

# **LAUNCH OF PESALINK**

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## **STATEMENT BY MR. HENRY K. ROTICH, EGH, CABINET SECRETARY FOR THE NATIONAL TREASURY**

**9<sup>th</sup> June, 2017 at Intercontinental Hotel 10.30 a.m**

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**Dr. Patrick Njoroge, Governor, Central Bank of Kenya;**

**The Governing Council and Management of the Kenya  
Bankers Association;**

**Distinguished Guests;**

**Ladies and Gentlemen:**

**Goodmorning**

1. We are gathered here today to celebrate what is truly a milestone in the journey towards reaching more Kenyans with financial services and effectively setting them on a path towards better economic status.

2. A digital economy is a concept that is in line with the Government's goal of promoting financial inclusion, and we have put in place measures geared towards achieving a cash-

lite economy, and eventually a cash less one through this Fintech phenomenon.

3. There are many financial innovations that have happened in the recent past. A good example of the innovations promoted by the Government is iTax, a web-enabled tax collection system by Kenya Revenue Authority that put an end to the time consuming and less efficient manual processes. It was a response to the need to simplify the tax processes; shorten time taken to file returns; and increase revenue collection.

4. We also have Huduma Kenya, a programme that was established to enhance access to and delivery of Government services to all Kenyans, using the concept of Integrated Service Delivery that saves time and money. We have also simplified Government payments through e-citizen and IFMIS. Recently we launched the M-Akiba with a special limited offer. The full launch of M-Akiba will happen shortly.

5. With today's launch of an industrywide banking platform, I am glad to note, once again, that Kenya is at the cutting edge of demonstrating what technology can do in transforming an economy. By simplifying the way we do business with and between banks, today's milestone will solidify the financial inclusion agenda of the government.

6. **Ladies and Gentlemen,** Vision 2030 envisages the financial sector as transformed into an innovative, vibrant and globally competitive sector that drives high levels of savings to

finance the country's investment needs. The transformation entails doubling the amount of savings Kenyans have in their bank accounts from 44 per cent to 80 per cent of GDP, and enhancing the savings channelled into productive investments from 14 per cent to over 30 per cent. By realising this goal, we would see KSh.2.3 trillion in savings generated in the system and KSh.1 trillion in new investments.

7. This goal can only be achieved if the financial sector Vision's three core objectives of increasing financial **access**, improving financial **efficiency** and enhancing financial **stability** are implemented successfully.

8. Three previous FinAccess household surveys of 2006, 2009, and 2013 have shown that Kenya has made significant progress in fostering financial inclusion, with the latest survey providing a 10-year perspective on Kenya's financial landscape. The 2016 report indicates that now 75 per cent of Kenyans are formally included, which translates into a 50 per cent increase over the past decade.

9. **Ladies and Gentlemen**, while the surveys show such positive gains, we still have a job to do to reduce the cost of banking services; and thereby encourage Kenyans to save, borrow and create wealth. Measures taken by the regulators in the recent past have gone a long to encourage financial access and inclusion.

10. **Ladies and Gentlemen**, previously only Kenyans living in big cities/towns could access a bank easily, others had to travel long distances to access the same service. Now agency banking, has made life easier to the ordinary Kenyans. Agency banking is a significant innovation that was supported by Central Bank of Kenya, and has unlocked tremendous value for marginalised communities. We already have witnessed more than KSh.1.2 trillion worth of transactions taking place through bank agents since 2013. Moreover, we continue to see more opportunities as many banks roll out their agency networks in rural and peri urban areas.

11. With the introduction of mobile and Internet banking, we have seen further value creation in the financial system, ushering in equitable access to banks. While we are very pleased with these developments, we would like to encourage the banking industry to do more to innovate, integrate and make banking accessible to nearly all Kenyans.

12. **Ladies and Gentlemen**, let me take this opportunity to congratulate the Kenya Bankers Association and its members for taking the bold decision to invest in, not only Kenya's first banking industry supported switch, but the first in the region to provide bank customers a real-time, affordable and convenient inter-bank platform.

13. PesaLink heralds a new era for our national payments system that will influence the way we do business in this country. Stakeholders in the National Payments System should

all be keen to take advantage of the opportunities offered by KBA's new platform, which aims to bridge the gap in the banks' payment infrastructure.

14. PesaLink will address the structural inefficiency, which has seen banks increase the cost of banking services to the customer due to the compartmentalized nature of operations.

15. We do believe that PesaLink will truly contribute to lowering the cost of banking services. The National Treasury remains committed to working with the Central Bank of Kenya and the banking community, in removing all the roadblocks that make it harder to provide Kenyans with services that are price-competitive, convenient, efficient, and secure. In this way, we will achieve lower lending rates on a sustainable basis and move away from interventions that hurt availability of Credit and reverse the gains we have made in financial inclusion.

16. The National Treasury notes with gratitude a gesture provided by Integrated Payment Services Limited (IPSL) to celebrate the launch of PesaLink. Kenyans will be happy to know that IPSL has waived all the applicable tariffs and charges on the platform for the next two months. This means that all transactions will be provided at an introductory free offer to allow all local bank account holders join this exciting platform. Such a beneficial gesture is laudable and provide much needed relief to low income retail bankers.

17. I have no doubt that, by consistently delivering on initiatives like this, the government will continue to transform lives across the country, and achieve an all-inclusive cash-lite economy in the next few years.

18. In conclusion, let me reaffirm the National Treasury's commitment to innovation around seamless banking, especially on bank-to-bank transactions. We will also continue working closely with the Central Bank of Kenya, KBA and individual banks, as they seek to invest in technology to enhance service delivery to our people. Congratulations Kenya Bankers Association for the **PesaLink**.

19. With these remarks, it is now my humble duty to launch the PesaLink.

**Thank you.**

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