

2018
**Social
Protection
Conference**
KENYA



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Delivering Cash Transfers Through More Innovative Approaches- Case For Kenya

Subject: HSNP/NSNP

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Background - FSD Kenya

- FSD Kenya was established in 2005 to support the development of financial markets in Kenya.
- Works in partnership with Government and private sector across all levels: regulators, industry associations and service providers.
- Goal : To expand access to financial services among lower income households and small enterprises as a route to strengthening livelihoods of the poor ; expanding financial inclusion

Journey of cash transfer delivery



Manual Process



**Electronic
Limited Purpose
Instruments**



**Choice and Bank
account**

Manual process

Challenges

- Duplication of data
- Identification of beneficiary
- Reconciliation
- Cash leakages



Electronic

- Bank led model
- Use of prepaid card
- Biometrics authentication
- Prepaid cards
- Agency banking



Challenges being resolved by GoK

1. Proximity

- Beneficiaries walk long distances to pay points due to limited number of pay points(agents).

2. Choice

- Current payment solution limits beneficiaries from making a choice of their preferred PSPs.

3. Liquidity

- The current number of agents are not able to meet the high demand of payments due to the amounts involved and distance to the nearest bank branch.

4. Payment instruments

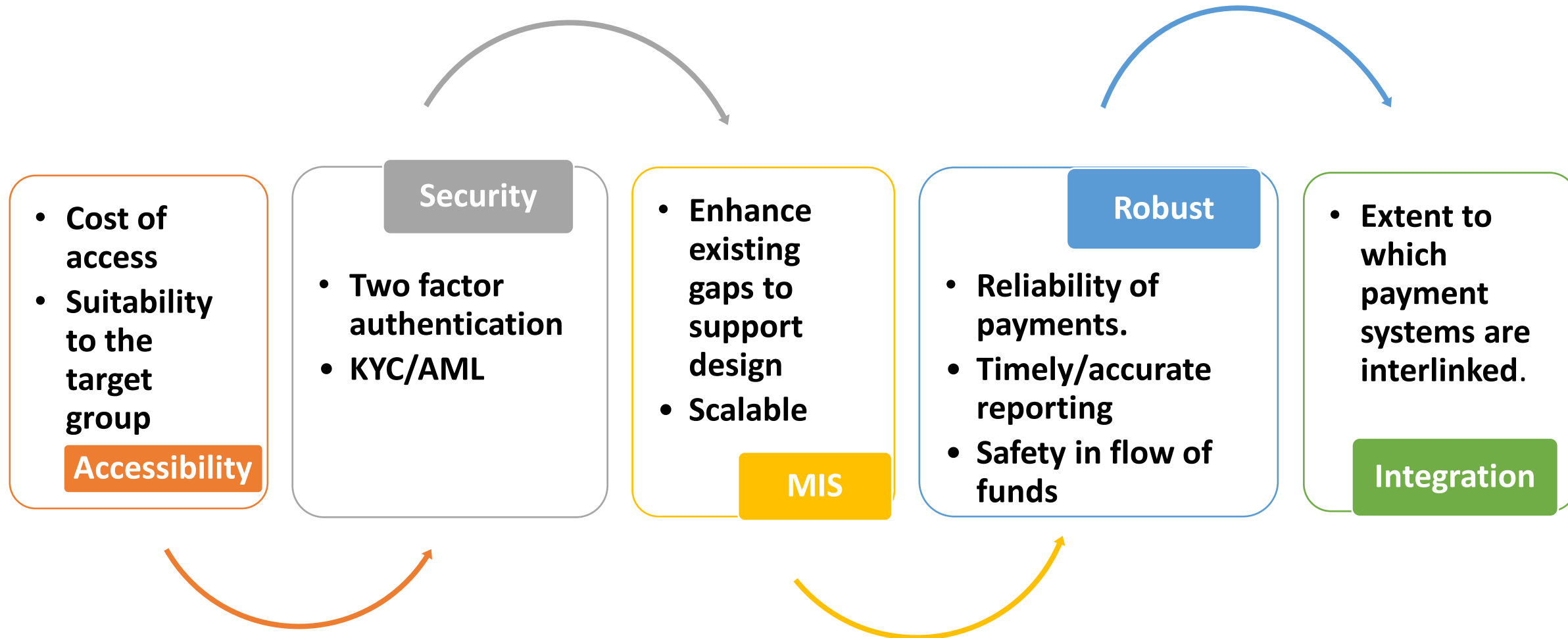
- Cases of biometric/card failures limits the beneficiaries from accessing their benefits.

5. Store of value

- Lacked of store of value

6. Reconciliation

Key pillars for the design principles



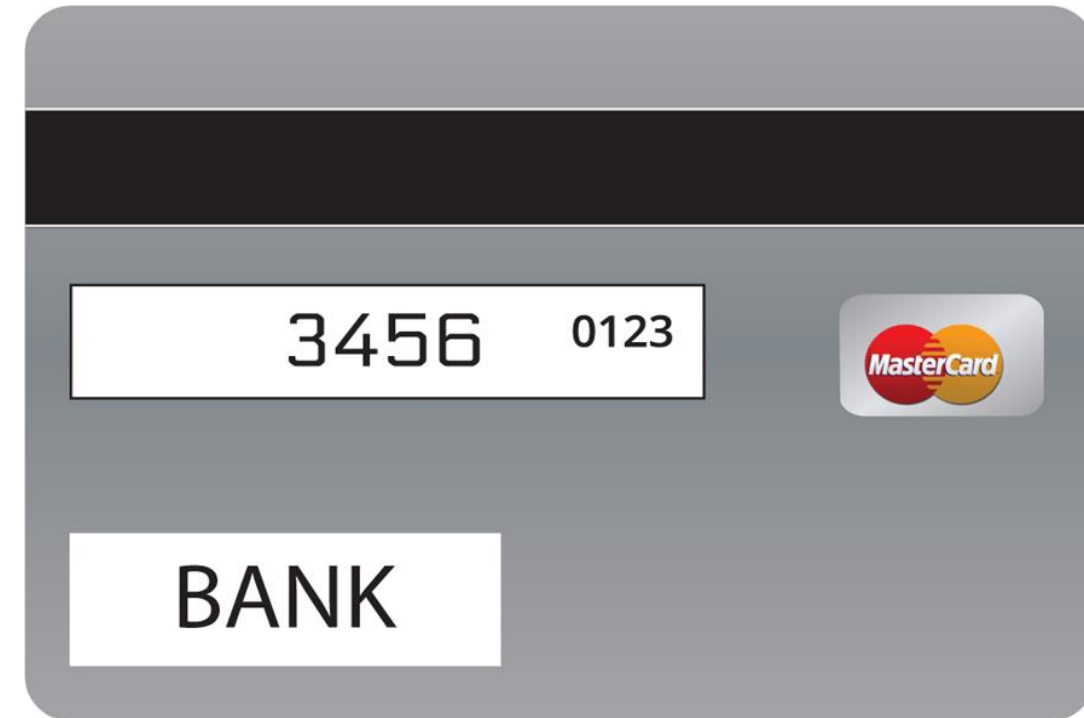
Beneficiary choice of PSP

- Beneficiaries can select among pre-qualified PSPs based on;
 - Quality of service offered
 - Proximity-distance to pay point
 - Additional services offered
- Mobile money
- Annual window for beneficiary to switch PSP
- Proof of life periodically

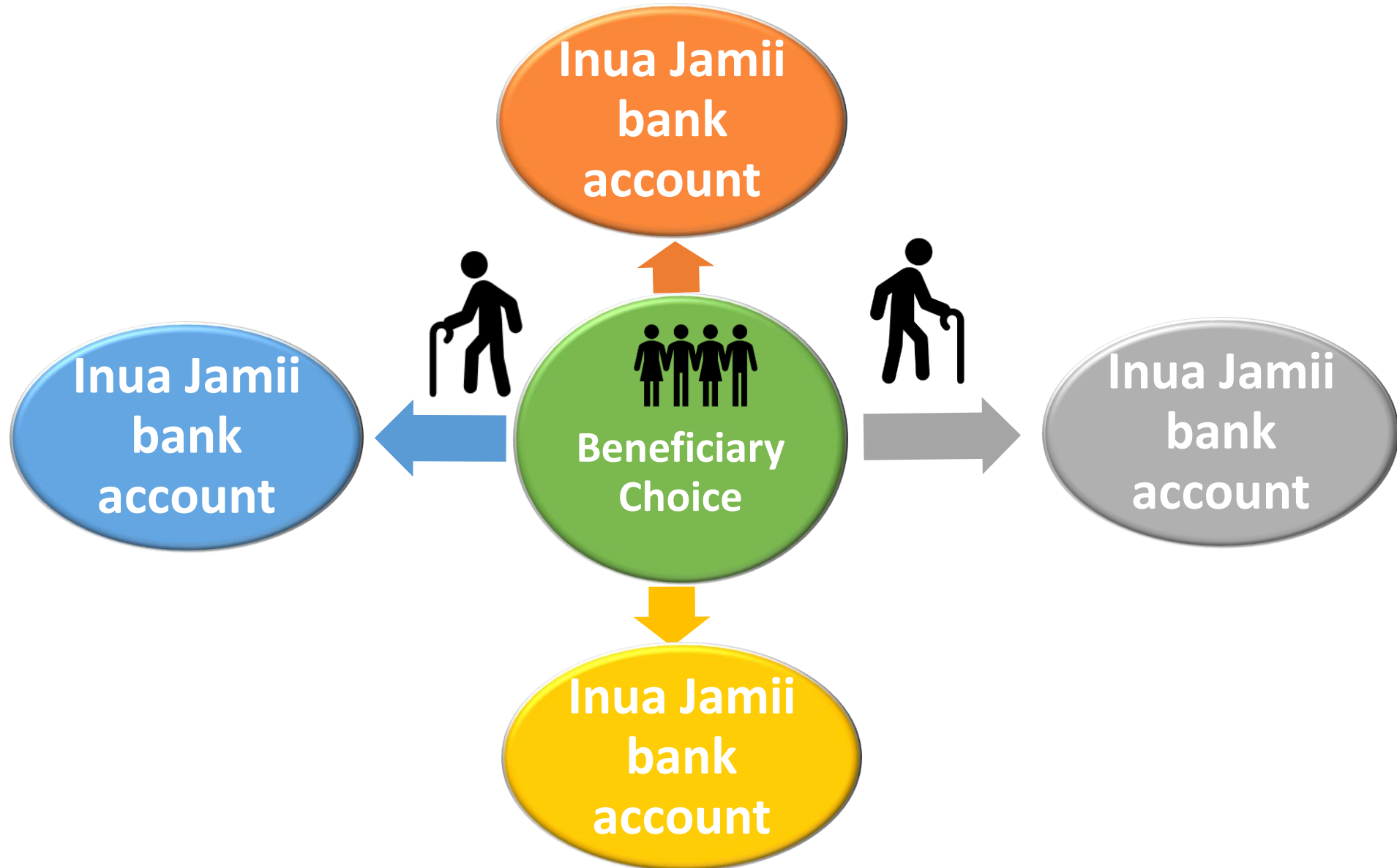
Standard bank account-Inua Jamii

- Similar features for the account across all participating PSPs
- Encourage store of value (savings)
- Bank accounts are an existing solution and may be more cost effective to implement than setting up a new infrastructure

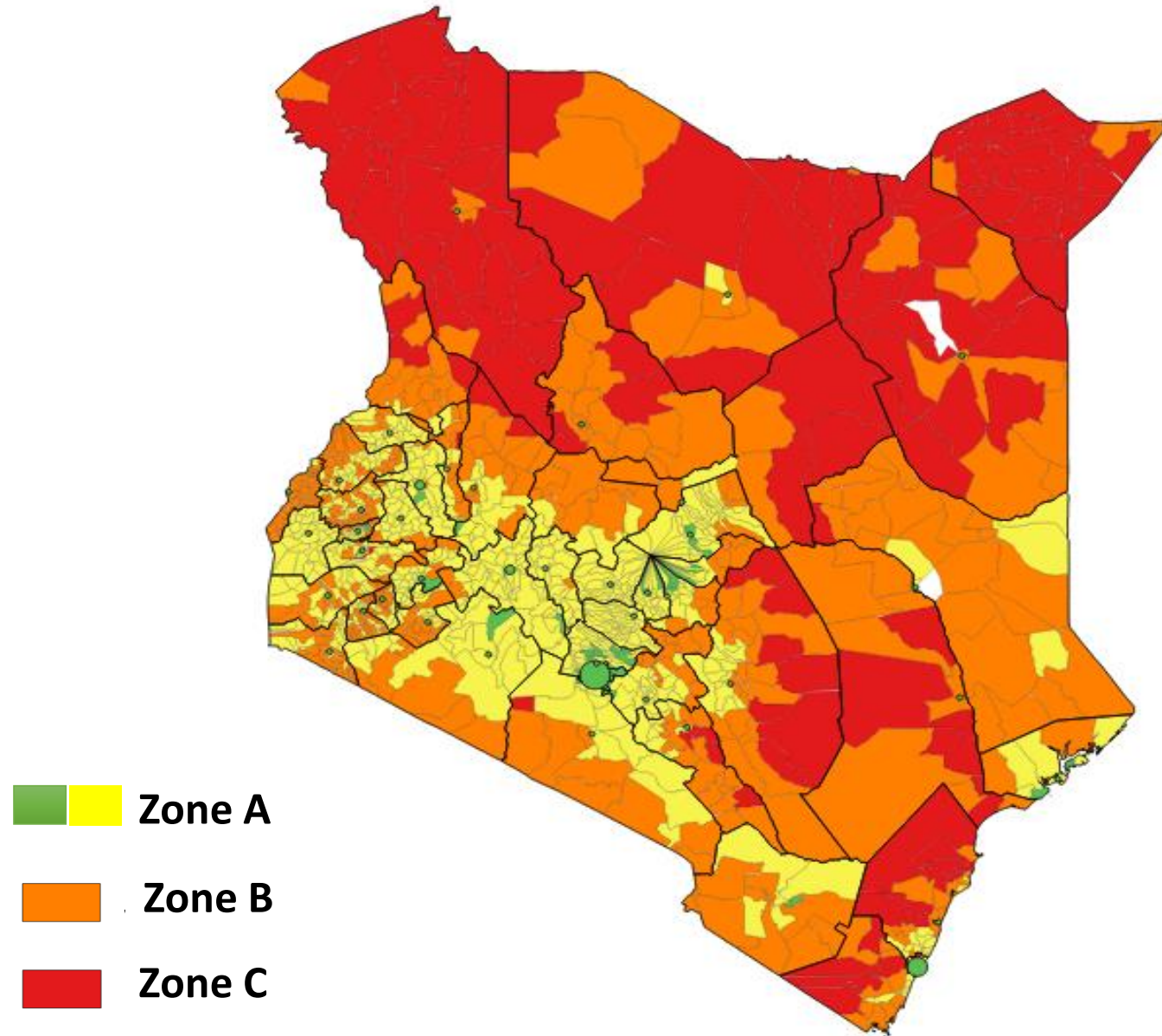
Inua Jamii



Multiple PSPs



Tiered pricing through zoning



Government Scalability

- Contracting-single contract for multiple programmes
- Harmonisation and consolidation
- Standard pricing
- Gives government choice

What next

- Interoperability
- Integration- point of presence
- Linkages to other programmes social , education health, agriculture
- Financial capability
- Graduation

