REMARKS BY NJUGUNA NDUNG’U, CBS, CABINET SECRETARY FOR THE NATIONAL TREASURY AND ECONOMIC PLANNING DURING THE INAUGURAL DEPOSITOR INSURANCE CONFERENCE, WEDNESDAY 15TH NOVEMBER, 2023 AT 10.30AM IN KICC, NAIROBI, KENYA

Mrs. Hannah Muriithi, EBS, Chairperson;
Board of Directors, KDIC;
Mrs. Hellen Chepkwony, CEO, KDIC;
Distinguished Guests;
All protocols observed;

Ladies and Gentlemen;

Good Morning!
I am profoundly honoured to preside over the country’s inaugural Depositor Insurance Conference. May I begin by expressing my sincere gratitude to the Kenya Deposit Insurance Corporation for organizing this event that brings together stakeholders and experts as you commemorate Deposit Insurance in Kenya.
Ladies and Gentlemen,

The entrenchment of a savings culture is in line with His Excellency the President Dr. William Ruto’s, PhD, CGH clarion call during his inaugural speech as Head of State and the Bottom Up Economic Transformation Agenda (BETA). As you may recall, the President underscored the importance of developing a savings culture noting that a country’s economy is bolstered by the inclination of its citizens to participate in financial intermediation, by saving their money in banks and other mainstream, licensed financial institutions.

Subsequently, both the public and private sectors use the money to finance development and infrastructure, leading to autonomy and sustainability through savings. It is therefore imperative for the government to institute a policy framework and structures to safeguard the savings of the citizenries.

To this end, I am pleased to note that Kenya has achieved a remarkable level of financial inclusion in Africa with a rate of 84 percent and an equally impressive financial access rate of 82.9 percent. It is crucial to ensure the security of these funds hence the financial safety net participants must implement appropriate measures to safeguard them.
**Ladies and Gentlemen,**

As you are aware, the Bottom-Up Economic Transformation Agenda (BeTA) whose main objective is to enhance the quality of life and generally the welfare of Kenyans, depends on a stable financial system. Through this agenda, the government plans to implement policies and structural reforms, and promote investment in five pillars that are expected to have the highest impact at the bottom of the economy. These include Agricultural Transformation and Inclusive Growth, transforming the Micro, Small, and Medium Enterprise (MSMEs) Economy, Housing and Settlement, Healthcare, and Digital Superhighway and Creative Economy.

**Ladies and Gentlemen,**

The Kenya Deposit Insurance Corporation fulfils the public policy objective of safeguarding depositors, enhancing public confidence in the banking system, and promoting the stability of the financial system. In this regard and in order to ensure service delivery, the mandate of the Corporation is three-pronged.

First, the Corporation is tasked with the administration of the **Deposit Insurance Scheme and Fund.** In this respect, I am happy to note that the Fund has been managed diligently recording a consistent growth over 30 years of its existence.
Secondly, it is worth noting that KDIC is considered as one of the top Deposit Insurers worldwide with a mandate of Risk Minimization. This essentially means that the Corporation can work together with the Central Bank of Kenya to undertake early detection and intervention mechanisms to minimize the risk of bank failure. I am informed that the Corporation has implemented the risk-based premium assessment model, in line with global best practice. This approach is expected to incentivise banks with robust risk management practices through payment of lower rates of levies, and therefore, continuously, create stronger banking institutions.

Finally, Ladies and Gentlemen, it is important to note that the Corporation has the sole responsibility of **promptly resolving** distressed banks. Although the closure of a bank is an adverse course of action, it is imperative that the country is prepared for such an eventuality. Since 1990s, the country has experienced the closure of 28 banks, nine of which are now fully wound up, while 19 banks are in Liquidation, and are under the management of KDIC.

**Ladies and Gentlemen,**

KDIC has to date paid out over KSh. 93 billion to the depositors of failed banks, with KSh. 91.2 billion still owed to another 95,000 depositors. In
this regard, while the Deposit Insurance Fund that is administered by KDIC is the cornerstone of depositor protection, the Fund is complimented by the continuous recovery of monies that had been advanced to borrowers before the closure of failed banks.

I hereby commend the corporation for adopting progressive strategies, including Alternative Dispute Resolution mechanisms, to fast-track the process of bank liquidation and asset realization as well as minimize potential losses of depositor’s money.

In order to fully achieve the desired objectives and ensure that deserving depositors access their savings, I hereby implore the Judiciary, Ministry of Lands and other Investigative arms of the Government to support in expediting the asset recovery and bank resolution processes.

Ladies and Gentlemen,

The dynamic financial sector in the country necessitates continuous innovation and adaptation of responsive, as well as proactive policies that ensure stability.

In this regard, the Ministry is gearing up for the launch of the Kenya Vision 2030 Fourth Medium Term Plan, 2023 – 2027 (MTP IV), aimed at
implementing the fourth phase of Kenya Vision 2030. This is expected to set the momentum for transitioning the Country’s next long-term development agenda. Through MTP IV, Ladies and Gentlemen, the Government plans to address the challenge of low levels of investments and savings, which is against development priorities relating to an improved investment and lending environment, alongside the promotion of long-term savings. Further, my ministry will entrench Crisis Preparedness and Management mechanisms in the financial sector so as to ensure that government agencies are adequately equipped for any eventuality. As this forum prepares to deliberate on crisis preparedness and communication in the financial sector, and coordination and collaborations in financial sector crisis, I urge the financial sector regulators to step up the discussion by implementing the financial sector crisis management policy framework.

I conclude by wishing you a fruitful engagement over the next two days, even as I commend you all for your significant contribution towards the development of this great nation.

Ladies and Gentlemen,

It is now my single duty and honour to declare the Depositor Insurance Conference officially open.
THANK YOU AND GOD BLESS YOU ALL!