

**OPENING REMARKS BY H.E. WILLIAM RUTO EGH, EBS,
DEPUTY PRESIDENT OF THE REPUBLIC OF KENYA DURING
THE CENTRAL BANK OF KENYA FIFTY YEARS OF CENTRAL
BANKING SYMPOSIUM HELD AT THE
RADISSON BLU HOTEL NAIROBI ON SEPTEMBER 13, 2016**

**Distinguished Guests;
Ladies and Gentlemen;**

1. It is indeed a great pleasure to be invited to speak today at this auspicious Symposium to mark the Central Bank of Kenya's Fiftieth anniversary. I take this opportunity to congratulate the Central Bank on this Golden Jubilee. Fifty years is certainly a period worthy of

celebration and an opportunity to reflect on the milestones attained, the lessons learned and what lies ahead.

2. Allow me, **Ladies and Gentlemen**, to extend my congratulations to the Bank of Tanzania and Bank of Uganda represented here today, who recently celebrated respective Golden Jubilees as well as to the Bank of Burundi and the National Bank of Rwanda who achieved this milestone in 2014. I wish the sister central banks continued success and happiness as they forge forward in the next 50 years and beyond.

3. Today, as we hold this Symposium, central banks are grappling with more challenges than ever before as well as increasing demands from the population. These include, for example, the pressures from

Brexit and the weak global economy and the challenge of strengthening the financial sector while supporting innovation and accelerating financial inclusion. The solutions to these challenges are not simple and require striking a delicate balance. However, this should not, diminish the joy of the celebrations. Indeed, I am pleased that this Symposium has brought together the best minds from stakeholders in the banking sector, policy experts, academicians, development partners and researchers. These are indeed the people best placed to deliberate and exchange ideas on difficult matters affecting Central Banking business.

4. **Ladies and Gentlemen**, I note with appreciation that today's event will discuss pertinent issues including financial sector stability,

monetary integration and financial inclusion. Central banking has become increasingly dynamic with globalization, use of technology in delivery of financial service, cross border banking and innovation, all leading to complex financial structures and posing new forms of risks to the achievement of Central Bank mandates. I am looking forward to this Symposium looking closely at these and other complex issues and identifying workable strategies to confront them.

5. In my remarks today I will reflect on what I believe to be the most significant achievements of the Central Bank of Kenya in the last decade, in supporting Government. I choose the last decade because it has been revolutionary for the Kenyan economy, and has transformed how we do business today. I hope to demonstrate that

the Central Bank has indeed played a key developmental role in the Kenyan economy and has supported the government well.

6. From the perspective of its functions, the Central Bank of Kenya has supported the Government's economic objectives in four main ways:

- **First, in sustaining macroeconomic stability.** The Bank has kept inflation under control thereby anchoring inflation expectations. The Bank has also delivered on stable exchange rates and interest rates, despite facing challenges emanating from the domestic and global scene. This stable macroeconomic

environment has supported economic growth and ensured improved welfare for Kenyans.

- **Second, in nurturing financial inclusion.** Kenya's Economic blue print Vision 2030, envisages a vibrant and globally competitive financial sector that drives high levels of savings and caters for investment needs. It is evident that the Central Bank has been at the forefront of financial development, in particular through supporting financial sector innovation and increased uptake in the use of technology in the banking sector, licencing new banks and ensuring stability of the banking sector. To stimulate long-term savings and reduce vulnerabilities, the Bank has facilitated this through expansion of agency banking model,

licensing and supervision of microfinance banks, expanded growth in mobile phone services and enhanced credit sharing information.

- **Third, in facilitating EAC inter-country trade and integration.** The Bank, working with the National Treasury, has facilitated and promoted trade through provision of efficient and advanced payment systems in the country and across borders, and putting in place legislation that has ensured smooth operations of the payment system. Locally the bank developed the Kenya Electronic Payments System in 2005 and partnered in the EAC region in the launch of the East African Payments System in 2013.

- **Fourth, in sourcing Government domestic financing requirement.** The Bank, as fiscal agent to the Government, has successfully raised the required resources to bridge the shortfall in the financing for capital projects in areas such as infrastructure, energy and agricultural targeted to improve the livelihoods of majority of the populace. In executing this function, it has also contributed to the deepening of the money and capital markets by lengthening the maturity structure of domestic public debt and developing and stabilising the yield curve which has provided a reference point for pricing private debt instruments and enhanced trading in the secondary market for Government securities.

7. **Ladies and Gentlemen**, you will agree with me that the financial sector in Kenya has remained vibrant and competitive. The sector continues to attract the attention of global banking sector players, which indicates the existence of unexploited business opportunities. Further, the continued adoption of the relevant international best practices, popularly referred as benchmarking to the frontier, by Kenya's banking sector positions it to effectively support the Government's aspirations in Vision 2030 and Government's development agenda.

8. All these achievements are indeed impressive and reason enough for celebrations. Indeed the percent of our adult population

that have access to formal financial services has risen from 26.7 percent in 2006 to 75.3 percent in 2016, surpassing the target of 70 percent set by Vision 2030 to be achieved by 2018. Further, Kenya's leadership position in the area of financial inclusion has been widely acclaimed. A recent report by the Brookings Institute assessed digital financial inclusion in 26 countries and concluded that Kenya is leading in that group, using indicators based on country commitment, mobile capacity, regulatory environment, and adoption.

9. **Ladies and Gentlemen**, it is noteworthy that the policy environment put in place by the Government aimed at supporting technological innovation has enabled improved financial access and inclusion. We should however not rest on our laurels. I urge the

Central Bank to work closely with the National Treasury to look into ways of ensuring universal financial inclusion for the prosperity of **all** our citizens. I am confident that the many experts gathered here for this Symposium will no doubt provide us with useful ideas towards this end.

10. Let me conclude my remarks by again applauding the Central Bank for carrying out its mandate effectively and for supporting Kenya's development agenda. I thank the Bank for organizing an inclusive Symposium, as one of the events lined up in celebrating its 50th anniversary. It is my belief that this Symposium will allow fruitful discussions about the main concerns of central banks and the financial sector as a whole, and also provide insight about the way

forward for the next 50 years. We are faced with much uncertainty in the global financial markets, with the main Central Banks in the world wading in uncharted territories. Central Banks must always be ready to act whenever required. Let it be, as has been in the last 50 years, the next 50 years.

11. With these remarks I declare this Symposium open and wish you fruitful deliberations.

Thank you and God Bless.

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