

## Njuguna Ndung'u: Consolidated Bank of Kenya's new look

Remarks by Prof Njuguna Ndung'u, Governor of the Central Bank of Kenya, at the unveiling of the Consolidated Bank of Kenya's new look, Nairobi, 4 June 2010.

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**Eunice Kagane, Chairlady, Consolidated Bank of Kenya Ltd;**  
**Mr. David Ndegwa Wachira, Chief Executive Officer, Consolidated Bank of Kenya Ltd;**  
**Board Members;**  
**Management and staff;**  
**Distinguished Guests;**  
**Ladies and Gentlemen:**

1. I am delighted to have been invited to this auspicious occasion of unveiling the new look of Consolidated Bank of Kenya. Allow me at this early juncture to commend the board, management and staff of Consolidated Bank of Kenya for their contribution in the growth of the institution from the reigns of the failed institutions of the 1980's to where it is currently. It is a stark reminder of our failures in the past and how we have managed to turn it into an opportunity. The re-branding identity is a significant development aimed at achieving this goal.
2. I am aware that Consolidated Bank of Kenya has come a long way since it was incorporated in 1989 under the financial sector reform program established by the Government with the objective of taking over and re-structuring various troubled institutions. The process of rationalising, reorganising and re-structuring of the failed institutions into a viable professionally managed commercial bank was initially expected to take about five years and thereafter its shares were to be sold to the public. However, the institution's mandate was changed in 2001 to operate as a fully fledged commercial bank offering a full range of both retail and corporate banking services.
3. The banking industry has become very competitive in the recent past and for you to compete effectively within your market niche you need to keep abreast of various innovative technological advancements that will support the service platform of your market niche. It is therefore important that this re-branding is seen not only in terms of a corporate identity but should also reflect an improved service delivery by the institution as well.
4. The Government of Kenya unveiled the country's development blueprint, "**Vision 2030**" in 2008. The vision for the financial sector is to "**Create a vibrant and globally competitive financial sector, driving high levels of savings and financing Kenya's investment needs**". To achieve this, the Banking Sector is expected to increase efficiency and banking services reach especially to rural areas to help drive increased domestic savings.
5. In this regard, it is imperative for stakeholders to explore mechanisms to deliver financial services and push forward the financial inclusion frontiers in tandem with Vision 2030. As a first step in pushing the initiative forward, the Banking Act was amended through the Finance Act 2009 permitting banks to use third parties (Agent Banking) to provide certain banking services on their behalf. I take this opportunity to urge banks to take advantage of the new provision. The agent banking model was designed to assist banks to lower their cost of offering banking services while at the same time improving their earnings as more Kenyans are offered an opportunity to access financial services.
6. The Kenyan banking Sector continues to perform well despite the global financial turbulences and challenges on the domestic front. The sector's total assets

increased by 21% from Ksh.1.20 trillion in March 2009 to Ksh.1.45 trillion in March 2010 whereas deposits increased by 23% to Ksh.1.14 trillion over the same period. Profit before tax for the sector increased by 33% from Ksh.12.8 billion in the first quarter of 2009 to Ksh.17.0 billion in the first quarter of 2010. This is remarkable, especially against the backdrop of domestic shocks and global financial crisis.

7. Despite the impressive performance by banks, customers still have to contend with high borrowing costs. Although many banks have responded to Central Bank's plea of lowering interest rates, it is our expectation that all the banks should follow to support the economic growth via the support of expanded private sector credit at an affordable cost. On our part, we should now ask the real sector to access and negotiate credit in line with their potential investment.
8. Finally, let me reiterate that Central Bank and indeed the Government of Kenya will continue to pursue policies that create a conducive environment for growth of the financial sector and encourage the provision of banking services to majority of the un-banked Kenyan population at affordable cost. For us to be successful in this, we need to support strong institutional growth and remove underlying constraints that inhibit growth and financial reach.
9. With these few remarks ladies and gentlemen, it is now my honour and pleasure to declare the new brand of Consolidated Bank of Kenya officially launched.

***Thank you and God bless you all.***