



## P R E S S   R E L E A S E

23<sup>rd</sup> March 2017

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### **Kenya launches her debut mobile traded bond**

Kenya today set history by becoming the first country in the world to offer a government bond traded exclusively through a mobile handset.

The M-Akiba bond will debut at the capital markets as a Special Limited Offer on 23rd March 2017 with a target of Sh150m. The offer will run for three weeks. Subsequently, we will launch the foremost M-Akiba offer with a target of Sh4.85 billion which will run for three months.

In total, the M-Akiba Bond is targeted to raise Sh5 billion through the capital markets.

*“Kenya is now the first country in the world to offer her citizens a mobile money payment platform to trade in government bonds,” said Henry Rotich, Treasury’s Cabinet Secretary. “Through the M-Akiba bond, Kenya has redefined how to increase financial inclusion among the unbanked populace, increase the level of democratization at the bond market by allowing both low income earners and high net worth individuals to trade in government bonds and spur our savings culture.”* He added.

The M-Akiba bond will retail at a minimum of Sh 3,000 per transaction for a maximum of Sh140,000 a day. The tax free bond will attract a 10 percent interest paid biannually within a period of three years after which it will mature. Among the key features of the bond is the low entry level of Sh3, 000 as compared to the current entry point of Sh 50, 000 to trade in any government security. The favourable entry point is aimed at ensuring that as many Kenyans get to participate in this lucrative bond.

Speaking at the launch, the Chairman of Nairobi Securities Exchange, Mr. Samuel Kimani said, *"This product resonates well with our position in Kenya, as a world leader in innovation through the adoption of technology: 93% of the population are mobile phone users while 73% are mobile money customers. Mobile technology, therefore, presents a great opportunity to reconstitute the investor profile of the capital markets. The unveiling of the M-Akiba Treasury Bond will address the issue of low retail participation in our market and is also in line with the NSE's strategy of enhancing financial inclusion."*

For the first time, the Central Depository and Settlement Corporation (CDSC) will serve as a depository and registry for government securities. *"This is the dawn of a new era where your electronic CDS account for government securities is now accessible through your mobile phone. This goes to show the level of faith that the national government has in CDSC's capacity to act as the depository and registry for government securities"* said the Chief Executive of CDSC, Mrs. Rose Mambo.

The M-Akiba bond will be traded by any Kenyan citizen with a mobile handset that is registered for mobile money payment services either with Safaricom or Airtel after opening an M-Akiba CDS account by dialing \*889#. The initial minimum investment amount per account is Sh3, 000, with consecutive trades in multiples of Sh100.

The M-Akiba mobile traded bond is a collaborative initiative between the National Treasury as the issuer of the bond, the Central Bank of Kenya, as the institution mandated to issue bonds on behalf of Government, the Capital Markets Authority as the capital markets regulator, mobile network operators, namely Safaricom and Airtel as the mobile platform providers for the bond, the Nairobi Securities Exchange where the bond shall be traded and listed, the CDSC, for the registry, depository and settlement of the bond, and members of KASIB that are trading participants at the NSE, who are the placing agents. Kenya Commercial Bank will act as the market makers.

Central Bank of Kenya Governor Professor Patrick Njoroge noted that the launch of M-Akiba bond was in line with CBK's strategy to increase the level of financial inclusivity to ensure smooth transition of monetary policy decisions throughout the economy.

Willie Njoroge, the chief executive of Kenya Association of Stockbrokers and Investment Bankers said that the industry was happy with the launch of M-Akiba bond as it will increase the level of retail participation and general trading at capital markets. *"This is something that our members fully support and will actualize."*

**-ENDS-**

## **Note to Editors**

### **Background**

This bond is the first of its kind world-wide; a Government infrastructure retail bond that is issued and traded via the mobile phone. Among the key features of the bond is the low entry level of KES 3,000 only, and the ability to buy and sell the bond anytime, anywhere, through the mobile phone.

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