

Tieto develops the payment infrastructure design and software of **PesaLink** – Kenya's first instant payment platform

Kenya before KITS

The Kenyan financial services market is one of the most advanced in Africa and in the world, with intense competition between banks. Additionally, Safaricom, as one of the world's leading innovators in mobile payments, provides the most popular mobile money transfer service in country, M-Pesa which was developed by Vodafone through a DFID challenge fund. The financial services offered by various players in Kenya are often based on closed networks, thus being fragmented and not accessible to all. This limits competition and the further development of the financial services market in Kenya. To change that, to increase the competitive advantage of the banks and to establish interoperability and contribute to financial inclusion, Kenya Bankers Association (KBA, an umbrella body for 42 member banks in

Kenya) selected Tieto as the switching software provider for the real-time P2P (Person to Person) money transfer solution.

Channel-agnostic P2P payments accessible to everyone

Introducing a real-time transaction switch created a modern, fast, scalable, and reliable payments platform. Member banks are now able to build and roll out innovative financial products and services that otherwise would require significant investments and know-how from each member. The Kenya Interparticipant Transaction Switch (KITS) payments platform connects all KBA member banks in one domestic network under the commercial name PesaLink. This allows banks of all sizes and market share to benefit of the unified payments infrastructure with access to banked and unbanked customers. KITS allows

any customer of a KBA member bank to send and receive funds in real-time from their accounts. For business continuity, the KITS payments platform is deployed across 3 data centers in various locations around Nairobi, ensuring disaster recovery and uninterrupted 24/7 service to customers.

Project Details:

Project was launched with a pre-study phase in June 1st, 2015 in Nairobi. KBA engaged the global technology consultancy firm ThoughtWorks to design the PesaLink product, P2P user journey and customer experience. Then KBA engaged Tieto to implement the payment switching and processing solution in conjunction with the bank product teams. After the solution was installed, the first banks started integration tests, continuing with the pilot phase.

The KITS payments platform was officially launched on February 16th, 2017 with 22 banks (of 42 in the country) creating a nationwide ecosystem.

To ensure timely execution, Tieto enabled KBA and partners in a formal project management process, including change management, responsibility sharing, steering meetings and constant progress follow-up.

KITS Payment Platform Details:

The KITS payment platform was built on Tieto Card Suite product line and includes: a Real Time Processing System (deployed in High-Availability mode) for message routing and switching; an Interbank Clearing and Settlement (IBCS) solution for preparation of export data to Kenya Central Bank with correct settlement position calculation for each bank; and Mobile Gateway – for on-boarding process via mobile phones. IBCS can produce net settlement positions multiple times per day and is integrated with the Kenya Central Bank's Real Time Gross Settlement System (RTGSS).

The Result

Based on the user specifications, the KITS payment platform was built with future extendibility in mind. For example, it will easily accommodate other payments types – such as merchant payments, government payments, business-to-business payments, all at a fraction of the cost compared to current methods.

All these payments can be initiated from any available channel – mobile, branch, ATM, POS, internet – allowing banks to build innovative payments products and services for the present and future.

The first supported transaction types are P2P transfers and utility payments for the convenience of the end user. Many banks have already utilized the possibilities offered by KITS payment platform in their offerings – including agency banking solutions and mobile banking applications.

About Tieto

Tieto aims to capture the significant opportunities of the data-driven world and turn them into lifelong value for people, business and society. We aim to be customers' first choice for business renewal by combining our software and services capabilities with a strong drive for co-innovation and ecosystems. For more information about Tieto Instant Payments solutions and National Switch solutions visit: <https://sites.tieto.com/national-retail-payment-switch>

About KBA

Kenya Bankers Association (KBA) was founded on 16th July 1962. KBA has evolved and broadened its function to include advocacy on behalf of the banking industry, and championing financial sector development through strategic projects. In line with the Government's policy on public-private partnerships, KBA and Central Bank of Kenya have

«Tieto has been a key partner in the development of the industry switch, thanks to their deep knowledge of the local market and international experience in the area of instant payments. This project is in line with the national payments system strategy which seeks to promote financial inclusion and enhance interoperability through shared technology infrastructure. This platform will enable product innovations with high scalability and risk management.»

– Habil Olaka, CEO of KBA.

implemented key projects such as modernization of the National Payments System through the Automated Clearing House, implementing the Real Time Gross Settlement System (RTGS), and the Kenya Credit Information Sharing Initiative which introduced the use of information collateral provided by credit reference bureaus to enhance credit access for borrowers.

Today, KBA is the financial sector's leading advocacy group and banking industry umbrella body that represents total assets in excess of Ksh3.7 trillion (USD 37 billion). The KBA members are comprised of commercial banks and deposit taking microfinance banks licensed by the Central Bank of Kenya. Visit www.kba.co.ke for more information.

Want to know more?

Contact us via email cards@tieto.com or visit www.tieto.com/cards