

NAIROBI  
Monday, 13<sup>th</sup> February 2017

## Press Release

# **KAY: “The state of the world is bound up in the future of finance.”**

### **Leading British economist delivers third annual lecture on financial inclusion**

“Kenya should not blindly adopt the Anglo-American finance model. Kenya should, instead, develop local financial solutions from the bottom up to meet its financial needs.” This clarion call was delivered by John Kay, one of Britain’s leading economists and author of the award-winning book *Other People’s Money* at the 3<sup>rd</sup> FSD Kenya annual lecture on financial inclusion on Thursday 9<sup>th</sup> February 2017.

Over 250 policymakers, industry players, regulators, lecturers, students, financial sector analysts, development practitioners and other guests gathered to hear Kay’s lecture titled, “Other people’s money: making finance serve the needs of the economy.” He emphasized that it is not always the case that the larger the financial system has, the more prosperous it is. Rather, “A country can be prosperous only if it has a well-functioning financial system.” Kay also noted that the objective of reform in the financial industry should be to restore priority and respect for financial services that meet the needs of the real economy. Kay who was on his first visit to Kenya remarked, “For me, financial inclusion is how far do we go in meeting the needs of the people I met on Monday,” during field visits to smallholder farmers in Ndenderu and to a savings group in Kibera.

Kay also shared his perspective on financial sector regulation. He noted that the problem is not that we lack enough regulation, but that we have the wrong regulation. This has created a regulatory burden and caused the financial system to lose its core purpose. He further added that trust is foundational in finance and personal responsibility is key for building trust in institutions and successfully developing a sound financial system.

In his remarks following John Kay’s lecture, the Chief Guest Dr. Patrick Njoroge, Governor of the Central Bank of Kenya, noted that Kenya needs reliable networks and technology, cheaper devices and better financial solutions to ride on the rails of financial inclusion and reach the 25% of Kenyans that are still financially excluded. A lively question and answer session followed, with Kay pointing out that quite a number of fintechs are solutions in search of problems instead of meeting needs.

Kay's address at the 3<sup>rd</sup> annual lecture was the centerpiece of a series of events hosted by FSD Kenya throughout the week. These included:

- Monday 6<sup>th</sup> February - field visits to Ndenderu and Kibera and M-Pesa registration.
- Tuesday 7<sup>th</sup> February - a forum with select business/financial journalists and columnists to discuss the role of the media in shaping financial public policy;
- Wednesday 8<sup>th</sup> February - a roundtable discussion with key industry players on the future of finance;
- Thursday 9<sup>th</sup> February - a colloquium with senior policymakers and regulators to discuss the role of regulation; and
- Friday 10<sup>th</sup> February - a guest lecture hosted by Kenyatta University with students and faculty also drawn from the University of Nairobi, Strathmore University, Mount Kenya University and the Jomo Kenyatta University of Agriculture and Technology.

ENDS

For interview requests, please contact Joyce Omondi Waihiga, FSD Kenya's Communications Manager, via email [joyce.omondi@fsdkenya.org](mailto:joyce.omondi@fsdkenya.org). Or join the conversation on Twitter: @FSDKe #FSDLecture

---

### **About the annual FSD Kenya lectures**

Over the past 10 years, FSD Kenya has worked to support the development of financial inclusion in Kenya. In 2015, we launched a series of annual public annual lectures on financial inclusion. Our aim is to stimulate debate on this subject and its place in the long-term vision for the financial sector in Kenya. For more information about the annual lectures and to download past presentations, visit [www.fsdkenya.org/annual-lecture/](http://www.fsdkenya.org/annual-lecture/).

### **About John Kay**

John Kay is an economist whose career has spanned the academic world, business and public affairs. Currently, he is a visiting Professor of Economics at the London School of Economics, a Fellow of St John's College, Oxford. He is a Fellow of the British Academy and of the Royal Society of Edinburgh. He is a director of several public companies and a contributor to the *Financial Times*. He recently chaired the Review of UK Equity Markets and Long-Term Decision-Making which reported to the Secretary of State for Business, Innovation and Skills in July 2012. He is the author of many books, including *The Truth about Markets* (2003), *The Long and the Short of It: finance and investment for normally intelligent people who are not in the industry* (2009) and *Obliquity* (2010). His latest book, *Other People's Money – towards a financial system for the needs of the economy rather than financial market participants* – published by Profile Books and (in North America) by PublicAffairs in September 2015.

### **About FSD Kenya**

Financial Sector Deepening (FSD) Kenya was established in 2005 to support the development of financial markets in Kenya as a means to stimulate wealth creation and reduce poverty. FSD Kenya's work ranges from direct investment in market innovations to research and policy analysis. FSD uses the "making markets for the poor" (M4P) development approach which seeks to change market systems so they

work more effectively for the poor. Working in partnership with the financial services industry, the programme's goal is to expand access to financial services among lower income households and smaller enterprises to create value through financial inclusion; FSD Kenya's aim is to make financial markets work better for the poor. FSD Kenya operates as an independent trust under the supervision of professional trustees, KPMG Kenya, with policy guidance from a Programme Investment Committee (PIC). Current funders include the UK's Department for International Development (DFID), the Swedish International Development Agency (SIDA), and the Bill & Melinda Gates foundation.

### **Contacts**

Joyce Omondi Waihiga, Communications Manager, FSD Kenya | [joyce.omondi@fsdkenya.org](mailto:joyce.omondi@fsdkenya.org)

FSD Kenya, 5th Floor KMA Centre, Mara Road, Upper Hill

Tel: (020) 2923000 | Website: [www.fsdkenya.org](http://www.fsdkenya.org)

Twitter: @FSDKe #FSDLecture