



## **M-AKIBA RETAIL BOND**

### **FREQUENTLY ASKED QUESTIONS (FAQs)**

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#### **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 special Retail Bond that has been issued by the Government of Kenya to raise money to fund its' infrastructural projects.

#### **3. What is the total amount of money the Government is aiming to raise from this Bond?**

The Government is looking at borrowing 5 billion Kenya shillings through this Special Bond.

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

The maturity period of this Special Bond is three (3) years; meaning that you will be paid back your initial investment amount called the "principal" after three years, plus any accrued interest for the last six months.

#### **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.

#### **6. How frequently do I get paid my interest?**

The interest will be payable twice in a year for the next three years.

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

- M-Akiba Bond is a low risk savings/investments

- It is affordable
- It is a sure source of income from the interest earned after every six months
- Agreed upon returns in form of interest paid –semi annually
- There is no taxation on the bond
- Liquidity as one can sell when need arises
- A way of saving money for the future
- Convenient and confidential
- You can transact Anywhere, Anytime within the republic of Kenya
- No need for a bank account, you use mobile money

### 8. Who can buy the Bond?

All Kenyan citizens can buy the Bond using their mobile phones.

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

In the past years, the Government has been issuing Treasury Bonds and Infrastructure bonds with a minimum investment amount of Kshs.50,000; making it difficult for most Kenyans to afford the bonds.

The Government has now issued a special bond with a minimum investment of **Kshs.3,000**. This bond is affordable to most Kenyans compared to the initial ones that had a minimum investment of **Kshs.50,000**. It is also the first bond to be traded through Mobile phone

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

This bond is an attractive savings product, giving a guaranteed return of 10% per year.

The purpose of this bond is to provide the Government with the necessary funds to finance its infrastructural development projects for the betterment of our infrastructure and the economy at large.

### 11. 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 open an M-Akiba CDS Account (**this is Free!**)

### 12. 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.

### **13. 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.

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

Load your Mobile money account with at least **Kshs.3000**; ensure you factor in the transaction costs. Dial \*889# and follow instructions. You are now on your way to saving with the M-Akiba Bond.

### **15. 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.

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

Yes with M-Akiba, the limits shall be according to allowed maximum transaction amounts by the Mobile Network Operators; currently it is Kshs.140,000 per investor per day.

### **17. How can I continue to buy if I want to buy more than the minimum 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.

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

During the offer period **(23/3/2017 - 7/4/2017)** 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))

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

Total cost for secondary buy is 0.535% for both buy and sell after the offer period. Normal mobile money transfer charges shall apply to load or withdraw money from your mobile wallet.

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

As an investor you will be paid 10% of your total investment after every six months for the next three years. This is more than you receive from most other 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.

**There will always be a guaranteed buyer to buy your bond at any time!**

#### **22. 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 until the date of sale shall be paid to the seller immediately upon sale.

#### **23. 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. Transactions costs shall apply.

#### **24. 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.

#### **25. How can I track my investment?**

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

## **26. 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.

## **27. 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

## **28. 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.

## **29. What if I forget my Stockbroker?**

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

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

You can contact the M-Akiba call Center on 0900 889000 Or email us on [info@makiba.go.ke](mailto:info@makiba.go.ke) or visit our website on [www.m-akiba.go.ke](http://www.m-akiba.go.ke)