



Communique of the 15th Joint Financial Sector Regulators Forum

Mombasa County, 15 November 2024

The 15th Joint Financial Sector Regulators Forum (JFSRF) was held in Mombasa County on November 15th 2024. The Forum was established 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 meeting was hosted by the Central Bank of Kenya and chaired by the Retirement Benefits Authority. It was attended by Boards of Directors, Chief Executive Officers and staff from the Capital Markets Authority (CMA), the Central Bank of Kenya (CBK), the Insurance Regulatory Authority (IRA), the Retirement Benefits Authority (RBA), and the Sacco Societies Regulatory Authority (SASRA). Also present were Boards, Chief Executive Officers and staff from the Kenya Deposit Insurance Corporation (KDIC), and the Policyholders Compensation Fund (PCF). KDIC and PCF were officially admitted into the JFSR as associate members.

The 15th Retreat of the Forum was convened to take stock of progress made on the implementation of resolutions of the 14th Joint Boards Meeting held on 17th November 2023. It also discussed emerging risks and opportunities as espoused in this year's theme: *Financial Stability and Policy Challenges in Multi-Shocks Environment*. In line with this theme, the Retreat benefited from presentations from guest expert speakers on governance and administrative practices in the public and private sector, climate change risks, opportunities and sustainability financing, Islamic financing, Anti-Money Laundering and Counter-Terrorism Financing (AML/CFT).

In his opening remarks, the Cabinet Secretary of the National Treasury and Economic Planning highlighted the significance of the financial sector's contribution to the economy, and the need to address risks for continued financial stability. In particular, climate-related risk initiatives will enable the sector to remain stable in the face of emerging climate challenges. Further, the initiatives to address cybersecurity as well as the ongoing development of a legal and regulatory framework for Virtual Assets and Virtual Asset Service Providers will enable the country to foster developments in the sector. The CS also reiterated the National Treasury's commitment to fast tracking the development of the Islamic finance policy and regulatory framework.

The Boards of Directors of the Forum took cognisance of the prevailing macro financial conditions and review of presentations and resolved as follows:

1. Cybersecurity threats to the financial sector remain real, due to increased reliance on financial technologies to drive innovations for efficiency gains. However, this has come with risks. All regulators have therefore resolved to have a framework of collaboration in testing of crosscutting innovations, enhance sectoral cybersecurity regulations and implement internal cybersecurity frameworks.
2. Given the increased complexity and interconnectedness of Kenya's financial sector, the regulators agreed to conduct resolvability assessments (preparedness for resolution) for conglomerates and undertake a national crisis simulation exercise by June 2025 to enhance crisis management capacity.
3. In recognition of the climate change related risks and opportunities, all regulators resolved to work with relevant stakeholders to develop a framework for strengthening climate risk analysis, Environmental, Social and Governance (ESG) reporting and climate-related disclosures including having the sector-wide Green Finance Taxonomy benefitting from work already done by the Central Bank of Kenya on the Banking Sector Green Taxonomy.
4. In recognition of the important role played by safety nets in contributing to overall financial sector stability through orderly resolution of troubled institutions and risk-minimization roles, the 15th Meeting of the Joint Financial Sector Regulators Forum admitted the Kenya Deposit Insurance Corporation and the Policyholders Compensation Fund as Associate members.
5. To deepen financial inclusion and entrench consumer protection practices, the regulators resolved to work jointly in the development of the National Financial Inclusion Strategy (2025 - 2028) and collaborate in the implementation of the Strategy.
6. All regulators resolved to enhance integrity in the financial sector by continually improving the supervisory framework on AML/CFT.

Note to editors

The Financial Sector Regulators Forum (FSR) was established in 2009 through a Memorandum of Understanding (MoU) to promote cooperation and collaboration in areas of mutual interest including but not limited to, Information sharing, collaboration and coordination on financial sector issues cutting across banking, insurance, Saccos, capital markets and retirement benefits sectors. The Forum holds annual retreats to review issues touching on the country's financial stability and address emerging issues pertinent to growth and stability of Kenya's financial sector.