

## **Njuguna Ndung'u: Initiatives to foster the growth of the Kenyan SME sector**

Remarks by Prof Njuguna Ndung'u, Governor of the Central Bank of Kenya, at a breakfast meeting celebrating the long collaboration between Diamond Trust Bank and the International Finance Corporation (IFC) to support Kenyan SMEs, adding new focus on very small enterprises, Nairobi, 5 October 2012.

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***Executive Vice President and Chief Executive Officer IFC;***

***Jin-Yong Cai Chairman, Diamond Trust Bank Kenya Ltd;***

***Abdul Samji Managing Director, Diamond Trust Bank Kenya Ltd;***

***Mrs. Nasim Devji Board Members; Management and Staff; Distinguished Guests;***

***Ladies and Gentlemen:***

I am pleased to be here this morning and I thank Diamond Trust Bank for the invitation. This breakfast meeting is to celebrate the long standing collaboration of more than thirty years between Diamond Trust Bank (DTB) and the International Finance Corporation (IFC). Before making my remarks, I would like to congratulate Mr. Jin-Yong Cai on his appointment as Executive Vice President and Chief Executive Officer of IFC.

***Ladies and Gentlemen:*** As the world's leading private sector development institution, IFC has continued to support public policies and investments that create opportunities for the poor developing economies. The activities of IFC have helped developing countries register improved growth by financing investment, mobilizing capital in international financial markets, and providing advisory services to businesses and governments. In Financial Year 2012, IFC's investments reached an all-time high of more than USD20 billion, leveraging the power of the private sector to create jobs, spur innovation, and tackle the world's most pressing development challenges. This is how DTB's long-standing relationship with IFC has thrived.

***Ladies and Gentlemen:*** DTB has operated in East Africa for over 60 years starting off as a small financial institution in Mombasa. DTB's focus and commitment to enhancing convenience for customers through branch network expansion has driven the bank's growth in recent years and it currently has 79 branches in Kenya, Tanzania, Uganda, and Burundi. The bank became the first bank in East Africa to join the IFC Africa Micro and Small Micro Enterprises (MSME) Finance program in 2008 which provides advisory services to commercial banks seeking to expand their MSME banking services. I am also informed that DTB is working closely with the IFC Advisory Services program to strengthen its positioning in the MSME market segment.

***Ladies and Gentlemen:*** IFC became a shareholder of DTB in 1983 and has continued to support the bank throughout the thirty years. This is a testament of faith in the institution. IFC has availed over USD 75 million in funded and unfunded facilities and other forms of technical assistance to the bank aimed at supporting the bank's expansion plans and fund lending to small and medium enterprises. DTB in return has created a strong presence and market niche in Kenya and the EAC.

***Ladies and Gentlemen:*** For us in CBK, Financial inclusion is entrenched in Government of Kenya's Development Blueprint, Vision 2030 and lies at the core of the CBK's strategic actions towards implementing this Vision. I believe that banks and other financial institutions in the country will continue to play a key role as partners, agents, promoters and advisers to firms and households to enhance financial sector development and financial inclusion. We are glad that DTB is among the partners.

**Ladies and Gentlemen:** The Central Bank has also introduced initiatives to foster growth of the SME sector. These include creating instruments of financial inclusion appropriate for each market segment. Also among the initiatives are licensing of deposit taking microfinance institutions which currently stand at six, two credit reference bureaus (CRBs); introduction of Shariah compliant banking products, the hugely successful mobile phone money transfer services and the agency banking which boasts of more than 13,000 agents countrywide. These are financial SMEs. The initiatives have culminated into increased number of deposit accounts from 2.55 million in 2005 to 16.7 million in August 2012, with micro accounts growing from 2.14 million in 2005 to 15.8 million accounts at end of August 2012.

With these few remarks, **Ladies and Gentlemen**, I wish to thank the IFC for its continued support as we celebrate this long collaboration between IFC and DTB, which has a positive impact on our economic growth.

**Thank you**