



# National Remittance Stakeholders Network

Initial ideas on Roadmap for Action

## Structure of Kenya's Preliminary Remittances Roadmap

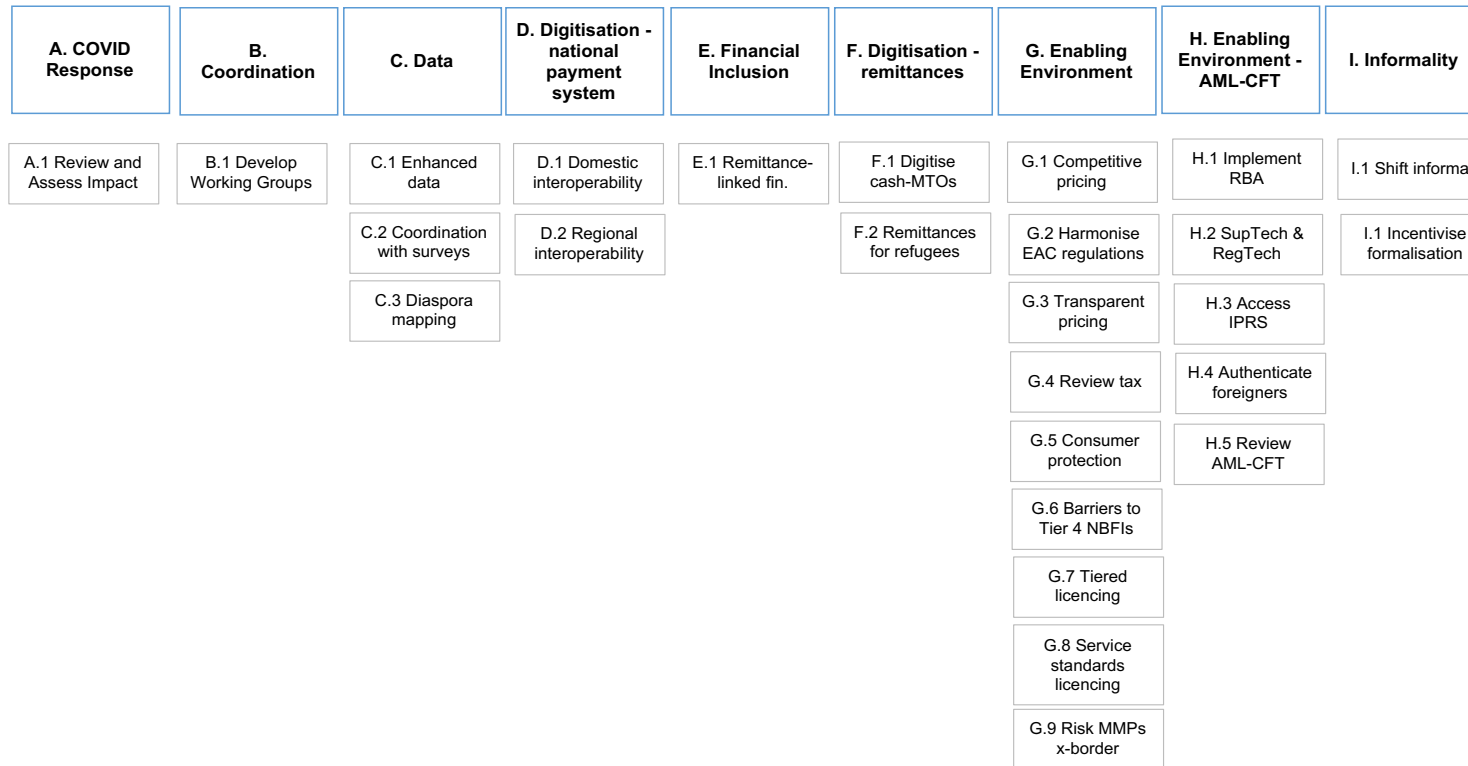
PRIME Africa Objectives

Reducing remittance costs

Increase digitisation

Drive financial inclusion through remittances

Reduce use of informal remittances






## Overall Vision

Considering remittances as an essential service and a fundamental trigger to foster financial inclusion and the digitalisation of financial services, this Roadmap foresees a Kenyan remittance market wherein remittance costs meet the 10.c SDG target to reduce sending costs to 3% and eliminate corridors above 5% through enhanced competition and a responsive regulatory environment, by channelling flows through regulated channels and promoting innovative partnerships and products.

The Roadmap also aims at supporting and being integral to the digitalisation and financial inclusion national strategies while enabling remittance families and the private sector to cope with COVID-19 effects on access and distribution.

**Priority Key:**

Highest	
High	
Medium	

# Roadmap

	Thematic	Proposed Milestone		
<b>A</b>	<b>COVID 19 Response</b>	<b>Learn from Covid-19 Crisis and put in place measures to guard against future economic crises</b>		
	<b>Proposed Actions</b>	<b>Suggested Outputs</b>	<b>Suggested Implementing Stakeholders</b>	<b>Proposed Country Priorities</b>
<b>A.1</b>	<p><b>To continue to review and assess the impact of COVID-19 on cross-border remittances. To also continue to share the impact of the measures taken by government to support the use of digital payments and to produce lessons learned to underpin policy and service providers. Reference: RCTF Blueprint for action <a href="https://qfrid.org/covid-19/blueprint-for-action/">https://qfrid.org/covid-19/blueprint-for-action/</a></b></p>	<ul style="list-style-type: none"> <li>To produce reports and analysis on the impact of COVID-19 on remittances (ideally broken down by corridors and channel), the use of digital payments and on the diaspora (potentially from the CBK survey), with policy recommendations and recommendations for service providers</li> <li>To potentially use the analysis as a basis for advocacy with service providers and government</li> </ul>	<p>Potentially led by analysts from the Central Bank of Kenya (CBK) with support from mobile money providers (MMPs), remittance service providers (RSPs), banks, etc</p>	

B	Coordination	Leverage the NRSN to create Working Groups for the coordination, implementation, and monitoring of Kenya's remittance landscape improvements		
	Proposed Actions	Suggested Outputs	Suggested Implementing Stakeholders	Proposed Country Priorities
B.1	<p><b>Develop the National Remittance Stakeholder Network into a Working Group that continues to address remittances and financial inclusion across various sectors. Coordinates and harmonizes with actions and activities from the CBK's Kenya National Payments System Vision and Strategy 2021-2025</b></p>	<ul style="list-style-type: none"> <li>• Create sub-groups of stakeholders to address the key recommendations developed by the NRSN.</li> <li>• Periodic meetings and regular updates between stakeholders. Coordinate between different stakeholders and projects/projects. Coordinate between remittance-related projects in Kenya (including the CBK's National Payment System Vision and Strategy 2021-2025)</li> <li>• Set milestones, monitor, and evaluate progress of the Roadmap implementation against objectives and goals</li> </ul>	<p>CBK to potentially coordinate the NRSN Working Group, donors (incl. FSD Kenya, CGAP), National Bureau of Statistics (KNBS), Alliance for Financial Inclusion (AFI), banks, Posta, MMPs, RSPs, diaspora representatives, IFAD (PRIME Africa), African Institute for Remittances (AIR), etc.</p>	

C	Data	<b>Whilst recognising that the CBK is a leader in remittance data on the continent, to further improve data on remittances and diaspora in Kenya to inform policy and private sector business decisions</b>		
	Proposed Actions	Suggested Outputs	Suggested Implementing Stakeholders	Proposed Country Priorities
C.1	<b>For the CBK to provide enhanced remittance data to industry, notably to include monthly data on inbound flows and outbound flows both broken down by corridor and channel (bank account, mobile wallet, cash/agent), receive-region, market share of operators and refugees etc</b>	<ul style="list-style-type: none"> <li>For the CBK, with technical assistance if required, to review whether there is a need for changes to existing data collection frameworks and reporting templates</li> <li>To review (with technical assistance if appropriate) the need for upgrades to systems and technologies (e.g., use of RegTech) and fund.</li> </ul>	CBK, African Institute of Remittances (AIR), IMTOs, money remittance businesses (MRBs), MMOs, etc	
C.2	<b>Coordination between the various surveys to produce quantitative and qualitative insights into remittance inflows and outflows (including the values sent by informal channels) and the needs of the senders and beneficiaries, to inform service providers and policy</b>	<ul style="list-style-type: none"> <li>Coordination between the various surveys (KNBS, FinAccess, CBK Diaspora survey and others) and AIR.</li> <li>Use the data collected through surveys to generate national data on informal flows by corridor, channel, and diaspora profile (including refugees). transactions versus low-value cross-border commercial payments</li> <li>Complement surveys with interviews</li> </ul>	CBK, KNBS, FSD Kenya, AIR, etc.	
C.3	<b>Improve data on the Kenyan diaspora (number and profile), especially in other African countries and the Middle East</b>	<ul style="list-style-type: none"> <li>To potentially work with SIDA and other stakeholders such as the IOM and Kenya diaspora organisations to conduct a gap analysis on Kenyan diaspora data and mapping and a strategy for closing the gap</li> </ul>	IFAD (PRIME Africa), IOM, CBK, Pangea Trust (SIDA), Kenya Diaspora Alliance, etc.	

D	Digitisation - national payment system infrastructure	Support domestic and regional interoperability to increase competition, improve affordability and create a more level-playing field		
	Proposed Actions	Suggested Outputs	Suggested Implementing Stakeholders	Proposed Country Priorities
D.1	To improve the efficiency of domestic interoperability for person-to-person payments beyond the clustered-frameworks that currently exist for different stores of value and to consider expanding to include agent and merchant interoperability to improve competition	<ul style="list-style-type: none"> <li>To support the CBK (if necessary) to work with industry stakeholders to outline the frameworks required to develop and implement the appropriate models, governance, and infrastructure integrations for efficient interoperability.</li> </ul>	CBK, FSD Kenya, CGAP, MEFMI, EAC, Gates Foundation, Mojaloop, etc.	
D.2	To assess potential for achieving pan-regional interoperability across networks, platforms, and type of institution to reduce costs and increase convenience of remittances and retail-payments across the region	<ul style="list-style-type: none"> <li>For the CBK to explore different solutions for achieving interoperability between networks, platforms, and types of institution across the region through extensive collaboration between regional governments and industry stakeholders including ongoing initiatives.</li> <li>Pilot at a bilateral level among willing countries</li> </ul>	EAPS, MMPs, banks, RSPs, CBK, FSD Kenya, CGAP, AfDB, AU, MEFMI, EAC Central Banks, Gates, Mojaloop, WB, IMF, etc.	

<b>E</b>	<b>Financial Inclusion</b>	<b>Encourage innovation to drive financial inclusion through remittance-linked services, especially in rural areas and to excluded groups</b>		
	<b>Proposed Actions</b>	<b>Suggested Outputs</b>	<b>Suggested Implementing Stakeholders</b>	<b>Proposed Country Priorities</b>
<b>E.1</b>	<b>To support industry to offer more remittance linked financial services including savings, insurance, pensions, investments, and credit, especially those that target the last mile remittance beneficiaries (and address the rural divide) and the gender gap</b>	<ul style="list-style-type: none"> <li>Funding through a Call for Proposals to both private and public sector to incentivise partnerships to deepen financial inclusion in Kenya and mobilise resources for homeland development. To use the CfP to determine the last mile rural networks and encourage the development of services to support an increase in financial inclusion through grants</li> </ul>	IFAD, banks, MMPs, DMFIs, Post Office, MTOs, other financial service providers, etc.	



F	Digitisation – Remittances	Increase the digitisation of remittance service providers, to reduce costs and improve access to all people across Kenya		
	Proposed Actions	Suggested Outputs	Suggested Implementing Stakeholders	Proposed Country Priorities
F.1	To support, through the Remittance Association, cash only MTOs to digitise and assist with integration to mobile money	<ul style="list-style-type: none"> <li>Funding through a Call for Proposals to assess the need and quantify the impact</li> </ul>	IFAD, BDCs, banks, MMPs, DFIs, MTOs, other financial service providers	
F.2	To work with stakeholders to ensure that refugees are able to access digital cross-border remittances and digital financial services and advocate for required changes. (pending further investigation)	<ul style="list-style-type: none"> <li>Build on the work done by IRC on access to financial services of refugees in Kenya, to consult with different stakeholders to understand challenges with refugees accessing digital remittance services and other DFS products</li> <li>Design solutions</li> <li>Implement / advocate for solutions</li> </ul>	CBK, Equity Bank, Safaricom, International Rescue Committee, UNHCR, GSMA, CENFRI, etc.	

G	Enabling Environment	Ensure that remittances in Kenya are competitively priced, transparent, the consumer is protected and services are accessible in rural areas		
	Proposed Actions	Suggested Outputs	Suggested Implementing Stakeholders	Proposed Country Priorities
G.1	<b>To continue to review pricing and cost structures of cross-border remittance services (inbound and outbound), especially digital, and ensure they are efficient and cost effective</b>	<ul style="list-style-type: none"> <li>For the CBK to use its position in the market to ensure remittance costs and competition in the market (this is in line with the CBK's Payment System Vision and Strategy)</li> </ul>	CBK, Competition Authority of Kenya, RSPs, aggregators, MMPs, banks, MFIs, etc.	
G.2	<b>For the CBK to consider harmonisation of regulations and licencing frameworks across the EAC and passporting of licences (as in the EU under PSD)</b>	<ul style="list-style-type: none"> <li>For the CBK to explore with other EAC Central Banks harmonisation of remittance regulatory environments and licencing.</li> <li>Based on the findings, a roadmap for harmonisation and implementation</li> </ul>	CBK, EAC regulators, AACB, etc.	
G.3	<b>For cross-border remittance pricing to be transparent upfront and available online and through USSD. For there to be full disclosure on pricing, especially for mobile and online service providers incl. displaying cash-out fees. This should be mandatory within licencing agreements</b>	<ul style="list-style-type: none"> <li>To consult with industry stakeholders on how to achieve better transparency on remittance pricing and to develop an action plan (and if necessary, legislate)</li> <li>Technical assistance to government (if required) and RSPs to be able to meet with new requirements</li> </ul>	CBK, RSPs (incl. banks, MMPs, PSPs, RSPs, etc)	
G.4	<b>Continue to review the impact of mobile money taxation on use of digital payments and digital remittance services, especially by low-income segments.</b>	<ul style="list-style-type: none"> <li>Participation in public/private sector forums with development partners to be focused on creating more understanding of Mobile Money taxation for low-value transactions, especially its overall impact</li> </ul>	The International Centre for Tax and Development - Digitax, CBK, GSMA, etc.	

G.5	<b>Improve consumer protection and cyber security for cross-border remittance customers and especially those using digital remittance services (including clear recourse mechanisms and protection of consumer data) and awareness</b>	<ul style="list-style-type: none"> <li>Support FSP's to improve their consumer protection and cyber security frameworks through audits and technical support</li> </ul>	CBK, CGAP, etc.	
G.6	<b>To review the barriers for smaller, rural non-bank financial institutions (NBFIs) and appropriate retail operators to be able to pay-out international remittances and support them to meet the required criteria</b>	<ul style="list-style-type: none"> <li>Assessment of the barriers and requirements for Tier 4 NBFIs and retail to pay-out international remittances</li> <li>Funding and technical assistance to overcome and meet requirements</li> </ul>	CBK, SASRA, Forex & Remittances Association, etc.	
G.7	<b>Consider the impact of a tiered licencing framework for money remittances business and to be sub-agents on competition in the remittance market</b>	<ul style="list-style-type: none"> <li>For the CBK to consider a tiered licencing framework for money remittance businesses in Kenya and assess the impact on competition. Review tiered licencing frameworks such as the ADLA licencing in South Africa</li> </ul>	CBK, etc.	
G.8	<b>For the CBK to consider agreed service standards for licencing with time commitments for approvals and to consider automating the process with tracking provisions</b>	<ul style="list-style-type: none"> <li>For the CBK to review (possibly with support of NRSN/WGs - B1)</li> </ul>	CBK, etc.	
G.9	<b>In line with the recommendations from the CBK's National Payment System Strategy, the CBK will review the risk associated with privately provided cross-border mobile money payments and ensure they conform to appropriate payment system standards</b>	<ul style="list-style-type: none"> <li>For the CBK to review</li> </ul>	CBK, MMPs, etc.	

H	Enabling environment – AML-CFT	Review and improve the AML-CFT framework to be aligned with FATF guidance and increase access to remittances users		
	Proposed Actions	Suggested Outputs	Suggested Implementing Stakeholders	Proposed Country Priorities
H.1	Application of risk-based approach to AML-CFT by remittance service providers and financial service providers, in-line with FATF recommendations	<ul style="list-style-type: none"> <li>Assessment of institutions to work with, including TA on implementing risk-based approach for RSPs</li> <li>Recommendations and Technical assistance in areas relating to applying the risk-based approach (RBA), remote onboarding etc</li> </ul>	CENFRI, RSPs, CBK, Kenyan Bankers Association, etc.	
H.2	Explore use of SupTech and RegTech solutions to modernize supervision and regulation of digital financial services and cross-border remittances and payments	<ul style="list-style-type: none"> <li>CBK to identify key pain points addressable by use of SupTech or RegTech</li> </ul>	CBK, ESAAMLG, CENFRI, Financial Reporting Centre (FRC), World Bank, etc.	
H.3	Enhance API access for querying Integrated Population Services Registry to include non-bank FSP's	<ul style="list-style-type: none"> <li>Advocacy for API's to be extended to key non-bank providers for ID authentication including new forms of ID such as Huduma Namba</li> </ul>	CBK, FSD Kenya, etc.	
H.4	Develop a framework for authenticating Kenyan foreigner certificates	<ul style="list-style-type: none"> <li>Support for Kenyan foreigner certificates authentication via IPRS</li> </ul>	UNHCR, IRC, GoK Department of Registration of Persons, etc.	
H.5	Review AML-CFT legislation to make sure it is clear and in line with FATF guidance. Currently legislation appears missing and seems to be in parts of multiple statutes, regulations and guidance which has potential for arbitrage between the various regulators, supervisors, and ministries	<ul style="list-style-type: none"> <li>Jointly with other key actors engage with CBK and other regulators, formally, on missing AML-CFT regulation and impact on remittance payments</li> </ul>	ESAAMLG, CENFRI, CBK, Financial Reporting Centre (FRC), etc.	

I	Informality	Reduce the use of informal remittance channels, especially the use of unregistered MMPs agents		
	Proposed Actions	Suggested Outputs	Suggested Implementing Stakeholders	Proposed Country Priorities
I.1	<p>Promote the shift from unregistered MMP agents in neighbouring countries that are providing cross-border services to formal channels*</p> <p>*M-PESA previously took some steps to address this and blocked an agent from roaming. However, still people are acting as unauthorised agents and using their P2P account to send money on the behalf of others</p>	<ul style="list-style-type: none"> <li>• Address the conversion of formal channels to informal usage in other markets and decide whether to and what actions can be taken</li> <li>• Industry and stakeholder consultation to develop rules, guidelines, or action</li> <li>• Advocacy for implementation</li> </ul>	<p>Bank of Uganda (BOU), CBK and MMPs, etc.</p>	
I.2	<p>Understanding the informality phenomenon features from the insights from C2 activities and design programmes accordingly to support the shift towards formalisation</p>	<ul style="list-style-type: none"> <li>• Incentivise the inclusion of the informal distinctive features under the provision of licensed RSPs</li> </ul>	<p>KFRA, KBA, FSD Kenya, etc.</p>	

Thank you

