



**KEYNOTE ADDRESS DELIVERED BY THE PRESIDENT/CHAIRMAN OF COUNCIL OF THE CHARTERED INSTITUTE OF BANKERS OF NIGERIA, UCHE M. OLOWU, Ph.D., FCIB AT 2019 ANNUAL MICROFINANCE CONFERENCE & AWARDS WITH THEME SUSTAINABLE AND INNOVATIVE DIGITAL FINANCE IN MSME DEVELOPMENT IN NIGERIA: THE MICROFINANCE BANK OPTION HELD ON JULY 19, 2019.**

**Protocol**

Small and medium-sized enterprises (SMEs) are a key contributor to economic growth and development. They are engines of employment, economic diversification and development

According to the Oxford Business Group, SMEs account for on average, 33% of GDP and 45% of the workforce in high-income countries. In developing economies such as Nigeria's however, the figures escalate to over 60% of GDP and 70% of employment. It can therefore be successfully argued that in order to achieve sustainable economic growth SME development must be a major concern

The banking and finance sector, and particularly the Microfinance Banks (MFB) have a major role to play in SME development. Microfinance banks are tasked with the responsibility of providing much needed funding which as they say is the lifeblood of all economic activity. In recent times however, the banking and finance terrain has changed significantly. The digitization of products and services has changed the process through which banks operate, and accessibility to products and services.

Digital transformation is changing the way microfinance sector operates. Besides a rise in financial technology solutions such as Blockchain, Artificial Intelligence and Mobile Money, there are new entrants into the market competing with other providers. Fintech companies now also offer credit facilities to SMEs putting them in direct competition with the banks.

It is for this reason The Topic for the today's discussion Sustainable and Innovative Digital Finance in MSME Development: The Microfinance Bank Option is relevant.

Digitization is no longer an option but compulsory. The notion popularly coined as 'adapt or die' reins true in this situation. Microfinance banks who wish to compete with non-bank providers of credit facilities must consider the following:

- Digitization of all processes to achieve efficiency and convenience
- Collaboration with Fintech Companies to reach a wider Customer Base or range of SMEs
- Ensure secure systems which are less susceptible to cybercrime and other threats

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