

SMI Markets: Kenya

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CMIRR Markets: Kenya

## Change in Processing of High-Value Payments

The Central Bank of Kenya has issued a public notice advising that payments of KES 1 million and above will no longer be processed using cheques or electronic fund transfers through the Nairobi Automated Clearance house, as from 1 October 2009. Instead, these high-value payments will be processed through the Kenya Electronic Payments and Settlement System (KEPSS), a real time gross settlement system (RTGS). This change will also apply to domestic foreign-currency cheques and electronic transfers whose values exceed USD 35,000, GBP 15,000 and EUR 30,000.

Currently, an interbank cheque takes a minimum of three days to clear. Under the new system, such payments will be done on the same day the instructions are received.

## Market Information Impact

### Kenya

This information affects the data contained in the Payment systems and Dividends/Income sections of the Securities Market Information Service.

## Infrastructure Risk Ratings Impact

### Kenya

Market Rating: BBB

Market Flash Impact: Positive

Impacted Risk Type: Counterparty Risk

Current Rating = BBB

Flash Impact = Positive

Impacted Risk Type: Asset Servicing Risk

Current Rating = BB

Flash Impact = Positive

The use of the KEPSS for high-value payments will remove the risk related to the use of cheques, as well as eliminate the cheque clearing period during which counterparties are exposed to each other. Additionally, the use of KEPSS will also help eliminate delays in dividend income payments caused by the use of cheques. Accordingly, the impacts on Counterparty and Asset Servicing Risks are set to 'Positive'.

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