

CENTRAL BANK OF KENYA



Remarks by

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

at the

**OFFICIAL LAUNCH OF THE EAST AFRICAN COMMUNITY
PAYMENTS AND SETTLEMENT SYSTEMS INTEGRATION PROJECT
(EAC-PSSIP)**

*Arusha, Tanzania
Monday, March 10, 2014*

Amb. Dr. Richard Sezibera, Secretary General, East African Community;

Dr. Enos Bukuku, Deputy Secretary General, Planning and Infrastructure East African Community;

Prof. Benno Ndulu, Governor, Bank of Tanzania;

Prof. Emmanuel Tumusiime-Mutebile, Governor, Bank of Uganda;

Mr. Jean Ciza, Governor, Bank of the Republic of Burundi;

Hon. John Rwangombwa, Governor, National Bank of Rwanda;

Mr. Jacob Mukete, African Development Bank Representative;

Distinguished Guests;

Ladies and Gentlemen:

It is my great pleasure and honor to join you this morning at the official launch of the East African Community Payment and Settlement System Integration Project (EAC PSSIP) which is a project under the EAC Financial Sector Development and Regional Project Phase I.

Before I proceed with my remarks, let me observe that the EAC Partner States have undertaken significant payment systems initiatives to support regional integration. Under the Monetary Affairs Committee (MAC) the partner states have achieved the following:

- Harmonization of payment system standards in the region
- Harmonization of legal and regulatory frameworks
- Implementation of basic infrastructure (RTGS) and adoption of SWIFT message standards
- Recently we have implemented the East African Payment System (EAPS) which went live in November 2013 after several months of piloting. This system enhances cross border payments systems across the EAC region and enables the public to pay as well as receive payments on real time basis and in local currencies.

I note with appreciation that the EAC PSSIP is one of the many payment systems initiatives aimed at supporting regional integration. This is an important project in light of the proposed East African Monetary Union. You will recall that last year the East African Monetary Union Protocol was signed thus setting the road towards a single currency in the EAC region and eventually a monetary union. This marked yet another milestone towards regional integration.

The purpose of the Payment and Settlement project is to modernize, harmonize and create a regional integration of payments and settlement systems aimed at:

- Enhancing convergence and regional integration of payment and settlement systems
- Strengthening a harmonized legislative and regulatory financial sector
- Building capacities in the partner states

This project that has been supported by AfDB requires partner state central banks to:

- Submit a commitment letter jointly signed by all the Central Bank Governors of the respective Partner States endorsing the Project
- Sign an implementation agreement between EAC and the Partner state central banks
- Establish a Project Steering Committee
- Constitute National Core Project Teams

These conditions were met by all the partner state central banks and the project appraisal report presented to the AfDB Board of Directors. The PSSIP was approved by AfDB for a grant amounting to USD23 million.

What is our Role as EAC Member States?

1. The first objective by the EAC member states is to deliver the project. Once finalised it will confer the following benefits:

- Enhancement of regional integration of payments and settlement systems
 - Development of a harmonised legislative and regulatory framework for the financial sector
 - Building of capacities in the partner states for payments and settlement systems and effective financial development
2. The role of the partner state central banks is to ensure there is transparency in the use of the funds provided by AfDB. The use of the funds will therefore be monitored through the Project Steering Committee and the National Core Teams which have already been constituted by the central banks
 3. The central banks will also be expected to come up with a work-plan detailing the activities to be funded under the Project

Finally, I wish to thank EAC, and the AfDB who have supported this project. Without their financial support this project would not have become a reality today.

Thank you