



REPUBLIC OF KENYA

**TWELFTH PARLIAMENT (SIXTH SESSION)
THE NATIONAL ASSEMBLY
MESSAGES**

MESSAGE FROM THE PRESIDENT

(No. 001 of 2022)

**REFERRAL BY H.E. THE PRESIDENT OF THE KENYA DEPOSIT
INSURANCE (AMENDMENT) BILL, 2021**

Honourable Members,

You may recall that, towards the end of the last Session, the National Assembly passed the **Kenya Deposit Insurance (Amendment) Bill (National Assembly Bill No. 43 of 2020)**. The Bill was sponsored by the Member for North Imenti Constituency, the Hon. Abdul Rahim Dawood, MP. Following its passage, I did present the Bill for Assent to H.E. the President in accordance with the provisions of the Constitution and our Standing Orders. However, in exercise of the powers conferred under Article 115(1)(b) of the Constitution, H.E. the President, by way of a Memorandum, has referred the Bill back to the National Assembly for reconsideration.

Honourable Members, in his Memorandum, H.E. the President has expressed reservations to **Clause 2 of the Bill**, which seeks to amend Section 28 of the Kenya Deposit Insurance Act, by deleting subsection (2) and introducing a new provision to prescribe six months as the waiting period for payment of compensation to a customer in respect of a protected deposit.

Honourable Members, H.E. the President notes that the proposed new subsection is inconsistent with section 33(6) of the Act, which provides as follows –

"(6) Where the Corporation is obliged to commence payment under subsection (1) in respect of any insured deposits, the Corporation shall, unless there are extraneous circumstances hindering the Corporation, within thirty days after being appointed liquidator make payment based on the records of the institution and the opinion of the Corporation as regards entitlement of the amount claimed."

Honourable Members, H.E The President also objects to the proposal on grounds that the provision is in conflict with paragraph 15 of the International Association of Deposit Insurance's *core principles* for effective deposit insurance systems which provides as follows –

"The deposit insurance system should reimburse depositor's insured funds promptly, in order to contribute to financial stability. There should be a clear and unequivocal trigger for insured depositor reimbursement."

Honourable Members, H.E The President has therefore recommended that the proposed amendment **be deleted.**

Honourable Members, H.E. The President has also expressed reservations to the **introduction of a new subsection (3) of Clause 2 which imposes a fine not exceeding one million shillings, or imprisonment for a term not exceeding three years, or both, for contravention of the impugned provision.**

In his Memorandum, H.E. the President notes that this new provision fails to provide for offences committed by corporate persons. H.E. The President therefore recommends that the proposed subsection be amended to include sanctions for offences committed by a body corporate. His recommended text is contained in the Memorandum to the House.

Honourable Members, Standing Order 154(2) requires the House to consider the President's Reservations **within twenty-one (21) days** upon receipt of the Memorandum. In this regard, the Reservations of the President, as contained in his Memorandum, now stand committed to the Departmental Committee on Finance and National Planning for consideration. The Committee should *Table* its report soonest to allow the House to consider the President's Reservations within the said timelines.

Honourable Members, the consideration of the President's Reservations will be done in accordance with the provisions of Article 115 of the Constitution as well as the *Speaker's Communication* of July 28, 2015 relating to the *Consideration of the President's Reservations to a Bill and amendments thereto*.

I now direct the Clerk to circulate the Memorandum of H.E. the President on the said Bill to all Members so that they familiarize themselves with its contents.

I thank you!


THE HON. JUSTIN B.N. MUTURI, EGH, MP
SPEAKER OF THE NATIONAL ASSEMBLY

Thursday, 3rd February, 2021

