

CENTRAL BANK OF KENYA



Remarks by

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

on the

OCCASION OF THE IFC/FT SUSTAINABLE BANKING AWARDS DINNER

*Intercontinental Hotel, Nairobi
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**REMARKS BY PROF. NJUGUNA NDUNG’U, GOVERNOR, CENTRAL BANK OF
KENYA DURING THE INTERNATIONAL FINANCE CORPORATION/FINANCIAL
TIMES SUSTAINABLE BANKING AWARDS DINNER AT INTERCONTINENTAL
HOTEL, NAIROBI ON 12TH FEBRUARY 2009**

Mr. Lars Thunell, Executive Vice President and Chief Executive Officer, IFC;

Jean Philippe Prosper, Director, East and Southern Africa, IFC;

Distinguished Guests;

Ladies and Gentlemen:

It is my joy and pleasure to join you this evening on the occasion of the International Finance Corporation (IFC)/Financial Times (FT) Sustainable Banking Awards Regional Dinner. Let me start by thanking IFC for inviting me to this prestigious meeting. Allow me also to commend the IFC and the Financial Times for this initiative. I am indeed informed that the Awards have grown from strength to strength since their launch in 2006. In this regard, a new Award for Banking at the “Bottom of the Pyramid” has been introduced in 2009. I am advised that this new award will reward those that address the estimated four billion people in the world that live on less than two dollars a day. That is, reward those who provide financial reach downstream as I describe it in Kenya.

Sustainable banking is more than ever before in sharp focus, particularly in view of the ongoing global financial crisis. Financial institutions are increasingly being called upon to incorporate social, environmental and corporate governance considerations in their operations. Banking is no longer just about financial value, it is increasingly about creating social and environmental values as well as providing consumer protection. The role of the market, the regulator and consumer protection are becoming important with the current global financial crisis.

Ladies and Gentlemen: The introduction of the “Bottom of the Pyramid” award is timely as we stand today. A vast proportion of the African populace is under-served or even totally unserved by financial institutions. To tap this “mass of under-banked and un-banked market”, financial institutions must come up with innovative products that cover them and are reflective of their needs. I therefore commend IFC and the Financial Times for introduction of this award.

The “Bottom of the Pyramid” has specific characteristics that require specific products consistent with them. They need services to support their savings, as safe havens, they need low barriers to entry in that market; they need low or no

costs for maintaining their accounts. But they provide a mountain of deposits that rarely move. The CBK will strive to support those banks that target this downstream market with the requisite risk management culture inculcated in their operations and of course infrastructure that lowers costs.

Ladies and Gentlemen: Beyond embracing sustainable banking, financial institutions should also incorporate sustainability reporting in their public disclosures. Regulators set the minimum disclosure requirements and banks are urged to go beyond these requirements and embrace emerging trends such as sustainability reporting. The Central Bank of Kenya has indeed discussed the issue of sustainability reporting with the Kenya Bankers Association (KBA) in the recent past. I was therefore pleased to note the launch of a sustainability report late last year by one of our leading Kenyan banks.

In closing, I would therefore urge banks in the region, some of which are represented here to submit their entries for these important awards. It is only by being benchmarked against other entities in the region and globally that our banking sector can move to new frontiers of innovation, competitiveness in their market niche, transparency and growth. I wish you all a very fruitful and enjoyable evening.

Thank You