CENTRAL BANK OF KENYA

CENTRAL BANK OF KENYA ARTIFICIAL INTELLIGENCE (AI) HACKATHON 2025

Opening Remarks by Director, Bank Supervision (1,085 words)

Thursday, November 20, 2025, 09:20 – 09:45

Distinguished Guests,

Financial Sector Regulators Present,

Financial Institutions Present,

Partners, Judges, Mentors, and Finalists,

Good morning!

On behalf of the Central Bank of Kenya (CBK), it is my great pleasure to welcome you all to the **CBK Artificial Intelligence (AI) Hackathon 2025**.

Allow me to extend a special welcome to our finalists, data scientists, developers, fintech entrepreneurs, partners, academia, and innovators who have come together from across Kenya, Botswana, Namibia, Cameroon, Nigeria, and the rest of Africa. You represent the creative energy that continues to drive Kenya's and the African continent's progress in digital finance.

We are gathered here today to celebrate creativity, collaboration, and purpose-driven innovation. When we launched this Hackathon under the theme *"Ethical and Responsible*

AI in the Financial Sector," our goal was clear: to inspire practical solutions that benefit citizens while strengthening integrity, trust, and resilience in the financial sector.

We received 272 applications from eight countries, Kenya, Afghanistan, Botswana, Cameroon, Namibia, Mozambique, Nigeria, and Uganda. These innovators tackled 32 problem statements in key areas including governance and compliance, risk management, incident reporting, general awareness, Micro, Small, and Medium Enterprises (MSMEs) support, and sustainable development.

Through a rigorous evaluation process, 15 outstanding innovations were identified from five countries, whose solutions you will experience today. Their ideas reflect the global nature of the AI conversation, and the shared commitment to deploying AI responsibly.

Today is not just about showcasing ideas, but also about learning. You will see demonstrations from the finalists, interact with them in the exhibition, and engage with mentors who have supported them throughout their journey. This day also presents an opportunity to test, refine, challenge, and celebrate innovation. It is a platform for partnership between regulators, industry players, academia, and innovators.

This Hackathon seeks to generate ideas and prototypes that will help the financial sector harness AI responsibly, while addressing key risks such as bias, cybersecurity vulnerabilities, and data governance challenges.

It is my belief therefore, that at the end of the day, we will have a new wave of ideas, frameworks, and partnerships that will strengthen the use of AI in the financial sector, not just in Kenya but across Africa and beyond.

As CBK, our approach to technology and innovation is consistent and intentional, our philosophy is to maximise the benefits while minimizing the risks. We support innovation that broadens opportunity and inclusion while protecting stability, consumers, and trust in the financial system. Accordingly, CBK conducts an annual innovation survey to understand the trends and impacts of digitization in the banking sector to inform appropriate policy decisions.

We recognize that technology, in particular, AI is redefining how financial services are delivered, for instance: -

- Financial institutions use AI for credit risk scoring, enabling quicker and more accurate lending decisions.
- AI-driven chatbots are transforming customer service and enhancing accessibility.
- Machine Learning models are strengthening cybersecurity by detecting anomalies in real-time.

However, with these opportunities comes risks that require clear assignment of responsibility and mitigation. We support innovation that serves the public good, protects consumers, and upholds trust in the financial sector. This means that as we encourage AI adoption, we must also embed strong governance, ethical standards, and accountability frameworks.

To better understand the landscape of AI adoption in Kenya's financial sector, CBK conducted a Survey on AI in the Banking Sector in March 2025. The objective was to assess the state of AI adoption, its benefits, risks, and emerging trends, and to guide future regulatory and policy responses. Half of the surveyed institutions (50 percent) indicated that they had adopted AI in their operations. This was a signal of the strong appetite for innovation within the financial sector.

The financial institutions reported that AI enhanced their operational efficiency, particularly through faster credit assessments, improved fraud detection, and enhanced customer service as the top three use cases. Moreover, institutions that reported the greatest success were those with clearly defined AI strategies integrating data governance, ethical principles, and human oversight. They understand that trust is the currency of AI, and it is built on a foundation of strong policy.

Conversely, the survey clearly outlined the risks involved with AI implementation and the leading concerns were data quality and governance (59 percent), cybersecurity risks (54 percent), and a shortage of AI-skilled staff (52 percent). Encouragingly, the banking sector has not been blind to these challenges. CBK has noted progress among institutions in enhancing transparency and accountability in AI systems.

A growing number of institutions have implemented measures to ensure their AI models are explainable, moving away from "black box" approaches. In addition, institutions have

3

put in place frameworks to mitigate bias and anonymize sensitive data used in model training and decision-making processes.

The overall takeaway from the survey is that Kenya's financial sector is at a point where innovation is accelerating but must be balanced by strong ethical foundations and informed governance. 93 percent of all surveyed institutions recommended that CBK issue Guidance on AI. The institutions requested for clarity in three key areas: Governance and Compliance, Risk Management Frameworks, and Incident Management and Reporting.

The survey shows that there is enthusiasm, but also uncertainty. To progress, institutions will need stronger governance frameworks, better data quality, deeper technical capacity, and clearer sector-wide direction. My belief is that today's discussions and innovations will help us move in exactly that direction.

Looking forward, CBK is committed to supporting safe and responsible use of AI. We are formulating a **Guidance Note on Artificial Intelligence**, which will provide clarity on expectations, risks, safeguards, and good practices.

Let me emphasise, CBK does not intend to stifle innovation with development of the Guidance Note. It is worth noting that innovation thrives where there is clarity, trust, and accountability. The Guidance Note will focus on overseeing how human oversight is incorporated into AI systems, ensuring they act ethically in contexts where their decisions have real-world impact. By doing so, we position ourselves to harness the power of AI while managing its risks, delivering innovation hand-in-hand with safety, and ensuring the continued stability and integrity of the financial sector

In closing, I want to thank all of you for your dedication, creativity, and commitment. To our partners, mentors, and judges, your support has made this Hackathon possible. And to our finalists, your solutions inspire confidence in the future we are building. I also thank my colleagues who have worked to make this day a reality. Let us continue learning to ensure that AI becomes a force for good to the financial sector and ultimately to the public.

Thank you.