

PRESS STATEMENT ON THE KDIC MARKET INTERVENTIONS IN LIGHT OF GOVERNMENT DIRECTIVES ON THE COVID-19 GLOBAL PANDEMIC.

Kenya Deposit Insurance Corporation (KDIC) is a statutory body established under an Act of parliament and mandated by law to protect depositors and contribute to financial stability through deposit insurance, risk management and timely resolution.

In line with of our Government's initiatives to support our economy and the banking industry in specific as a result of the Covid-19 global pandemic, KDIC has rolled out a three point economic stimuli in line with its mandate of risk minimization.

1. Implementation of Increased Coverage Limit

Last year the Corporation revised the coverage limit from Kshs. 100,000.00 to Kshs.500,000.00 but deferred its implementation. The limit was increased to reflect sustained growth in our economy over the years now. This limit has now been implemented effective 1st July 2020. The new limit will give more protection to depositors in the most unlikely event of a bank failure.

2. Extending Premium payment period

Banks are required to pay annual deposit insurance premiums in the month of July. To support banks (member institutions) during this period of COVID-19, the Corporation has extended the payment of annual premium for **6 months**. The annual premium will now be due at the end of December 2020.

3. Deferment of Risk Based Premium Model.

Last year KDIC rolled out a risk based premium model to be used to assess the annual premium payable by banks. This model was scheduled to be effected in July 2020. The model would have seen the premium charged to banks increase. In support of our member institutions during these unprecedented times which may have impacted on their cash flows, the Corporation has postponed the implementation of the model which was due in July by one more year. This will allow member institutions to recover post Covid-19.

The Corporation further wishes to assure the depositors that our banking system is safe and secure for their money. The future is to ensure no bank failure in Kenya and in the unlikely event of a problem bank, prompt resolution methods shall be employed with the least disruption to depositors and the banking sectors at large. This will go a long



way in fostering public confidence in our banking system in line with our public policy objective.

Signed at UAP Old Mutual Towers, on this Date of 30th June 2020 By:



Mr. Mohamud Ahmed Mohamud
CHIEF EXECUTIVE OFFICER.