

THE ROLE OF ALLIANCE OF AFRICAN INSTITUTES OF BANKERS (AAIOB) IN DEVELOPING THE AFRICAN BANKING INDUSTRY

By

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1. PREAMBLE

I have the pleasure to be here in Cairo, Egypt, at the instance of the Egyptian Banking Institute to share experiences with Members of the Arab Banking Institutes at your maiden Forum. This event coincides with the 5th edition of the Annual Conference of the Egyptian Banking Institute with the theme: **The Banking Sector and Global Financial Stability: Challenges and Prospects**. While the conference will enable participants join the rest of the world in seeking to understand the challenges and prospects for the banking sector in ensuring financial stability across the globe, the subject of this presentation will facilitate an appreciation of the roles the continental body - AAIQB - can play in developing the African banking industry.

To enable a clearer appreciation of the discourse, it is considered necessary we present some highlights on the birth, objects, membership and other basic information on the Alliance.

2. THE ALLIANCE OF AFRICAN INSTITUTES OF BANKERS (AAIOB) IN BRIEF

2.1 Formation:

The Alliance was established over 15 years ago, precisely on Tuesday, February 18, 1997, at a meeting of various Banking Institutes in Africa, held in Johannesburg, South Africa.

2.2 Membership:

According to its subsisting Charter, membership of the Alliance is open to Institutes of Bankers or equivalent entities on the African Continent. The institutions that membership is open to, must have been established for the purposes of organising, developing or designing training courses and education programmes in banking and/or the administration of examinations leading to recognised banking qualifications. Consequent on this provision, membership of the Alliance goes far

beyond banking institutes. Many other organisations in Africa whose purposes align with banking education, training and examinations clearly qualify for membership of the Alliance.

2.3 Objects:

The Objectives of the Alliance are summarized in the AAIQB Charter as follows:

“To co-ordinate and develop the banking profession on the African Continent through its member organisations by promoting internationally accepted standards of competence and conduct”.

As can be deduced from the above statement, the Alliance is meant to focus on the co-ordination and development of the ‘banking profession’ throughout Africa. In doing so, the Alliance ought to ensure “internationally accepted standards of competence and conduct” are promoted.

2.4 Mission Statement:

“To promote co-operation and create greater support and understanding of banking education and training among members”.

The mission statement calls attention, in a summary form, to what the Alliance is born to do. It is an engaging and foresight aspiration. In my opinion, it is a course worth undertaking for the benefit and well-being, not only of the African banking profession and industry but also the entire economy, especially given the crucial roles banks, professional education and training play in an economy. It is essential to mention that the Alliance foresees the need for the promotion of ‘*co-operation*’ and creation of, ‘*greater support*’ as well as ‘*understanding of banking education and training*’ within its membership and ultimately across Africa.

3. FUNCTIONS

It is pertinent to state that, right from inception, the Alliance decided on some of the areas it’s programmes and activities will be foremost. Consequently, it sought the co-operation of its members to pursue the following:

- i) Promotion of Professional Standards of international acceptability.

- ii) Establishment of appropriate education and training (*for existing and potential bankers*).
- iii) Setting and organising professional (*banking*) examinations and cross recognition of qualifications of member Institutes.
- iv) Provision of a Forum for joint Seminars and Conferences.
- v) Understanding and funding research related (*and relevant*) to banking education and training; and also of benefit to African Banking Institutes.
- vi) Establishment, by members, of reciprocal agreements, qualifications, etc with a view to achieving free transfer and recognition of member bankers and qualifications between Institutes and countries on the African Continent.
- vii) Improvement in the image of bankers and the banking profession in Africa and fostering of harmonious relations between member institutes and the international community.
- viii) Collection, transmission and dissemination of information to appropriate international bodies and members.

The Alliance expects to get involved in other activities and programmes that will promote the attainment of its objects.

4. THE ROLE OF AAIQB IN DEVELOPING THE AFRICAN BANKING INDUSTRY

Given its mandate, the AAIQB is to co-ordinate and develop the banking profession in Africa through its member organisations by promoting internationally accepted standards of competence and conduct. In the last fifteen (15) years the Alliance has risen to this challenge. It has, in the first instance devoted quite some time and resources in putting in place the foundations upon which are being laid the pillars that will carry the enormous weight arising from full implementation of its intendments successfully.

Although the membership of the Alliance has marginally risen to sixteen (16), which includes the Egyptian Banking Institute, from ten (10) founding members, it is heart-warming to know that its membership cuts across the East, West, North and South Africa. This has provided the Alliance a good platform for the collection, transmission and dissemination of vital information across most parts of the African continent. I

need to emphasize that African-wide membership of the Alliance is necessary for the impact of the Alliance to be felt. Whereas its membership is at present limited, the Alliance has nevertheless, striven to ensure that information within its reach are made available to its members who in turn are expected to avail such to their individual and corporate members for improved knowledge and competence in one hand, and policy development on another.

In its core role of promoting professional standards of international acceptability, the Alliance, after a serious consideration of banking professional examinations globally, harmonised the structure of professional banking examination syllabus and curriculum of all its member Institutes. The result of the harmonization is that within Africa, especially in member countries of the Alliance, banking professional education has been standardized. This has several merits for the development of the banking profession and the industry.

Following the harmonised structure, syllabus and curriculum for the education of the banker, the AAIQB has also undertaken and funded a Common Examination Moderation Exercise aimed at ensuring that it's AAIQB members were in compliance with the established standards under the harmonised examinations structure, syllabus and curriculum. That served as a benchmarking exercise with many positive outcomes not just for the Institutes involved but their members as well as the banking industry.

Without the Alliance that played the role of facilitator and bridge, such noteworthy undertaking for the production of knowledgeable and competent banking professionals who can trade their skills across Africa and the global industry, would have been very difficult, if not impossible to attain.

In pursuit of its key aspirations to contribute towards the development of the African banking industry, the Alliance also realized the need for unhindered mobility of labour - professionally qualified bankers - across the continent. It set to achieve this through ensuring that qualifications and certificates issued by its members are recognised and accepted in member countries.

The Alliance has officially executed an Agreement for Inter-country Recognition and Acceptance of Qualifications and Certificates of member countries of AAIQB. This Agreement, which is essentially the off-shoot of the harmonization of syllabus and undertaking of examination moderation, promises to bring about new dynamism in human capital resourcing within the African banking industry. Those who have surplus and those with shortages can find ways to keep professional bankers using their skills within Africa. When the African banking industry is adequately populated with professional bankers, there is no gain-saying that both the industry and the economy will be better for it.

Besides the above, the Alliance, over the years, has developed and organised single-handedly or jointly, international conferences for the sharing of knowledge and seeking solutions to contemporary and perspective banking, finance, investment and economic issues. Such conferences have been held at different member countries and attended by participants drawn across the globe. The issues on discourse have featured African-wide or global matters of interest. The last conference which was co-hosted with The Chartered Institute of Bankers of Nigeria (CIBN) dwelt on **Transformation of the African Economy: Financial Services Industry as catalyst**.

In its conferences, faculty is usually made up of the best of experts drawn from within and outside Africa to lead discussions. Experts from Europe, Asia and of course member countries of the Alliance have been featured. The essence of drawing faculty from diverse jurisdictions is to ensure that broader experiences and insights are provided which may lead to policy reviews, development and implementation. It is important to mention that over the years, the Communiqués arising from such Conferences are made available to Governments, Central Banks, banking institutions and other Stakeholders in Africa for consideration and implementation. It is on record that contents of such Communiqués have become sources for new initiatives and review of existing ones.

Apart from the Conference Communiqués, the Alliance, at the end of its Annual General Meetings, issues a Communiqué, which in most cases are on issues germane to the development of the continent's banking industry and profession. Like their Conference counterparts, Communiqués arising from Annual General Meetings of the Alliance are widely circulated and disseminated to relevant shareholders, especially regulators and operators in the industry.

Another approach the Alliance has taken in assisting to develop Africa's banking industry, is the establishment of an internship programme among its members. Under the programme, member Institutes are provided opportunity for Staff Exchanges in order to share and extend knowledge, experiences, skills and other resources. This way, they assist one another in providing higher quality services to banking professionals, banks and the banking industry. This arrangement which will also help in promoting internationalization of common professional banking education standards is also expected to have positive impact on the development of human capital necessary for the banking industry in Africa.

In furtherance of efforts to ensure that its objectives are achieved, AAIQB also draws experiences from similar continental organisations. It equally encourages its members to relate with other organisations they can draw noteworthy lessons from, for the improvement of their capacities and capabilities. Experience from other continental umbrella banking institutes shows that they play roles similar to those of the Alliance. They are well supported by the various Institutes of bankers within their jurisdictions. Consequently, their joint contributions to their banking industry have become obvious, especially in the area of human capital development. Clear examples of such continental bodies include the European Bank Training Network (EBTN) established in 1991 and Asian - Pacific Association of Banking Institutes (APABI), established in 1986. This is one reason officials and members of the Alliance participate in World Conference of Banking Institutes, the next edition of which will be organized and hosted by Kenya Institutes of Bankers next year. It is also the desire of AAIQB that its members should attend biennial Conferences of APABI.

5. CHALLENGES

It is considered necessary to highlight just two of the challenges the Alliance has faced that affected its ability to fully meet its objectives so far.

The first is the limited membership. Since its establishment about 15 years ago, membership has increased only by 6 from 10 to 16. This means that a large number of the over 50 nation states in Africa are yet to subscribe to the Alliance.

This situation has narrowed the impact of the activities of the Alliance in the African continent and its Banking Industry. If a larger number of countries join the Alliance, richer deliberations will be assured with consequent permeation of decisions and recommendations from the Alliance. It is not unlikely that part of the reasons for inadequate professional knowledge in and practice of Banking across Africa is traceable to poor educational standards in some countries. Until a critical mass of membership is attained by AAIQB, its contributions, especially in delivering Global best practices in banking education and training, will be stunted and limited within its member countries. This calls for all countries with banking institutes to subscribe to AAIQB. Countries that have no banking institutes should establish theirs and join the continental body.

A second challenge is limited financial resources. Uptil date, the Alliance relies exclusively on annual membership fees and net surpluses from its biennial conferences, to carry out its activities. Experience shows that given its objectives and the small funding available to it, not much could have been done.

The realisation of these challenges make the point for intensive membership and funds drive. It is expected that the anticipated strategic plan for 2013 - 2017 will devote reasonable attention to finding ways to resolve these issues.

The foregoing are some of the roles the AAIQB is playing towards the development of Africa's banking industry and the associated challenges.

6. THE FUTURE

As may be seen from its intendments and objectives, the Alliance is yet to realize its full potentials. And it knows it. Hence, it is crafting a new Strategic Plan. The plan is expected to give a five-year (2013-2017) picture on the path the Alliance will follow to bring about actualization of its dreams. From the benefit of an insider, the Alliance will explore some or all of the following, going forward:

- **Research Undertakings:** There is enough evidence that a wide vacuum exists in Africa's banking industry in the area of research and coming out with results that can help policy formulation and decision making. Some of the banking and finance issues that affect one country in Africa affects many others. There are, for instance, issues on micro-credit, financial inclusion, financial instability, high interest and exchange rates as well as business sustainability in an environment of several needs. Properly conceptualised and funded researches that bring forth concrete evidences that point to better policies and strategies are going to be very helpful in the continent.
- **Financial Education Programmes:** Although member Institutes of AAIQB are involved in financial education, the practice so far tends to be focused on professional bankers and employees of banks. In today's era of financial inclusiveness, the Alliance will contribute through encouraging and supporting its members to take financial education to the lowest household level. The aim will be to empower the majority of African citizens with financial knowledge that will foster banking culture and habits as well as economic well-being of our people.
- **Advocacy Service** is one area that much is needed to ensure continent-wide progress. Through its advocacy promotional activities, bridges can be built among African countries and organisations. In the area of banking in particular, the Alliance will intervene on acceptable banking and finance educational and training policies across governments and institutions. It is also desirable to have balancing forces in regulatory matters involving banking institutions. The issue of how banking professionals should behave or conduct themselves is another area advocacy is needed to ensure common continental requirements, expectations, practices and, if need be, rewards or sanctions. Yet another important area for advocacy is the place of the professional banker, among other professionals, in the banking industry.

- **Establishment of Banking Institutes where none exists** in Africa will be a priority for the Alliance. It is a well known fact that some countries in Africa do not yet have formal banking institutes to assist in manpower development for the banking industry. For the overall development of banking in the continent, quality human capital is essential. A major route to achieving this, is through Banking Institutes. Although the AAIQB has been encouraging its members to assist countries where there are no banking institutes, but the imperative need will require the Alliance, not just to encourage but to support by, for example, technical assistance, in the establishment of banking institutes where they do not exist in Africa.
- **Information Dissemination and Sharing** is very key to developing Africa's banking industry and indeed, the economy. A major source of making information widely available is through corporate internet websites. The AAIQB will set up a robust website where important continent-wide information can be accessed for worthy courses. The web will also be linked to major visual global resource networks for stakeholders' education, knowledge and empowerment.
- In the area of **Membership Drive**, a strategic approach will be worked out to ensure that many eligible and qualified organisations in Africa subscribe to AAIQB. The more the merrier. I use this opportunity to call on Arab Banking Institutes in Africa to register with AAIQB. The Egyptian Banking Institute has already shown the way, I request others to come into the family.
- **New sources of funding** for the Alliance will be considered and explored to financially empower the organisation to fully deliver on it's mandate.
- **Strategic Partnering**: The AAIQB will take deliberate steps to initiate and develop strategic partnerships, in and out of Africa, to elevate the promotion of financial education and training.
- **Standard Code of Conduct**: The impact of professional and ethical misconduct has taken the banking industry across the global many years backwards. In Africa, the Alliance will work towards developing a standard code of conduct for bankers.

- **Global Banking Education Standards Boards (GBESTB):** Finally, the AAIIOB will position itself and its members to play significant role in the emerging Global Banking Education Standards Board (GBESTB). The Board is a voluntary, industry-led initiative being founded by many of the world's leading banking institutes. The major objective is to develop clear, internationally agreed standards for the education of Professional Bankers. Many banking Institutes have started subscribing to its membership. In Africa, Kenya, Ghana and Nigeria have subscribed. The Board will be launched in Kenya in 2013 during the World Conference of Banking Institutes (WCBI). AAOB will be involved because the objects of the two (2) bodies align properly. Their collaboration will bring about developmental dividends for African banking industry.

7. CONCLUSION

In conclusion, the AAIIOB will not relent in its chosen mandate to develop the African banking industry via professional banking education and training, among others. The challenges it has laboured under in the last 15 years have not dampened its aspirations; instead, they testify that challenges do not stop progress.

However, for its programmes to permeate the wider African banking industry, all Banking Institutes and other eligible organisations to its membership in Africa should, without further delay register with the Alliance, contribute to and participate in its programmes and activities. That way, promotion and development of African banking industry will witness significant positive changes with attendant outcomes.

I thank the Council, Management and Staff of The Egyptian Banking Institute for giving me the opportunity to participate in this programme. I congratulate the Institute and Members of the Arab Banking Institutes Forum for initiating to collaborate to build and develop the banking profession and industry across the member countries. I wish you all success in your endeavours while looking forward to our continued collaboration and partnership for mutual benefits.

Thank you for your attention.