

**REMARKS MADE BY INVESTMENT SECRETARY AT THE NATIONAL TREASURY
MRS. ESTHER KOIMETT DURING THE LAUNCH OF PARTNERSHIP BETWEEN
ABC BANK AND POSTBANK ON 24TH JUNE 2014**

ABC Bank Group Managing Director Mr. Shamaz Savani

Postbank Managing Director Dr. Nyambura Koigi

Staff of both ABC Bank and Postbank

Members of the media present

Other invited guests

Distinguished Ladies and Gentlemen,

Good morning. It is my honour to join you this morning to officially launch the partnership between ABC Bank and Postbank.

Before I make my remarks, let me take this opportunity to thank the Directors and Management of both institutions for inviting me to this significant event.

ABC Bank was established 30 years ago, starting off as a small financial institution called Consolidated Finance Company. It became a fully fledged bank in 1995 and changed to its current name. It has grown exponentially, increasing its branch network and serving a wide array of clientele including SME, Corporate as well as retail customers. ABC Bank also has presence in Uganda, operating as ABC Capital Bank Uganda.

On the other hand, Postbank has been in existence since 1910 having been established under the Kenya Post Office Saving Bank Act to mobilize savings for national development and deepen financial access and inclusion. Postbank has continued to grow and expand its operations and I am aware plans are at an advanced stage for it to become a fully fledged commercial bank to more effectively serve the increasingly growing financial market.

Ladies and Gentlemen,

Due to their experience of many years and reputable backgrounds, both ABC Bank and Postbank are a good match in rolling out this initiative. They have over the years demonstrated a keen focus on good governance and strategic partnerships, which are key hallmarks of visionary leadership and commitment to helping customers succeed by offering them innovative tailor-made financial solutions.

The partnership we are launching today will enable Postbank SME customers obtain cheque books and process their cheques through ABC Bank's clearing house.

This will not only provide these SMEs with an important payment instrument that will help streamline their business transactions but will also go a long way in helping Postbank introduce and encourage a saving culture among these SMEs, who can now confidently open accounts with Postbank.

It is my hope that Postbank and ABC Bank shall work faster to expand, grow and deepen their partnership to address other financial needs of the SMEs such as credit and trade finance.

Additionally, this launch includes the roll out of an Agent Banking agreement between the two institutions. Through this arrangement, Postbank will open its counters at all 99 of its branches countrywide to ABC Bank customers who will now have more access points for normal banking services.

Ladies and Gentlemen,

I note with appreciation that this agreement underscores the importance of partnerships and deployment of technology to deepen financial access. Both institutions have agreed to share systems and networks that each needs to meet its operational and business requirements.

This is not only cost-saving but also a mutually beneficial arrangement that will make the national payments ecosystem more accessible especially among lower income households and smaller enterprises.

Financial access remains a key driver of economic growth; it is essential in stimulating growth of business enterprise and increased economic growth, hence reduce poverty levels.

A recent mapping of financial access points in Kenya showed that 59 per cent of Kenyans live within 3 kilometers of the over sixty five thousand financial access points that were mapped. Although we have made significant gains in this area, we still have a sizeable proportion of the population that is underserved, especially in rural areas.

However, with initiatives such as this one, it is possible to cover more ground toward making financial services more affordable and easily accessible in all villages in Kenya.

Ladies and Gentlemen

As the Cabinet Secretary said in his budget speech, the government is committed to implementing structural reforms in order to improve efficiency and total factor productivity in order to facilitate private sector growth.

Deepened financial sector reforms will create a vibrant, accessible, efficient and globally competitive financial sector that will promote high levels of savings.

A raft of measures to reduce average interest rates and make credit more affordable and accessible to more Kenyans have been considered, including the introduction of the Kenya Bank Reference Rate (KBRR) and the transparent disclosure of bank charges through the Annual Percentage Rate (APR).

Creating an enabling environment will also make it easier for small scale entrepreneurs to start businesses, access credit and participate in cross- County trade and position them as creators of new jobs and products. This will in turn result in more wealth creation and improved livelihoods.

This partnership between ABC Bank and Postbank has come at an opportune time.

Ladies and Gentlemen

With these few remarks, it is now my honor and pleasure to declare this partnership between ABC Bank and Postbank officially launched.

Thank you.