

Njuguna Ndung'u: Currency Centres in Kenya

Remarks by Prof Njuguna Ndung'u, Governor of the Central Bank of Kenya, at the launch of Currency Centres in Kenya and the official opening of Meru Currency Centre, Cooperative Bank, Meru Branch, 19 August 2011.

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The Deputy Prime Minister and Minister of Finance, Hon. Uhuru Kenyatta; The Provincial Commissioner, Eastern Province, Ms. Claire Omollo; The MP for North Imenti, Hon. Silas Ruteere; His Worship the Mayor of Meru, Councillor Mr. Mwalimu John; The District Commissioner, Imenti North, Mr. David Cherop; The Chief Executive Officer, Co-operative Bank Kenya Limited, Mr. Gideon Muriuki; The Chief Executive, Kenya Bankers Association, Mr. Habil Olaka; Commercial Bank Chief Executives and their Branch Managers here present; Distinguished Guests; Ladies and Gentlemen:

I am greatly pleased and appreciative once again to witness another milestone achievement of the collaborative effort between the Central Bank of Kenya and the Kenya Bankers Association, that is , the launching of Currency Centres concept in Kenya and the official opening of Meru Currency Centre by the Deputy Prime Minister and Minister for Finance.

Honourable Deputy Prime Minister and Minister for Finance, the banking sector has undergone major transformation in the last five years in light of changing consumer needs. The most notable changes have been the rapid expansion of branch networks, increase in client accounts and in the number of Automated Teller Machines (ATMs) across the country, use of agents and mobile phone infrastructure by banks to provide financial services and increased outsourcing of cash processing and movement services. These developments have significantly impacted on currency circulation patterns in the country making it inevitable for the Central Bank and commercial banks to review how these operations can be conducted cost effectively.

Honourable Deputy Prime Minister, the Central Bank of Kenya in conjunction with the Kenya Bankers Association embarked on establishing Currency Centres two years ago. This was done as a way of supporting commercial banks to efficiently provide financial services in various regions of the country and reduce the distance over which cash is moved between one Central Bank Office and the upcountry branches of commercial banks. The main objective is to reduce cost of doing business.

Honourable Minister, the first Currency Centre under this initiative was established in December 2009 in Nyeri followed by Nakuru Currency Centre in December 2010 and Meru in February 2011. The three Currency Centres currently serve a total of 172 commercial banks' branches and account for over 12% of the total currency activities in the country. As the Banking Fraternity looks forward, the lessons learnt from these three centres will inform policy and strategies for the next phase of this initiative.

Honourable Deputy Prime Minister and Minister for Finance, in finalizing my remarks, allow me to express our appreciation to the Government for the continued support to the banking sector initiatives. Notable areas of these initiatives are: Mobile Financial Services Platform; establishment of Credit Information Sharing Framework, establishment of Agency Banking; operation of Deposit Taking Microfinance Institutions and more recently, the Cheque Truncation System. These initiatives have been rolled out under the background support of the Government and more specifically the Ministry of Finance. The Central Bank of Kenya in collaboration with the Kenya Bankers Association will continue working hard to make a positive contribution for the prosperity of our country and to make Kenya investors' financial hub of choice.

With these few remarks, it gives me great pleasure to invite the Deputy Prime Minister and Minister for Finance, Hon. Uhuru Kenyatta, to address this occasion, officially launch the Currency Centres Initiative in Kenya and formally open Meru Currency Centre.

Thank you