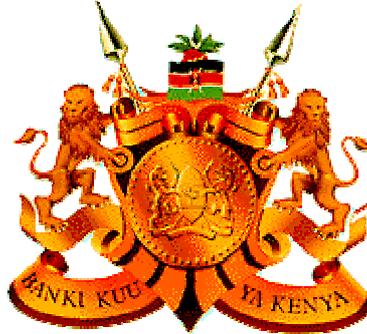


# **CENTRAL BANK OF KENYA**



Opening Remarks by

**PROF. NJUGUNA NDUNG’U  
GOVERNOR  
CENTRAL BANK OF KENYA**

at the

**JOINT CMA/CBK/RBA/IRA BOARD MEMBERS  
SEMINAR ON COLLABORATION AMONG DOMESTIC  
FINANCIAL SECTOR REGULATORS**

*The Great Rift Valley Lodge, Naivasha  
Monday, July 20, 2009*

**Board Members,  
Colleagues,  
Ladies and Gentlemen:**

1. I am happy to be with you during this important workshop on Joint Collaboration between the Domestic Financial Regulators.
2. At the onset, allow me to congratulate the Board and Management of CMA for hosting the 2nd Joint meeting for Board Members of Domestic Regulators.
3. I am informed that the first Joint Board Meeting which CBK board members did not get an opportunity to attend was fruitful. The proposals that were made which include formation of a Technical Committee and drafting of MOU to be signed by the four regulators are being implemented.
4. In this regard, I would like to take this opportunity to share with you a few thoughts on the need for collaboration among regulators. First, I must commend all the board members of the four regulators for the important role you play in ensuring overall financial stability.
5. As you are aware our financial sector is becoming interconnected. Our experience in Central Bank is that banks are rapidly spreading their footprints across other sectors of the economy which are under supervisory purview of CMA, RBA and IRA. Similarly, financial institutions have expanded in the region as competition intensifies and as they follow their customers who are also expanding their bases regionally. On the other hand, Kenya is also seeing an influx of financial institutions from other regions. With these developments, the need to strengthen our cooperation and partnership is therefore imperative.
6. The ongoing global financial crisis has only served to underline the inter-link ages of financial system. Financial Regulators must therefore take a consolidated and co-ordinated approach to the supervision of financial institutions with cross sector and cross border operations. The sharing of information among the regulators is one way of promoting financial stability and therefore I take this opportunity to urge all of you to support

the initiatives being driven by the Technical Committee on Collaboration among the Domestic Regulators. I trust that the draft MOU which I am informed is already circulated to all the CEOs of the four regulators will soon be executed to cement this collaboration.

7. Let me end with some examples of financial developments that tie us together increasingly into the future and gives the MOU some important strengths and implications: One is the Bond Market where we rely on CMA for approvals and regulation; but we also rely on IRA and RBA are they regulate those who invest in us. Secondly, the market development requires new products to be licensed as the market innovates. Bancassurance is one such product and I am sure others will be developed that cut across and require revisions of the regulatory rules and procedures. Finally, for us to make sure we have adequate information symmetry, the CBK will require that you support our Credit Reference Bureau information capital building. This is what will shape our market in future.
8. Being cognisant of the onerous task ahead of us, I shall not extend my remarks any further.

**THANK YOU FOR YOUR ATTENTION**