

Fintech a distraction rather than a disruption in Kenya

By [Nicci Botha](#)

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In Kenya, fintech is a currently distraction not a disruption given the runaway success story of the country's mobile payment system, [M-Pesa](#), since 2007.

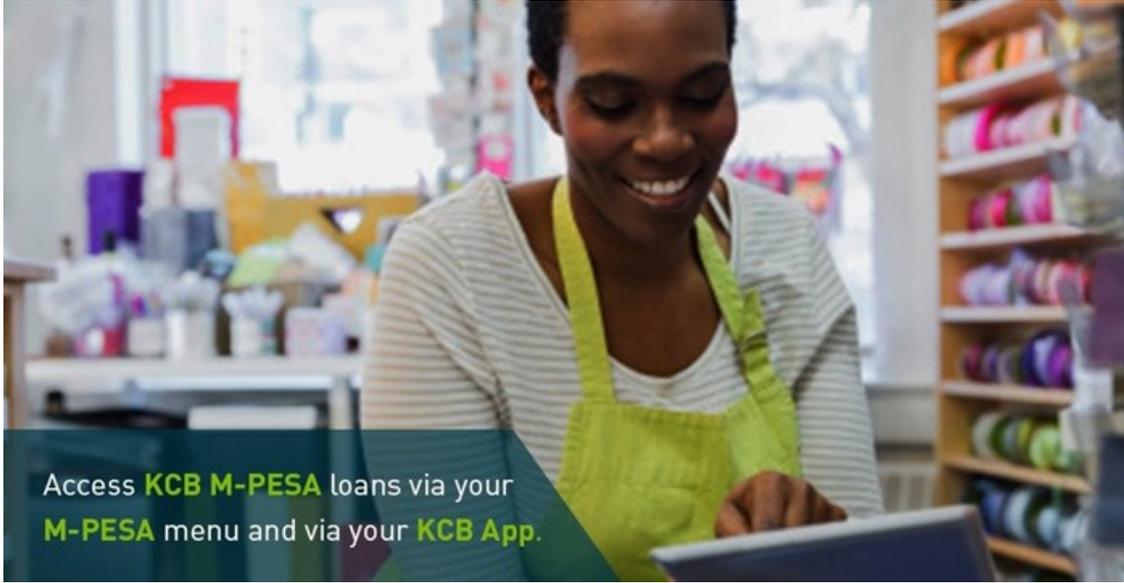


Photo: KCB M-Pesa

“Kenya has already had disruption in the banking sector, we are more worried about regulations than fintech,” said Johnson Ondicho, head: online payments, KCB Bank Kenya at [Seamless Payments](#) conference.

Regulation

In the past, Kenyan banks had carte blanche on the interest rate they charged on loans and offered on savings. The [law](#) requires banks to pay depositors interest at 70% of the prevailing Central Bank Rate — which currently stands at 10%— meaning depositors are entitled to 7% interest per annum on their savings, and interest is capped at 14% on loans.

M-Pesa partnership

Ondicha said his bank has seen the value of mobile payment systems and tapping into the youth market. “There are more people in the world with mobile phones than have access to toilets.”

Since going into partnership with M-Pesa, KCB Bank's customer base has grown from three-million to 14-million.

In addition, he said, statistics show that 28% of three- to four-year-olds in the UK are already using a tablet. "Our future customers are already here."

What is digital transformation?

"Technology is just the enabler, digital transformation is about strategic thinking – from products to platforms and partnerships," Ondicha said. Adding, that KCB Bank was not planning on reinventing the wheel by building its own platforms from scratch, but rather use what's out there, and build on that.

ABOUT NICCI BOTHA

Nicci Botha has been wordsmithing for more than 20 years, covering just about every subject under the sun and then some. She's strung together words on sustainable development, maritime matters, mining, marketing, medical, lifestyle... and that elixir of life - chocolate. Nicci has worked for local and international media houses including Primedia, Caxton, Lloyd's and Reuters. Her new passion is digital media.

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