

**KEYNOTE SPEECH BY KENYA BANKERS ASSOCIATION
CHIEF EXECUTIVE OFFICER HABIL OLAKA AT THE OPENING
CEREMONY OF THE AITEC BANKING AND MOBILE MONEY
COMESA CONFERENCE HELD AT THE HOTEL
INTERCONTINENTAL ON 11TH SEPTEMBER 2013**

Distinguished Guests of Honor,

Distinguished Participants,

Ladies and Gentlemen,

It is a pleasure to be invited to give some brief remarks during the opening of this 7th Annual AITEC Banking and Mobile Money COMESA Conference.

I thank AITEC Africa for once again organizing this important event which comes at a time when Africa is leveraging mobile technology to push forth its development agenda. A brief look at the topics lined up for discussion over the two days gives me the impression that this conference would be a very informative one.

The need for banks and financial institutions to reach out and diversify away from the 'traditional' models of operation towards technology-driven service provision is now imminent. A gradual shift in consumer attitude and growing demand for any-time-anywhere access to service has characterized the banking sector in the recent past. In Africa, the patent influence of mobile technology, the evolution of mobile solutions, as well as the upsurge of new

technology in commerce has transformed the banking industry.

Ladies and Gentlemen,

Despite a progressive economic growth of nearly 7% in Africa, according to a World Bank report, only 25% of the population has bank accounts. Mainstream banking remains out of reach for most of the African populace due to factors such as infrastructure, cost, and lack of financial literacy and compatible products. Those able to access mainstream banking services are also under-banked in most cases, accessing only basic services. Needless to say, the unbanked millions constitute an enormous potential for banks.

Notwithstanding the challenges, Africa's most utilized technology, the mobile handset, is providing a platform to extend financial services further than previously envisioned. Nigeria, South Africa, Kenya and Ghana are the biggest mobile phone markets in Africa today. Kenya, Tanzania, Uganda and Rwanda currently have a combined active mobile subscriber base of 69.4 million.

Distinguished guests,

Today, mobile commerce offers a myriad of opportunities to avail numerous financial services. We have seen this potential in mobile phone banking, as well as through internet banking and card payments.

The regional banking industry is therefore in a period of positive transformation, adapting quickly to new technology and processes

that ensure improved efficiency, more transparency, wider access and consolidation.

We therefore welcome opportunities such as this conference that provide a platform for knowledge sharing.

Ladies and Gentlemen,

I would like to appreciate the role the microfinance institutions have played in developing the industry in Africa and more so in our region. Before most of us ventured into the mobile money paradigm, MFI's were already practicing cashless transaction systems through mobile phones. These institutions have been at the forefront of this innovation and the discussion on mobile money and MFI's would undoubtedly expand our ideas on where our conventional banking systems could explore for future business opportunities .

Equitable access to financial services has resulted in other innovations. We have witnessed the introduction of agency banking, which has been a key resource to reach out to the banking public.

Indeed, agency banking seems to be an evolving channel that is enabled by technological advancements and infrastructure improvements. A discussion on agency banking in light of the evolving bank models and consumer trends would provide key insights to the potential of this exciting channel.

One cannot debate the potential of technology without recognizing the risks.

Banks handle large amounts of sensitive data for clients, but the growth and versatility of technology has offered us options that we can make use of to address this concern and cloud computing technology is fast becoming a viable option. There's no denying the compelling advantages to moving to the cloud -- reduced cost, greater flexibility and scalability, increased mobility, and faster deployment to name a few but the need to protect customer information is still a big challenge for all of us. I hope through these deliberations we can also find practical solutions to this issue to take full advantage of this great innovation.

Ladies and Gentlemen,

Security is a key concern for the industry and therefore we continually review how we can work as a collective to safeguard our customers' resources.

A recent development is the industry's move towards the EMV standard on Card based payment systems. We as KBA are taking the leadership to coordinate this effort on behalf of the industry. The migration to EMV has long been talked about, but not much happened over the years. It is with pride that we now show positive moves towards the migration as we look forward to reaching the first milestone at the end of this month - when all bank ATMs will be EMV compliant. Our goal is that by March 2014 all Payment cards and associated acquiring devices and systems in Kenya will be EMV compliant.

As I conclude my remarks,

Allow me to briefly note the other positive developments within the National Payment System that we are coordinating as the KBA. Increasingly, our members are aligning on strategies towards enhanced market synergy as a pivot for financial services integration.

Banks recognize that they can no longer operate in silos, as the customer has become more demanding, and business climate has changed. Indeed, the convergence of mobile, Internet and other services has created a very dynamic situation where the customer demands have also shifted. We draw our strengths from pulling resources together, and we are guided by our customers' demands. Customers are demanding more dynamism, faster services, integrated solutions that work to meet their busy schedules. In fact, where customers used to plan around banking hours for their services, now banks are working to customers demands. This has seen the growth of self-service products that are available round the clock.

The change in the customer habits and greater reliance on technology services, customers have also split their banking requirements and this has led to the era of the multi-banked customer. Today, the average customer has a bank account, a savings account at a SACCO or MFI and uses a mobile payment product from a telecommunications service provider. Therefore, we must continue the debate on how banks, MFIs and Mobile Network operators can come together and innovate mutually beneficial products and services to meet the ever-changing consumer needs and deepen the financial sector.

Finally, I would like to thank all of you for making your time to be here, and your organisations for working to develop the industry.

To our visitors from various parts of the world, karibuni!, welcome!, and soyeztousle bienvenu!, and enjoy your stay.

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