

Mobile phone-based T-Bond for sale

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Kenya expects to roll out its mobile phone-based Treasury bond by the end of March after the planned sale in October last year was derailed by volatile interest rates



Treasury Cabinet secretary Henry Rotich told *Business Daily* last week the return of stability in interest rates now allows for the launch of the M-Akiba bond, to be sold at minimum denominations of Ksh3,000 (about Tsh60,000) through the mobile money platform.

The government had planned to start selling the Ksh5 billion (about Tsh100 billion) five-year bond in October but prevailing interest rates, which had risen to 22 per cent for short-term government paper, meant that the Treasury had to shelve the offer until lower rates come into play.

The latest Treasury bond sold--a nine year infrastructure bond-- carried an interest rate of 14.75 per cent, while the prevailing interest rates of Treasury bills range between 11.4 and 13.8 per cent.

"The product should be in the market by the end of quarter one. What had delayed the launch was pricing, where interest rates were volatile. But now that it has stabilised I think we can go ahead," said Rotich.

He added that the actual date of the launch of the bond will be determined later because the Treasury wants to involve the President in the launch, thus tying the event to his diary.

Fixed income analysts at the time the government planned to sell the bond cautioned that it was not prudent to issue a five-year bond, with the short one-year bonds the best option.

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