

# Fourth Medium Term Plan

2023-2027



## SECTOR PLAN FOR FINANCIAL SERVICES SECTOR







REPUBLIC OF KENYA

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# **FOURTH MEDIUM TERM PLAN 2023-2027**

## **SECTOR PLAN FOR FINANCIAL SERVICES SECTOR**

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# LIST OF ACRONYMS

<b>AFC</b>	Agricultural Finance Corporation
<b>AMFI</b>	Association of Microfinance Institutions
<b>AML</b>	Anti-Money Laundering
<b>ASTGS</b>	Agricultural Sector Transformation and Growth Strategy
<b>BMF</b>	Bond Market Forum
<b>BPS</b>	Budget Policy Statement
<b>CAK</b>	Competition Authority of Kenya
<b>Cat DDO</b>	Catastrophe Deferred Draw Down Option
<b>CBK</b>	Central Bank of Kenya
<b>CDS</b>	Central Securities Depository
<b>CGS</b>	Credit Guarantee Scheme
<b>CIS</b>	Credit Information Sharing
<b>CMA</b>	Capital Markets Authority
<b>COMESA</b>	Common Market for Eastern and Southern Africa
<b>CTF</b>	Counter Terrorism Financing
<b>CTRs</b>	Cash Transaction Reports
<b>DPs</b>	Development Partners
<b>DCPs</b>	Digital Credit Providers
<b>DNFBPs</b>	Designated Non-Financial Businesses and Professions
<b>DSSI</b>	Debt Service Suspension Initiative
<b>EAC</b>	East African Community
<b>EAMU</b>	East African Monetary Union
<b>ESG</b>	Environmental, Social & Governance
<b>FAO</b>	Food and Agriculture Organization
<b>FRC</b>	Financial Reporting Centre
<b>FSA</b>	Financial Services Authority
<b>FSD</b>	Financial Sector Deepening
<b>FSS</b>	Financial Services Sector





<b>FY</b>	Financial Year
<b>GCF</b>	Green Climate Fund
<b>GDP</b>	Gross Domestic Product
<b>IB</b>	Internet Banking
<b>ICMA</b>	International Capital Market Association
<b>IRA</b>	Insurance Regulatory Authority
<b>ISBs</b>	International Sovereign Bonds
<b>KCGC</b>	Kenya Credit Guarantee Company
<b>KDIC</b>	Kenya Deposit Insurance Corporation
<b>KENEST</b>	Kenya National Entrepreneur Savings Trust
<b>KEPSS</b>	Kenya Electronic Payments and Settlement System
<b>KMRC</b>	Kenya Mortgage Refinance Company
<b>KNBS</b>	Kenya National Bureau of Statistics
<b>KOMEX</b>	Kenya National Multi-Commodities Exchange
<b>MFIs</b>	Micro-Finance Institutions
<b>ML</b>	Money Laundering
<b>MSMEs</b>	Micro, Small and Medium Enterprises
<b>MTP</b>	Medium Term Plan
<b>NDC</b>	Nationally Determined Contributions
<b>NHIF</b>	National Hospital Insurance Hospital
<b>NIFC</b>	The Nairobi International Financial Centre
<b>NIFCA</b>	The Nairobi International Financial Centre Authority
<b>NIP</b>	National Insurance Policy
<b>NSE</b>	Nairobi Securities Exchange Virtual Assets
<b>NSSF</b>	National Social Security Fund
<b>OTC</b>	Over the Counter
<b>P2P</b>	Person to Person
<b>PDL</b>	Petroleum Development Levy
<b>PFI</b>	Participating Financial Intermediaries
<b>PFM</b>	Public Finance Management
<b>PIM</b>	Project Investment Management

<b>POCAMLA</b>	Proceeds of Crime and Anti-Money Laundering Act, 2009
<b>PPP</b>	Public Private Partnerships
<b>PROFIT</b>	Programme for Rural Outreach, Financial Innovativeness and Technology
<b>PSPs</b>	Payments Service Providers
<b>PWDs</b>	Persons with disability
<b>RBA</b>	Retirement Benefits Authority
<b>RBS</b>	Risk-Based Supervision
<b>REIT</b>	Real Estate Investment Trust
<b>RTGS</b>	Real-Time Gross Settlement
<b>Saccos</b>	Savings and Credit Cooperative Societies
<b>SASRA</b>	Sacco Societies Regulatory Authority
<b>SLB</b>	Securities Lending and borrowing
<b>STRs</b>	Suspicious Transaction Reports
<b>TF</b>	Terrorist Financing
<b>TMD</b>	Treasury Mobile Direct
<b>UFAA</b>	Unclaimed Financial Assets Authority
<b>UN</b>	United Nations
<b>UNFCCC</b>	UN Framework Convention on Climate Change



# FOREWORD

The Fourth Medium Term Plan (MTP IV) was officially launched by H.E. The President in March, 2024, as a successor to the Third MTP (MTP III) which was implemented in the period 2018-2022. MTP IV themed ‘Bottom-Up Economic Transformation Agenda for Inclusive Growth’ translates Bottom-up Economic Transformation Agenda (BETA) aspirations into concrete priority interventions to be implemented.

This Fourth Medium Term Plan (MTP IV) Financial Services Sector (FSS) Plan 2023-2027 comes as the successor to the Third Medium Term Plan (MTP III) FSS Plan that covered the period 2018-2022. It sets the overall framework and policy direction for the FSS by outlining key programmes and projects, including reform initiatives, for implementation over the five-year period. The FSS Plan outlines key achievement in implementation of MTP III, and initial years of MTP IV (2023/24-2024/25); challenges and emerging issues; and policies, programmes and projects for implementation in the remaining period of MTP IV.

The Plan recognizes the role of the FSS in supporting Kenya’s longer-term development aspirations as enshrined in Vision 2030, MTPs and the Bottom-Up Economic Transformation agenda (BETA) and leverages on the gains already made in the previous MTPs. The Plan seeks to position Kenya as a global and regional financial hub, and increase financial services sector contribution to GDP. The Plan targets to enhance access to formal finance by underserved groups across the country, including Micro, Small and Medium Enterprises (MSMEs), women, youth and persons with disability (PwDs). The Plan further aims to respond to emerging issues such as climate change and evolving digital landscape such as virtual assets and virtual assets service providers.

The Financial Services Sector whose vision is to “create a vibrant and globally competitive financial sector that will promote high level of savings to finance Kenya’s investment needs,” is critical to maintain a sustained economic growth of 10 per cent per annum, at the heart of Vision 2030. This calls for a concerted effort towards enhancing the three pillars of financial services namely: access, efficiency, and stability. These three (3)

pillars are mutually reinforcing and need to be addressed to ensure a vibrant FSS that effectively finances the country's investment needs for sustainable development.

The MTPIV FSS Plan provides a framework for enhancing visibility of the sector's commitment as an enabler to other sectors of the economy, and fostering a coordinated approach towards achievement of the targets for the sector. Successful implementation of policies, programmes and projects in this Plan will contribute to attainment of BETA objectives and ultimately improvement of quality of life, and living standards of all Kenyans.

I therefore call upon all FSS stakeholders to put concerted efforts in the implementation of the policies, programmes and projects falling under their respective mandates.



**Hon. FCPA John Mbadi Ng'ongo, EGH**  
**Cabinet Secretary**  
**The National Treasury and Economic Planning**



# PREFACE

The MTP IV outlines priority policies, programmes and projects for implementation over the period 2023-2027. MTP IV aspirations are broadly classified under five sectors namely: (i) Finance and Production; (ii) Infrastructure; (iii) Social Sector; (iv) Environment and Natural Resources; and (v) Governance and Public Administration. Policies, programmes and projects for the Financial Service Sector (FSS) in MTP IV falls within the Finance and Production Sector which is key enabler in the Government's Bottom-Up Economic Transformation Agenda.

The Financial Services Sector (FSS) Plan defines initiatives and strategies for the period 2023-2027 aimed at making Kenya attain “a vibrant and globally competitive financial sector driving elevated levels of savings and financing Kenya’s investment needs”. It provides a clear strategy for the development of the financial sector considering the emerging issues and challenges faced during implementation of Third Medium Term Plan (MTP III).

The Plan sets out the projects and programmes to be undertaken during the plan period to contribute towards achieving the goals of the Vision 2030 and BETA objectives. The Plan outlines the following programmes and projects: Strengthening the financial sector architecture, Modernizing Supervision, Digital Finance; Virtual Assets (VAs) and Virtual Asset Service Providers (VASPs); Kenya Credit Guarantee Scheme; Agricultural and Rural Finance Deepening; Nairobi International Financial Centre; Green Finance Programme; Affordable mortgages; Financial Inclusion; Long-term Saving; Public Debt Market; and Disaster Risk Management and Financing. In addition, the Plan identifies several policies, legal and institutional interventions to be undertaken to support successful implementation of identified financial services programmes and projects.

The Plan was prepared through a broad range of consultations with relevant Ministries, Department and Agencies (MDAs); including development partners. This Plan benefited from valuable inputs from the following institutions: The National Treasury, the State Department for Economic Planning, Financial Sector Regulators Central Bank of Kenya (CBK), Capital

Markets Authority (CMA), Retirement Benefit Authority (RBA), Insurance Regulatory Authority (IRA) and SASRA); Competition Authority of Kenya (CAK), Kenya Deposit Insurance Corporation (KDIC), Nairobi International Financial Centre Authority (NIFCA), Unclaimed Financial Assets Authority (UFAA), Financial Reporting Centre (FRC) and Financial Sector Deepening (FSD, Kenya).

On behalf of the National Treasury, I would like to extend my sincere gratitude to the Cabinet Secretary NT & EP, for providing leadership in the formulation of this Plan. I also wish to give thanks to the technical team from all institutions under the leadership of the Director General of Budget, Fiscal and Economic Affairs and Director, Financial and Sectoral Department in the National Treasury for working tirelessly in the production of this Plan.



**Dr. Chris K. Kiptoo, CBS**  
**Principal Secretary**  
**The National Treasury**



# EXECUTIVE SUMMARY

During the implementation of the Medium-Term Plan III (MTP III), Kenya's Financial Services Sector (FSS) made significant progress across multiple sub-sectors. Notably, the Nairobi International Financial Centre (NIFC) was operationalized, enhancing Kenya's profile as a financial hub. The Central Bank of Kenya (CBK) Act was amended in December 2021 to bring Digital Credit Providers (DCPs) under regulatory oversight, marking a major milestone in safeguarding consumers in the rapidly expanding digital lending space. Interoperability in mobile money was extended to merchant payments in April 2022, following the earlier rollout of person-to-person (P2P) interoperability in April 2018.

The banking sector also recorded substantial growth, with customer deposits increasing from KSh 2.9 trillion in December 2017 to KSh 5.0 trillion in December 2022. The issuance of the Banking Charter in 2019 reinforced governance and ethical practices, while the CBK licensed the Kenya Mortgage Refinance Company to boost affordable housing finance. Further developments included the implementation of a new Kenya Electronic Payments and Settlement System (KEPSS) in June 2020 and the launch of the National Payments Strategy (2022–2025). The CBK also introduced various monetary and regulatory measures to cushion the economy from the impacts of the COVID-19 pandemic. Deposit protection limits were raised from KSh 100,000 to KSh 500,000, enhancing depositor confidence.

The capital markets witnessed key developments, including the establishment of the Kenya National Multi-Commodities Exchange (KOMEX) in February 2019, and the introduction of two new market segments at the Nairobi Securities Exchange (NSE): the Ibuka and the Unlisted Securities Platform. Additionally, the development of Green Bond Regulations paved the way for the issuance of Kenya's first green bond, which was subsequently cross-listed on the London Stock Exchange.

In insurance, total assets grew by 44 percent from KSh.591 billion in 2017 to KSh.957 billion in 2022 while the proportion of lives covered rose from 8.4% in 2017 to 34.1% in 2022. The assets of Savings and Credit

Cooperative Societies (SACCOs) grew from KSh 443 billion in 2017 to KSh 816 billion in 2022.

The Credit Guarantee Scheme (CGS) was established in 2020 to support MSMEs access quality and affordable credit by incentivizing banks to lend more to MSMEs. As at June, 2023, the Scheme had unlocked credit worth KSh. 5.75 billion to targeted MSMEs in 12 sectors of the economy across the Counties.

Retirement benefits coverage in the Country stood at 26.0 percent in 2022 compared to 19.6 percent in 2018. The Public Service Superannuation Scheme (PSSS) was established and operationalized in 2021 to address the challenge of unfunded pension liabilities and ensure management of fiscal obligations. Further, to ensure that the informal sector is covered, the Government established the Kenya National Entrepreneur Savings Trust (KENEST) targeting workers in the sector.

Climate resilience and sustainability were also emphasized, with the CBK issuing guidance on climate-related risk management to banks and mortgage institutions. This effort was complemented by the development of a National Green Climate Fund Strategy, which helped increase total financing volume to USD 212 million.

A critical step in strengthening financial integrity was the development of Kenya's first National Risk Assessment on Money Laundering and Terrorism Financing (ML/TF), aimed at identifying sectoral vulnerabilities and guiding policy responses. Further, Kenya underwent the second round of Mutual Evaluations (ME) exercise of its AML/CFT framework in 2022 in line with the Financial Action Task Force (FATF) Standards by Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG).

Despite these achievements, several challenges emerged during the MTP III period. Advancements in technology raised new concerns around data privacy, governance, and consumer protection. Cybersecurity risks continued to evolve, requiring ongoing investment in protective measures. There remained a growing need to integrate Environmental, Social, and Governance (ESG) principles into financial sector operations. The rise of cryptocurrencies and other digital assets posed regulatory and systemic questions. Financial inclusion gaps persisted, particularly among women, youth, and persons with disabilities, while the high cost of financial products





and services further restricted access. Most MSMEs continued to operate informally, limiting their eligibility for formal financial products. Retirement contributions were still dominated by public institutions, affecting liquidity and viability, especially in universities and county governments. Regionally, the absence of a benefits portability framework across the East African Community (EAC) remained a significant impediment.

Further, legislative delays hindered timely policy and regulatory reforms, legal barriers limited the unification of unclaimed financial assets, and the onset of the COVID-19 pandemic further disrupted economic activities, placing additional strain on the financial services sector. These emerging issues highlight the need for ongoing reforms, enhanced regulatory agility, and stronger coordination to ensure inclusive, resilient, and sustainable growth in the financial sector.

To address the challenges encountered and to build on the progress made under the Medium-Term Plan III (MTP III), the Medium-Term Plan IV (MTP IV) for the Financial Services Sector (FSS) outlines a comprehensive set of policies, programmes, and projects for implementation during the 2024/25 to 2027/28 period. Central to this plan is the development of a financial inclusion programme aimed at expanding access to affordable and suitable financial services for all segments of the population, including traditionally underserved groups such as women, youth, and persons with disabilities.

A key initiative under MTP IV is the establishment of the Kenya Credit Guarantee Company, which will institutionalize credit guarantee operations to enhance access to finance, particularly for MSMEs. To harness the potential of technology in financial services, the Plan prioritizes the promotion of digital finance through the formulation and implementation of a Digital Finance Policy, ensuring secure, inclusive, and consumer-friendly digital financial ecosystems.

The continued development of the Nairobi International Financial Centre (NIFC) is another strategic initiative, with the goal of positioning Kenya as a leading international financial hub within the Sub-Saharan African region. Additionally, the plan emphasizes the need to streamline the financial services sector architecture and modernize supervisory frameworks to keep pace with emerging risks and innovations, including regulatory oversight of Virtual Assets and Virtual Asset Service Providers (VASPs).

Further policy priorities include the development of public debt markets, promoting long-term savings, enhancing access to affordable mortgage products, and deepening agricultural and rural finance to support inclusive economic growth. The Plan also introduces a Green Finance Programme and Disaster Risk Financing mechanisms, aligning the financial sector with sustainability development.

To support the successful implementation of these programmes, the Plan identifies a range of enabling policies, legislative reforms, and institutional realignments that must be expedited. These reforms are essential for creating a more efficient, transparent, and resilient financial services ecosystem. Collectively, the initiatives under MTP IV aim to modernize and transform Kenya's financial services sector, enhance its regional competitiveness, and improve the country's global standing in financial stability, innovation, and inclusivity.



# Summary Report



# 1.0 INTRODUCTION

In June 2008, the Government of Kenya launched Kenya Vision 2030, the country's long-term development blueprint aimed at transforming Kenya into "a newly industrialized, globally competitive, and prosperous country with a high quality of life by 2030." The Vision is structured around three main pillars: economic, social, and political. The Financial Services Sector (FSS) was identified as one of the eight priority sectors under the economic pillar, seen as critical to achieving the ambitious target of a 10 percent annual average real GDP growth.

The vision for the Financial Services Sector under Vision 2030 is to "create a vibrant and globally competitive financial sector that will promote high levels of savings to finance Kenya's investment needs." Complementing this, the Bottom-Up Economic Transformation Agenda (BETA), which guides current economic priorities, outlines five key pillars: Agriculture, MSMEs, Housing and Settlement, Healthcare, and the Digital Superhighway and Creative Economy. BETA recognizes the Financial Services Sector as a key enabler of socio-economic development, particularly by facilitating access to affordable finance. It underscores the importance of crowding in private sector credit, leveraging the SACCO system to reach underserved populations, developing a strong consumer protection framework, and promoting sustainable finance. BETA also calls for enhanced credit access to various segments, especially in agriculture, housing, healthcare, MSMEs, women, youth, persons with disabilities, and other excluded groups.

Notable strides have been made during the implementation of the first three FSS Medium-Term Plans. These include strengthening legal and regulatory frameworks, building infrastructure to support electronic payments, and embracing digital financial services. These efforts significantly improved financial inclusion, with the proportion of adults using formal financial services rising from 26.7% in 2006 to 83.7% in 2021, largely driven by innovations in digital finance. The contribution of the financial sector to GDP also increased, growing from 5.8% in 2009 to 7.4% in 2022, indicating its growing importance in the economy.

However, persistent challenges remain. High credit costs, limited access to



affordable finance especially for MSMEs and actors in the agricultural and rural sectors—along with low savings and investment rates relative to GDP continue to constrain the sector’s full potential. Additionally, a significant portion of the population, including women, youth, people with disabilities, and the rural population, remains underserved by formal financial services.

To address these gaps and build upon previous successes, the Fourth Financial Services Sector Medium-Term Plan (2023–2027) outlines a targeted set of policies, programmes, and projects aimed at creating a sustainable, inclusive, and resilient financial system. The Plan is organized around key sub-sectors—banking, capital markets, insurance, pensions/retirement benefits, and SACCOs—and is anchored in three core dimensions: access, efficiency, and stability. It also integrates cross-cutting initiatives such as climate finance, digital transformation, anti-money laundering and counter-terrorism financing (AML/CFT/CPF), agriculture and MSME finance, and disaster risk financing.

Overall, the Plan aligns with the strategic direction of MTP IV, ensuring strong inter-agency coordination and policy coherence to realize the sector’s vision. Through these interventions, the FSS will play a pivotal role in positioning Kenya as a financial hub in the region, while enabling inclusive economic growth and improving the livelihoods of all Kenyans.







# 2.0 SITUATION ANALYSIS

The Third Medium Term Plan (MTP III) defined the initiatives and strategies for implementation by the Financial Services Sector (FSS) during the period 2018 to 2022. It set out flagship projects and programmes under the five (5) Financial Services Sub-sectors and enablers. During the MTP III period, the FSS achieved significant milestones across the various flagship programmes and projects as indicated below:

## 2.1 Flagship Projects

### 2.1.1 The Nairobi International Financial Centre (NIFC)

NIFC was operationalized through the Nairobi International Financial Centre Act, 2017. Some of the achievements realized during the Plan period include: appointment of the Board of Directors; development of the Authority's Human Resource Instruments; development of NIFC Strategy; development of initial set of incentives; development of NIFC corporate brand; gazetting of the NIFC (General) Regulations, 2021; certification of one company into NIFC; and collaboration with Financial Centre for Sustainability (FC4S) and other key stakeholders.

### 2.1.2 Implementation of Digital Finance

The objective of this flagship project was to create a digital infrastructure across the financial services sector. Over the MTP III period, a number of initiatives were implemented to support the achievement of the flagship's objective. These include the Person to Person (P2P) interoperability that was launched in April 2018 whose benefits and opportunities were leveraged on leading to the roll out of mobile money merchant interoperability in April 2022. Further, the Central Bank of Kenya Act, was amended in December 2021 to provide for licensing and oversight of the previously unregulated Digital Credit Providers (DCPs).



### 2.1.3 Capital Markets Deepening

Following formalization of the regulatory mandate of commodities market in Kenya, licensing of farmers-owned coffee brokers from different parts of the country was implemented. The Government approved the establishment and operationalization of the Kenya National Multi-Commodities Exchange (KOMEX) in February 2019. The sector also launched the derivatives markets, increasing the pool of hedging and investment instruments within the Kenyan capital markets to include single stock futures of select listed securities as well as index derivatives.

The market infrastructure across the various entities that includes Nairobi Securities Exchange, Central Depository and Settlement Corporation were upgraded to international standards. The Central Bank of Kenya was in the final stages of implementing an electronic Central Securities Depository (Dhow CSD) which intends to facilitate bidding and settling of government securities conveniently and efficiently. Securities Lending and Borrowing (SLB) and short selling were introduced in the Kenyan capital markets as some of the initiatives that enhance liquidity. Day trading was introduced at NSE in November, 2021 as a way of enhancing liquidity at the exchange. Two (2) more market segments, Ibuka<sup>1</sup> and Unlisted Securities Platform, were also introduced at the exchange.

In addition, the Second Real Estate Investment Trust (REIT) was listed at the NSE and cross-listed at the London Securities Exchange. Green Bonds Regulations were developed which facilitated issuance of Kenya's first green bond and subsequent cross listing on the London Stock Exchange. The sector promoted Government's affordable housing programme by facilitating the approval of corporate bonds issuances by two entities; Urban Housing Renewal Development Limited and the Kenya Mortgage Refinancing Company (KMRC). In 2022, under its Medium-Term Note (MTN) programme of KSh. 10 billion, KMRC issued a KSh. 1.4 billion corporate bond which was oversubscribed by 480 percent with a total performance rate of 579.6 percent.

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<sup>1</sup> SME Incubation and acceleration programme at the NSE





## 2.2 Sectoral Performance

### 2.2.1 Banking Sub-Sector

The Banking sub sector remains the largest by assets and systemic importance in the financial sector. As at June 2023, the sub-sector comprised of 38 commercial banks, one (1) mortgage finance company, eight (8) non-operating bank holding companies, nine (9) representative offices, one (1) mortgage refinancing company, fourteen (14) microfinance banks, seventeen (17) money remittance providers, sixty-eight (68) forex bureaus and three (3) credit reference bureaus. The sub-sector also comprises the National Payments System which processes domestic and retail payments that are processed by authorized Payments Service Providers (PSPs), large-value time-critical through the Kenya Electronic Payments and Settlement System (KEPSS), and regional payments through payment links that CBK has established with Central Banks in the EAC and COMESA regions. Over the MTP III the following were key achievements in the sub-sector.

Growth in customer deposits from KSh. 2.9 trillion in December 2017 to KSh. 5.0 trillion in December 2022.<sup>2</sup> The growth in deposits was due to deposit mobilization through agency banking and mobile phone platforms. Total net assets for commercial banks grew by 65.0 percent from KSh. 4.0 trillion in December 2017 to KSh. 6.6 trillion in December 2022<sup>3</sup> with the growth being supported by the increase in loans and advances.

Market-led consolidation. Between 2017 and 2022, the sector experienced institutional consolidation comprising six (6) commercial banks and seven (7) microfinance banks. This was driven by commercial banks and microfinance banks' desire to grow, innovate and be well capitalized.

Long-term credit for investment in housing. To support Government efforts on affordable housing under the Big Four Agenda enacted the Central Bank of Kenya (Mortgage Refinance Companies) Regulations, 2019; licensed Kenya Mortgage Refinance Company (KMRC) as a non-deposit taking institution in 2020 to provide long-term funds to banks and SACCOs thus increasing access to affordable mortgages.; and reviewed the capital risk weight for residential mortgages from 50 percent to 35 percent.

<sup>2</sup> Source: Central Bank of Kenya, Bank Supervision Department Annual Report 2017 and 2020.

<sup>3</sup> Source: Central Bank of Kenya, Bank Supervision Department Annual Report 2017 and 2020.

**Banking Sector Charter:** was issued in February 2019 by CBK to facilitate a responsible and disciplined credit market. The Charter is entrenched in the four pillars, namely: adoption of customer-centric business models by banks that are innovative, dynamic and responsive; risk-based credit pricing; enhanced transparency and information disclosure; and entrenching an ethical culture in banks.

**National Payments System (NPS):** During the period, CBK authorized new PSPs and implemented a new KEPSS platform, which facilitated the banking industry to adopt the ISO:20022 international standards. In addition, the Bank facilitated implementation of COVID-19 mitigation measures. Finally, in February 2022, CBK launched the National Payment Strategy 2022-2025 to provide an overall framework to guide developments in the sector.

**Climate-related and environmental risks:** In October 2021, CBK issued Guidance on Climate-Related Risk Management to commercial banks and mortgage finance companies to integrate climate-related risks into their overall risk management frameworks.

**Deposit insurance:** in order to protect depositors and increase public confidence in the banking sector, Kenya Deposit Insurance Corporation (KDIC) increased coverage limit from KSh.100, 000 to KSh. 500,000 in 2020.<sup>4</sup> KDIC also implemented a risk-based premium assessment model where banks pay premium to the scheme based on their risk profiles to minimize risk exposure, moral hazard and encourage banks to bolster risk management for the safety of deposits.

## **2.2.2 Capital Markets**

The domestic capital markets remained sound amidst exogenous shocks; the lingering Russia's-Ukraine crisis, re-emergence of Covid-19 in China, together with increasingly persistent food and energy inflation which weighed down Kenya's economic recovery.

The foreign net equity outflow as at 31st December 2022 reduced to KSh. 4.87 billion compared to the KSh. 6.97 billion recorded in the previous year. This was on the back of reduced foreign investors selloffs as foreign investors who account for a significant contribution to equities turnover

<sup>4</sup> Coverage limit is the amount payable to depositors in case of bank failure.



seemed to have shaken off the post-election jitters and with no panic selling by investors the NSE 20 Share Index rose slightly from 1,671.38 as at 30th September 2022 to close at 1,690.43 as at 31st December 2022. Foreign exchange challenges remained a key domestic risk as investors decried the lack of adequate foreign exchange to invest in the capital markets and repatriate dividends.

### **2.2.3 Public Debt Market**

The Public debt market subsector, comprising both the domestic and external debt market, continued to play a critical role in financing the annual budget of the Government. During the MTP III period, the following achievements were realized:

- i. M-Akiba retail bond product was launched in March 2017 to leverage on high penetration of mobile phones to increase access to government securities across the country. It recorded 682,632 registrations with KSh. 891.4 million raised.
- ii. The CBK launched the Treasury Mobile Direct (TMD) as well as the Internet Banking (IB) for online bidding and dissemination of auction results for Government securities.
- iii. The average maturity of T-bonds lengthened to 9.0 years in April 2022 from 6.2 years in June 2017 while the ratio of T- bills to T-bonds improved to 15:85 from 35:65 respectively.
- iv. Publication of the auction rules and guidelines for government securities market and guidelines for the Kenya Government Securities Benchmark Bond Programme.
- v. The Government issued guidelines on borrowing by County Governments to tap into the debt and loans market to finance their capital budgets. In the external debt market, the following achievements were recorded:
  - vi. Since 2018, five (5) International Sovereign Bonds (ISBs) have been issued under the Eurobond programme at relatively lower yields compared to other African countries.

- vii. The sub-sector participated in two phases of the G20 Debt Service Suspension Initiative (DSSI) to lower the debt servicing ratio over the medium term and improve debt sustainability. The first phase from January to June 2021 yielded debt service suspension of KSh. 46.5 billion while the second phase from July to December 2021 led to suspension of KSh. 8.8 billion.

## 2.2.4 Insurance

The insurance sub-sector comprised 56 insurance companies, 5 reinsurance companies, 5 micro insurance companies, 14,750 intermediaries and 438 insurance service providers. The sub-sector continued to record growth, stability and resilience with insurance premiums increasing by 30.3 percent from KSh.207.6 billion in 2017 to KSh.306.7 billion in 2022. Total assets grew by 44 percent from KSh.591 billion in 2017 to KSh.957 billion in 2022. The level of coverage in terms of insurance policies as a proportion of the population increased from 7.5 percent in 2017 to 24.3 percent in 2022, while the level of coverage in terms of lives as a proportion of the population increased from 8.4percent in 2017 to 35.1 percent in 2022<sup>5</sup>. This growth was driven by strengthening of the legal and regulatory framework, targeted consumer education programmes, capacity building for the industry and enhanced supervisory interventions. The industry also played a critical role in building resilience for individuals, households and firms by providing coverage for Covid-19 risks.

In terms of the statutory National Hospital Insurance Hospital (NHIF), the total membership increased from 15.6 million in 2017 to 31.6 million in 2022 indicating an increase in the level of coverage by 13 percent to 57.4 percent of the population in 2022. The total NHIF contributions amounted to KSh.81.6 billion in 2022<sup>6</sup>.

Insurance penetration rate, measured by the ratio of insurance premium (excluding NHIF) to GDP, declined from 2.55 percent in 2017 to 2.29 percent in 2022, which still remains the highest within the East African Community but below the 7.4 percent global average. This decline was mainly driven by limited accessibility, inclusivity and affordability of insurance services,

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<sup>5</sup> IRA Annual Insurance Industry Report 2022

<sup>6</sup> Economic Survey 2023



price competition, limited local premium retention, negative perception of insurance and risks associated with PSV underwriting.

## **2.2.5 Retirement Benefits/Pensions**

The Retirement benefits/pension sub-sector comprises 1,028 registered schemes with over 7.5 million members including NSSF, public service schemes and private sector pension schemes. Retirement benefits coverage in the Country stood at 26.0 percent in 2022 compared to 19.6 percent in 2018. The Public Service Superannuation Scheme (PSSS) was established and operationalized in 2021 to address the challenge of unfunded pension liabilities and ensure management of fiscal obligations. Further, to ensure that the informal sector is covered, the Government established the Kenya National Entrepreneur Savings Trust (KENEST) targeting workers in the sector.

## **2.2.6 Micro-Finance Institutions**

The Micro-Finance Institutions (MFIs) provide sustainable financial services to lower-income clients thereby playing an important role in financial access and inclusion. The MFIs have over eight (8) million clients distributed in all the 47 Counties with 719 rural branch networks and 379 urban branches. The sector has over 22,000 employees. The microfinance sector loan book stands at KSh. 40 billion with an average loan size of KSh. 10,520<sup>7</sup>.

The MFI sector is segmented into two- Microfinance Banks regulated by the CBK and the Non-deposit taking microfinance institutions. To this end, the CBK has licensed fourteen Microfinance Banks and out of which, three (3) hold community microfinance bank licences, while eleven (11) have nationwide microfinance bank licences. The microfinance banks market share is based on a weighted composite index comprising of assets, deposits, capital, number of active deposit accounts and active loan accounts. Microfinance banks are classified into three peer groups namely large, medium and small.

Non-deposit Taking microfinance institutions (MFIs) are pivotal in advancing financial inclusion in Kenya's rural areas, particularly among women, youth,

<sup>7</sup> Data estimates by AMFI

and smallholder farmers. By offering tailored financial services without the complexities of deposit-taking, these institutions provide accessible credit solutions that empower marginalized communities and stimulate economic growth of the rural and marginalized. Despite their critical role, MFIs face a number of challenges potentially limiting the sector's growth and outreach key of which is the regulatory complexities.

### **2.2.7 Saccos**

The Sacco sub-sector had a total of 359 Deposit-taking Saccos as at December, 2022 serving a membership of 5.9 million. The total assets grew from KSh. 443 billion in 2017 to KSh. 890.3 billion in 2022 translating to an annual growth rate of 15 percent surpassing the target of 14 percent. However, overall usage of Sacco financial services and products dropped from 12.9 percent in 2016 to 9.6 percent in 2021<sup>8</sup>.

To strengthen and enhance stability in the sector, the Government initiated reforms to; license, regulate and supervise Saccos with deposits of KSh. 100 million and above; mobilize membership through digital and other electronic payment platforms (Virtual Saccos); and mobilize membership from persons outside the Country (Diaspora Saccos). In addition, the Government developed the National Cooperative Policy on Promoting Cooperative for Socio Economic Transformation, whose objective is to facilitate development of the cooperatives under the devolved governance structure, which harmonizes development of policies at the national and county governments.

### **2.2.8 Agriculture and Rural Finance**

During the Plan period, Agricultural Finance Corporation (AFC) developed a five-year transformation strategy and business implementation models. With support from Programme for Rural Outreach, Financial Innovativeness and Technology (PROFIT), AFC developed and rolled-out wholesale lending to reach smallholder farmers and other rural agricultural value chain actors. Through this approach, AFC grew its outreach from below 50,000 clients in 2017 to over 190,000 clients in 2021. Additionally, the PROFIT programme provided a risk sharing facility of KSh. 377 million which AFC leveraged to

<sup>8</sup> Finaccess Household survey 2021



lend KSh. 2.3 billion. This was achieved by lending through rural agriculture based Saccos, micro-finance banks and anchor clients who were also supported with business development services. Under the PROFIT risk sharing fund, AFC reached 110,000 clients against a target of 70,000 set out under the programme.

### **2.2.9 The Kenya Credit Guarantee Scheme (CGS)**

The Credit Guarantee Scheme (CGS) was established in 2020 to support MSMEs access quality and affordable credit by incentivizing banks to lend more to MSMEs. The Scheme is anchored on the Public Finance Management (Amendment) (No.2) Act, 2012, and the Credit Guarantee Scheme Regulations, 2020. CGS covers a portion of the potential default risk associated with credit facilities extended to MSMEs by the Participating Financial Intermediaries (PFIs). In the FY 2020/2021, the Government allocated a seed capital of KSh 3 billion for CGS. PFIs are expected to leverage the seed capital to unlock credit of at least KSh 12 billion to MSMEs. As at June, 2023, the Scheme had unlocked credit worth KSh. 5.75 billion to targeted MSMEs in 12 sectors of the economy across the Counties. In addition, credit was extended to vulnerable segments of the population namely women, youth, and persons with disabilities.

### **2.2.10 Unclaimed Financial Assets**

The value of unclaimed financial assets remitted to the Unclaimed Financial Assets Trust Fund increased from KSh. 13.73 billion (cash) in the 2018/19 FY to over KSh. 28.06 billion (cash) in the 2022/23 FY. Moreover, unclaimed units of shares (non-cash assets) grew to 1.63 billion as at the end of 2022/23 FY. Furthermore, in the period a reunification rate of 3.7% of unclaimed financial assets with the rightful owners was realized.

### **2.2.11 Climate Finance**

Climate finance has emerged as an important area for promoting sustainable development and financial sector development. In order to mobilize climate finance resources, Kenya submitted the updated Nationally Determined Contributions (NDC) to the UN Framework Convention on Climate Change





(UNFCCC) which highlights the country's climate change priority actions and financing needs. Subsequently, the NDC Financing Strategy was developed. The Government of Kenya estimates that USD 62 billion is required to implement Kenya's NDC (mitigation and adaptation actions) in 2020-2030.

The Government prioritized mainstreaming and mobilizing finances towards locally-led climate actions through establishment of the Financing Locally-led Climate Action (FLLoCA) Program to crowd-in climate-related financial resources, build capacity and share experience for scaled-up climate related actions at the local level.

To enhance the increase of financial flows from the Green Climate Fund (GCF), a National Green Climate Fund Strategy was developed to provide an elaborate framework of coordinating and attracting resources from the GCF. Private sector participation in GCF was enhanced through the accreditation of KCB Bank Kenya Ltd as a national direct access entity, thereby increasing the number of accredited entities in Kenya to three (3). The total volume of financing from GCF increased to USD 350 million with the approval of twenty-two (22) projects and programmes.

The Sovereign Green Bond Framework was developed in accordance with the International Capital Market Association (ICMA) Green Bond Principles (2021). The framework sets guidelines on the characteristics of the sovereign green bond, including use of proceeds, the process of project selection and evaluation, management of proceeds, and reporting requirements.

## **2.2.12 Disaster Risk Management and Financing**

Kenya has faced various forms of disasters ranging from droughts, floods, desert locust invasion, collapse of buildings and infrastructure, and the COVID-19 pandemic. These disasters overwhelm existing efforts by the Government thereby affecting critical sectors of the economy including the financial services sector and ultimately compromising on gains made regarding financial access and stability. Key achievements in this area included: Development and implementation of the Disaster Risk Financing Strategy 2018 -2022; Development of a Disaster Risk Management Reform Programme; and mobilization of resources with a Catastrophe Deferred Draw-Down Option (Cat DDO) of approximately KSh. 20 billion to cushion the country against the impacts of natural disasters.





## **2.2.13 Credit Information Sharing**

Credit Information Sharing (CIS) mechanism refers to sharing of any positive or negative information bearing on an individual's or entity's credit worthiness, credit standing, credit capacity, historical profile, loan security details and general financial obligations of an individual or entity with regard to credit. Prior to 2013, the Credit Reference Bureau (CRB) Regulations mandated only banks to share negative credit information. Key reforms to facilitate CIS mechanism include: Amendment of CRB Regulations in 2020, to provide for participation to the CIS Mechanism by Saccos licensed by SASRA as well as approved third party credit providers approved by CBK with institutions licensed by CBK mandated to share both positive and negative credit information; and issuance of a code of conduct for third party credit information providers in June, 2021 by Credit Information Sharing Association of Kenya (CIS Kenya) following CBK approval in May, 2021.

## **2.2.14 Anti-Money Laundering, Combating Financing of Terrorism and Proliferation Financing AML/CFT/CPF) Framework**

Kenya conducted and launched the Money Laundering and Terrorism Financing National Risk Assessment Report (NRA) in July 2022. The main objective of the report was to enable the Government to understand the inherent ML/TF vulnerabilities, identify which sectors carry a potentially higher or lower ML/TF risk and guide the response to the identified risks. As an outcome of the NRA, the AML/CFT National Strategy, 2021/22 – 2026/27 and the attendant Action Plan was developed to address the identified ML/TF risks. Further, Kenya underwent the second round of Mutual Evaluations (ME) exercise of its AML/CFT framework in 2022 in line with the Financial Action Task Force (FATF) Standards by Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG). The outcomes of the NRA and mutual evaluation are part of Kenya's actions to strengthen the AML/CFT legal and regulatory framework to fully secure the country from money laundering and terrorism financing risks.

## **2.2.15 Competition and Consumer Protection**

To increase consolidation and competition, mergers in the banking sector were fast-tracked by reducing the turnaround time and making determinations within 30 days as opposed to the statutory 60 days; supporting entry of new players through approving acquisition of smaller banks or failing banks thus increasing consumer choice and ensuring that consumer savings are not lost.

## **2.3 Summary of Macro-Level Performance under MTP III**

The financial sector contribution to GDP increased from 6.7 percent in 2018 to 7.4 percent in 2022. The Gross National Savings to GDP declined from 13.3 percent in 2017 to 13.1 percent in 2022. Most of the indicators remained below the MTP III targets and this can be explained by the international macro-economic shocks, oil price shocks and the COVID-19 pandemic. The overall performance for the financial sector under MTP III is shown in Table 1 below.



**Table 1: Key Financial Services Sector Indicators**

Indicator	Unit	2017 <sup>9</sup>		2018		2019		2020		2021		2022* <sup>10</sup>	
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
<b>Overall</b>													
Gross national savings	% of GDP	18.3	13.3	19.9	14.5	20.9	14.1	21.2	15.1	22.1	16.4	23.1	13.1
Private and other government Investment*	% of GDP	24.4	19.9	25.9	19.1	26.5	19.0	27.2	19.4	27.6	19.6	28.4	17.6
Financial sector contribution	% of GDP	7.1	7.5	7.3	6.7	7.6	6.5	7.8	6.8	8.1	7.1	8.5	7.4
<b>Sub-Sector</b>													
Banking assets <sup>11</sup>	KSh. bn	3,978	4,002	4,366	4,408	4,923	4,809	5,598	5,405	6,406	6,022.1	7,380	6589.8
Micro-finance banks assets <sup>12</sup>	KSh. bn	72	67.6	76	70.8	81	76.4	85	74.9	90	73.9	96	70.4
Capital markets assets	KSh. bn	2,114	3,968	3,961	3,685	4,810	4,457	5,842	4,856	7,095	5,709	8,616	6,260
Insurance assets	KSh. bn	580	591	638	709	702	765	850	850	935	956	1,028	1056
Retirement benefit assets	KSh. bn	1,003	1080.1	1,103	1166.5	1,213	1323.5	1,468	1399.0	1,615	1410.9	1,777	1,515
Deposit-taking Sacco assets	KSh. bn	448	443	509	497	578	556	656	639	744	816	845	890.30

<sup>9</sup> National Treasury.

<sup>10</sup> Forecast based on BPS FY 2022/23

<sup>11</sup> Source: Central Bank of Kenya, Bank Supervision Annual Reports (Various years)

<sup>12</sup> Source: Central Bank of Kenya, Bank Supervision Annual Reports (Various years)

## **2.4 Key Achievements under MTP IV Financial Services in FY 2023/24-2024/25**

This section highlights the key accomplishments attained during the implementation period of the Fourth Medium-Term Plan (MTP IV) from FY 2023/24 to 2024/25.

### **2.4.1 Kenya Credit Guarantee Scheme**

- i. The Credit Guarantee Policy was approved by Cabinet in January, 2025 to provide a clear framework that will support the establishment and sustainability of credit guarantees to facilitate credit access to MSMEs.
- ii. Established a legal and statutory legal framework through amendment of the Central Bank of Kenya Act through the Business Law (Amendments) Act to allow for licensing and regulation of credit guarantee business by CBK.
- iii. Established a Rural Credit Guarantee Scheme (R-CGS) window to provide risk sharing mechanism and promote rural outreach innovations and catalyze funding from Kenyan mainstream financial institutions into the rural and agriculture sector.
- iv. Cabinet approval to establish the Kenya Credit Guarantee Company (KCGC) as a limited liability company with minority Government ownership and majority ownership from the private sector.

### **2.4.2 Strengthening Anti-Money Laundering, Combating Financing of Terrorism and Proliferation Financing (AML/CFT/CPF) Framework**

- i. In 2023, seventeen (17) pieces of legislation were amended to address various technical compliance deficiencies identified in the Mutual Evaluation Report (MER) of Kenya. The Proceeds of Crime and Anti-Money Laundering Regulations, 2023 was amended to align with the AML/CFT (Amendment) Act, 2023.



- ii. Amendment of the Prevention of Terrorism (Implementation of United Nations Security Council Resolutions on Suppression of Terrorism) Regulations, 2023 and 2024; and the Prevention of Terrorism (Implementation of the United Nations Security Council Resolution on Prevention, Suppression and Disruption of Proliferation Financing) Regulations, 2023.
- iii. Conducted a Virtual Assets and Virtual Assets Service Providers National Risk Assessment (NRA) in 2023 on Money Laundering (ML) and Terrorism Financing (TF) Risks in Kenya.
- iv. The Financial Reporting Centre and other supervisory authorities developed guidance targeted at reporting institutions through issuance of sector-specific AML/CFT guidelines and circulars.

### **2.4.3 Capital Market Deepening**

- i. The Coffee Auction at the Nairobi Coffee Exchange was brought under the transparent oversight of the Capital Markets Authority in 2023.
- ii. Implementation of the Direct Settlement System (DSS) within the coffee value chain to enhance transparency whereby cash moves directly from the buyer's account to the farmer without any transaction costs.
- iii. The first ever Sharia compliant sukuk (Linzi Sukuk) was issued to fund over 3,000 institutional affordable housing units.
- iv. Enactment of: The Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023; The Capital Markets (Credit Rating Agencies) Regulations, 2023; The Capital Markets (Collective Investment Schemes) Regulations, 2023; and The Capital Markets (Alternative Investments Funds) Regulations, 2023.

### **2.4.4 Banking**

- i. Increase in Mobile Money Transactions and Wallet Limits to Support Digitization of Payments: CBK increased limits for mobile

money transactions from Ksh. 150,000 to a maximum of Ksh. 250,000; and the size of the mobile money wallet from Ksh. 300,000 to a maximum of Ksh. 500,000 in August 2023.

- ii. Crisis Management and Resolution Frameworks: An in-country workshop was held to strengthen the financial sector crisis management and resolution framework and conducted crisis simulation exercises for financial sector regulators and policy makers.
- v. Depositor Protection: Enhanced depositor protection through implementation of a risk profiling framework to proactively assess the risk exposure of individual banks and risk-based pricing contribution to the Deposit Insurance Fund; collected and realized assets amounting to KSH 800 million to the benefit of the Depositors; and paid protected depositors and reimbursement of depositors of KSH 1.1 billion.
- vi. Digital Credit Providers (DCPs): CBK licensed eighty-five (85) digital credit providers as at December 2024.
- vii. Kenya Green Finance Taxonomy and the Climate Risk Disclosure Framework - As part of the CBK's ongoing second-generation reforms aimed at greening the banking sector, CBK developed and released the Kenya Green Finance Taxonomy and the Climate Risk Disclosure Framework in April 2025.

### **2.4.5 Saccos**

- i. Issued a Guidance Note on Corporate Governance for Regulated SACCOs in June 2023 to entrench public trust and confidence. Issued a Guideline on the Minimum Requirements for Engagement of Third-Party Financial Integrators and Vendors in June 2023 to be adhered to by Regulated SACCOs.
- ii. Issued a comprehensive Guideline on Complaints Management for Regulated SACCOs in June 2023 to safeguard members and the public with regard to the financial transactions undertaken by their respective individual Regulated SACCOs.



- iii. Published the SACCO Societies (Specified Non-Deposit Taking) (Levy) Order, vide the Legal Notice No. 178 in November 2023 to provide a framework for payment of an annual deposit levy for Non-Withdrawable Deposit Taking (NWDT) SACCOs as prescribed in section 15 of the Sacco Societies Act, 2008.

## **2.4.6 Public Debt Market**

- i. Roll out of the Dhow Central Securities Depository (DhowCSD) in July 2023 to deliver a simple, secure and efficient process for investors to access Government securities, and support fully automated matching and settlement for repurchase agreement (Repo) transactions.
- ii. De-risking maturing debt through public debt liability management in February 2024 and 2025: In February 2024, successful issuance of the amortized USD 1.5 billion Eurobond and buy-back of USD1.5 billion that was part of USD 2 billion Eurobond that was due in June 2024. In February 2025, successful issuance of the amortized USD1.5 billion Eurobond and buy-back of USD 0.59 billion that was part of USD 0.9 billion Eurobonds due in May 2027. Further, there was domestic issuance of KSH 130 billion IFBs and buy-back of domestic bonds de-risking bond maturities due in April-May 2025.
- iii. Successful government budget financing from the domestic and external market over the years despite the challenges in the local and global market environment.
- iv. The yield curve remained stable and resilient, supporting the issuance and trading of government securities.

## **2.4.7 Nairobi International Financial Centre**

- i. Developed a set of incentive proposals to attract finance and investment into sectors aligned with the Government's BETA Priorities, including negotiating a reduction in the investment threshold for the NIFC Capital Gains Tax Incentive.

- ii. Signed an MOU with the UNDP Financial Centres for Sustainability and secured USD 60,000 commitment for the project, and developed a framework to increase bankable projects and match them with investors.
- iii. Participated in SDG Investor Pipeline Builder project in collaboration with FC4S, completing initial sourcing and feasibility studies, and preparing for investor convening.
- iv. Signed an MOU with The CityUK on corporation, financial and technical assistance.
- v. Renewed the agreement with The CityUK corporation in 2025.

#### **2.4.8 Climate and Green Financing**

- i. Development of the National Policy Framework on Green Fiscal Incentives.
- ii. Greening Kenya's Banking Sector: As at December 2023, all thirty-eight (38) commercial banks and one (1) mortgage finance institution had submitted their board approved climate risk implementation plans in line with CBK Guidance on Climate-Related Risk Management (2021). In addition, the banks and mortgage finance institutions had commenced submitting quarterly implementation status of their plans.
- iii. CBK conducted capacity building of commercial banks' staff and CBK staff on climate-related risk management in 2023.

#### **2.4.9 Affordable mortgages**

- i. Refinancing of 3,128 mortgages as at December 2023, amounting to KSh. 9.6 billion;
- ii. Onboarded and refinanced thirteen (13) institutions comprising nine banks and four SACCOs;
- iii. Standardized mortgage origination practices through the continuous capacity building practices implemented by KMRC.





## 2.4.10 Unclaimed Financial Assets Authority (UFAA)

- i. Undertook a baseline survey on Unclaimed Financial Assets (UFAs) and was able to map out sources of UFAs through compliance partnerships, monitoring and reporting;
- ii. Received financial assets worth KSh. 55.6 billion (composed of KSh. 27.28 billion in cash and KSh. 28.32 billion in shares);
- iii. Segmented data using available unique primary identifiers e.g.ID, Huduma Number, Passport Numbers; reviewed payment period downwards to seven (7) days; and implemented different modes of payments through banks, SACCOs and mobile money platforms; and
- iv. Increased effective reunification rate from 3.7 per cent in 2022 to 5.7 per cent in 2024 for cash assets.

## 2.4.11 Insurance

- i. Enhanced the regulatory framework with respect to settlement of disputes relating to provision of insurance services, clarity on the typologies of insurance fraud as a measure to improve efficiency in the investigation and prosecution process, and provision of clarity on motorcycles (bodabodas) and three-wheelers (tuktuks) used by fare paying passengers to obtain third party insurance cover and display the certificate of insurance by amending the Insurance (Motor Vehicles Third Party Risks) (Certificate of Insurance) Rules under Rule 3 in 2022.
- ii. Reviewed various Statutory Instruments to align with the current legal and practice requirements. These include Insurance (Suitability of Key Persons) Regulations,
- iii. Reinsurance Arrangement Guidelines, Claims Management Guidelines, Corporate Governance Guidelines, External Auditors and Appointed Actuaries Guidelines, Products Guidelines, Market Conduct Guidelines, and Risk Management and Control Function Guidelines.

- iv. Initiated programmes to support innovation in the insurance industry through roll-out of Bimalab Accelerator programmes in which successful participants' ideas received incubation support.

### **2.4.12 Retirement Benefits/Pensions**

- i. Developed a National Retirement Benefits Policy to give effect to Article 43(e) and Article 57 of the Constitution. To this end, 41 Schemes have started Post-Retirement Medical Funds (PRMF).
- ii. Developed regulations and guidelines including Corporate Trustee Regulations 2023; Income Drawdown Regulations 2023; and Defined Benefits Obligations guidelines.
- iii. Introduced reforms including enhancement of tax-exemption limits on contributions to a registered scheme from KSH 20,000 to 30,000; introduction of tax deductible on contributions to PRMF up to KSH 15,000; Tax exemption on pension benefits at access after 20 years or on attainment of retirement age as defined in scheme rules; and simplification of registration for Retirement Benefits schemes.

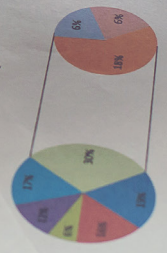




- Product 1
- Product 2
- Product 3
- Product 4
- Product 5
- Product 6
- Product 7

- Product 1
- Product 2
- Product 3
- Product 4
- Product 5
- Product 6
- Product 7

Factory 4



# 3.0 EMERGING ISSUES AND CHALLENGES

This chapter details emerging issues and challenges affecting the financial services sector, which may impact policy implementation and sector growth.

## 3.1 Emerging Issues

- i. Emerging risks such as pandemics, climate change related hazards among other issues points to the need to build and deepen both the financial sector's resilience and its role in supporting the economy.
- ii. Digital transformation opportunities (Artificial Intelligence, Virtual Assets (VAs) and Virtual Asset Service Providers) and risks (cyber risks, ML/TF/PF risks, fraud, tax crimes, protection of digital value products and data privacy).
- iii. Emerging communication platforms such as social media distorting information in the financial sector.
- iv. Evolving regulatory landscape with increased digitization, necessitates regulatory arbitrage.
- v. Growing need to integrate the Environmental, Social & Governance (ESG) principles in the financial sector policies, plans, and operations in line with international standards and global ESG best practice.
- vi. Incorporation of the Rapid Response Option (RRO) by the World Bank in the Financing Agreements provides an opportunity for Disaster Risk Financing.
- vii. The need for CBK to provide capital relief for licensed financial institutions implementing credit guarantees to incentivize lending capacity while mitigating risk exposure.



## 3.2 Challenges

During the MTP III implementation period, the Financial Services Sector faced several challenges, including:

- i. The COVID-19 pandemic which disrupted economic activities, thereby negatively impacting the financial service sector.
- ii. Low accessibility, inclusivity and limited affordability of financial products and services.
- iii. Inadequate/ weak policy framework on unclaimed financial assets management in Kenya i.e Prescriptive law (UFA Act, 2011 & UFA Regulations, 2016) and absence of National Policy on UFAs management
- iv. The delays in reimbursement of depositors of failed banks due to the insufficient Customer Details that facilitates identity of beneficiary.
- v. Disparities in financial access by products and providers persist in terms of gender, livelihood, residence and regions.
- vi. Limited access by MSMEs and the agricultural sector to credit from formal financial intermediaries.
- vii. Informality of most MSMEs, which limits access to most products offered in the financial sectors.
- viii. Unremitted retirement benefit contribution by public institutions.
- ix. Lack of portability framework of benefits across the EAC region.
- x. Slow legislative process that has negatively impacted timely amendment of the laws to make them more responsive and robust.
- xi. Low financial literacy and public awareness of financial services.
- xii. Insufficient measures to enhance Kenya's financial sector competitiveness including ease of doing business.

- xiii. Lack of proper coordination of monitoring and reporting of flows of Climate-finance in the country.
- xiv. Low level of holders' compliance with UFA Act, 2011.
- xv. Low rate of unclaimed financial assets (UFAs) reunification with the rightful owners.
- xvi. High rate of unremitted contributions of KShs.57 billion majorly by public universities and county governments.

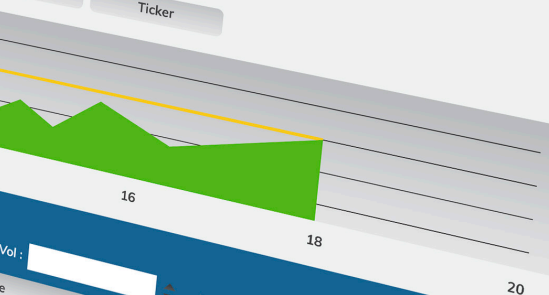






1,923,000
318,920,000
3,624,300
755,500
1,020.32
30.50
9.90
21,000
115,000
10,800
3.86
2.05
2.00

CNRC	S	1,100	49.35
CNRC	S	3,500	49.35
TZA	B	200	12.23
TLA005	B	180	6.25
TLA008	B	180	6.87
TLAX	B	17,000	0.20
SA5009710	S	1,200	10.40
SA5009730	S	1,700	24.55
SA5009750	S	2,500	26.11
NATU	B	600	102.00
ECK	S	35,000	0.69
CAVA	B	2,000	21.05
IGTECH	S	3,200	713.60
S10UH0	B	300	11.44
S10UH0	B	300	11.44
S10UH0	B	300	11.44
S10UH0A	S	2,000	27.09
S10UH0A	S	2,000	27.09



Side	Price	Volume	Matched	Limit	Pin	Status
S	160.50	15.00	0	Limit		Queuing
S	270.00	5.00	0	Limit		Queuing
			0	Limit		Queuing
			15.00	Limit		Cancelled
			5.00	Limit		Cancelled

Credit : 0 Cash : 0



# 4.0 PROGRAMMES AND PROJECTS (2023-2027)

The MTP IV FSS Plan leverages on the achievements registered during implementation of MTP III. Towards achieving a globally competitive Financial Services Sector the MTP IV FSS Plan seeks to:

- i. Deepen access to financial services, especially by the excluded, while also increasing the quality, usage and impact of those already financially included;
- ii. Enhance efficiency through leveraging the technological changes while balancing opportunities against risks;
- iii. Promote financial stability and integrity without hampering financial inclusion and innovation;
- iv. Enhance financial literacy and create awareness programs;
- v. Promote public trust and confidence through robust corporate governance structures and consumer protection mechanisms; and
- vi. Mobilize higher levels of savings and investments to support economic growth aspirations of Kenya Vision 2030;

The programmes and projects highlighted herein, therefore are expected to improve the global ranking of Kenya's financial system from 78 in 2019 to top 20 by 2027. The sector specific targets to achieve these aspirations are presented in Table 2 below.





**Table 2: Overall Targets for MTP IV for FSS**

Indicator	Unit	2023*	2024	2025	2026	2027
Gross National Savings	% of GDP	13.0	17.0	18.5	19.9	20.8
Private and other Government Investment	% of GDP	16.8	22.7	24.1	25.7	26.7
Financial sector contribution	% of GDP	7.8	10	10	10	10
<b>Sub-Sectors</b>						
Banking assets	KSh.bn	7,691	7,645.8	8,296.9	8,948.0	9,599.2
Microfinance banks assets <sup>5</sup>	KSh. bn	64.20	57.5	52.7	48.2	44.2
Capital markets assets equities <sup>6</sup>	KSh. bn	3,200	3,400	3,600	3,800	4,000
Capital markets assets bonds	KSh.bn	3,880	4,371	4,900	5,540	5,900
Insurance assets	KSh.bn	1,057	1,239	1,273	1,385	1,502
Retirement benefit assets	KSh.bn	1,872.4	2,400	2,640	2,904	3,194
Pension Coverage	% of labor force	26	30	31	33	34
Deposit-taking Sacco assets	KSh. bn	832.89	983	1,101	1,234	1,382
Non-Withdrawable Deposit Taking Sacco Assets	KSh. bn	139.06	143	150	158	166
Loans to agriculture sector by Commercial banks	KSh.mn	145.71	149.46	158.47	-	-
Unclaimed Financial Assets	% Reunification	5	8	12	17	25
Affordable mortgages penetration	Number	3,128	3,855	5,425	6,700	8,500
	KSh.bn (Gross)	9.6	13.99	21.7	27.1	33.9

\*Actual

## 4.1 Programmes and Projects

### 4.1.1 Nairobi International Financial Centre

The Nairobi International Financial Centre (NIFC) aspires for a more predictable, efficient and globally competitive environment that encourages both domestic and foreign investment, supports innovation, and contributes to the sustainable economic growth of the country. The center seeks to position Nairobi as a leading international financial centre in the Sub-Saharan African region. Key initiatives include:

- i. Design and Develop Value Proposition Incentives:** To attract and retain investors, start-ups, and other partners, NIFC shall develop compelling value proposition incentives, such as tax incentives, fast tracked services, funding opportunities, and access to exclusive resources. These incentives will make Nairobi an attractive investment destination and boost participation in NIFC programs. The propositions shall Encourage stakeholder engagement and long-term partnerships; Create a competitive advantage for NIFC compared to other international financial centres within the region and globally; and stimulates economic growth by attracting investors and innovative enterprises.
- ii. Mapping out Potential Partners:** This involves identifying and creating strong partnerships with key stakeholders, such as financial institutions, government bodies, international investors, development agencies, and private sector players. Mapping potential partners will help understand their strengths, needs, and synergies with NIFC's mission. Entering into Memoranda of Understanding (MOUs) and Service Level Agreements (SLAs) with relevant government bodies to formalize collaboration and ensure that both NIFC and the government understand their roles, responsibilities, and expectations. These agreements may cover various issues such as regulatory support, tax incentives, and infrastructure development. This will Strengthens collaboration between NIFC and government institutions; Clarifies roles and expectations, reducing conflicts or confusion; and Enhances NIFC's ability to operate smoothly within the regulatory framework.



- iii. Develop Virtual Deal Rooms for Start-ups to Increase Access to Capital:** Virtual deal rooms are secure online platforms where start-ups can pitch to investors, share financials, and engage in due diligence processes. This initiative aims to create a digital ecosystem that connects start-ups with investors, simplifying the process of securing funding.
- iv. Develop and Launch NIFC Start-up Accelerator Frameworks:** NIFC's start-up accelerator programs will provide mentoring, training, and funding opportunities for high-potential start-ups. These frameworks shall be sector-specific or focused on areas such as technology, sustainable development, or financial innovation. The goal is to support start-ups through their growth phases with necessary resources and guidance.
- v. Develop NIFC Communication and Marketing Strategy:** A robust communication and Marketing strategies should be created to promote NIFC's initiatives, services, and success stories through targeted messaging across multiple platforms (social media, PR campaigns, and content marketing). These strategies will also focus on positioning NIFC as a leader in financial services, innovation, and investment in Africa.
- vi. Develop and Automate NIFC service portal:** Automating the certification process for businesses and investors will streamline the verification of eligibility for NIFC's services, programs, or funding opportunities. Similarly, a one-stop-shop digital platform will centralize NIFC's services, including information on funding, certification, regulatory requirements, and application processes. Entrepreneurs, investors, and other stakeholders can access all the necessary tools and resources in a single, easy-to-navigate space. This will Increase convenience for users by providing all services in one place; Enhances operational efficiency by reducing complexity and redundancy; and facilitates faster decision-making by stakeholders.

## 4.1.2 Digital Finance

The Project is a major cross-cutting Government initiative aimed at leveraging on the technological gains made to provide the financial infrastructure for the digital economy envisaged under Vision 2030. The key initiatives include:

- i. Develop Digital Finance Policy and the implementation strategy:** The policy is to provide a framework to harness the potential of digital finance to contribute to Kenya's aspirations towards a sustainable digital economy.
- ii. Develop the legal framework and infrastructure for digital identity:** The infrastructure to enable digital identity is a foundational element for creating a fully digitised economy. It enables all consumers and businesses to participate in the digital economy by providing the ability to establish and assert economic rights including asset ownership and transfer.
- iii. Enhance the digitization of Government services including Government Payments:** The Government is a major participant in the financial system and therefore has the potential to play a significant role in influencing market development through its own actions. The major immediate opportunity lies in relation to the payments system but there are opportunities to digitize other government services.
- iv. Develop a common framework to enable and encourage innovation in the financial sector:** This will include a cross-sector framework for all financial sector regulators to facilitate innovation and experimentation by fintech and established players across the financial sector, including establishing a collaboration framework and cross-sector regulatory sandbox to address innovation and licensing in a timely manner.

## 4.1.3 Virtual Assets (VAs) and Virtual Asset Service Providers (VASPs)

A Virtual Asset (VA) is a digital representation of value that can be traded, or transferred, and be used for payment or investment purposes and does not



include digital representation of fiat currencies, securities and other financial assets. VAs, such as crypto assets, have rapidly evolved over the last decade, transforming financial transactions and creating new opportunities for innovation. VAs have been adopted due to their fast speed, cost, cross border nature, convenience, and anonymity.

Virtual Assets Service Providers refers to any natural or legal person that conducts the following activities or operations: Exchange between virtual assets and fiat currencies; Exchange between one or more forms of virtual assets; Transfer of virtual assets; Safekeeping and/or administration of virtual assets or instruments enabling control over virtual assets; and, participation in and provision of financial services related to issuer's offer and/or sale of a virtual asset.

Countries are trying to balance promotion of innovation with the need to protect consumers, maintain financial integrity and stability, and prevent illicit activities like Money Laundering (ML), Terrorism Financing (TF), Proliferation Financing (PF), tax crime, fraud, and consumer protection issues.

To promote Virtual Assets ecosystem, boost e-commerce, facilitate cross-border transactions and create a new class of jobs, the Government intends to regulate the sector through the following key initiatives:

- i. Develop a National Policy for VAs and VASPs.
- ii. Develop an implementation strategy for VAs and VASPs.
- iii. Develop a legislative framework to regulate virtual asset service providers and address potential financial crime risks associated with the misuse of virtual asset products and virtual asset service provider services.
- iv. Establish a framework to guide risk management for VAs and VASPs.
- v. Establish a framework for national and transnational cooperation and information sharing on VA activities and VASPs.
- vi. Develop a framework to promote innovation and research in the VAs ecosystem

#### 4.1.4 Kenya Credit Guarantee Scheme

The objective of Kenya Credit Guarantee Scheme is to enhance access to quality and affordable credit through innovations and partnerships in provision of credit guarantees for Micro, Small and Medium Enterprises (MSMEs). To build on the successes achieved in the pilot CGS phase and enhance financial sustainability the following key initiatives will be implemented:

- i. Establishment of independent legal entity:** Kenya Credit Guarantee Company (KCGC) will be established to administer and promote sustainability and operational efficiency in provision of credit guarantees. The Company will provide for mixed ownership, including minority government shareholding; design appropriate risk sharing arrangements; and align with international best practices.
- ii. Strengthen credit guarantee legal and regulatory framework:** Through development of the Credit Guarantee Business Regulations to operationalize amendments to the CBK Act.
- iii. Targeted awareness on KCGC:** Develop and implement a communication framework to enhance targeted awareness to MSMEs and other relevant stakeholders.
- iv. Development of sector specific credit guarantee products:** To enhance penetration and outreach of KCGC such as Green Guarantees, Export Guarantees and designing diversified guarantee products and enhancing the value proposition of KCGC to both MSMEs and participating financial institutions.
- v. Development, deployment and integration of automated Management Information System.**
- vi. Development of investment memorandum:** to facilitate capital mobilization from private sector and development partners.
- vii. Develop a KCGC strategy:** to empower MSMEs by providing credit guarantees that enable access to affordable financing, drive innovation, and foster sustainable economic growth.



## 4.1.5 Agricultural and Rural Finance Deepening

The objective of the programme is to enhance access, efficiency and stability of agricultural and rural finance to facilitate transformation of the agricultural sector into an innovative, commercially oriented and modern agriculture, livestock and fisheries sector as envisaged in the Kenya Vision 2030. The Programme focuses on supporting the realization of Kenya's Agricultural Sector Transformation and Growth Strategy (ASTGS) 2019-2029. Targeted financing programmes will be established or enhanced to ensure deepening of agricultural finance. The key initiatives include:

- i. Develop an Agricultural Finance strategy;
- ii. Enhancement of the agricultural wholesale lending mechanism to increase lending to smallholder farmers, micro and small enterprises and related rural agricultural value chain actors;
- iii. Develop an anchor model lending framework for the agriculture sector;
- iv. Operationalization of the Warehouse Receipt Financing programme and other post-harvest financing mechanisms to provide alternative collateral and cushion farmers against post-harvest losses; and
- v. Enhance private sector lending to the Agricultural sector by leveraging on transformative agri-financing models (asset finance, agricultural fintech, agricultural insurance and reinsurance, and alternative collateral).

## 4.1.6 Green Finance Programme

The objective of this Programme is to transition to a low-carbon, climate resilient and green economy through incorporation of risks and opportunities resulting from climate change in the financial sector. The Programme will be implemented through the following initiatives:

- i. **Green Finance Coordination Framework:** for public and private green finance to enhance operational effectiveness, identify common challenges and opportunities.

- ii. Development of a climate financing strategy:** The formulation of a climate financing strategy is critical for the effective allocation of financial resources in support of both mitigation and adaptation initiatives aimed at combating climate change. This strategy includes the mobilisation of a diverse array of public and private funding sources, ensuring that resources are prioritised for areas of greatest need as identified in national plans and relevant policies. Furthermore, it will offer comprehensive guidance for monitoring climate-related expenditures within both national and county budgets, in addition to establishing guidelines and frameworks for various sub-sectors.
- iii. Development of Green Financial Markets and Mechanisms:** This will involve development of Green/climate Funds; Carbon Trading Framework; frameworks for issuance of Green/Sustainable Bonds, as well as exploring the establishment of the Kenya Green Investment Facility to enhance the mobilization of green and climate finances in Kenya.
- iv. Development of Green Project Pipeline:** The Government will support the development of a pipeline of green and climate related projects and programmes, including supporting the use of blended finance to fund green project design, preparation verification, investment, issue, disclosure, monitoring and reporting. The initiatives will include: Green Project Origination; Green Project Preparation; Green Project Verification, Financing, and/or Issuance.
- v. Building an Integrated Green Finance Data and Information System to collect, analyze, and report on green finance data and information;** and develop framework, protocols and reporting mechanisms. The key initiatives will include developing a data infrastructure and system.





## 4.1.7 Strengthening the Financial Sector Architecture

The objective of the Programme is to create an inclusive, competitive, efficient and stable financial services sector. The strategic objective is to develop and implement policies to strengthen the architecture of the financial services sector and across the sub-sectors. Key initiatives will include:

- i. Develop a macro prudential Policy Framework and Assessment tool.
- ii. Develop a National Crisis Management and Resolution Frameworks to foster financial sector stability.
- iii. Develop a Fast Payment System, upgrade Core Banking System (T24) and automation of Exchequer Release to scale up interoperability across the payment's ecosystem.
- iv. Review of the Kenya Payment and Settlement System (KEPSS) Operational Framework to improve the operations and standards in the large-value payments system.
- v. Operationalization of the Sacco Shared Services and Central Liquidity Facility to enhance efficiency in the costs of savings mobilizations and credit to their members;
- vi. Establishment and implementation of an asset recovery legal framework for the Sacco subsector to identify, trace, investigate, seize, recover and reunite the embezzled funds back to the affected Saccos.
- vii. Unlock the full potential of the CBK DhowCSD.
- viii. To develop a supervisory framework for commodities exchange market to enhance supervision and to provide efficient price discovery and facilitate trade, financing, risk management and investment transactions between participants across and outside Kenya.
- ix. Development of a risk-based pricing framework for the determination of insurance premium rates.

- x. Develop a Central Innovation Hub for the Financial Sector. Leveraging on the different opportunities in Banking, Capital Markets, Insurance, Pensions, and Saccos sub-sectors. A central financial sector innovation hub will allow all financial sector regulators to support innovation in the country in developing and promoting technological solutions for the industry;
- xi. Develop a framework to support effective and efficient identification and reimbursement of depositors including Single Customer View implementation and Trust Accounts management.
- xii. Develop a framework to implement the derived Depositor protection and compensation to foster financial stability to enhance timely payment of protected deposits.

#### **4.1.8 Modernizing Supervision**

The objective of the programme is to consolidate and strengthen the existing risk based supervisory frameworks within the FSS and use innovative technology to support supervision. Key initiatives will include:

- i. Develop a subsector specific and sector wide cyber security framework to strengthen cybersecurity in the financial sector.
- ii. Development of a robust oversight mechanism for Financial Institutions and Designated Non-Financial Businesses and Professions (DNFBPs) in the financial sector.
- iii. Establishment of Cyber Forensic Triage Laboratory in the Sacco sub-sector to effectively respond to cybercrime.
- iv. Review the consolidated supervision framework to enhance consolidated supervision in the Financial Services Sector.
- v. Strengthen financial service information sharing through development of a National Credit Information Sharing policy, rollout of an effective public awareness program on credit information sharing and establishment of a digital platform for data sharing among insurers, service providers and Government agencies.



- vi. Establish a Sacco stabilization facility to restore and facilitate maintenance of Sacco's
- vii. reserve requirement;
- viii. Enhance Reunification of Unclaimed Assets through Policy and Legislative amendments for identification, reporting and reunification of the Assets.
- ix. Enhance the financial stability of the banking sector by reviewing minimum core capital and penalties for commercial banks and issuance of Guidance on Internal Liquidity Adequacy Assessment process.
- x. The increased capital will bolster bank's lending capacity and increase competition in the industry.

#### **4.1.9 Affordable mortgages**

The programme seeks to increase affordable mortgage uptake through the following initiatives:

- i. Scale up primary mortgage lenders (i.e. regulated banks and SACCOs) to increase the number of refinanced mortgages.
- ii. Mobilization of funds: through DFIs and capital markets for on lending to primary mortgage lenders.

#### **4.1.10 Financial Inclusion**

The objective of the Programme is to deepen financial inclusion to meet consumer needs in a sustainable way. This will be achieved through; development and implementation of a National Financial Inclusion Strategy (NFIS) that aims at providing a structured institutional framework for driving collective action, ensuring sustainable and impactful financial inclusion. In addition, the Strategy will address fragmentation of financial inclusion policies by fostering enhanced collaboration, better coordination and resource management among stakeholders. The Strategy will be implemented through key initiatives within these pillars: Deepening access and usage of quality and affordable financial products and services (payments, credit,

savings, insurance, investments and pension); Strengthening consumer protection, market conduct, financial literacy and capability; Developing an inclusive and sustainable green finance market; Promoting rural finance, and inclusive finance for vulnerable groups and MSMEs. Key initiatives will include:

- i. Create awareness on financial services product range to deepen access and usage of financial services;
- ii. Develop Consumer protection framework for the Financial Services sector;
- iii. Financial literacy and education framework for the Financial Services Sector;
- iv. Alternative finance leasing market to provide alternative financing mechanism;
- v. Develop and foster inclusive rural agriculture finance and sustainable green finance market;
- vi. Development of tailor-made financial products for vulnerable groups (women, youth FDPs and PwDs) to increase access of financial services; and
- vii. Improve lending and investment for MSMEs.

#### **4.1.11 Long-term Saving**

The programme aims to increase savings as a percentage of GDP from 14.2 per cent in 2022/2023 to 20.8 per cent over the medium-term period. The key initiatives will include:

- i. Provide appropriate incentives to encourage employers in the informal sector to establish and sustain retirement benefit schemes.
- ii. Develop measures, provide incentives, and infrastructure to extend coverage to Kenyans in the Diaspora.
- iii. Develop a regulatory framework that supports the establishment



and governance of informal sector schemes.

- iv. Establish an appropriate administrative system to support a National Retirement Benefits Scheme for the informal sector.
- v. Review and enhance the public financial literacy program on retirement benefits.
- vi. Regularly review the taxation framework of retirement benefits schemes to provide incentives for the growth of the sector, simplify the tax procedures applicable to retirement benefits schemes, and ensure equity in the application of the incentives.
- vii. Review the legal framework to introduce sub-accounts in retirement benefits schemes, besides retirement savings, to address the short-term financial needs of scheme members.
- viii. Provide measures to ensure short-term contract employees enroll in retirement benefits arrangements.

#### **4.1.12 Public Debt Market**

The broad objective of this programme will be to minimize the cost of public debt management and borrowing over the long-term while considering risk and promote the development of the market institutions for Government debt securities. The key initiatives to achieve these objectives include:

- i. Strengthen the Benchmark Bonds Programme to increase market liquidity and stability of the benchmark yield curve.
- ii. Development of the Sustainability-linked financing framework
- iii. Diversify the financing instruments and sources through issuance of Sovereign Green, Blue, Social, Sustainable, Sustainability-linked Bonds to secure alternative sustainable funding sources to finance the Nationally Determined Contribution (NDC) 2021-2026.
- iv. Develop Regulations to operationalize the Sinking Fund
- v. Review Kenya's External Resource Policy

- vi. Undertake Liability Management Operations for the domestic and external debt portfolio as and when the market conditions are favorable;
- vii. Integrate the Commonwealth Meridian system with the DhowCSD system for domestic debt management.
- viii. Develop comprehensive investor relations and market engagement programme to attract investors in the government debt market and to diversify the investor base.
- ix. Operationalization of Project Based Bond Issuance for County Governments to facilitate County bonds' issuance as a means of enhancing the domestic capital markets as a platform for resource mobilization for the development of the country; and
- x. Operationalization of Over the Counter (OTC) Trading of Government Bonds: This initiative will promote transparency and price discovery in trades and improve liquidity positions for investors, increase efficiencies in trades, and attract investors from across the globe.

#### **4.2.13 Disaster Risk Management and Financing**

The goal of this Programme is to strengthen Kenya's ability to manage the impacts of disaster shocks and enhance financial protection. The Program will be implemented through the following initiatives:

- i. Development of Public Finance Management (Disaster Management Fund) Regulations to operationalize the disaster management fund with the objective of enhancing efficient and effective resource mobilization for disaster management in the country.
- ii. Development and Implementation of Disaster Risk Finance Strategy (2023 -2027) to increase the ability of the National and County Governments to manage and respond effectively to disaster shocks.



- iii. Development of Disaster Expenditure Reporting Framework to strengthen data collection and reporting on disaster expenditures as well as enhance fiscal transparency and efficiency in the budgetary process.



MAP	4.40%	SED	4.40%	BUL	3.13%
UVD	2.71%	LKN	2.71%	ENK	1.40%
GGP	5.40%	ISC	5.43%	UVI	4.67%
AGD	1.48%	TDR	3.97%	LOD	3.33%
ICV	3.49%	VOK	1.49%	ROB	2.70%
ODR	3.07%	NES	3.27%	KMT	1.46%
NDU	2.84%	PWN	2.54%	TMT	7.78%
GGP	4.37%	HTB	1.78%	PCE	1.41%
GGP	3.46%	BKT	3.42%	YOY	4.31%
NET	5.07%	SLT	2.27%	TEK	3.90%
WAD	1.38%	BDR	3.43%	VAR	0.77%
GGP	4.19%	OCY	2.19%	KFM	2.26%
		YPP	2.57%	SEW	2.38%





# 5.0 POLICY, LEGAL AND INSTITUTIONAL REFORMS

Implementation of the Programme and Projects will require enabling policy, legal, and institutional reforms. The key reforms envisaged include:

## 5.1 Policy Reforms

- i. Development of the Virtual Assets and Virtual Assets Service Providers National Policy
- ii. Development of an Implementation Strategy for the Virtual Assets and Virtual Assets Service Providers Policy
- iii. Development of National Financial Inclusion Strategy.
- iv. Development of National Financial sector crisis management framework
- v. Development of the National Crisis Resolution framework;
- vi. Development a of the National Insurance Policy;
- vii. Development of alternative financing framework starting with leasing market;
- viii. Development of the digital finance strategy and policy framework;
- ix. Development of a framework for management of procurement and disposal of assets in the Sacco subsector;
- x. Development of a Competition and Consumer Welfare Policy;
- xi. Review of Kenya External Resource Policy;
- xii. Development of a National Policy on Unclaimed Financial Assets Management in Kenya.
- xiii. Development of a Leasing Business Policy

- xiv. Development of a National Agriculture Financing Policy.
- xv. Development of the Credit Information Sharing Policy.
- xvi. Development of Disaster Risk Financing Strategy
- xvii. Development of Disaster Expenditure Reporting Framework
- xviii. Development of Guidelines on Internal Liquidity Adequacy Assessment process.
- xix. Review of fees and penalties framework for commercial banks
- xx. Formulation of Policy framework on Open Banking
- xxi. Development of sub-sector and sector-wide climate-related risk management disclosure frameworks.
- xxii. Development of derived protection and Single Customer View Framework
- xxiii. Development of Climate Finance Mobilization Strategy
- xxiv. Development of the Sustainability Linked Bond Framework
- xxv. Policy and Legislative amendments for identification, reporting and reunification of the Unclaimed Assets

## 5.2 Legal Reforms

- i. Review of the Cooperative Societies Act, Cap 490 and Sacco Societies Amendment Act Cap 490B;
- ii. Review of the Microfinance Act, Cap 486 and Microfinance Regulations;
- iii. Review of Public Services Superannuation Act and attendant Regulation;
- iv. Development of the Credit Guarantee Business Regulations;
- v. Development of the Virtual Assets (VAs) and Virtual Assets Service



- Providers Bill (VASPs), consequential amendments and attendant Regulations;
- vi. Amendment of Unclaimed Financial Assets Act, 2011 and Unclaimed Financial Assets Regulations, 2016;
  - vii. Review of Agricultural Finance Corporation Act, Cap 323;
  - viii. Review of the Insurance Act, CAP 487 and Regulations;
  - ix. Review of the Retirement Benefits Act, CAP 197 and Regulations;
  - x. develop sector specific legal frameworks to increase pension coverage e.g. post-retirement medical
  - xi. Review of the National Payment System Act, 2011 and National Payment System Regulations, 2014
  - xii. Review of the Capital Markets Laws and Regulations;
  - xiii. Amendment of the Insolvency Act, 2015;
  - xiv. Amendment of the Kenya Deposit Insurance Corporation Act, Cap 487C;
  - xv. Amendment to the Climate Change Act No. 11 of 2016;
  - xvi. Amendment of Competition Act CAP 504 and Regulations;
  - xvii. Amendment of the Insurance (Motor Vehicle Third Party Risk) Act CAP 405; f
  - xviii. Development of the Public Service Superannuation Scheme Regulations;
  - xix. Development of the Microfinance Service Providers Legal and Regulatory Framework;
  - xx. Review of the Central Bank of Kenya Act and the Banking Act;
  - xxi. Development of the Public Finance Management (Disaster Management Fund) Regulations;

- xxii. Formulation of legal amendments to support open banking implementation;
- xxiii. Development of the Policyholders Compensation Fund (PCF) Regulations; and
- xxiv. Amendment of the Nairobi International Financial Centre Act, 2017.

### **5.3 Institutional Reforms**

- i. Transformation of Agricultural Finance Corporation into an Agricultural Development Finance Institution;
- ii. Establishment of the Kenya Credit Guarantee Company;
- iii. Establishment of the Kenya Mortgage Guarantee Trust;





# 6.0 MONITORING, EVALUATION AND REPORTING FRAMEWORK

## 6.1 Overview

Monitoring, Evaluation, Reporting and Learning (MERL) will be crucial to the successful implementation of the FSS Plan. An effective Monitoring and Evaluation mechanism will help ensure cost effectiveness, timeliness, and quality in achieving the objectives in the FSS Plan. The Plan will be subjected to a continuous review of performance on the various deliverables. There will be annual reviews on implementation of the Plan. The reviews will be focused on how the available inputs have been used and what outputs and outcomes have been produced. This review shall also focus on challenges, and key lessons learnt.

## 6.2 Monitoring Framework

The Monitoring and Evaluation of FSS Plan is guided by the guidelines issued by the State Department for Economic Planning. The Implementation Matrix form basis for monitoring and evaluating implementation of FSS Plan. The Matrix outlines projects/initiative, key performance indicators, implementing agency, timelines and estimated costs. Monitoring the implementation of the Plan shall be anchored on the Strategic Plan, Annual Work Plans, and performance contracts, of implementing institutions. Measurement of progress in relation to specific targets shall be conducted and reported on a quarterly, biannual and annual basis as guided by State Department for Economic Planning. Further, The National Treasury will hold regular Stakeholder Engagement Forums with FSS stakeholders to review progress on implementation of programmes and projects.



### **6.3 Annual Progress Reports and Mid-Term Review**

The National Treasury will coordinate preparation of Annual Progress Reports. Further, Mid-Term Review (MTR) for FSS Plan will be undertaken at the end of the second quarter of 2025/26. Reference shall be made to the Monitoring and Evaluation Guidelines issued by the State Department for Economic Planning.

### **6.4 End-Term Evaluation**

End-Term Evaluation for FSS Plan shall be undertaken at the end of the 2027/28. The evaluation will document key achievements and outcomes during implementation of FSS Plan, and will inform formulation of preceding FSS Plan.





# ANNEX 1: IMPLEMENTATION MATRIX

## 1. Nairobi International Financial Centre (NIFC)

Develop Nairobi as the Preferred Financial Gateway													
To build a dynamic, secure and innovative financial ecosystem by formulating and implementing conducive policies, legal and regulatory frameworks that attract global and regional investments and position Nairobi as an attractive financial hub.													
Strategic goal	Project/initiative	Objective	Expected output	Key Performance Indicators	Implementing Agency (S)	Time Frame	Source of Funds	Indicative Budget (KSh. Millions)					
								Total	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
1.1 Design and develop value proposition incentives		Attracting Investments	<ul style="list-style-type: none"> <li>Programme developed;</li> <li>Feasible incentives identified and validated</li> </ul>	Programme; Annual Submissions	NIFCA	2023-2027	GoK, NIFCA & DPs	90	15	15	20	20	20
1.2. Mapping potential partners		Build and strengthen collaboration and partnerships	Mapping undertaken;	Database	NIFCA	2023-2027	GoK, NIFCA & DPs	49	-	13	13	13	10
1.3 Develop a virtual deal room for start-ups and potential opportunities		Increase access to capital by start-ups	<ul style="list-style-type: none"> <li>MoUs and SLAs developed</li> <li>Deal room developed;</li> <li>Potential opportunities for investors documented</li> </ul>	No. of MOUs & SLAs;	NIFCA	2023-2027	GoK, NIFCA & DPs	25	5	5	5	5	5
1.4. Develop and launch the NIFC start-up accelerator framework		Increase access to capital by start-ups	<ul style="list-style-type: none"> <li>Framework developed and launched</li> </ul>	Functional Framework	NIFCA	2023-2027	GoK, NIFCA & DPs	21	11	15	15	10	10
1.5. Develop NIFC communication & Marketing strategy		Improve NIFCA brand visibility	NIFC Communication developed	Functional NIFC Communication Strategy	NIFCA	2023-2027	GoK, NIFCA & DPs	110	25	25	20	20	20
			Marketing Strategy developed	Functional NIFC Marketing Strategy	NIFCA	2023-2027	GoK, NIFCA & DPs	170	50	30	30	30	30

Develop Nairobi as the Preferred Financial Gateway												
Goal	Develop Nairobi as the Preferred Financial Gateway											
Strategic goal	To build a dynamic, secure and innovative financial ecosystem by formulating and implementing conducive policies, legal and regulatory frameworks that attract global and regional investments and position Nairobi as an attractive financial hub.											
Project/initiative	Objective	Expected output	Key Performance Indicators	Implementing Agency (S)	Time Frame	Source of Funds	Indicative Budget (KSh. Millions)					
							Total	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
1.6 Develop and automate NIFC service portal	To increase the number of certified firms and implement a one stop shop	Automated process developed	Automated Certification process	NIFCA	2023-2027	GoK, NIFCA & DPs	37	5	10	7	7	8
		Portal developed and integrated	Functional digital portal;	NIFC	2023-2027	GoK, NIFCA & DPs	42	5	7	10	10	10

## 2. Digital Finance

A fully digitized financial system												
To create an effective and sustainable digital finance infrastructure												
Strategic objective	Initiative	Objective	Expected output	Key Performance Indicators	Implementing Agency (S)	Time Frame	Source of Funds	Indicative Budget (KSh. Millions)				
								Total	2023/2024	2024/2025	2025/2026	2026/2027
2.1	Develop Policy Framework for Digital Finance	To increase the contribution of Digital Finance to the growth of Financial Sector	Digital Finance Policy Framework	Approved Policy	The National Treasury	2023-2026	GoK & DPs	50	20	20	10	
2.2	Digital finance Strategy	To Develop Digital Finance Strategy	Digital Finance Strategy	Development of Digital Finance Strategy; Stakeholders consulted; Digital finance strategy launched;	The National Treasury	2023-2026	GoK & DPs	50	10	20	20	10
2.3	Institutionalize digital finance management	Establish a framework for coordination of Digital Finance Programme	Develop Framework	Framework developed; Digital Finance Management Unit established	TNT	2023-2024	GoK & DPs	30	10	10	10	
2.4	Digital identity	Facilitate establishment of digital identities	Increased use and awareness of digital identities	Establishment of a single national biometric identity standard	TNT/ Ministry responsible for matters relating to Digital identity	2023-2026	GoK & DPs	40	5	15	15	10
2.5	Digitization of government payments	Increase efficiency of payments	Complete digitization	All P2G and B2G payments digital; All G2P and G2B payments digital	TNT /GDP*	2023-2028	GoK & DPs	40	5	15	15	10

A fully digitized financial system														
To create an effective and sustainable digital finance infrastructure														
Goal	Strategic objective	Initiative	Objective	Expected output	Key Performance Indicators	Implementing Agency (S)	Time Frame	Source of Funds	Indicative Budget (KSh., Millions)					
									Total	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
		2.6 Ensure 100% P2G	Increase efficiency, reduce fraud and grow revenue	1. Reengineered System 2. Services onboarded 3. Implementation of new Governance	Number of services onboarded; Reengineered system; Approvals towards new Governance structure	GDP Unit	2023-2028	GoK & DPs	20	5	5	5	5	5
		2.7 Deposit protection of mobile money savings	Develop a framework to operationalize coverage of mobile savings	Framework for coverage of mobile money	Framework developed; Reviewed KDI Act; Guidelines on coverage of mobile money savings	TNT / KDIC	2023 - 2027	GoK & DPs	20	5	5	5	5	5

### 3. Virtual Assets and Virtual Assets Service Providers

Virtual Asset Sector Regulated												
To promote innovation while addressing the risks presented by VAs and VASPs.												
Goal												
Strategic objective												
Project	Objective	Expected output	Key Performance Indicators	Implementing Agency (S)	Time Frame	Source of Funds	Indicative Budget (KSh. Millions)				2027/2028	
							Total	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
3.1 Develop a National policy framework for VAs and VASPs	To ensure fair, competitive and stable market for VAs and VASPs	VAs and VASPs National Policy developed	Approved VAs and VASPs National Policy	TNT	2024/2025	GoK	450	0	300	100	50	
3.2 Develop the VASPs Legislation	To regulate VAs and VASPs	VASPs Bill developed	Approved VASPs Act	TNT	2024-2025	GoK	450	0	300	100	50	0
3.3 Develop the VASPs Relevant Authority Regulations for the VASPs	to operationalize the legislative Act.	VASPs Regulations developed	Approved VASPs Regulations	TNT/CBK/CMA	2025-2027	GoK	700	0	500	200	0	0
Develop Risk Management Framework	To provide a structured approach of mitigating risks	Risk Management Framework Developed for VAs and VASPs	Approved Risk Management Framework	CBK/CMA	2025-2027	GoK	200	0	100	100	0	0
Establish a framework for national and transnational cooperation on VAs activities and VASPs	For coordinating and sharing information on VAs and VASPs	Established Multi-Agency Committee	Signed MoUs/Agreements	TNT/CBK/CMA/FRC//KRA/DCI/NIS/ODPP/ARA/JFSR	2025-2027	GoK	60		20	20	20	
Develop a framework to promote innovation and research in the VAs ecosystem	To promote innovation and research in the VAs ecosystem	Established Sandbox for VAs and VASPs	Operational Sandbox and Number of Projects that Successfully Graduate to Licensing		CBK/CMA	2025-2027	GoK	300		100	100	100

#### 4. Kenya Credit Guarantee Scheme

To be a world class credit guarantor for the growth of MSMEs												
To enhance MSMEs access to finance through innovations and partnerships in provision of Credit Guarantees												
Strategic objective	Project	Objective	Expected output	Key Performance Indicators	Implementing Agency (S)	Time Frame	Source of Funds	Indicative Budget (KSh. Millions)				
								Total	2023/2024	2024/2025	2025/2026	2026/2027
4.1 Establish an independent legal entity to administer credit guarantees		to promote sustainability and operational efficiency in credit guarantees.	A legal entity (KCGC) established	Functional KCGC; Certificate of incorporation; Appointment of Board members and CEO; CGS structure and Staffing completed; KCGC licensed by CBK	TNT & Private investors	2023-2024	GoK & DP's	-	50	300	120	125
4.2 Develop Credit Guarantee Business Regulations		To operationalize the Amendments to the CBK Act to allow the Bank regulate credit business	Credit Guarantee Business Regulations developed	Approved Credit Guarantee Business Regulations	CBK, TNT, AG	2025	GoK & DP's	60	40	20		
4.3 Develop a communication & Stakeholder Engagement framework for Credit Guarantee		To increase awareness about Credit Guarantees	Credit Guarantee Communication and Stakeholder Engagement Strategy developed	Approved Credit Guarantee Communication & Stakeholder Engagement strategy; No. of stakeholder forums held	TNT, CBK & Partners	2023-2027	GoK & DP's	15	5	0	0	0

To be a world class credit guarantor for the growth of MSMEs												
To enhance MSMEs access to finance through innovations and partnerships in provision of Credit Guarantees												
Goal												
Strategic objective												
Project	Objective	Expected output	Key Performance Indicators	Implementing Agency (\$)	Time Frame	Source of Funds	Indicative Budget (KSh. Millions)	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
							Total					
4.4 Develop Credit Guarantee products	To increase penetration of credit guarantees	Sector specific credit guarantee products developed;	No. of sector specific credit guarantee products developed; Risk adjusted weighting for guarantee facilities	KCGC	2023-2027	GoK & DPs	50	10	10	10	10	10
4.5 Deployment and integration of automated CGS MIS system	To automate CGS operations To integrate CGS interface with stakeholders (including PFIs, CBK, MDAs, MSMEs etc.)	Integrated CGS MIS system in place	Operational integrated CGS MIS system	TNT	2023 - 2027	GoK & DPs	200	100	50	30	10	10
4.6 Develop KCGC Business Plan	To enhance the financial sustainability of KCGC	KCGC Business Plan developed	Functional KCGC Business Plan	TNT & DPs	2023-2024		25	10	5	0	5	5
4.7 Develop Investment Memoranda	To mobilize private sector capital	KCGC Capital mobilized	KCGC Investment Memoranda; KCGC private sector capital mobilized	TNT DPs Private investors	2023 – 2027		10,000	4,000	2,000	2,000	2,000	0





## 5. Deepening Agricultural and Rural Finance

To enhance access, efficiency and stability of agricultural and rural finance												
To facilitate transformation of the agricultural sector into an innovative, commercially oriented and modern agriculture, livestock and fisheries sector												
Goal												
Strategic Objective												
Project	Objective	Expected output	Key Performance Indicators	Lead Implementing Agency (S)	Time Frame	Source of Funds	Indicative Budget (KSh. Millions)					
							Total	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
5.1 Transform Agricultural Finance Corporation (AFC)	To improve efficiency in Agri-financing	Transformation strategy Implemented	AFC Transformation strategy developed; Business process Reengineering completed; Business development support unit operationalized;	AFC/TNT	2023 2024 2024 2024 2025	GoK / DPs	100	40	40	20	-	-
5.2 Develop National agricultural financing framework	Effective agricultural financing coordination	Agricultural financing policy	Policy paper on agricultural financing developed	AFC / TNT/ MOALFC	2023-2024	GoK / DPs	40	20	20	-	-	-
5.3 Establish Agricultural wholesale lending mechanism	To enhance access to agricultural credit by smallholders and MSMEs	Operational sustainable wholesale lending fund	Revolving Fund established; Number of smallholders and Agri-MSMEs reached	AFC / TNT	2023-2027	GoK/DPs	69,763	13,254	13,918	14,614	15,345	15,200

5.4 Develop an Anchor agricultural lending framework	To enhance access to finance and value chain linkages for smallholder farmers	Operational anchor model lending framework	Anchor Model lending framework developed; Number of smallholders reached	AFC/ TNT / MoALFC	2023	GoK/ DPs	20	20	-	-	-
5.5 Financial inclusion in the agricultural sector	Increase access to financial services by the excluded segments in the Agri-sector	Increased financial reach	Inclusion financial programmes established; Inclusion financial products developed	AFC/ TNT/ MOALFC	2023-2024 2023-2024	GoK/ DPs	7,400	1,480	1,480	1,480	1,480
5.6 Develop Warehouse receipt and other post-harvest financing mechanisms	To reduce post-harvest losses	Warehouse receipt financing framework	Warehouse receipt / post-harvest management financing rolled out.	AFC/ TNT/ WRS-C / MoALFC	2023 - 2027	GoK/ DPs	4,517	50	234	624	2,317
5.7 Catalyze private sector finance to the agricultural sector.	Increased private sector lending to the Agri-sector.	Increased financial reach	New financing models established; New financing products developed	AFC/ TNT /	2024-2025	GoK/ DPs	20,296.2	2,631.6	3,139.5	3,753.1	6,089.0
5.8 Climate Smart agriculture financing	Enhance climate change resilience and adaptation in Agri-sector	Operational CSA financing programme.	CSA Financing Strategy; AFC CSA Financing Policy; Operational CSA lending programme established; CSA Financing Products rolled-out	AFC/ TNT / MoALFC	2023 - 2024 2023-2024 2024-2025	GoK/ DPs	6,297	1,139	1,196	1,256	1,385



## 6. Green Climate Finance

To deepen Kenya's ability to attract, deploy, monitor and enhance Climate Finance Facilitating the transition to a low carbon and climate resilient economy												
Goal	To deepen Kenya's ability to attract, deploy, monitor and enhance Climate Finance Facilitating the transition to a low carbon and climate resilient economy											
Strategic Objective	Facilitating the transition to a low carbon and climate resilient economy											
Project	Objective	Expected output	Key Performance Indicators	Implementing Agency (\$)	Time Frame	Source of Funds	Total	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
6.1 Green Finance Implementation Mechanism	Enhance operational effectiveness	National Green Finance Steering Committee established	National Green Finance Steering Committee sub-sector guidelines and frameworks developed	TNT	2023/24	GoK & DPs	20	-	-	-	-	-
		Climate Finance Strategy developed	Climate Finance Strategy	TNT	2024/25 to 2027/28	GoK & DPs	80	-	20	20	20	20
6.2 Development of Green Financial Markets	Promote Green financial markets and enhance mobilization of Green climate funds	Green climate funds established	No of new Green Funds established; increased value of green funds	TNT, CBK, CMA, NIFC, IRA, RBA, SASRA	2023/24 to 2027/28	GoK & DPs	210	20	100	50	20	20
		Carbon Trading framework developed	Carbon Trading framework	TNT, NIFC, CMA	2023/24 to 2027/28	GoK & DPs	250	50	150	50	-	-
		Increased issuance of corporate and sovereign green/ sustainable bonds	No of green bonds issued	TNT, CMA, CBK, IRA	2023/24 to 2027/28	GoK & DPs	50	20	10	10	10	-
			Approved Sustainable Bond Framework	TNT, CMA, CBK, IRA	2023/24 to 2027/28	GoK & DPs	70	20	20	10	10	10

To deepen Kenya's ability to attract, deploy, monitor and enhance Climate Finance Facilitating the transition to a low carbon and climate resilient economy														
Goal	Strategic Objective	Project	Objective	Expected output	Key Performance Indicators	Implementing Agency (S)	Time Frame	Source of Funds	Indicative Budget (KSh. Millions)					
									Total	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
				Develop climate financial risks disclosure guidelines/frameworks by financial regulators	No of disclosure guidelines/ frameworks;	TNT, CBK, IRA, CMA, SASRA, and RBA	2023/24 to 2027/28	GoK & DPs	50	10	10	10	10	10
		6.3 Development of Green Project Pipeline	Support the development of a pipeline of green projects from green project design, and preparation to disclosure, monitoring and reporting	Increased origination and financed green projects	No. of Green Projects Originated; No of Green Projects Financed and/or Issued	TNT, NIFC, AFC, PPP	2023/24 to 2027/28	GoK & DPs	160	50	20	20	20	20
		6.4 Building an Integrated Green Finance Data and Information System	improved accountability, transparency and efficiency in green finance data management	Data Infrastructure and System developed	Climate Finance data and Information System build No. of comprehensive landscape Reports of green and climate finance developed	KNBS, TNT	2023/24 to 2027/28	GoK & DPs	1,000	100	500	300	100	100

## 7. Strengthen Financial Service Sector Architecture

A competitive, efficient and stable market structure for the financial services sector												
Develop and implement policies that streamline and modernize the architecture of the financial services sector and enhance competition												
Goal												
Strategic objective												
Initiative	Objective	Expected output	Key Performance Indicators	Implementing Agency(ies)	Time Frame	Source of Funds	Total	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
7.1 Develop Macroprudential Policy	to safeguard the stability of the financial system	Macroprudential Policy developed	Approved Macroprudential Policy	TNT, CBK, JFSRF		CBK, IMF	100	-	50	50		
7.2 Development of Fast Payment System and upgrade of Core Banking System (T24)	To scale up interoperability across the payment's ecosystem	Fast Payment System Developed Core Banking System Upgraded	Functional Fast Payment System; Live Core Banking System	CBK		CBK			20	20		20
7.3 Automation of Government payment	To strengthen the framework for centralized control and oversight of Government cash flows	Single Treasury Account	Active Single Treasury Account	TNT, CBK, KRA, COB		CBK		20	30	10		10
7.4 Review of KEPSS Operational Framework	To improve the operations of the large-value payments system to support emergence of 24/7 economy	Revised KEPSS Operational Framework	Volume and value of RTGS transactions	CBK		CBK			20	20		

A competitive, efficient and stable market structure for the financial services sector													
Develop and implement policies that streamline and modernize the architecture of the financial services sector and enhance competition													
Goal	Strategic objective	Initiative	Objective	Expected output	Key Performance Indicators	Implementing Agency(ies)	Time Frame	Source of Funds	Indicative Budget (KSh. Millions)				
									Total	2023/2024	2024/2025	2025/2026	2026/2027
7.5	National crisis preparedness and management	To promote efficient crisis preparedness	National Crisis Management Framework developed	Functional National Crisis Management Framework	TNT, CBK, KDIC, PCF, ICF, DGF, CBK, SASRA, RBA, IRA, CMA	2024 - 2026		-	20	30	-	-	
7.6	National crisis resolution framework	to enhance effectiveness of crisis resolution	National Crisis Resolution framework developed	Functional National Crisis Resolution Framework	TNT, CBK, KDIC, PCF, ICF, DGF, CBK, SASRA, RBA, IRA, CMA	2024 - 2026		-	20	30	-	-	
7.7	Development of Insurance Premium risk-based pricing framework	To enhance pricing of insurance premium	Insurance Premium risk-based pricing framework developed	Operational Insurance Premium risk-based pricing framework	IRA, TNT	2023-2027	75	-	35	20	20		
7.8	Unlock the full potential of the CBK DhowCSD.	Efficient financial market infrastructure	Single Depository established	Enhanced DhowCSD system; Dedicated retail bond platform and programme	TNT, CBK, CMA	2024-2027	30		10	10	10		
7.9	Develop derived Depositor protection and compensation frameworks	to enhance timely payment of protected deposits	Framework for implementation of pass-through protection developed; Framework for single Customer view and Trust Accounts developed	Functional derived Depositor protection and compensation framework Functional derived Depositor protection and compensation framework	KDIC CBK RBA	2023 - 2027	10	-	5	5	5	-	



A competitive, efficient and stable market structure for the financial services sector													
Develop and implement policies that streamline and modernize the architecture of the financial services sector and enhance competition													
Strategic objective	Initiative	Objective	Expected output	Key Performance Indicators	Implementing Agency(ies)	Time Frame	Source of Funds	Indicative Budget (KSh. Millions)					
								Total	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
7.10	Develop a supervisory framework for Commodities Exchange Market	to enhance supervision of Commodities Exchange Market	Commodities Exchange Regulations Developed; Supervisory Manuals and Surveillance Systems developed	Approved Commodities Exchange Regulations; No of Supervisory Manuals; Functional Surveillance systems	CMA, TNT	2023 - 2027	GOK	100	-	20	20	40	20
7.11	Develop a Central Innovation Hub for the Financial Sector	to promote innovation in the financial services sector	Central Innovation Hub for the Financial Sector developed	Functional Central Innovation Hub for the Financial Sector; No. of innovations	CBK, TNT, CMA, CAK, IRA, SASRA, RBA, NIFC			250	-	50	150	50	
7.12	Develop policy, legal & regulatory framework for shared services and Central Liquidity Facility for the Sacco sub sector	To enhance efficiency, liquidity management and supervision of Saccocos	Shared Services and Central Liquidity policy developed; Shared Services and Central Liquidity Amendment Bill developed Functional Central Liquidity Facility and Shared Services platform	A functional Shared Services and Central Liquidity Facility; Liquidity Ratio; Approved policy and Bill	SASRA	2028	Public Private Partnerships and world bank	2,300	-	830	770	700	



A competitive, efficient and stable market structure for the financial services sector													
Develop and implement policies that streamline and modernize the architecture of the financial services sector and enhance competition													
Goal Strategic objective	Initiative	Objective	Expected output	Key Performance Indicators	Implementing Agency(ies)	Time Frame	Source of Funds	Indicative Budget (KSh. Millions)					
								Total	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027	2027/ 2028
	7.13 Deposit Guaranteee Fund	Operationalize Deposit Guaranteee Fund	A functional Deposit Guaranteee Fund	Functional Deposit Guaranteee Fund; Trustees nominated; Amendment of SSA 2008	SASRA	2028	GoK	200	50	50	50	50	
	7.14 Develop and implement the criteria for determining suitability for Sacco board & officers	To determine suitability for Sacco board & officers	Established suitability criteria for Sacco board & officers  Minimum standards and suitability criteria for electing and appointing Sacco board & officers	SASRA	2024	Internal resources	30						
	7.15 Develop and implement a robust market conduct framework for the Sacco sub- sector	To regulate market conduct in the Sacco subsector	Functional Market conduct framework  Market conduct framework	SASRA	2025	SASRA	30		15	15			
	7.16 Develop and implement a financial literacy strategy	To enhance financial education and literacy	Financial literacy strategy developed  Approved Financial literacy strategy	SASRA	2028	Internal resources	50		22	10	8		

A competitive, efficient and stable market structure for the financial services sector												
Goal	Develop and implement policies that streamline and modernize the architecture of the financial services sector and enhance competition											
Strategic objective	Objective	Expected output	Key Performance Indicators	Implementing Agency(ies)	Time Frame	Source of Funds	Indicative Budget (KSh. Millions)					
Initiative							Total	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
7.17 Develop & implement a prudential and conduct framework for other financial Cooperatives (i.e., Housing and Investments)	To enhance prudential and conduct framework for other financial Cooperatives	Functional prudential and conduct framework for other financial Cooperatives Functional prudential and conduct framework for other financial Cooperatives	SASRA	2026	GoK	50	30	20				
7.18 Establish Asset Recovery framework	To enhance identification, tracing, investigation, seizure, recovery and reunification of embezzled funds back to the affected Saccos.	Asset recovery framework developed	Functional Asset recovery Framework	SASRA	2025	Internal resources	20	10	10			
7.19 Develop integrated cross-border payment systems	To support affordable, transparent and interoperable cross-border payments	cross-border payment system developed	Adoption of standards to facilitate affordable cross-border payment; Increased cross-border payments and remittances; Integrated/interoperable domestic retail payments across the EAC	CBK (with EAC partners and institutions)	2024/2025	CBK, DPs	50	-	10	20	20	-

## 8. Modernizing Supervision

Financial services sector is stable and well regulated												
Full implementation of modernized and risk-based supervision												
Goal												
Strategic objective												
Initiative	Objective	Expected output	Key Performance Indicators	Implementing Agency(ies)	Time Frame	Source of Funds	Indicative Budget (KSh. Millions)	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
8.1 Financial sector Consumer protection and Market Conduct framework	To develop a framework for consumer protection, market conduct resolution of customer complaints	Consumer protection and resolution of customer complaints	Financial sector consumer protection framework completed and implemented	TNT CAK CBK IRA RBA SASRA	2023/24 to 2024/25	GOK						
8.2 Develop Sub-sector specific and Sector-wide cyber security framework	To strengthen cyber security in the financial sector	Sub-sector specific and Sector-wide cyber security framework developed	Operational Sub-sector specific cyber security frameworks	TNT, Sub Sectors	2023/24 to 2027/28	GOK/DPs	50	10	10	10	10	10
8.3 Review the consolidated supervision framework	To enhance consolidated supervision in the FSS	Reviewed consolidated supervision framework	Operational Sector-wide cyber security framework	TNT, Sub Sectors	2023/24 to 2027/28	GOK/DPs	50	10	10	10	10	10
8.4 Review the Risk-Based supervision frameworks	To enhance risk-based supervision in the FSS	Reviewed Risk-Based supervision frameworks developed	No of joint supervisory inspection reports; Reviewed consolidated supervision framework	CBK, CMA, IRA, RBA, SASRA,	2023/24 to 2027/28	GOK/DPs	100	-	-	50	25	25
			No. of revised Risk-Based supervision frameworks	CBK, SASRA, CMA, IRA, RBA	2023/27	CBK	-	-	-	-	-	-

Financial services sector is stable and well regulated													
Full implementation of modernized and risk-based supervision													
Goal	Strategic objective	Initiative	Objective	Expected output	Key Performance Indicators	Implementing Agency(ies)	Time Frame	Source of Funds	Indicative Budget (KSh. Millions)				
									2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
									Total				
	8.5	Strengthen banking sector financial stability and inclusion	To enhance existing legal and regulatory frameworks	Revised minimum core capital requirements for commercial banks	Revised penalties for commercial banks	Revised minimum core capital requirements for commercial banks	CBK	2023-2027	CBK	-	-	-	-
				Revised penalties for commercial banks.	Revised penalties for commercial banks	CBK	2023-2027	CBK	-	-	-	-	-
				Guidelines on Internal Liquidity Adequacy Assessment developed.	Guidance on ILAAP operationalized	CBK	2023-2027	CBK	-	-	-	-	-
	8.6	Establish a digital platform for insurers	To ensure collation of accurate and timely data to support insurance models and solutions while mitigating fraud	Digital platform data platform for insurers developed	Operational digital platform data platform for insurers	IRA, TNT	2023-2025	GoK	50	-10	40	-	-

Financial services sector is stable and well regulated												
Full implementation of modernized and risk-based supervision												
Goal												
Strategic objective												
Initiative	Objective	Expected output	Key Performance Indicators	Implementing Agency(ies)	Time Frame	Source of Funds	Indicative Budget (KSh. Millions)	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
8.7 Develop National Credit Information Sharing Policy	to enable full-file credit information sharing by all credit providers as well as alternative data to strengthen credit scores	National Credit Information Sharing Policy developed	Approved National Credit Information Sharing Policy	TNT, CBK, IRA, RBA, CMA, CAK, SASRA	2025- 2026	GoK		-	5	30	20	
8.8 Develop and implement a Risk Based Supervision System (RBSS) for the Sacco sub-sector	Risk-Based Supervision System (RBSS) for the Sacco sub-sector	Functional Risk Based Supervision System, manuals, and other legal instruments	Functional Risk Based Supervision System, manuals, and other legal instruments Additional staff, space and equipment	SASRA	2026	World Bank/ Internal resources		100	100	100		
8.9 Establish Sacco stabilization facility	to restore and facilitate maintenance of Sacco's reserve requirement	Stabilization facility established	Functional Stabilization facility	SASRA	2028	GoK/ Development partners/ World Bank		-	-	300	100	100
8.10 Develop consolidation framework for the Saccos	To promote consolidation in the Sacco sub sector	Functional consolidation framework developed	Functional consolidation framework developed	SASRA	2025	Internal resources		15	15			

Financial services sector is stable and well regulated														
Full implementation of modernized and risk-based supervision														
Goal	Strategic objective	Initiative	Objective	Expected output	Key Performance Indicators	Implementing Agency(ies)	Time Frame	Source of Funds	Indicative Budget (KSh. Millions)					
									Total	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
		8.11 Establish cyber forensic triage laboratory for the Sacco sub sector	To improve effectiveness in cybercrime investigations	established cyber forensic triage laboratory	Functional cyber forensic triage laboratory	SASRA	2025	SASRA & DPs	30	-	15	15		
		8.12 Develop a robust oversight mechanism for Financial Institutions and Designated Non-Financial Businesses and Professions (DNFBPs)	To promote financial integrity and AML/CFT Surveillance	Mechanism for Financial Institutions and (DNFBPs) developed	Functional mechanism for Financial Institutions and (DNFBPs)	FRC	2025-2026	GoK & DPs	20	-	5	10	5	-

## 9. Affordable Mortgages

To increase uptake of affordable mortgages												
Strategic goal	Increase affordable mortgage uptake to expand homeownership among unserved and underserved segments through innovative products and targeted outreach.											
Initiative	Objective	Expected output	Key Performance Indicators	Implementing Agency (S)	Time Frame	Source of Funds	Indicative Budget (KSh. Millions)					
							Total	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
9.1 Mobilize funds for onlending to Primary Mortgage Lenders	to increase uptake of affordable mortgages	Increased funds for onlending	Amount of funds mobilized No. of affordable mortgages issued	KMRC/Banks/SACCOS	2024 - 2027	DFIs, Capital Markets	10,600	-	5,425	6,781	8,477	10,600
9.2 Onboarding of additional Primary Mortgage Lenders	to increase uptake of affordable mortgages	Primary Mortgage Lenders onboarded	Value of refinanced mortgages (KSh. Million) No. of Primary Mortgage Lenders onboarded	KMRC/Banks/SACCOS	2024 - 2027	DFIs, Capital Markets	43,479	-	7,600	5,425	6,781	8,477
9.3 Establish a housing sector specific credit guarantee	Institutionalize the mortgage guarantee scheme	Established Housing Credit Guarantee	Functiona Housing Credit Guarantee See capital injection	TNT/ KMRC	2024-2027	NT/DFIs	1	-	1	-	-	-
				TNT/KMRC	2024-2027	NT/DFIs	560	560				





## 10. Financial Inclusion

Deepen and enhance access and usage of quality, affordable financial products and services that meet consumer needs in a sustainable way												
Strategic objective	Deepening access and usage of quality financial services (payments, credit, savings, insurance, investments and pension)											
Initiative	Objective	Expected output	Key Performance Indicators	Implementing Agency(ies)	Time Frame	Source of Funds	Indicative Budget (KSh. Millions)					
							Total	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
10.1 Develop and implement National Financial Inclusion Strategy	To foster financial inclusion and deepen access and usage of financial products and services	NFIS for the financial sector developed	NFIS for the financial sector	CBK, CMA, IRA, SASRA, RBA, KDIC	2027	Domestic Financial Sector Regulators	107	2	5	40	40	20
10.2 Increase awareness on financial services product	Improved access to financial services	Financial inclusion reports, financial literacy manuals e.t.c	No. of financial inclusion reports, financial literacy manuals	CBK, KNBS, JFSRF, FSD	2025-2028	CBK, KNBS, JFSRF, FSD, Development Partners, GOK	50	10	10	10	10	10
10.3 Improved KYC processes for formal financial account opening	Improved access to financial services	Financial inclusion reports, financial literacy manuals e.t.c	Percentage of adults accessing formal financial services	CBK, KNBS, JFSRF, FSD	2025-2028	CBK, KNBS, JFSRF, FSD, Development Partners, GOK	50	10	10	10	10	10
10.4 Incorporate Customer-centric financial services and products	Deepen the usage and quality of financial products and services	Customer centric financial products and services developed	No of customer centric products	CBK, KNBS, JFSRF, FSD	2025-2028	CBK, KNBS, JFSRF, FSD, Development Partners, GOK	50	10	10	10	10	10
10.5 Expansion of delivery channels (including DFS access points) in underserved areas	Expand digital financial markets ecosystem	Increased range of digital financial products and services	Reduced cash-based transactions; Increased uptake of digital financial services	CBK, KNBS, JFSRF, FSD	2025-2028	CBK, KNBS, JFSRF, FSD, Development Partners, GOK	50	10	10	10	10	10

Goal	Deepen and enhance access and usage of quality, affordable financial products and services that meet consumer needs in a sustainable way											
	Deepening access and usage of quality financial services (payments, credit, savings, insurance, investments and pension)											
Strategic objective	Objective	Expected output	Key Performance Indicators	Implementing Agency(ies)	Time Frame	Source of Funds	Indicative Budget (KSh. Millions)	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
10.6 Enhance financial inclusion measurement by conducting nationwide demand-side surveys and deep dive tracker surveys	To improve Financial Inclusion data	Comprehensive Financial Inclusion data	Number of Surveys undertaken	CBK, CMA TNT MSEA, JFSRF Development Partners GOK	2023 - 2027	CBK, KNBS, JFSRF, FSD, Development Partners, GOK	345	150	15	15	150	15
10.7 Alternative Financing- Leasing Market	To provide alternative financing	Approved policy Increased uptake of leasing by SMEs and Counties	Policy developed and approved % Increase in leasing	TNT, CBK, CAK GOK	2023/24 to 2024/25	CBK, KNBS, JFSRF, FSD, Development Partners, GOK	75	15	15	15	15	15
10.8 Operationalization of the Islamic Banking	Promote Islamic banking products	Islamic finance policy in place	Islamic finance Policy; products, review of legal framework, training programs	TNT	2023- 2027	CBK, KNBS, JFSRF, FSD, Development Partners, GOK	20	4	4	4	4	4
10.9 Enhance affordable and appropriate sustainable inclusion finance	to develop tailor made products and services that match consumer needs	Tailor made financial products and services	Uptake of financial products and services	CBK, KNBS, JFSRF, FSD	2023/24 to 2024/25	CBK, KNBS, JFSRF, FSD, Development Partners, GOK	50	10	10	10	10	



Goal	Deepen and enhance access and usage of quality, affordable financial products and services that meet consumer needs in a sustainable way											
	Strategic objective	Deepening access and usage of quality financial services (payments, credit, savings, insurance, investments and pension)										
		Objective	Expected output	Key Performance Indicators	Implementing Agency(ies)	Time Frame	Source of Funds	Total	2023/2024	2024/2025	2025/2026	2026/2027
10.10 Enhance Consumer Protection	To develop comprehensive consumer protection framework in the financial services sector To mainstream market conduct practices within the Regulators	National and sectoral consumer protection frameworks developed Complaints register developed	National and sectoral consumer protection frameworks No. of consumer cases resolved	CBK, KNBS, JFSRF, FSD	2023/24 to 2024/25	CBK, KNBS, JFSRF, FSD, Development Partners, GOK	50	10	10	10	10	10
10.11 Financial Education/ Literacy and Financial Capability Frameworks	Develop national financial education, literacy, capability and awareness framework To enhance green finance	National and sectoral financial education, literacy strategy and curriculum developed Increased share of green finance	Institutional framework developed, approved and implemented Reports on education and literacy initiatives Number of green issuers; number of listed companies that comply with global ESG standards; Range of projects financed through green finance	CBK, KNBS, JFSRF, FSD	2023/24 TO 2024/25	CBK, KNBS, JFSRF, FSD, Development Partners, GOK	50	10	10	10	10	10
10.12 Develop and foster inclusive rural agriculture finance and sustainable green finance market				TNT CMA	2023 - 2027	CBK, KNBS, JFSRF, FSD, Development Partners, GOK	50	10	10	10	10	10

Goal	Deepen and enhance access and usage of quality, affordable financial products and services that meet consumer needs in a sustainable way											
	Deepening access and usage of quality financial services (payments, credit, savings, insurance, investments and pension)											
Strategic objective	Objective	Expected output	Key Performance Indicators	Implementing Agency(ies)	Time Frame	Source of Funds	Indicative Budget (KSh. Millions)	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
	Expand the market for rural agriculture	Increased range of rural agriculture products	Share of lending to agriculture	TNT CMA	2023 - 2027	CBK, KNBS, JFSRF, FSD, Development Partners, GOK	50	10	10	10	10	10
10.13 Develop tailor made financial products and services for vulnerable groups (women, youth, PWDs, FDPs)	Gender inclusive finance Youth friendly financial inclusion product Financial services for Persons with Disabilities Financial services for Forcibly Displaced Persons	Reports on financial inclusion and targeted programs for vulnerable groups	Percentage of adults from vulnerable groups with access to finance	CBK, KNBS, JFSRF, FSD	2028	CBK, KNBS, JFSRF, FSD, Development Partners, GOK	500	100	100	100	100	100
10.14 Deepen access for Micro, Small and Medium Enterprises (MSMEs)	Financial services for MSMEs	Policy on financing for MSMEs developed	MSMEs financing Policy	CBK, KNBS, JFSRF, FSD	2028	CBK, KNBS, JFSRF, FSD, Development Partners, GOK	50	10	10	10	10	10



Deepen and enhance access and usage of quality, affordable financial products and services that meet consumer needs in a sustainable way														
Deepening access and usage of quality financial services (payments, credit, savings, insurance, investments and pension)														
Goal	Strategic objective	Initiative	Objective	Expected output	Key Performance Indicators	Implementing Agency(ies)	Time Frame	Source of Funds	Indicative Budget (KSh. Millions)					
									Total	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
		10.15 Reform the MSMEs fund	To deepen access to funds for outreach	Appropriate legal framework for MSME funding developed	existing laws reviewed to align the MSME financing framework; legal instruments for MSME financing developed Amount of affordable credit availed to MSEs	CBK, KNBS, JFSRF, FSD	2028	CBK, KNBS, JFSRF, FSD, Development Partners, GOK	15	3	3	3	3	3
		10.16 Expand funding sources for MSME	To enhance capital raising for MSMEs	Dedicated MSME function at CMA; MSME accreditation framework developed	Number of MSMEs function at CMA Number of MSMEs accreditation frameworks no. of MSMEs accredited	CMA TNT MSEA	2023 - 2027	CBK, KNBS, JFSRF, FSD, Development Partners, GOK	15	3	3	3	3	3
		10.17 Conduct tracker survey on MSMEs finance from the FinAccess Sample	To improve MSME data on financing	Comprehensive tracker survey on MSMEs financing	No. of MSME tracker surveys undertaken	CBK, KNBS, JFSRF, FSD, Development Partners, GOK	2023 - 2027	CBK, KNBS, JFSRF, FSD, Development Partners, GOK	15	3	3	3	3	3
		10.18 Improve KYC requirements for MSMEs	To reduce conveyancing costs and support credit access among borrowers	Reduced conveyancing costs	percentage reduction in conveyance costs	CBK, CMA TNT MSEA	2023 - 2027	CBK, KNBS, JFSRF, FSD, Development Partners, GOK	15	3	3	3	3	3

Goal	Deepen and enhance access and usage of quality, affordable financial products and services that meet consumer needs in a sustainable way											
	Deepening access and usage of quality financial services (payments, credit, savings, insurance, investments and pension)											
Strategic objective	Objective	Expected output	Key Performance Indicators	Implementing Agency(ies)	Time Frame	Source of Funds	Indicative Budget (KSh. Millions)	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
10.19 Digitization of MSME records	To alleviate the lack of collateral securities to accelerate access to credit by MSMEs	Scaled up Kenya's Electronic Collateral Registry	Number of borrowers using the Kenya Electronic Collateral Registry	CBK, CMA TNT MSEA	2023 - 2027	CBK, KNBS, JFSRF, FSD, Development Partners, GOK	Total	3	3	3	3	3



## 11. Long-term savings

To increase savings as a percentage of GDP												
Goal	Promote saving culture in the country											
Strategic objective	Project											
Project	Objective	Expected output	Key Performance Indicators	Implementing Agency (\$)	Time Frame	Source of Funds	Indicative Budget (KSh. Millions)	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
							Total	2024	2025	2026	2027	2028
11.1 Review of the Retirement Benefits Legal and Regulatory Framework	To incorporate policy changes proposed by the policy into legal framework	legal and regulatory retirement benefits frameworks harmonized	Amended legal and regulatory framework	NT/RBA	2027	GoK/RBA	60M	20	15	15	5	5
11.2 Review the Consumer Protection Framework	To enhance consumer protection framework within the retirement benefits subsector	Reviewed consumer protection framework	Public participation reports Reviewed consumer protection framework	NT/RBA	2027	GoK/RBA	10M	5	1.5	1.5	1	1
11.3 Individual Savings	Increased opportunity	Strategy and new products	Retail Bond platform and programme rolled out	TNT, CBK, KBA	2024-2027							
11.4 Financial Access	Deepen financial access by facilitating deposits growth, financial inclusion and stability in the Sacco sub sector	Growth in deposits	Growth in deposits	SASRA	2024	Internal resources	20	10	10			
	Enhanced public confidence in the financial system to foster Financial Stability	Review of the depositor coverage Limit	Coverage Limit Adequacy Assessment Report; Review of KDI Act Capt 487C	TNT KDIC	2026 - 2027							



## 12. Public Debt Market

Sustainable Public Debt Management													
To minimize the cost of public debt management and borrowing over the long-term													
Strategic objective	Project	Objective	Expected output	Key Performance Indicators	Implementing Agency (S)	Time Frame	Source of Funds	Indicative Budget (KSh. Millions)					
								Total	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
12.1 Strengthen the benchmark bonds and liability management programme.		Increase bond market liquidity and stability of the benchmark yield curve.	Stable benchmark yield curve	<ul style="list-style-type: none"> <li>Volume of bonds, reopened, switched or/ and bought-back</li> <li>Smooth debt maturity profile</li> <li>Increased bond trading and liquidity</li> </ul>	PDMO CBK	2025/2027	GoK/DP	100	20	20	20	20	20
12.2 Develop a sustainability linked financing instrument framework		Framework for Sustainability Linked Financing Instruments	Sustainability linked framework developed	Approval Sustainability linked framework	TNT s	2024-2025	GoK/DP		5	5			
12.3 Strengthen investor relations in the international capital markets Develop a comprehensive investor relations and market engagement programme.		Increase investor confidence and credit rating for Kenya Attract investors in the government debt market and to diversify the investor base.	Stronger presence of Kenya in the international capital market Diversified domestic and external investor base.	Successful Eurobond issuance; Improved credit rating for Kenya Successful domestic and external borrowing plans.	TNT/ PDMO	2023 - 2027	GoK	300	60	60	60	60	60

Sustainable Public Debt Management														
To minimize the cost of public debt management and borrowing over the long-term														
Goal	Strategic objective	Project	Objective	Expected output	Key Performance Indicators	Implementing Agency (S)	Time Frame	Source of Funds	Indicative Budget (KSh. Millions)					
									Total	2024	2025	2026	2027	2028
		12.4 Establish the Sinking Fund	Enhance the framework for timely funding for redemption of government securities	Sinking Fund Regulations	Sinking Fund Regulations Approved	TNT/ Parliament	2023 - 2027	GOK	125	25	25	25	25	25
		12.4 Review the Kenya External Resource Policy	Enhance efficiency in external resource mobilization	Reviewed Kenya External Resource Policy	Reviewed Kenya External Resource Policy	TNT/DP	2023 - 2027	GOK/DP	250	50	100	100	-	-
		12.5 Facilitate Project Based Bond Issuance for County Governments	Enhance funding capacities for counties	Amount of funding raised through project-based county bond	Number of county bonds issued; Sensitization/ education framework	TNT CMA	2023 - 2027	GOK/DP	250	50	50	50	50	50
		12.6 Establish and operationalize the Office of Registrar of National Government Securities	Provide centralized and organized repository for recording details of all securities issued by or on behalf of the national Government	Office of the Registrar of National Government Securities established and Operationalized	Office of the Registrar of National Government Securities	TNT	2023 - 2027	GOK	300	100	50	50	50	50
		12.7 Operationalization of Over the Counter (OTC) Trading of Government Bonds	Enhance the bond market liquidity	Increased bond turnover Stable and reliable yield curve	Operational over the counter market	TNT CMA	2023 - 2027	GOK/DP	35	10	5	5	5	5

### 13. Disaster Risk Management and Financing

To Strengthen Kenya's ability to manage the impacts of disaster shocks and enhance financial protection													
To increase the ability of the National and County Governments to respond effectively to disasters, thereby protecting development goals, fiscal stability and wellbeing of citizens													
Strategic Objective	Project	Objective	Expected output	Key Performance Indicators	Implementing Agency (S)	Time Frame	Source of Funds	Indicative Budget (KSh. Millions)	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
13.1 Disaster Risk Management and Financing	To develop the Public Finance Management (Disaster Management Fund) Regulations, 2022	Public Finance Management (Disaster Management Fund) Regulations developed	Gazetted Regulations	TNT – Financial and Sectoral Affairs Department	2023 -2027	Gok &D Ps	3000	500	500	500	5000	1000	
	Development and Implementation of Disaster Risk Financing (2023-2027)	Disaster Risk Financing Strategy Developed	Disaster Risk Financing Strategy Reports	TNT – Financial and Sectoral Affairs Department	2023 -2027	GOK&DPS	25	5	5	5	5	5	
	Development of a Disaster Expenditure Reporting Framework and capacity building of MDAs and Counties	Disaster Expenditure Reporting Framework Developed No. of Officers trained on Disaster Expenditure Reporting	Reports; No. of Officers in MDAs and Counties trained in disaster expenditure reporting	TNT – Financial and Sectoral Affairs	2023 -2027	GOK&DPS	25	5	5	5	5	5	



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