Unlocking open finance in Kenya:

Opportunities for Kenya's financial sector

July 2025

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ASSOCIATION OF FINTECHS IN KENYA

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KENYA BANKERS ASSOCIATION

Table of Contents

List of Tables

List of Figures

Foreword

The future of Kenya's financial sector is being shaped by a commitment to innovation, inclusivity, and collaboration. As representatives of the Kenya Bankers Association (KBA), Financial Sector Deepening Kenya (FSD Kenya), and the Association of Fintechs in Kenya (AFIK), we are proud to present this report — Unlocking Open Finance in Kenya: Opportunities from Kenya's Financial Sector — as a testament to what can be achieved through partnership and shared purpose.

Open finance represents a transformative opportunity for Kenya. By empowering consumers and businesses with control over their financial data, we can unlock new pathways to access, choice, and economic opportunity. This initiative builds on Kenya's remarkable digital finance journey, leveraging our robust ecosystem of banks, fintechs, and mobile money providers to deliver the next generation of financial solutions.

The insights captured in this report are the result of extensive engagement with stakeholders across the financial services landscape. We are deeply grateful to the financial services institutions, fintech innovators, policymakers, and experts who contributed their perspectives and expertise. Their input has been invaluable in shaping a vision for open finance that is both ambitious and grounded in the realities of our market.

As we embark on this journey, we recognize the challenges ahead, particularly in ensuring data security, regulatory clarity, and broad-based industry participation. Yet, we are united in our belief that, together, we can build a more dynamic, competitive, and consumer-centric financial sector.

Kenya has long been a pioneer in digital financial innovation. With open finance, we have the opportunity to reaffirm our leadership, not only in Africa but globally. We invite all stakeholders to join us in realizing this vision, ensuring that the benefits of open finance reach every Kenyan.

> **"The insights captured in this report are the result of extensive engagement with stakeholders across the financial services landscape."**

Signed,

Kenya Bankers Association (KBA)
Financial Sector Deepening Kenya (FSD Kenya)
Association of Fintechs in Kenya (AFIK)

Acknowledgement

The **Open Finance Initiative** is a collaborative undertaking by the Association of Fintechs in Kenya (AFIK), Financial Sector Deepening Kenya (FSD Kenya), and the Kenya Bankers Association (KBA) to advance financial innovation and collaboration that shapes the future of inclusive finance in Kenya.

This report was prepared by **Rafe Mazer,** Director of Fair Finance Consulting. The report is based on a stakeholder engagement process led by **Peter Mwencha, Joseph Ouko, and Natasha Karanja of AFIK,** which utilized stakeholder interviews, industry surveys, and industry convenings to capture diverse perspectives on open finance from across the financial services sector.

The project benefited immensely from the strategic oversight provided by **Ali Hussein, Rosemary Koech-Kimwatu, and Munyi Nthiga of AFIK, Francis Gwer and Juliet Mburu of FSD Kenya, and Fidelis Muia of KBA,** whose guidance and support throughout the process ensured the research remained aligned with industry needs and policy considerations. Special recognition goes to the **project support team of Vicky Wangari Wamwere, Noel Awuor, Assumpta Koech, Hilda Githaiga and Joy Wojiambo,** whose diligent coordination and administrative excellence kept the project on track throughout its duration.

We extend our gratitude to the **financial institutions, fintechs, and industry experts** who generously shared their time and expertise during consultations. Together, we are paving the way for a more accessible and dynamic financial future.

Association of Fintechs in Kenya (AFIK)
Financial Sector Deepening Kenya (FSD Kenya)
Kenya Bankers Association (KBA)

List of Abbreviations

AFIK	Association of Fintechs in Kenya
API	Application Programming Interface
CA	Communications Authority
CAK	Competition Authority of Kenya
CBK	Central Bank of Kenya
CMA	Capital Markets Authority
CRB	Credit Reference Bureau
DFS	Digital Financial Services
DPA	Data Protection Act
DTMIs	Deposit-taking microfinance institutions
FSD Kenya	Financial Sector Deepening Kenya
FPS	Fast Payments System
FSPs	Financial Service Providers
KBA	Kenya Bankers Association
KYC	Know Your Customer
MFIs	Microfinance Institutions
MNOs	Mobile Network Operators
MSMEs	Micro Small and Medium Enterprises
ODPC	Office of the Data Protection Commissioner
OF	Open Finance
PSPs	Payment Service Providers
RBI	Reserve Bank of India
SACCOs	Savings and Credit Cooperative Organizations
UK	Unified Kingdom
ULI	Unified Lending Interface
UFSI	Unified Farmer Service Interface
USSD	Unstructured Supplementary Service Data

Executive Summary

For consumers and small businesses, financial data is a key enabler of access to new opportunities such as business investment or financing of key household needs like housing, education, and consumption. But too often this data remains siloed across different financial service providers (FSPs), with limited ability for consumers and businesses to share this data with other competing FSPs. **Open finance is a new model for financial ecosystems which seeks to break down these data siloes across financial institutions.** At the center of this is consumer control over their data—in open finance consumers can direct participating financial service providers to make their financial information available to other financial service providers, and unlike most current models this is not dependent on the data holder being willing to do so.

Kenya has some of the highest potential for open finance in Africa, with 84.8% of adults having access to formal financial accounts (FinAccess 2024), interoperable and fast digital payments, and a diverse digital finance sector of banks, mobile money operators and fintechs. Kenya's digital financial sector consistently ranks in the top three African markets for fintech startups, and has successfully developed shared solutions such as open APIs and remote identify confirmation through mobile phone subscriptions that could provide key infrastructure for open finance. Recent policy efforts such as Digital Credit Providers Regulations and the planned Fast Payments System show an interest in policy innovations to increase quality of digital finance and improve policy oversight.

Open finance could be the next stage in market development for Kenya's financial sector, increasing competition and consumer choice in key sectors such as mobile money and digital credit, which currently have high levels of market concentration. This report summarizes initial industry consultations on the potential, challenges, and requirements to implement open finance in Kenya. The primary sources of data collection were individual interviews, a survey distributed to stakeholders in the financial sector, an industry webinar "Navigating open finance in Kenya," and an Open Finance Industry Workshop held on March 19, 2025. A report validation session was also convened on July 10, 2025. The session brought together stakeholders to review the draft findings and provide additional input prior to finalization.

These consultations surfaced several common insights regarding industry's views on open finance, which are summarized as follows:

1. Kenya's financial sector is supportive of open finance. From banks to mobile network operators (MNOs) to fintechs and beyond, Kenya's financial service providers see opportunities that open finance will provide in their ability to serve Kenyans' needs. Industry actors were encouraged by the potential for open finance to positively impact key sectors of the economy such as micro, small and medium enterprises (MSMEs) and agriculture value chains, which are currently underserved.

2. Current data sharing arrangements are limited. The work that industry has done to build shared infrastructure in know-your-customer (KYC) verification, payments data, and embedded finance in Kenya provides a solid foundation on which to build open finance. However, even those participating in existing interoperable data and transaction systems were clear current arrangements are limited due to being primarily bilateral, lacking standardization, and have numerous inefficiencies that open finance could address.

3. A core set of financial sector data could catalyze open finance. Four data types were commonly viewed as most essential for open finance, and should be included in the first wave of open finance: **Identity and KYC data** to improve account registration; **Deposit accounts** at commercial banks (phasing in deposit-taking microfinance institutions (DTMIs) and SACCOS eventually); **Payments and mobile money accounts** to expand access to digital data on Kenyans' cash flows; **Credit data**, connecting existing credit bureau data with new lender data.

4. Data protection and data security is the most important risk to manage in open finance. Industry actors were concerned about the risks of data breaches and unauthorized data usage in open finance, as well as current regulatory ambiguities related to the Data Protection Act, which have in some cases prevented firms from sharing data that could benefit financial consumers. Open finance could help to clean up current ambiguities and enhance the standards for data security through clearer and more comprehensive rules as well as centralized oversight.

> **"Industry actors were encouraged by the potential for open finance to positively impact key sectors of the economy such as micro, small and medium enterprises (MSMEs) and agriculture value chains, which are currently underserved."**

5. A partially mandated approach is favored over a voluntary approach. The majority of industry respondents felt that the government needs to lead with a strong policy mandate to compel open finance and make sure it is fair and open. At the same time, most respondents felt that implementation should be through a shared governing body of policymakers and industry, with industry leveraging much of their existing expertise in data exchanges and embedded finance solutions to build open finance solutions.

6. Open finance will form a key component of Kenya's emerging data economy and should therefore be aligned with broader data governance frameworks. Industry stakeholders emphasized that open finance should not be treated in isolation but rather as a segment within the broader data economy. Open finance policies, infrastructure, and governance must therefore be aligned with national data economy strategies to ensure coherence, interoperability, and sustainability. This includes harmonizing open finance with frameworks governing data governance, digital identity, data portability, and consumer data rights. Doing so will help unlock synergies between sectors, foster innovation beyond financial services, and ensure that open finance contributes to a more inclusive and efficient digital economy.

The first and second insights speak to the current reality and anticipated potential of open finance. Participants were optimistic that standardized, comprehensive financial information for bank, payments, and fintech customers would address current constraints on financial service quality, such as: Lack of access to a diversity of products; High costs for financial services; and lack of utility for consumers' needs.

The third insight, regarding key data types to include, is where the impact of open finance starts to take shape. It was not difficult for industry stakeholders to imagine numerous ways that standardized, real-time (or near real-time), comprehensive financial information for bank, payments, and fintech customers would lead to financial innovation. Some of the possible innovations and benefits mentioned by participants are listed in Figure 1 below. These innovations would address constraints on financial service quality, such as: Lack of access to a diversity of products; High costs for financial services; and lack of utility for consumers' needs. The exact types of innovations that will emerge will depend on consumer needs and provider ingenuity, but the potential benefits open finance's data exchange could bring for firms and consumers is clear.

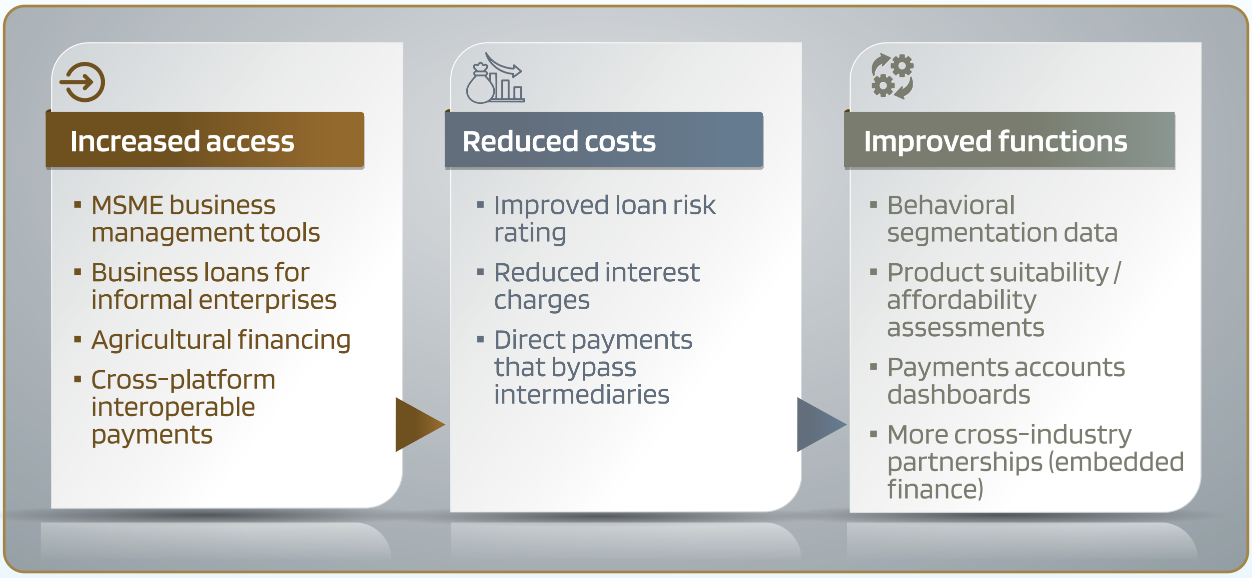


Figure i: Possible product and service innovations open finance could facilitate

Source: Author

The fourth and fifth insights, on security and policy model, indicate industry desires policymakers to play a strong leadership role in open finance development and implementation. Respondents generally preferred policymakers to set and enforce clear standards on participation, establish rules for data security, and monitor and enforce compliance and performance quality. This did not mean industry would play a passive role in open finance development. Stakeholders generally preferred establishing councils or dedicated entities that were led by policymakers but had formal participation of industry representatives in the governance, setting of standards, implementation and performance monitoring. To achieve this governance model, industry stakeholders believed that Central Bank of Kenya (CBK) and other policymakers would have to increase their technical capacities, expand their oversight functions, and improve their approach to industry engagement.

Industry's appetite and commitment to open finance is strong and increasing, and the benefits of open finance in Kenya are considerable. Industry associations will continue to engage their members to develop more specific perspectives on key topics like data types, participation, governance, and data security. In the meantime, policymakers can begin to explore open finance frameworks that will ensure data sharing is fair, transparent, and center's consumers in the design of Kenya's open finance ecosystem.

Table i. Industry perspectives on key design choices in open finance

Thematic area	Design elements and considerations	Common perspectives from Kenyan financial sector
Governance model	▪ Are there mandatory participation or activity types? ▪ How are decisions and standards decided upon?	▪ Mandatory participation and data exchange ▪ "Mixed" governance model, led by policymakers but with industry and civil society representation in decision-making and standard-setting of the governance body
Scope of coverage and activities	▪ Which providers and data types are included? ▪ Are payments activities integrated with data sharing functions of open finance?	▪ Mandatory participation of banks, mobile money providers, and regulated digital credit providers ▪ KYC/ID, deposit, payments, and lending data in first phase of open finance ▪ Linkage to instant payments systems
Type of infrastructure and standards	▪ Will a specific set of technical standards be agreed upon? ▪ Is there a central hub or are connections bilateral?	▪ Build on existing API standards in Kenya that connect mobile money/banking/fintech to develop the API standards in open finance. ▪ Bilateral connections easiest to develop
Data protection and security	▪ What are the standards for consent and revocation of consent? ▪ How do these standards align with existing data protection rules	▪ Office of Data Protection Commissioner should lead development of detailed guidance on consent and data protection in open finance. ▪ Regulators should lead accreditation of participants and enforce data security compliance.
Liability and third-party participation	▪ Are third parties allowed to participate in or perform open finance functions? ▪ How is liability determined for third-parties in open finance?	▪ Aggregators should be allowed to support open finance use cases ▪ Liability framework should ensure all third parties are registered, accredited and jointly accountable for their conduct

I. Global momentum for open finance

For consumers and small businesses, financial data is a key enabler of access to new opportunities such as business investment or financing of household needs like housing, education, and consumption. But too often financial data remains siloed across different financial service providers (FSPs), with limited ability for consumers and businesses to share this data with other competing FSPs. These data siloes reduce or even shut off opportunities for individuals and businesses to leverage their data to receive new and more diverse financial services.

Open finance is a new model for financial ecosystems which seeks to break down these siloes. At the center of this is consumer control over their data — in open finance consumers can direct participating financial service providers to make their financial information available to other financial service providers, and unlike most current models this is not dependent on the data holder being willing to do so.

For a consumer in a digitizing economy like Kenya, having control over their data and being able to easily share this through a single digital ecosystem can transform access to useful financial services. A consumer's credit history, bank statements, or even their basic cash-flow data from a mobile money provider[1] can unlock access to financial services for individuals and businesses.

1 Advancing the Credit Ecosystem: Machine Learning & Cash Flow Data in Consumer Underwriting. July, 2025. FinReg Lab.

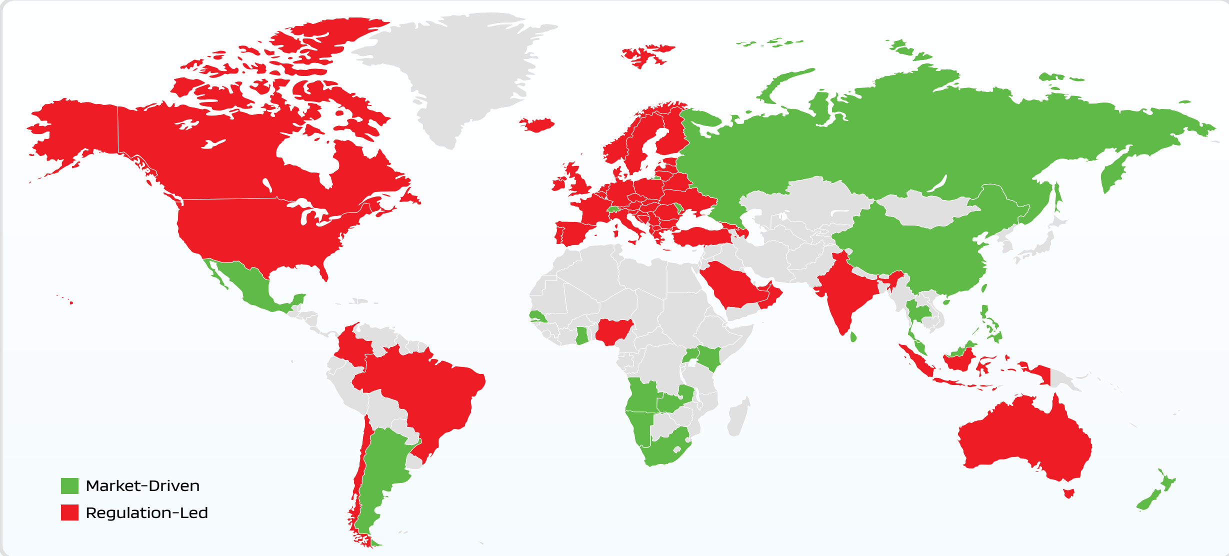


Figure 1: Countries with open finance regimes.

Image Source: Juneja, et al. 2024. The Global State of Open Banking and Open Finance Report. Cambridge Center for Alternative Finance.

Since 2018, dozens of countries have implemented or are considering open finance in their markets (Figure 1).[2] Open finance puts competition and consumers at the center of financial innovation in three important ways[3]:

1. **Consumer-led data sharing across the financial sector**. Instead of being at the discretion of individual financial service providers, consumers in open finance have a right to share their financial information with other providers, reducing data gaps and information asymmetries.

2. **Increased opportunities for financial service innovation**. Challenger firms no longer need to rely on the willingness of incumbent firms to let them access their customers' data, instead relying on the consent of the consumer themselves. Firms can then engage more directly with consumers and their data to develop innovative new products and services.

3. **Clear standards and oversight processes for data sharing and usage**. Open finance creates clear standards and systems for information exchange that can replace current practices, such as screen-scraping or selling of data to third parties, that raise data security risks.

When implemented in a comprehensive, clear, and collaborative manner, open finance has produced significant benefits to financial services and financial consumers. In Brazil, open finance has seen a dramatic rise in data sharing across consumer accounts and providers. As of March, 2025, Open Finance Brazil counted more than 73 million accounts with active consents to share data and more than 3.1 billion API calls each week.[4] India's Account Aggregator ecosystem has more than 140 million accounts linked to this data sharing ecosystem and more than 400 participating firms,[5] and has led to new open systems like the Unified Lending Interface (ULI) and AgriStack, which are linking financial data, government records (e.g. tax records, land titles), and economic activity data (e.g. business sales, agricultural productivity) to offer better and cheaper financial services to key sectors like micro small and medium enterprises (MSMEs) and farmers.

2 Juneja, Sanya, Bill Roberts, Dana K. Salman, Pavle Avramovic, Alan Ainsworth, and Bryan Zhang. 2024. The Global State of Open Banking and Open Finance Report. Cambridge Centre for Alternative Finance.

3 Rafe Mazer. 2023. Moving Markets Towards Open Finance. Raidiam.

4 https://dashboard.openfinancebrasil.org.br/transactional-data/active-consents/receivers, accessed April 17, 2025.

5 https://sahamati.org.in/aa-dashboard/, accessed April 17, 2025.

For an emerging market like Kenya, open finance has considerable potential to benefit consumers and encourage new products and services. Some of the particular contextual considerations for markets like Kenya and many other African countries which make open finance particularly appealing include:

- **Concentrated banking and payments markets,** which creates both a challenge for building support for open finance, and an imperative to enable open finance to achieve greater competition and choice for financial consumers.
- **Higher degrees of informal and semi-formal employment**, as well as a larger portion of employment in the MSME sectors. Open finance solutions will need to be designed not simply for the formally employed, but to solve the problems of microenterprises and small-scale agriculture.
- **Digital connectivity and digital public infrastructure**. Disparities in access to key infrastructure such as digital identity or high-quality telecommunications infrastructure can increase urban-rural digital divides, which will need to be considered in developing open finance solutions, so they reach and serve rural economies and communities within countries like Kenya.
- **A higher importance of mobile payments and mobile money**. In Kenya and many other African countries mobile money has become the key driver of digital financial inclusion. As such, open finance cannot focus primarily on commercial banks in its first phase, as has been the case in other open finance markets in higher-income countries.

In Sub-Saharan Africa a growing number of countries are seeking to implement open finance ecosystems, increasingly through formal policy processes. For example, the Central Bank of Nigeria issued Open Banking Guidelines in 2023[6], National Bank of Rwanda is planning to issue their Open Finance Roadmap in 2025[7], and Bank of Ghana[8], Bank of Namibia[9], and the Financial Sector Conduct Authority[10]/Reserve Bank of South Africa[11] have issued draft regulations or policy guidance notes for open finance. These countries will be developing their open finance ecosystems and policies on similar timeframes to each other, and can share and learn from each other's lessons along the way. Kenya is a recognized regional leader in financial sector innovation and should play an important

6 Central Bank of Nigeria. 2023. Operational Guidelines for Open Banking in Nigeria.

7 National Bank of Rwanda. 2025. Position Paper on Open Finance in Rwanda.

8 Bank of Ghana. 2024. Draft Open Banking Directive for Regulated Financial Institutions.

9 Bank of Namibia. 2022. Position Paper – Feasibility of Open Banking in the Namibian Financial Sector.

10 Financial Sector Conduct Authority of South Africa. 2024. Open Finance – FSCA Policy Recommendations.

11 Reserve Bank of South Africa. 2020. Consultation paper on open banking activities in the national payments system.

role as a regional leader on open finance, and engage in these dialogues where possible. In March, 2025, the Central Bank of Kenya (CBK) and the World Bank issues a request for proposals for an open finance diagnostic, indicating possible policymaker interest in Kenya. This makes the timing of this analysis of industry perspectives on open finance challenges and opportunities particularly timely, as Kenya seems poised to embark on its open finance journey in the coming months.

This report presents key insights and implications related to the potential implementation of open finance in Kenya. The analysis focuses primarily on the perspectives of financial service providers, seeking to understand what their current data-sharing practices are, the primary benefits they can envision from open finance in Kenya, the key risks or challenges perceived for implementation, and their views on the possible policy frameworks needed to implement open finance. These insights were sourced from a combination of expert interviews, surveys, a webinar, and an in-person workshop; which cumulatively sourced feedback from more than 100 representatives of Kenya's financial and technology sectors. Together these industry voices shared a near universal optimism and excitement for open finance in Kenya. Industry feedback was complemented with a review of Kenya's current policy environment, and consideration of leading open finance models globally and what lessons they may hold for Kenya's open finance journey. A report validation session that brought together stakeholders to review the draft findings and provide additional input prior to finalization was also convened on July 10, 2025.

The key findings and recommendations from our analysis are presented in this report as follow: Section II. summarizes the open finance opportunity in Kenya; Section III. then details how financial information sharing could be improved through open finance; Section IV. considers the data types and use cases of open finance; Section V. discusses implementation considerations for open finance; and Section VI. concludes with recommendations on next steps and priorities for the industry to support further advancement of open finance in Kenya.

II. The opportunity for open finance in Kenya

Kenya's impressive expansion of digital financial services and infrastructure over 15+ years has created an environment that is well-suited to support open finance. Jenik, et al. (2024) describes three key building blocks of financial sector development which typically precede open finance:[12]

1. Broad access to digital accounts. Open finance requires the ability to remotely identify and interact with financial consumers who possess digitized financial histories. To scale there needs to be a large addressable market of digital accounts, otherwise open finance may require a prior push to digitize financial accounts.

2. Fast digital payments. Early open finance markets did not always have payments integrated into their solutions. However, policymakers have increasingly recognized this as a key function, and have worked to closely link data sharing and interoperable payments.[13]

3. An expanding and diversifying product offering. There should be a robust set of firms seeking to serve consumers through digital channels, so that there is a strong potential marketplace where consumers can use open finance data and APIs to increase competition and choice.

12 Ivo Jenik, Rafe Mazer, and María Fernández Vidal. 2024. The Building Blocks Supporting Open Finance. CGAP: Washington, D.C.

13 Mazer, 2023.

Key policy and regulatory enablers	Building blocks	Key open finance enablers in Kenya
Open finance regulations, Data Protection (for OF)	Open finance	NPS Act and Regulations, National Payments Strategy 2022-2025, Banking Act, Digital Credit Providers Regulations, Data Protection Act
Reg/Sup framework for fintech and payments, innovation facilitators	Diversity of providers	Mobile money, digital credit providers, mobile banking, embedded finance
Fast payments, low cost/free payments. Digitization of G2P, interoperability	Fast digital payments	Interoperable payments live, Fast Payments System in development
Basic Enablers (e-money, risk based CDD, agents, and Consumer Protection)	Digital accounts	82% of Kenyan adults use mobile money, and 53% use it daily

Source: FinAccess2024

Figure 2: Key attributes of Kenya's financial sector that support CGAP's Open Finance Building Blocks.

Image Source: Jenik, et al, 2024; FinAccess 2024

Kenya appears to satisfy each of these three conditions. (Figure 2) First, the 2024 FinAccess Household Survey found that 84.8% of adults have access to formal financial accounts, a staggering 52.6% use mobile money daily—up from 23.6% in 2021—and 64% of adults have borrowed from a formal financial institution. This is all the more impressive when considering that Kenya's formal financial inclusion rate was only 26.7% in 2006, demonstrating how Kenya's consumers and FSPs led an inclusion revolution in just one generation—a promising sign for the potential adoption of open finance-based products and solutions. Second, recent advancements in payments interoperability and the in-development Fast Payments System provide the necessary payments connectivity to support open finance use cases. Finally, Kenya's fintech sector is one of the most mature and diverse in sub-Saharan Africa, with hundreds of fintechs in sectors such as payments, lending, insurance, and value chain financing. Already Kenya consistently ranks in the top five African markets in value of fintech investments annually, which could potentially increase with the types of services and efficiencies open finance would enable.

Open finance could be the next stage in market development for Kenya's financial sector, and it is easy to see why many in the Kenyan financial sector are increasingly excited about open finance. This report summarizes an industry consultation conducted by the Kenya Open Finance Initiative, a partnership of the Association of Fintechs in Kenya (AFIK), Financial Sector Deepening Kenya (FSD Kenya), and the Kenya Bankers Association (KBA). The industry consultation was carried out over 6 months and included interviews with a range of financial service providers, a survey distributed to stakeholders in the financial sector, an industry webinar "Navigating open finance in Kenya[14]", an Industry Open Finance Workshop with more than 100 participants, and secondary research on open finance and financial innovation. While the industry reflections include diverse and at times conflicting opinions, there are several insights which came across consistently, that can be summarized as follows:

1. **Kenya's financial sector is supportive of open finance**. From banks to MNOs to fintechs and beyond, Kenya's financial service providers see opportunities that open finance can unlock to improve their ability to serve Kenyans' needs. Industry actors were particularly optimistic about open finance's potential to impact financially underserved sectors of the economy such as MSMEs and agriculture value chains.

2. **Current data sharing arrangements are limited**. The work that industry has done to build shared infrastructure in KYC, payments data, and embedded finance in Kenya is noteworthy, and provides a solid foundation

14 FSD Kenya. November 5, 2024. Navigating Open Finance: Key opportunities for Kenya's financial sector.

on which to build open finance. However, even those participating in existing interoperable data and transaction systems were clear the current approach is limited in several ways: these systems are primarily bilateral, lack standardization, and contain numerous data inefficiencies that open finance could address.

3. **A core set of financial sector data could catalyze open finance.** Four data types were commonly viewed as most essential for open finance, and should be included in the first wave of open finance: **Identity and KYC data** to improve account registration; **Deposit accounts** at commercial banks (phasing in deposit-taking microfinance institutions (DTMIs) and SACCOS eventually); **Payments and mobile money accounts** to expand access to digital data on Kenyans' cash flows; **Credit data**, connecting existing credit bureau data with new lender data.

4. **Data protection and data security is the most important risk to manage in open finance**. Industry actors were concerned about the risks of data breaches and unauthorized data uses that could arise in open finance, and current regulatory ambiguities related to compliance with the Data Protection Act (DPA) which could impact their ability to safely and legally share consumer data. These uncertainties and ambiguities have in some cases prevented firms from connecting to share data that could benefit financial consumers. Open finance could address current compliance ambiguities, increase standards for data security, as well as centralize oversight of data sharing in much of DFS.

5. **A partially mandated approach is favored over a voluntary approach.** While not a universal opinion, the majority of industry respondents felt that the government needs to lead with a strong policy mandate to compel open finance and make sure it is fair and open. At the same time, most respondents felt that implementation should be through a shared governing body of policymakers and industry, with industry leveraging much of their existing expertise in data exchanges and embedded finance to build open finance infrastructure.

Discussions with a diverse set of industry actors showed a general support for the concept of open finance. Banking, payments, and fintech voices are aligning around the concept, meaning there is likely to be wide-reaching support for open finance in Kenya. This enthusiasm is driven by both concerns with the current state of data sharing in Kenya's financial ecosystem, as well as the possible benefits that could derive from the secure, transparent, and interoperable data sharing open finance enables.

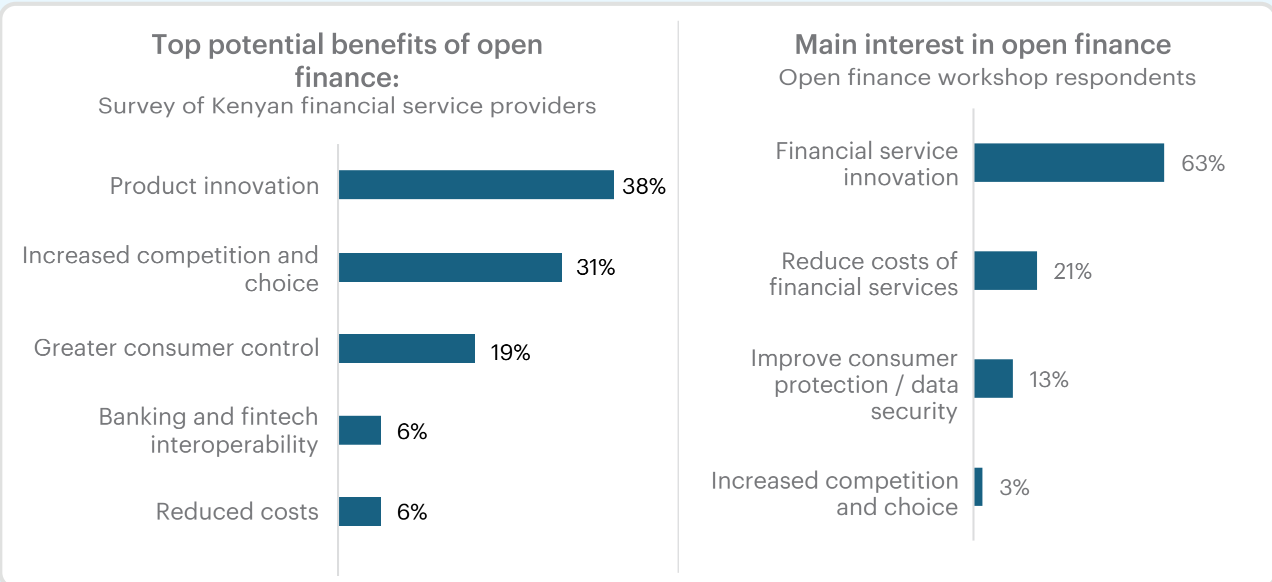


Figure 3: Open finance objectives of Kenyan industry stakeholders.

Source: Kenya Open Finance Initiative industry consultations.

As Figure 3 shows, a November, 2024 industry survey as well as a poll at the Open Finance Workshop in March, 2025 found that the primary interest in open finance is innovation, while increased competition and reduced costs were the second most commonly cited benefit or opportunity in the survey and workshop poll, respectively.

1. Expanding access and innovation. The interest in financial service innovation included a recognition of the progress that has been made in Kenya's financial sector, as well as an interest for more and deeper innovation to support key sectors. During the workshop, MSMEs and agriculture were frequency cited as key sectors that require better products and services. In Kenya, small businesses account for 96 percent of employment, yet there is an estimated USD$19.3B gap in MSME finance in Kenya.[15] The agriculture sector in Kenya also remains an important area of employment and economic activity, with an estimated 33% of Kenyans employed in agriculture in 2021,[16] and agriculture, forestry and fishing accounting for 21.8% of gross domestic product in 2023,[17] yet agriculture only receives 3.5% of private sector credit.[18]

Looking at other countries which have implemented open finance, the opportunities it presents for MSME financing and agriculture are apparent. In the United Kingdom, 18% of small businesses were using open banking solutions by end of 2023,[19] including for reduced cost payments solutions, financial management, and accounting. In India, the government has launched AgriStack, a suite of solutions for farmers that is built upon their existing payments and data-sharing infrastructure. The AgriStack is implementing digital farmer and farmland plot registries, a registry of crops sown, and a Unified Farmer Service Interface (UFSI) which, similar to open finance, will provide a set of standardized APIs where farmers can share their data and receive financial and other services through secure and consumer-controlled channels. Such a scheme could be useful in Kenya. During the workshop, one bank shared that their growing engagement in lending to farmers is in large part powered by technology sector partners who have developed solutions that bring them consistent farmer data on key metrics such as productivity, sales, and cultivation.

For Kenya, some of the ways that open finance could benefit MSMEs and the agriculture sector include: 1. Increased ability to prove the identity of the individual and their business, as well as ownership of assets; 2. Consolidated cash flow records of sales; 3. Centralized records of loans taken and paid off, proving their credit-worthiness; and 4. The ability to share this data with greater control in an open system where the business can receive competing product offers from different financial service providers leveraging the same data sources. As Kenya begins to develop it's open finance ecosystem, it may be useful to prioritize the development of use cases that explicitly address the needs of MSMEs and the agriculture sector, so that early open finance innovations support growth in key sectors of the economy. These use cases can be tested, refined, and piloted through innovation competitions like Hackathons, as was done in the Philippines at the outset of their open finance pilot.[20]

2. Competition bottlenecks. In Kenya market share is highly concentrated in banking, mobile payments, and digital lending, with particularly high concentration in mobile money (91% market share of the largest entity at end of 2024[21]) and digital credit (an estimated 95% of market share for the three leading products, which all operate exclusively on the same mobile money platform).[22] There is a history of competition issues in Kenya's digital financial services (DFS) sector, including the

15 Sources: McKinsey. 2024. A microscope on small businesses. The productivity opportunity by country. A microscope on small-businesses in Kenya. ; FSD Kenya. 2024. Transforming the MSME Industry in Kenya.

16 World Bank Group. https://data.worldbank.org/indicator/SL.AGR.EMPL.ZS?locations=KE

17 World Bank Group. https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?locations=KE

18 Benjamin Muriuki. "Kenya's agri-SMEs to benefit from Ksh2.5 billion avenews financing," Citizen Digital. March 14, 2025. https://citizen.digital/news/kenyas-agri-smes-to-benefit-from-ksh25-billion-avenews-financing-n359159

19

20 Meg Gan-Sohrabi. "Bringing Open Finance to Life: The Philippines Open Finance Hackathon." Ozone API. November 1, 2024.

21 Kenn Abuya. "The True Cost of M-PESA is Catching up with M-PESA," TechCabal. March 24, 2025.

22 Daniel Putman, Rafe Mazer, William Blackmon. 2021. Digital Credit Market Inquiry. Competition Authority of Kenya.

use of agent exclusivity clauses[23], discriminatory pricing and excessive margin of USSD fees in mobile money[24], and restrictions on data sharing by bank-based digital lenders.[25] Each of these past issues created restrictions on competition that had to be remedied through policy interventions. In many countries addressing competition issues has been one of the primary motivations for open finance implementation, with a particular concern over market concentration and its anti-competitive effects.

During stakeholder consultations and the industry workshop, there was both an appreciation for how past innovations drove digital finance uptake, as well as an interest to open this ecosystem up to create new and more diverse connections across banks, mobile money providers, and fintechs. This sentiment was shared by small and large financial institutions alike—at the industry workshop, a representative of an MNO noted that they saw a role as enablers of competition and wanted to participate in development of data sharing standards that reflected the preferences and interests of actors across the sector. Other participants suggested that there was much which could be learned from the success of existing data-sharing and financial transaction APIs, which may contain solutions and design elements that are relevant to the standards that would be developed and implemented in open finance. [26]

Another competition-enabling solution that was raised by multiple stakeholders is the use of regulatory sandboxes. During the workshop it was noted that the role of the regulator is to provide an enabling environment and co-create with industry, but while there is a regulatory sandbox administered by the Capital Markets Authority (CMA), there is no equivalent sandbox in the banking or payments space.

A final consideration regarding competition taken from the industry consultations and workshop is that fears of competition and non-compliance are primary reasons why the majority of industry respondents support a policy-led model for open finance implementation. The high concentration in certain payments and banking segments in Kenya provide both a rationale for the implementation of open finance but also an imperative to ensure that implementation scales in a way that includes a wide range of actors with a distributed governance model to address anti-competitive and non-compliance risks.

3. Cost of digital financial services. Open finance in Kenya will likely impact price in three fundamental ways: Reducing costs of digital payments, improving risk-based lending models, and supporting efficient financial management for businesses. Kenya's digital payments costs remain high compared to other leading emerging markets, including several global leaders in open finance like Brazil or India. It is likely that with the introduction of the Fast Payments System and open finance, Kenya will see increased competition in instant payments, and so a reduction in pricing. In the credit space, the increase in sharing of loan repayment data as well as cash-flow data from payments and deposit accounts should support improved risk-management, and in turn more accurate—and ideally lower—pricing of credit, which is key for sectors like MSMEs, which face credit access gaps that hinder their growth. Finally, in some markets like the United Kingdom (UK), open banking has proved particularly helpful for business to efficiently manage their finances across multiple accounts and products, often through aggregated dashboards. There is the possibility for financial management tools to grow as a new service in Kenya with the introduction of seamless data sharing and aggregation, linked to interoperable bank and mobile money payments.

23 Rafe Mazer, Rashmi Pillai, Stefan Staschen. 2016. "Agents for Everyone: Removing Agent Exclusivity in Kenya and Uganda." CGAP Blog. July 22, 2016.

24 MacMillan Keck and Acacia Economics. 2016. Competition Inquiry into USSD Service Provision in Kenya. Competition Authority of Kenya.

25 Rafe Maze and Philip Rowan. 2016. Competition in Mobile Financial Services: Lessons Learned from Kenya and Tanzania. African Journal of Information and Communications, Issue 17, 2016.

26 Remarks made at Open Finance Industry Perspectives Workshop. March 19, 2025.

III. Improving financial information sharing through open finance

We have some bilateral agreements. We also have some multilateral agreements with different players. It is not easy to share data across financial institutions because of trust and competition challenges. Sometimes also technical challenges. Overall, it has been good but can be better.

-Kenyan payment service provider

A. Limitations in the current state of financial information sharing in Kenya

Financial data is at the center of open finance's value proposition. The data exchanges in open finance support both improved financial services and increased fidelity and accuracy of data. In Kenya, the data exchange ecosystem has made considerable progress in the last 15 years. The introduction of the credit information system established the first such multiparty financial data exchange, and has expanded from its initial coverage of only negatively listed bank loans to include positive and negative loans from banks, digital lenders, microfinance institutions, and others, with a reported 24 million Kenyans with "full file" credit records as of March, 2025.[27] The uptake of mobile phones and mobile money has helped not only to connect more Kenyans to digital finance, but also has improved the volume and quality of Kenyans' ability to do remote identification, making remote KYC considerably easier for firms. Finally, the growing technology

27 Kamau Kunyiha. Remarks made at Open Finance Industry Workshop, March 19, 2025.

sector in Kenya has increased the range of financial and non-financial data that is captured digitally, and new scoring models leverage these forms of data along with traditional financial sector data such as credit reports.

These and other improvements in the volume and quality of financially-relevant data in Kenya are a key reason why Kenya's potential for open finance is high. At the same time, industry respondents do not mistake these bright spots of information sharing for a centralized, open information-sharing ecosystem. "Fragmented", "siloed" or similar phrases were repeatedly used in stakeholder interviews to describe the current state of data sharing in Kenya. In Kenya, this fragmentation is due to incomplete data sharing rules and a lack of voluntary, multi-lateral data sharing ecosystems beyond the credit reference bureaus. Most interviewees and questionnaire respondents reported primarily bilateral data sharing relationships, and limited multilateral financial information sharing appears to occur in Kenya. Only 35% of survey respondents reported sharing financial information outside of the credit reference bureau (CRB) with others, and all of these were bilateral arrangements.

The lack of common data sharing approaches may be contributing to a complex, costly, and inconsistent data sharing ecosystem. One payment services provider which connects with most banks and PSP across Kenya reflected that "we engage all the financial institutions, and with most having different sharing frameworks, it's a lot of work to adhere to each, leading to customized formats and challenge in accessibility."

> **In Kenya, mobile money infrastructure is far ahead of the banking system... Open Finance could bridge this gap by integrating mobile money platforms with banking systems, enabling real-time data exchange and creating a more unified financial ecosystem.**
> **-Payment aggregator**

Specifically, bilateral arrangements create three challenges for financial service provision which open finance could help address: 1. Inconsistent data formats; 2. Inconsistent sharing practices; 3. Long or complex processes for integration.

1. Inconsistent data formats. Formats for submission of financial information are not standardized across firms, which reduces the utility of the financial information shared to benefit consumers and support financial innovation. As one MNO noted, "data across banks, mobile money platforms, and other financial services is fragmented and non-uniform. Without standardization, seamless integration and interpretation of data become challenging, limiting the ecosystem's potential" This creates scenarios where merging data or reconciling transactions can be difficult, or, as one respondent put it, "it's a lot of work to adhere to each [financial institution], leading to customized formats and challenges in accessibility."

These different formats increase potential for errors and reduce the utility of digital payments. According to one respondent which exchanges information to conduct payment transactions with banks, "Different banks use varying formats and systems for their statements, which makes it hard to interpret and reconcile payment information effectively. Lack of consistency across financial institutions creates confusion for users, especially businesses trying to track payments and cash flow." In their experience, some schools have even begun asking parents not to pay school fees digitally because it is hard for them to reconcile the statement with payment service providers.

Another area where respondents reported frequent issues was in the use of alias data to identify and link consumers' accounts across providers. An MNO had recently begun hashing phone numbers in the customer accounts they shared, which was making it difficult to link accounts of individuals to bank accounts, as the phone number was often used as a common identifier. This has had a negative effect on linking consumers' data across financial accounts given the centrality of that MNO's mobile money wallets in the ecosystem. During the workshop, the CEO of a tech firm noted that when this masking of data began, an unintended consequence was that it became harder to refund customers, as matching their identity to their transaction was more complex. This is an example where a centralized system like open finance, with clear authentication processes and increased volumes of identifying data, could help address challenges of identity verification. Such a centralized system could also improve the standards around KYC data. Several industry respondents felt the current KYC data was not also of sufficient quality, including the mobile money registrations that have become a key KYC tool across the industry. According to one bank, "the mobile money database often contains outdated, duplicated, or inaccurate records, which can undermine the reliability of digital KYC processes. A concerted effort to clean up and modernize these databases is essential to ensure they are fit for purpose."

> **The absence of standardized data formats, protocols, and APIs is a major barrier to efficient data sharing. Currently, data is shared in disparate formats across institutions, making it difficult to integrate and analyze. -Digital bank**

2. Inconsistent data sharing practices. Even where there is a centralized system with standard formats, data sharing practices can still lack consistency. Kenya's credit reference bureau is an example of this. Each CRB has their own data submission portal, meaning providers must submit data separately to each portal, and each CRB must independently check the quality of the submissions, generate data quality reports, and send them back to the credit information providers independently, creating redundancies across the CRB system.[28]

Differing data sharing rules may also create an uneven playing field, and mean financial consumers have differing abilities to leverage their financial information for their own benefit. One interviewee noted the differences in requirements for reporting to CRBs of different providers as an example of this—while banks must submit data by the tenth of each month to CRBs, SACCOS do not have similar requirements on timeliness or to submit full file data.

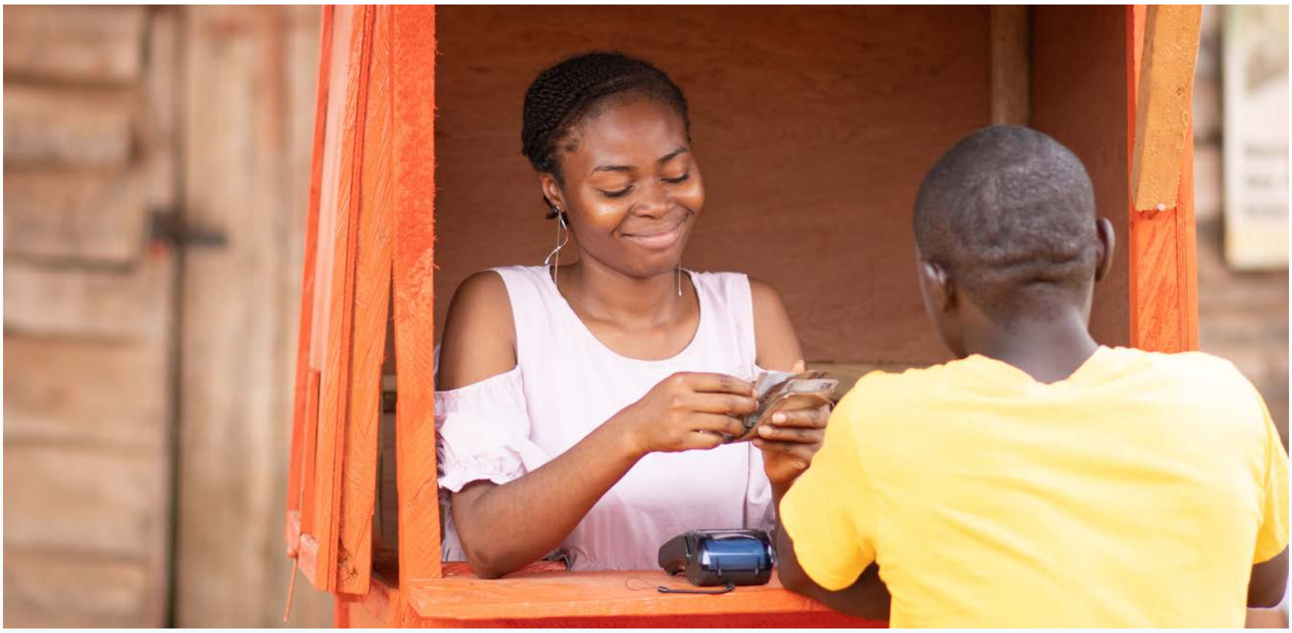
Even where rules are in place, there may be a need for increased enforcement of quality standards in data exchanges and participation in these ecosystems. During the workshop, a discussion on the continued reliance on collateralized lending prompted the sharing of challenges with the current movable collateral regulation. While the regulation should in practice make collateralized lending easier, one credit bureau representative noted that it has been underutilized in practice. For open finance to succeed, authorities have had to focus considerable effort to ensure that those who are participating comply with their requirements, and submit data that is full, high quality, and timely, an issue that is discussed in more detail in the discussion on governance and implementation models in Section V.

3. Long or complex processes for integration. The lack of standardization of data formats and data sharing rules makes exchanging financial information more expensive, complex, and subject to performance issues. Such arrangements are further limited by a perceived lack of policy clarity. Nearly every interviewee mentioned that compliance with the Data Protection Act has made firms more hesitant to share data with each other, a sentiment that was often repeated during the industry workshop, where one fintech representative noted that there is "a degree of uncertainty around what data can be shared and how it can be shared" that limits sharing of data by entities such as mobile money providers to fintechs.

Caution around data protection is in some ways a positive development, especially considering data protection abuses in the fintech sector that have been identified by the Office of the Data Protection Commissioner (ODPC).[29] However, participants felt that a lack of clarity on compliance with principles and requirements such as data minimization does introduce additional caution and can make the processes for data sharing more complex, time consuming, and costly. As one bank interviewee put it, "There is a lack of understanding regarding what data can be shared

28 Credit Information Sharing Kenya. [How Technology is Transforming Credit Information Sharing](). Blog entry. December 10, 2024.

29 See, for example, recent cases regarding digital lenders' misuse or personal data or harassment of individuals, e.g. https://www.odpc.go.ke/wp-content/uploads/2024/10/ODPC-COMPLAINT-NO-1088-OF-2024-DETERMINATION-1.pdf



and how it should be shared. Many institutions are unsure about the implications of the Data Protection Act and how it applies to their data-sharing practices. This uncertainty can lead to reluctance in engaging with potential partners." Some banks and payment service providers were also concerned with the data security practices of smaller, less-resourced fintechs, citing deficiencies in areas such as encryption, multi-factor authentication, and fraud detection capabilities. This prompted concerns regarding how some fintechs might handle customer data in an open finance ecosystem. Finally, the use of cloud storage systems is an important cost-reducing strategy for many fintechs, but there was concern that this may not always be deemed in line with the requirements for data location of the Data Protection Act, and past analysis of has raised questions regarding interpretation of the data localization requirements in Section 50 of the Act.[30]

Policy compliance and provider conduct concerns have the cumulative impact of stopping, slowing, or increasing the costs of integrations. Several respondents described these processes as challenging due to data format incompatibility, legal negotiations, and detailed documentation on data handling, security, and compliance. One bank representative speaking at the workshop called for "sister regulators" to sit down with the ODPC and discuss how to harmonize practices on issues such as consent in systems including the credit reference bureaus. A more centralized, standardized process for such connections through open finance, implemented under clear, consistent data protection guidance from sector regulators, could help reduce some of the uncertainty and complexity of these integrations and make firms less hesitant to share consumers' data when the consumer consents to, and could benefit from, such data exchanges.

B. How open finance may address financial information sharing concerns

Industry stakeholders suggested several ways data fragmentation, regulatory inconsistency, and data security concerns could be addressed through open finance. Some of the common suggestions included:

1. A robust accreditation and vetting process for open finance participants before they can participate. This would be a centralized and standardized due diligence process, administered by the open finance governing body, based on standards agreed upon by the industry and regulators. If firms know that any open finance accredited participant has met certain minimum thresholds, and can access the due diligence

30 Dentons Hamillton, Harrison, Matthews (January 27, 2022) The Data Protection Regulations, 2021: Key Points to Note. Available online at https://www.dentonshhm.com/en/insights/articles/2022/january/27/the-data-protection-regulations-202-key-points-to-note

information as needed, they may be willing to forgo at least part of their current vetting processes for data sharing, creating a more efficient path to the agreements needed to enable firm-to-firm data sharing.

2. Establish clear, standardized rules for data templates that must be used by all open finance participants. This is a core element of open finance models, and a set of standards for key data like KYC, account info, and transactions in payments, deposit, and credit accounts would address data inconsistency challenges common in current financial information-sharing in Kenya. These standards should include reporting and monitoring tools to measure data quality and empower authorities to take action when firms submit poor quality or incomplete data.[31]

3. Standardized rules, requirements, and compliance processes for provisions of the Data Protection Act which are relevant to financial information sharing. One large payments firm felt "The ODPC draft [Data Sharing Code] should be well-defined and formalized into a policy to ensure clear, consistent interpretation and application across all stakeholders in the Open Finance ecosystem." Data security standards could be included in the accreditation process for open finance (e.g., encryption, tokenization), and functional data protection activities such as consent management or real-time fraud detection and monitoring in financial APIs could be part of the supervisory tools and reporting requirements for open finance. In Australia the Consumer Data Right had to be aligned with a pre-existing Privacy Act from 1988, and the Australia Competition and Consumer (Consumer Data Right) Rules (2020) specified which aspects of the Privacy Act applied to open finance in the banking sector,[32]

4. Standardized connectivity requirements. Industry stakeholders hoped that open finance would provide more clarity on how firms can connect, reducing redundancies and costs and address some of the competition concerns participants raised with financial data sharing. Common standards for mandatory data security and exchange, and transparent processes for exchanging data will make it more difficult for firms to deny data sharing requests for purely competitive reasons, and to use other reasons such as regulatory compliance as an excuse for refusing such requests. This will also reduce the time and effort firms must spend negotiating such agreements. This could particularly benefit smaller financial service providers. As one fintech shared, "we have lost potential business opportunities to compliance, security, and liability risks. It also delays the roll out of new products and services due to the lengthy negotiations." Making these processes consistent, secure, and more efficient through open finance would seem to benefit all stakeholders.

During the industry workshop, one panelist discussed both "a willingness and a regulation problem" that was impeding data sharing. First, where firms resist data sharing for compliance, competition, or other concerns, regulations need to provide the standards, oversight, and obligations to overcome this lack of will. Second, in the fast-changing world of digital finance, where data types and formats shift frequently, regulations need to keep pace with the needs of information sharing, by including new sectors, data types, and rules such as frequency of submissions as the sector evolves. Thinking about these two problems in the context of open finance, one simple benefit of the type of open finance model recommended in this report is that it would both create the broad reaching mandate for consumer-led data sharing; and a governance model where industry could work with policymakers to update and expand the data types, use cases, and models of exchange at a faster pace than current policy or infrastructure updates occur.

31 Australia's Consumer Data Standards provide a useful example of how policymakers and industry can set clear data standards, which are updated over time: https://consumerdatastandardsaustralia.github.io/standards/#introduction. Leading open banking and open finance countries have also developed public-facing dashboards which monitor quality and performance of APIs, data exchanges, and other key metrics. For example, in the United Kingdom, Open Banking Limited provides monthly reports on API performance: https://www.openbanking.org.uk/api-performance/

32 David Medine and Ariadne Plaitakis. 2023. "Combining Open Finance and Data Protection for Low-Income Consumers." CGAP: Washington, D.C.

IV. Data types and use cases for open finance

Open finance could address [current] limitations by providing a standardized, regulated framework for data sharing, increasing transparency, and enabling a smoother customer experience. It could create opportunities to develop more personalized financial products, streamline credit scoring, and enhance customer insights by leveraging data from multiple sources. -Commercial bank

To achieve the objectives of innovation, competition, and reduced costs, open finance must provide participants and consumers access to the types of data that enable more suitable and adaptive products to be developed. In Kenya, most respondents felt to the new data sources and improved data quality that open finance provides would positively impact their ability to serve customers by recuding costs and making new products possible. The current fragmented nature of data sharing in Kenya participants described is inefficient, and "leads not only to increased costs but also delays in service delivery. Each institution ends up spending resources on compliance rather than innovation or customer service improvements."[33] One technology firm shared they currently spend $6 to query business registration data currently, but with a shared set of data on firms, they could be able to ascertain the legitimacy of a business with a much lower cost through shared data within open finance. Respondents also believed borrowers could benefit from a new model for data sharing that goes beyond the CRB regulations to include a wider range of data.

33 Interview with payment service provider.

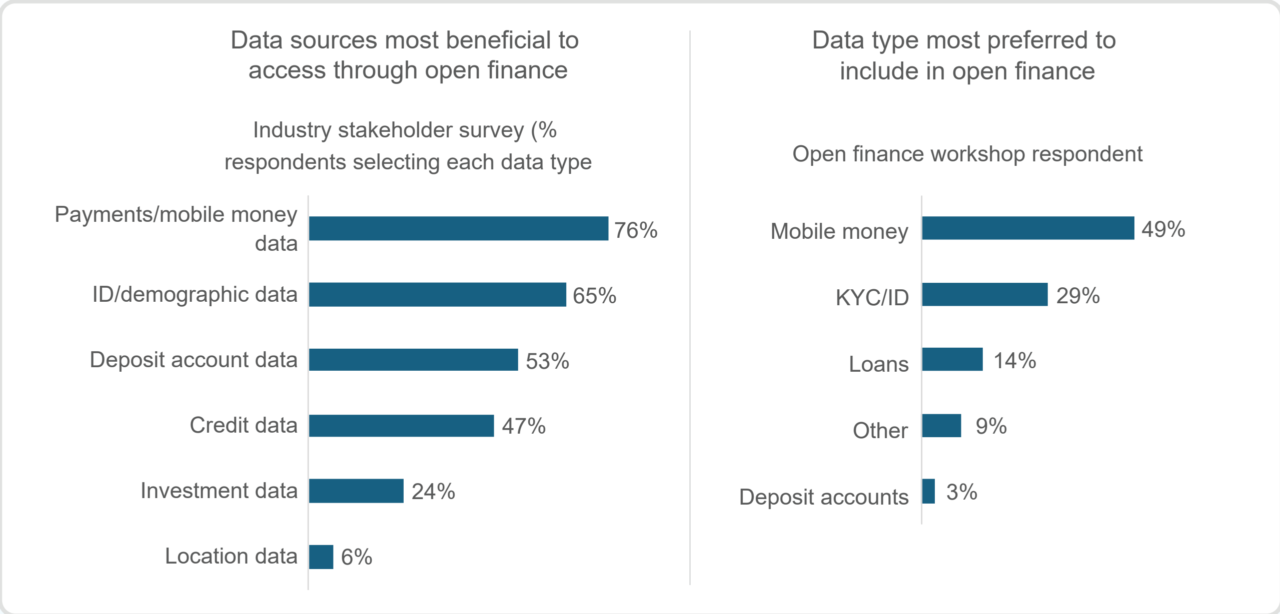


Figure 4: Priority data types for open finance in Kenya.

Source: Kenya Open Finance Initiative industry consultations.

Figure 4 above shows the types of data sources that interviewees and workshop participants wanted to prioritize for inclusion in open finance. While respondents proposed many types of data which would be useful to access, four data types were commonly viewed as most essential for open finance, and should be included in the first wave of open finance:

1. **Identity and KYC data.** The ability to confirm individual and business identities across multiple accounts at multiple providers would be a significant improvement on existing processes for identification. This could greatly improve account registration, as "currently, consumers are often required to register and then re-enter their information across multiple platforms, creating friction in the user experience," according to one payment service provider.

2. **Deposit accounts**. This would likely only cover commercial banks at the outset of open finance, but could include deposit-taking microfinance institutions (DTMIs) and SACCOS in later phases.

3. **Payments and mobile money accounts**. By far the most commonly held type of account in Kenya, mobile money data on cash flows are already used bilaterally to provide services such as loans and overdraft facilities. Their proven utility, broad usage by consumers, and current inaccessibility to many providers made mobile money data of great interest for data exchange.

4. **Credit data**. In addition to current CRB data, open finance would at a minimum include loans from banks and fintechs regulated by the Central Bank of Kenya. An interviewee with extensive experience in credit information sharing summed up their vision for the future of credit scoring and lending: "Sharing of static data is outdated, what is needed is access to real-time transaction data e.g. fuliza. Credit has moved from asset based or collateral and is now cash-flow based, hence the need for need for transactional data"

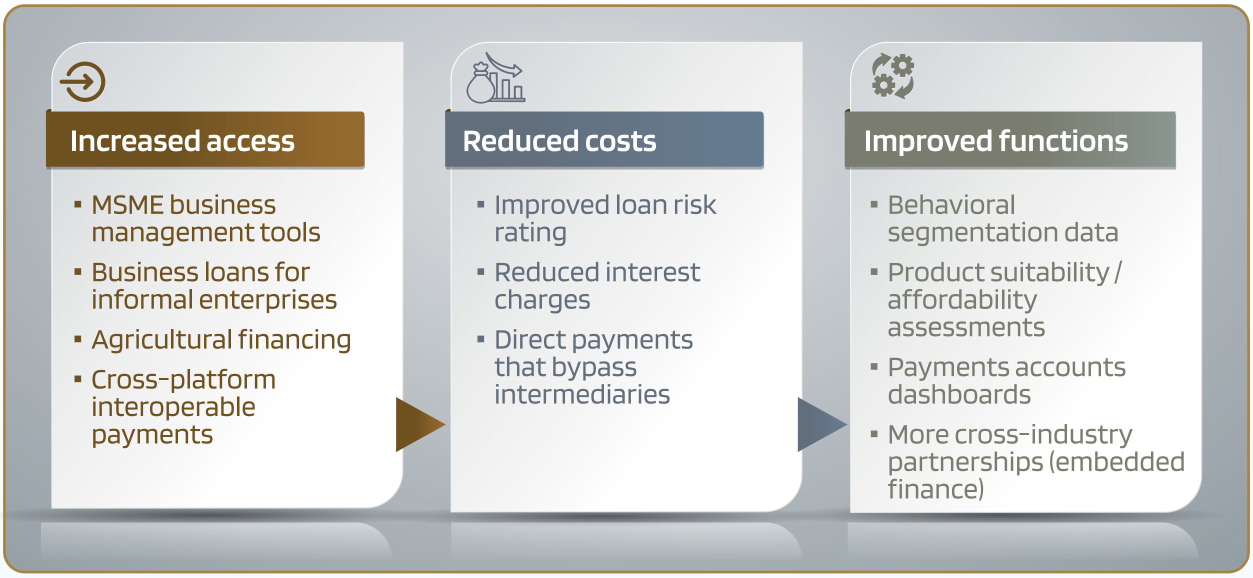


Figure 5: Possible product and service innovations open finance could facilitate

Source: Kenya Open Finance Initiative industry consultations

It was not difficult for industry stakeholders to imagine numerous ways that standardized, real-time (or near real-time), comprehensive financial information for bank, payments, and fintech customers would lead to financial innovation. Some of the possible innovations and benefits mentioned by participants are listed in Figure 5 above. These innovations would address constraints on financial service quality, such as: Lack of access to a diversity of products; High costs for financial services; and lack of utility for consumers' needs. The exact types of innovations that will emerge will depend on consumer needs and provider ingenuity, but the potential benefits open finance's data exchange could bring for firms and consumers is clear.

V. Implementation considerations for open finance in Kenya

With industry interest in open finance established and key data types and priority use cases identified, the next question for open finance in Kenya is how to shift from ideation towards implementation. Discussions with industry on possible visions for open finance highlighted several issues that could inform implementation planning and execution by policymakers, including: 1. Perceived risks of open finance implementation; 2. Governance models for policymaker-industry collaboration; and 3. Key rules for the initial stage of open finance implementation.

1. Perceived risks of open finance implementation

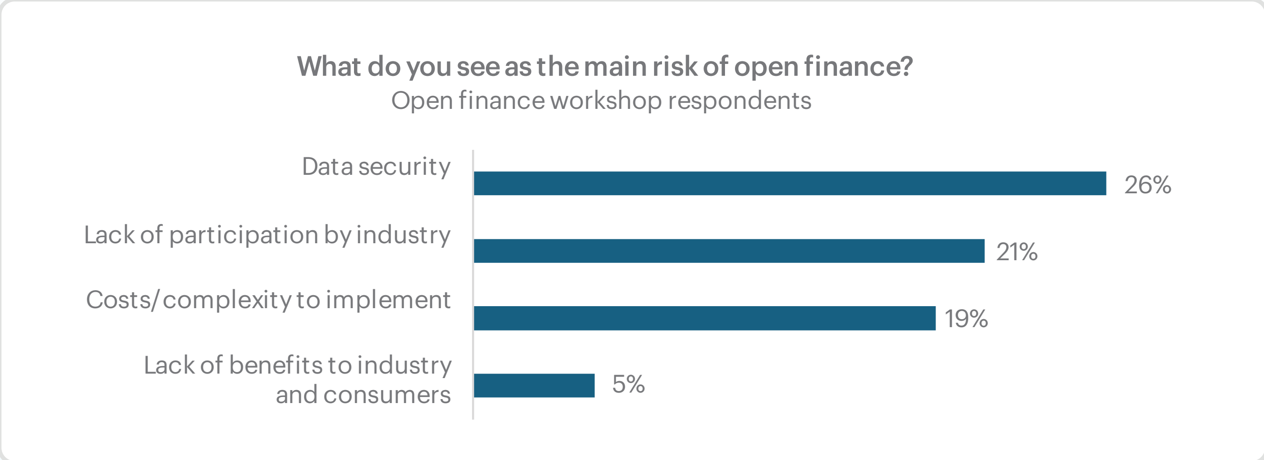


Figure 6: Main risks perceived for open finance in Kenya.

Source: Kenya Open Finance Initiative industry consultations.

During industry consultations three risks for achieving open finance were seen as particularly pressing: Data security, lack of industry participation, and implementation of the open finance model. (Figure 6), each of which are discussed in turn below.

A. Data security. Every interviewee consulted raised concerns about data protection or data security as a key risk to open finance. One survey respondent summarized this sentiment well: "The biggest risk to open finance in Kenya is data privacy and cybersecurity...Weaknesses in any provider's system could expose consumer data, undermining trust. With APIs as prime targets, strong security measures and enforcement are essential to mitigate these risks while fostering innovation." Another respondent felt that "Kenya doesn't have the best frameworks currently, to safeguard PII [personally identifiable information], and it often leaks regardless of best efforts."

This emphasis on data security risks is not unique to Kenya. Open finance increases the flow of sensitive personal and financial data, and the number of parties accessing such information. Medine and Plaitakis (2023) go as far as to argue that "basic data protection provisions must be in place to create a safe and sound open finance regime" and caution against pursuing open finance in markets where data protection policy is underdeveloped.[34] Fortunately Kenya's Data Protection Act (2019) is relatively new and has been robustly enforced in the financial services sector by the ODPC. This positions Kenya well to plan for key data protection and data security risks raised in open finance: 1. Consent management for a vast number of data types, data controllers, data processors, and data subjects; 2. Oversight of third parties who will access data from or on behalf of FSPs; 3. The use of open finance-linked accounts for fraud (e.g. push payment fraud, and takeover of accounts to perpetrate fraud attacks on others); and 4. The risk of data breaches at the consumer accounts level or at the provider or open finance ecosystem level.

Countries implementing open finance have developed a range of practices to address these and other data security risks which could be useful for Kenya to adapt. One of the first steps is to develop specific notification and consent rules, processes, and documentation for open finance activities. In Kenya these would likely be based on the consent and notification requirements stipulated in the Data Protection Act (2019), Section 29, which requires informing data subjects about the data that is being collected, it's purpose, and the third parties the data will be transferred to. Some

34 See, for example, Medine, David and Plaitakis, Ariadne. 2023. Combining Open Finance and Data Protection for Low-Income Consumers. CGAP

industry respondents suggested differing levels of permissions depending on the sensitivity and scope of the data shared and data usage activities, which could allow for proportional requirements and costs of compliance for different data use types that might allow for wider participation in open finance.

Beyond consent rules, additional considerations for the process of sharing of data that will need to be developed include: What the time frames are for consent for usage of data and how consent can be revoked; How to handle comingling of data covered under open finance agreements with other data outside the scope of the agreement; How to handle consent to share data for jointly held accounts; and how best to ensure informed and managed consent when data can be shared across multiple parties within open finance.

The ODPC, CBK, and other key stakeholders such as an open finance implementing entity will also have to expand their supervision and enforcement capabilities to monitor third-party usage of open finance data. This will likely require setting up a process for registration, authentication, and periodic reporting by both third-parties and the participating entities which sponsor their participation in open finance. It is a good practice to have both participating entities (e.g. financial institutions) and any third parties they use (e.g. data analytics firms) have some form of responsibility and accountability for their data protection policies and conduct, often in a shared liability arrangement.[35] One of the risks of third-party participation is the misuse or on-sharing of data when not authorized by the data subject, and will likely require new supervisory tools and sanctions to enforce compliance.

Beyond safeguarding receipt and usage of data by accredited participants, fraud and data breaches pose significant challenges to open finance, and will need to be part of early data security and data protection planning. One key step towards addressing fraud risks is to develop a system to flag and report out any accounts participating in open finance that have been used to perpetrate fraud. Such a shared database could help to reduce the use of open-finance linked accounts to perpetrate push payment fraud, chargeback fraud, and other common fraudulent activities in digital payments. To reduce the risks of data breaches, all open finance participants and third parties should have to pass defined minimum data security standards and undergo periodic review of their compliance. The open finance participants will also need to develop plans for how to handle cases when data security is compromised, such as a large data breach impacting customers at a participating entity, which in some countries includes mandatory indemnity insurance to cover harms consumers would face in a data breach.[36]

Underlying all these data protection and data security policies is the need to ensure consumers feel adequality informed, protected, and supported in their use of open finance data sharing solutions. Without this, industry respondents feared open finance could struggle with uptake —"if consumers feel their information could fall into the wrong hands or be used against them, it could lead to widespread distrust in open finance initiatives overall." Respondents therefore felt that "educating consumers about data-sharing and implementing transparency measures to build trust would be essential" to the growth of open finance.

A key part of addressing mistrust is to develop clear and simple ways to explain how data is being used, what it is being used for, and the rights consumers have regarding their data in open finance. Consumer testing of the various screens and instructions used to obtain consent and manage data usage in open finance should be integrated into early user experience standards developed by open finance participants and implementing entities. Once open finance data exchanges are live, consumer education and outreach efforts could be considered by the industry to inform consumers how open finance works, steps they should take to keep their data safe, and what rights consumers have to take action when they feel their data rights have been violated. All of this could be integrated into common consent and data management formats, industry codes of conduct, and consistent consumer messaging on open finance. Together, these actions would help engender trust, which respondents frequently mentioned as a key

35 Mazer, 2023b; Rafe Mazer and Denise Dias. 2025. Open Finance Implementation: Global lessons from the first wave of innovation." https://drive.google.com/file/d/1aPdobbvdhH6UfJF7ResBqVa5RD53LO2b/view

36 Mazer and Dias, 2025.

driver of open finance uptake. As one respondent summarized, "Establishing a culture of compliance and accountability, alongside continuous monitoring, will help mitigate the risks associated with open finance and protect consumer trust."

To implement a data protection regime for open finance, participants emphasized the need for a more active engagement by the Office of the Data Protection Commissioner to set and enforce data security rules in open finance. Others called for sector-specific standards, likely set by the ODPC in collaboration with sector regulators. It is likely that both these approaches will be needed—the ODPC and other authorities setting clear rules on compliance, industry developing common standards and good practices, and the authorities then reviewing, authorizing, and enforcing these standards. In data security breaches, the only winner is the criminal, and so a collective effort across stakeholders to instill a culture of data protection and respect for data subjects should be a priority for all participants in open finance in Kenya.

> **Instead of acting merely as a 'data police,' the ODPC should implement preventive measures, such as issuing clear compliance guidelines, engaging stakeholders proactively, and fostering industry-wide awareness on best practices for data sharing. -Technology platform**

B. How to drive industry participation. The high market concentration of Kenya's mobile money industry was front of mind for respondents, who were concerned some industry participants would resist participation in open finance voluntarily. According to one respondent "these organizations might fear that open data-sharing could level the playing field, reducing their market dominance. To address these concerns from the outset, it is crucial to establish a strong regulatory framework that encourages fair competition and transparency." Participants also saw concentration risks that could arise as a result of open finance. Specifically, the risk that large technology platforms could gain significant market power in financial services, as has been seen in markets like India with the entrance of Google pay and other tech platforms into the payments space, or the growing importance of a few large payment aggregators in financial transactions in the US.[37]

The two most important questions for open finance participation are 1. Is participation mandatory; and 2. Who is required to and/or permitted to participate in open finance? Globally, there is evidence emerging that mandatory models may scale faster. A Cambridge Center for Alternative Finance global survey found that "mandated and standardized" approaches to open finance may be more effective than voluntary approaches. Specifically, the survey found that mandatory models generally had more types of data included in their open banking or open finance regimes.[38] (Figure 7)

37 Dan Awrey and Joshua Macey. The Promise and Perils of Open Finance. Yale Journal on Regulation. Vol 40, Issue 1: 2023

38 Juneja, et al, 2024.

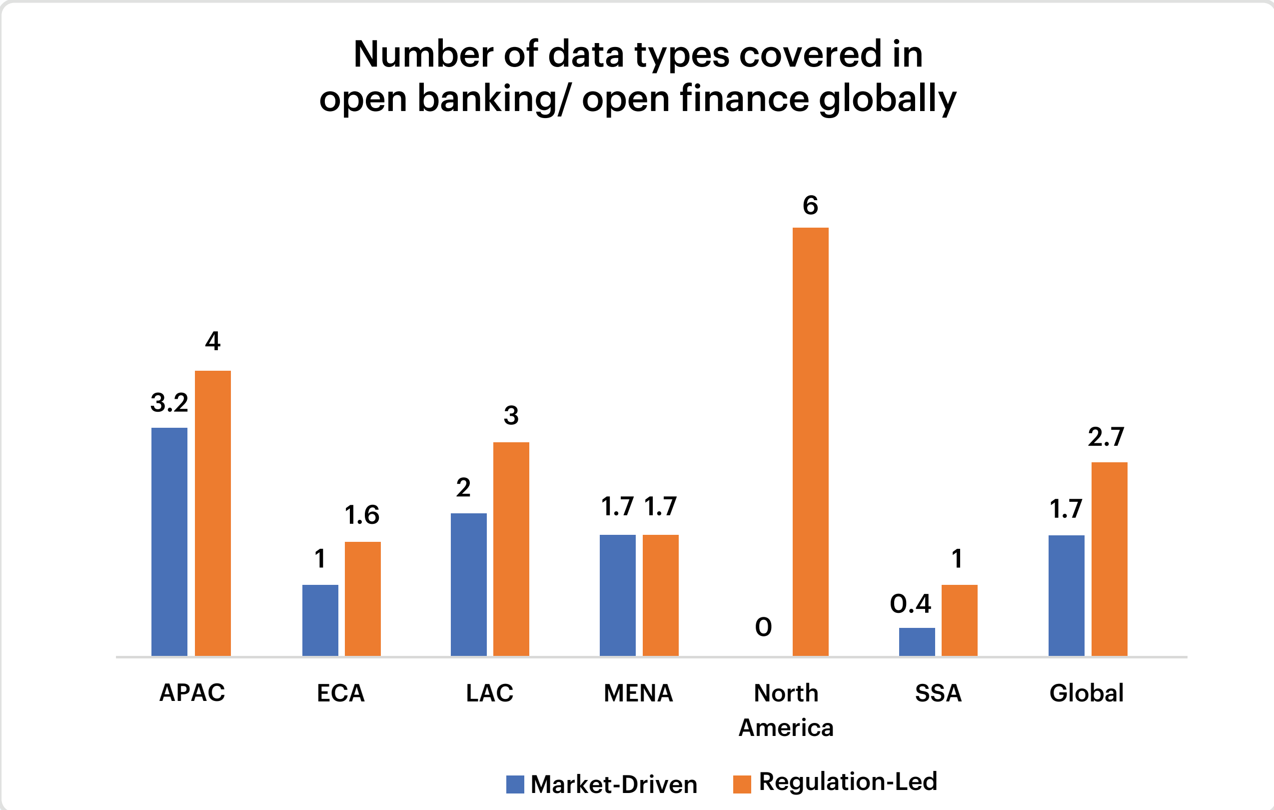


Figure 7: Data type coverage in open banking/finance ecosystems

Source: Juneja, et al, 2024.

In Kenya industry sentiment favored some mandatory participation over a voluntary model. 65 percent of survey respondents said open finance should be mandatory through a policy mandate, versus 35 percent in favor of a voluntary approach. Reasons for preferring a mandatory model included "to benefit consumers in the fastest time possible," "to respect consumers' rights over their own data", and to support "seamless update and standardization." Those who preferred voluntary models cited concerns such as the need for each firm to weigh their costs and benefits for participation; the tendency of regulatory processes to slow things down; and the risk that organizations will only do the minimum required in a regulatory model because they do not perceive its benefits.

Those who preferred a mandatory model still wanted a gradual, phased-in process, which could even begin with voluntary piloting and development by the more willing and technically capable financial institutions. Most respondents placed banks and payments/mobile money providers in the first phase of participation, followed by digital lenders, microfinance institutions (MFIs), and insurance providers. (Figure 8)

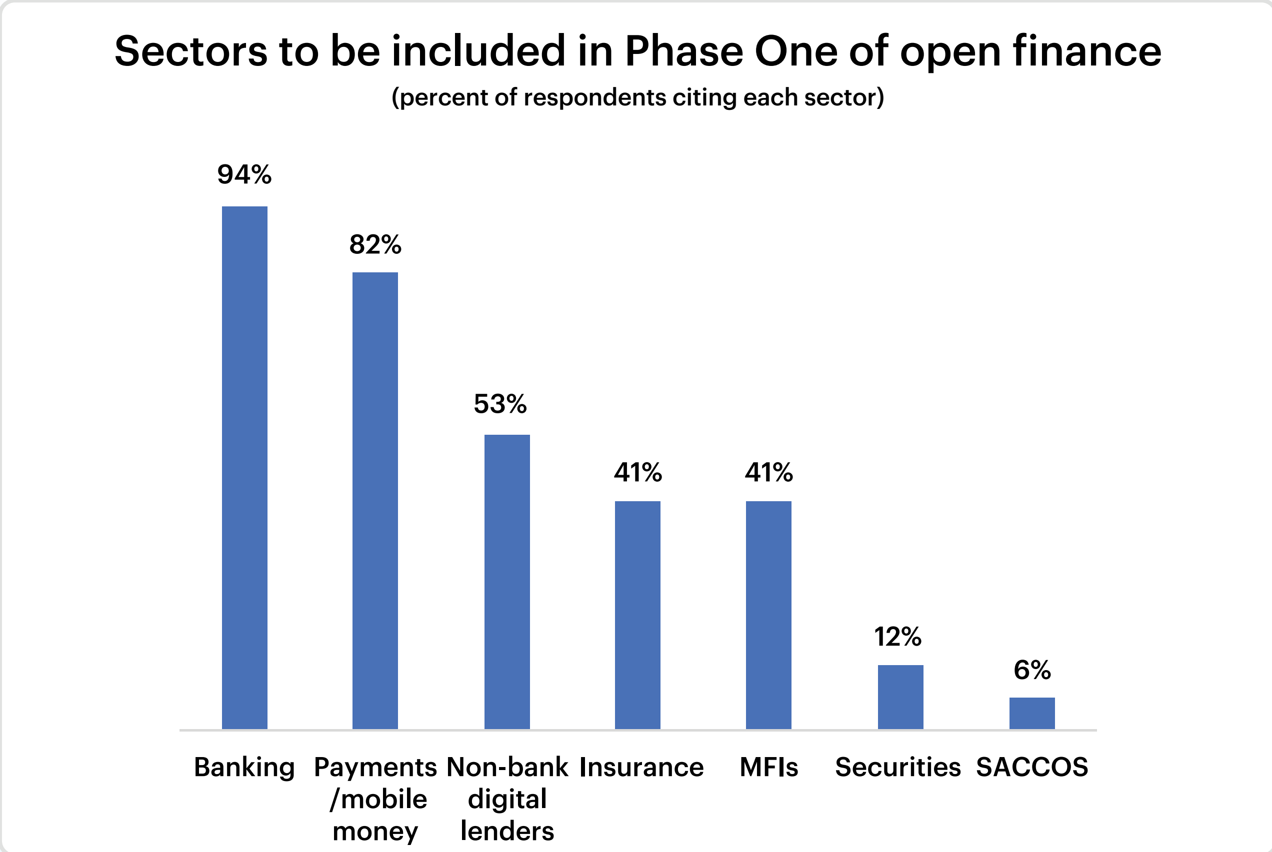


Figure 8: Sectors to be included in open finance phase one in Kenya.

Source: Kenya Open Finance Initiative industry consultations.

Including regulated digital lenders in a first wave could be beneficial given their importance in Kenya's economy, and relatively easy since they are already regulated by the CBK. However, including other unregulated segments of the fintech sector could be more challenging early on in open finance implementation. One respondent proposed a rule that only fintechs with a minimum user base above a certain threshold can participate early on in open finance, while others proposed smaller fintechs could voluntarily participate, provided they can satisfy all requirements set for the financial institutions that are required to participate in open finance.

A related question that will need to be determined is how to treat non-financial entities, either as data-sharing participants, or third-parties performing outsourced activities for open finance participants like banks, MMOs, and digital lenders. Industry opinions were quite varied on this topic. Some felt these firms would "provide additional resources and expertise to drive open finance forward, especially in terms of building secure APIs and data standards," and that third parties were "critical" to address capability gaps in the industry in processes such as KYC verifications or credit scoring. Others were quite concerned about their participation, and the data security risks and oversight challenges they raised. One bank proposed what they deemed a "'cocktail license' approach for third party participation, which provides functional licensing based on specific activities rather than rigid regulatory categories. This would create a more dynamic and inclusive regulatory framework that accommodates different types of financial service providers."

These third parties could support expansion of embedded finance solutions in sectors such as e-commerce, agriculture, business-to-business payments, and gig work. There is likely a role for aggregators and other intermediaries in Kenya to support integration of open finance solutions with other digital platforms; and models like sponsorship, tiered accreditation, or outsourcing of services may need to be considered within the open finance policy framework, learning from good practices in leading open finance markets globally as well as the ways Kenyan financial institutions manage risks with the third parties they currently outsource some activities to. In various open finance ecosystems, these aggregators have played a key role in making data sharing function well across diverse financial institutions. In India, open finance was in fact initiated through the establishment of an Account Aggregator licensing window by the Reserve Bank of India (RBI). Account aggregators in India manage the customer consent and data sharing requests to financial institutions, who then share data between each other based on the consent and request information provided by the account aggregator.[39] Account aggregators are key to facilitating connectivity between the more than 100 million accounts and more than 800 financial institutions connected to India's Account Aggregator Ecosystem. In Kenya it is likely that aggregators will be key conduits for connectivity across open finance participants, although careful consideration will need to be made regarding how these aggregators are licensed and supervised to participate, how pricing is set to make their business models viable, and what activities they may and may not carry out related to open finance.

2. Governance models for policymaker-industry collaboration

Governance in open finance is "the arrangements that guide decision-making related to operational, functional, and fiduciary rules and standards for open finance."[40] For functional purposes, this means that a series of different actors will be given different powers within open finance to lead key decisions such as those discussed previously in this report. Who decides the initial structure of open finance, guides its implementation, and adjusts and enforces rules and standards over time is one of the most important decisions that must be made in open finance. Getting the design of the governance system right has been crucial to ensure a smooth start to open finance in leading markets, and in some cases governance models needed to be adjusted to address early challenges in open finance implementation, including shifts from industry-led, voluntary models to mandatory, policymaker-led models relatively early on.[41] Some common approaches to governance are outlined in Figure 9 below. As the four models described show, one of the key differences in governance models is how much the process is led by government or private sector entities, and to what extent the government or industry is dictating rules or standards

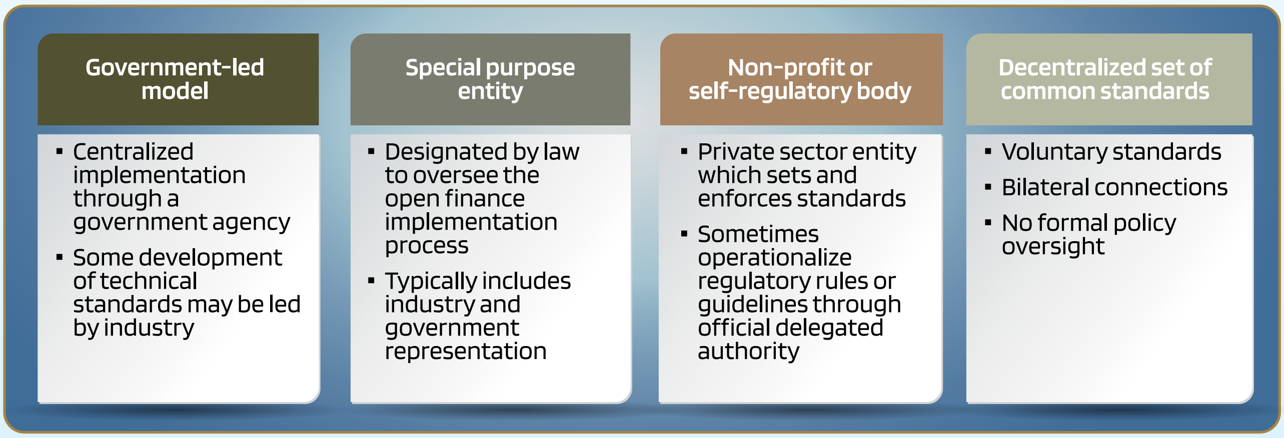


Figure 9: Common governance models in open finance.

Source: Author.

39 Sahamati. 2022. "Expected Evolution of Account Aggregator Ecosystem 2023-2027". Sahamati.

40 CGAP, BIS, IMF, UNSGSA, and World Bank. 2024. Key Considerations for Open Finance. Washington, D.C.: CGAP

41 Mazer and Dias, 2025; Rafe Mazer. 2023. Moving Markets Towards Open Finance: Policy considerations for emerging markets and developing economies. Raidiam.

A common concern on governance and implementation of open finance in Kenya was that the policy process would be incomplete or too slow. According to one interviewee, "Lack of proper regulatory guidance would lead to chaotic market-driven developments resulting in solution silos, fragmentation and security concerns." Generally, respondents wanted the CBK to take an active role in setting the policy framework and governance model for open finance to address these concerns about policy development and implementation.

Specifically, industry participants frequently favored what one respondent termed "a mixed governance approach," which they described as "a dedicated council or committee is established with representatives from industry, government, and consumer advocacy groups…responsible for setting standards, monitoring compliance, and managing disputes, thus providing a single point of coordination while fostering collaboration between public and private stakeholders." Such a mixed approach would still likely give the policymaker(s) primacy, and several respondents felt it was important that CBK and other authorities such as National Treasury or Communications Authority (CA) take strong oversight roles in areas such as compliance, data security/cybersecurity, and consumer protection.

To achieve this governance model, industry stakeholders believed that CBK and other policymakers would have to increase their technical capacities, expand their oversight functions, and improve their approach to industry engagement. As one mobile money provider cautioned, "we need to ensure that the regulator 'is up to scratch', i.e. able to effectively regulate OF. This means that the CBK must enhance its technological infrastructure, improve its capacity for real-time data monitoring, and develop expertise in emerging financial technologies." To support the CBK in their oversight functions, the governing body should develop robust reporting and performance monitoring requirements from the outset, so that CBK can access and monitor—versus have to independently collect—key data on the open finance ecosystem.

Open finance governance and implementation in such a model will require engaging banking, mobile money, and the fintech sectors in a coordinated manner, likely with formal representatives from each sector in governing boards and technical committees. These representatives should include key decision makers at the larger entities, not just technical staff—which is why many governance models include both leadership and technical committees. While Kenya Bankers Association is the singular voice for the banking sector, there is no mobile money association, and there are numerous fintech associations representing different segments of the market, so it is not clear there is one single voice that can speak for those sectors, which may require deeper and smaller industry engagements at the outset. One fintech recommended a dedicated fintech office to streamline engagement with CBK, and that CBK simplify some approval procedures to make open finance integration easier for that sector. In Ghana, the Bank of Ghana has established a Fintech and Innovation Office, which is playing a leading role in developing their draft open banking regulations, and could serve as a useful model for Kenya. As a first step towards improved engagement between fintech industry and policymakers, industry and policymakers should begin to establish these dialogues early in the policy development process, well before the rules and governance model are decided for open finance.

3. Key rules for the initial stage of open finance implementation

During the discussions with industry, participants surfaced numerous topics that are key to the early stages of rules-setting in open finance. Some of the key areas for early-stage rulemaking in open finance are listed in Table 1 below.

Table 1. Key early stage rules for open finance implementation

Rule type	Key considerations	Implications for Kenyan open finance
Governance model	▪ What type of entity serves as implementing body? ▪ How are decisions and standards decided upon? ▪ Does a government agency have decision-making and rule-setting powers?	▪ Need to determine if current policy mandates are sufficient to implement policy-led open finance model. ▪ Shared governance model will need to include industry and policymaker voting.
Scope of coverage and activities	▪ Which providers and data types are included? ▪ Are payments activities integrated with data sharing functions of open finance?	▪ Need for determination of core sectors to include ▪ Provisions for voluntary participation of some fintechs may be beneficial. ▪ Linkage to instant payments systems key given high usage of mobile money.
Type of infrastructure and standards	▪ Will a specific set of technical standards be agreed upon? ▪ Is there a central hub or are connections bilateral?	▪ Existing API standards used to connect mobile money/banking/fintech may offer guidance on standards and model for APIs in open finance.
Data protection and security	▪ What are the appropriate standards for consent and revocation of consent for different data types and use cases? ▪ Alignment with existing data protection rules ▪ Is the accreditation of participants managed by a central entity, or verified in some other manner?	▪ Need for detailed guidance on consent and data protection in open finance from ODPC.
Liability and third-party participation	▪ Are third parties allowed to participate in or perform open finance functions? ▪ How is liability determined for activities and data usage between different participants and principals/third-parties?	▪ Third party aggregators play important roles in digital finance in Kenya, so allowing their participation will likely benefit the ecosystem. ▪ Risks of data usage by other participants requires strong liability for misuse by all data recipients and users and robust reporting and monitoring of data usage.

Rule type	Key considerations	Implications for Kenyan open finance
Pricing and monetization	▪ How are the initial and ongoing costs covered? ▪ Is it permitted to charge other participants for any activities included within open finance?	▪ Likely need for upfront financing that pulls from broad range of private and public resources, not just largest actors. ▪ Pricing rules will need to be negotiated and agreed upon with inputs from all relevant sectors, as opinions differ greatly.
Performance standards	▪ What are the key requirements for availability, functionality, and other performance? ▪ How is performance monitored and standards enforced? ▪ Can a user experience standards guidebook be developed for all participants to implement?	▪ Which authority has the powers to enforce performance standards, and which has the powers to act against anti-competitive practices? ▪ A public dashboard is key to developing trust and monitoring conduct in Kenya's open finance ecosystem
Redress and enforcement	▪ Is there a system in place for resolution of disputes between participants? ▪ What existing consumer redress rules and procedures exist in financial services, and are additional requirements needed for open finance?	▪ Which authority or industry body can manage complaints and redress? ▪ How can redress be harmonized across participants who report to different regulatory bodies?

Determining these rules and their implementation and enforcement will need to be a closely collaborative effort of industry representatives from all relevant sectors, as well as leading regulators such as the CBK, ODPC, Competition Authority of Kenya (CAK), and ministries such as National Treasury. This process should also have a clear system for decision-making that cannot be easily bogged down or delayed by disagreements amongst participants. Conversations with Kenyan stakeholders on the issue of pricing and monetization in open finance made clear the limits of consensus-building (see text box below.) This lack of consensus on pricing hints that there will need to be a mechanism for policymakers or another such authority to determine the consultation process completed, and make a final decision on rules, standards, or requirements if consensus cannot be voluntarily achieved across industry actors.

Pricing and monetization of data in open finance

Open finance participants often have conflicting viewpoints on who pays for open finance development, and whether participating firms can charge each other for open finance activities. Larger banks may raise concerns about the high upfront costs they often have to bear, while smaller firms will balk at any charging of fees for receiving consumer data. In Kenya industry viewpoints on the right approach to pricing in open finance varied, often falling into three distinct viewpoints:

No to charging: "With no common frameworks that organisations share on data sharing in Kenya, coupled with no standardisation on commercials, we would have many different commercials terms across different firms."

Fixed price charging: "Open finance should have a subscription pricing model, as subscription offers predictable and consistent revenue for service providers."

Liberal pricing system: "Kenya's open finance ecosystem should adopt a paid data exchange model. ... However, the pricing model should also remain affordable enough to encourage innovation and inclusivity, particularly for smaller fintech players and startups."

Globally, where charging is allowed four approaches are particularly common.

Open to commercial rates (India, USA.) The governing bodies or standard-setters do not intervene on pricing and terms firms negotiate with each other for data exchange. Such approaches do raise concerns regarding anti-competitive pricing? Will this raise costs to consumers for use of their own data?

Free below certain thresholds (e.g. Brazil, Chile) In these models firms may charge for data exchange activities once another firm has passed a set threshold. These variable billing models can, however, be difficult to implement, and as of end of 2024 no open finance participants in Brazil were charging for data exchanges, even when permitted to do so.

Cost recovery (Mexico and Korea) This allows for charging for data, but that the charges must be related to cost-recovery, and not to create a profit from open finance. Determining what "break-even" costs can however be difficult, and likely will change greatly as volumes rise over the first few years of open finance.

Free + premium APIs and services (Australia) In these models core functions like customer data requests must be free, but firms are allowed to charge for additional value-added activities such as scoring, or for non-covered data types. A key question here is whether these activities should even be within the open finance system's jurisdiction, or just left outside the rules if they do not cover the data types defined in open finance?

An additional cost consideration in open finance is funding the infrastructure development and maintenance. In many markets larger entities such as banks have borne much of the initial costs (e.g. in Brazil the largest banks covered an estimated 80-90% of the development costs the first few years.) In some markets like India, philanthropic funds have also been used to support the infrastructure development. The government has also at time borne some of the cost, both direct and in-kind through staff time and resources.

These global experiences indicate the complexity and contentious nature of setting pricing policies in open finance. In Kenya, industry appears to be similarly conflicted, and consensus may be difficult to achieve. This may be an area where the policymaker will have to review the available local evidence and opinions, as well as global experiences, and make their best determination on rules for costs and pricing in open finance, while building in the ability to adjust this over time as the market expands and the initial upfront costs reduce.

VI. Conclusion

This report reflects the findings from an initial industry consultation on the potential paths open finance could take in Kenya. This type of consultation is an important initial step in the progress towards open finance in Kenya, as it surfaces common views and also areas of contention where consensus needs to be built. Overall, the consultations revealed a highly favorable viewpoint towards open finance. This is particularly noteworthy since the consultation included some of the largest banks and payments service providers, as well as several smaller fintechs and technology service providers. Each of these market segments see areas where they and their customers could benefit from open finance, and believe open finance improved upon the current data sharing ecosystem in several ways, including improving data quality, creating more consistent standards for data security, and allowing greater financial innovation at a reduced cost for key segments of the Kenyan economy.

Based on the feedback from industry participants, this report proposes several priorities and next steps for Kenya's industry to pursue on open finance development and implementation.

1. Consider possible formal cross-industry entities or coalitions to carry forward the priorities identified in the Open Finance Initiative.
2. Develop cross-industry committees to map out good practices for key functions in open finance:
    a. APIs and other data-sharing solutions in Kenya;
    b. Data templates for KYC and deposit, payments, and lending accounts;
    c. Participant registration and participation criteria; and
    d. Responsible consent and data management practices.
3. Share key messages and preferences of industry into the policymaking process initiated with the CBK open finance diagnostic study, facilitated through the various industry associations representing Kenya's DFS sector.

4. Conduct research on consumer experience with data sharing in financial services to inform good practices in user interface/user experience standards for open finance.

Seven years on from the first formal discussions of open banking in Kenya,[42] industry and policy voices are aligning to deliver a more competitive, data-driven, consumer-controlled financial sector. A generation ago, the mobile money revolution transformed Kenya's financial landscape and delivered real economic benefit to millions of Kenyans.[43] That revolution was facilitated by policymaker openness to a new way of delivering financial services through mobile phones and industry delivering high-quality solutions that filled a need. Since then, mobile money infrastructure has led to additional digital innovations such as e-commerce, bill payment, and lending to MSMEs and individuals. Given the outsize impact of open finance in other countries, and the proven potential for DFS innovation and uptake in Kenya, it is not an exaggeration to think that open finance could be that next once-a-generation innovation for financial services in Kenya.

42 Francis Gwer. 2025. "Towards a shared vision for open finance in Kenya." FSD Kenya Blog. April 30, 2025.

43 Gates Foundation. 2021. The Impact of Mobile Money on Poverty. Gates Foundation Research Brief.

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