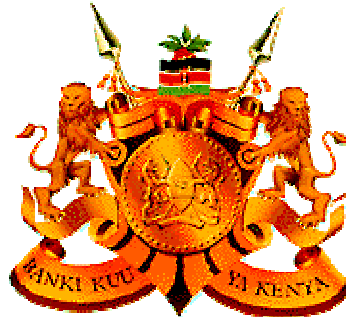


CENTRAL BANK OF KENYA



Remarks by

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

at the

**OFFICIAL LAUNCH OF BANK OF BARODA’S E-BANKING
SERVICE**

*Serena Hotel, Nairobi
December 20, 2010*

Mr. Rajiv Bakshi, Chairman, Bank of Baroda (Kenya) Ltd;

Mr. Arun Shrivastava, Managing Director Bank of Baroda (K);

Board Members of Bank of Baroda (Kenya) here present;

Management and staff of Bank of Baroda (Kenya);

Distinguished Guests;

Ladies and Gentlemen:

1. I am very delighted to join you this evening for the official launch of Bank of Baroda's Transaction-Based E-Banking product. I am informed that this new product will enable the institution to serve its customers more conveniently by providing them with a fast, reliable and secure way of conducting various financial transactions.
2. **Ladies and Gentlemen,** allow me first to commend the board, management and staff Bank of Baroda (Kenya) for the introduction of this new product that will enhance service delivery to its customers. The launch of Transaction-based E-Banking demonstrates the bank's commitment to financial innovation and to use the technological platform to provide services to your customers cost-effectively.
3. The product being launched today is expected to play a significant role in expanding access to affordable financial services by the

general public as it will ultimately result in reduced banking costs to the bank's customers. With advancement in technologies, public awareness and ease of use, e-banking has become a preferred mode of banking rather than an alternate channel.

4. It is noteworthy that since its local incorporation in September 1992, the bank has progressively grown its branch network to 10 branches. I also note that as at October 2010, the bank had an impressive asset portfolio of Kshs.31 billion and customer deposits of Ksh.23 billion, supported by a strong capital base of Ksh.2.6 billion. This indeed shows the level of confidence that the board and the management of Bank of Baroda (Kenya) have in the Kenyan Market.

5. **Ladies and Gentlemen,** I am encouraged by the way the local banking sector is embracing technology and demystifying the mobile and internet banking services. The rolling out of such innovative products will immensely contribute in deepening the financial sector and thus support the country's vision 2030. It is through financial deepening that a majority of the Kenyan population will access financial services conveniently and affordably.

6. The Central Bank of Kenya in partnership with the banking sector, is currently focusing on initiatives aimed at reducing costs of doing

business for banks with the primary aim of bringing down costs of financial services. In addition to developing innovative products, the other major initiative towards cost reduction and financial inclusion has been the introduction of Agent Banking. The CBK has so far licensed four banks to carry out agent banking business and approved 8,809 specific agents since the roll out in May 2010. The rollout of the agent banking model is mainly aimed at addressing the challenges of high transaction costs arising from the lack of proximity of financial services and putting up brick and mortar branches where they may not be economical in all the corners where customers are to be found.

7. According to the FinAccess National Survey (June, 2009), only 23% percent of the country's population aged above 18 years are banked and therefore expanding basic financial services presents a tremendous potential in lifting the majority of the population out of poverty and hence better lives. One of the major impediments to providing financial services to the poor has been the high cost inherent in the traditional banking methods. The developments in mobile and internet based banking services have enabled the provision of financial services on a timely basis, at affordable prices and solved the physical distances constraints.

8. **Ladies and Gentlemen,** The Monetary Policy Committee (MPC) in its latest press release in November 2010 noted the significant and

emerging role being played by medium sized banks in accelerating growth mainly benefiting small and medium sized enterprises through expansion of credit and by revising their rates downwards. We do anticipate that you are in this league so that you can spearhead reduction in interest rates to benefit your customers and increase your market share.

9. Finally, let me reiterate that the Central Bank will continue to facilitate an environment that allows for a diverse range of financial services providers to thrive and compete. Further, it will pursue better regulation as opposed to more regulation so as to create room for more innovations by financial institutions and also be ready with effective tools to deal with any system vulnerabilities and emerging risks.
10. With these few remarks ladies and gentlemen, it is now my honour and privilege to declare the E-Banking product for Bank of Baroda (Kenya) officially launched and wish the bank continued prosperity in the years to come.

Thank You