

**SPEECH BY HON. UHURU KENYATTA, EGH, MP, DEPUTY PRIME MINISTER AND MINISTER FOR FINANCE, DURING THE OCCASION OF THE OFFICIAL OPENING OF THE FOURTH ANNUAL AITEC BANKING AND MOBILE PAYMENTS COMESA CONFERENCE ON 24<sup>TH</sup> FEBRUARY 2010.**

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**The Chief Executives of the invited banks,**

**Distinguished Guests,**

**Ladies and Gentlemen,**

1. I am very pleased to join you this morning and to officiate at the opening of the fourth annual AITEC and Mobile Money COMESA conference. The hosting of this two-day conference here in Nairobi, Kenya is a clear demonstration of our quest to be the financial hub for the region.

2. **Ladies and Gentlemen,** Kenya has made a big step in the utilization of modern technology to bring solutions to the many challenges facing the African continent. During the Mobile World Conference held in

Barcelona, Spain, Kenya was feted for her vibrant telephony sector by winning this year's Government Leadership Award with regard to her enlightened tax policies and liberalization of the international gateway. Safaricom was for the second year running voted as having the best Mobile Money Services in Africa.

3. **Ladies and Gentlemen**, as you may be aware, our financial sector is relatively advanced compared with other countries in the region, but the level of banking intermediation is still low compared to international standards. Currently our banking sector comprises 43 commercial banks, two mortgage finance companies and 123 foreign exchange bureaus. Additionally, we have two mobile money transfers by M-Pesa and Zap.

4. Similarly, other conventional banks have opened Islamic banking window which also offers shariah compliant products. Despite the progress we have made in the banking sector, we recognize fully the considerable potential to improve the depth and breadth of our financial sector to make Kenya a

competitive economy in the provision of financial services. While we focus on deepening reforms in the financial sector, the financial sector players should strive to promote innovations for their services among potential customers. And I hope this conference will try to broaden the awareness of the products you offer to make it understood and appreciated by the majority of potential customers.

5. **Ladies and Gentlemen**, we are aware of the additional responsibilities and the challenges the innovation such as the introduction of mobile money transfers present. On our part, at the Treasury, the Central Bank of Kenya and the Communication Commission of Kenya, we recognise the need to further strengthen our supervisory capacity in order to stay ahead of the curve. And we commit to rise to the occasion by providing adequate supervisory infrastructure and an enabling environment for conducting good business.

6. **Ladies and Gentlemen**, *increasing access* to financial services for more households, micro and small and enterprises continues to be our priority under our financial sector reforms, alongside *improving*

*efficiency and enhancing stability.* We have made some progress in this area with recent surveys (FinAccess 2007) showing that 27% of our active population have access to formal finance and 35% to informal finance. However, 38% are still excluded from accessing finance, emphasizing the need for the financial sector to serve more people so that a large segment of our population becomes financially included. To this end, the Government, in partnership with the private sector, has set a target of increasing access to formal finance from the 27% to 62%.

7. **Ladies and Gentlemen**, despite on-going global recession and financial crisis, it is gratifying to note that Kenyan banks have not been affected very much as we can observe from the positive end year results being posted by banks.

8. **Ladies and Gentlemen**, to ensure that our financial institutions remain robust to withstand any future global financial turmoil:

- The Government will continue to monitor carefully the liquidity and the availability of credit in the banking system, while implementing appropriate measures to deal with any stress in the sector.
- The Central Bank of Kenya will continue to strengthen its supervision of the banking sector. It will also work closely with other financial sector regulators in the capital markets, insurance and pensions sectors to improve the supervision of financial entities and closely monitor associated risks.
- The Government will continue to deepen financial sector reforms aimed at increasing access, improving efficiency and enhancing stability of the financial sector. We will leverage on these reforms to strengthening the industry structure to facilitate transformation towards well-capitalised, large-scale banks capable of intermediating at high levels.

9. **Ladies and Gentlemen**, in conclusion, I have no doubt that this conference is very timely and that it provides a unique opportunity for stakeholders in the financial sector to share knowledge and exchange

experiences on how best to promote financial diversity and inclusiveness to all sectors of the economy by introducing and incorporating mobile money transfers among other innovations.

10. **Distinguished Delegates**, On behalf of the Government of Kenya, I would like to thank our various presenters and panellists for accepting to facilitate our deliberations over the next two days. To this end, I would therefore appeal to all delegates to engage fully in these discussions and make the most of the wealth of knowledge generated in the conference.

11. **Ladies and Gentlemen**, with this remarks, it's now my pleasure and privilege to declare the fourth annual AITEC Banking & Mobile Payments COMESA Conference officially open.

**Thank you and God bless you all.**