

CENTRAL BANK OF KENYA



Remarks by

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

AT THE

**LAUNCH OF THE FIRSTRAND BANK REPRESENTATIVE OFFICE IN
KENYA**

Serena Hotel

Wednesday, 2nd May 2012

Honourable Njeru Githae, Minister for Finance of the Republic of Kenya

Mr. Sizwe Nxasana, the Chief Executive Officer, FirstRand Bank Limited;

Mr. Lloyd Muposhi, the Chief Representative Officer, FirstRand Bank Limited Representative Office in Kenya;

Distinguished Guests;

Ladies and Gentlemen:

It is my great pleasure to join you this evening for the official launch of the FirstRand Bank Representative Office in Kenya. At the onset, I wish to acknowledge the presence of Hon. Njeru Githae, the Minister for Finance of the Republic of Kenya. His presence gives this function the great significance it deserves. Further, I wish to thank the Chief Executive Officer, Mr. Sizwe Nxasana, for inviting me to this auspicious occasion. We are glad that the FirstRand Bank Ltd has a physical presence in Kenya.

Ladies and Gentlemen: I am delighted to note that the Kenyan Banking sector has continued to attract a lot of interest from international financial players. To this end, the number of licensed representative offices of top international banks has steadily grown from one (1) in 2008 to four (4) in 2011. Moreover a fifth institution was granted an approval in principle on 5th March 2012 to establish a representative office in Kenya. I therefore applaud this interest as it anchors well with Kenya's *Vision 2030* that will make Kenya the premier regional financial services hub. For this reason, financial development and deepening will be strong outcomes.

Financial infrastructure in Kenya can be considered complete.

Banks; Microfinance Institutions; currency centres; credit reference bureaus; agency banking; risk-based supervision are indicators that the financial infrastructure in Kenya is now in place:- with banks rolling out branch networks across the region supported by initiatives like agency banking and an appropriate information sharing mechanism allows the financial sector to grow. Then the other arms of Pension, Securities and Insurance are moving in the same direction.

Ladies and Gentlemen: It is worth noting that the Kenyan banking sector has remained resilient despite the dynamic macro environment it

operates in. This is evidenced by the impressive profit before tax of Ksh.89.3 billion (USD1.08 billion) for the year ended December 2011. This was a 20.4% increase from Ksh.74.3 billion (USD895 million) returned in the same period in 2010. The number of banks is growing to create strong banks: mergers will be required, but that is a market outcome.

Ladies and Gentlemen: I would like to assure the banking sector and other market players that the Central Bank will continue to support the market development by providing an enabling environment for growth in the banking sector. Allow me to outline the thrust of the initiatives we shall continue to inculcate to ensure the sector operates efficiently, effectively and soundly. The initiatives will be anchored on three pillars:-

- First, strengthening Financial Stability, Supervisory and Regulatory Framework. In particular, CBK will adopt a consolidated supervision approach to take cognisance of the growing pan-African nature of the Kenyan banking sector.
- Second, enhancing Financial Integrity in the Banking Sector so as to ensure that the financial systems are safeguarded against money laundering and financing of terrorism.
- Third, promoting Financial Inclusion for financial deepening and development in line with the aspirations under the Kenyan Vision 2030.

Distinguished Guests, Ladies and Gentlemen; Finally, allow me once again to applaud FirstRand Bank Limited for establishing a physical presence in Kenya through a representative office. As the Central Bank we are ready to support you as you develop your business not only in the Kenyan market but also on the Eastern African side.

With these remarks, it is now my pleasure to welcome Honourable Njeru Githae, Minister for Finance of the Republic of Kenya to make his remarks and officially launch the Representative Office of FirstRand Bank here in Kenya.

Thank you