

REGULATION AND REGULATING POSTAL FINANCIAL SERVICES IN KENYA

**POSTAL REGULATORS FORUM
ALGIERS ALGERIA**

By

**Communications Authority of Kenya
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Mandate of the Authority



To facilitate the development of ICT sector including postal services and electronic commerce

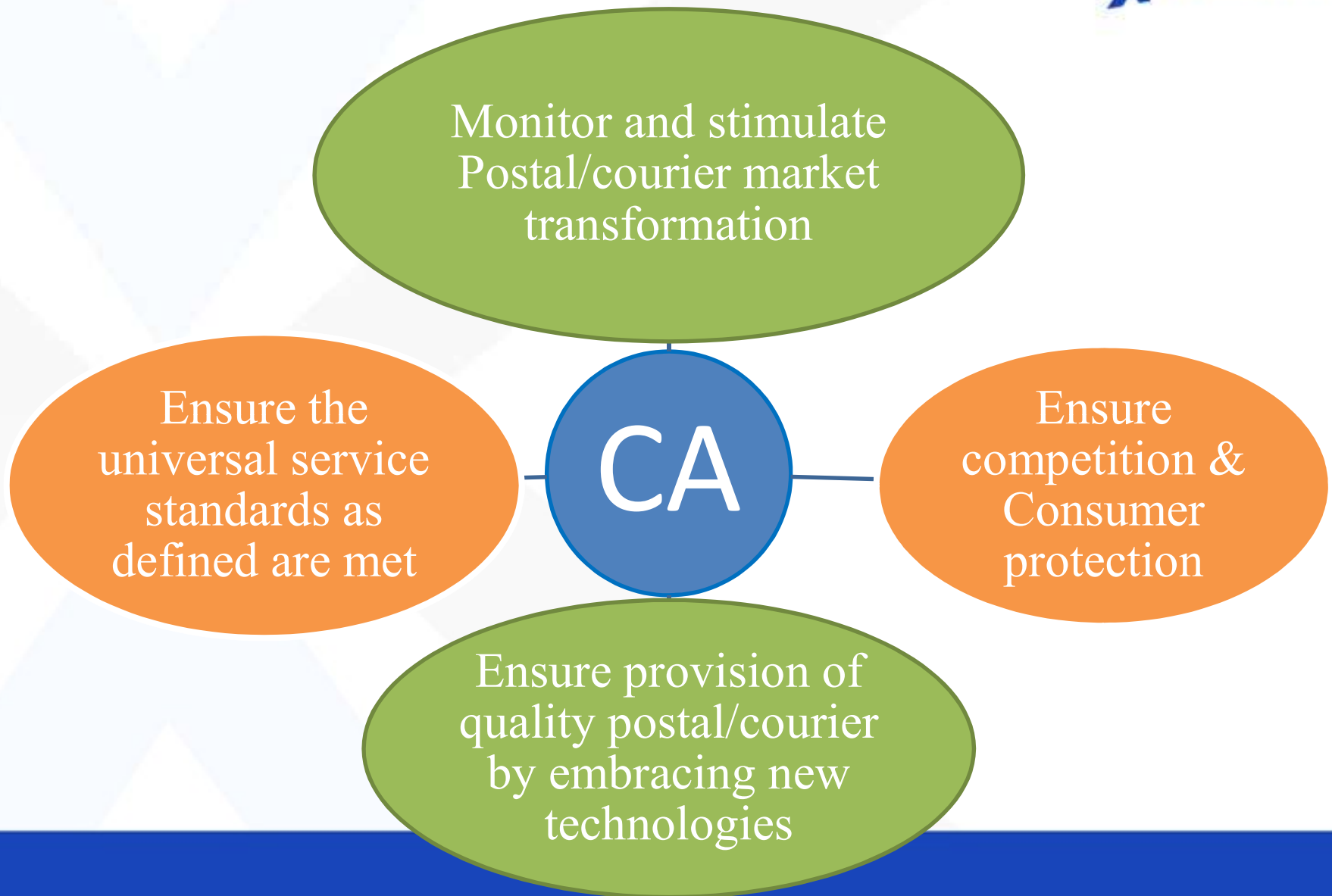
Ensure that the public postal licensee provides postal services at rates consistent with efficient and continuous service and financing viability

Promote development of postal systems and services in accordance with recognized international standards, practices and public demand

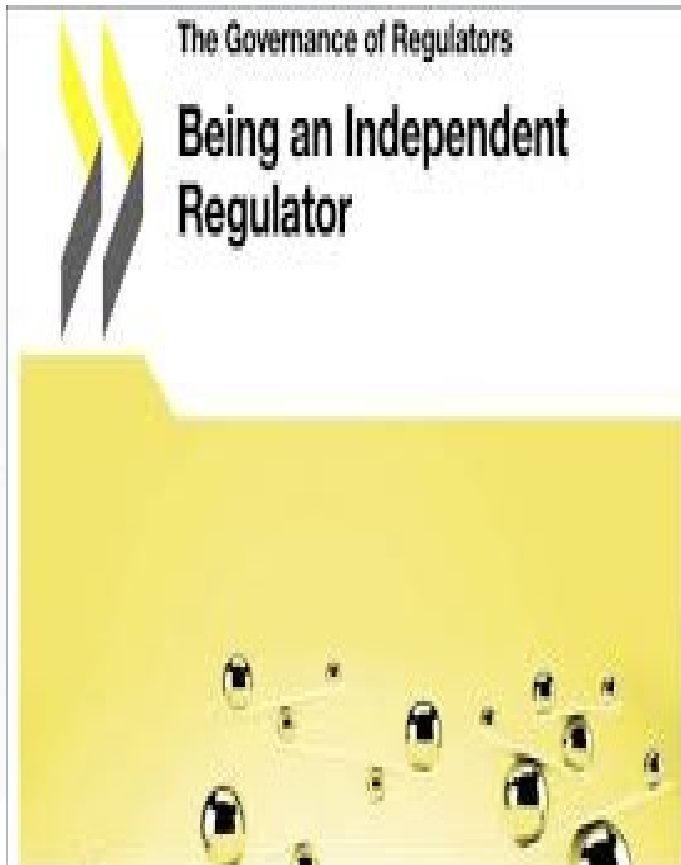
Licensing and regulation of postal systems and services in Kenya in accordance with the Act

Promotion and development of standards in the field of postal systems and services

Role in transformation of postal Services



CA Operational Framework



- CA is an independent regulator -self-financing regulator—remitting surpluses annually to government
- Independence which is relative and not absolute has the following guarantees:
 - ✓ Court proclamation of independence
 - ✓ Competitive Board appointments who must comply with chapter six of Constitution on integrity
 - ✓ Transparency-decisions(licensing, policy, etc.) undergo public participation and are gazette
 - ✓ Submits annual report to parliament through the ministry

Role of Post in development



Kenya Vision 2030 Pillars

Economic

Social

Political

Economic Pillar

- Infrastructure
- Tourism
- Agriculture
- Trade
- Manufacturing
- Business Process offshoring & IT enabled
- **Financial Services**

The vision identifies financial services as one of the six sectors that are key drivers of the economy

ICT Convergence & Financial Services

Convergence in ICTs has facilitated innovations in mobile financial services



Resulting in disruption of traditional financial services offered by banks and other actors including the post



This calls for adaptive policy and regulation to support this convergence to harness resultant opportunities

Regulation of Financial Services



Postal financial Services offered by Designated Operators(DOs) include; money orders, postal orders, postal drafts, postal cheques, postal traveller's cheques, giro, cash-on-delivery, collection of bills, savings service.

Mobile financial services offered by Mobile telephone operators and DOs(on agency basis)

- Central Bank of Kenya (CBK) regulates all financial services in Kenya
- Postal and mobile financial services and are co-regulated by CBK and CA
- CA regulates ICT platforms through which mobile financial services are transacted
- On the other hand CBK regulates the financial aspects
- CA & CBK signed an MoU in 2017 formalizing their cooperation in regulating these converging services
- Mobile money interoperability is under implementation on pilot basis

Financial Services in Kenya



- Kenya is an undisputed global leader in mobile money services-Safaricom launched its mobile money service M-Pesa in 2007.
- Safaricom began operating pursuant to a 'No Objection' letter agreement with the Central Bank of Kenya and a license by CA as ASP(Application Service Provider)
- The platform enables almost 30 million people to pay for crucial services, access loans, and send money all over the world. M-Pesa is also a leading revenue generator for Kenya's government
- 6 Mobile money operators (Mpesa, Equitel,Telkom,Iko Pesa, Mobi Cash, AirTel, Tangaza)



Barriers to Financial Inclusion in Kenya



- National financial access surveys carried out in 2006 and 2009 identified barriers to financial inclusion

Low financial literacy

Access constraints (e.g.
long distances to
services)

Costs of financial services
(minimum balances and
fees)

Documentation
requirements

Conclusion/Recommendations



- Innovations in ICT has created opportunities for digital financial inclusion
- This has in turn created additional business opportunities for the Post
- To harness these opportunities, there is need to come up adaptive policy and regulation.
- Collaborative arrangements between ICT and banking regulators are crucial in promoting digital financial inclusion, ensuring consumer protection and dispute resolution; legal and regulatory frameworks.
- Postal operators are encouraged to acquire licences from ICT regulators, where available in order to participate fully in provision of mobile financial services in addition to agency services

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Thank You!