

▶ IN THIS ISSUE

STARTUP NEWS

APPLICATIONS NOW OPEN FOR V8 GROWTH LABS ACCELERATOR



FUNDING

KENYA'S WAPIPAY RAISES \$2.2 NON-EQUITY PRE SEED FUNDING



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Lawyers Hub Kenya



Weekly

ISSUE 1 | AUGUST 9, 2021

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DATA PROTECTION NEWS:

ZIMBABWE

Zimbabwe on the cusp of finalizing data protection law

Zimbabwe's Cybersecurity and Data Protection Bill is headed for presidential approval after passing the Senate of Zimbabwe. The proposed law gives regulatory powers to the Postal and Telecommunications Regulatory Authority of Zimbabwe and includes amongst other provisions, the requirements for data processors and controllers, the rules for data collection, and the codes of conduct provisions for international data transfers.

KENYA

Safaricom to Hide Identity of Lipa na M-Pesa users

Safaricom; East Africa's largest Teleco, is set to introduce a feature blocking customer contact details when making mobile money payments through Lipa na M-Pesa to curb personal information being traded to advertisers or fraudsters. Privacy analysts applaud the move while merchants decry the inability to monitor and verify customer payments in order to facilitate the delivery of such goods or services.

Data Protection Training For Lawyers

Data Protection, Data Security and Compliance for lawyers.

24TH - 27TH AUGUST, 2021

NORTH COAST, KENYA

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adpi AFRICA DIGITAL POLICY INSTITUTE

LAWYERS HUB

MOMBASA, KENYA

Data Protection Compliance Training for Lawyers

The Africa Digital Policy Institute will be hosting the Data Protection Compliance Training for Lawyers on the 24th - 27th of August 2021. The training will be held at Pride Inn Paradise Beach Resort and Spa - Shanzu. 'All they Need to Know' on data protection, data security, compliance and how to handle litigation on data protection matters.

For more information contact trainings@lawyershub.ke or +254784840228.

UGANDA

Uganda Appoints New Data Commissioner

Uganda Finally has a National Data Protection Director, Ms Stella Alibateese has been tasked with the protection of personal Data in Uganda. Her appointment comes two years after the promulgation of the Data Protection and Privacy Act, 2019. Prior to her appointment, Ms. Alibateese was the Director, Regulations and Legal Services at NITA-Uganda where she led the teams in the development of Laws and legal instruments for regulation of the ICT Sector with a focus on deepening eGovernment in Uganda.

GDPR

Amazon hit with \$886M fine for alleged data law breach

Amazon has been issued with a \$886M fine by the Luxembourg National Commission for

Data Protection for not processing personal data in compliance with EU Law. This comes in the wake of mounting scrutiny of large tech companies due to concerns over privacy and misinformation ■

AFRICA LAW TECH FESTIVAL 2021

Digital Policy for Economic growth

THANK YOU!

www.lawyershub.org

COUNTRIES AT THE FESTIVAL

Kenya	Congo	Burundi	Germany	Mexico	Sweden
South Africa	Côte d'Ivoire	Senegal	Angola	Benin	Colombia
Netherlands	Ukraine	Malawi	United States	Jamaica	Belgium
China	Spain	Mauritius	Rwanda	Mozambique	Gambia
Tanzania	United Arab Emirates	Zimbabwe	India	Sudan	Morocco
Hungary	Emirates	Nigeria	Egypt	Algeria	Singapore
Burkina Faso	Ireland	Turkey	Cameroon	Somalia	Sao Tome and Principe
Peru	Ghana	Togo	Ethiopia	Djibouti	Korea
France	Namibia	United Kingdom	Zambia	Mauritania	
Austria	Canada	Italy	Australia	Pakistan	

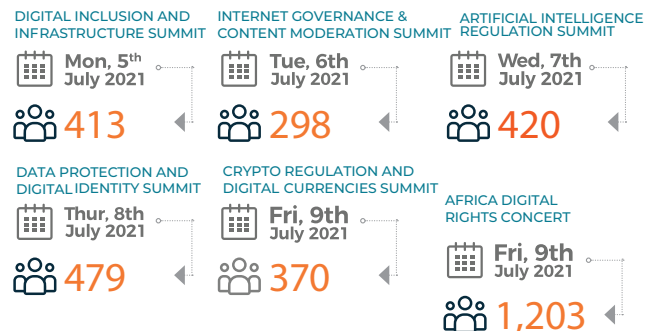
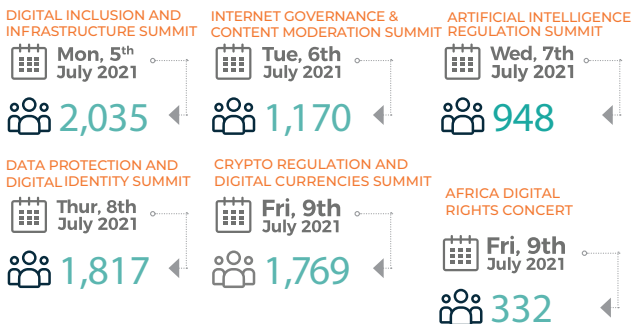
57

TOTAL NUMBER OF COUNTRIES REPRESENTED

ATTENDEES

 **Zoom in person**
(Unique attendees)

 **Live Stream**



 **7,739**
TOTAL UNIQUE ATTENDEES

 **3,183**
TOTAL LIVE STREAMS



213K TWEET IMPRESSIONS
18.5K TWITTER PROFILE VISITS

#AfricaLawTechFestival was among Top 5 Trending Topics on Twitter



Applications now open for V8 Growth Labs accelerator

■ Applications for the second edition of the V8 Growth Labs Accelerator Programme are now open. The three month long program, sponsored by V8 Capital Partners, offers African Founders access to mentorship, business development and up to USD50,000 in capital.

Apply [here](#).

NIGERIA

Key ecosystem players call for contribution towards Nigeria's Startup Bill draft

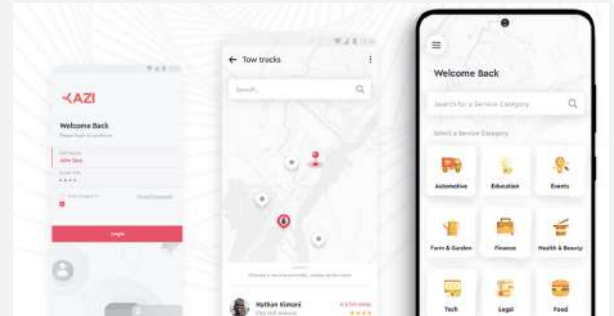
Nigeria's tech startup ecosystem and the Presidency have shared a call for contributions towards the first draft of the country's Startup Bill. The Bill is a result of a series of deliberations between key players and representatives of the Presidency that began in May of this year. Stakeholders recognise the potential of the tech ecosystem and are optimistic of the role that the law will play in achieving this potential for the betterment of Nigeria's economy.

Central Bank of Nigeria introduces additional licensing for financial institutions

The Central Bank of Nigeria will soon require companies offering payment switching and issuance services as well as mobile money solutions to set up a Payment Service Holding Company. The Guidelines define a Holding Company as one that manages equity investments of two or more companies that are payment service providers dealing in any two of mobile money operations, switching and processing, or payment solution services. The Guidelines stipulate an estimated fee of \$2,439 needed to set up a Holding Company coupled with additional licensing requirements, introducing new regulatory hurdles for the already burdened ecosystem.

KENYA

Kenyan Startup Kazi joins Catalyst Funds fintech accelerator cohort



■ Kenyan startup Kazi; a platform connecting skilled and casual informal workers with jobs on demand, has been admitted into the Catalyst Funds fintech accelerator's ninth cohort. The cohort consists of companies building solutions designed to improve resilience of underserved customers and communities. Catalyst Fund will begin exploring the opportunity for inclusive fintech innovators to enhance the climate resilience of vulnerable populations with the selected fintechs and the backing of PayPal. Nigerian startup Crop2Cash, and South Africa's Healthdart are the other African startups in the program.

FUNDING

Kenya's WapiPay raises \$2.2 non-equity pre-seed funding

Kenyan startup Wapi Pay this week raised \$2.2m in non equity pre seed funding. The fintech startup closed the round led by Nubank Investors to scale its Africa-Asia cross border payments product.

South Africa's Khula raises \$1.3m in seed funding

South African startup Khula raised \$1.3m in a seed round led by AECL. The AgriTech startup provides tools and platforms to support the growth of businesses in the agriculture supply chain.

Nigeria's Kuda Bank raises \$55m Series B funding

Nigerian fintech startup, Kuda Bank, has raised \$55 million in a Series B round at a valuation of \$500 million. The round was led by Target Global and Valar Ventures with the fintech eyeing continental expansion.

DIGITAL ID NEWS

African Union releases the Draft Digital ID Framework for Africa

Last week the African Union Commission (AUC) held a public consultation forum to receive submissions from stakeholders on the draft African Union Digital ID Framework. The framework aims to strengthen trust and interoperability between foundational identification systems of AU Members by developing an Interoperable Digital Credential (IDC). Following the engagement the Lawyers Hub submitted a 10 point memorandum to the AUC making recommendations to improve the framework. Read more about this below.

VerifyMe creates verifind to improve KYC in Nigeria

Nigerian start up VerifyMe has launched an additional tool, verifind, that uses GPS and Geo tagging to help customers verify their address by cross referencing them against government databases and increasing compliance with KYC requirements. Customers can consent to have their verified addresses stored on verifind address marketplace making future KYC compliance easier and cheaper.

ARTIFICIAL INTELLIGENCE NEWS

South Africa grants a Patent to an Artificial Intelligence System

The Companies and Intellectual Property Commission of South Africa has made headlines for granting a patent to an AI system, DABUS (Device for Autonomous Bootstrapping of Unified Sentience) for the creation of “a food container based on fractional geometry”. The application was rejected by both the US and EU patent offices, who stated that an AI lacks the legal capacity to be recognised as an inventor or exercise IP rights.

Facebook bans accounts of academic researchers looking into Political ads

This week Facebook disabled accounts associated with the New York University Ad Observatory and those of its researchers. Facebook claimed that the researchers scrapped data off the platform in violation of the platform's terms of service and a data agreement signed between the company and the Federal Trade Commission. Researcher, Laura Edleson however says the move is aimed at limiting research on flaws in facebook ad observatory and misinformation in political ads that was useful to both journalists and other researchers.

New research by Privacy International exposes how diet companies are misusing our data

Research by Privacy International shows that some diet companies may be offering the same plans to all users regardless of the data they collect. For example, when the app asks about your gender, weight, normal daily routine but eventually sells the same plan to all customers. In turn, the sensitive health data collected could be accessible to third parties.

BLOCKCHAIN & CRYPTOCURRENCY NEWS

AFRICA

Cryptocurrency ATMs grow by over 70% in the past half year

The number of Bitcoin ATMs has grown exponentially in the first half of the year with a global jump from 13,993 in January to 24,470 in August. The African continent has 20 Bitcoin ATMs compared to 10 in 2020. The figure is an indication of the Continents gradual uptake of cryptocurrency transactions.

WEST AFRICA

DuniaPay brings stablecoins to West Africa

DuniaPay, a full service banking application that provides access to financial services to African residents, has launched a new personal savings feature. The feature offers users over 8% annual interest in savings through cXOF, the stablecoin developed by DuniaPay on Celo's decentralised platform. cXOF tracks the West African CFA Franc, a currency used by Central and West African countries, allowing users to easily save money, earn interest, and transact globally.

INTERNET SHUTDOWNS

Keeping up with Internet shutdowns in Africa

Tigray has been experiencing an internet shutdown since conflict erupted in the region in November 2020. Last week on 29th July 2021 the #KeepItOn coalition led by Access Now called on the government of Ethiopia to restore internet access in Tigray. Similarly, there are concerns that the Zambian government intends to shut down the internet ahead of its election this year. This continues the worrying trend of internet shutdowns by authoritarian governments in Africa.

ICYMI (IN CASE YOU MISSED IT)

The Communications Authority of Kenya this week hosted a webinar on Child Internet Protection to mark the Safer Internet Day

<<https://www.youtube.com/watch?v=zecjnYKtweaw>>

Access Now hosted a webinar to discuss how to measure, document and circumvent internet shutdowns < <https://www.youtube.com/watch?v=aFIBrRXXm2E>>

Our Tech Policy Fellow Catherine Muya, spoke on ‘Thinking Globally acting Locally; Shaping the future of Global digital democracy through localized approaches’ https://www.youtube.com/watch?v=EkOj_rAyDjc

THE AU DEVELOPS A DRAFT INTEROPERABLE DIGITAL ID FRAMEWORK FOR AFRICA

Last week the African Union Commission (AUC) held a public consultation forum to receive submissions from stakeholders on the draft African Union Digital ID Framework. Presently, verifying identities issued in one AU member state in other states, whether online or in person, is difficult, reducing access to public and private services while limiting the continent's potential for economic development.

The framework developed with the support of different partners such as the German development agency GIZ, the World Bank, Smart Africa and UNECA, aims to strengthen trust and interoperability between foundational identification systems of AU Members by developing an Interoperable Digital Credential (IDC). The IDC does not replace IDs issued at national level but allows member states to designate foundational data that will be used to create the IDC. The framework proposes different models of the IDC such as Digitally signed credentials or digital wallets aimed at empowering people to have control over their personal data, including the ability to selectively disclose only those attributes that are required for a particular transaction.

The development of the IDC is geared to achieving the AU Agenda 2063 to unify Africa and have transformed economies. Tunde Fafunwa, the lead advisor at the United Nations Economic Commission for Africa states,

“Now is the right time, before countries have fully adopted a standard or rolled out an ID system, to understand the implications and align themselves more closely with The Pan African Trust Framework and the principles of interoperability.”

This comes at a time when the European Union is also unveiling plans to launch digital wallets that allow digital authentication of identity, reducing fraud, and bringing services closer to residents. Spain and Germany are also testing a crossborder digital ID.

CONCERNS

To begin with, digital ID systems are prone to cyber risks. In Estonia a hacker was able to exploit vulnerabilities in a government database and obtain personal photos, names and ID codes of over 280,000 estonians. The cybersecurity capacity of AU member states is worrying. For example, in October 2020, a hack compromising Uganda's mobile money network resulted in a financial crisis and temporary suspension of mobile money services. Similarly, South Africa's second largest hospital suffered a cyber attack that affected the hospital's operations during the Covid 19 Pandemic. Signe argues that Africa needs to improve institutional and co-ordinated mechanisms to mitigate cybersecurity threats.

Coupled with cybersecurity concerns are concerns with data protection among African states. To date only 8 out of 55 African states have ratified the AU Convention on Data Protection and Cyber Security. While plans are underway by the AU to develop a continental data policy framework, more steps need to be taken to realize data protection. Research across the continent proves that beyond regulation, Africa should focus on implementation and capacitation of



Now is the right time, before countries have fully adopted a standard or rolled out an ID system, to understand the implications and align themselves more closely with The Pan African Trust Framework and the principles of interoperability.

authorities as countries may enact legislation but lack political will to implement it. An example of such asymmetry between legislation and practice is seen in Togo. AFDEC reports that while Togo has ratified the Malabo convention and enacted a data privacy law, the interest is geared to aligning state policies with global practices and not necessarily safeguarding digital rights of citizens.

As extensively discussed during the consultative meeting, the draft framework presently relies on foundational data provided by member states. This includes data from civil registries, population registers etc. Research across Africa in countries like Kenya and Uganda, shows that existing identity systems exclude minority communities who will be further excluded by the proposed digital ID framework. There is thus a need to; learn from challenges in implementing digital ID systems and regulation like Aadhar in India, Nigeria and Huduma Namba in Kenya.

NEXT STEPS

According to the framework implementation roadmap developed by the AUC, the digital framework ought to be adopted by AU Policy Organs, the STC-CICT and AU executive Council by 2021. The overall implementation of the framework is set to begin by 2023. Given the gravity of the concerns raised by the framework, it would be wise for the AUC to extend the period for this roadmap.

Following the engagement the Lawyers Hub submitted a 10 point memorandum to the AUC making recommendations to improve the framework. While it is not clear if there would be follow up engagement with the AUC at this time, we can all prepare to engage with our national authorities when they consider the framework at national level.



REGULATING DIGITAL LENDING IN KENYA: WHERE THE CENTRAL BANK OF KENYA (AMENDMENT) BILL, 2021 FALLS SHORT

OVERVIEW OF LENDING IN KENYA

Digital lending is big in Kenya. A simple search of the word 'loan' on the Google Play Store reveals over 240 apps with Kenyans accessing on average 36 million in short term loans a month.

The uptake of these loans is driven by most citizens lacking collateral for deposit taking loans, coupled with the rapid adoption of mobile money and general use of mobile phones in the region, with 91% mobile penetration against the 80% African average.

Although these platforms create a promise of financial inclusion for the majority of Kenyans, it is often a clouded one. Exorbitant interest rates, data privacy violations, and the absence of a regulatory framework with clear avenues for redress has backed consumers into a corner.

The 2019 FSD Kenya FinAccess Survey found that digital borrowers are more likely to show signs of debt stress than other formal borrowers, with nearly 1 in 2 digital borrowers having to borrow more, sell assets, reduce expenditure on food or take a child out of school to repay a loan.

These digital lending platforms boast high interest rates with some averaging a staggering 521% annually compared to the bank lending interest rate of 12% per annum as of December 2020. On the other hand, digital lenders collect sensitive data including location, text messages, call records and more shockingly, a user's phonebook contacts; with some going as far as threatening consumers contacts upon default.

REGULATORY INTERVENTIONS

Attempts at regulating Kenya's digital lending landscape go as far back as 2018 with the publication of the Financial Market Conduct Bill (FIMCA). The Bill sought to promote a fair, non-discriminatory marketplace for access to credit

by establishing uniform practices and standards in relation to the conduct of providers of financial products and financial services, and regulating the cost of credit. The Bill also proposed the establishment of a statutory body; the Financial Markets Conduct Authority, granting it regulatory and supervisory powers. This move was shunned upon by many, with most faulting it for reaching into the Central Banks mandate through the proposed Authority.

The Central Bank of Kenya (Amendment) Bill, 2020 came to remedy this by expanding the Bank's jurisdiction to include digital financial products and services. This Bill never made it to the floor of the House, with no talk of it past the initial stages.

In a move to self-regulate, the Digital Lenders Association of Kenya (DLAK) has published its Code of Conduct. The Code of Conduct applies to DLAK's 17 members and seeks to create acceptable standards of conduct by all Digital Lending Institutions, all towards consumer protection and satisfaction.

“ The 2019 FSD Kenya FinAccess Survey found that digital borrowers are more likely to show signs of debt stress than other formal borrowers, with nearly 1 in 2 digital borrowers having to borrow more, sell assets, reduce expenditure on food or take a child out of school to repay a loan.

THE PROPOSED LEGISLATION

In April this year, Parliament published the Central Bank of Kenya (Amendment) Bill, 2021. The latest attempt at regulation seeks to; provide for licensing of digital credit service providers, who are not regulated under any other law.

Despite the clear objectives laid out in its memorandum, the Bill falls short in the following areas:

A. DEFINITION OF DIGITAL CREDIT

The Central Bank of Kenya (Amendment) Bill, 2021 defines digital credit as, a credit facility or arrangement where money is lent or borrowed through a digital channel.

From the reading of the definition, it is unclear whether the Bill seeks to regulate both deposit taking and non-deposit taking entities leveraging online platforms to provide access to credit.

The definition also fails to clarify if the amendments apply to all fintech platform financing entities including; fintech balance sheet lending, crowdfunding platforms.

The definition of digital credit can be summarized into three main elements:

- a. The aspect of lending
- b. The presence of an online platform
- c. The reliance on equity capital to fund the lending

The definition under the Bill misses out on one important element; the reliance on equity capital. This has the potential of subjecting fintech balance sheet lending, crowdfunding platforms and deposit taking entities such as banks operating through digital channels to additional licensing processes.

Take an online banking app that allows customers to access loans via the platform for example. Banks in Kenya are regulated by the Central Bank of Kenya as provided for under sec. 5 of the Banking Act. The Act requires that all institutions must obtain a license from the Central Bank in order to carry on business. One wonders whether licensed banks with technology enabled business models will be required to obtain the digital credit business license envisioned under the proposed law.

The proposed definition also brings crowdfunding platforms under the scope of the Bill. The Bank for International Settlements (BIS) recognises the existence of two types of crowdfunding platforms; loan crowdfunding and equity crowdfunding.

Debt crowdfunding allows funders (lenders) to directly lend to fundraisers or invest in debt obligations issued through a platform, while equity or investor based crowdfunding allows individual and institutional investors to invest in unlisted entities (issuers) in exchange for shares in the entity.

By its definition, the Bill proposes to regulate crowdfunding platforms; more specifically loan crowdfunding platforms that operate by lending.

B. LIQUIDITY REQUIREMENTS

The challenge in defining digital credit creates more loopholes around minimum liquidity requirements.

The Proposed Legislation gives The Bank power to set minimum liquidity requirements for digital credit platforms in its clause. 33R (c).

This provision cannot apply to non-deposit taking platforms as they do not engage in maturity transformation.

Brazil's Resolution CMN 4,656 is one of the few legislations

that provide for regulation of digital credit companies. As it stands, the Resolution does not permit these companies to raise funds from the public unless through issuing of shares. This model restates the nature of these platforms and the reliance on their own balance sheets to fund lending.

If the scope of digital credit is redefined to apply only to non-deposit taking digital credit providers, then the provisions under this clause cannot be applicable.

C. REGISTRATION AND LICENSING

The CBK (Amendment) Bill, 2021 requires that, any person who, before the coming into force of this Act, was in the-business of providing credit facilities or loan services through a digital channel and is not regulated under any other law, shall register with The Bank within six months of coming into force of this Act

There is need for a provision that allows entities access to restricted licenses in the event that the process takes longer than the 6 months envisioned under the proposed amendments. This is crucial in allowing business continuity while ensuring compliance.

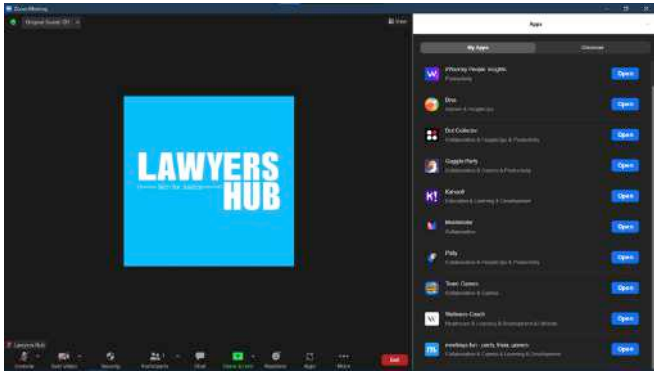
WHAT NEXT?



As it stands, the Bill provides the most foundational stages of regulation by recognising the existence of these unique financial institutions, and the need to properly define them before delving further into the procedures and requirements. The foundational stage on which the rest of the law is anchored is the most important. A misstep has the potential of creating a regulatory gap by prioritizing licensing while ignoring the interests of the consumer in a space where consumer protection is paramount.

Unless the Bill shifts focus by clearly narrowing down its scope, it fails to create a holistic regulatory framework that provides for straightforward processes and is anchored on consumer interests. This could have a negative impact on access to credit for a majority of Kenyans who are already underserved.

The future of digital credit in Kenya is dependent on a review of the Proposed amendments accompanied by consumer centric regulations focused largely on data privacy and regulated interest rates.



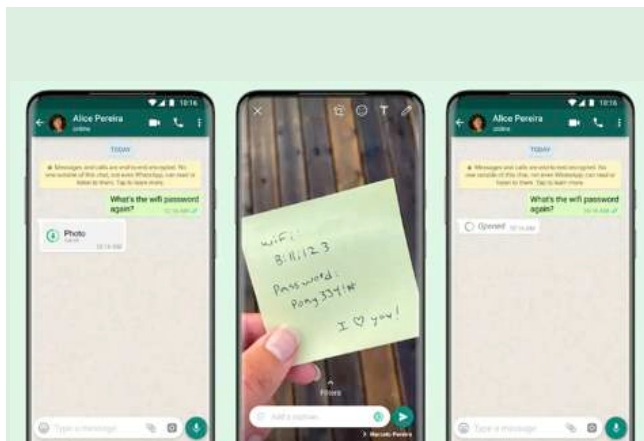
Zoom launches third-party Apps to make meetings more engaging

Zoom has rolled out an update on their desktop client which allows users to install third-party applications known as Zoom Apps. Zoom Apps embed third-party apps within the Zoom Meetings and desktop client experience. Zoom Apps combine productivity apps with video communications by allowing you to access them directly within your Zoom Meetings. Users can add to their Zoom experience with a variety of apps that cover many use cases — including white boarding, project management, note-taking, gaming, and more!

Gmail increases the time you have to unsend an email

Gmail has recently updated its features to increase the time withing which one can change their mind and unsend an email for the standard five-second window to a maximum of 30 seconds.

The feature is also made available on the mobile app.



WhatsApp Launches 'View Once' Feature that Lets You Send Disappearing Photos, Videos

WhatsApp now lets you send photos and videos that can only be viewed once by recipients. WhatsApp has been testing the 'View Once' feature for some time to essentially enable photos and videos to disappear from the chat after they are viewed by the recipient. However, it doesn't restrict people from keeping a record of the media content by simply taking their screenshots.

Photo Credit: WhatsApp

Apple set to start checking iPhone and iCloud photos for child abuse imagery

Following steps by other big tech companies like Facebook and Google, Apple is set to start testing a new system that will automatically match photos on iPhones and uploaded iCloud accounts and alert authorities as needed. While Apple emphasises that it will maintain a balance between safety and privacy, concerns have been raised by privacy advocates who cite that Apple is replacing its industry standard end-to-end encrypted messaging system with infrastructure for surveillance and censorship.



LAWYERS HUB MEMBERSHIP

Join our membership and be a part of a great community that includes legal and tech professionals, students, startups, organizations and government representatives. Over the past year, members have benefited through Networking Opportunities, Collaboration Opportunities, Invitations to speak at events, Mentorship, Access to the Lawyer’s Hub Innovation Space and to cutting-edge technology tools. This year, we have revamped our offers to make it even better and more accessible to many across Kenya & beyond our borders. These benefits include;

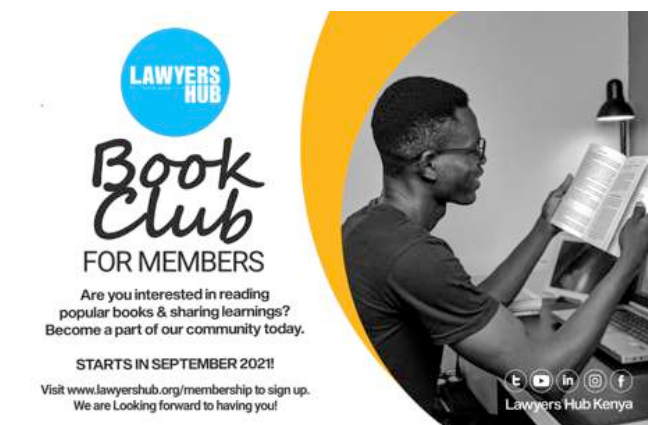
1. Coding For Lawyers

It is important for lawyers to learn the fundamentals of coding as the legal industry becomes more tech and data driven. The Lawyers Hub has taken the initiative to ensure that its members develop these skills by curating a coding course that is set to start on the 1st of October 2021.



2. Book Club

The aim of our book club is to bring together like minded individuals through shared learning in books, to understand diverse perspectives and increase our members' systematic reading habits, fostering growth by creating a safe environment to share or debate ideas. Applications to join are open as we prepare for the official launch in September 2021.



3. Dance Class

We care about our members’ mental health and fitness as these are crucial to everyone’s wellbeing. The Lawyers Hub hosts two choreographed dance classes every week that will tick all your mental health boxes in Upper Hill at Ack Garden House. You also get to network with working groups.

Your 1st dance class is on the house. Join us!



4. Discounts on Lawyers Hub Amenities

Have you been looking for an office to work from? Tired of working from home and need a change in work environment? Having issues with power or the internet? The Lawyers Hub has amazing deals on its amenities for members such as 10% discounts on virtual office, private office, hot desks, meeting and conference rooms, and event space with great features suited to help you take your business to the next level. We also have amazing deals on our media and events services for virtual, physical and hybrid events if you are looking to convene conferences, trainings, host webinars, launches, AGMs, you name it!

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