



## M-AKIBA RETAIL BOND

### FREQUENTLY ASKED QUESTIONS (FAQs)

---

#### 1. What is a bond?

A bond is a loan agreement between a borrower and a lender. The borrower promises to pay the lender interest on the money owed at a fixed interval. The borrower also promises to repay the initial money given by the lender at the end of an 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. The bond is available for purchase exclusively on phone.

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

To register: **Dial \*889#** and follow the instructions

To buy: Once registered, there are two channels you may use to buy M-Akiba;

- i. Through your Mobile Money Wallet
  - Load your Mobile money account with at least **Kshs.3,000**; (see Q4 for clarification) ensure you factor in the transaction costs.
  - **Dial \*889# again** and choose the BUY option
- ii. Through PesaLink;
  - Ensure you are registered for M-Akiba. Dial **\*889#** on your phone and follow instructions.
  - Use your preferred bank PesaLink channel, select PesaLink option, choose send money to **phone** option. Type **0733 889 889** 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 required to buy the M-Akiba Bond during the offer period (primary market)?**

The M-Akiba May Re-open 2 is priced at **1.0247 per unit**. The reason for this is that the May issue has been re-opened in-between interest payments. Therefore, with a minimum of Kshs.3,000 you will be allocated 2,927 bond units (Kshs.3,000/Kshs. 1.0247 per unit)

The cost of buying M-Akiba bond will also include transaction costs (respective Mobile Network Operators (MNO) charges) - See discounted MNO Charges on the M-Akiba website- [www.m-akiba.go.ke](http://www.m-akiba.go.ke). When using PesaLink, charges may vary from bank to bank.

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

The interest rate for this bond is 10% per year and it is fixed. The interest will be payable twice in a year. That is; every six months

#### **6. 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 (see Q4 for clarification) worth of the bond. Thereafter, one can buy in multiples of Kshs.1.00 per day until the full amount on offer is exhausted. There are no restrictions on how much an investor shall buy in the secondary market.

#### **7. 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 dependent on your bank account balance.

#### **8. 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.

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

The maturity period of this Bond is **1 year and 3 months**; meaning that you will be paid back your initial investment amount called the "principal" after one year and three months

(September 7<sup>th</sup> 2020) in addition to the annual interest payments you will receive throughout the period.

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

Interest on M-Akiba bond is paid after every six months

#### 11. 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 Kshs.3,000 (see Q4 for clarification) as the minimum investment
- It is a steady source of income (interest paid every six months)
- The interest income is tax free. That is, no taxes are paid on it whatsoever
- It is an effective way of saving money for the future while earning a return in form of interest
- Very convenient to buy and sell as everything is done using your phone.
- It is confidential and secure
- You have a guaranteed exit option. That is, you can sell the bond from anywhere within normal trading hours (weekdays from 9.00am - 3.00pm)
- You can transact from anywhere through your mobile phone.

#### 12. Who can buy the Bond?

Any Kenyan citizen with a mobile phone and registered on mobile money (Safaricom M-Pesa and Airtel Money) can buy the Bond.

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

The minimum investment amount for M-Akiba is Kshs.3,000 (for May Issue see Q.4 for clarification) compared to Kshs.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.

#### 14. 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.

### 15. 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 Money or M-Pesa using a Kenyan ID number
- PesaLink users need to first register with PesaLink (You can contact your bank for PesaLink registration)
- You need to open an M-Akiba CDS Account. This is done during registration by dialing \*889# **(It is Free!)**

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

If you already registered for M-Akiba earlier, you already have an M-Akiba CDS account and therefore, you do not need another account. Please note however, that the M-Akiba CDS account is different from the usual shares CDS account.

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

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

### 18. 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 so long as the bond is still available for sale.

### 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 until maturity when your invested amount is paid back in full. The interest is payable after every six months. This is a competitive return when compared to other saving products.

### 21. Can I sell my bond before maturity?

Yes. You can sell your bond **after closure of the offer period** through the Nairobi Securities Exchange (NSE).

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 by the end of day in your mobile money wallet. 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, 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.

## **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 "My Account" menu select "Enquiry" option, you will be able to view your statement or request for account balance.

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

M-Akiba is a savings product that 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. Whom do I contact in case I have any queries related to the M-Akiba Bond?**

You can call us on **0206900020**. You can also 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). You can also follow us on social media: Twitter - @M\_AKIBA2017 Facebook - Makiba Bond. You can visit any Huduma Centre for assistance on information regarding the bond

**Save Money, Make Money, Build Kenya**