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9th Annual Banking & Finance Conference



With the Theme

The Financial Services Industry Agenda for a New Nigeria

by

**The Chartered Institute of Bankers of Nigeria
(CIBN)**

Held at Transcorp Hilton Hotel, Abuja
On September 8 – 9, 2015

Introduction

The Conference was declared open by the Governor of Central Bank of Nigeria, Mr. Godwin Emefiele, CON, FCIB represented by the Deputy Governor (Corporate Services), Mr Adebayo Adelabu, HCIB. In his opening remarks, he admonished all to put on their thinking caps to ensure the birth of a new Nigeria that would transform from an import dependent to a self-sufficient and exporting nation. The Governor noted that the Conference theme was apt in view of the realities and challenges of today's economic environment.

There were four main Business Sessions with each having a Session Chairman, a Guest Speaker and a team of Panellists. The Resource Persons were drawn from different agencies, including local and international, to share practical experiences, suggestions and workable solutions.

The Sessions were:

Session 1: The Imperatives for National Rebirth for Economic Development: The Role of the Financial Services Sector.

Session 2: Financing Infrastructural Development in the New Era

Session 3: The Financial Services Sector and Security Challenges in Nigeria

Session 4: The Financial Services Sector and the Challenge of Corruption in Nigeria.

Each Sub-theme was discussed extensively before the Conference delegates broke into syndicates

Highlights and Recommendations

A. Highlights

- The theme of the Conference – “**Financial Service Industry Agenda for a New Nigeria**” – is apt in relation to the realities and challenges of the nation's economic space and its alignment with the present government change initiatives.
- The ongoing implementation of the Treasury Single Account (TSA) is a welcomed initiative which will help to cut down the several inconsistencies that have marred public sector funds management. The TSA would also lead to the depolyment of both human and material resources by banks to proactively source for long term and sustainable deposits, outside government funds, as practised in modern economies around the world.
- The current global economic decline as exemplified by the Asian economies and in the decline in global oil prices are indications that African economies, including Nigeria, are not insulated from these downturns.
- The Central Bank of Nigeria has focused its development financing efforts on key sectors of the economy such as Power, Agriculture, Micro, Small and Medium Enterprises (MSME) and Education. This is to achieve, simultaneously, the goals for economic growth in job creation, poverty reduction and broader diversification of the economy.
- The country needs a National Rebirth and such a Rebirth or Change needs to be properly articulated.
- There is Regulatory retrogression and Regulatory risk due to inconsistent policies which makes Nigeria one of the poor destinations for investors.

- There is a major challenge in the education sector where most of our graduates cannot read, write, speak and think. There is no corresponding impact on the Nigerian system, the investments on research and the quality of graduates produced from the country's tertiary institutions.
- The Financial Services sector is the heart and engine of growth of the Nigerian economy.
- There is more focus on mobilization of funds and less on lending by financial institutions. This has led to lack of a genuine support for the SMEs to improve and grow the sector, the economy and support future multinationals to emerge.
- Products targeted at SMEs and those at the bottom of the pyramid are underdeveloped in the financial services sector.
- 20% drawdown on the SMEs fund is not good enough and therefore there is a need to review the model.
- The banks have not made enough provisions for the funding of some key sectors of the economy like education and health. This has resulted into capital flight from the economy.
- Public sector expenditure on infrastructure has stagnated because of limited funds on the part of the state while infrastructural needs continue to grow. There is therefore a need to get funding elsewhere – the private sector.
- Innovation is vital in identifying bankable infrastructural projects, matching funds required with funds available.
- In promoting bankable projects, the private sector needs to be more involved.
- Electricity should be understood to be the bedrock of infrastructural development.
- Security is a collective responsibility and should be brought to the front burner.
- Financial crimes include armed robbery, kidnapping, fraud, theft, cybercrime etc.
- Inconsistent policies by authorities can aid financial crimes as well as when efforts to tackle corruption are not vigorously pursued.
- The policies around corruption are so muddled up and people get away with corrupt practices.
- Poverty has increased due to the impact of corruption and this has led to a reduction in economic activities and government performance.
- When the BVN becomes fully operational most of the leakages will be blocked. Currently the Bankers Committee is working with NIMC to consolidate all biometric data available which will solve the KYC and identity problems.

B. Recommendations

At the end of the breakout/syndicate discussions, the participants collectively agreed and recommended to all relevant stakeholders as follows:

Government

- There is need for a multi-year plan by government for sustainable infrastructural development.
- There is need for greater synergy between the police and all stakeholders.
- Ethical education should be part of primary and secondary school curriculum.
- There should be punishment for those who have destroyed our values.

Regulators

- There is need to review the CBN's N220 billion SME funds, its implementation and its effective and efficient disbursement to the target Sector.
- The relationship between operators and regulators should be friendlier and more open to allow for free flow of ideas.
- There is need for more dialogues between the operators and regulators
- More proactive programmes should be developed targeting Micro Financing and MSMEs where 70% of financing currently comes from outside.
- Rethink the institutions that support the SMEs, and how they can reach the SMEs better and/or possibly create specific institutions targeted at them.
- Regionalization of electricity transmission network will allow for more private sector participation and the regional networks should be connected to the national grid.
- Mobile banking has been inhibited by the model we have adopted and there may be need to rethink our model. The Kenyan model can be a case study where the country leveraged on the telecommunications sector.
- There is need to strengthen existing credit bureaus and synchronisation of data from various agencies.
- There is need for consistent policy framework to encourage/attract private investments.
- The Financial Services Regulation Coordinating Committee (FSRCC) should champion the creation of linkages and consolidation of data by FRSC, NIMC, BVN in Banks, CBN, CAC etc
- Database of all banks' employees who were dismissed due to fraud should be properly kept by the CBN and CIBN and made easily accessible to all operators.

Operators

- There is need for the financial services industry to re-orientate itself and set out deliberate and genuine agenda of development financing to fund critical infrastructural projects, education, SMEs, agriculture and manufacturing sector.
- Banks should shift attention from profit only and promote personal/corporate patriotism for National Rebirth.
- Operators and Regulators should tap into what technology offers especially in shared services as it plays a critical role in development.
- Penetration of Micro financial services to bottom of the pyramid group can be increased through providing digital financial services.
- Cyber crimes presently form 80% of financial crimes in Nigeria. Hence, more attention should be paid to combating cybercrimes by introducing measures and awareness at all levels including the introduction of courses to tackle cybercrimes in the universities.
- There is a need to step up quality surveillance equipment and to study the different robbery cases to identify their links.
- The Chief Compliance Officers of banks should be both the ethics and compliance champions and should be loyal to the employers to protect their corporate image at all times.
- Bankers should earn their trust back from the people, government and institutions and there is a need for continuing professional development both at the individual and corporate levels.
- Bankers should change their mindset, identify and exploit their role as catalysts for change in the financial system for improved service delivery.
- There is a need for strict adherence to sound corporate governance, ethical and professional practices as stipulated in the Code of Corporate Governance issued by the CBN and Code of Conduct in The Nigerian Banking Industry (Professional Code of Ethics and Business Conduct) issued by CIBN as approved by Bankers Committee.
- Collaboration and improvement in shared services, including technology and security among banks will significantly reduce their cost.
- Banks should conduct adequate and regular background checks on each staff as part of their recruitment and retention process.
- To further combat corruption, banks should reject proceeds of corruption from passing through their system.
- The financial services sector should support existing and also push for the passage of required regulations and legislations against corruption.
- Gains made from corrupt practices should be forfeited to the government in addition to the existing penalties.

Conclusion

The CIBN expressed appreciation to President Muhammadu Buhari, GCFR, the Governor of Central Bank of Nigeria, Mr Godwin Emefiele, CON, FCIB, delegates, participants, Chairmen of Sessions, Panellists, Council Members, Managing Directors of Banks, Microfinance Banks and other Financial Institutions for participation, support and contributions to the success of the Conference.

The Conference concluded that the Financial Services sector is the heart of the nation's economy and requires a change in its operational process.