

Chase Bank re-opening

The Re-Opening of Chase Bank which involved "KDIC as "the Receiver" appointing KCB as "the Manager" under the provisions of Sections 44(2)(b) and 44(3) of the Kenya Deposit Insurance Act, 2012 to carry out the business and manage the assets and liabilities of CBL" [Central Bank Press Release from April] has to be seen as a Win and even a coming of Age for the Capital markets in Kenya.

167,290 accounts (equivalent to 97 percent of accounts or 6 percent of total deposits) have their funds available in full. It was always a "National Interest" Issue that so many Account Holders were not sent to the Wall because of the "Robert Maxwell" antics of the Chairman and his Cohorts. It was not their Fault and they should not have been made to pay a heavy and even terminal [for their businesses] price for the activities of a Rogue Banker. The Faith and Trust these Account Holders put in the Institution was a miracle to behold and worthy of further study. I watch the real-time all the time and even as it became clear that things were seriously murky, Chase customers remained "bright eyed and bushy tailed" about prospects. However, as the CEO of Kenya Commercial Bank said at Mindspeak last Saturday

"Good Customer Service does not give you the right to steal customer deposits."

So, I think the Central Bank Governor and his Team and Kenya Commercial Bank deserve a Pat on the back for catching the Ball [and not dropping it], for crafting an indigenous, home-grown solution and for getting the show back on the road.

Big Ticket Savers are now having to appreciate that high and even extreme interest rates should carry a "Health Warning" Billions of Shillings are locked and to date i find it mind-boggling that No-One is asking the Question.

What Kind of surveillance were the Big Depositors deploying?

Interbank Lines to Chase Bank were cut in December [i am reliably informed]. From that moment, it was always one "reputation" Hit away from where it later found itself in April. And given the arrival of Mobile Money and Social Media, we are living in a new normal where the Velocity of Cash in and Cash Out is essentially off the charts.

So Big Up to the Central Bank Governor and his team and also for "out-sourcing" the receivership with such despatch. It shows a speed of thought and execution for which we should all be grateful.

Patrick Njoroge is a Change Agent and is taking Kenya Banking through a Portal into a New Normal.

He is to be commended.