



Communique on the 13th Joint Financial Sector Regulators' Board Meeting

Kisumu, 16 December 2022

The 13th Joint Financial Sector Regulators Forum (JFSRF) was held in Kisumu between December 13th and 16th, 2022. This was the first such in-person Forum since 2019, with the Covid-19 pandemic making it impossible to hold Forums in 2020 and 2021. The Forum took stock of progress made on resolutions of the 12th Joint Boards Meeting and deliberated on emerging issues as manifested in this year's theme: *Fostering financial stability in the face of frontier risks, policy, and regulatory challenges*.

The 13th JFSRF took place in a period of significant transformation in the domestic financial sector, particularly brought about by accelerated digitisation. While these have immense potential benefits, they also pose risks to the stability of the financial sector, including cyber fraud, data protection issues, consumer protection, and product pricing.

The Forum recognised the significant policy changes that have altered the business and regulators' operating environment. Globally, the monetary policy tightening by advanced economies to stem inflationary pressures have not only increased volatility in the financial markets, but also created elevated uncertainties to the economies in emerging markets.

The Forum also took cognisance of climate-related risks and their impact on the financial sector.

While recognising the need for continuing collaboration and partnership among financial sector regulators, the 13th JFSRF resolved, *inter alia*:

1. To consider the recommendation of the National Treasury and Economic Planning for the formation of a Technical Working Group of concerned regulators to make recommendations to the Cabinet Secretary on the establishment of a comprehensive oversight framework on crypto assets activities and players in Kenya. These recommendations will be subsequent to wide consultations and deliberations across the financial sector and other relevant stakeholders.

2. To progress work on financial system stability surveillance, assessment and analysis including preparation, publication and dissemination of financial stability reports.
3. To enhance the progress of efforts towards financial literacy and awareness programmes. These programmes are crucial as financial inclusion deepens, and financial products become more sophisticated and widely available.
4. To coordinate the development of a framework on promoting adoption of technology and innovations in the financial services sector to enhance effective regulation and supervision.
5. To task each regulator with the completion of the Islamic Finance initiatives within established timelines based on the guidance from the National Treasury and Economic Planning.
6. To jointly address the risks posed by climate change and develop appropriate recommendations noting the increasing frequency of climate related disasters and their impact on the financial sector.

Note to editors

The Financial Sector Regulators Forum (FSR) was established in 2009 through a Memorandum of Understanding (MoU). The principal objective of the Forum is to promote cooperation and collaboration in areas of mutual interest including but not limited to, Information sharing, Legal and policy issues, Regulation and supervision approaches/ frameworks, Fostering financial stability surveillance, assessment and analysis, Communications and Public Relations, Investigation and Enforcement and Capacity Building

The regulators hold annual Joint Financial Sector Regulators Forum (JFSRF) to deliberate on issues touching on the country's financial stability and health. These forums are attended by board members drawn from all the regulators, the chief executive officers and technical staff.