

# **CENTRAL BANK OF KENYA 50<sup>TH</sup> ANNIVERSARY CELEBRATIONS AT THE NAIROBI NATIONAL MUSEUM**

*Remarks by Mr. Henry Rotich, Cabinet Secretary, The National Treasury September 14, 2016*

**Your Excellency Hon. Uhuru Kenyatta, President of the Republic of Kenya, and Commander in Chief of the Kenya Defence Forces;**

**Cabinet Secretaries;**

**Principal Secretaries;**

**Governor of the Central Bank of Kenya;**

**Distinguished Guests;**

## **Ladies and Gentlemen:**

1. It is indeed an honour to witness your Excellency President Uhuru Kenyatta preside over this important milestone in the history of the Central Bank of Kenya. I feel very honoured to be part of this event, both in my current capacity, but also having worked for several years as a staff member of the Central Bank.

## **Your Excellency,**

2. My task here today is very brief. It is to invite Your Excellency to grace this important occasion for the Central Bank of Kenya and indeed for the whole nation. But before I do that Your Excellency, and with your permission, allow me to make a few remarks.

3. As we may be all aware, the CBK was born out of the limitations of its predecessor, the East African Currency Board in the 1960s, which had proved itself unable to meet Kenya's needs as the country embarked on establishing itself as the region's growing financial and economic hub. A key element of this process was Kenya's need for monetary and financial independence which required the deployment of a variety of monetary tools to ensure efficient operation of the monetary system.

4. The Central Bank of Kenya was thus established in 1966 through an Act of Parliament, the Central Bank of Kenya Act of 1966. But Kenya was not alone, in this desire to have independent monetary and financial policies. Uganda and Tanzania had similar

aspirations, thereby occasioning the demise of the East African Currency Board (EACB) in 1966.

5. Since then, successive Governments have recognised the importance of a stable Central Bank, which is why in its 50-year history, the Central Bank has had a smooth change of guard of its leadership, each of whom have, in their unique ways, contributed to the evolution of Kenya's monetary policy and the successes we witness today. Some of the former Governors may not be here today, but allow me **Your Excellency**, to ask those present to stand up so that we can acknowledge them.

6. **Your Excellency**, the Central Bank of Kenya is the banker to the government, a service it has continued to perform with distinction and efficiency, maintaining various accounts for Government ministries. With the coming on board of county governments and the introduction of internet banking, CBK is now able to offer these services far more efficiently, unlike 50 years ago when mobile phones and the internet did not exist.

7. CBK's mandate has for the most part remained the same over the past 50 years since it was founded in 1966, but the policy implementation framework has been subject to refinement to ensure it remains efficient, and effective to deliver the bank's objectives in a changing financial and economic environment. CBK's ability to adapt

to these changes can be seen in how the Bank handled the turbulent times in the late 1980s and early 1990s as well as the global economic and financial crisis of 2008. The Bank adopted changes in the way it implemented its monetary policy, including the introduction of new instruments. These measures gave the CBK more flexibility in controlling inflation.

8. **Your Excellency**, I wish to thank the CBK Governor, Dr. Patrick Njoroge, and his team, for tightening regulation of banks and enforcing market discipline in the banking system. The recent measures taken to address the challenges faced by the three banks was painful but necessary, and I would like to assure the CBK of The National Treasury's continued support as the banking sector enters a

“new normal”. Even as CBK begins the journey to its centenary, stability of the banking sector and effectiveness and efficiency of the national payment system is essential, given the continued commitment of the Government to deepen the financial sector.

9. Lastly **Your Excellency**, let take this opportunity to express our gratitude to you for the guidance and support that you have accorded us in implementing the economic and monetary policies that have made Kenya a dynamic and innovative financial hub not only in the region, but also in Africa.

10. With these remarks, **Your Excellency**, it is now my honor to invite H. E. the President to make his address.

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