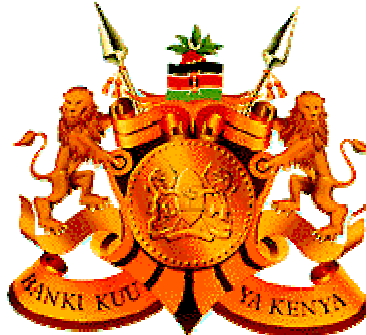


CENTRAL BANK OF KENYA



Remarks by

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

at the

**LAUNCH OF KOINANGE BRANCH OF PARAMOUNT
UNIVERSAL BANK LTD.**

KOINANGE BRANCH

Friday, October 23, 2009

Chairman;
Managing Director,
Board Members;
Management and Staff;
Distinguished Guests;
Ladies and Gentlemen:

1. I wish to begin by thanking the Board and Management of Paramount Universal Bank Limited for extending this invitation to me to preside over the official opening of Koinange Street Branch. It is indeed an honour and privilege this evening for me to join hands with the Board, management, staff and customers of Paramount Universal Bank in celebrating the launch of this new Branch.
2. Paramount Universal bank has come a long way. The opening of the new branch is part of a long journey in the bank's programme of expansion and growth and marks a milestone in the life of this bank as we witness the birth of a new Branch. I am sure many more will come as the bank expands its market niche.
3. The bank is also launching a new product, FreeNo Account, which is open to all and is unique in the market, as it does not attract any charges. The launch of the product is a very important and laudable move, as it shall encourage the poor and majority of Kenyans who are generally very sensitive to charges at whatever level to access banking services.
4. In the world we live in today, the customer is the king and as a result the delivery of quality services and tailor made products is key to success of any bank. The paradigm shift is occasioned by knowledge facilitated by developments in the communication sector and products in the market place. It is therefore important that banks strive to reduce costs and increase efficiency in order to offer the required products and compete effectively. This will lower unit costs, lower lending rates and raise deposit rates as well.
5. To enhance access to financial services, the Central Bank together with the other stakeholders are working on a legal framework that will enable banks to carry out branchless banking through the use of third party agents such as

SACCO's, microfinance institutions, retail outlets and petrol stations. It is expected that once the process is completed, the level of access to financial services by Kenyans will improve.

6. In spite of the local and global hiccups experienced in the last two years, I am happy to note that the Kenyan banking sector continues to register good performance in all parameters in the eight months to August 2009. The good performance of the sector is achieved in the background of severe drought and high inflation occasioned by high food prices. The impressive performance has been made possible by the prudent risk management and adherence to the banking regulations, which is supported by sound legal and regulatory reforms that continue to be put in place in line with best practice. We are happy to note that our commercial banks have been achieving highest level of compliance.
7. While commending the performance of the banking industry to date, I take this opportunity to challenge all banks to lower their lending rates to support private sector lending and investment. By lowering the interest rates, banks will not only support economic activities but will also assist the poor both in the rural and urban areas to improve their living standards by engaging in income generating projects. In addition, lowering lending rates will reduce the risk of defaults and encourage more participants to enter the market. Central Bank has shown the industry the way by the recent successive reductions of the Central Bank Rate and Cash Reserve Ratio.
8. With these very few remarks ladies and gentlemen, it is now my honour and pleasure to declare Paramount Universal Bank – Koinange Street Branch – officially opened and the FreeNo Account officially launched.

Thank You and God Bless you all.