

## **Njuguna Ndung'u: National "Chomoa Coins" Campaign – importance of coins in Kenya**

Address by Prof Njuguna Ndung'u, Governor of the Central Bank of Kenya, at the launch of the National "Chomoa Coins" Campaign, Nairobi, 26 November 2012.

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**Mr. Richard Etemesi, Chairman, Kenya Bankers Association;**

**Mr. Habil Olaka, Chief Executive, Kenya Bankers Association;**

**Mr. Alfred Nganga, Chairman, Retail Traders Association of Kenya;**

**CEOs of Commercial Banks;**

**Chairmen and CEOs of Represented Supermarkets;**

**Distinguished Guests;**

**Ladies and Gentlemen:**

I am honoured to launch the 2012 National Coin Week, we dub it "**Chomoa Coins Campaign**" which starts today, November 26th and ends on December 7th, 2012.

As you are all aware, the Central Bank of Kenya is charged with the responsibility of ensuring availability of adequate currency, that is, Banknotes and coins, across the country. Pursuant to this mandate, the Central Bank of Kenya has over the years endeavoured to ensure that there is adequate supply of coins. However, in the recent past, last year to be precise, concerns started to emerge among members of the public regarding challenges in obtaining coin-change at retail outlets.

In response to these concerns, the Central Bank together with key stakeholders such as the Kenya Bankers Association (KBA), Supermarkets and the Matatu Owners Association, launched the *National Coin Week* initiative in July 2011. The campaign was very successful as members of the public brought out large amounts of coins into circulation, thus alleviating the perceived shortage. However, in the early part of this year, the momentum seemed to have waned and reports of perceived coin shortages have resurfaced again.

**Ladies and Gentlemen:** it is against this background that the Central Bank of Kenya has once again partnered with key stakeholders such as the Media, the Kenya Bankers Association (KBA) and the Retail Traders Association of Kenya (RETRAK) among others, to promote the re-circulation and use of coins. As mentioned last year, it is the view of the Central Bank that the current perceived shortage of coins could be addressed through circulation of the coins presently held by the public in their homes, tills, piggy banks, car pouches etc.

The purpose of the coin week campaign therefore is to:

- Sensitize the *Mwananchi* on the importance of coins in the economy;
- Encourage the public to exchange coins for notes;
- Promote the habit and culture of using coins in day to day transactions;
- But also encourage a cost-effective circulation of coins.

**Ladies and Gentlemen:** as you are aware, coins constitute low-value units of our currency structure and adequate availability at all times everywhere cannot be over-emphasized. Most of you must have witnessed situations at Points of Sale (POS) and retail outlets where token items such as sweets or matchboxes are offered in place of coin-change. This is a practice that we would like to see stopped. Coins should be readily available in all retail outlets to

ensure proper pricing and avoid undue retail price hikes or issuance of token items in lieu of coins.

The Central Bank through the commercial banks has continued to ensure that adequate quantities of coins are in circulation. As of today, the Central Bank of Kenya has issued into circulation over 1.31 billion pieces of coins in various denominations with an estimated face value of Ksh.5.1 billion. We believe these coins are more than adequate to serve the economy. In the month of October 2012 alone, CBK released 9 million pieces of coins into circulation, while in November 2012, a further 12 million pieces have so far been released, yet the challenges on coin circulation still persist in some segments of the market. It must be that it is the circulation problem in the country.

We believe that the bulk of coins are held by members of the public either in their homes, offices or car pouches or ***is it becoming expensive to make trips to the bank for coins?*** This trend seems to be continuing and we need to find a mechanism to end or discourage it. It is therefore clear that the problem of inadequacy of coins in circulation cannot be addressed by adding new ***coins*** but by ensuring that there is an efficient mechanism for re-circulating existing coins within the economy.

The 2012 National Coin Week has therefore been appropriately dubbed ***“Chomoa Coins”*** and involves a variety of media activities which have been mooted by the Central Bank, KBA, Supermarkets and the other key stakeholders. Besides educating the public on the importance of coins, the key campaign aims at:

- Encouraging the general public to utilize coins in making low value payments;
- Calling upon everyone keeping coins in homes, offices, cars etc. to instead circulate them by dropping them at designated change points in supermarkets and banks;
- Informing the general public and traders in particular that they have a responsibility towards their currency and should accept all legal tender coins that are in circulation
- Partnering with commercial banks for a most cost-effective way to ensure circulation.

The Central Bank in collaboration with all the stakeholders will continue to explore ways of addressing bottlenecks in the coin circulation system and strive to provide solutions. The Bank also encourages the development of innovative approaches and mechanisms, including use of technologies that facilitate the efficient distribution, exchange and circulation of coins.

May I also take this opportunity to thank all stakeholders for supporting this event.

***Ladies and Gentlemen:*** with these brief remarks, it is now my honour and pleasure to formally launch the 2012 ‘National ***“CHOMOA COINS”*** Campaign’.

Thank you and God bless you