



Communique of the 16th Annual Board Retreat of the Joint Financial Sector Regulators Forum: Financial sector lauds technology-driven innovations while emphasising the importance of proactive risk mapping and mitigation strategies

Naivasha, 7 November 2025

The 16th Annual Board Retreat of the Joint Financial Sector Regulators Forum took place in Naivasha, Nakuru County, on 7th November 2025. Discussions were held under the theme: *Fostering Financial Stability and Resilience Amid Emerging Risks and Regulatory Reforms*.

The Retreat was held against the backdrop of rapid adoption of technology in the financial sector. These technology-driven financial innovations are quickly transforming the financial ecosystem. The innovations, which include virtual assets and bundled financial products, have enhanced access, improved efficiency, and improved the customer experience. However, they have also introduced new financial stability, regulatory, and consumer protection risks, which need closer monitoring.

During the Retreat, there was concurrence on the need to assess the impact of innovative financial products on financial stability. The Forum recommended targeted research and monitoring, in order to enhance the capacity to identify and mitigate the emerging financial stability risks, while supporting innovation and financial inclusion.

The Forum identified reliance on third party technology service providers as a major source of risk, especially if a single service provider serves many institutions. In the event of failure, the operations of many institutions are likely to be compromised, impacting their ability to deliver optimal services. Mapping of concentration risk associated with third party technology service providers and assessment of risks to the financial system was highlighted as a priority.

The growing adoption of emerging technologies, including Artificial Intelligence and Machine Learning, has enhanced the speed and efficiency of service provision. However, some market players, including providers and customers, are not able to adapt quickly, which impacts the quality of services and fair treatment of customers.

The Forum agreed that a strategy be developed for these emerging technologies for the financial sector.

The Forum also concurred on the need to strengthen supervisory capacity and tools to enhance effective Anti-Money Laundering, Countering the Financing of Terrorism, and Counter Proliferation Financing (AML/CFT/CPF) supervision to position Kenya as a safe business and investment destination.

There was agreement on the need to bolster consumer protection frameworks in a rapidly evolving marketplace.

The Forum also identified the need to align the Crisis Management and Resolution Frameworks to international best practice. This includes the provision of Emergency Liquidity Assistance for distressed financial services providers, and adequate resolution funds to cover customers in order to enhance confidence in the financial sector.

The FinAccess Sectoral Reports, which are additional outputs of the FinAccess Surveys between 2006 and 2024, were launched at the Forum, and are now available to the public.

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The Joint Financial Sector Regulators Forum was established in 2009 to facilitate effective information sharing, foster alignment on key legal and policy matters and develop robust regulatory frameworks to ensure stability of the financial sector. The 16th Annual Board Retreat of the Joint Financial Sector Regulators Forum was attended by Board members and senior management teams from: the Capital Markets Authority (CMA), the Central Bank of Kenya (CBK), the Insurance Regulatory Authority (IRA), the Retirement Benefits Authority (RBA), the Sacco Societies Regulatory Authority (SASRA), the Kenya Deposit Insurance Corporation (KDIC), and the Policyholders Compensation Fund (PCF).