

# New app will allow SMEs to buy government bonds

Small and medium enterprises will be able to save and invest in government bonds with just Ksh3,000 via a mobile phone platform to be launched in July.

The National Treasury, with the support of the World Bank, has developed a mobile application known as M-Akiba, which is part of the treasury mobile direct (TMD) program.

"The launch of M-Akiba bond will allow Kenyans to purchase government securities directly from the comfort of their mobile phones with a minimum investment of only Ksh3,000 compared to the current minimum of Ksh50,000," National Treasury Cabinet secretary, Henry Rotich, said during the budget policy statement in June.



Image via [123RF](#)

The government bond market in Kenya has for a long time been dominated by insurance companies, banks, and pension and trust funds. Geoffrey Odundo, Nairobi Securities Exchange's chief executive officer, says: "The M-Akiba bond will enable an entirely new group of investors to access government debt securities via their phones."

He says NSE has worked with the Capital Markets Authority, Central Bank of Kenya, the Kenya Association of Stockbrokers and Investment Banks, the Central Depository and Settlement Corporation, the Nairobi International Financial Centre Authority, the ICT Authority, and the National Treasury on the development of the M-Akiba bond.

M-Akiba will allow SMEs to enjoy significantly higher interest rates on government securities compared to the low returns they get from their bank deposits. The Treasury has not yet released the bond rates, but banks have been offering rates of

less than 6.5% on deposits. "M-Akiba will be a good investment opportunity for the retail investors, especially SMEs who have been keeping their money idle in bank accounts," NIC Capital managing director, Maurice Opiyo, said.

M-Akiba will allow the purchase, interest payment, and redemption of securities. SMEs will only need to make a request with a mobile phone and the telecommunications operators will open an electronic account with the Central Securities Depository (CDSC) on their behalf.

The Central Bank of Kenya requires an investor who wants to buy government bonds to have a CDSC account. The World Bank says investors should be confident using M-Akiba because Kenya has put regulations and safeguards in place to monitor cyber activities and issues.

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