



## M-AKIBA RETAIL BOND

# FAQ

(Frequently Asked Questions)

### 1. What is a bond?

A bond is a loan between a borrower and a lender. The borrower promises to pay the lender interest after every six months at a future date. The borrower also promises to repay the initial money given by the lender at the end of the agreed period.

A bond is usually longer than one year; it is issued by the borrower to raise money for a particular purpose.

### 2. What is M-Akiba Retail Bond?

The M-Akiba Bond is a Retail Bond that has been issued by the Government of Kenya to raise money to fund infrastructural projects.

### 3. How do I buy the M-Akiba bond?

There are two channels you may use to buy M-Akiba; through your Mobile Money or through Pesalink.

- Load your Mobile money account with at least **Kshs.3,000**; ensure you factor in the transaction costs. Dial \*889# and follow instructions.
- For Pesalink, ensure you are registered for M-Akiba. To register, dial \*889# and follow instructions. Use your preferred bank Pesalink channel, select Pesalink option, choose send money to **phone** option. Type **889** as the phone number, enter amount of bond you wish to purchase. Under reason for payment/narration, enter your **ID** number then submit.
- You will receive an SMS confirmation from Pesalink and your respective bank
- You will also receive a confirmation message from CDSC confirming your buy.

You are now on your way to saving with the M-Akiba Bond.

### 4. What is the minimum amount of bond I can buy during the offer period?

The minimum amount of the Bond an investor can buy per transaction is Kshs.3,000 worth of the bond. Thereafter, one can buy in the multiples of Kshs.500.00 per day until the full amount on offer is exhausted.

There are no restrictions as to how much an investor shall buy in the secondary market.

### 5. Is there a limit on how much I can buy per day?

If you choose to use the mobile money payment channel, daily allowable limits of Kshs.140,000 per investor per day shall apply. However, if you use Pesalink, maximum transaction limit is Kshs. 999,999 per transaction. Daily transfer limit is depended on your bank account balance.

### 6. What is the total amount of money the Government is aiming to raise from the M-Akiba Retail Bond?

The Government is looking at borrowing **5** billion Kenya shillings through the M-Akiba Bond. The Government raised a total of 150 million in the "Special Limited Offer" which was sold out and closed two days earlier.

### 7. When will the Government pay me back my money?

The maturity period of this Bond is three (3) years; meaning that you will be paid back your initial investment amount called the "principal" after three years in addition to the annual interest payments you will receive throughout the three year period.

### 8. What is the interest rate for the M-Akiba Bond?

The interest rate for this bond is 10% per year and it is fixed.

### 9. How frequently do I get paid my interest?

The interest will be payable twice in a year (every six months) for the next three years.

### 10. What are the benefits of investing in M-Akiba Retail Bond?

- M-Akiba Bond is a low risk savings/investment product as it is backed by the financial might of the government
- It is affordable at only 3,000/-
- It is a steady source of interest income paid every six months
- The interest income is tax free. That is, no taxes are paid on it whatsoever
- You have a guaranteed exit option. That is, you can sell the bond from anywhere within normal trading hours (9.00am -3.00pm)
- It is an effective way of saving money for the futures it earns a strong return
- Very convenient to acquire and dispose given it is all mobile based.
- It is confidential and secure
- You can transact from anywhere and at anytime.

### 11. Who can buy the Bond?

Any Kenyan citizen with a mobile phone and mobile money can buy the Bond.

### 12. How different is the M-AKIBA Bond from the other bonds previously issued by the Government?

Its minimum investment amount is 3,000/- compared to the 50,000/- minimum amount expected of investors buying the other bonds. M-Akiba is therefore very affordable.

It is also the first bond to be traded through the Mobile phone.

### 13. Why should I buy the M-Akiba bond?

Other than being one of the most attractive savings products available to the average Kenyan with a good return on investment of 10% per year, it also gives you access to a gold standard capital market financial product that was previously beyond the reach of most Kenyans. You participate in nation building directly as the bond's funds are put to developing the nation's infrastructure thus boosting economic growth and the future prosperity of Kenyans everywhere.

#### 14. What do I require to buy the Bond?

- You need to have a mobile phone (a simple phone will be okay)
- You need to have registered your mobile number with Airtel or Mpesa Mobile Money
- You need to register with Pesalink, use your preferred Pesalink bank channel and follow instructions.
- You need to open an M-Akiba CDS Account (**this is Free!**)

#### 15. Do I have to open another CDS account if I already have one?

Yes. Your CDS account for M-Akiba will be different from the normal CDS account that you hold today.

#### 16. How do I open an M-Akiba CDS Account?

Once you have registered your mobile number for Mobile Money (Airtel or Mpesa), Dial \*889# and follow the instructions. You will receive an SMS confirmation message with your M-Akiba CDS Account number.

#### 17. How can I continue to buy if I want to buy more than the maximum amount per day?

You will wait for the next day to do your transaction. You can repeat this daily until you reach the amount you wish to invest for as long as the bond is still available for sale.

#### 18. What will it cost me to buy the M-Akiba Bond during the offer period (primary market)?

During the offer period the cost of buying M-Akiba bond will be the respective MNO charges (see discounted MNO Charges on the M-Akiba website- [www.m-akiba.go.ke](http://www.m-akiba.go.ke)). There are no charges when you buy using Pesalink by August 12 2017, after which charges shall apply. Charges may vary from bank to bank.

#### 19. What will it cost me to sell or buy the bond after the offer period (secondary market)?

Total cost for secondary buy and sell is 0.335% of the value of the transaction. Normal mobile money and Pesalink transfer charges shall apply to load or withdraw money from your mobile wallet. To view a detailed M-Akiba Costs and Returns Sheet log on to [www.m-akiba.go.ke](http://www.m-akiba.go.ke).

#### 20. How do I earn/make money from M-Akiba bond?

As an investor you will be paid 10% of your total investment per year, for the next three years. The interest is payable after every six months. This is a competitive return when compared to her saving products.

#### 21. Can I sell my bond before the end of the three year period?

Yes. You can sell your bond after closure of the initial sale period through the Nairobi Securities Exchange. To sell, Dial \*889# and choose the "sell" option then follow instructions to complete your sell order. You may sell part or the total investment you had made. Your ability to sell at will is guaranteed through a liquidity arrangement with a bank that will ensure you are paid your sale money between 9:00 a.m. and 3:00 p.m. during week days excluding holidays.

#### 22. How do I get my money when I sell my M-Akiba Bond?

When you sell your bond you will receive your money immediately in your mobile money. For those who will

have used Pesalink payment channel, their money will be credited into their bank account. The amount you receive will include any accrued interest earned but will be less the mobile money/Pesalink charges and statutory levies.

#### 23. What happens to my interest after I sell my Bond before the interest payment date?

Interest is earned on daily basis hence you will not lose your interest if you sell before the next payment period. Accrued interest up and until the date of sale shall be paid to the seller immediately upon sale. Owing to the Mobile money charges and statutory levies it is advisable to sell the bond after day 60 from the bond value date. After this date, you will be able to get your full initial investment; however, to enjoy the maximum return from the M-Akiba bond, it is highly recommended to hold the bond to maturity.

#### 24. Can I Buy the Bond after close of the offer?

Yes. You can buy the bond in the secondary market (Nairobi Securities Exchange). All you need to do is Dial \*889#, choose the "buy" option and follow instructions to complete your buy order.

Ensure you have enough money in your mobile wallet for the amount of bond you wish to purchase. Transaction costs shall apply. You can also use Pesalink to purchase the bond, (Please refer to the second bullet in question 3 for steps)

#### 25. How long does it take from the time I buy/sell to get a confirmation message?

The process takes place in real time. You may however experience some delays depending on the network coverage in your area.

#### 26. How can I track my investment?

Simply dial \*889# and go to the "My Account" menu, you will be able to view your statement.

#### 27. How different is M-Akiba from other savings options available in the market?

M-Akiba is a savings product which has been introduced by the Government of Kenya to encourage a Savings Culture amongst its Citizens. The return is guaranteed at an attractive rate of 10% per year.

#### 28. Who is a Stockbroker?

A stockbroker is a licensed entity by the Capital Markets Authority (CMA) which buys and sells securities like bonds on behalf of investors.

#### 29. How do I get to know my Stockbroker?

Once you buy the bond after registering, you will automatically be allocated a stockbroker. Additionally, you will receive notification SMS with your stockbroker's name. The stockbroker may be different from your usual stockbroker for your other securities.

#### 30. What if I forget my Stockbroker?

To know your broker, dial \*889#, go to "my account" and follow instructions.

#### 31. Whom do I contact incase I have any queries related to the M-Akiba Bond?

You can contact the visit the nearest Huduma Centre. Note that we have changed our contact numbers from **0900889000** to **0206900020**. Email us on [info@m-akiba.go.ke](mailto:info@m-akiba.go.ke) or visit our website on [www.m-akiba.go.ke](http://www.m-akiba.go.ke).