



REPUBLIC OF KENYA

MINISTRY OF LABOUR AND SOCIAL  
PROTECTION  
STATE DEPARTMENT FOR SOCIAL  
PROTECTION & SENIOR CITIZEN AFFAIRS

# From Financial Protection to Financial Security

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# Laying the Foundation





- It turns out that advancing equal opportunity and economic empowerment is both morally right and good economics, because discrimination, poverty, and ignorance restrict growth, while investments in education, infrastructure, and scientific and technological research increase it, creating more good jobs and new wealth for all of us.-  
[William J. Clinton](#)





# The Kenya Employment Spectrum

Total Employable Population  
28 mn

Total Employed  
18 Mn

Informal Sector  
14 mn

Formal Sector  
3 mn

- Every year, 800,000 young Kenyans join the workforce after completing school, college, and university.
- The corporate sector is only able to employ 50,000
- Another 100,000 to 150,000 fortunate ones are able to find stable jobs in successful small businesses.

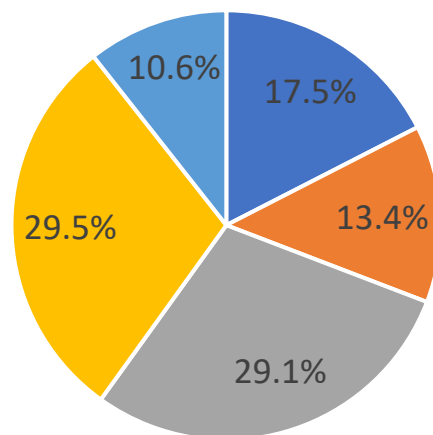
Source: KNBS Labor Report





# The Income Sources

Main Sources of Income for Kenyans



■ Agriculture ■ Business Ownership ■ Casual Workers  
■ Dependency ■ Employment

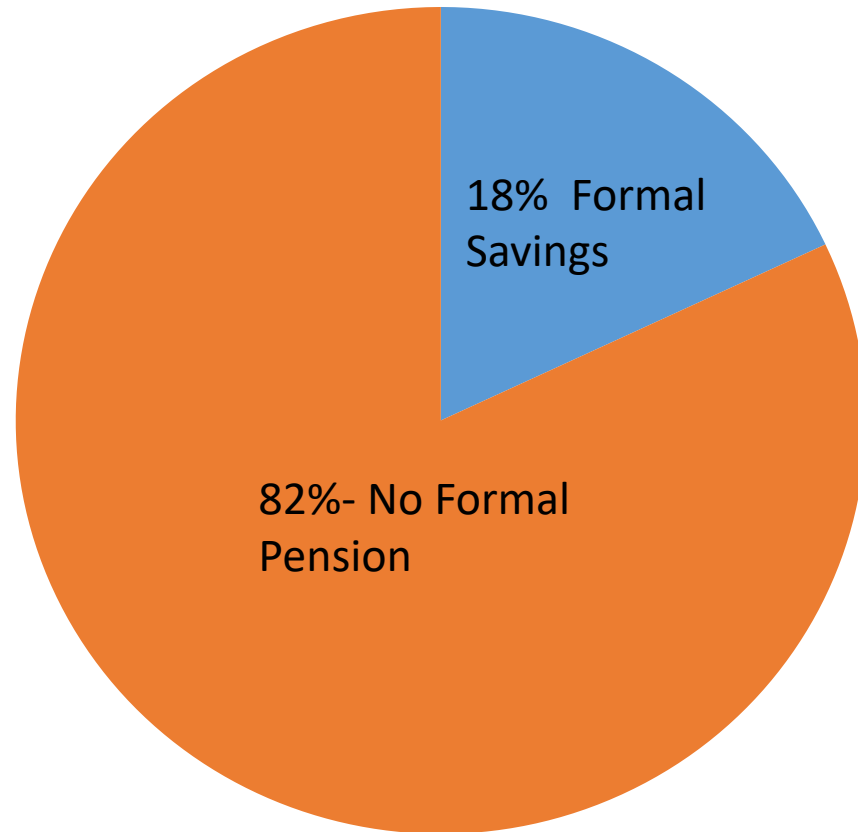
Source: Finaccess report

	No in Mn
Agriculture	5.1
Business Ownership	3.9
Casual Workers	8.5
Dependency	8.6
Employment	3.1
	29.2

- Most Kenyans are either dependent or do casual work (60%) and the aim is to reduce this by helping start their businesses or grow the Businesses to employ more.



# The Retirement Industry in Kenya



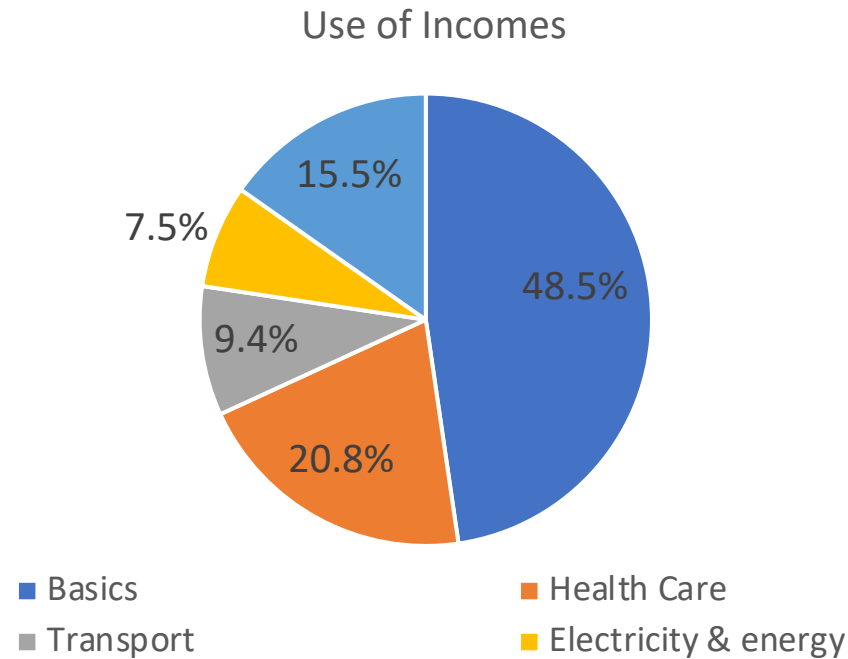
- As we stand about 3.5 mn Kenyans are members of a retirement scheme with 2.7 mn only contributing to NSSF and 800k contributing to both.
- Of the people in a pension scheme only 14% are confident that they can maintain the same standard of living into retirement.
- The measure of this is done using and Income replacement ratio. The Kenyan one is at 34% compared to the global recommendation of 70—80%.



# Use of Income by people over 65 years



- In the country currently, 36.1% of the population lives below the poverty line with the proportion being larger for people over 65 years of age at 45.8%
- The largest proportion of the income to these people is spent on basic needs and healthcare 69%







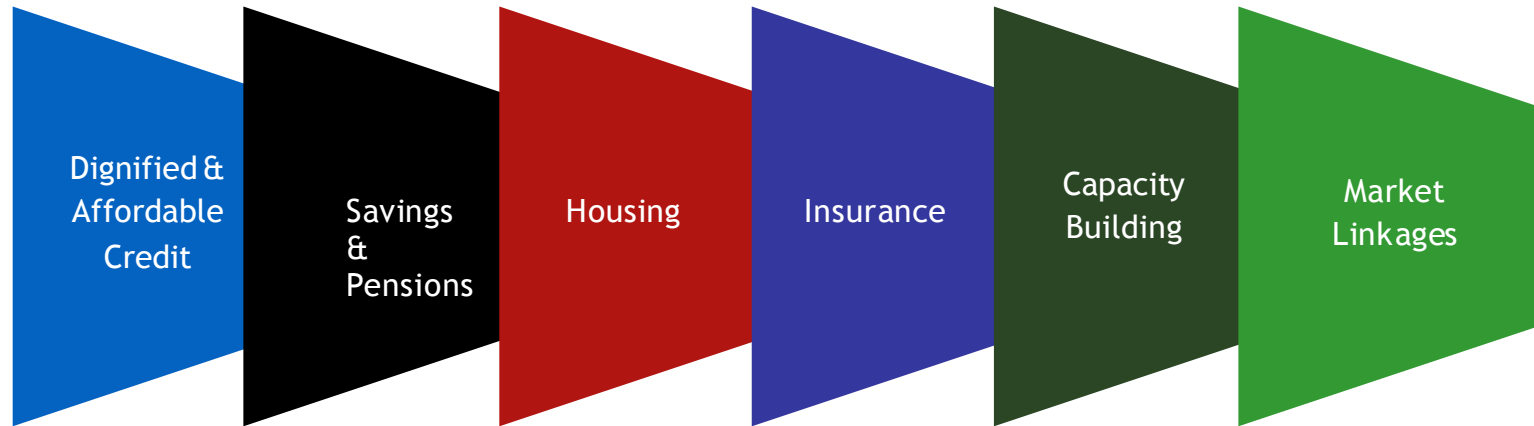
# Financial Inclusion Fund Pillars



# Key Financial Inclusion Pillars for Success



## Key Financial Inclusion Pillars for Success



With well packaged and targeted fiscal incentives for maximum impact and scale





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## 1. Affordable Credit which is conveniently available

- So far the fund has Disbursed Ksh 25 bn to 19 mn million Kenyans. Total repayment is at Ksh 15 bn.
- The total repeat customers are 6.8 mn with some having borrowed more than 30 times.
- There are four products here:
  - i. Personal Loan product that was rolled out on the 30<sup>th</sup> of November 2022
  - ii. Micro Loan Product ( Biashara ) This targets individual businesses and Chamas
  - iii. SME loan
  - iv. Start-up loan





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## 2. Savings and Pension

The savings product Under the FIF can be divided into two main parts :

- - i. Mandatory Savings:** For all cash borrowed there is 5% of the funds are directed towards the savings portion. The cash is divided into 30% short-term and 70% long-term. The 30% can be accessed after one year of being in the fund.
  - 
  - ii. Voluntary Savings:** People inclined to save more than what is mandatory or even those not borrowing can save directly into the fund. The savings shall also be divided into short-term and long-term with a 30%:70% split. shall be done at the end of the year of each individual saver.
- **Current savings stand at 1.3 bn**

**Targeting 20 m regular voluntary subscribers/savers with a desire for each Kenyan at the “bottom of the period ”to have a K Shs 50,000 by 2027, a target total savings fund accumulation of K Shs between 341bn - K Shs 536bn by Year 5 based on simulations undertaken**



## 3. Affordable Housing

- Housing is a basic human need and people need to get dignified houses at an affordable rate.
- A quick look at boma yangu shows that people are in need of the affordable houses.

End of	Registrations	Contributions
2019	279,994	116,074,334
2020	312,911	524,529,569
2021	325,359	1,484,968,078
2022	333,623	1,760,174,206

- The government aims to grow the number of mortgages from 30,000 to 1,000,00 by enabling low-cost mortgages of Sh10,000 and below possible





## 4. Insurance



NHIF drops 43pc of members for defaulting on contributions

FRIDAY JANUARY 13 2023

- The Total Membership stands at 15.4 million with the active members being 6.7 million

- According to the Kenya Kwanza manifesto, 36% of Kenyans are at risk of being impoverished by the financial burden of catastrophic illness.
- The total health expenditure stands at KSh 550b per year, financed by the government 63% by households 27% and a balance of 10% through insurance schemes.
- The out-of-pocket share translates to KSh 150 b per year, which is a big burden to households





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## 5. Capacity Building and Financial Literacy

- “My people are destroyed from lack of knowledge. Because you have rejected knowledge, I also reject you as my priests; because you have ignored the law of your God, I also will ignore your children” ([Hosea 4:6](#)).
- We aim to have continuous training across the country working with various other government Agencies and partners with people to train.
- Given we are digitally driven we are working on a financial training portal for both business and personal finance where people can even self train





## 6. Market Linkages

The Hustler platform shall be the market for people to bring in their produce and the for buyers to buy. Imagine access to 20 mn possible buyers





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## CONCLUSION

- Empowering individuals is empowering a nation. With the right plan, people, and execution all is possible.





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# THANK YOU!

## ANY QUESTIONS?

