

Patrick Njoroge: Transforming Kenya's financial sector

Speech by Dr Patrick Njoroge, Governor of the Central Bank of Kenya, at the launch of Barclays Centennial Celebrations, Nairobi, 12 February 2016.

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Good morning!

I am honoured by your invitation to witness this epic milestone. Today I proudly join Barclays Bank of Kenya (BBK) in celebrating 100 years in Kenya, a century of transformative contribution to the financial sector. It is indeed no mean feat and I congratulate you on this historic occasion. I envision the courage and tenacity of your founders on Nkrumah Road in Mombasa, armed with no more than capital and belief in the promise of this then remote frontier territory with rudimentary links to the rest of the world. This celebration is indeed a vindication of the faith and vision of those pioneers, from which later generations have benefitted enormously.

Over these 100 years, the world has changed, Kenya has changed, and Barclays has changed. From an enterprise largely geared towards serving the interests of the British colonial settlers, Barclays has grown into a modern and integrated financial services provider. In your middle age during the 1960s, you witnessed Kenya take its initial steps towards self-determination and eventual independence. Today, you serve a wide clientele through products and services that exemplify innovation and support the Kenyan entrepreneurial spirit.

At end-2015, Barclays was ranked fifth out of 42 banks, with a market share of 6.83 percent. Today the bank has more than 100 branches and 180 agents through strategic partnerships. These indicators capture the long and winding path that Barclays has traversed from its beginnings a century ago. I salute the board, management, staff and indeed all Barclays' customers, for these remarkable achievements.

To survive and thrive, Barclays has had to cope with global turmoil and numerous shocks. When your founders landed in Kenya, the First World War was raging, and the Second War would break out 23 years later. More recently, we have had to deal with the Global Financial Crisis, refugees, and terrorism.

But the world has also shrunk with globalization and advances in technology. When Barclays opened its first office, the Wright brothers had flown the first powered airplane in 1903, but the first non-stop transatlantic flight was still more than 10 years away. Since then, we have broken the speed of sound, put a man on the moon, and landed a robot on a comet after a 10-year journey covering 6.4 billion kilometres. Barclays has kept pace with the changing world and now has a truly global reach through its interaction with a network of other banks around the world.

As we celebrate the 100-year journey, we ask what the next 100 years will bring. Will Barclays continue to be inspired by the spirit and vision of its pioneers, or will it fizzle leaving behind no more than a memory of its glory days? Today more than ever, the spirit of the pioneers is needed. Paraphrasing Prince Faisal in the movie "Lawrence of Arabia," *young men make wars, and the virtues of war are the virtues of young men – courage and hope for the future. Old men make peace. And the vices of peace are the vices of old men – mistrust and caution.* Kenya is at a turning point, with vast opportunities but also significant risks. The banking sector has a critical role to play in taking a long-term bet on the country and supporting Kenya's economic transformation. This epic occasion offers the Barclays family an opportunity to recommit to a shared future, with hope and courage.

The financial sector in Kenya and in the region is at a critical juncture, and the challenges that it will face in the 21st century are truly herculean. Will Barclays rise to these challenges with the responsibility of a leader, treading boldly where others have not trodden? Today, questions abound about *the cost of borrowing and banking services, enhancing transparency and*

information disclosures, strengthening corporate governance and business models. Appropriate responses to these questions require courage and hope for the future, not mistrust and caution.

Ladies and gentlemen, the age of average is over. A globalized world is unforgiving and there is no room for mediocrity. A single rogue trader can bring about the collapse of a hundred-year institution. A globalized world allows only the thinnest of margins, and each customer has to be dealt with as if this was the only customer in the world. Each of us and our institutions have to be the best that we can be, renewing ourselves relentlessly as the pioneers did. We have to be nimble, quick to adapt to the rapidly changing world. In this, I again underscore the need for innovation. But you know you are in the right place – Kenya is and should remain a hotbed of innovation.

Ultimately, the greatest asset that Barclays has is its staff. Most of them are unsung heroes in the backrooms, cleaning crews, far-flung branches, etc. All dedicate themselves with professionalism, integrity, and a spirit of service. This is what all our institutions, including those in our banking sector, need to see and adopt. I applaud Barclays for its excellent staff and anchoring its business on a set of strong values, without which it would have been impossible to sustain growth and stability over a century.

Before I finish, I would be remiss if I did not mention that the Central Bank of Kenya (CBK) will this year mark its 50th anniversary. At this juncture, the Central Bank is at a point of reflection on its past successes and challenges in delivering on its key mandates including promoting the stability, access, efficiency and integrity of the banking sector. CBK will continue to take steps to further strengthen prudential regulation and supervision, with a view to supporting the continued safety, soundness and growth of the banking sector. This is in line with Kenya's aspirations under *Vision 2030* of promoting a sound, safe and inclusive financial system to progress towards a regional financial services hub.

As I close, I see Barclays standing with two roads diverging in front of it, and the last verse of Robert Frost's poem "The Road Not Taken" comes to mind:

*I shall be telling this with a sigh
Somewhere ages and ages hence:
Two roads diverged in a wood, and I –
I took the one less traveled by,
And that has made all the difference.*

I wish once again to congratulate Barclays on this milestone and look forward to many more successful years ahead. I wish you fruitful centennial celebrations.

Thank you!