

CENTRAL BANK OF KENYA



Opening Remarks By

PROF. NJUGUNA NDUNG’U
GOVERNOR
CENTRAL BANK OF KENYA

at the

REGIONAL CREDIT REPORTING CONFERENCE

Kenyatta International Conference Centre, Nairobi
July 7, 2011

Mr. Joseph Kinyua, Permanent Secretary, Office of the Deputy Prime Minister and Ministry of Finance;

Hon. Nderitu Murithi, Assistant Minister, Ministry of Industrialization

Mr. Melchior Wagara, First Deputy Governor, Bank of the Republic of Burundi;

All East Africa Community Central Banks

Representative of the World Bank Country Director;

Distinguished Guests and Participants;

Ladies and Gentlemen:

I am delighted to be here today to make some brief remarks at this very auspicious Regional Conference. I am here to welcome the Permanent Secretary, Office of the Deputy Prime Minister and Ministry of Finance to officially open this Conference on Credit Information Sharing, but before doing that I wish to make some few remarks. On behalf of the Central Bank of Kenya which is co-hosting this Conference with the Kenya Bankers Association, let me extend a very warm welcome to all delegates to Kenya. It is my sincere hope that you will enjoy your stay in Kenya.

I would also like to take this opportunity to thank FLSTAP, FSD Kenya, IFC, USAID and all other development partners who have given us financial and technical support towards this Conference. We also appreciate their contributions towards the development and rollout of credit information sharing in Kenya.

Ladies and Gentlemen: This Regional Conference is one of a kind for the East African Community (EAC) and Kenya in particular. It presents an opportunity for EAC member countries to share their experiences on credit information sharing as an avenue for up-scaling the efficiency and effectiveness of our credit markets. It will also present us with an opportunity to acquaint ourselves with the global best practices on credit information sharing.

Ladies and Gentlemen: The role of credit markets, as a source of financing investment, in the promotion of economic growth and development is not in doubt. However, inefficiencies in the credit markets limit the level of their contribution. It is with this in mind that most EAC countries have embraced

credit information sharing as a means of tackling some of the inefficiencies in our credit markets. Key among these inefficiencies is the cost imposed by information asymmetry, which results in an overload of the risk premium and hence high costs of credit as well as a means of credit rationing.

Since the rollout of Credit Information Sharing (CIS) in Kenya in July 2010, CBK and KBA have continued to review the mechanism to ensure that the potential benefits are realized within a reasonable timeframe. I believe that our efforts will greatly benefit from the global best practices, which are part of the agenda of this conference. The key concerns of our current CIS mechanism is the need to expand its scope beyond institutions licensed under the Banking Act as well as achieving full file reporting by the participating institutions. The global experiences to be shared in the conference by the facilitators from the World Bank and South Africa, complemented by our varied regional CIS approaches will be pivotal in scaling up our credit information sharing mechanisms.

Ladies and Gentlemen: The co-hosting of this conference by CBK and KBA attests to the new approach in the development of the regional financial markets. Regulators have realized the mutual benefits that accrue when they partner with stakeholders. This approach enhances the rates of success of development initiatives.

To conclude my remarks, **Ladies and Gentlemen**, let me take this opportunity to reiterate the commitment of the Central Bank of Kenya towards the successful integration of the EAC and more so when we building information capital for our credit markets.

With those few remarks, **ladies and gentlemen**, it is now my honour and pleasure to welcome Mr. Joseph Kinyua, Permanent Secretary, Office of the Deputy Prime Minister and Ministry of Finance to deliver his keynote address and to officially open this Credit Information Sharing Conference.

Thank you