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NOT FOR SALE

Corporate Magazine | October - December, 2018

E-COMMERCE REPORT

Mobile commerce revolution

Thanks to the Internet and the power of smart phones, entrepreneurs are taking advantage of opportunities created by e-commerce and are scaling their small businesses into success stories

KCB BANK

CONTENTS

Latching onto the digital platforms

A few of years ago one would have been quick to dismiss the suggestion that e-commerce would one day kill "brick and mortar" retail as lazy thinking.

It's true that the digital age has completely upended the way we go through our day-to-day lives. From the way we communicate, transact and even in buying and selling; the transformation has been deep and far reaching.

The developments within the retail sector especially have brought forth the heft and impact of online shopping in the country. Manufacturers, traders and consumers can now reach the market more quickly and get more information than they could ever before. E-commerce has tremendously reduced the transaction costs associated with purchase, sales, operating a business and holding inventory.

In terms of non-financial benefits, e-commerce has significantly helped improve human resources and timeliness, quality of services and customers' satisfaction.

In this issue, we have cast the spotlight on e-commerce, with in-depth articles on e-commerce in the 21st century,

An indicator that there is a huge potential and steady momentum for growth in e-commerce is seen in the number of young people who are embracing online businesses. Most youths find it much convenient to do business online instead of opening shops where huge financial outlay is required to set up the infrastructure. This is a classic example of the potential ICT holds in unlocking youth unemployment.

The housing fund is also another key issue featured in this edition. The Government of Kenya, the National Housing and Development Fund will soon collect up to US $34m annually from employers and employees through a recently passed housing fund levy contained in the Finance Bill 2018. This is in line with the Big 4 Agenda where the provision of low-cost housing is one of President Uhuru Kenyatta's legacy projects.

Of course, we have also retained your favourite sections on Trends and Intel as well as Pursuits, with focus on how to organize a concert.

Enjoy the read.

Judith Sidi Odhiambo
Editor-in-Chief

> **E-commerce has tremendously reduced the transaction costs associated with purchase, sales, operating a business and holding inventory.**

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KCB Bank's place at the heart of global e-commerce

Peter Kathanga

The world of e-commerce is upending legacy commerce systems in ways that are mind-boggling when examined through the rear-view mirror.

Words like mobile money and mobile loans and savings were literally unheard of two decades ago. Today, electronic payments, powered by the internet, are driving multi-billion shilling business models and economic juggernauts across the globe.

E-commerce has brought about some of the most dramatic business shifts witnessed in recent memory.

According to a McKinsey comparative analysis on the changing consumer landscape, in 2000, Kmart was the third-largest US retailer, with $36 billion in sales; by 2014, its annual revenues had declined by two-thirds.

The consulting firm also reports that over the same period, Amazon's annual sales grew to $89 billion from about $2.8 billion. Alibaba, the market leader in China's booming e-commerce business, was only a 15-year-old company when in 2014 it filed the largest IPO ever, valued at $25 billion.

For a while, the developed world seemed to "own" the disruptions brought about by technological innovation. But right here in Africa, we have witnessed our own disruptions, powered by mobile phones and their rising capabilities gliding on the wings of the Internet.

We at KCB Bank know this only too well thanks to the digital journey that we are walking with our customers.

In 2017, card usage increased by 46% in line with the cashlite agenda that encourages electronic transactions such as shopping and paying for bills. In the same period, mobile uptake in terms of usage had a significance increase from 23% in 2016 to 63% in 2017. The rise in mobile money is pushing up e-commerce significantly.

In 2017, we enabled transactions worth over KES236 billion through mobile phones. The Bank now has over 13.6 million customers on our mobile platform. The number of transactions on digital channels was over 87% of total transactions. To enable efficiency and convenience, we continue to invest in systems and people to drive this transformation while introducing modern touch points that offer customers simple solutions while improving their experience. Such include mobile USSD and the KCB App, cards, social media, chat boxes and smartphones.

Mobile money for us is not just a business product but an economic enabler especially when you circle back to the power of e-commerce. Today, a craftsman working out of a rural town in Kenya can sell to a global marketplace thanks to e-commerce.

Big brands have also carved a niche in the ever-growing e-commerce platform by evolving in order to survive this 21st century disruption that has levels of kinesis that are moving commerce to a new normal every so often. We must embrace an extract the full benefits of the rise and rise of e-commerce.

The writer is the Director, Corporate Banking at KCB Bank Kenya

> In 2017, we enabled deals worth over KES236 billion through mobile phones. The Bank now has over 13.6 million customers on our mobile platform.

87%

Number of transactions on digital channels as a percentage of total transactions.

13.6 million Number of customers on KCB's mobile platform

INVESTMENT

Housing pillar and the opportunities for investors

Government's renewed focus on the housing sector offers opportunities for investment in Public Private Partnerships, making building materials or providing finance for companies in that area.

According to an analysis by the Institute of Economic Affairs (IEA) on behalf of KCB Group, the three main areas should provide good returns as the government looks to put up 500,000 houses by 2022 under the housing pillar in the Big Four Agenda.

IEA estimates that putting up the 500,000 houses will cost up to Ksh300 billion, meaning that investors looking for good returns can work with the government on the Public-Private Partnerships framework.

"This is a massive opportunity for housing developments and financial institutions should be keen to participate in the Public Private Partnerships (PPPs) that the government has put forth," said Kwame Owino, IEA's chief executive.

Investors can bet on increased demand for the materials that go into making the three discrete parts of a housing unit – the floor, roof and the walls.

"This (housing) plan offers a lot of business opportunities to building material solution providers like us," said Winnie Ngumi, the Managing Director of Space and Style Limited.

The company that is famous for Decra Roofing Tiles is planning to launch a factory in Kenya to manufacture stone-coated rooting tiles, which Ms Ngumi says will offer cost savings to developers and increase the availability of the tiles.

Ms Ngumi says the drive to increase housing also boosts job creation across the construction cycle - building consultants, contractors, financiers, suppliers and tradesmen (fundis).

The third big opportunity is for financial institutions willing to fund the companies that look to cash in on the expected boom in the construction industry once the implementation of the plan gains steam.

"Apart from the direct investments, the growth of the construction industry

means that the firms that will participate in the sector will require massive amounts of funds to undertake the projects," says Mr Owino in his analysis.

IEA also identified six drivers for the affordable housing programme: project structuring, financing strategy, construction technology, land strategy, supporting infrastructure and legislation.

But first things first: regulations to set up the National Housing Development Fund need to be approved. The plans were set in motion by the enactment of the Finance Act, 2018, which set out the monthly payments employers and employees need to contribute.

In the proposed changes to the law, employees will contribute 1.5 per cent of their salaries to the Fund, with the employer remitting a similar amount. The maximum deduction is KES2,500, meaning that the maximum an employee and employee can contribute will be KES5,000.

For employees who are not eligible for the affordable housing, the contributions will be held for a maximum of 15 years, after which they will be given to them in cash, transferred to their pension fund or handed over to a beneficiary they have identified.

Forecasts show that about KES55 billion would be collected through the Fund in one year, meaning that there would be a guaranteed source of capital for the government to finance the programme.

That affordable housing is necessary is not in doubt.

According to an analysis of status of housing by IEA, there is a cumulative housing deficit of two million units, and this increases by 200,000 units annually as only 50,000 units are put up every year.

With 83 per cent of housing directed towards high-income and upper-middle income segments of the population, the National Housing Corporation, and the government at large, views the growing crisis as a matter requiring urgent action.

The renewed focus on housing, therefore, heralds progress in that direction.

Housing Fund

Review of the regulations

For Government to make the housing pillar a reality, several legal reforms have been introduced, the latest being the proposition of the draft Housing Fund Regulations, 2018 ("draft Regulations").

The Regulations seek to implement the recent amendment to the Employment Act to include section 31A which introduces a mandatory contribution of 1.5% of an employee's monthly salary to the National Housing Development Fund ("Housing Fund"), by both an employer and their employee. Employers will contribute a similar amount.

Section 31A of the Act provides the mode of calculating the contributions (1.5% of the monthly basic salary); the timeline for remittance of the contributions (monthly before the 9th day of the month); how the benefits will accrue to an employee; and provides for payment of returns on an employee's contributions to the fund.

Affordable Housing Tiers

The Regulations introduce 3 housing tiers:

- **Social Housing** - this is the lowest tier designated for people earning between KES0 and 14,999 per month.
- **Low Cost Housing** - this is the middle tier designated for those earning between KES15,000 and 49,999 a month.
- **Mortgage Gap Housing** - this is the top tier designated for people earning between KES50,000 and 100,000 per month.

Notably, the draft Regulations do not provide a qualifying criteria for the affordable housing scheme.

Based on the definitions above, people earning above KES 100,000 do not qualify for affordable housing despite being the highest contributors to the Housing Fund. These provisions will most likely be clarified in the course of the legislative review of these Regulations.

Registration and Contribution

The draft Regulations require all employers to register with the Housing Fund as a contributing employer while employees register as contributing employees. Failure to register and/or make contributions are offences that will attract a term of two years or a fine not exceeding KES10,000 upon conviction.

The Housing Fund shall communicate to employees and employers on the requirement to register with the Housing Fund. Registered employers will also have to keep a record of the earnings of their employees and will keep the record for a period not exceeding 10 years.

Contributing members shall be eligible for a refund if: they are unable to contribute due to disability; or have not obtained a housing loan or have not been allocated a house within 15 years, or have attained retirement age, whichever is sooner. The refund shall include interest and shall be paid after 3 months in the following manner:

- transfer their contributions to a pension scheme;
- transfer of their contributions to any person registered and eligible for affordable housing under;
- transfer of contributions to their dependants; or
- to receive their contributions in cash.

> **Take for example Beyoncé, every move she makes from a simple smile to the detailed choreography with her dancers is synchronized to the second**
> **-** Chris Kirwa, events' organiser

EVENT PLANNING

The making of a memorable concert

There are many factors that take place behind-the-scenes which determine if the audience get value for money

The year is coming to an end and in typical Kenyan fashion, music concerts are the way to mark the Christmas holidays and close the year in style.

But going for that once-in-a-life time event at your local venue can either be a memorable affair or a nightmare.

For the audience, how good or bad a show is boils down to one focal point - the main act. Most audience members don't remember the lighting, venue, timing, stage etc.

But these and other special factors go into making these events a success. The factors, which happen behind-the-scenes, are what makes or breaks concerts.

For a concert to be successful, promoters, organisers and suppliers need to work together from the beginning. The promoter is the investor; the supplier provides sound, security and lighting while the organiser oversees the logistics.

According to popular events' organizer, Chris Kirwa, lack of planning and knowledge are one of the major reasons why concerts flop.

With over two decades of experience, Kirwa says that, risk assessment is the number one priority in planning a concert. This covers everything from security, crowd control and emergency response.

As an organiser, Kirwa is the link between the client and the executive producer of an event. His job, he says, is to listen to the client and execute their needs.

Just like with risk assessment, Kirwa says sound, lighting checks and rehearsals should be done days in advance.

"The norm in Kenya is that artistes and entertainers do rehearsals on the day of the event which means in case of a hitch, the organisers have little or no time to rectify. I also like it when artistes land three days in advance to mitigate things like delayed flights," he says.

Another aspect of risk assessment is gate management. "You cannot have one entrance and expect 2,000 people to access and exit the venue through one gate."

Just to paint a picture of how other countries seriously take their performances, Kirwa recalls when years ago, Kayamba Africa travelled to Beijing for the Olympic cultural festivities one month in advance and rehearsed eight hours a day in readiness for a five-minute performance.

"Ideally artistes should have a week of rehearsals because everything has to be synchronized. Take for example Beyonce. Every move she makes, from a simple smile to the detailed choreography with her dancers is synchronized to the second," he says.

"But here we do not want to implement all the knowledge we have. We prefer shortcuts."

A few weeks ago Nigerian superstar Wizkid, was in Nakuru for the Katika Festival at Afraha Stadium. But instead of an unforgettable experience, fans got a raw deal because the sound systems were faulty.

The A list musician switched to using a live band that he had not rehearsed with and even that could not salvage the situation.

"Just because people have sound equipment does not necessarily mean they are knowledgeable in sound engineering. This is a very crucial element and many musicians are sensitive to the quality of sound provided by the organisers," Kirwa says.

Organisers too have to cater to the needs and whims of the artistes, some of whom make outrageous demands.

Some may ask for an obscene amount of champagne or the finest whiskey, or an absurd amount of sparkling water or imported Versace towels or specific brand of vehicles. The list is endless.

These demands, which are referred to as riders are usually part of a contract and which the organizer commits to cater for.

Technically, a rider doesn't only consist of the over-the-top requirements. It is basically a set of requests or demands by an artiste detailing sound and lighting requirements, specific instructions for the setup of the backstage, security needs and nutritional requests for his band and crew.

"If an artiste specifies he wants to be paid in dollars but you pay him in shillings, why would you be surprised when he refuses to perform? That's a breach of his contract," Kirwa says.

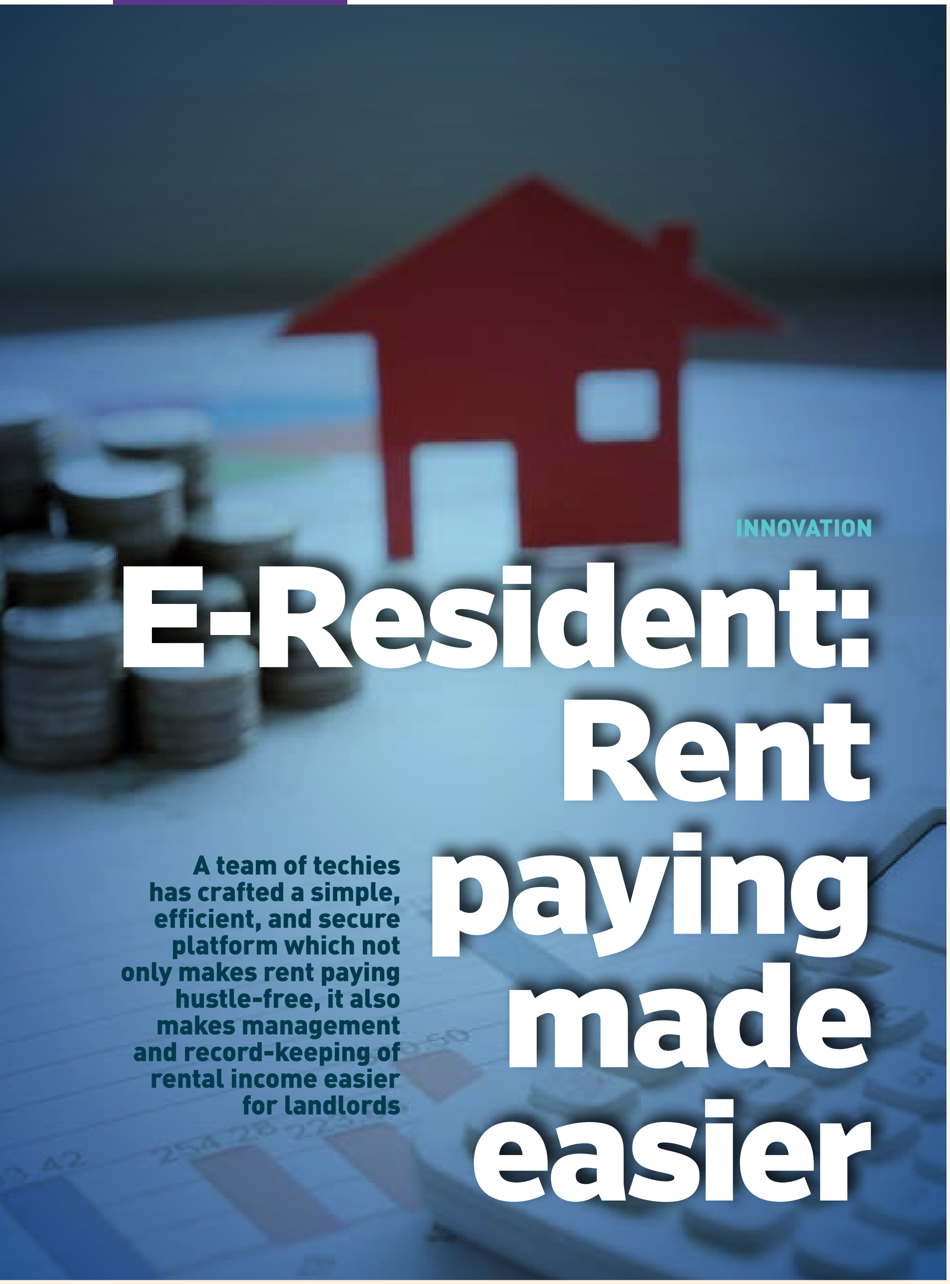
And this was seemingly what happened to Kwangwaru hit singer Harmonize.

The Tanzanian star was in early November scheduled to perform in Eldoret for the inaugural Chaget Festival but that was never to be.

It was reported that one of the reasons the star did not perform even after hyping the event on his Instagram page was because he had requested to be paid in dollars only. Problem was, only half the transaction was made in dollars.

The Tanzanian heartthrob took to his Instagram page to set the record straight and revealed that he was not paid in full and that the promoters duped him.

So the next time you to attend a live concert or any other event, take time to appreciate the many different elements which went into making the show a success.



INNOVATION

E-Resident: Rent paying made easier

A team of techies has crafted a simple, efficient, and secure platform which not only makes rent paying hustle-free, it also makes management and record-keeping of rental income easier for landlords

A distinct wave of fatigue seems to sweep over the masses at the beginning of each new month. Thousands of people begin to plan for either an afternoon off or a full day, depending on the distance they must cover to pay their rent at their landlord's preferred financial institution.

Long queues, lost time and a lack of convenience have over the years brewed a frustrating reputation for landlords and the general experience of being a tenant.

However, in a culture that has enthusiastically embraced technology, a new crop of tenants, landlords and agents are opting for convenience over what was previously perceived as a routine and necessary evil.

Brian Wathome is the Head of Business Development at E-Resident, a Kenyan online rent management platform.

"I remember having to take the afternoon off from work just to pay rent. As a business man, the time would have been spent on more productive activities," he says.

E-Resident was born of a need to offer convenience to the housing sector and put the power back into tenants' hands.

For landlords, it was to offer efficiency in reconciliation and report generation away from the tedious process of door-to door-visits and manual compilation of payments.

Led by E-Resident CEO, James Ayugi, the team has over the period of four years embarked on a software development journey that aims to shift the landscape of rental payments.

Today, you can do almost everything on your phone when it comes to payments; from school fees, shopping, transport, to utility bills. The possibilities really are boundless.

For the team, it was a no-brainer to apply the same principles to rental payments.

"We did not need to re-invent the wheel because the mobile payments system works so well in the country. E-payments provide convenience, and what we bring to the table is that same convenience, says Mr. Wathome.

"We wanted to give people the option of paying rent from the comfort of their homes, at work or in a taxi going about their daily routine; no disruptions whatsoever," he adds.

Although tenants can pay through the numerous mobile money platforms, most landlords prefer payment through the bank which generates a payment slip.

With mobile payments, it is easy for a tenant who has fallen back on rent payment to forge a payment message.

This, Mr. Wathome says, is the loophole that E-Resident seeks to seal.

"Many people can pay via mobile money, but because the landlord does not have a system such as E-Resident, reconciliation becomes impossible. Our system allows for transparency and accountability," he says.

In developing the software, E-Resident had one individual at the focus of their efforts - the end user.

As such, they conducted rigorous market research to narrow down the challenges in the sector to specific problems they could solve and engaged various industry players like property managers and landlords to determine the relevance and effectiveness of the software they were developing.

"As techies, we sometimes forget the end user and tend to obsess over the software. We had to engage our stakeholders at every point of development. The feedback on design, feature functionality and ease of use helped us offer a better experience to our clients," says Mr. Wathome.

How it works

Clients are either the landlords or property managers who come on board and input their property into the system, the units in those properties and number of tenants in each unit.

Each tenant is enrolled into the system using their national identification card or passport.

The system then generates a message to each tenant with details of their individual account numbers and passwords.

When rent is due, individuals log in and pay either via mobile money or credit card payments and all revenue collected flows into the landlord's bank account and branch of choice.

Moreover, the payments reflect on the landlord's side, enabling accurate reconciliation which is a strength of the system.

For added security, E-Resident employs a two-step verification process.

After a conclusive piloting phase, they were ready to go to market and approached KCB Bank to seek a partnership for the novel idea.

They found the right fit at the bank knowing they would gain an upper hand in the market by leveraging the bank's vast branch network, existing customer base, as well as valuable resources and marketing channels that have already been put in place.

"Successful partnerships are all about identifying which organisations are also targeting your ideal customer and finding a way to provide value back to the partner. Beyond this, the aspect of credibility gained from buy-in through a partnership such as ours and KCB Bank is invaluable," says Mr. Wathome.

"The sector involves a high amount of cash flow and people want to know that their money will be secure before they come on board. The bank's stability and their willingness to innovate over time has been an asset to us as we work to gain our footing in the market," he adds.

So far, the team has invested KES200 million from self-sourcing, partnerships, infrastructure integration and advertising and marketing services from the bank.

In the pipeline is a project with the bank that seeks to close the gap on incidents of delayed rental payments.

Dubbed OkoaRent, the partnership will offer a credit rating system which will enable access to credit when individuals are unable to meet their rental obligations. This will be structured such that, over time, E-Resident will build a profile on customers based on their paying behaviour and ability and will regulate the amount accessed through the facility based on this.

"Through OkoaRent, KCB Bank will loan tenants specific amounts based on their qualification criteria generated from information on the system," says Mr. Wathome.

Many people can still pay via mobile money, but because the landlord does not have a system such as E-Resident, reconciliation becomes impossible. Our system allows for transparency and accountability" - Brian Wathome, E-Resident's head of business development

200m

Amount of money the company has invested

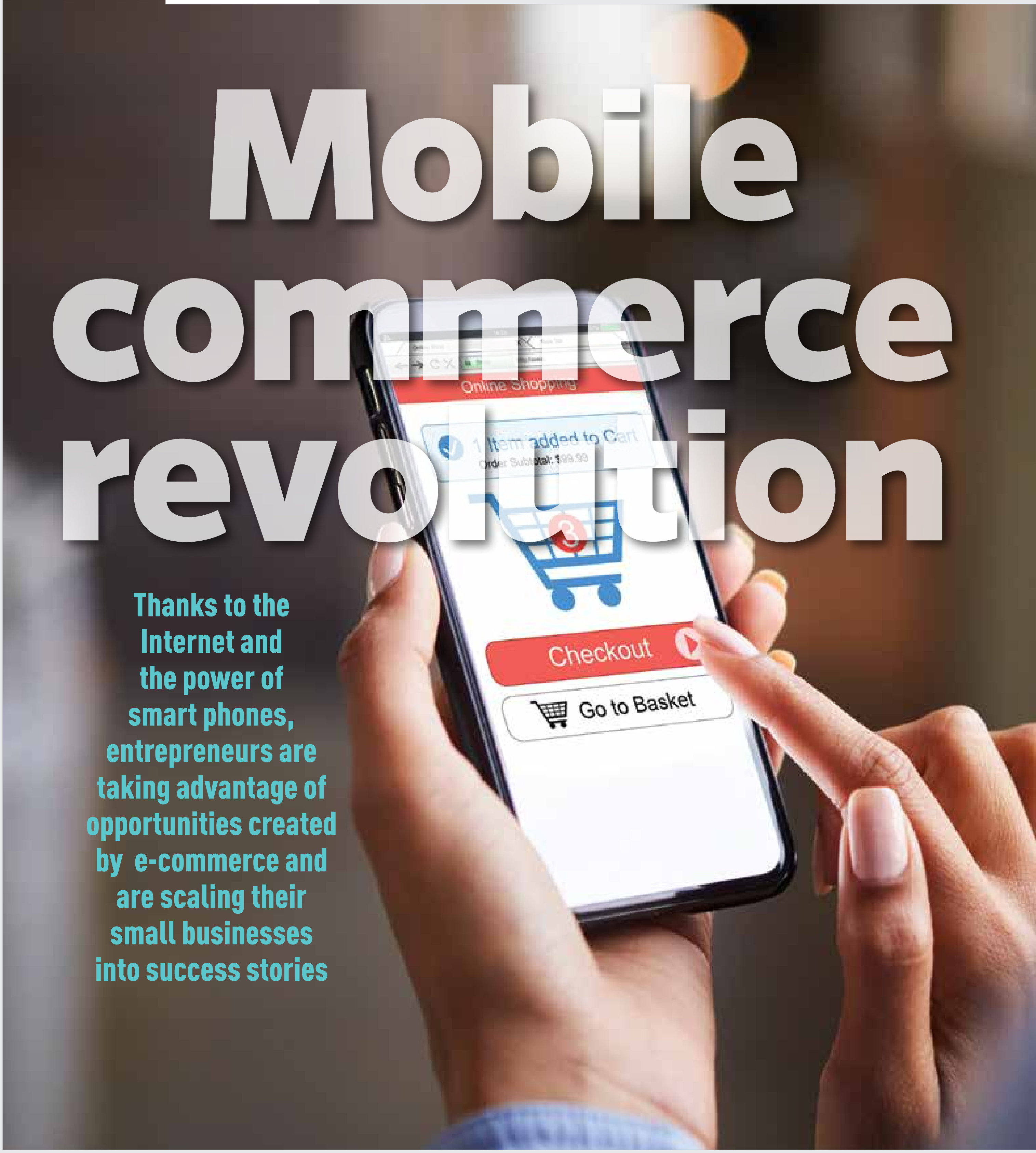
"Our solutions are targeted at making the lives of Kenyans easier, if we can use tech to get rid of some of issues hindering this, that's exactly what we're going to do," he adds.

Looking to the future, the team is also keen on plugging into the country's Big 4 agenda with the ultimate goal of affordable housing for all. This, they believe, will be achieved through the use of Big Data generated from the E-Resident system which will give individuals the power to negotiate for mortgages at financial institutions.

There are many reasons to embrace technology; the convenience, the security, and the general leisure of being in control.

More so, in this case, it just might be the permanent solution to your landlord knocking on your door, every month.

Mobile commerce revolution



Thanks to the Internet and the power of smart phones, entrepreneurs are taking advantage of opportunities created by e-commerce and are scaling their small businesses into success stories

Online shopping

Online store
Sign in and log into the platform and search for the items you want to purchase.

Check out
Click on the items and add them to the check out cart

Purchase Verification
After payment, you'll receive an email acknowledging your order

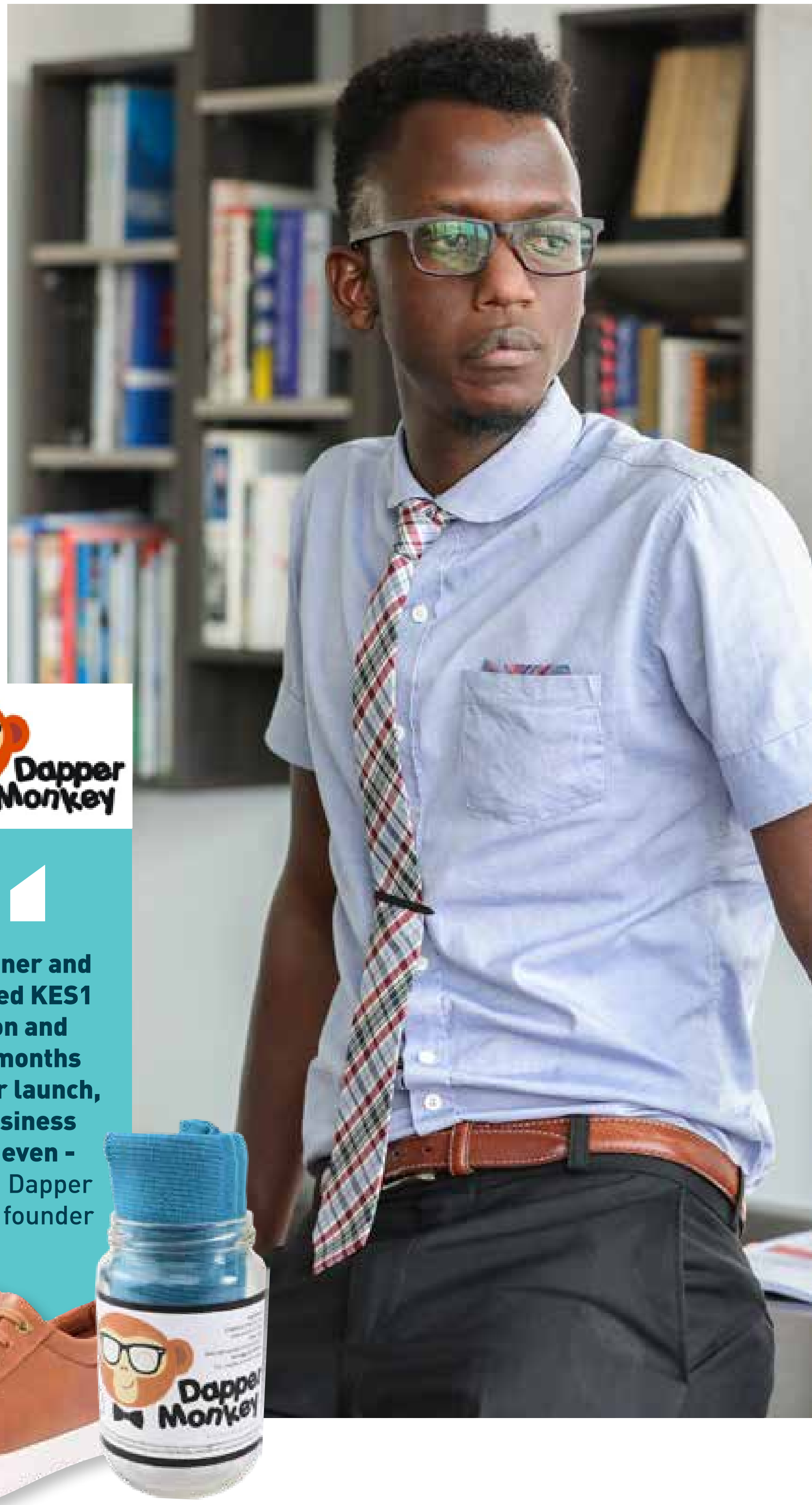
Payment
Proceed to include your delivery address and pay for your items via card, mobile money or e-wallet. Payment may also include a shipping or delivery fee

Tracking your order
Using your oder number you can log into the online store to track your shipment

Order is shipped
Your order is processed and shipped out to you

Delivery
After a couple of days depending on where your order is coming from you 'll receive your order at your preferred location

Kenyan youth catch the internet start-up bug



Ian Arunga is a man who wears many hats. He describes himself as a writer, a creative director, a blogger and also the founder of Dapper Monkey, an online clothing store.

Dapper Monkey is the one stop shop for what he refers to as 'the dapper man', or to put it simply, the classic man.

"We target the man who likes well-fitting clothes. The man who is unafraid of colours and likes good suits and good shoes," he told Venture. "We target the man who wants to be different."

Since its formation, Dapper Monkey has seen some phenomenal growth both in sales and profits in the two years it has been in existence.

Dapper Monkey is just one of the companies jostling for online buyers in the country's fast growing online retail space.

"My partner and I invested around KES1 million in the business and three months after our launch, the business broke even," he says.

The Dapper Monkey story is not entirely different from others exploiting this online space.

Purpink, an online gift store, is also following the same

> **My partner and I invested KES1 million and three months after our launch, the business broke even -** Arunga, Dapper Monkey founder

ADD TO BASKET

In many parts of the world, it is the government's duty to set up infrastructure that would lead to better exploitation of e-commerce. Now, many companies are dedicating resources to set up basic infrastructure such as GPS tagging and mapping - Dr Bitange Ndemo

20.5m

Number of broadband subscriptions, which is a 3 percent increase from last year's 19.9 million.

trajectory, recording impressive sales and client numbers since its entry into online business four years ago.

"We started out with a capital of KES500 while in university," Ayrton Bett, Purpink's co-founder says.

"In a few weeks we'd grown this to KES4,000 in profits."

The internet market, which forms the backbone of the success of these two companies, has been greatly transformed over the years by a combination of the roll out of Universal Service Fund (USF) projects, increased investment in network upgrades by service providers such as Safaricom, Telkom as well as Jamii Telecommunications Limited. This, coupled with the increased availability, affordability of smartphones and data bundles has helped shape the e-commerce narrative in the country.

The Communication Authority of Kenya, which regulates the communications sector, says broadband subscriptions continue to grow.

"The number of broadband subscriptions rose by 3 percent to 20.5 million from 19.9 million recorded in the third quarter of 2017. When compared to the same period in the previous year, a growth of 33.1 per cent was witnessed," the Authority says in its 2017/2018 Sector Report.

The CA attributes this growth to increased roll out of 4G network and

expansion of last mile fibre network coupled with increased demand for broadband services.

"Subsequently, broadband penetration stood at 43.9 per 100 inhabitants as the end of June, 2018," reads the report.

But, although Dapper Monkey and Purpink are recording victories in terms of revenue growth and profitability, observers say the e-commerce market and its potential remains generally unexploited, and that many of those who are in this space are going about it the wrong way.

"Some businesses have been fairly successful but most of the pioneers had wrong business models," Dr. Bitange Ndemo, former Permanent Secretary in the ministry of Information Communication and Technology and the architect of the internet revolution in Kenya says.

A rookie mistake for many start-ups, Ndemo says, is the lack of market research and keeping of unnecessarily large inventory.

"For instance, Alibaba ,which is one of the world's biggest e-commerce platforms, has no inventory," he says.

Admittedly though, some of the challenges start-ups in this space face are as a result of what he terms as 'institutional oversights.'

"In many parts of the world, it is the government's duty to set up infrastructure that would lead to better exploitation of e-commerce. Now, many companies are dedicating resources to come up with basic infrastructure such as GPS tagging and mapping," Ndemo says.

And the setting up of this basic infrastructure might just be the silver bullet that these growing enterprises need to transition from being start-ups to profitable SMEs.

"A key factor that will impact the growth of e-commerce in Kenya and the region as a whole will be transport (i.e. delivery) logistics and retailers' ability to gain the trust of consumers that may still be hesitant to shop online," Thomas Verryn, Euromonitor Senior Research Manager, told Venture. Euromonitor is an international market research provider.

However, even with these challenges, players continue to, in their own way, disrupt the retail

>>>

Being online has helped me sell to customers I couldn't otherwise get to. My products can be reduced to a hashtag that will reach millions of people as opposed to having a shop that will be limited to just a few eyeballs - Mweni

KSh8m

Amount that the local internet retailing sector earned

SUED®

space.

At 24 years of age, Susan Mweni says her company, Sued Watches, is ready to claim a stake in this rapidly growing, cut throat industry.

"Being online has helped me sell to customers I couldn't otherwise get to. My products can now be reduced to a hashtag that will reach millions of people as opposed to having a shop that will be limited to just a few eyeballs," Mweni says.

Her company sells customised Afrocentric watches. She says she sells around 50 to 60 watches a month averaging around two watches every day.

For Mweni, Arunga and Bett, success for their individual brands translates into success for other local businesses as well. A majority of products on their platforms are sourced locally.

"In the beginning, we used to get our stock from England, China, the US and some parts of Europe. Now most of our stock is sourced locally," Arunga says.

Local businesses

Bett, of Purpink, too is on a journey to incorporate local creatives into his gifts platform.

"We realised that there are many people and companies out there who make amazing products but do not have a platform to sell them. We are trying to have as many local products on our website as possible," Bett says.

Over the last five years, online retail in Kenya has grown by more than 10 per cent. Euromonitor estimates that there will be further growth over the coming years.

"Euromonitor estimates that Internet retailing earned KES8 million in 2017 excluding VAT and will grow by about 12% until 2022 to reach KES10.941 million in 2022, excluding VAT," Verryn says, adding that the Kenyan retail sector is the second most developed in

ADD TO BASKET

> **We are yet to exploit the full potential of e-commerce. When we do, it will be a whole new world -** Bett

PURPINK
Gifts & Flowers


Ayrton Bett, Purpink's co-founder.

Africa after South Africa.

Even with these gains, the Kenyan retail scene, however, remains largely unpredictable.

"We've seen many changes in the modern retailing sector with the closure of major players and the entrance of multinational players such as Carrefour, Shoprite and Choppies," Verryn says.

Data, both empirical such as that from Euromonitor and anecdotal, such as that from start-ups shows that opportunities abound. But for e-commerce to move to its next logical phase, a few things have to give.

The prospects

"Studies show that it is the lower end of the market that needs this service the most. E-commerce should make sense to the mother in an informal settlement who wants to buy soap but can't leave the house because she does not have a nanny," Ndemo says. "For e-commerce, success is dependent on need."

As Dapper Monkey keeps moving its cool socks and exclusive cuff links, or as Purpink aims to get you that perfect gift for that special occasion and as Sued Watches strives to sell you that one of a kind time piece, one thing remains clear; there is some disruption within the retail space and this particular revolution will not be televised. It will be followed online, one check-out-now click at a time.

When it happens, Kenya will be right in the middle of it and, according to Euromonitor, this East African economic powerhouse is likely to remain the regional leader.

"We are yet to exploit the full potential of e-commerce," Bett says. "When we do, it will be a whole new world."

Nairobi's 'kibanda' traders make big splash online

Marketers are leveraging on the power of social media to advertise and sell their products and services

Jackson Kimani is an outstanding online entrepreneur. The 38-year-old is the founder of Jackym Fashions, a clothing firm that uses social media platforms to buy, market and sell products in Nairobi and beyond. Jackym, which was founded in 2015, retails women and children wear.

Jackym, as he is called by his clients owns two shops in Nairobi's CBD and has three full time employees. He credits his curiosity to landing him in the online business space.

After graduating from high school, Jackym got a job in the United Arab Emirates, a job he says paid his bills, but wasn't enough to meet all his needs.

It is while staying in the UAE that he interacted with Kenyan entrepreneurs who went there to purchase goods or who were on connecting flights to and from Turkey, Vietnam, China and Bangkok.

"Some of these traders started requesting me to purchase goods for them in UAE. I would ship the products to Kenya by air or through shipping agencies and in the course of doing so, I developed an interest in the business," he recalls.

While in the UAE, he also developed the habit of shopping online. He says he would buy personal effects via platforms such as Alibaba and loved the ease and convenience that online shopping offered.

"I decided to start saving so that I could set up my own business back at home. I saved KES2 million and in 2014, returned to Kenya with 1,000 kgs worth of assorted clothes and set up my first shop."

He says he travelled to China from UAE to purchase his first stock because China offered a variety of products at affordable prices.

Currently, he uses Facebook, Instagram and WhatsApp to sell his products. He also uses WeChat to order and pay for products especially from

China and Imo app to order products from Bangkok.

"I have a WeChat account that I use to buy goods. However, when it comes to making payments, I prefer transacting through a personal contact based in China, whom I pay a two percent commission of the amount I am sending," said Jackym, while at one of his shops at Sasa Mall.

Jackym is one of a growing number of business people who are taking advantage of increased internet access, increased smartphone penetration and advances in technology to become online merchants.

They hawk their products online, advertising on established e-commerce websites such as Jumia, Kilimall, Masoko, Pigiame, and Sky Garden.

Majority of the online merchants I interacted with while sourcing this story advertise and take orders for their products and services via these established platforms. They also advertise via their own social media pages especially on Facebook and Instagram.

Current developments within the Kenyan retail sector and the digital space show that e-commerce has taken off, its momentum for growth is seemingly unstoppable while its potential is huge.

In Africa, Kenya is among the top three countries leading in internet connectivity. According to data from the Communications Authority of Kenya (CAK), the country doubled Africa's internet penetration to stand at 89.4 percent in 2017 against an estimated population of 48 million.

"The online platforms are growing and everyone has moved there. Right now, any trader who is not selling online is missing out big time," said Jackym, who plans on expanding his business and even setting up shops outside Nairobi.

Online selling is an interesting venture because today we have aggressive young people who do not stock any goods, have no shops, but they have a consolidated strong client bases - Jackym

On a bad week, he says he makes a profit of KES30,000. On a good one, this can go as high as KES100,000 and above.

"I always make sure that my shops are well stocked so that when clients come to collect an online pre-ordered product or walk into they shop, they get the urge to pick even more," said Jackym.

Jackym believes that it is necessary to have a brick-and-motar store in a central location.

"In this business, a physical shop makes buyers trust you more because they believe that they won't be sending their money to an impostor," said Jackym.

Across the road along Kimathi Street, I also meet two other traders Emily Wanjiru who sells human hair wigs and Karanja Minjire who deals in a variety of products. Wanjiru travels to Dubai every two months to buy her products while Karanja just like Jackym, ships his products through the Port of Mombasa.

Jackym, Karanja and Wanjiru all agree that technology has contributed towards boosting their sells despite the fact that competition for the online shoppers is very stiff.

"Online selling is an interesting venture because today we have very aggressive young people who do not stock any goods of their own, have no shops, but they have a consolidated strong client bases that trust them hence they use this advantage to act as middle men. They come to our shops with their clients, their clients buy our products and we pay them a commission for every item sold to their clients," says Jackym.

Selling a 'piece of Africa' online

Fred Kirui, the proprietor of AfrikaSokoni, saw an opportunity to sell handicrafts and other pieces of memorabilia to Kenyans living abroad

The secret to being a successful entrepreneur involves spotting an unexploited opportunity and making the most of it.

That is what Fred Kirui, a Strathmore University graduate did.

His friends and relatives living abroad kept asking him to send them tea leaves, coffee, spices and other goodies from home. Instead of seeing this as a nuisance, Kirui saw a business opportunity and decided to cash in on the interest.

"Kenyans living abroad look forward to receiving simple products that can make their stay enjoyable, even bearable. I realised that all Africans share this trait so it was a no brainer when I partnered with my Gambian friend Ebrima Fatt to create an online venture," says the MBA graduate.

Together they created AfrikaSokoni in August 2017.

At his Pili Trade Centre office along Mombasa Road, Kirui recalls how they first posted photos of handicrafts which Kenyans bought at a premium.

When Kirui and Fatt created the e-platform, they lacked one essential component — money — to procure the products.

But lady luck must have been smiling on them when they won a Dubai IT startups venture capital competition in October 1, 2017. They used the funds to expand their business.

A month into their new venture, the two were invited to China for a discussion on sourcing for coconut oil-based products. Thereafter, they entered into a partnership that saw them win a tender to ship a consignment worth KES500,000.

"Our suppliers have had to learn and apply the quality standards expected by the Chinese market and we will export the first consignment of coconut oil-based products to China in December," Kirui says.

They also inked a deal with a retail chain in China for supply of Kenyan handmade leather products as well as wood and stone carvings.

Kirui and Fatt got a second tranche of funding from the same Dubai firm in June to expand their local source markets. With the funding, they opened an office where they run all aspects of their business.

To ensure quality and consistency of products, the duo prefers to source their wares directly from craftsmen and women from around the country.

"We cut out the middleman to giving local craftsmen and small and medium enterprises access to the global market," Kirui says.

Some of the popular products they sell include leather bags, beaded Kenyan flag themed bracelets and leather jackets.

A year after its launch, AfrikaSokoni has opened an inward bound market for home appliances where Kenyans can buy original products imported directly from manufacturers.

High mobile penetration, fast connectivity and a digital savvy population have turned their business venture into a success.

Since they launched, they have sold 350 hand-made products to Kenyans in the US.

"We have a deal with DHL Express for worldwide deliveries in a record three days. This has helped us to grow our customer base especially in the US," he says.

We have a deal with DHL Express for worldwide deliveries in a record three days. This has helped us to grow our customer base especially in the US

KES500,000

Value of coconut oil based products the firms plans to export to China

Over the years, Kenya's retail sector has experienced tremendous growth. Corner shops, which were the norm, are being replaced by mega shopping malls and virtual stores

From dukawallas to Jumia

A story is told of a 32-year-old banker who left Lahore in 1899 upon orders from his superiors at the Bank of India. Like everyone else, Gurdit Singh Nayer sailed using a dhow across the Indian Ocean to Mombasa. The bank was expanding, so someone was needed to lay the operational structures in East Africa.

From the coast, and together with guides, they traveled on foot into the interior of Kenya to Mile 326 (Nairobi). Here, Gurdit found ample business opportunities waiting to be exploited. He bought his way out of his contract with the bank and used the rest of his savings to travel back to Lahore.

He went on a mass recruiting drive of artisans. With 50 men, he returned to Kenya and set up base in what was later to be the capital. The workers from India and Pakistan were used as cheap labour to build the Uganda Railway commonly referred to as 'The Lunatic Express'.

From banker to shrewd businessman, Gurdit started his own furniture store, becoming among the first proprietors in the local retail sector. (He later built the Nayer Building in 1913, the modern-day Kipande House)

Following his success, many more Indians were willing to follow his footsteps. Instead

> Just like most established business empires in Kenya, these supermarkets are family brands that were started by their respective patriarchs and handed down to their offspring

KES1.8tn

Value of Kenya's retail spending according to a 2017 survey by Procter & Gamble

of going back home after they finished building the railway in Port Florence (Kisumu), they decided to start their own shops in Nairobi. Referred to as 'dukawallas' (shopkeepers), they dealt in fast moving consumer goods, textiles, furniture and even agricultural produce.

And although it had been met with fierce criticism by some in the colonial government, the railway opened up other areas of the colony. Key among these regions was Nakuru. The area was later to become the birthplace of some of the most famous names in the retail sector.

These include Tuskys, Naivas and Nakumatt. Although Nakumatt has been in financial doldrums of late, it still has a rich history that is intertwined with that of the aforementioned Tuskys and Naivas.

"Just like most established business empires in Kenya, these supermarkets are family brands that were started by their respective patriarchs and handed down to their offspring and in one case, a sibling. The beneficiaries expanded the enterprises to what they are today," says Wambui Mbarire, the CEO of the Retail Trade Association of Kenya (RETRAK).

Mrs. Mbarire is referring to Naivas, a supermarket chain that was started when the late Joram Kamau gifted his younger brother, Mukuha, with Rongai General Stores, a retail shop in Nakuru.

Under the mentorship of Atul Shah, Joram had established Tusker Mattresses (now Tuskys) in 1990. Mr. Shah was close to Joram because he had helped the senior Shah (Mangalal) when he was in trouble.

Joram had bought a building in Nakuru Town on behalf of Mangalal after independence. Mangalal was afraid that if the structure was in his name, it would be appropriated and sold for less than it was worth by the Jomo Kenyatta Government which was nationalizing foreign-owned businesses as a way of empowering locals.

After establishment, the three stores saw exponential growth in the 1990s and 2000s. This is until Nakumatt stagnated due to massive debt. Before stagnation, the retail chain had expanded to Uganda and Rwanda. Its 65 stores have now been reduced to a paltry four.

Tuskys currently has 64 stores. According to the Tuskys Group CEO, Dan Githua, there are plans to open 100 more in the next three years. "Our growth strategy will be anchored on partnerships, technology and innovation. It will cost us at least Sh3 billion," he added. Naivas, on the other hand, recently opened its 47th store in Mombasa County in September 2018.

Another retail giant that has followed the same trend is Chandarana. Founded by Shantilal Mulji Thakkar, a dukawallah, he opened his first grocery store at

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the Highridge Shopping Centre in Parklands in 1964.

"In the last 50 years, Chandarana has grown from one branch to eight; from 12 employees to 500; from 500 products to more than 20,000," said Hanif Rajan, the group operations manager.

A 2017 survey by Procter & Gamble (P&G) revealed that Kenya's retail spending is KES1.8 trillion. "The spending can be allocated across different channels; 30% supermarkets, 67% traditional retail, and 3% special channels. Overall, retail spending accounts for 30% of Kenya's GDP," said the survey.

The rapid expansion of the retail sector is driven by several shopping dynamics including a tendency by Kenyan consumers to shop for goods in bulk. Besides, Kenya was reclassified as a middle-income economy in 2015. This is being evidenced by the shopping habits and rising consumerism.

The sector's potential has now seen foreign players such as Carrefour, Game and Choppies enter the market.

A new entrant in the retail scene is internet ordering and home delivery, which is changing the way people shop.

A 2016 survey by Communications Authority of Kenya established that 39% of private enterprises are engaged in e-commerce.

"E-commerce is any form of economic activity conducted over internet-mediated networks," says Dr Njeri Kinyajui, an economics lecturer at the University of Nairobi.

"The potential of e-commerce caught the public's attention as a result of successful ventures like the electronic bookshop, amazon.com, and the growing number of other internet-based retailers in the business-to-consumer (B2C) e-commerce area. However, business-to-business (B2B) e-commerce is growing more quickly than B2C forms of electronic trading," she adds.

Locally, Jumia is the most popular e-commerce platform. Established in Nigeria in 2012, the company set up base in Kenya a year later. "When Jumia launched, it became the industry standard for the sale of goods and services online. Although there are other platforms like Sky Garden and Kilimall, Safaricom's Masoko is turning out to be Jumia's main competitor," Steve Mbiu, a Nairobi-based website developer explains.

According to Steven, Masoko has a strong financial backing from its parent company. Moreover, the website isn't cluttered. "Masoko's layout is different from Jumia's. The latter's site is busy because they have all the product categories on the homepage. But, when you log into Masoko, the only items you see, are those on offer."

The potential of e-commerce caught the public's attention as a result of successful ventures like the electronic bookshop, amazon.com

So, how does e-commerce work? "E-commerce sites do not make their own products. What they do is to provide an online platform for people to sell their products and services. They also deliver the product to the buyer."

Steven says that one can still have a physical store, but still sell the same products on an online platform.

Moreover, anyone can own an e-commerce platform. "All you need is a website or a social media platform for displaying your products. You can opt to promote the site using online ads."

Where others have succeeded, others have failed. A good example is Naspers-owned OLX. "They couldn't guarantee credibility. If you see something on say Jumia, you know you'll get it, but if you see something on OLX, there's no way of telling if it's a real or fake advert. They should have invested in quality control like they did for the vehicle category."

For cars, the site has the OLX Champ, a service one pays for. "You just have to quote how much you want for your car, and then pay. They do the rest for you. People trust this service because of con artists and carjackers who used to take advantage of car sellers. However, this service cannot be economically viable for all products."

Steven says that OLX should also change their business model. "OLX ranks their ads according to which one has been posted first. People take advantage of this by posting an ad now, and then re-posting it after a while. Although they have control measures, sellers still bypass them."

OLX maintain their site because it has value. "The site has a lot of traffic, hence they sell advertising space. They also introduced sponsored ads where one pays for their product to get maximum exposure."

Figures from the Communications Authority of Kenya (CAK) indicate that the e-commerce market in Kenya is worth more than KES4.3 billion compared to South Africa's KES54 billion. But, with the high internet penetration, Kenya is best placed for a digital commerce explosion. Currently, Kenya is leading the continent alongside South Africa and Nigeria.

ADD TO BASKET

2012

Year when Jumia, an online supermarket, was established in Nigeria.

However, Africa still lags behind compared to Europe where e-commerce accounts for 75% of all purchases.

The lag is driven by lack of trust in online transactions. This has resulted in cash-on-delivery as the preferred payment option for online shoppers.

Globally, e-commerce sales amounted to USD2.3 trillion. E-retail revenues are projected to grow to USD4.88 trillion by 2021.

With such promising prospects, should physical stores be worried? “Firstly, retail can only be rivaled by agriculture in Kenya. Secondly, nowhere in the world are online shops in direct competition with physical stores. Even Amazon opened a brick and mortar store in the US. What they do, is complement each other,” elucidates Mrs. Mbarire.

Local retailers

Most Kenyan supermarkets are family-owned, employing a model of establishing stores near bus stops, targeting the large number of working-class shoppers using public transport. However, three foreign retailers have opened shop in the country.

Founded in 1975, Uchumi grew in prominence and stature. At its peak, it operated about 40 stores in Kenya, Uganda and Tanzania. Uchumi was placed under receivership in 2006, consequently losing regional footprint to only 6 outlets.	**6** Number of outlets that Uchumi has
Formerly Naivasha Self Service Stores Ltd before rebranding in 2007. . As of July 2018, Naivas Limited had 47 stores. They have 4,600 staff.	**47** Number of Naivas stores around the country
Tuksys traces its roots to a small grocery shop in Rongai, Nakuru started in 1970's. Tuskys has over 6,500 employees. Its head office are located in Gami Properties Complex along Mombasa road in Nairobi, Kenya. To date, Tuskys has 64	**6,500** Number of Tuskys employees
Choppies, a Botswana retailer entered the Kenyan market in March 2016 by acquiring seven of Ukwala stores. Presently, the retail store has 11 outlets in Kenya and 217 across the region.	**2016** Year when they set up base in Kenya
The French supermarket operates in 30 countries in Europe, America, Asia and Africa. It opened its first store in Kenya – Two Rivers Mall – in 2016. Carrefour has since opened five more stores to date.	**6** Number of Carrefour branches in the country
Shantilal Mulji Thakkar, the founder, opened his first grocery store at the Highridge Shopping Centre in Parklands in 1964. Today, almost 50 years later, Chandarana has 14 outlets and more than 1,000 employees.	**1,200** Number of employees
As of December 2015, Nakumatt was hailed as the largest store in East Africa with 65 stores in Kenya, Uganda, Rwanda and Tanzania, and over 5,500 employees. Today, Nakumatt has 6 stores and less than 500 employees.	**500** Number of employees

Giving unto Caesar

The steady growth of internet transactions has led to increased debate on whether, and how, online retailers should be taxed

If you live in any of the cities in East Africa, chances are that you've hailed a taxi online. Ride-hailing business has transformed the taxi business globally, offering convenience and more money in drivers' pockets.

Odds are that you probably subscribe to Netflix too. If not, then you definitely must have used one of the many Google products. And if you have teenagers, you may have heard them talk about streaming music online either on ITunes or Spotify.

Either way, you or someone you know has subscribed to one of these services that are delivered via the Internet.

In today's digital economy, these types of services have become increasingly important and common especially among the youth.

The million-dollar question is how do we tax these organizations that render vital services across online and across jurisdictions, yet, do not have physical offices locally?

There is a disconnect between where value is created and where taxes are paid.

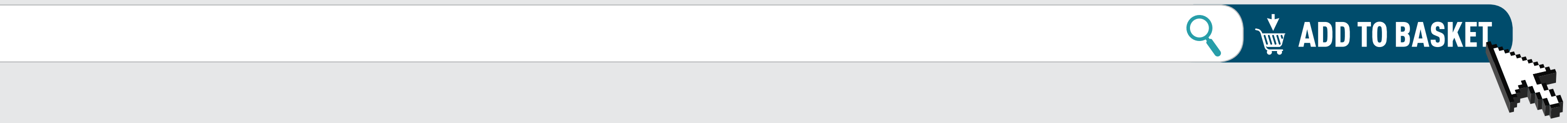
Analysis of FANG, an acronym of the four high-performing tech stock— Facebook, Amazon, Netflix and Google — shows solid earnings for shareholders.

However, the current international corporate tax rules have failed to keep up with the complexities of the modern global economy as they do not capture business models that make profit from digital services in a country without being physically present.

Across the globe, economies have become increasingly service-based, and taxation has become considerably more complicated—especially when those services are delivered via the Internet.

As a result, taxation of enterprises that use digital technology has been high on the political agenda of international fora.

During the recent Kenya Revenue Authority Annual Tax Summit, academicians and policy makers explored taxation in a digital economy; casting



the spotlight on the emerging digital frontiers and their implications on tax administration.

Digitization has enhanced efficiency in revenue administration through data driven decision making, this has in turn led to enhanced revenue mobilization and more efficient customer service informed by better data utilisation. However, this is just one side of the coin.

According to Corine Mbiakectha, Oracle Kenya Managing Director, technology is an enabler of an efficient tax system as they help to reduce fraud and tax evasion.

“For sustainable economic growth, the tax base has to increase to enable tax administrators to collect more revenue while lowering the tax rates,” Ms. Mbiakectha said.

“For a tax authority to be efficient and be world class tax collectors, taxation has to be information driven and data-centric.”

In March, the European Commission released two legislative proposals for taxing of digital firms to ensure a fair and efficient taxation of digital businesses operating within EU.

> **There is a disconnect between where value is created and where taxes are paid.**

Globally, a host of other countries, including Brazil, Colombia, India, and Vietnam are also planning or proposed new taxes on the digital economy.

Regionally, Uganda recently imposed Social Media Tax on mobile Apps including WhatsApp, Twitter, Facebook, and Instagram. Tanzania also recently passed a law charging bloggers an annual fee for publishing online.

A recent report from the Organisation for Economic Cooperation and Development (OECD) noted that more than 110 countries will work to build a consensus on digital tax by 2020 within the OECD/G20 Inclusive Framework on base erosion and profit-shifting (BEPS).

The package includes both interim measures, in the form of a 3% Digital Services Tax on revenues, and a long-term solution, introducing the concept of a digital permanent establishment.

Speaking on the sidelines of the 4th Annual Tax Summit Ms. Corine Mbiakectha, urged the government to focus on providing local solutions that answers the social local requirements before, focusing on taxing the multinationals offering vital services online.

The EOCD Interim Report also looks at how digitalisation is affecting other areas of the tax system, including the opportunities that new technologies offer for enhancing taxpayer services and improving compliance, as well as the tax risks and evasion, including those relating to the blockchain technology that underlies crypto-currencies.

Overall, imposing taxes on transactions conducted over the internet is a complex area. We should remain conscious of finding a long term solution for taxation of the digital economy without stifling innovation.

RETAIL

Bargain hunting on the web

Every year, shoppers look forward to online shopping extravaganzas such as Black Friday, Singles' Day and Christmas Day to snap up goods at knock-off prices

With globalization and in this era of commercialism, people are always finding an excuse to celebrate and shop. Online retailers are capitalizing on this trend which has given rise to shopping extravaganzas with catchy phrases to boot.

The shopping calendar now has Black Friday, Cyber Monday, Singles' Day (which all fall in the month of November), Valentine's Day, Christmas Day and such like days which have become an excuse to shop. Since we all love a good deal, online merchants have been capitalizing on shopper's hunger for knock-out deals.

For example, this year's Singles' Day which is celebrated on November 11, helped e-commerce giant Alibaba net a record $30.7 billion in sales during the 24-hour online retail frenzy.

> The apps help the retailers in collecting personal data which they use to customize their marketing messages for their clients.

$30bn

Amount of sales that Alibaba made in 24-hours on Singles' Day, which is celebrated on November 11

Singles' Day, which was started by students in China in 2009 to counter Valentine's Day, has since grown into a month-long online shopping bonanza that peaks with a 24-hour sale on November 11.

In November 2018, Jumia Kenya launched its annual Black Friday sale to six times more traffic on the site than last year.

The sale has become so popular that consumers log onto the site in the middle of the night waiting to scoop up mouthwatering deals and take part in flash sales where products go for as little as one shilling.

"We went live on Thursday midnight (November 2) with great improvement on traffic to the site compared to last year. We had six times more traffic compared to last year's Black Friday," said Jumia Kenya CEO Sam Chappatte in a Business Daily interview.

"On the day of the launch we witnessed two times more sales than in 2017 with strong performances in appliances, televisions, smartphones and grocery."

To participate in these sales, the online retailers may require you to download their app on their smartphones, which ensures that a shopper will get to interact and spend more time poring through their sites and end up making an impulsive purchase.

The apps help the retailers in collecting personal data which they use to customize their marketing messages for their clients.

Each year, these annual online shopping sales dominate the news and social media pages and break new records sales. But who really benefits?

Every year consumers come back expecting bigger and better discounts while retailers continue to face logistical challenges of delivering the orders. This then begs the question, is it worth it for retailers? Do they get as much sales the rest of the season?

Retailers benefit from volume sales: They cut prices which reduces their profit margin and then capitalizing on the number of sales.

According to research from Periscope by McKinsey titled The Black Friday 2018 Shopping Re-port: Consumers Are Eager, More Digital, And Willing To Spend, retailers and brands should prepare the right promotions for the right customers to ensure they attract high number of shoppers and secure big basket orders.

As such, the report says they (retailers and brands) should make it personal and stimulate consumers' wants and needs.

"Consumers are more open than ever to receiving personalized messages that stimulate them to consider potential product options. Retailers and brands that are able to leverage their customer data to stimulate demand with personalized campaigns ahead of the event will win a greater share of consumer hearts and minds," the report says.

Unlike loyal shoppers who will buy a brand's product all year long regardless of the discount, consumers only go for the best/deeply discounted product. There is really no guarantee that they will shop the brand again when there is no discount available.

As Christmas season beckons, shoppers can only look forward to more great offers while retailers can focus on making customer experience great so that they can keep coming back even after the sale season is over.

‘Alexa, call my banker’

Voice search is revolutionalising the retail landscape. Is this the next frontier for financial services?

For a certain generation of Kenyans, a visit to the banking hall had to be impeccably timed. Get your timings wrong and you were bound to spend a better part of the day queuing and waiting for your turn in front of a tired and irritable teller.

Now though, innovations within the banking sector have ensured that one really doesn’t need to physically get into a bank to transact. And in December, the world will once again congregate in London’s Marriott Hotel for the Banking Technology Awards.

This year, industry experts say, that Voice Interface Technology with be all the rave and the sooner big corporations make the shift, the better.

“Imagine a time when your bank can accurately predict your needs and go ahead and recommend the most efficient ways to make payments through the simple command of your voice,” Agnes Gathaiya, the Chief Executive Officer of Integrated Payments Services Limited told Venture. “This is the next frontier.”

Integrated Payments Services is a subsidiary of the Kenya Bankers Association.

IPSL launched PesaLink to provide a secure, fast and efficient money transfer system by tapping into the latest technological advances, such as the voice user interfaces.

Voice user interfaces allow the user to interact with a system through voice or speech commands. Virtual assistants, such as Siri, Google Assistant, and Alexa, are examples of VUIs. The primary advantage of a VUI is that it allows for a hands-free, eyes-free way in which users can interact with a product while focusing their attention elsewhere.

To put it simply, it is having a conversation with someone who is really not there. A century ago, this might have been the definition of madness, but in the current world, this is a necessary passage into the future.

Recently, tech news platform The Verge reported that Microsoft and Amazon formed a partnership to integrate Cortana and Alexa to better serve their customers and enhance their productivity. Amazon already has a current partnership with Logitech, which allows Alexa to be used in various vehicles on the market.

As most other things in technology, the integration of voice technology in banking was predicted some years back. In 2015, Gartner, a global research and advisory firm providing insights, advice, and tools for leaders in IT, Finance, HR, and Customer Service estimated that by end of 2018, 30% of our interactions with technology will be through “conversations” with smart machines.

Technology is moving very fast and a lot of the technology that is being developed is customer-led” - Agnes Gaithaiya, the CEO of Integrated Payments Services Limited

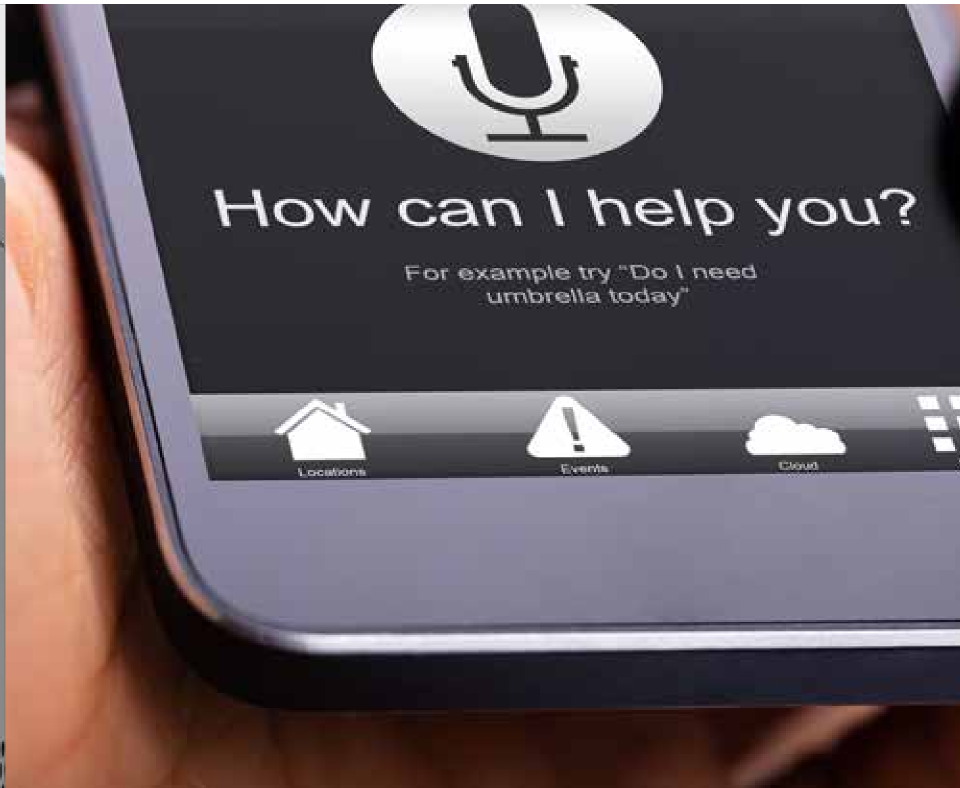
“Product leaders at technology and service providers need to invest now to improve currently limited voice interface,” the firm said.

Locally, it seems firms heeded that advice and there seems to be a rush towards incorporating as many aspects of technology, including the incorporation of voice, into day to day business transactions.

“Technology is moving very fast and a lot of the technology that is being developed is customer-led,” Gaithaiya said, adding that the adaptation of voice and other Artificial Intelligence technologies within the banking sector has come a long way.

“Initially we used to depend on machine learning but we moved on to more sophisticated forms of technology,” she says. Machine learning is a field of artificial intelligence that uses statistical techniques to give computer systems the ability to “learn” from data, without being explicitly programmed.

But as the appetite for newer, faster and more efficient technologies grows,



30%

Research my Gartner, says that by end of 2018, 30% of our interactions with technology will be through conversation's with smart machines.

> **The best technologies may be built for us but if the customers are not willing to get on board then all this will be of no use -** Bitange Ndemo, former Information PS

what solutions will these technologies of the future solve apart from providing a better customer experience?

"The biggest conversation we are having right now is around security. How do we leverage on things such as voice user interface and other forms of biometrics to make transactions, customers and institutions safer," Gathaiya says.

Research from The Global Cyber Alliance reveals that one in three people believe biometric identification is either just as secure, or more secure, than the traditional system of passwords.

"For the banks who use biometrics, they will be able to offer layered authentication in a consumer friendly fashion as well as different interactions such as account creation, payments, and withdrawals through voice prompts," The Global Cyber Alliance says.

And more importantly, Gathaiya believes this just the tip of the iceberg.

"The financial world needs to know where tech is heading and come up with matching payment solutions," she says. "It is imperative that we come up with tech solutions that take care of the clients' basic needs."

With this forecasted growth comes opportunity.

"The biggest opportunity is around something as rudimentary as getting cash of the streets and onto virtual spaces," She says.

But with the technology built, why are some of these AI solutions still taking too much time catch on?

"We still have to address cultural orientation as well. The best technologies may be built for us but if the customers are not willing to get on board then all this will be of no use," Bitange Ndemo, former Permanent Secretary in the Ministry of Information Communication and Technology says. "We have to ask ourselves how fast people will embrace some of the solutions we are providing."

Like all things tech, the future holds so much more, with the possibilities almost always impossible to imagine.

The clash of giants

The world of business loves drama.

It's what keeps the markets alive, investors on the edge of their seats and economies buzzing.

In the current cycle of things, the business world has its eyes set on an East vs West showdown with the advent of Alibaba and Amazon's rivalry in the e-commerce sector.

The real question is, who will be crowned the king of e-commerce?

Much like any good drama, there are protagonists and antagonists to this story with critics of the impending showdown having their fair share of perspective on the matter.

They seem to be enjoying this the most as they anticipate an anti-climax in the horizon citing different playing fields as a key differentiator between the two business models.

For example, one basic difference between the two is that Alibaba only provides an online shopping marketplace where other retailers sell and does not sell directly to customers, while Amazon on the other hand, sells merchandise that it owns to customers and also operates a marketplace and distribution system.

However, the rise of Alibaba and Amazon into some of the world's largest companies is a fete that cannot be ignored. Jack Ma and Jeff Bezos both have incredible stories to tell, strategies to teach, economies to build and legacies to leave.

Early beginnings

Jeffrey Preston Bezos, better known as Jeff Bezos, had established a path to success straight from high school as a straight A student, the valedictorian of his class and early admission into Princeton. He was set to become a theoretical physicist.

However, he made his way to New York city to start a career in finance.

It was during his time there that he got the Eureka moment to start Amazon after reading an article that stated that web usage was growing at 2,300 percent per year. The numbers were mind boggling!

His idea was to create something that was impossible in the physical – a bookstore with millions of titles, accessible by anyone beyond the physical proximity of the real store in the United States and beyond.

It sounded magical, hence the initial idea to name the company Cadabra.

Following multiple rounds of brainstorming and consultations with his lawyer, he finally settled on Amazon.com which came in first place ahead of Awake.com, Bowse.com and Bookmall.com.

His rationale was simple, web listings were alphabetised at the time and Amazon, being the name of the largest river on earth, he believed the stars aligned here as he would go on to build the largest bookstore on earth.

With the financial help of $245,573 from his parents, Bezos started Amazon in his garage. When Amazon launched in 1994, it only sold books which would be packaged and delivered to the post office by Bezos himself. Next came music and videos.

It was during his interactions with customers that he got the sense that they wanted more at the click of a button and from that point, he ventured into everything from diapers to data storage.

Fast forward, two decades later, Bezos has built an empire worth $105 billion and is undisputedly, the richest man in the world.

Currently, Amazon rests on three major pillars (though more are in the pipeline. There is Amazon Prime, which offers membership e-commerce bundled with elite digital media products, Amazon Web Services, which leads the tech pack in cloud computing and Marketplace, Amazon's third-party seller business.

> **Bezos believes the success of his business strategy stems from his willingness to think long-term and take risks.**

$245,573

The amount of money Bezos borrowed from his parents to start Amazon

Beyond that, the other strategy employed by Bezos is growing Amazon has been acquisitions. During the last few years, Amazon made multiple acquisitions to strengthen its core e-commerce operations. Some of these acquisitions were strategic buys to seal the deal in specific categories of the market such as groceries with the acquisition of Wholefoods and getting its share of the growing e-commerce sector in Middle East through the acquisition of Souq.com.

One of the most exciting innovations from Amazon has been developed in its foray into Artificial Intelligence (AI) and Machine Learning through Alexa – a handy personal assistant activated through voice command. People have wholly embraced the unique experience Alexa offers and are using the voice-activated capabilities more to shop, to listen to music and to stream video on Amazon's Fire TV.

Bezos believes the success of his business strategy stems from his willingness to think long-term and take risks.

In addition to investing in drone technology and self-checkout shopping infrastructure, he now has his eyes set on making it possible for more people to travel to space.

Across the globe is Alibaba, another e-commerce giant in China commanding the largest market share in the retail e-commerce space of 58.2% of all retail sales this year.

China is the world's biggest e-commerce market with a significant lead on other markets including the US, UK and Japan. This has enabled foreign brands to enter the market with no need of establishing a physical presence.

Launched in 1999, Alibaba was originally established to connect Chinese manufacturers with overseas buyers. This was after a trip to the US a couple of years back when its founder, Jack Ma, realised that Chinese goods were lacking on the internet.

The name Alibaba came to him while in a San Francisco coffee shop when he thought about the tale of a poor woodcutter who discovers the secret door to a cave full of treasures by uttering he words 'Open Sesame'.

His analogy was that Alibaba would open doors for SME's to find their own treasure and with the support and investment of 17 friends crammed into a tiny apartment, Alibaba was born.

The site let exporters post product listings that buyers could browse, and it started to attract members from all around the world. By October 1999, the company had raised $5 million from Goldman Sachs and $20 million from SoftBank, a Japanese telecom company that also invests in technology companies.

E-COMMERCE REPORT

Search for products, brands and categories

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amazon

Major Shareholders
16.92%
Jeff Bezos is the major shareholder with 16.92% of shares. Other major shareholders include the Vanguard Group, Blackrock Inc., Price T.Rowe Associates, FMR LLC and Capital World Investors.

History
1994
Year Amazon was founded as Cadabra by Jeff Bezos. It was renamed in 1995 as Amazon, the online bookstore.

IPO
$18
Amazon's first IPO was held on May 15 in 1997. The shares debuted at $18 and raised $54 million.

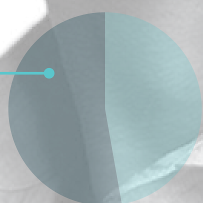
Services and products
Besides the range of services and products with the Amazon tag, Amazon has also ventured into physical products (Alexa and Kindle being the notable ones), partner eCommerce business like Junglee.com, and even retail chains like Whole Foods.

Market Cap
427bn
They have a market cap of 427 Billion, far beyond the market cap of Alibaba, which is 264.9 billion.

Operating Countries
Amazon has corporate offices, logistics and distribution centers all over the Americas, Asia, and Europe.

Employee Count
341,000
Number of employees.

Percentage of main markets controlled
53%
Amazon alone accounted for 53% of online sales growth in the US in 2016. Apart from this, Amazon accounted for 3% of the total retail volume in the US.



Direct traffic
2.2 bn
Amazon.com has a traffic of 2.2 billion per month.

Active buyers
310m
Amazon has a total of 310 million customer accounts and about 44% of them start product searches on Amazon itself.

Brand Trust metric
98.99 bn
Forbes estimates the Brand Value of Amazon as 98.99 billion USD,

Growth Rate
$136 bn
Over the past 4 years, from 2012 to 2016, Amazon's Gross Merchandise Volume growth (GMV) figures figures have grown from USD 61 billion to 136 billion.

Innovations
65m
Amazon's subscription service for expedited shipping and freebies, Amazon Prime, has 65 million paying members who spend about 4.6-times more money on Amazon than non-Prime members.

Payment platforms
33m
Pay With Amazon, Amazon's new digital payment service has 33 million users

ADD TO BASKET

Alibaba.com™

History
1999

Year that Jack Ma founded Alibaba in his apartment as a global wholesale marketplace.

Major Shareholders
7.8%

The majority shareholder is Softbank with 32.4% of the stock, followed by Yahoo with 16.3%, and then Jack Ma with 7.8%.

Services and products
Apart from its ecommerce platform, Alibaba has venture in digital payment services (Alipay), and cloud computing services.

Alipay

IPO
$25b

Alibaba's IPO was held on September 19, 2014. The shares debuted at a cost of $92.70. The IPO raised $25 billion for Alibaba.

Employee Count
50,092

Number of employees

Operating Countries
Alibaba have centers in China, Taiwan, US, UK, Italy, France, India, and Australia. However, their logistics wing ships to almost everywhere- US, Canada, Belgium, Denmark, France, Germany, Italy, Netherlands, Norway, Spain, and the UK.

Percentage of main markets controlled
11.18%

Alibaba, however, is a much larger player in their home turf- China. The Alibaba group accounts for 11.18% of the total retail volume in China.

Direct traffic
1.5bn

Alibaba's traffic is split into its many online stores that include Taobao.com with a monthly volume of 497.60M, Tmall.com with 261.50M per month, Alibaba.com with 108.60M per month, and the well-known Aliexpress.com with 633.90M per month. Alibaba Group's traffic volume stands at 1.5bn per month.

Active buyers
493 mn

Alibaba's marketplaces had 493 million monthly users as of December 2016, with 443 million active buyers.

Brand Trust metric
49.3 bn

and that of the Alibaba Group as 49.3 billion USD.

Growth Rate
$547 bn

Alibaba's growth rates have been higher- they've grown from USD 171 billion in 2012 to about 547 billion in 2016.

Innovations
Alibaba's most important and famous innovation is Singles' Day, an annual shopping holiday in China that they created. By several figures, it is the biggest shopping event in the world, even bigger than Black Friday

Payment platforms
400m

Alipay, Alibaba's payment platform is the world's largest mobile and online payment platform with 400 million users.

BUSINESS

Winning in the age of the consumer

Today's customer is more empowered because they can access information about products and services over the Internet. This means

> **Customer experience is the holy grail for many a companies today.**

Keeping customers loyal to their brands is one of the things keeping today's chief executive officers awake.

Given that products and services may be similar, companies are going out of their way to give their customers an unparalleled experience.

Attentive CEOs are aware that modern technologies have empowered customers. If a customer is not happy with a product or service, they will communicate their dissatisfaction with their followers on social media which allows competitors to pick them off with a better offer.

In years gone by, companies invested heavily in offering great customer service which is limited to assisting customers and meeting their needs. Although this is crucial to keeping a customer, it is only a fraction of customer experience. Customer experience encompasses their perception of a brand, a customer's interactions with a company, from start to finish.

As such, customer experience is the holy grail for many a companies today.

There are many methods that companies are employing to attract and keep customers loyal to their brands.

One way is through loyalty programs, which offers a combination of free gifts, exclusive discounts, information on early product releases, and points-for-product redemptions.

According to Steve Burnstone, CEO at Eighty20, a research and analytics company in South Africa, retailers benefit most when their loyalty programs partner with other industries such as banks, insurance firms or fuel stations.

"These loyalty program are a proven way to not just sustain market share, but to grow it. In most mature brands, over 85 percent of growth comes from their most loyal customers," says a KPMG report on Customer Loyalty.

In Kenya, supermarkets like Naivas, and Tusky's have loyalty cards that earn customers points each time they shop. Airline companies like Kenya Airways, who is a member of the Flying Blue loyalty program, have some of the most advanced loyalty programs.

Redeem miles

For example, KQ customers earn points (miles) every time they use the airline. Customers can redeem their miles for extra baggage allowance, upgrade their class, pay for hotel accommodation or rent a car with one of the Flying Blue partners.

Financial institutions such as KCB Bank are also taking the game to the next level. Three years ago, the bank launched the KCB Simba Points program to rewards existing customers for all the transactions they undertake. KCB customers accrue points for using internet banking, using the KCB mobile banking App or debit and credit cards.

In a research done by Nielsen on Global Retail Loyalty-Sentiment, more than eight in 10 global loyalty-program participants say it's very appealing to be able to earn rewards regardless of whether a purchase was made in store, on a website or on a mobile device.

How we reward our loyal customers

Charles Arunda, KCB Bank Senior Manager, Partnerships explains the bank's Simba Points program

Q: What are KCB Simba Points and how do they benefit your customers

A: KCB Simba Points is customer loyalty program designed to reward existing customers for various transactions they undertake including payments using KCB cards, deposits, loans, internet banking, mobile banking, KCB insurance, agency banking among others.

What are the objectives of KCB Simba Points?

Each program the bank invests in is driven by three core values; Inspiration; Simplicity; and Friendliness. With KCB Simba Points, KCB Bank was looking beyond the traditional banking relationship between our customers and the bank.

The aim was to encourage customers to opt for the best banking solutions and services.

Likewise, the program helps drive KCB Bank brand affinity and improve customer satisfaction.

How does KCB Simba Points work to increase value for the bank's customers?

Customers get real value when they redeem points they have accrued over time. The programme has entered into partnerships with service providers and utility companies to increase the number of avenues for point redemption. Customers can redeem points for cash, utility bill payments and airtime.

Who are some of the partners?

Our key partners include Safaricom and Airtel for customers to redeem points for airtime, fuel stations like Shell, bookshops, airlines, beauty outlets and hotels.

What are some of the key milestones of the programme?

This year marked the third year since the program was started, with a growing number of customers joining the programme. Today, the program prides itself for onboarding over one million customers translating to about 20% of the KCB Bank customer base.

Another key milestone is the introduction of more touch points to redeem Simba points for payment of utility bills (electricity, water, DSTv) and cash back to customers accounts. The process is seamless and convenient.

How effective are loyalty programs in ensuring customer-retention? How effective is KCB Simba Points in this regard?

With a record-customer base already enrolled in the program, KCB Simba Points is proving very effective on all fronts. Our customers who are benefiting from program have remained loyal to the bank and in many occasions referred family or friends to join.

What is KCB Bank doing to grow the program?

The bank will continue to build on the strengths of the program. In this regard, we will prioritise investments in innovation and technology to keep up with emerging trends and opportunities.

CUSTODY LOCKERS

Safe custody for your valuables and documents

For an annual fee of between KES4,000 and KES8,000, a KCB Bank customer can rent a safe deposit locker to store jewelery, family heirlooms and legal documents

The KCB banking hall at Delta Riverside does not look and feel like what customers are used to at the bank's branches around the country.

There are no tellers behind bulletproof glass scrutinising forms, ticking them, talking to customers and stamping forms.

The whir of currency counters is replaced here by soft music and the teller occupies not a counter behind a plate of thick glass but a room where customers are served as they have a cup of tea.

24 hours Notice that a KCB Bank customer gives anytime they want to access their deposit box

Behind a deceptively simple door, in a small room at the back that would easily pass for an ordinary storeroom, is one of the unique services this branch offers – safe custody boxes.

The boxes are basically a series of small lockers, each accessible via a door with two keyholes on the front and all within a strong, heavy and immovable safe that looks like it can withstand anything.

The offering for the boxes is rather simple and straightforward: all the customer's valuables are kept in a safe place, where they can be accessed conveniently and their safety is guaranteed.

"Our biggest selling point is the convenience and the fact that there is no tampering," says Kevin Bwaley, the branch manager.

"Our typical client wants to keep their jewelery safe or to have their important documents, like title deeds and certificates, in one place that they can easily access when they want," he adds.

Having a safe custody box means that valuables are stored in a place where they are secured from damage, whether accidental or intentional, as well as theft or robbery.

Safety lockers are not a service reserved for the wealthy. Anybody, including institutions can rent out the boxes so long as they meet the terms and conditions.

To get a safe custody box at KCB Bank, and there are a number of them in branches around the country, you must first be a KCB Bank customer. The boxes are also offered on a need basis, and that is why you are unlikely to find an advertisement or brochure about them.

There are three box sizes and a different annual rate for each: KES4,000 for the smallest, KES6,000 for the medium size and KES8,000 for the largest box. To get started, a customer is required to deposit KES5,000, which is refundable at the end of the service.

The customer then fills in a form with details such as names, account number, branch, addresses – and the alternative withdrawal mandate.

The alternative withdrawal mandate is important as it details the only other person that the customer trusts to access their custody box.

There are 31 custody rules and because these are many, it is important that the customer reads them keenly

and understands what each means.

The terms and conditions cover every aspect and any possible issue that can arise over the use of the custody box.

The matters addressed range from the nature of the materials that may be kept in the locker, what happens should the customer die to how the agreement between the customer and the bank can be terminated in case of a breach of the rules.

The contents in the box are kept at the risk of the depositor, meaning customers need to insure their documents and valuables. A bank official inspects contents to ensure they do not contain anything explosive, inflammable, harmful or illegal in nature before sealing and signing by the customer.

To access the custody box, a customer is required to give 24 hours' notice and on the material day, produce identification documents and a Safe Custody receipt. They also have to adhere to the banking hours.

At the branch, two bank employees accompany the customer to the room where the boxes are. The employee with the bank's key opens the lock, the customer then opens their part of the lock and the door of the locker swings open.

The customer is then left alone to store or remove their valuables. Before they leave, the employee turns the key on their side of the lock. Once the customer has finished, they can then lock the box and leave.

The terms also provide for what happens if a customer disappears, or fails to communicate with the bank for two years.

They state: "The Bank may deliver the package or pay the proceeds of disposal of the package to the Unclaimed Financial Assets Authority if fees on the Safe Deposit Box remain outstanding for two years and/or upon the depositor's failure to communicate with the Bank for two years."

However, the bank can open a customer's box following a court order.

Our typical client wants to keep their jewelery safe or to have their important documents, like title deeds and certificates, in one place that they can easily access when they want.

Alex Siboe, KCB Bank Head of Digital Financial Services.

BUSINESS

Driving the digital payments revolution

Alex Siboe, Head of Digital Financial Services at KCB Bank is set on taking the digital payments success story beyond Kenya to the other regions the bank serves. This, he says, will be achieved through development of payments ecosystem, policy and regulation, and building partnerships necessary for a successful Digital Financial Services implementation. He looks back at the journey the bank has taken and forecasts the future.

Q: What are Digital Financial Services?

A: Digital Financial Services, or DFS, is an organization set up to drive the fintech strategy for the bank. It was established bearing in mind that technology in continuously evolving and transforming the financial landscape of the regions, especially when it comes to digital financial services such as payments.

Take us through the bank's journey in terms of digital financial services

The history of the bank has grown from building channels that customers can use to access banking services from ATM cards, to partnerships with digital payment platforms. The essence of any bank is to facilitate payments which is what the bank has been doing successfully for over 100 years. Technology is fueling our growth, creating new opportunities and disrupting the way business has traditionally been conducted.

87%

87 per cent of our transactions occur on digital channels because customers are drawn to convenience

KCB Bank has been adept to responding to the expectations of customers, especially since they want things to happen instantly, and I think that also informs the success of mobile payments. We've responded well and now, the bank has about 14 million customers; 10 million having come in through technology.

Key milestones

We've cracked what the bank has been trying to achieve in terms of customer acquisition in record time.

Today we have almost 90% of our customers through mobile phone, we process around 100,000 loan applications daily and have seen our customer engagements increase.

What have been some of the challenges in this journey?

Competition increases daily with the entrance of more agile players and advanced technology and systems.

There are also regulations that are becoming more and more stringent in terms of control, the changing customer dynamics and security concerns as well.

However, we're on our toes and that's why we're investing in advanced technology and in training of our teams in order to change the way we work so as to serve our customers better.

We are also working more closely with the regulator and are studying our customers more intently to be able to cater to their specific needs and preferences; operating in the age of customization necessitates this.

How does the bank handle the security risks that come with payments integration?

Security concerns will continue to challenge the industry because people are investing more brainpower into navigating systems to gain access to funds illegally.

In that regard, we've bolstered our cyber-security measures to ensure that we protect ourselves and our customers.

From the network perspective, we invest in firewalls which guard anyone against entering our network.

From a database perspective, we use logins whereby we control and have a view on who is conducting what activity at any given time.

From a customer perspective, we've enhanced our KYC (Know Your Customer) in that we're able to attach the identity of a customer's phone to guard against attempts in reverse or social engineering.

We've also introduced a call back feature and a security SMS that is able to read and identify the customer.

Who are some of the payment integration partners the bank has collaborated with and why?

The success of the payments space lies in partnerships.

Partners such as Western Union, Moneygram, digital IMT's such as Transfer to or Send Wave, Mastercard, VISA, UnionPay, and players in the telecoms sector have all contributed to our success.

What are some of the trends the bank is investing in?

Digitization is here to stay and it will definitely cause further disruption.

As a bank, 87 per cent of our transactions occur on digital channels because customers are drawn to convenience.

Beyond that, big data analytics will help us understand our customers in more in depth manner. As it is right now, we already have a view of where, when and how they use their money.

The next step for us is to convert these statistics into behavioural information that we can leverage on when coming up with new products and services.

As a bank, we're interested in integrating with social media, so as to have a full view of customer trends and lifestyles to help us serve them better.

We also want to integrate the use of biometrics for face recognition and fingerprints to boost security.

We're also researching on blockchain technology to see which verticals can be supported and how we can prepare ourselves for the future.

What's new on KCB M-PESA?

Since the new platform went live, the uptime has been delivering a six sigma performance of the variability perspective as proof point of streamlined processes in order to ensure that the desired output of our processes is achieved every time.

With loan processing, the value has doubled since we went live, the platform is faster and customer experience has been enhanced.

Customer experience is enhanced and processing is faster.

Give us some insights on Vooma.

KCB Bank has a rich history of innovation and we want to lead this transformation from the front.

Vooma is the engine that we are using to drive this agenda into the future and that's why we're investing in people and getting the right technology.

It's the future of our banking technology as a bank that is building platforms, products and experiences that will advance our service delivery efforts in ways that positively impact the lives of our customers.

What will it take to exceed customers' expectations in a digital world?

We'll achieve this by focusing on the customer journey that we offer when they are in the process of accessing our financial services. Focusing on the user's story will help us in matching their expectations to our output and in delivering new, simpler and friendlier processes.

Vooma is the engine that we are using to drive this agenda into the future and that's why we're investing in people and getting the right technology.

Africa's best-kept secrets for travelers

It is the holiday season again, a time when most people will go for holidays to relax and unwind with family and friends. To help you narrow down your travel options, we have curated some of Africa's best hidden gems. This year, strive to take the road less travelled for an unforgettable experience.

Kenya

Wileli House

For those who love to 'indulge in nature', Wileli House and Wildlife Conservancy is just the place for you. This hideaway offers an unforgettable escape to one of the most tranquil places in Naivasha.

The conservancy also teems with wildlife such as buffaloes, giraffes, hippos, monkeys and zebras and has been described as a bird watcher's paradise.

Wileli House prides itself in offering exclusive and luxurious hospitality. There are six African inspired chalets all spaced out from each other, which means it will never be crowded.

Each of the chalets has a private balcony with a heated jacuzzi which allows you to soak under the African skies. The rooms are spacious and artistically decorated to blend in with the outdoors.

Guests can enjoy their meals on the beautiful manicured lawn outside the main house or at the restaurant.

Guests can also enjoy guided nature walks with accredited Kenya Wildlife Service guides and boat rides at Lake Oloiden (smaller adjacent lake) or Lake Naivasha.

Kenya

Samatian Island

Samatian Island is a private island which sits on Lake Baringo, which is known for its breathtaking sunsets, spectacular array of bird life, and is home to the Njemps fishermen.

Despite its magnificence, little of the tourist traffic from Naivasha and Nakuru makes it as far as Baringo, which makes Samatian the ultimate relaxation destination.

The island is home to the Samatian Island Lodge, a small and exclusive establishment. There are many activities to indulge in while at the island.

You can take a boat trip in traditional Sesse canoes to view the prolific birdlife.

Lake Baringo is one of the two fresh water lakes in the Rift Valley, the other being Lake Naivasha. The lake is home to numerous fish species which means visitors can try a hand in fishing. You can also throw fish for fish eagles, offering spectacular photographic opportunities.

Nature lovers can enjoy walks the top of Samatian to see the birds and plant-life.

The owners of the island also organise sundowners on the beach where you can sit and have a drink, light a fire as you watch the sun sink over the horizon.

Kenya

Maiyan Villas

Maiyan Villas, whose name is borrowed from the Maasai language meaning blessing.

Located about 20 kilometres north of Nanyuki, the Maiyan Resort offers a five star experience with the backdrop of Mt Kenya, the Aberdares and Lolldaiga hills.

The resort is spread across 146 acres of land which is said to be shaped like a piano. Maiyan offers a wide range of amenities such as the spa, a sports centre, a jogging trail and conferencing.

For those who enjoy the outdoors, there is cycling, fishing, horse riding and other water sports available. In addition, guests of Maiyan enjoy the spectacular outdoor dining with a wide range of African cuisine.

Maiyan provides a range of accommodation options from shared villas, to private ones. Maiyan was feted as Africa's top Luxury New Hotel in the 2018 World Luxury Hotel Awards.

Zanzibar

Pemba Island-

Pemba Island is a hidden gem, and part of the Zanzibar archipelago off the East African coast.

Often referred as the 'Green Island' due to its lush green hills and fertile land, Pemba Island is the perfect destination for travelers seeking less crowds, great dive sites, untouched coral and abundant marine life.

A trip to Pemba Island would not be complete without a visit to the Mantra Resort which has a floating unit in the Indian Ocean, with three levels including an underwater room offering a spectacular view of the marine world.

The floating unit is located in the middle of a living coral reef making it perfect for people interested in diving and snorkeling.

The two means of getting to Pemba are by air from Arusha and Zanzibar in Tanzania or on a two-hour ferry ride from Zanzibar.

Tunisia

Matmata underground houses

In the heart of the Sahara Desert, and bordering the Mediterranean Sea lies Tunisia, a country known for its ancient archaeological sites.

On the southern side of the country, there is a small town called Matmata with a population of slightly over 2,000 people. Here residents live in traditional underground structures which are constructed by digging one large pit in the ground, and then further artificial caves are dug to be used as rooms.

Matmata is famous in a way that fans of Star Wars may be familiar with. It is the home to Hotel Sidi Driss - the actual set for one of the shows Star's – Luke Skywalker's family house.

The underground caves are a major tourist attraction. Anyone wishing to travel to Matmata would need to catch an 8 hour flight from Tripoli.

Sao Tome Principe

Bom Bom Island Resort

São Tomé and Príncipe is a Central Africa nation that lies close to the equator, and has a population of slightly over 200,000.

Near the northern coast of the Island of Principe - one of the main islands of Sao Tome Principe - lies Bom Bom Resort. 'Bom Bom' means good in Portuguese, and this is all and more than what this island is about.

On one side of the Island is the restaurant, bar and marina which are connected to the bungalows and pool area by a beautiful wooden walkway.

While in this little paradise, you get to enjoy beautiful rock pools and an array of tropical fish.

Libya

Gaberoun Lake

At The Gaberoun Lake is an inspiring natural art formed deep in the Libyan Desert, which managed to survive the Great Sahara's harsh conditions and sand effects throughout the age

Gaberoun is approximately seven metres deep and lies majestically amidst sand dunes- with palm trees on one side and the ruins of an old village on the other side.

On the one side of the lake sits a tourist camp with a souvenir shop run by the dessert community.

For people looking to enjoy the Libyan dessert, October-May is considered the best time to visit since the temperatures are milder.

Lesotho

Sani Top Chalet

The Kingdom of Lesotho is a beautiful landlocked country surrounded by rivers and mountain ranges. With a population of about 2.3 million, and encircled by South Africa, the country is truly a beauty to behold.

Lesotho is great for adventure and outdoors lovers. Hiking, mountain biking and drives while enjoying the graceful views of the Drakensberg mountains and snaky paths through the Drakensberg Park is a lifetime experience.

The paths lead to the Drakensberg escarpment and at the border of Lesotho and South Africa lies Sani Top Chalet, a small rustic establishment, and home to the highest pub in Africa which stands at 2,874 metres above sea level; a very well-kept secret.

Access to this pub is only through off-road trucks and travelers are required to carry their passports; and travel between 8am-4pm when the border post operates.

South Africa

Kagga Kamma

The Kagga Kamma Nature Reserve is located in the southernberg mountains in the Western Cape, in South Africa, which is a three-hour drive from Cape Town.

In the reserve lies a gem - The Star Suite, a newly constructed haven best suited for outdoor lovers. This is a room like no other- an open air room set between rock formations. The suite, which accommodates two people at a time, offers a spectacular view of the wilderness and open skies for constellation enthusiasts.

In addition, the residents of the Star Suite get to enjoy an amazing outdoor shower, toilet and a rock pool. For a relaxing time, the suite also has a lounge and a fireplace which make the stay all the cozier and romantic.

While staying here, guests can enjoy various activities such as cycling, quad biking.

**Tell us about an exotic destination you have visited in Africa.
Contact: venturemag@oxygene.co.ke**

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BUILDING
SCHOOLING
GOAL?

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