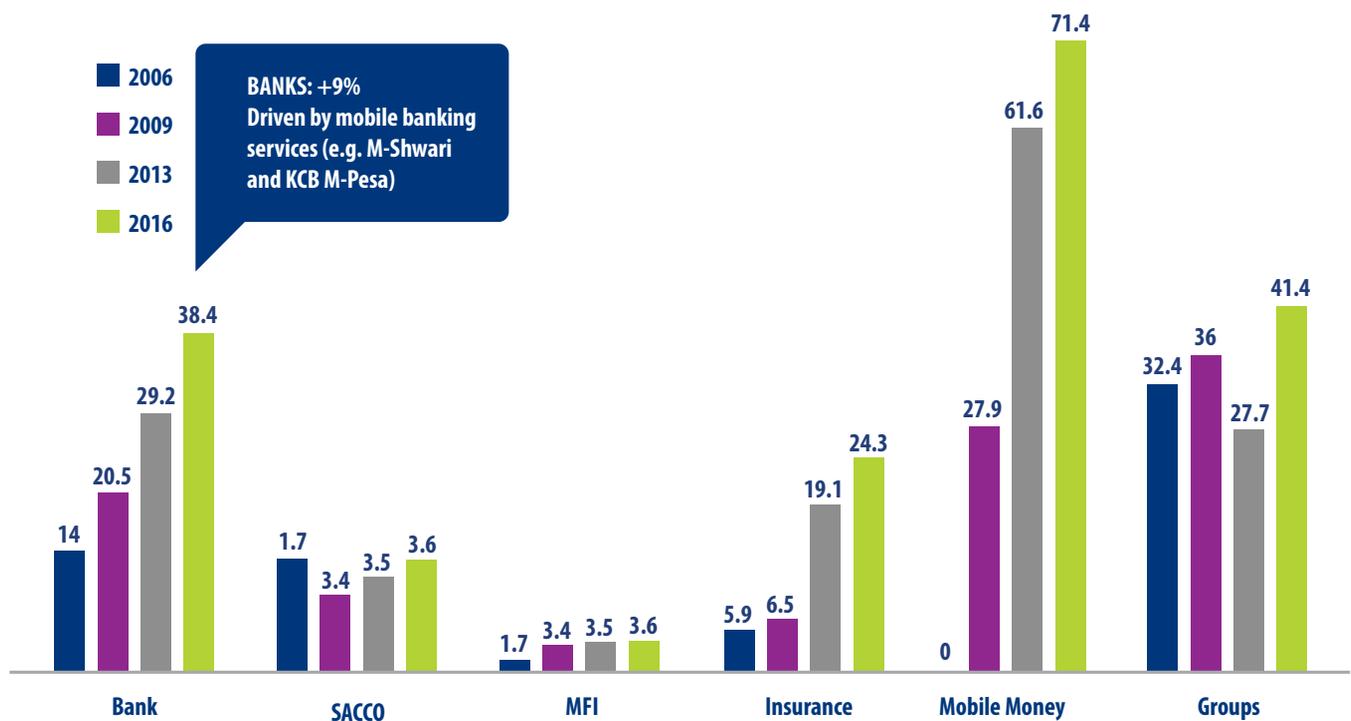
**Figure 2: Take-off towards ‘cash-lite 2020’**



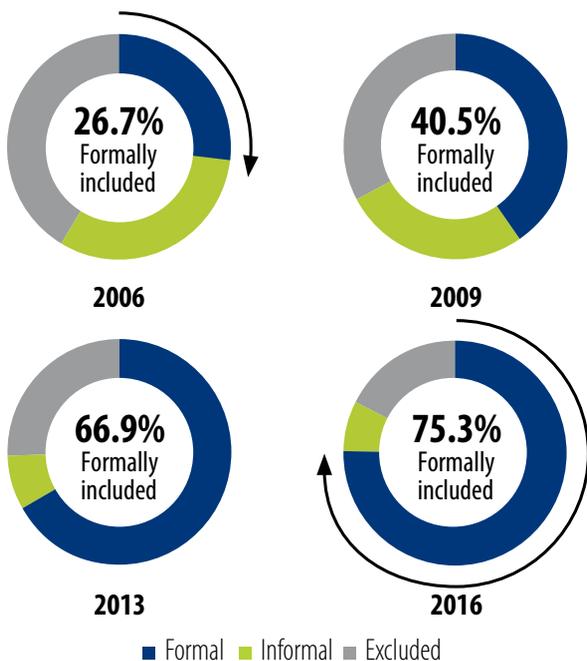
# FINANCIAL INCLUSION: WHERE ARE WE?

2015 saw a continued rise in the usage of most financial services, especially banks and informal groups<sup>1</sup>.

**Figure 3: Use of financial service providers 2006-2016 (%)**



**Figure 4: Where are we today?**

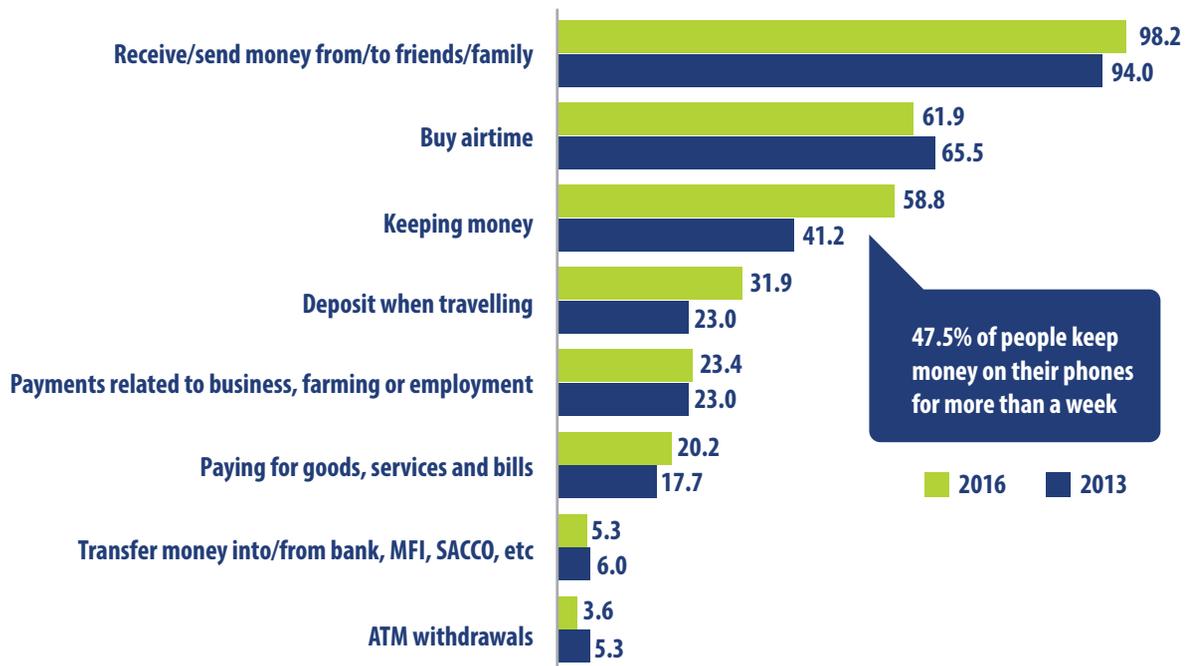


75.3% of Kenyans are now formally included; a 50% increase in the last 10 years. Financial exclusion, which is now down to 17.4%, has more than halved since 2006.

Digitisation has been a major driver of this, with mobile money providing an on-ramp into the formal sector even for traditionally marginalised populations such as women, rural residents, youth and those living below the poverty line. While the uptake of mobile money continues to rise, it is now beginning to plateau, with over 90% of households now having mobile money account<sup>2</sup>. For lower-income Kenyans, mobile money is not only the most used financial service, but also the most valued by users of the service<sup>3</sup>.

The major use case of mobile money is still for person-to-person transfers across social networks. These are important in income redistribution and also in dealing with emergencies through social transfers. However, the big shift in the usage of mobile money has been with regard to liquidity management. About 43% of Kenyans now save in their mobile money wallet, making it the most used savings device. Despite its value as a tool which meets a wide range of financial needs, the relatively high costs of using mobile money still dampens potential transaction volumes. On the most popular channel, M-Pesa, monthly transaction volumes remained stuck at 3.4 from 2014 to 2015.

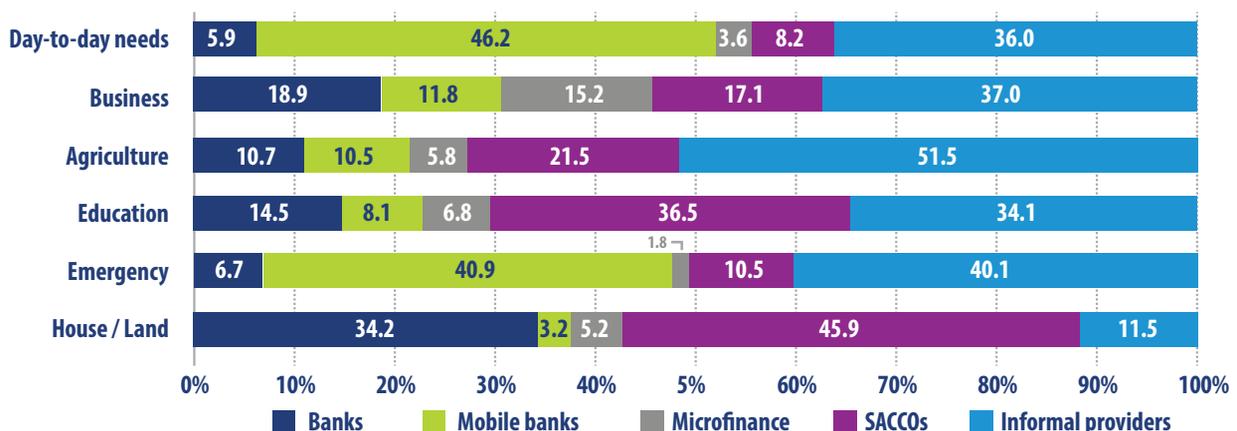
**Figure 5: Uses of mobile financial services accounts (%)**



Mobile money is also beginning to create the anticipated on-ramp for formal financial intermediation for lower-income Kenyans. Currently, this is limited to low-value, short-term consumer credit through mobile banking channels such as M-Shwari. Digital credit solutions have added an important tool to Kenyans' financial repertoires for day-to-day liquidity management (digital credit is the most used form of credit for daily needs and emergencies). At the same time,

there are concerns that easily accessible digital credit could increase debt, stress and temptation spending. This calls for close tracking of developments in this area and suitable market conduct mechanisms which increase transparency of terms and conditions, and mandate appropriate behaviour by providers seeking to make profits from these markets.

**Figure 6: Reasons for taking loans by selected institution type (%)**



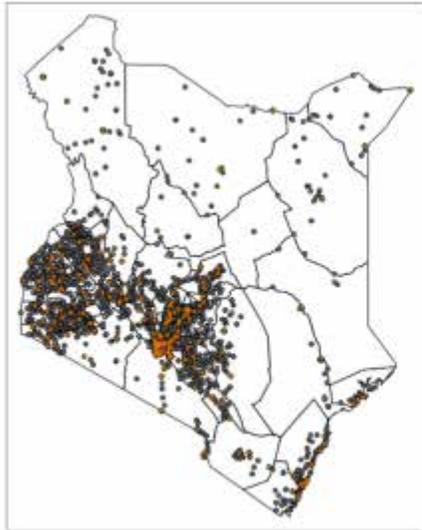
<sup>1</sup> The data was collected between August and October 2015 and compiled into the 2016 FinAccess household survey. The detailed survey report can be downloaded from the FSD Kenya website.

<sup>2</sup> FSD Kenya. (2015). The M-PESA effect: *Are financial transaction costs a barrier to more effective insurance for families in Kenya?* Nairobi, Kenya: FSD Kenya.

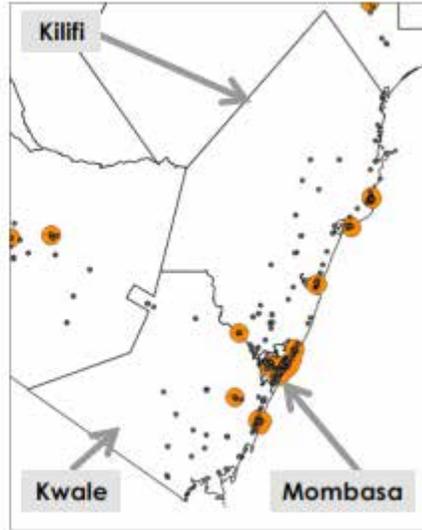
<sup>3</sup> Central Bank of Kenya, Kenya National Bureau of Statistics & FSD Kenya. (2016). The 2016 FinAccess Household Survey on financial inclusion. Nairobi, Kenya: FSD Kenya.

<sup>4</sup> The 2016 FinAccess household survey

**Figure 7: Bank agent distribution in 2015**



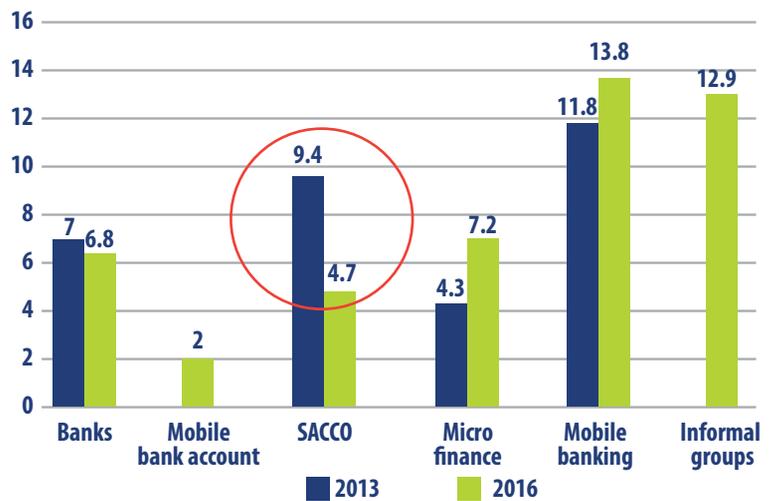
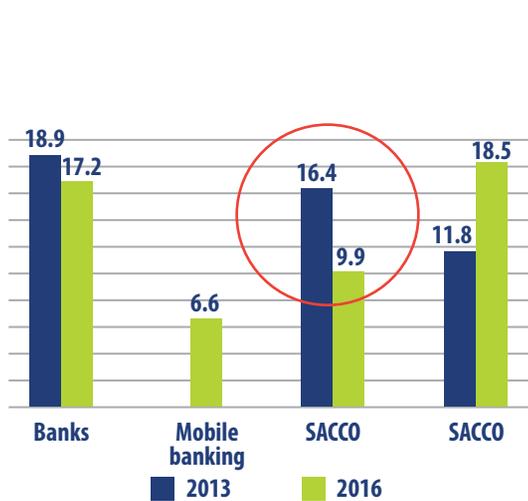
45% of agents are within 1km of a bank branch



66% of agents are within 5km of a bank branch

Mobile banking has been the major factor responsible for a slightly over 9% increase in the percentage of the population with bank accounts, since 2013 (see fig 3). This effect masks the fact that there has been relatively little change in the outreach and value offered by banks, despite the establishment of agency banking models, now in their 4th year. Agents are still located relatively near to banks, and have been set up to take the pressure off banking halls rather than broaden outreach.

**Figure 8: Loss of money & unexpected charges in SACCOs**

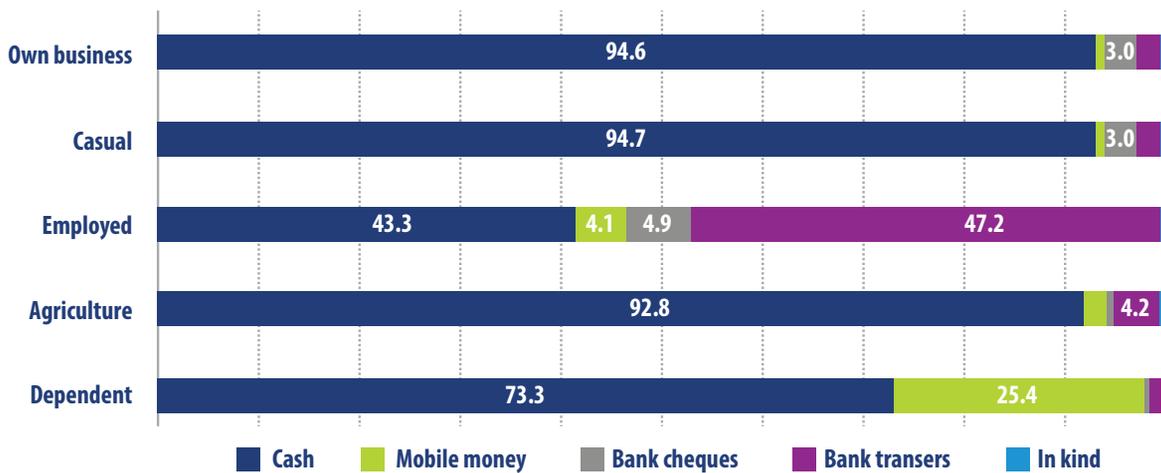


SACCO regulation to improve transparency, management and security of SACCO accounts does seem to have borne fruit. There has been a slight increase

in account uptake and dramatic reductions in reports of 'loss of monies' and 'unexpected charges'.

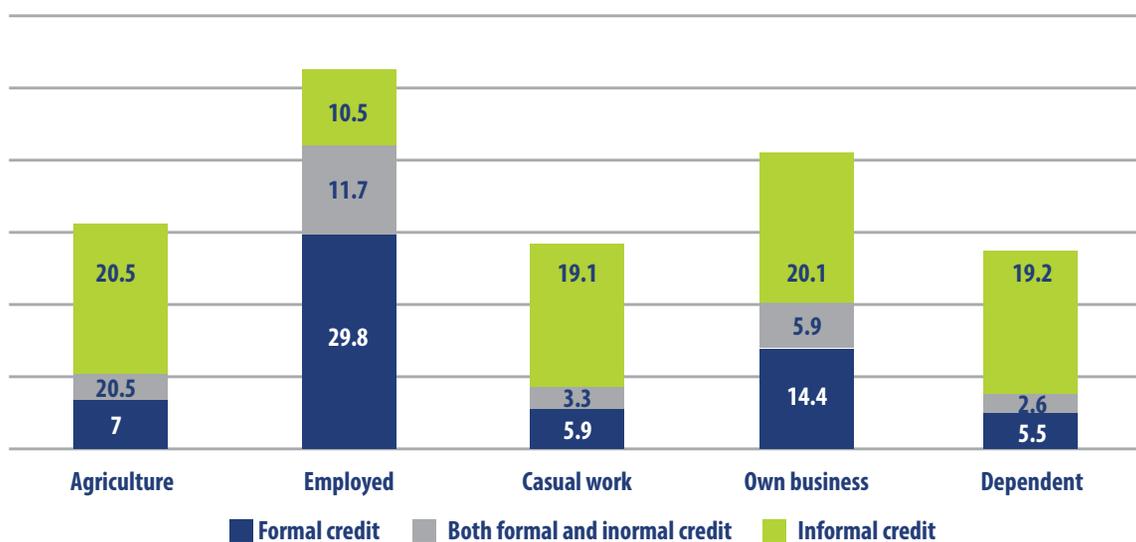
Despite continued progress on formal financial inclusion, FinAccess data suggests that the formal sector is still not penetrating beneath the surface of Kenyans' daily lives. There is still a high level of dependence on informal finance in people's daily lives. Other than for those on salaried employment, over 90% of payments are still received in cash.

**Figure 9: Payments - cash is still king**



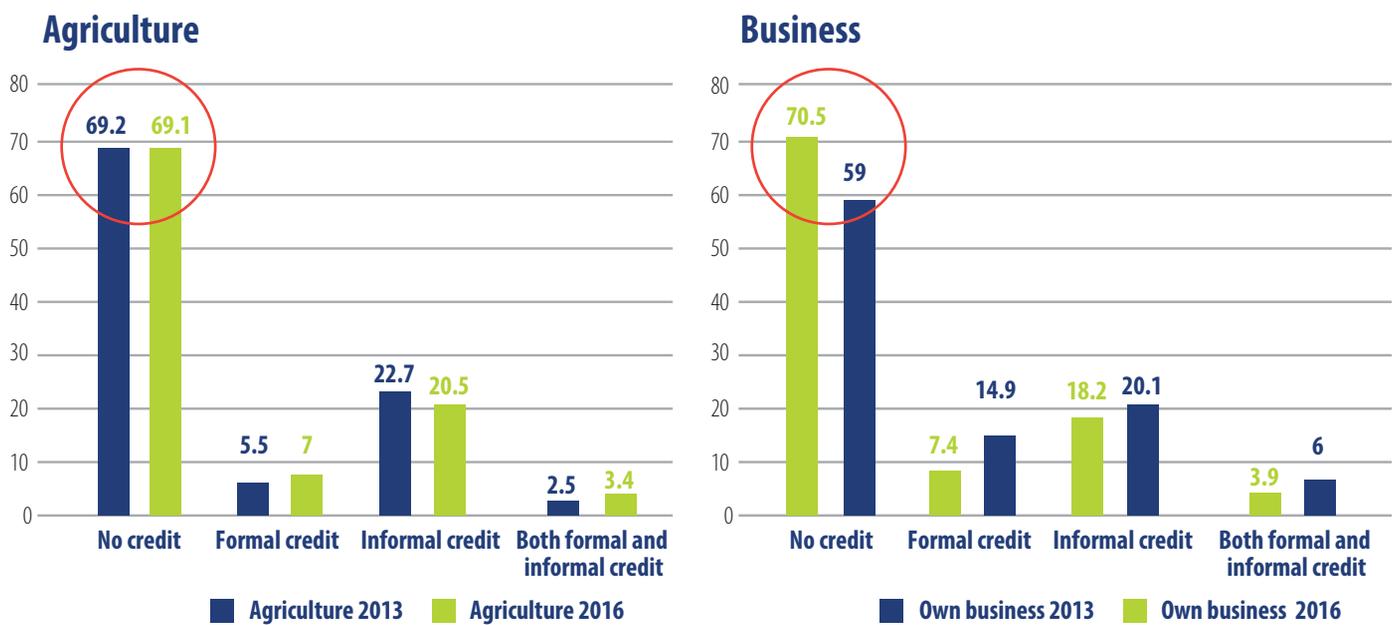
Credit is still mainly informal and people rely primarily on their own savings or on *Chamas* (informal groups) for investments in business and agriculture, and to cope with shocks.

**Figure 10: Main sources of credit by livelihood**

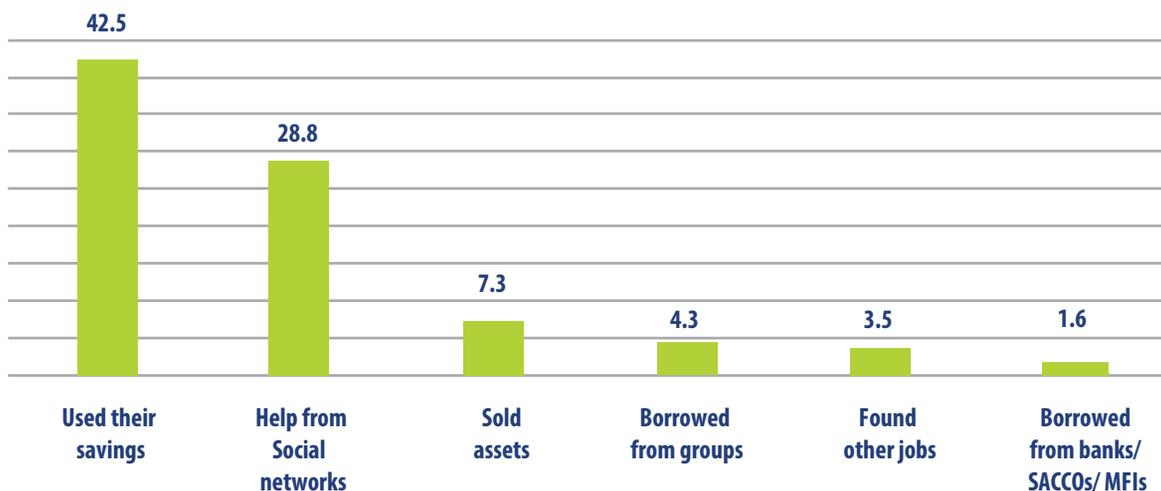


Access to credit for business and agriculture is still low. For agriculturalists, access to credit has remained the same, with a slight shift towards formal. However, close to 70% have no access. For business owners, access to credit has gone up by 10%. Access to formal credit has more than double but almost 60% have no access.

**Figure 11: Access to credit for business and agriculture (%)**



**Figure 12: How Kenyans cope with risk**



In order for the formal sector to go beyond account uptake and deliver value for Kenya's majority, much greater integration is needed with sectors such as micro-business and agriculture, and services such as education and health. This

requires substantial reductions in the costs of transacting and the fees associated with formal accounts, as well as investments in innovation to develop tailor-made solutions for the lives and livelihoods of lower-income market segments.



**Project performance:**

FSD supports highly complex and innovative projects, so project performance is not guaranteed. FSD rates each project's performance on a quarterly basis. At the end of 2015, 68% of the projects received a rating of 'good', meaning that the objectives were highly likely to be met.



## OUR PORTFOLIO

To properly position FSD to pursue the building markets approach and implement the strategy, our projects are organised into five theme areas. FSD closed the year with 18 active projects worth KSh 5,798 million. Of these, 82% created systemic impact on financial inclusion in Kenya. The following pages will highlight 10 of our initiatives.

THEME	PROJECT	OBJECTIVE
Formal Financial System	1 Government payments II	Provide financial sector solutions to a range of government payments as a means to encourage the development of a cash-lite economy and expand financial inclusion
	2 Payments platform	Support the development of an open robust payments platform that integrates all major retail payment channels in Kenya and results in low transaction costs
	3 Policy support facility	Assist the government in establishing and implementing policies and the legal framework needed to drive a long-term, national improvement in financial inclusion
Inclusive Growth	4 Credit market development	Strengthen credit market functioning in Kenya through the development, expansion and exploitation of supporting infrastructure
	5 GrowthCap	To build the capacity of the financial sector to provide high quality SME centered financial products and services
	6 SME finance innovations investment fund	Catalyse innovative SME finance solutions through direct investment in non-traditional approaches and players
Knowledge	7 FinAccess business	Develop a comprehensive mapping of the market for business financial services in Kenya
	8 FinAccess retail 2011	To continue the development of FinAccess as a comprehensive, reliable and sustainable mapping of the financial landscape in Kenya, measuring household demand and supply
	9 FinAccess retail 2015	Improve the market value of FinAccess as a comprehensive, reliable and sustainable mapping of the financial access landscape in Kenya, measuring household demand and supply
	10 FSD impact research II	Understand the impact of FSD Kenya's projects and programme on the development of financial markets in Kenya and the consequent impact on the livelihoods of lower-income households
Poverty impact	11 FSA transformation III	Support the creation of a fully sustainable Financial Services Association network within the current financial sector prudential regulatory framework
	12 Graduation	Test market-based approaches to building the livelihoods of very poor households
	13 SACCO sub-sector reform II	Develop the capacity of the SACCOs sub-sector to meet the requirements of the new regulatory framework
	14 Savings group scale-up II	Develop and implement the infrastructure for a roll-out of savings groups impacting on national levels of financial inclusion
Digital innovations	15 Centre for insights into financial inclusion	Establish and apply the knowledge base to underpin realisable solutions to improving the financial capabilities of low-income people
	16 Retail innovations initiative	Stimulate the practical development of business cases and solutions that accelerate financial inclusion and uptake
New directions	17 FSD Africa	Establish a regional programme to work with FSD country programmes in building the capacity of financial service providers, facilitating skills, knowledge and technology transfers and increased coordination between markets
	18 FSD strategy 2016-2020	Identify new strategic direction for FSD for the period 2016-2020

## IMPROVING THE USE OF AGRICULTURAL INSURANCE

ACRE Africa is a registered insurance surveyor in Kenya that is determined to provide solutions that reduce climate risks facing farmers and to help unlock the potential of agriculture in Africa. In 2015, FSD Kenya partnered with ACRE Africa to support the scale-up of one of its flagship products, a seed replanting guarantee (RPG) offered through the mobile channel.

The objective of our applied research initiative with ACRE Africa was to find effective ways to increase the uptake of the RPG – a simple seed insurance product that covers the purchase price of Seedco’s Duma 43 maize bag if seeds fail to germinate due to adverse climactic conditions. To register for the cover, farmers need to SMS a voucher number on a registration card found inside the seed bag using their mobile phone. The cover is free to end-users. In the first 2015 planting season, however, only a small fraction of seed bag purchases led to registration for the cover.

The initiative’s objective, therefore, was to first get a clear understanding of the main barriers that prevented end-users from accessing the product; and secondly to use those insights to develop and undertake a set of experiments to find the visual design and messaging elements that would be most effective at driving registrations of the RPG product. The two main questions addressed in the research initiative were: what package and product redesigns are most compatible with the user experience when purchasing seeds? How might ACRE leverage behavioural science to drive usage and registration rates?

This initiative demonstrates the importance of in-depth qualitative research to inform product modifications and improvements. Our early research found that farmers would often discard the registration card when the seed bag was opened, or not identify the card as an insurance product but as a guarantee of quality by Seedco. If farmers did look at the card, many thought the insurance cover would cost money (even though it was free) and if they tried to register, many entered the voucher code incorrectly and in some cases the value proposition simply was not salient enough.

The initiative also showed that experimentation is an incredibly powerful tool in driving product utilization. We developed an initial set of thirty new designs for the insurance registration card testing five high potential themes (suggested by the earlier qualitative research and behavioural science) that might drive usage: Social norms, calls to action, financial incentives, risk aversion, and simplicity and framing of messages. Seedco approved 16 new registration card designs covering three of these themes (in addition to variants in English and Swahili and a scratch card version) for testing. They assigned the cards randomly to 252,000 bags of seed (out of a total of 640,000) and distributed them across the country for the 2015 short rain season (October to November). The registration rates of each of these designs was monitored and compared against ACRE Africa’s default design.

Relative to the first 2015 planting season, registrations during the second 2015 planting season using the new designs increased by 273%. Not all of this increase, however, was attributable to the card designs as new on-the-ground marketing activities happened concurrently. Among the 388,000 control cards, the registration rate was 4.2%. Among the 252,000 cards with new designs, the registration rate was 4.8%. We identified a set of high potential designs that had registration rates of 5.5% – a 30% increase over the control, suggesting a few simple design modifications that could provide a significant boost to insurance enrolment. These high potential design elements included the scratch card feature, a simple visual comic demonstrating the registration process, and messaging emphasising social norms and group identity.

During the 2016 long rain season, ACRE Africa adopted the most effective of the treatment card designs identified in the 2015 experiment – the comic strip that visually depicts the registration process. Along with expanded marketing through radio and SMS, farmer registrations between the 2015 and 2016 long rain season increased by 356%, from 8,254 to 37,600 and the value of seeds insured rose from KSh 3.5 million to KSh 16.9 million.

## COMPETITION AND CONSUMER PROTECTION

The banking sector has experienced significant growth in recent years. As at December 2014, total assets of the sector amounted to 60.9% of GDP. This growth has, however, also drawn attention to the need to address long-standing concerns in the industry. More than two decades since price controls were removed, there is still significant public debate on pricing in the sector. Legislators have made several attempts to reintroduce these controls in various forms. However, the variance between lending and deposit interest rates, the structure of interest and non-interest revenue, and high switching costs continue to raise concerns about the competitiveness of the banking sector.

In 2013, the Competition Authority of Kenya (CAK) commissioned a two-phase market enquiry: firstly, to investigate these concerns and assess whether there was compelling evidence for the claims. The second phase would then involve an in-depth investigation of any identified issues. Phase one of the study was finalised in 2014 and took a supply-side approach. The study examined the structure of the banking sector to determine whether there were indicators of market concentration, barriers to entry, countervailing buyer power, pricing levels out of line with those seen in comparator markets or excessive profitability.

<sup>1</sup> Financial sector stability report, 2015. Published annually by the financial sector regulators in Kenya.

There was no compelling evidence found of any of these in the core market segments examined. Nonetheless, stakeholders are still concerned that competition is weak in the Kenyan banking market.

Whilst structural (supply side) features such as market concentration or anti-competitive practices among market participants can certainly inhibit effective competition, their absence alone does not assure that competitive pressures will be created. There can be other factors which impact on the effectiveness of market function. In view of this, CAK, with support from FSD, commissioned phase two of the enquiry in 2015. The second phase will take a demand-side approach and will seek evidence of the effectiveness (or ineffectiveness) of competition in the Kenyan banking market from a consumer perspective. The study will also be used to identify the drivers and barriers to improving market functions. The barriers to switching providers and pricing transparency to consumers of financial services are highlighted as two key areas of interest in the study. In addition, there are concerns about consumer protection in financial services.

The enquiry, which is currently on-going, is expected to identify practical policy remedies to eliminate barriers and actions to enhance competition and consumer protection leading to increased access, choice and lower rates for banking services and products.



## CREDIT INFORMATION SHARING



Information asymmetry between borrowers and lenders has traditionally been one of the biggest constraints to the development of a robust credit market. Faced with opaque relationships when dealing with loan applicants, lenders often resort to stringent collateral requirements and high interest rate charges to cushion themselves against potential loan defaults. Credit information sharing (CIS) enables credit providers to exchange information through credit bureaus in a way that strengthens their risk management practices. This can result in efficient financial intermediation and enhanced access to finance for SMEs. The CIS initiative seeks to expand the range of data sources that feed into the databases of credit bureaus. This is intended to raise the predictive value of the products that credit bureaus offer back to credit providers.

Other roles played by the CIS initiative include promoting data quality submitted by data providers, lobbying for a more enabling legal reform, increasing awareness among consumers of credit about the mechanism, strengthening dispute resolution mechanisms to better address disputes from consumers and building the capacity of lenders to make effective use of credit reports and scores in order to benefit consumers.

Our work on CIS during 2015 revealed four key tenets:

1. A robust CIS environment contributes to a more open credit market. This is evidenced by faster decisions in the granting of credit and enhanced opportunities for financial inclusion, especially by mobile phone lenders who use credit bureau data in their application of digital innovation. Mobile phone based lenders using CIS include Mshwari, KCB Mpesa (disbursing KSh 6.7 billion - 95% of its total loans) and Easy Loans-Equitel (disbursing KSh 8.5 billion - 78% of total Equity Bank loans), among others.
2. The mechanism is growing rapidly by bringing in more and more data furnishers and an increasing number of profiles.
3. The level of consumer awareness on the importance of the CIS mechanism is growing. This is important in empowering low-risk consumers to begin demanding for preferential terms.
4. The CIS alternative dispute resolution (ADR) mechanism is providing consumers and credit providers with a unique opportunity to resolve disputes amicably and inexpensively and, in the process, it is helping to decongest the court system.

The World Bank's 2016 Doing Business report, published in October 2015, registered an improvement in the ease of doing business in Kenya, from 129th position to 108th. This improvement was largely due to CIS. The ease of getting credit indicator leaped forward by 90 positions, from 118th in 2015 to 28th in 2016. In the 2016 report, Kenya was third in Africa for ease of getting credit, and among the top ten most improved countries in the overall ranking. This was thanks to changes in the credit reporting sector, largely due to the increase in the percentage of the total adult population in the CRB database. This remarkable improvement was made possible when amended CIS regulations mandated full file sharing of data.

## DIGITISING SAVINGS GROUPS RECORDS

A savings group is a group of people who save together and take small loans from those savings. The activities of the group run in cycles of about nine months to one year. After this period, the accumulated savings and the loan profits are shared out among the members according to the amount they saved.

As a whole, the savings group sector spends an extraordinary amount of time recording, collecting, verifying, consolidating, reporting, and analysing member and group transactional data. Despite those efforts, the data is rarely accurate. Credibility of records underpins the sustainability of a savings group as members want assurance that the money they put in groups is secure. Reliable record keeping provides transparency and helps the members monitor the group's performance.

e-Recording is an android based application designed for savings groups to record attendance and all financial transactions. The app is flexible; allowing for the various ways in which groups deal with the early withdrawal of savings, fines, different uses of the social fund, and transfers into and from an external bank account.

In digitising group records, we are working to achieve a number of things:

### 1. Transparency

e-Recording uses a voice function to 'speak out' entries made so that members can confirm the entries, and has an SMS function by which members can get their balances. It also generates group and individual reports, which are accessed with a phone or through the portal.

### 2. Reliability

By maintaining running totals throughout meetings, e-Recording enables groups to check against actual cash balances.

### 3. Security

e-Recording backs up to a cloud. So if a group ever loses its phone, the members can recover the group's information. There are also plans to enable local back-up.

### 4. Accuracy and speed

e-Recording performs calculations such as loan interest and cash balances for the group. Many groups charged interest at 10% because it was easy to calculate and

others report that the app has flagged errors that they would not have noted otherwise. e-Recording has not only allowed for more diverse and accurate interest calculations, but also led to a significant reduction in meeting times.

### 5. Simplifying share-out

Due to e-Recording's automated share-out process, groups do not require external support. This was previously one of the most challenging activities for savings groups.

### 6. Monitoring

e-Recording produces reports that can be used by groups to monitor performance. The group is also able to assess how much members would get at any point in time if they were to share-out on a given day.

### 7. Access to data

The e-Recording database ensures that both individual and group data is centrally located and available for various uses, including research or the design of associated products.

### 8. Compliance

e-Recording has in-built constitutional provisions that govern group financial transactions. These include the minimum and maximum amount of member savings per meeting, fines, and the maximum loan per member. These compliance measures have reinforced adherence to saving group constitutions.

The e-recording application presents exciting new opportunities for formal financial providers to develop and offer linkage solutions.

The project is currently assessing the impact of e-recording on group performance, sustainability, transparency, consumer protection, level of savings and borrowing by members among other things. It will also assess how the technology impacts the training and support needs of groups.

By December 2015, there were over 860 SGs using the application, and this figure is expected to increase substantially. The app, which is now live on Google Play and the FSD Kenya website, can also work with other groups beyond traditional savings groups. There has also been global interest in the app. Currently, it has already been translated into Kinyarwanda and more requests continue to be received.



## MEASURING BUSINESS ACCESS TO FINANCE

Small and medium enterprises (SMEs) play a crucial role in inclusive growth and employment creation. Despite the growing interest of Kenyan banks and government institutions in the SME segment, most SMEs continue to lack appropriate financial services and have to rely on expensive lending technologies that are often unsuited to their needs. Banks often lack crucial information to inform their product development and expansion strategies because of a lack of systematically collected data and a common definition of the SME finance market. This in turn affects the work of the government, regulatory authorities and credit bureaus, as it makes it difficult to identify the key developments, challenges, and opportunities in the market.

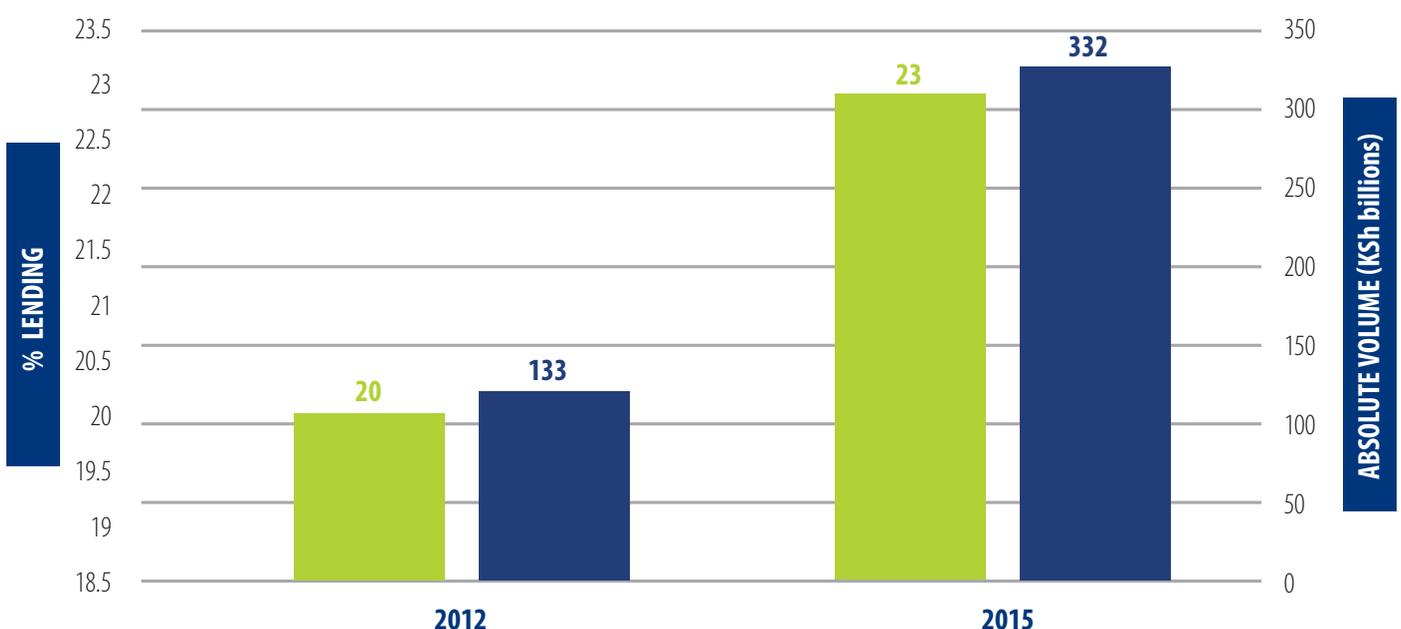
The objective of FinAccess business is to improve the knowledge of the business finance market and fill the current knowledge gaps. It seeks to provide rigorous analysis to enhance the overall understanding of business financing in Kenya from both supply and demand perspectives. For instance, FinAccess business collected demand-side data on the number and characteristics of SMEs by surveying over 1,000 businesses in Nairobi. The project also partnered with the World Bank and the Central Bank of Kenya to collect supply-side data of commercial banks.

The triangulated analysis of demand-side and supply-side data delivered three main messages to industry players and regulators. First, in-depth analytics of the SME market are constrained by the lack of a shared definition of micro, small, medium and large enterprises. Although the Government has proposed a definition in the Micro and Small Enterprises Act of 2013, few institutions are

using it to report data to the regulators. The second key learning concerned the size of the market. Lending to SMEs increased between 2010 and 2014 from KSh 133 billion in 2010 to KSh 332 billion in 2014, rising from 20% to 23% of total lending. This demonstrates the growing exposure, especially by tier-two banks, to the SME segment. On the demand-side, the number of active business establishments in Nairobi was estimated at approximately 150,000, excluding businesses in the informal sector. Finally, despite positive developments over the last few years, the cost of credit for SMEs remains high and there is still considerable room for product innovation in SME finance. The large majority of SME loans are overdrafts. While these can be useful in financing working capital when businesses need fast access to liquidity, they expose SMEs to interest rate and liquidity risks, particularly if used to finance longer-term investments. In addition, although the agricultural sector is the backbone of the Kenyan economy, agricultural SME lending remains very limited, representing only a small percentage of the total portfolio.

2015 saw the publication of the FinAccess business - supply: Bank Financing of SMEs in Kenya report in November, which sought to provide a comprehensive trend analysis on the supply of SME finance in Kenya between 2009 and 2013. In December 2015, FSD Kenya, in partnership with the Central Bank of Kenya and the World Bank, hosted SME day; a conference that brought together leading economists and entrepreneurs to promote understanding of the demand and supply of SME finance. Throughout the year, a number of papers and articles based on FinAccess business data appeared on the World Economic Forum website and in VoxEU magazine, among others.

**Figure 13: Increase in growth in SME lending between 2010 and 2014**



## MEASURING CONSUMER ACCESS TO FINANCE

It has been nine years since FSD Kenya launched the first FinAccess household survey. The FinAccess project aims to sustainably embed market information as a core market function in the development of inclusive financial markets. Information on FSD's target group – low income people in Kenya – is weak, and this compromises the ability of policy makers and industry to effectively respond to their needs. The FinAccess project aims to address this gap by providing high-quality, periodic data to track progress towards financial inclusion, support industry players in developing pro-poor business models, guide research and create an evidence base for policy development. There have been three FinAccess surveys to date – 2006, 2009 and 2013. In 2015, the project successfully supported the roll out of the fourth round of the FinAccess survey. The survey was carried out by IPSOS between August and October 2015, with quality control by Research Plus Africa and weighting by the Kenya National Bureau of Statistics. Analysis of the data began in late December, and the report planned for release in February 2016.

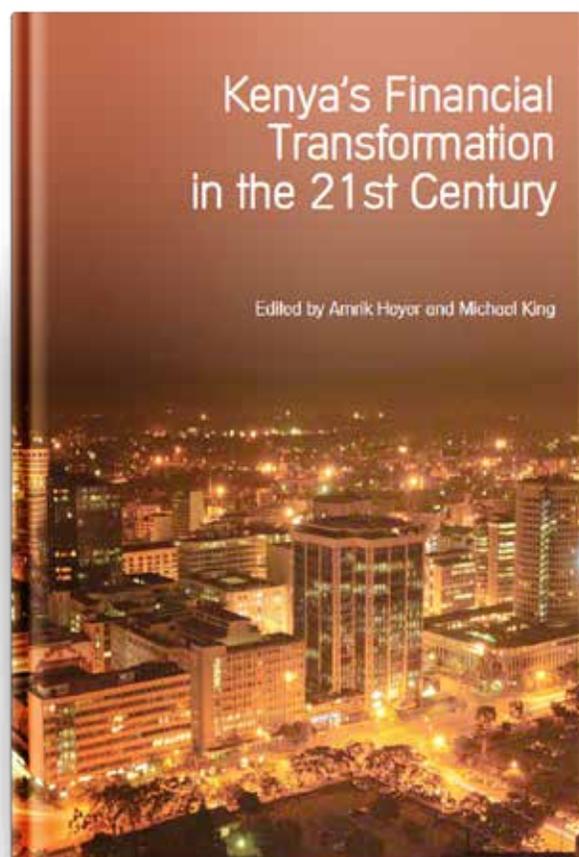
There was substantial progress on the sustainability and institutionalisation of FinAccess in 2015. Sixty percent of the survey costs were paid for by the public sector, up from thirty percent during the 2013 survey and nil during 2009 and 2006. The Kenya National Bureau of Statistics (KNBS), a key partner in the technical design and fieldwork for the survey, contributed 15% of these costs,

and became a formal member of the FinAccess Management (FAM). KNBS has undertaken to continue to support the survey going forward, and will publish a special chapter on financial inclusion in the forthcoming Kenya Economic Survey. Less progress was made on the sustainable management of the survey, with FSD still playing a central role. In 2016 a major goal will be to work closely with industry, business services providers and research firms to improve the market value of the data. More effort is also required improve the sustainability of the surveys by expanding the membership of the FAM to include the private sector, and addressing the constraints to survey management and execution.

During the year, the FinAccess project also partnered with the Central Bank and the Bill and Melinda Foundation to support the second round of a supply-side survey to map the spatial distribution of financial access points. In addition, FSD digitally published a book that analyses FinAccess data from 2006 to 2013. Kenya's Financial Transformation in the 21st Century looks back on ten years of market development in view of financial inclusion. The book contains a series of papers by top global academics analysing the history of banking, the effects of digitisation on inclusive market development, the spatial drivers of inclusion, and suggesting how measures of financial inclusion can be improved to better capture quality and value.

“ *As the sector evolves, the metrics with which we measure and understand progress also need to evolve if they themselves are not to constitute a constraint to pro-poor market development.* ”

Amrik Heyer and Michael King



## HUNGER SAFETY NET PROGRAMME

There is broad consensus among policy makers that social protection is a powerful way to fight poverty and promote inclusive growth. This is clearly articulated in the 2009 African Union's Social Policy Framework (SPF). The SPF calls for social security measures to further income security and an integrated policy approach with a strong developmental focus, including job creation. Evaluations of these programmes show that social protection directly reduces chronic poverty and vulnerability.

The Hunger Safety Net Programme (HSNP) is one such programme, and one of the five major social cash transfers (CTs) implemented by the government of Kenya under the National Safety Net Programme. HSNP, managed by the National Drought Management Authority under the Ministry of Devolution, is the product of a bilateral agreement made between the government and DFID under a 10-year grant (2007 – 2017) worth £80 million to be delivered in two phases. The overall objective of the programme is to deliver long-term predictable and unconditional bi-monthly CTs to chronically food insecure households in the four poorest counties of Kenya: Turkana, Marsabit, Wajir and Mandera.

As the payment service manager, FSD's mandate was to deploy the most efficient solution to deliver cash to Northern Kenya, a marginalized area characterized by poor infrastructure, high levels of illiteracy and poor scores on national development indices. A rigorous competitive procurement process selected Equity Bank as the preferred payment service provider (PSP) and the Bank successfully deployed a proprietary card solution that enabled distribution of funds via an agency model. By the end of the first phase in 2013, HSNP had successfully distributed over KSh 4.3 billion to 68,664 households.

During phase II, which began in 2014, the government committed a total of KSh 4.6 billion to the programme. Australia's Department for Foreign Affairs and Trade also injected AUD 22 million (KSh 1.7 billion) to the emergency response fund through DFID. In the current phase, HSNP aims to provide unconditional CTs of up to KSh 5,400 to 100,000 regular beneficiaries as well as provide support to another approximately 272,000 households during emergency situations. Equity Bank, the preferred PSP for this phase, deployed an interoperable and scalable payment solution that has seen funds channeled through bank accounts. To date a total of 275,978 bank accounts have been opened and a total KSh 7.9 billion disbursed through this platform. This includes KSh 1.1 billion paid out as emergency funds in 2015 alone.

One of the major hurdles in the account opening process is the lack of national identity cards, a pre-requisite to opening a bank account in Kenya (it is necessary for completion of the Know Your-Customer (KYC) requirements as set out by the Central Bank of Kenya). In this regard, HSNP has now partnered with the national registration bureau to support the ID issuing process in parts of the four counties. This move is geared at ensuring that HSNP meets the target of paying 100,000 beneficiaries by September 2016.

There are ongoing efforts to consolidate and harmonize the five major cash transfer programmes in Kenya and it is hoped that the learnings from HSNP will contribute to a well-integrated and effective government-led and financed safety net programmes. HSNP has clearly demonstrated the possibility of leveraging technology to deploy an efficient and cost effective solution to deliver cash transfers in Kenya and indeed across the globe.



### 275,978

Bank accounts opened to date

### KSh 7.9 billion

Disbursed through HSNP

### KSh 1.1 billion

Paid out in emergency funds in 2015

## NATIONAL PAYMENT SWITCH

The Kenya Bankers' Association (KBA), acting under the mandate of its member banks, commissioned an inter-bank switch project named Kenya Inter-participant Transaction Switch (KITS). KITS will provide the banking industry with a platform with great potential for promoting financial inclusion and access by introducing the first-ever, 24/7 real-time inter-bank payments and settlement switch.

Currently, interbank transfers are mostly offered through Electronic Funds Transfers (EFTs) and Real-Time Gross Settlements (RTGS), both of which are mainly offered at the bank branches and not in real-time. Both these services also tend to be expensive especially for customers transferring small amounts of money, most of whom tend to be the poor. By sharing common infrastructure, the national switch will achieve efficiency, cost-effectiveness and interoperability at the lowest possible pricing for the industry. These cost savings can then be passed on to the end customers.

With KITS, customers will be able to move anything between KSh 10 and KSh 999,999 from their bank account to another bank account in real-time using bank channels such as mobile banking, internet banking, ATMs, bank agents and branches. KITS also aims to achieve:

- New revenue streams by enabling the banks to penetrate new markets
- More revenue from new and better products for the existing client base
- Improved risk management at the national payments system level through improved CBK oversight
- Better liquidity and settlement via RTGS
- Designation as the national switch

### KITS' Value proposition:

#### 1. Innovation

- The first ever, 24/7 real-time inter-bank transaction framework
- A platform for product innovation tied to interbank transactions

#### 2. Efficiency

- The current industry model is disjointed, the new KBA solution will enable banks to share technology infrastructure and create a new channel for bank products

#### 3. Cost savings

- Lower transaction costs by achieving scale on switched transaction volumes

#### 4. Value for customers

- 24/7 banking transactions across the industry
- Enable lower transaction fees for customers

#### 5. Risk management

- Strengthen industry risk management practices
- Interconnected system enables visibility of transactions from end-to-end, for enhanced AML/CFT surveillance

#### 6. Financial inclusion

- Reach more customers and the unbanked with competitively-priced products

Procurement of the switch was completed in 2015. The formation and operationalisation of the banking services company that will run the day-to-day operations of the switch was also achieved during the year. In addition, development of the switch began and the first eleven pilot banks started their integration tests with the switch. Technical, finance, marketing, communications, operations, product and legal work streams were also formed.

With regard to the product, several workshops and meetings, including one with Paym from the UK, were held. Customer experience user journeys were developed for each bank channel and shared with the banks so that channel development could commence. Market research showed that users were willing to pay KSh 15 for funds transfers of KSh 3,000. The operations work stream began developing documentation for clearing and settlements. An interchange study was completed, recommending that there should be an interchange fee of KSh 5.80 per transaction.



*The Switch, if successfully implemented by the lenders will stamp Kenya's regional stature as an innovation powerhouse and accelerate financial inclusion.*

Daily Nation Newspaper of 17<sup>th</sup> August, 2015

## SME FINANCE

To varying degrees, growing enterprises in Kenya continue to find it extremely difficult to access financial services that are appropriate to their needs.

This is true particularly for credit, but also payments, savings, current accounts, trade services, working capital support, long term capital raising, insurance, pensions, and many others. Numerous costly interventions aimed at improving the situation by government, donors, industry associations and financial institutions have been largely unsuccessful. As a result, the Kenyan SME market remains characterised by lack of access to appropriate financial services.

GrowthCap is an initiative that seeks to build the capability of the financial sector to be able to better serve their business customers. All too often, SME banking services are supply-driven and do not benefit their customers. Through an action research process, GrowthCap learned that banks do not really understand the diverse world of SMEs and are therefore not able to develop and deliver appropriate products and services that suit business needs.

On the whole, banks make good returns from SMEs by adopting short-term approaches, which don't always benefit SMEs. Banks need to consider the 'life-time value' of the SME to the bank rather than the value of an individual transaction. Banks should establish longer-term relationships and devote as much time to non-borrowing as to borrowing SMEs. While they might not have immediate borrowing capacity, non-borrowing SMEs provide both deposits

and future lending opportunities. Dedicated SME bankers are an integral part to serving clients effectively. Banks need people who are passionate about their career, and who are capable and competent in working with growing businesses.

GrowthCap has had three active action research partners (ARPs) as part of the project. GrowthCap has worked with its ARPs to implement SME centric approaches to better serve business clients. Two ARPs have actually adopted a new and more SME centric strategy that they are implementing. It is evident that the key staff who have been involved in the piloting phase have taken ownership of it and added value to their relationships with customers. While this cannot yet be verified by formal statistics, they have received informal customer testimonials of improved relationships.

A key learning from the GrowthCap project is that financial institutions must be truly committed to SME banking. They must pay attention, invest time and effort, be patient (IFC suggests five years to launch a profitable SME service line) and appreciate that there are challenges.

A variety of materials have been developed to assist financial providers that are interested in improving their offer to their business customers. These materials include technical and briefing notes, how-to guides, training manuals, frameworks and checklists. Much of the completed material is freely available on the FSD website.



## INVESTING OVER MOBILE



Treasury Mobile Direct (TMD) is digitising the process of investing and trading in government securities in Kenya. It is an initiative of the National Treasury and Central Bank of Kenya (CBK), with support from the World Bank and FSD Kenya. The project seeks to democratise the investment in bonds and bills by any Kenyan, regardless of location, through the use of mobile phones and a web portal. Currently, one has to visit a branch or currency centre of the Central Bank of Kenya, of which there are only six, to be registered as an investor.

TMD and its operating platform, M-AKIBA, will allow more Kenyans to invest in government securities by lowering the barriers to entry, creating new tools for the base of the pyramid to participate in the big economy and enhance financial inclusion.

Treasury Mobile Direct caters to existing investors currently domiciled at the CBK as well as high net-worth individuals. CBK is managing TMD on behalf of the National Treasury. The goal is to enhance efficiency and automation of financial market operations at CBK in order to reduce the current inefficiencies and time-consuming processes investors must go through.

M-AKIBA caters for new, retail, mass market, and low-value investors. The M-AKIBA initiative is managed by the Nairobi Stock Exchange (NSE) and the Central Depository & Settlement Corporation (CDSC) on behalf of the National Treasury. Patrons can access the service using the USSD code \*889#. M-AKIBA is also bridging the diaspora and young professionals investor gap by using the M-AKIBA web portal for spreading knowledge, skills and the use of alternative payment methods such as debit cards.

In both of these projects, there is a clear need for investor education. Information and awareness on investment in government securities remains scant. Mass investor education is required at a very local level. Politicians have a keen interest in helping with investor education and, as elections approach, they are keen to maximise personal exposure.

In February 2015, FSD seconded a part-time resource to the World Bank to assist CBK in developing TMD and M-AKIBA. In August 2015, FSD supported the Quality Assurance team at CBK to ensure that the TMD platform could support the stated objectives. From June until August 2015, FSD supported the development of legal agreements with partners at CDSC and Quality Assurance. Then in November, FSD supported CDSC to establish a contact center to manage investor calls.

In October 2015, the National Treasury held a media briefing to prepare the market for the launch of the new service. The Central Bank trialed the TMD pilot on the Safaricom network internally among staff the following month. The full rollout was to wait until the rest of the mobile operators were onboard.

Throughout this process, FSD has supported the TMD and M-AKIBA projects with a total of USD 125,000. This has made a major contribution to the project's status. Nearing a full rollout, the initiative now only awaits only a defined launch date from the Treasury.

# COMMUNICATIONS HIGHLIGHTS

## FSD Kenya's annual public lecture on financial inclusion

Kenya has emerged as a world-class player in the digital financial revolution. FSD Kenya, established in 2005, has worked hand-in-hand to support the government and private sector's efforts in coming this far. In celebration of its 10th anniversary, FSD Kenya successfully launched its inaugural annual lecture on financial inclusion in November 2015 at the Nairobi National Museum's Louis Leakey Auditorium. One of the objectives of the annual event is to spark and facilitate debate on how financial market development affects the lives of the poor. The well-attended inaugural lecture featured a presentation by Dr Tavneet Suri, a Kenyan development economist and associate professor of applied economics at the Massachusetts Institute of Technology (MIT) Sloan School of Management. Dr. Patrick Njoroge, the Governor of the Central Bank of Kenya offered his remarks after Dr Suri's lecture titled "The mobile money revolution: Can the promise be fulfilled?"



## Take a look at our new website

FSD Kenya launched its new website, [www.fsdkenya.org](http://www.fsdkenya.org), in September 2015. It is designed to become the premier online resource for insights and data on financial inclusion and financial sector development in the Kenya. Part of the website, the knowledge hub, provides access to data, knowledge and insights, in order to improve understanding of the sector, inform better-decision making and inspire ideas for a new generation of financial solutions and business models that reach the poor and support development.



## New digital newsletter

FSD's quarterly newsletter was transitioned into a digital-only version with direct links to articles, blogs and publications from the new website. The first new-look version was released in December 2015.

## KEY FINANCIAL RESULTS

### Income

FSD ended the year with a substantial surplus of KSh 1,924 million. During the last quarter, FSD received core funding of KSh 291 million from DFID as well as a KSh 117 million disbursement from SIDA. FSD also recognised incomes from restricted funding for the FSD Africa project (1,333 million) and the Hunger Safety Net Programme (KSh 4,357 million). As has been in the case in the past and in conformity with international accounting standards, these funds are recognised as income only when expenses are incurred. Additionally, FSD earned a total of KSh 101 million in interest income from the cash held on fixed deposit and an additional KSh 17 million in unearned foreign exchange gains due to the depreciation of the Kenya shilling. FSD also received additional funding worth KSh 408 million from the Gates Foundation during the year.

### Expenses

Total programme expenditure for the year was KSh 6,681 million (15% above budget). This was largely as a result of higher than budget spending under the HSNP, Government payments II and FSD Africa projects. The HSNP project made emergency payments to beneficiaries who are not on the regular payroll in response to the prevailing drought situation in Northern Kenya as well as to prepare local communities for the El Nino rains later in the year. These were not budgeted for. The Government payments II project on the other hand had an increase in activities mainly due to additional work requested by the government to develop a public private partnership (PPP) framework to support the digitisation of government payments. In addition, the setting up of FSD Africa as an independent entity experienced delays resulting in above budget costs. Core FSD Kenya spending (excluding these two larger items) was KSh 991 million. Management expenditure was KSh 212 million (17% below budget) for the year due to lower spending on administration costs and office procurement.

## Funding summary

AS AT 31<sup>ST</sup> DECEMBER 2015

	KSh million*	%
<b>Unrestricted</b>		
SIDA	117	1.7
Bill and Melinda Gates Foundation	408	5.9
DFID Kenya	679	9.8
<b>Total unrestricted</b>	<b>1,204</b>	
<b>Restricted grants</b>		
DFID – HSNP	4,357	63.2
DFID – FSD Africa	1,333	19.3
<b>Total restricted</b>	<b>5,690</b>	
<b>Total</b>	<b>6,894</b>	<b>100</b>

\*These are draft figures subject to final audit

# Income statement

FOR THE YEAR ENDING 31<sup>st</sup> DECEMBER 2015

	2015*	2014
<b>INCOME</b>	KSh millions**	KSh millions
Grants	6,894	4,091
Other income	1	1
Finance income <sup>1</sup>	101	186
<b>Total income</b>	<b>6,996</b>	<b>4,278</b>
<b>Expenditure</b>		
<b>Project expenses</b>		
Core projects <sup>2</sup>	779	587
Designated projects <sup>3</sup>	5,690	3,620
	<b>6,469</b>	<b>4,207</b>
<b>Administrative expenditure</b>	212	158
<b>Total expenditure</b>	<b>4,365</b>	<b>4,365</b>
<b>Total costs</b>	<b>6,681</b>	<b>4,373</b>
<b>Surplus for the year</b>	<b>333</b>	<b>(80)</b>

\* These are draft figures subject to final audit.

\*\* Columns do not add up due to rounding.

<sup>1</sup> Finance income includes interest earned on FSD funds.

<sup>2</sup> Core/non designated projects are projects funded by donors through unrestricted funds. Unrestricted funds have no conditions regarding the projects they can be used on.

<sup>3</sup> Designated projects are funded by donors through restricted funds. Restricted funds can only be used on the project specified by donors.

# Balance sheet

AS AT 31<sup>st</sup> DECEMBER 2015

	2015*	2014
<b>ASSETS</b>	KSh million**	KSh million
<b>Non-current assets</b>		
Property and equipment	12	13
Intangible asset work in progress	3	3
Long term loan	38	38
<b>Total non-current assets</b>	<b>54</b>	<b>54</b>
<b>Current assets</b>		
Receivables	15	11
Short term deposits	924	1,405
Bank and cash balances	1,576	1,828
<b>Total current assets</b>	<b>2,515</b>	<b>3,244</b>
<b>Total assets</b>	<b>2,569</b>	<b>3,298</b>
<b>RESERVES AND LIABILITIES</b>		
<b>Reserves</b>		
Accumulated fund	1,924	1,591
<b>Current liabilities</b>		
Unexpected projects fund	543	1,599
Accruals	27	34
Tax liability <sup>1</sup>	75	74
<b>Total current liabilities</b>	<b>645</b>	<b>1,707</b>
<b>Total reserves and liabilities</b>	<b>2,569</b>	<b>3,299</b>

\*These are draft figures subject to final audit.

\*\* Columns do not add up due to rounding.

<sup>1</sup> This amount is an accrual of taxes on which FSD has applied for exemption from the government pending finalization of the exemption application.



## FY2015 FSD Staff

### Management



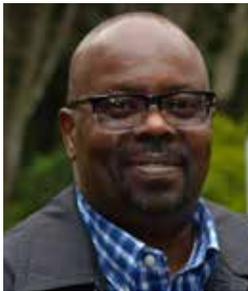
David Ferrand  
Director



Felistus Mbole  
Head, Poverty impact



James Kashangaki  
Head, Inclusive growth



Victor Malu  
Head, Future financial systems



Amrik Heyer  
Head, Knowledge



Tamara Cook  
Head, Digital innovations



Benson Ngao  
Head, Operations

### Poverty impact



Kuria Wanjau  
Project manager, Savings groups



Wanjiku Karanja  
Assistant project manager,  
Poverty impact



Henry Njoroge  
Project assistant, Savings groups

### Knowledge



Geraldine Makunda  
Project manager, FinAccess



Silas Ochieng  
Project manager, Research



Edoardo Tololo  
Research economist



Ciliaka Gitau  
Research associate, Impact

Future financial system



Juliet Mburu  
Project manager, Platform project



Gladys Kingori  
Assistant project manager,  
Platform project



Milka Chebii  
NSPS payments specialist



Gitau Mburu  
Policy specialist



Francis Gwer  
Policy analyst



Plounne Oyunge  
Project manager, GP2 payments

Inclusive growth



Ulla Balle  
Partnership manager,  
GrowthCap



Michael Njeru  
Project officer, Inclusive growth



Duncan Oyaro  
GrowthCap associate



Grace Mungai  
GrowthCap associate



Esther Nyauncho  
GrowthCap associate

Digital innovations



Paul Gubbins  
CiFi lead



Nambuwani Wasike  
Research associate, CiFi



Michael Mbaka  
Senior project manager



Emmanuel Khisa  
Project manager, Cash-lite experiment



Tim Mukata  
Innovations lead



Mutua Mulanga  
Business analyst, RII



Eva Adongo  
Innovations specialist

Operations



Michael Mugo  
Finance manager



Joyce Omondi-Waihiga  
Communications manager



Lydiah Kioko  
Senior programme officer



Fausto Njeru  
Finance officer



Rebecca Etuku  
Office administrator



Nancy Atello  
Programme officer



Joel Sakwa  
Technology officer



David Njomo  
Office assistant



Winnie Mokaya  
Programme officer



Hilda Githaiga  
Programme assistant

# FSD PARTNERS IN 2015

## Funders

Department for International Development (DFID)  
Swedish International Development Agency (SIDA)  
Bill & Melinda Gates Foundation

## Government / regulators

Capital Markets Authority (CMA)  
Central Bank of Kenya (CBK)  
Competition Authority of Kenya (CAK)  
Insurance Regulatory Authority (IRA)  
Kenya Institute of Curriculum Development (KICD)  
Kenya National Bureau of Statistics (KNBS)  
Kenya School of Monetary Studies (KSMS)  
Ministry of Agriculture  
Ministry of Devolution and Planning  
Ministry of Industrialisation and Enterprise Development  
Ministry of Labour, Social Security and Services  
National Drought Management Authority (NDMA)  
National Hospital Insurance Fund (NHIF)  
National Treasury  
Office of the Attorney General (OAG)  
Retirements Benefit Authority (RBA)  
SACCO Societies Regulatory Authority (SASRA)

## Finance service providers

ACRE Africa  
Airtel  
AMACO Ltd  
APA insurance  
Central Depository & Settlement Corporation (CDSC)  
Century Microfinance Bank  
Chase Bank  
CIC Insurance Ltd  
Citi Group  
Commercial Bank of Africa (CBA)  
Equity Bank  
Financial Services Association (FSA)  
Heritage Insurance Company  
Jubilee Insurance Company  
Kenya Commercial Bank (KCB)  
K-Rep Feda Services (KFS)  
Kenya Orient Insurance Ltd  
Kenya Post Office Savings Bank (KPSOB)  
Kopo Kopo  
Metropol Credit Reference Bureau  
M-Changa  
Safaricom  
Transunion Credit Reference Bureau

## Non-profits / industry associations

Association of Microfinance Institutions (AMFI)  
CARE Kenya  
Catholic Relief Services (CRS)  
Credit Information Sharing (CIS) Kenya  
HelpAge International  
Kenya Bankers Association (KBA)  
Mercy Corps  
PharmAccess Foundation  
Strathmore Business School (SBS)

## Development partners

Financial Inclusion for Rural Microenterprises (FIRM)  
Financial Sector Deepening (FSD) Tanzania  
FinMark Trust  
International Finance Corporation  
International Labour Organization (ILO)  
MasterCard Foundation  
Rockefeller Foundation  
World Bank Kenya

## Others

Agrilife Ltd  
FarmDrive Ltd  
FarmShop  
Hello Doctor  
IBM Kenya  
M-KOPA Solar  
Well Told Story







**FSD Kenya**  
Financial Sector Deepening

[info@fsdkenya.org](mailto:info@fsdkenya.org) • [www.fsdkenya.org](http://www.fsdkenya.org)

FSD Kenya is an independent trust established to support the development of inclusive financial markets in Kenya  
5th floor, KMA Centre • Junction of Chyulu Road and Mara Road, Upper Hill • PO Box 11353, 00100 Nairobi, Kenya  
T +254 (20) 2923000 • C +254 (724) 319706, (735) 319706