

ADDRESS ON BEHALF OF THE SPECIAL GUEST OF HONOUR, MR PRESIDENT BY THE HONOURABLE MINISTER OF FINANCE, BUDGET AND NATIONAL PLANNING, MRS. (DR.) ZAINAB SHAMSUNA AHMED DURING THE 13TH ANNUAL BANKING & FINANCE CONFERENCE HOLDING ON 15TH AND 16TH SEPTEMBER 2020 AT TRANSCORP HILTON HOTEL, ABUJA

PROTOCOL:

I am indeed delighted to be in your midst today as the Institute marks its 13th Annual Banking and Finance Conference. The choice of the theme **“Facilitating a Sustainable Future: The Role of Banking and Finance”**, for this year’s Conference is apt and timely, in view of the protracted economic and public health menace of the Coronavirus disease (COVID-19) Pandemic not only on the Nigerian economy, but the world at large.

2. The financial system plays a key role in the smooth and efficient functioning of an economy. It is the most important institutional and functional vehicle for the economic transformation of any Country. The Banking sector is reckoned as a fulcrum and barometer of the financial system, as it plays a predominant role in the economic development of any country as growth facilitator. Its resilience is therefore a major precondition for a sustainable economic growth and stability.

3. As you are all aware, it has been nearly six months since the World Health Organization (WHO) declared the corona virus disease as a pandemic. Since then, lockdowns of varying degrees and durations have been implemented in different jurisdictions of the world, some more successful than others. But while a few countries have reported some successes in fighting the spread of the virus, resurgence in COVID-19 cases continues to be seen in many parts of the globe.

4. Consequently, business activities have been disrupted, and the global economy is set to contract this year. The International Monetary Fund, in its report released in June 2020, expects the global economy to shrink by 4.9 percent this year, worse than the negative 3.0 percent projection made in April. Nigeria is not spared either, as the economy recorded a negative growth of -6.0% in the second quarter according to the data recently released by the NBS. This is against the back-drop of the real GDP decline from 2.55% in Q4 2019 to 1.87% during Q1 of 2020 reflecting the earliest effect of disruptions to the global supply chains caused by the COVID-19 pandemic. Overall, Nigeria's real GDP is projected by the National Bureau of Statistics (NBS) to relapse into a second recession in four years from Q3 and to contract by -4.2% in 2020.

5. Amidst the uncertainty created by the pandemic, we're confident that the Nigerian economy will bounce back strongly within the near term with the right policy responses to the multidimensional crises. Since we cannot simply wait for things to get better on their own, we have to formulate appropriate policies and implement them steadfastly in order to address the challenges head on. So far, the Federal Government has implemented a wide range of fiscal, prudential and monetary measures that squarely address four key necessities (i) ensuring sufficient liquidity, in part to support government programs for saving lives and livelihoods; (ii) maintain stability of the financial system; (iii) ensuring continued delivery of financial services to the public; and (iv) shore up confidence and cushion economic activity. The Banking system, which is a critical component of the financial sector, is not immune against the potential impact of the current economic situation as banks have to restructure potentially bad loans in every sector of the economy.

6. Distinguished Ladies and gentlemen, it would be recalled that in response to the current health and economic crisis occasioned by the COVID-19 pandemic, the Federal Government had rolled out both fiscal and monetary stimulus packages in the form of domestic interventions. Permit me to recall for instance, the House of Representatives on March 24, 2020 passed the Emergency Economic Stimulus bill, 2020 to provide a 50% tax rebate for employers and business owners who agree not to make staff cuts in 2020. The Federal Government also created a N50 billion target credit facility for affected households and SMEs. It also approved additional N100 billion intervention fund in healthcare loans to pharmaceutical companies and healthcare practitioners intending to expand/build capacity. In addition, the International Monetary Fund (IMF) availed a \$3.4 billion Rapid Financing Instrument (RFI) for Nigeria to support the health care sector, protect jobs and businesses crucial to support economic revival. Similarly, moratorium has been given to all Federal Government funded loans issued by the Bank of Industry, Bank of Agriculture and the Nigeria Export-Import Bank.

7. As part of the concerted effort aimed at bridging the transition to a post COVID -19 era, the FGN in July launched a 12 months' economic sustainability plan with a stimulus package of N2.3 trillion. This amount is being funded by N500bn from Special Accounts, N1.11 trillion of CBN structured lending and N302.9bn from other funding sources. This was against the backdrop of the recent design of the 2020-2023 Medium Term Expenditure Framework/Fiscal Strategy Paper as well as the ongoing work on the medium to long term development plans that hold the potential of putting the Country on a more sustainable economic trajectory for the next 30 years. The present Administration recognizes that a strengthened implementation framework is

needed to achieve the objectives of the medium to long term plans, hence the need to put in place a process of broad-based dialogue with all stakeholders. The framework is meant to accommodate changing economic realities, drive the economy on the path of accelerated growth and also serve as a reference point for economic planning, while the Fiscal Strategy Paper, highlights the macroeconomic objectives of the Government over the period 2021-2023 and the policy measures to be implemented to achieve them.

8. Today, as bankers and fund managers, you stand in that position to partner with government in its efforts to diversify the economy and reposition the Country for a sustainable future. Therefore, you must redouble your efforts, to mobilize domestic resources and attract foreign investment to create quality job opportunities for our teeming youths and lift people out of poverty.

9. With the current partial lifting of the lockdown measures, there are positive indications that some businesses are getting back to pre-pandemic levels, however the uncertainty over the duration and intensity of the pandemic, as well as its impact on the economy continues to be a cause for concern. In the wake of the pandemic, the government in concert with regulatory authorities had stepped forward with various liquidity, monetary, prudential and supervisory measures in the form of interest rate cuts, higher structural and durable liquidity, moratorium on debt servicing and forbearances on asset provisioning.

10. This framework is a well thought-out decision taken in consultation with stakeholders and is aimed at striking a balance between protecting the interest of depositors and maintaining financial stability on one hand, and preserving the economic value of viable businesses by providing durable relief to businesses, as well as individuals affected by the COVID-19 pandemic, on the

other. We expect efficient and diligent implementation of the restructuring measures by banks, keeping the above objectives in mind. While the moratorium on loans was a temporary solution in the context of the lockdown; the restructuring framework is expected to give durable relief to borrowers facing COVID-19 related distress. It is expected that, post COVID-19, the financial sector should return to normal functioning without relying on the regulatory relaxations and other measures as the new norm.

11. Just like boosting immunity of the population is the key to tackling pandemics, the key to long term financial stability would be to foster tangible improvement in the resilience of banks to withstand exogenous shocks like the current pandemic. Accordingly, the core of resilient banks is made up of good governance, effective risk management and compliance culture. This is not to say that Nigerian banks do not have sound governance and risk management systems in place. There is always scope for improvement and these are the areas which need greater attention going forward. The banking sector has a responsible role to play not only as a facilitator of growth of the economy but also to improve its profitability.

12. Let me use this opportunity to congratulate you for organizing this year's event, even in the face of the ravaging COVID-19 pandemic. I have no doubt that at the end of the conference, decisions to reinforce the ethics of the banking profession would emerge for greater performance and ultimately, the general good of the country.

13. On behalf of Mr. President, I wish you all a fruitful and insightful deliberation.

Thank you.

**DECLARATION OF THE CONFERENCE OPEN ON BEHALF OF MR PRESIDENT
BY THE HONOURABLE MINISTER OF FINANCE, BUDGET AND NATIONAL
PLANNING**

Distinguished Ladies and Gentlemen, once again I wish to re-emphasize that as Bankers and Fund Managers, you are required to partner with the government in its determined efforts to diversify the economy and reposition the country for a sustainable future.

As noted in my short speech earlier in the course of the programme, putting the economy on the path of sustainable growth and development has been a priority of this Administration. Therefore, the Chartered Institute of Bankers of Nigeria must work in conjunction with other relevant stakeholders in the financial system in pursuit of this laudable project.

One thing you cannot take away from this Administration is its resolve to lift millions of our people out of poverty. There is no doubt that from your role as an investment planner; managers of unavoidable risks and advisers, you surely remain a strong link in the chain of wealth creation for the economy.

It is in the light of this hope that I on behalf of His Excellency, President Muhammadu Buhari GCFR Commander in Chief of the Armed Forces of the Federal Republic of Nigeria declare this year's conference of the Chartered Institute of Bankers of Nigeria open.

I wish you a successful deliberation.

Thank you.

