Financing Kenya
2020 hindsight for Vision 2030

David Ferrand
Kenya’s financial system today
Overarching vision
A globally competitive and prosperous nation with a high quality of life by 2030

Economic
To maintain a sustained economic growth of 10% p.a. over the next 25 years

Social
A just and cohesive society enjoying equitable social development in a clean and secure environment

Political
An issue-based, people-centered, result-oriented, and accountable democratic political
Just how important is finance?

“We are doing God’s work”

Lloyd Blankfein
former CEO,
Goldman Sachs
Just how important is finance?

[Goldman Sachs] “the world’s most powerful investment bank is a great vampire squid wrapped around the face of humanity, relentlessly jamming its blood funnel into anything that smells like money.”

Matt Taibi
Rolling Stone Magazine
Just how important is finance?

“Access to credit is a basic human right”

Mohammad Yunus,
Founder Grameen Bank, Nobel laureate
What is the role of finance?

Payments – enabling trade

Intermediation – capital investment

Managing households

Managing risk
Economic complexity

Kenya
Vietnam

Graph showing the economic complexity index for Kenya and Vietnam from 1995 to 2015.
Financial inclusion
Financial health

Progress in financial inclusion...

... but not reflected in financial health
Where are the challenges?
The financial system encompasses multiple elements:

- Financial sector
- Informal finance
- State finance
- Embedded finance
Proposition #1:

The financial system needs to solve real-world problems.
Proposition #1: The financial system needs to solve real-world problems

**Opportunity**
- Solar technology offers low cost off-grid energy

**Challenge**
- Low-income people cannot afford capital outlay

**Outcome**
- 434,524 devices acquired in Kenya through PAYGO

**Solution**
- Flexible pay-as-you-go financing for solar device acquisition
Proposition #1: The financial system needs to solve real-world problems.

Proposition #2: Diverse problems need diverse solutions.
Proposition #2:
Diverse problems need diverse solutions
Proposition #2:

Diverse problems need diverse solutions
Proposition #2: Diverse problems need diverse solutions

Preserve diversity
Proposition #3:
The future is open
Proposition #1: The financial system needs to solve real-world problems.

Proposition #3: The future is open.
Proposition #1: The financial system needs to solve real-world problems.

Proposition #3: The future is open.

Formal financial inclusion: Kenya vs Nigeria

Central Bank of Kenya ‘no objection’ to M-Pesa
Opening finance?