



## Communique of the 14<sup>th</sup> Retreat of the Joint Financial Sector Regulators Forum

**Kwale County, November 17, 2023**

The 14<sup>th</sup> Retreat of the Joint Financial Sector Regulators Forum (JFSRF) was held in Kwale County on November 17, 2023. The Forum was established in 2009 to collaborate on matters relevant to fostering overall financial sector stability and innovation to serve the people of Kenya.

The 14<sup>th</sup> Retreat took stock of progress made on the implementation of resolutions of the 13<sup>th</sup> Retreat that was held on December 16, 2022, in Kisumu County. The Retreat discussed emerging challenges, risks and opportunities as espoused in this year's theme: *Promoting stable, inclusive, resilient and sustainable financial sector in multi-shocks environment*. The Retreat also hosted expert speakers on Climate Change opportunities and risks from the African Development Bank, Data Protection from the Office of Data Protection Commissioner, and Cybersecurity from the National Computer and Cybercrimes Coordination Committee (NC4).

The Retreat 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 Saccos 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).

The 14<sup>th</sup> Retreat of the JFSRF was held against the backdrop of a challenging global environment characterised by volatility in the financial markets, rising interest rates, elevated inflation pressures, high cost of living concerns, cyber risks, geopolitical developments that continue to disrupt supply chains, and climate change risks which are emerging as a key risk to the financial sector due to increased frequency and intensity of weather events such as drought, floods, and storms. Kenya's financial sector, however, continues to position itself to mitigate these risks. This includes enhancing efficiency through technological transformation, efforts to green the financial sector, and continued reforms in the regulatory environment. Kenya's financial sector remains stable and resilient to domestic and global shocks.

In recognition of these risks and the need to deploy appropriate policy mitigation measures, the 14<sup>th</sup> Retreat of the JFSRF resolved that all member regulators:

1. Need to enhance financial sector stability assessment frameworks at institutional and sector-wide level for overall financial stability. This requires working with the National Treasury on the development of a robust macroprudential policy framework.
2. Need to develop a robust and comprehensive framework for climate risk analysis, Environmental, Social and Governance (ESG) reporting, and climate-related risk disclosures, as well as putting in place a Green Finance Taxonomy for the financial sector.
3. Will collaborate in the development of a national financial education strategy that would encompass financial literacy and awareness, in order to deepen financial inclusion and entrench consumer protection practices.
4. Will work towards enhancing integrity in the financial sector by addressing gaps identified during the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) mutual evaluation for Kenya and address any emerging issues on Anti-Money Laundering/Countering the Financing of Terrorism/Combating Proliferation Financing (AML/CFT/CPF), in compliance with the Proceeds of Crime and Anti-Money Laundering Act (POCAMLA).
5. Will develop and adopt comprehensive facilitative frameworks for streamlining innovation, including virtual assets, to meet the needs of the general public and to support economic growth in recognition of the rapid adoption of technological innovations.

ENDS

**Note to editors**

The Financial Sector Regulators Forum (FSRF) 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 pension sectors. The Forum holds annual retreats to review issues touching on the country's financial stability and to address emerging issues pertinent to the growth and stability of Kenya's financial sector.