

REPUBLIC OF KENYA



KENYA NATIONAL ASSEMBLY

ELEVENTH PARLIAMENT –THIRD SESSION

-----  
THE DEPARTMENTAL COMMITTEE ON ENERGY, COMMUNICATION AND  
INFORMATION

PROGRESS REPORT ON

THE INQUIRY ON THE INTRODUCTION OF THIN SIM TECHNOLOGY IN  
KENYA

Clerk's Chambers,  
Parliament Building's  
Nairobi

MARCH 2015

V. 6

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## 1.0 PREFACE

### 1.1 Establishment, Mandate and Powers of the Committee

The Departmental Committee on Energy, Information and Communication is established pursuant to the provisions of Standing Order No. 216, with the following terms of reference: -

- a) Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;
- b) Study the programme and policy objectives of Ministries and departments and the effectiveness of the implementation;
- c) Study and review all legislation referred to it;
- d) Study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;
- e) Investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House or a Minister; and
- f) Make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.

In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider Fossil fuels exploration, Development of energy, Production of energy, Maintenance and regulation of energy, Communication, Information, Broadcasting and Information Communications Technology (ICT) development and management.

### 1.2 Line Ministries over which the Committee exercises Oversight

In line with its mandate, the Committee oversees matters that fall within the purview of the Ministry of Energy and Petroleum and Ministry of Information, Communication and Technology.

## 2.0 Composition of the Committee

The Committee on was constituted on May 20<sup>th</sup> 2013. The current Membership of the Committee is as follows:

1. Hon. Jamleck Kamau, EGH, MP - Chairperson
2. Hon. Jackson Kiptanui, MP - Vice Chairperson
3. Hon. (Eng.) James Rege, MP
4. Hon. Zebedeo Opore, MP
5. Hon. (Eng.) Vincent Musau, MP
6. Hon. Roba Duba, MP
7. Hon. Joe Mutambu, MP
8. Hon. Fathia Mabbub, MP
9. Hon. Kanini Kega, MP
10. Hon. William Kisang', MP
11. Hon. Onesmus Njuki, MP
12. Hon. Esther Gathogo, MP
13. Hon. (Eng.) Nicholas Gumbo, MP
14. Hon. Richard Tongi, MP
15. Hon. Arthur Papa Odera, MP
16. Hon. Junet Sheikh, MP
17. Hon. Aburi Mpuru, MP
18. Hon. Aramat Lemanken, MP
19. Hon. Nicholas Ngikor, MP
20. Hon. Daniel Kazungu, MP
21. Hon. Banticha Abdullahi, MP
22. Hon. Mati Munuve, MP
23. Hon. Mithika Linturi, MP
24. Hon. Mohammed Elmi, EGH, MBE, MP
25. Hon. Racheal Amolo, MP
26. Hon. Mary N. Mbugua, HSC, MP
27. Hon. James Lomenen, MP
28. Hon. Ndung'u Gethenji, MP

## 2.1 Committee Meetings

The Committee held six Sittings, the first one being for setting the Committee's terms of reference for investigating and reporting on the matter of "Thin SIM" technology. Thereafter, the Committee met with representatives of Safaricom Company Limited for purposes of establishing the Company's position to the introduction of the Thin Sim technology. The Company had cited security reasons as the key shortcoming of the technology. The Committee also invited Equity Bank Limited, being the proponent of the technology to respond to Safaricom's reservations and also apprise the Committee on how the technology works.

The Committee further engaged the Communications Authority of Kenya (CAK) and Central Bank of Kenya (CBK) to seek their expert opinion on the 'Thin SIM' technology as the regulators of the telecommunications and banking sectors respectively. The Committee also met with the Cabinet Secretary for Information, Communication and Technology to also appraise it on the Ministry's position on the matter.

However, it has since been brought to the attention of the Committee that a case on the same subject matter, between KITUO CHA SHERIA VERSES FINSERVE AFRICA and OTHERS, under file number JR 472A of 2014 is pending before the Court, yet the same subject in under inquiry by the Committee .

The Committee therefore resolved to hold on its Report until the matter is concluded in Court pursuant to Standing Orders 89.

## 3.0 Acknowledgement

In my own capacity and on behalf of the Committee, I wish to sincerely thank the Offices of the Speaker and the Clerk of the National Assembly for the necessary support extended to my Committee in the execution of its mandate.

I further wish to recognize and thank all the Members of the Committee for their useful and immense contribution that led to the development of this progress report. The Committee also wishes to record its appreciation to all stakeholders who provided valuable information that enabled it to come up with its findings and recommendations. In addition, the Committee appreciates the Secretariat attached to it for the technical services which enabled the production of this Report.

#### 4.0 Presentation of the Progress Report

On behalf of the Committee, and pursuant to Standing Order 199(6), it is now my pleasant and honourable duty to present and lay on the table of the House the Progress Report of the Departmental Committee on Energy, Information and Communications regarding the Inquiry on the Introduction of Thin SIM technology in Kenya.

Signed.......... Date.....31/3/2015.....

The Hon. Jamleck Kamau, EGH, MP  
Chairperson, Departmental Committee on Energy,  
Information and Communications

## 5.0 Background Information on the Thin SIM Technology

As part of its oversight role, the Committee took the initiative to inquire into the issues surrounding deployment of Thin SIM technology in Kenya which they believed had a significant impact on the telecommunications industry and the general public at large.

In establishing facts, the Committee invited and engaged with some key stakeholders regarding their position on the deployment of Thin SIM technology in Kenya. Those invited were Safaricom, Equity Bank, the Communication Authority of Kenya, Ministry of Information, Communication and Technology and the Central Bank of Kenya.

## 6.0 Meeting with Safaricom Ltd

A Meeting with Safaricom Ltd held on 5<sup>th</sup> September, 2014, the Committee met with the management of Safaricom to shed light on the issues surrounding the introduction of the Thin SIM technology in Kenya. The Committee sought to establish the following from Safaricom management.

1. Whether the Thin SIM technology was safe to the users
2. Whether the thin SIM could intercept messages from the primary SIM card

## 7.0 Meeting with Chief Executive Equity Bank

On the same day 5<sup>th</sup> September, 2014 the Committee met with the Chief Executive Officer and the Managing Director of Equity Bank Ltd Dr. James Mwangi to shed light on their intension to deploy Thin SIM technology in Kenya and respond to concerns raised by Safaricom Ltd on the deployment of the Thin SIM technology in Kenya. In particular, the Committee sought to establish the following from the management of Equity Bank Limited:-

1. Whether the Thin SIM can access information on transactions made on the primary SIM.
2. Whether the Thin SIM card can interfere with the privacy of user's information.

3. Why Equity Bank had opted for the Thin SIM technology instead of deploying their own Primary SIM.

#### 8.0 Meeting with Director General Communication Authority of Kenya

On Friday, 9<sup>th</sup> September, 2014, the Committee met with the Director General Mr. Francis Wangusi, of the Communications Authority of Kenya. He briefed the Committee on the following issues:-

1. The possibility of the Thin SIM interfering with private data and information held in the Primary SIM during its operation;
2. Reasons why Equity Bank had opted for the thin SIM instead of the normal SIM;
3. The research tool that the Communications Authority of Kenya was using and whether or not they had conducted independent tests on the Thin SIM technology prior to its deployment; and
4. Whether or not the Communications Authority of Kenya had followed due process in awarding license to deploy Thin SIM technology in Kenya.

#### 9.0 Meeting with the Ministry of Information Communication and Technology

On 16<sup>th</sup> September, 2014 the Committee met with the Cabinet Secretary for Information, Communication and Technology Dr. Fred Matiang'i to appraise the Committee on the Ministry's views on deployment of Thin SIM technology in Kenya as proposed by Equity Bank through Finserve. The Cabinet Secretary made submission to the Committee on:

1. The National ICT Policy Guidelines of 2006 dealing with Telecommunications Services states ;
2. The ICT Policy on Telecommunications as a critical component for the development of the ICT industry;
3. The overall Government objective for the ICT sector is to optimize its contribution to the development of the Kenyan economy as a whole by ensuring the availability of efficient, reliable and affordable Telecommunication services throughout the country and

4. A key element of the telecommunication policy that attracts and stimulating investment.

#### 10.0 Meeting with the Governor of the Central Bank of Kenya

On 23<sup>rd</sup> October 2014, the Committee met the Governor of the Central Bank of Kenya on the following issues:-

1. The procedure of approval of new products/services in mobile money transfers; and
2. Approval status of the Finserve application for money transfer.

#### 11.0 Preliminary finding and observations by the Committee

- a. Arising from various meetings with the stakeholders in the telecommunications industry, the Committee has so far observed that the use of the thin SIM technology in the country is unique and that the technology is not being used in any other country for mobile money transfer.
- b. The Committee also noted that the matter under inquiry, is also subject of a Court case between **KITUO CHA SHERIA VERSES FINSERVE AFRICA and OTHERS**, under file number JR 472A of 2014.

#### 12.0 Conclusions

The Committee having noted that the matter is pending in Court and therefore considered *subjudice*, pursuant to the Standing Order 89 resolves to report to the House once the matter is dispensed with in Court.