

MOVABLE COLLATERAL REGISTRY USER JOURNEY ASSESSMENT

CIS Conference

14 February 2020







Objectives of the study





FSD Kenya, in partnership with the World Bank Group, Kenya Bankers Association (KBA) and Business Registration Service, has commissioned Genesis Analytics to conduct an assessment of the new system involving an **end-to-end user journey assessment** of the Movable Property Securities Rights Act (MPSR Act, 2017), Regulations, and particularly, the Electronic Registry, since the launch of the new system in May 2017.

The review's objective was to **identify the main constraints and pain points** from a user perspective that hamper optimal or effective use of the registry, **and make appropriate recommendations** for its improvements

Lessons from other jurisdictions (1/2)

	Kenya 	Ghana 	Malawi 	IFC recommended best practice 
Type of registry	Notice-based	Notice-based	Notice-based	Notice-based
Set-up	Combined with other agencies (e-citizen)	Standalone under Central Bank	Standalone under the Department of Registrar General (DRG)	Standalone, combined or unified centralized registry
Users	All lenders and borrowers (individual/business)	All lenders and borrowers (individual/business)	All lenders and borrowers (individual/business)	All lenders and borrowers (individual/business)
Search criteria	Debtor ID or motor vehicle chassis number	Debtor ID, serial number of collateral and registration number	Debtor ID, serial number of collateral and registration number	Debtor ID, serial number of collateral or registration number

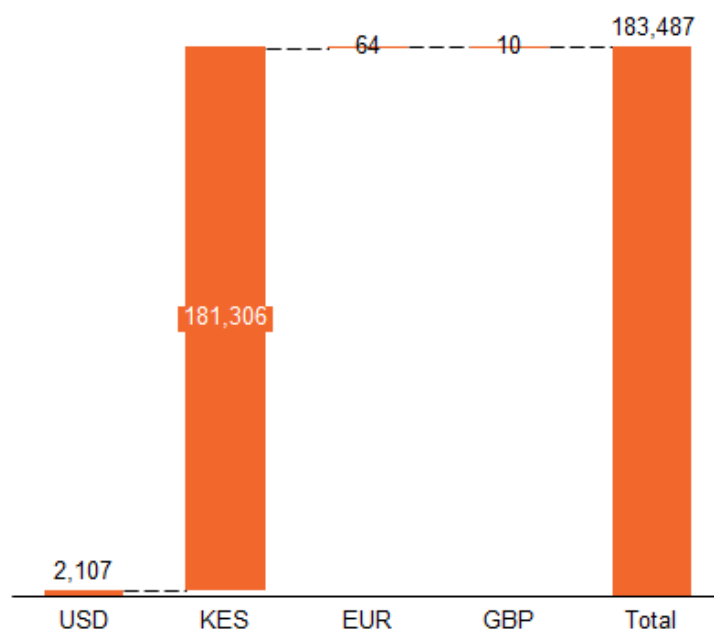
Lessons from other jurisdictions (2/2)

	Kenya 	Ghana 	Malawi 	IFC recommended best practice 
Search fees	Yes: KES 570 (USD 5.7)	Yes: KES 90 (USD 0.9)	No: Only charge fee for certified search report KES 300 (USD 3)	Yes: Less than KES 500 (USD 5) or Free
Registration fees	No	Yes: KES 180 (USD 1.8)	Yes: KES 700 (USD 7) for new registration and KES 300 (USD 3) for registering renewal	Yes: KES 400 (USD 4) to KES 2500 USD 25)
Payment & Billing	Prepaid available through e-agent Mobile Money only (Mpesa, Airtel money, Eazzy pay, e-agent, KCB Cash, Equity cash)	Post-paid & prepaid options Payments are usually paid in advance	Post-paid & prepaid options Payments must be prepaid	No cash. Most common are prepaid accounts, electronic transfer, credit/debit cards. Must offer flexibility

Registry usage (1/2)

Number of loans registered

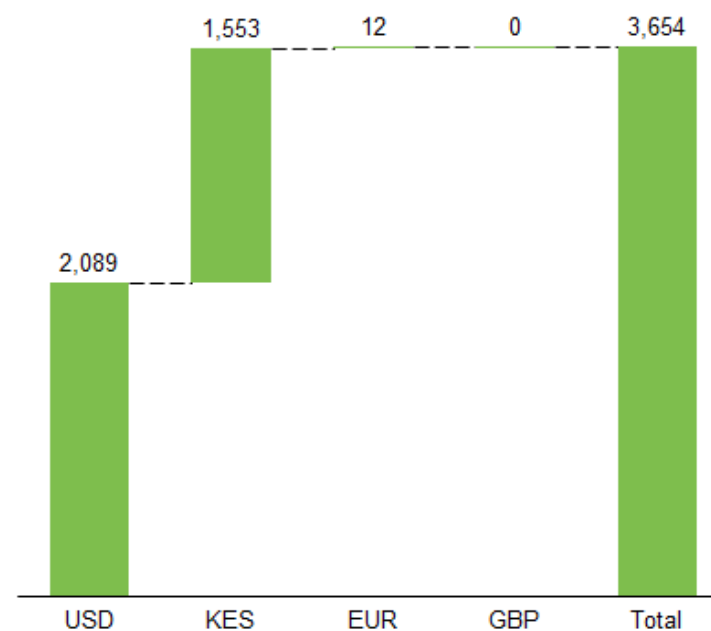
(Number, As at 31 Jan 2019)



Loan amount registered

(KES billions, As at 31 Jan 2019)

Foreign currency loans dominated by foreign owned local banks and banks registered in other countries such as the UK, South African and Mauritius.



Usage of alternative movables still remains low

Types of collateral registered (No & % of entries, May 2017- Latest)		Average number of collateral per loan (% of entries, May 2017- Latest)	
Household items	198,873	4.1	
Motor vehicle	86,010	1.4	
Furniture	84,626	3.1	
Equipment	71,396	6.7	
Livestock	27,785	1.8	
Stock trade	25,000	9.9	
Inventory	19,010	26.7	
Others	16,883	5.5	
Bank accounts	6,409	1.9	
Immovable property	5,262	1.5	
Securities	4,207	1.3	
Acquired property	3,226	1.7	
Crops	2,013	3.8	
Documents title	479	1.5	
Consumer goods	455	4.7	
Intellectual property	364	2.5	
Negotiable instruments	97	1.7	

Recommendations

- Operational recommendations – e.g. accepting multiple payment channels
- Legal recommendations – e.g. companies act and MPSR act requires double registration
- System and technology recommendations – integrations with other databases and so on
- Security and customer service recommendations – e.g. navigation and functionality