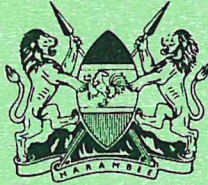


**SPECIAL ISSUE**

*Kenya Gazette Supplement No. 210 (National Assembly Bills No. 47)*



REPUBLIC OF KENYA

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**KENYA GAZETTE SUPPLEMENT**

**NATIONAL ASSEMBLY BILLS, 2020**

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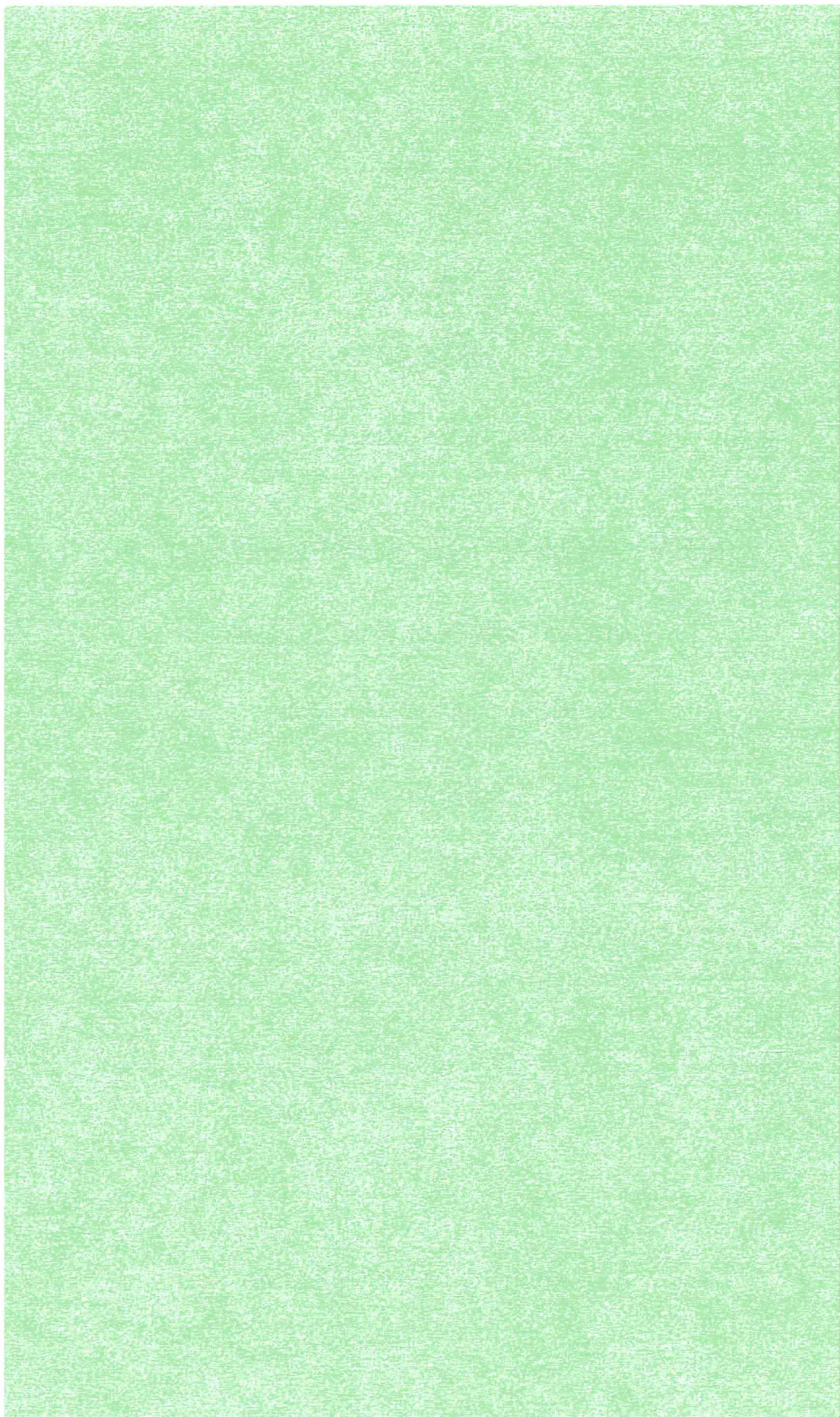
**NAIROBI, 30th November, 2020**

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**THE CENTRAL BANK OF KENYA (AMENDMENT)  
BILL, 2020**

**A Bill for**

**AN ACT of Parliament to amend the Central Bank of  
Kenya Act, and for connected purposes**

**ENACTED** by the Parliament of Kenya, as follows—

1. This Act may be cited as the Central Bank of Kenya (Amendment) Act, 2020.

Short title.

2. The Central Bank of Kenya Act (in this Act referred to as the “principal Act”) is amended in section 2 by inserting the following new definition in the proper alphabetical sequence—

Amendment of section of 2 of Cap 491.

“Digital money lender” means an entity that offers credit facilities in the form of mobile money lending applications.

3. The principal Act is amended by inserting the following new part immediately after part VII—

Insertion of a new Part into Cap 491.

**PART VIIA—LICENSING OF MOBILE MONEY  
LENDER PLATFORMS**

Licensing of digital Money lenders.

**43A.** No person shall transact business as a digital money lender unless the person is licensed and authorized by the Central Bank of Kenya to operate as such.

Application for a license.

**43B.** (1) An application for a digital money lending license shall be made in the prescribed form to the Central Bank of Kenya.

(2) An application under subsection (1) shall be accompanied by—

- (a) a copy of the company’s memorandum of association and articles of association under which the company is incorporated;
- (b) a verified official notification of the company’s registered place of business;



- (c) the prospective place of operation, indicating the address of the head office and branches, if any;
- (d) evidence that the company meets the minimum prescribed capital requirements;
- (e) a Valid Tax Compliance Certificate;
- (f) the prescribed fee; and
- (g) any other requirements that may be prescribed by the Central Bank of Kenya.

(3) When considering an application for a license under subsection (1), the Central Bank of Kenya shall further require—

- (a) satisfactory proof of a valid service agreement between the applicant and the intended telecommunications service providers if the applicant is to rely on a Telco mobile money platform; and
- (b) the prominent terms and conditions of the mobile lenders before activation of mobile loan accounts.

Licensing process.

**43C.** (1) The Central Bank shall consider every application made and may, if satisfied that the applicant meets the requirements of this Act, grant a license to the applicant upon payment of the prescribed fee.

(2) The Central Bank may endorse on a licence granted under this section, such conditions as it considers necessary and may, from time to time, add, vary or substitute such conditions.



(3) A license issued under this Act shall, unless earlier revoked be valid for a period of one year and upon expiry may be renewed.

(4) Every application for renewal of license must be made at least three months before the expiry of the license and must be accompanied by the current documents listed in section 43C above.

(5) The central Bank shall publish in the Kenya Gazette a list of digital lenders.

Management of digital money lending institutions.

**43D.** (1) Every money digital money lending institution shall be managed by at least two directors.

(2) Every foreign owned digital money lending institution shall have one director who is a Kenyan Citizen.

Declaration of interest.

**43E.** Every digital money lender must expressly announce it's interest rates when advertising its services.



## **MEMORANDUM OF OBJECTS AND REASONS**

### **Statement of the Objects and Reasons for the Bill**

The principal object of the Bill is to amend the Central Bank Act, Cap 491 to safeguard the interest the consumers of the services of digital mobile money lenders.

The proposed amendment seeks to achieve the following objectives;

- (i) Expand the role of Central Bank of Kenya to license and regulate all person, institutions or firms lending money to Kenyans;
- (ii) Prohibit any person from, institution or firm from lending money to Kenyans, unless licensed by the Central Bank of Kenya;
- (iii) Central Bank of Kenya to prescribe capital requirements;
- (iv) Have the Central Bank of Kenya publicize every quarter, the list of lenders in categories including banks, lending institution or firm.

### **Statement on the delegation of legislative powers and limitation of fundamental rights and freedoms**

This Bill does not delegate legislative powers nor does it limit fundamental rights and freedoms.

### **Statement of how the Bill concerns county governments**

The Bill does not concern county governments in terms of Article 110(1) of the Constitution.

### **Statement as to whether the Bill is a money Bill within the meaning of Article 114 of the Constitution**

The enactment of this Bill shall not occasion additional expenditure of public funds.

**GIDEON KETER,**  
*Member of Parliament.*