

Njuguna Ndung'u: Ongoing developments in the Kenyan financial sector

Remarks by Prof Njuguna Ndung'u, Governor of the Central Bank of Kenya, at the Kenya Institute of Bankers National Banking & Finance Conference, Mombasa, 3 July 2012.

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Hon. Robinson Njeru Githae, Minister for Finance;

Hon. Kenneth Marende, Speaker of the National Assembly;

Hon. Justice Willy Mutunga, Chief Justice of the Republic of Kenya;

Hon. Prof. Githu Muigai, Attorney General of the Republic of Kenya;

Mr. Richard Etemesi, Chairman, Kenya Bankers Association;

Mr. John Waka, Chairman, Kenya Institute of Bankers;

Chief Executives of Financial Sector Regulators here present;

Distinguished Guests;

Ladies and Gentlemen:

I am delighted to join you this morning at the onset of this landmark Conference. At the outset, I would like to thank the Kenya Institute of Bankers for inviting me to this forum. I also applaud all those who participated in organising this conference for their commendable efforts.

Ladies and Gentlemen: My task this morning is to invite the Minister for Finance to deliver his keynote address to this gathering and also officially open the forum. But before I do so, allow me to make some few remarks on the ongoing developments in the financial sector.

Over the last five years, the Kenyan financial sector has witnessed significant transformational developments. The Kenya Institute of Bankers has been on the driver's seat to spearhead these developments. Let me highlight a few of these developments:

- The growth of technologically enabled financial services, especially through the inter-linkage of mobile phone technology platforms and banking technology platforms;
- Increased regional and international expansion and connectivity of financial service players as well as increased market potential to the region;
- Increased market awareness of customer rights and the resultant emphasis on consumer protection; and
- Strengthening of oversight mechanisms to protect the integrity of financial systems. The operationalisation of the National Payment Systems Act and the Financial Reporting Centre amongst others will strengthen the integrity and stability of the financial system;

Ladies and Gentlemen: These developments present not only opportunities but also significant challenges. To be able to exploit the resultant opportunities and surmount the challenges, there is need to enhance the skills and competence of our human resources. It is therefore imperative that the Kenya Institute of Bankers and other capacity building institutions continuously interact with the market for their programmes to remain relevant.

Ladies and Gentlemen: Kenyan banks have taken the lead in positioning themselves for the expanded market of more than 100 million people in the five East African Community Countries. More than ten Kenyan banks have presence in the EAC member countries and beyond. Following the operationalisation of the Customs Union and Common Market, the

EAC member states are currently preparing for a Monetary Union. As part of this preparation, the EAC Central Banks are harmonizing their supervisory rules and practices while benchmarking to global standards. This will not only facilitate integration but will also position the region as a financial hub. To facilitate effective preparations for the monetary union, KIB should tailor its training programmes to satisfy the emerging needs of a dynamic regionally integrated financial sector.

Ladies and Gentlemen: Kenya's aspiration of being an International Financial Centre is already receiving a boost from the increasing interest by leading global banking brands. Over the last two years, four foreign banking institutions have opened Representative Offices in Kenya, with four others in the pipeline. These Representative Offices allow the foreign institutions to study the market with the aim of up-scaling to fully fledged banking institutions.

Ladies and Gentlemen, it is worth noting that capacity building by banks should not be a preserve of operational staff as has been the case traditionally, but should span across all cadres of staff including board members. In this regard, KIB should review its offerings to ensure that they cut across all levels from the Board to operational levels.

Ladies and Gentlemen, it is now my pleasure to welcome our Chief Guest, Hon. Robinson Njeru Githae, Minister for Finance, to deliver his keynote address and officially open the Kenya Institute of Bankers' National Banking and Finance Conference 2012.

Honourable Minister, you have the floor.