CENTRAL BANK OF KENYA

REMARKS

BY

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GOVERNOR
CENTRAL BANK OF KENYA AND CHAIRMAN OF THE ALLIANCE FOR FINANCIAL INCLUSION STEERING COMMITTEE

at the

OPENING CEREMONY OF THE 2010 ALLIANCE FOR FINANCIAL INCLUSION (AFI) GLOBAL POLICY FORUM

Bali, Indonesia
27th September 2010

His Excellency Susilo Bambang Yudhoyono, President, Republic of Indonesia;

Cabinet Ministers here present;

Dr. Darmin Nasution, Governor, Bank Indonesia;

Fellow Governors;

Heads of Regulatory Authorities;

Dr. Alfred Hannig, Executive Director, Alliance for Financial Inclusion;

Distinguished Guests;

Ladies and Gentlemen:

Salutary Remarks

Your Excellency, we are honoured by your presence which is testimony to your governments' commitment to financial inclusion. Allow me also on behalf of the Alliance for Financial Inclusion, (AFI), Steering Committee and AFI membership to extend our gratitude to the Government of Indonesia and Bank Indonesia for hosting this forum. We are grateful for the warmth and hospitality extended to us by the people of Indonesia on this beautiful and scenic island of Bali. We will certainly carry with us back home very fond memories of Indonesia.

AFI's Mandate and how this forum will be useful to policymakers

Your Excellency, AFI is the first global knowledge-sharing network designed exclusively for financial inclusion policymakers and regulators from developing countries. Developing countries face similar needs, conditions and challenges in building an inclusive financial system. At the same time, these countries are originating many innovative solutions to support financial inclusion. This network coordinates a platform to share these innovations and to support the framework for more innovations for financial inclusion. The AFI platform demonstrates power of tapping into synergies to move financial inclusion to the next level in developing countries. This is underpinned by AFI's target of enabling an extra 50 million people living on less than two US dollars a day to have access to formal financial services by 2012.

For instance in my country, Kenya, the advent of mobile phone technology has opened up money transfer services to over ten million Kenyans, some of whom were previously excluded from accessing formal financial services. Given the dire need to scale up financial inclusion in Kenya, we have embraced policy reforms

and innovative models to scale up financial inclusion including agent banking, credit information sharing and licensing and regulation of Deposit Taking Microfinance Institutions and Savings and Credit Co-operatives. In addition, we have moved mobile phone money transfers a notch higher with micro accounts, microcredit and microinsurance being operated on the mobile phone platform. These initiatives are guided by our resolve as a regulator to advise, form partnerships, develop and regulate the market. This four pronged approach is the only way to build an inclusive financial system that acts as a bridge to growth and prosperity particularly for the poor.

Ladies and Gentlemen: This encouraging progress notwithstanding, we still have more to achieve in Kenya to build a truly inclusive financial system. All of us do. We have each come to this Forum because we are trying to figure out how, as policymakers, we can foster successful financial inclusion models in our countries. How can we make sure solutions are sustainable, systems built are credible that also reach deeper to and especially the poorest? This AFI network is about these common goals of financial inclusion.

'From Nairobi to Bali'-Progress and Growth of AFI

Network growth

Your Excellency, As Chair of the AFI Steering Committee, I am proud when I look back and realize how much progress our membership has made in ***"Bringing smart policies to life"*** at national and global levels. Just one year ago, we launched this network at the first Global Policy Forum in Nairobi, Kenya. That first gathering galvanized the AFI network, provided clear priorities and direction for moving forward and created a good platform.

Last year, I was proud to host policymakers from more than 40 developing countries at the first forum in Nairobi. This year, I am thrilled by the nearly 50 countries represented here in Indonesia. The AFI community has grown exponentially. In just a year, central banks and key financial sector regulatory bodies from more than 58 countries have signed up as members. And institutions from a further 20 countries have shown interest in joining AFI. Together, these countries represent 90% of the world's unbanked population. This expansion of the network builds a stronger, broader policy community. Continuing to strengthen our network is one way we can take financial inclusion to the next level.

AFI Support to members

Ladies and Gentlemen: AFI has grown for several reasons, but mostly, I believe, because we are responsive to the needs of our members and are providing valued services. AFI members have actively used the network to exchange ideas, experiences, financial support and practical advice.
AFI is also providing the platform and channel for our members to participate and shape the global financial inclusion agenda, such as the G20 financial inclusion initiative. We are pleased to see the increasing engagement of the developing countries in global discussions through the AFI platform.

How AFI as a network can 'Take it to the Next Level'

Your Excellency, through the network's activities, we have opportunities to create and share innovations that can help to improve access to financial services, and take financial inclusion to the next level. One of the questions we ask ourselves in the Steering Committee is what can we, as policymakers, do to take Financial Inclusion to the next level? What would this mean for AFI as a network and membership organization?

Some of the key issues that we would like to address include informing policy-making by better data over time, making a contribution to achieving global financial inclusion targets through national commitments and implementation, and ensuring the optimal balance between financial stability, integrity and inclusion. The issues of this AFI global forum will be taken up and implemented by AFI network members led by the Steering Committee, I am sure your Governor will take the mantle and deliver AFI to the next level.

Ladies and Gentlemen: Before concluding my remarks, I would like to underscore that we should not only focus on problems and needs in this forum. We have each had some success in bringing smart policies to life. This forum is also an opportunity to celebrate the many successes achieved in the last year as a network, as regulators, as policymakers advancing financial inclusion and share our successes with others. Sharing examples and setting precedents like this is yet one more way that we can demonstrate policy leadership to the world—and take financial inclusion to the next level.

Thank You.