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GOVERNANCE CHALLENGES OF NIGERIAN BANKS IN THE UNITED KINGDOM

OTHER FEATURES:

- PREDICTIVE ANALYTICS FOR THE NIGERIAN FINANCE SECTOR: EXPLORING NEW FRONTIERS FOR VALUE CREATION
- 11TH ANNUAL BANKING AND FINANCE CONFERENCE: MSMEs: THE GAME CHANGER FOR ECONOMIC GROWTH AND DEVELOPMENT
- ETHICS IN CUSTOMER SERVICE: THE ROLE OF FINTECH
- BANKING: STEPPING INTO THE NEXT DECADE

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1. The Nigerian Banker Journal welcomes original scholarly research articles from practising professionals, academics, financial consultants/analysts, book reviewers, researchers and policy review analysts, etc in the area of banking and related subjects.

2. Submission of an article for publication in The Nigerian Banker Journal presupposes that the article has never been previously published, nor is it being concurrently submitted for publication elsewhere.

3. Articles should be typed double spaced on A4 size paper and should not exceed 15 pages, bibliography and footnotes inclusive. Long articles should be divided into logical parts so that they can be published in parts, if found publishable.

4. Articles previously presented at Seminars/Workshops/Conferences/Lectures etc may be adopted for publication in The Nigerian Banker Journal provided it is acknowledged at the bottom of the cover page of the article, e.g. "The original version of this article was presented at a seminar on ………………… organised by ………………………………… on …………………………….

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10. Only articles that are of high quality in content and relevance may be published. Unpublished articles may not be returned to their authors.

11. One hard copy of the article in addition to soft copy are to be sent by writers. Articles sent without a soft copy may be delayed or not published.

12. Articles lost in transit are the responsibility of the author(s).

13. All articles are the opinions of the authors, neither the Research, Strategy and Advocacy Committee nor the CIBN and its officials are liable thereon.

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CIBN ANTHEM LYRICS

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Chartered Institute of Bankers of Nigeria
The Bankers' guiding light.
It's the Nation's joy and pride.
We aim for Integrity in the Industry
Upholding Ethics and Professionalism
Great! Great CIBN
Citadel of Excellence
Great! Great CIBN
Built on Trust and Honesty

Verse 2

C-I-B-N
Chartered Institute of Bankers of Nigeria
The wheel of economic growth
Competency is our goal
Creating value and building capacity
Fostering confidence in the industry
Great! Great! CIBN
The Bankers' guiding light
Great! Great! CIBN
Built on Trust and Honesty

From the Desk of the Chairman, Editorial Board

In the third quarter of the year, the Institute for the first time in history, held a conference outside the shores of Nigeria. The First Nigerian International Bankers Conference (London 2018) organized by The Chartered Institute of Bankers Of Nigeria (United Kingdom Branch) which attracted both foreign and local delegates, was held between August 30 and September 1, 2018 at the London Institute Of Banking and Finance, Peninsula House, London. This quarter also witnessed an Investiture held outside the shores of the country, for the first time, by the Institute. The investiture which held on Saturday, September 1, 2018 at The Holiday Inn, 97 Cromwell Road, Kensington, London, is historic being the very first time ever, that the prestigious Honorary Fellowship of the Institute would be conferred on someone from outside the African continent. A total of twenty-eight (28) persons including Professor Ted Gardener, Director of the College of Business, Bangor University and Sir. Alan Yarrow, Former Lord Mayor of London were honored with the Fellowship of our great Institute. This edition of the Journal also contains the Welcome Address delivered by Dr Uche Olowu, FCIB, President/ Chairman of Council, CIBN on the day one of the conference as well as the paper on **Navigating Corporate Governance Challenges of Nigerian Banks in UK: Setting the Tone from the Top** presented by Clive Carpenter, Head of Project & Infrastructure Finance at Industrial and Commercial Bank of China, London. The paper provides readers with an expert analysis on regulatory challenges confronting UK-based Nigeria-owned banks.

In keeping with its mandate to build the capacity of members of the Institute and the general public as a whole, The Chartered Institute of Bankers of Nigeria Centre for Financial Studies (CIBNCFS) held a Breakfast Session on "Predictive Analytics for the Nigerian Finance Sector: Exploring New Frontiers for Value Creation" on Thursday, July 26, 2018 at the Bankers House, Victoria Island, Lagos. The breakfast session had in attendance, seasoned financial and technology professionals such as Mr. Olubayo Adekanmbi, Founder/Lead Mentor, Data Science Nigeria, Mr. Adeolu Bajomo, Executive Director, Information, Technology and Operations, Access Bank Plc and Mr. Raphael Yemitan, Senior Manager, Advanced and Predictive Analytics, PWC Nigeria. Featured in this edition of the journal also is the Communique of the programme which contains insightful discussions on topics bordering on Business Model in the Data Economy; Actionable Datasets for Competitive Advantage; Ethics and Analytics in the Nigerian Finance sector as well as the modalities for Predictive Analytics in the Finance Industry.

The Communique on the 11th Annual Banking and Finance Conference held at the Transcorp Hilton Hotel, Abuja from 11-12 September, 2018 is also contained in this edition of The Nigerian Banker. The conference which recorded a huge turnout of delegates, had as its theme **"MSMEs: The Game Changer for Economic Growth and Development".** This theme was carefully and specifically chosen considering the important role being played by the MSMEs in the economic growth of most economies of the world. The conference attracted important dignitaries such as Dr Joseph Nnanna, Deputy Governor (Economic Policy), Central Bank of Nigeria, who represented Mr. Godwin Emefiele, CON, FCIB, Governor, Central Bank of Nigeria; and Mr. Olusegun Adekunle, who represented Mr. Boss Mustapha, Secretary to the Government of the Federation.

It is also noteworthy that CIBN was made the Secretariat for the Alliance of African Institutes of Bankers (AAIOB) during the AAIOB Annual General Meeting which held from September 18-19, 2018 with my humble self (Registrar/CEO, CIBN), appointed as the new Chairman of the Alliance. The Alliance was established 21 years ago, on Tuesday, February 18, 1997, in Johannesburg, South Africa. It exists to co-ordinate and develop the banking profession on the African continent through its member organizations by promoting internationally accepted professional standards of competence and conduct. On behalf of the Editorial Board of The Nigerian Banker, I would like to commend the efforts of the member institutes in improving the image of bankers and the banking profession as well as fostering cordial relationships among the member institutes across the global banking community.

In this edition also, Mr. Yemi Adeola, Former Managing Director, Sterling Bank Plc avails us his insights on the ethical issues that arise when leveraging Financial Technology (fintech) to deploy financial solutions to customers. The paper titled **Ethics in Customer Service: The Role of Fintech**, was presented at the CIBN Continuous Compulsory Professional Development Graduates Induction held on August 17, 2018. In a similar vein, Dr. Segun Aina, OFR, FCIB, Past President, CIBN gives us his thoughts on the factors and major issues that will reshape the banking and finance industry in the future, in his paper titled **Banking: Stepping into the next decade**. This is contained in a special address he delivered at the 90th Anniversary of the Indian Institute of Banking & Finance held in Mumbai, India on September 25, 2018.

These and a number of other illuminating activities of our great institute would make this journal an interesting read.

Enjoy your reading.

Mr. 'Seye Awojobi, FCIB
Registrar/Chief Executive, CIBN

Welcome Address Delivered by

THE PRESIDENT/CHAIRMAN OF COUNCIL,
THE CHARTERED INSTITUTE OF BANKERS OF NIGERIA,

UCHE M. OLOWU, Ph.D., FCIB

AT DAY ONE OF THE 1ST NIGERIAN INTERNATIONAL BANKERS CONFERENCE (LONDON 2018)

ORGANISED BY
THE CHARTERED INSTITUTE OF BANKERS OF NIGERIA (UNITED KINGDOM BRANCH)
HELD ON AUGUST 3, 2018
AT THE LONDON INSTITUTE OF BANKING AND FINANCE, PENINSULA *HOUSE, 36 MONUMENT STREET, LONDON*

PROTOCOL

Distinguished Ladies and Gentlemen, I warmly welcome you to Day One of the 1st Nigerian International Bankers Conference organized by The Chartered Institute of Bankers of Nigeria (UK Branch). On behalf of the Governing Council, members and staff of our revered Institute, I express our deep gratitude to all participants, distinguished guests and resource persons who have taken time to attend this auspicious event. This event is particularly notable as it is the first of its kind to be held outside the shores of our great country, Nigeria.

I acknowledge our distinguished facilitator, Mr John Turnbull, Director, Certis International Limited who would facilitate majority of the sessions today. Mr Turnbill has over 3 decades of experience in trade finance and structured commodity financing. As he shares his insights and expertise with us today, I have no doubt that participants would find the sessions informative, educative and insightful. Let me also assure this august audience that the pedigree of the resource persons scheduled to facilitate during the course of this 3-day Conference are top notch subject matter experts who I am sure will enlighten and inform participants. I therefore encourage you all to actively partake in all business Sessions of the Conference.

Permit me to also express my delight and appreciation to the London Institute of Banking and Finance for availing us this prestigious venue through which day one of the Conference would be held. Your support is indeed a testament to the strong relationship shared between the two Institutes and we look forward to future opportunities for collaboration.

Esteemed audience, the theme today's workshop on Financing International Trade & Commodities is particularly apt given the current economic climate. Undeniably, resilient international trade and access to trade finance are key contributors to the development of any nation's economy. According to the National Bureau of Statistics, the contribution of trade to GDP in Nigeria (in real terms) was 16.75% in 2017, amounting to N23.2 trillion the same year. Furthermore, since more than ninety percent (90%) of trade transactions involve some form of credit, insurance or guarantee, trade finance is undoubtedly, the pivot for international trade in the country. (Banwo & Ighodalo).

In spite of these facts, trade finance is not without its challenges. Issues such as information asymmetry between buyers and sellers, compliance issues and the prevalence of immense risk factors have had severe effects on access to adequate financing and in turn international trade.

The aim of today's workshop is to equip participants with information and tools required for structured trade financing and to shed light on specific modalities for risk assessment, financial crime prevention and regulatory compliance.

Eminent guests, at this juncture let me re-affirm the Institute's commitment to Capacity Building and Certification, developing skills and competences of professionals and would be professionals in the banking industry in line with our statutory mandate "to determine the standards of knowledge and skills to be attained by persons seeking to become members of the banking profession". Accordingly, we would constantly review and enhance the competency of bankers through continuous professional development and Certification in specialized areas.

Let me also state that as outlined in my acceptance speech as the 20th President/Chairman of Council of The Chartered Institute of Bankers of Nigeria, over my two-year tenure shall focus on the following five key strategic areas:

- Rules and Standards
- Skills and Competencies
- Research and Advocacy
- Technology and Resources
- Brand and Visibility

It is also apt for me to mention that the Institute played a prominent role in the release of the Ethics Education & Training Standards for Professional Bankers, by the Global Banking Education Standards Board (GBEStB), made up of thirty (30) professional banking institutes worldwide. The Standards are designed to help GBEStB member bodies and others develop as well as implement ethics education programmes for professional bankers.

Let me end this address by acknowledging the efforts of the CIBN UK Branch Team ably lead by Dr. Innocent Okuwosa, FCIB. The organising team have worked tirelessly to ensure a world class event and looking at across the room, I can only assert that their efforts have indeed paid off.

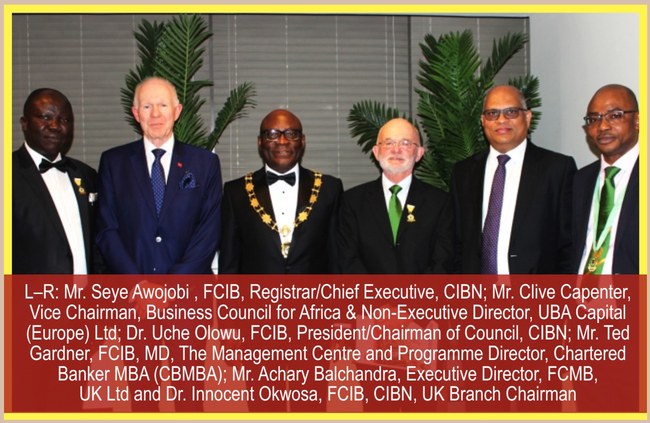
On this note, distinguished guests, Ladies and Gentlemen it is my honour and privilege to declare this 3-day 1st Nigerian International Bankers Conference (London 2018) open. I wish you a happy and fruitful Conference.

Thank you for your kind attention and God bless.

Uche M. Olowu, Ph.D., FCIB
President/Chairman of Council
The Chartered Institute of Bankers of Nigeria
August 30, 2018

THE 1ST NIGERIAN INTERNATIONAL BANKERS CONFERENCE HELD AT THE LONDON INSTITUTE OF BANKING AND FINANCE, PENINSULA HOUSE, LONDON AUGUST 30 - SEPTEMBER 1, 2018

L–R: Mr. Ted Gardner, FCIB, MD, The Management Centre and Programme Director, Chartered Banker MBA (CBMBA); Mr. Seye Awojobi , FCIB, Registrar/Chief Executive, CIBN; Dr. Uche Olowu, FCIB, President/Chairman of Council, CIBN; and Mr Akin Morakinyo, Group Head, Membership Services Division, CIBN.



L–R: Mr. Seye Awojobi , FCIB, Registrar/Chief Executive, CIBN; Mr. Clive Capenter, Vice Chairman, Business Council for Africa & Non-Executive Director, UBA Capital (Europe) Ltd; Dr. Uche Olowu, FCIB, President/Chairman of Council, CIBN; Mr. Ted Gardner, FCIB, MD, The Management Centre and Programme Director, Chartered Banker MBA (CBMBA); Mr. Achary Balchandra, Executive Director, FCMB, UK Ltd and Dr. Innocent Okwosa, FCIB, CIBN, UK Branch Chairman

L–R: Mr. Seye Awojobi , FCIB, Registrar/Chief Executive, CIBN; Mr. Clive Capenter, Vice Chairman, Business Council for Africa & Non-Executive Director, UBA Capital (Europe) Ltd; Dr. Uche Olowu, FCIB, President/Chairman of Council, CIBN; Mr. Ted Gardner, FCIB, MD, The Management Centre and Programme Director, Chartered Banker MBA (CBMBA); and Mr. James Kenneth Benoit, MD/CEO, FCMB Bank UK Ltd.

Group Photograph of newly invested Fellows

Group Photograph of newly invested Honorary Senior Members

Dr. Uche Olowu, FCIB, President/Chairman of Council, CIBN presenting the CIBN Corporate Crest to Mr. Clive Capenter while Mr. 'Seye Awojobi , FCIB, Registrar/Chief Executive, CIBN looks on

Group Photograph

Group Photograph

CIBN CENTRE for FINANCIAL STUDIES

THE CHARTERED INSTITUTE OF BANKERS OF NIGERIA CENTRE FOR FINANCIAL STUDIES

COMMUNIQUÉ ISSUED

AT THE END OF THE

BREAKFAST SESSION

ON

PREDICTIVE ANALYTICS FOR THE NIGERIAN FINANCE SECTOR: EXPLORING NEW FRONTIERS FOR VALUE CREATION

VENUE: THE BANKERS HOUSE, VICTORIA ISLAND, LAGOS

DATE: JULY 26, 2018

Introduction

The Breakfast Session on Predictive Analytics for the Nigerian Finance Sector: Exploring New Frontiers for Value Creation organized by The Chartered Institute of Bankers of Nigeria Centre for Financial Studies (CIBNCFS), was held on Thursday, July 26, 2018 at the Bankers House, Victoria Island, Lagos. The Session attracted forty (40) participants from Regulatory Institutions (CBN), Deposit Money Banks and Technology firms. Personnel such as Chief Strategy Officers, Chief Innovation Officers, Research Officers, Data Analysts, Business Analysts, Intelligence Managers and Data Scientists, etc were also attracted to the programme. The Session was facilitated by Six (6) Resource Persons in one (1) panel session.

The welcome address was delivered by the President/Chairman of Council, The Chartered Institute of Bankers of Nigeria, Uche Olowu, Ph.D, FCIB. In his address he noted that banks and other financial institutions which are yet to be engaged in predictive analytics should embrace it without delay as it would enable them improve efficiency, remain relevant and competitive. He also stated that, taking advantage of the opportunity it offers, is more important now than ever given that technological disruptions are affecting the most profitable elements of the financial services value chain.

A Keynote Presentation was delivered by Mr. Olubayo Adekanmbi, Founder/Lead Mentor, Data Science Nigeria. In his Presentation, Mr Adekanmbi stated that Analytics and Business intelligence tools empower decision makers as never before by extracting and presenting meaningful information in real-time, helping us become more predictive than reactive. He also stated that data could be used not only as a tool for value creation but also as a lever to drive long term strategic planning, improved efficiency and risk management strategies.

Dignitaries Present

a.) Mr. Olubayo Adekanmbi, Founder/Lead Mentor, Data Science Nigeria
b.) Mr Adeolu Bajomo, Executive Director, Information, Technology and Operations, Access Bank Plc
c.) Mr. Raphael Yemitan, Senior Manager, Advanced and Predictive Analytics, PWC Nigeria
d.) Mr. Uwa Agbonile, CEO, Infoware Limited
e.) Mr Olumide Soyombo, Co-Founder, Bluechip Technologies Ltd
f.) Mr Babajide Ogunsanwo, Founder, The FactBox Company & Leadership by Data
g.) Dr Uche Olowu, FCIB, President/Chairman of Council, The Chartered Institute of Bankers of Nigeria
h.) Mr Oluseye Awojobi, FCIB, Registrar/Chief Executive, The Chartered Institute of Bankers of Nigeria

Highlights

The highlights of the Session were as follows:

- The fourth industrial revolution thrives on big data and analytics to drive growth.
- Advanced analytics -which is the structuring and visualization of unstructured data enables users to extract actionable insights from aggregated data.
- Advanced analytics can support:
  - New banking and investment insights
  - Automated reporting and risk management
  - Market surveillance and compliance
- The Internet of Things (IoT) can generate data on an incremental basis. This data can be harnessed to make informed business decisions.
- Banks typically invest mainly in IT infrastructure and not on data management tools
- Predictive analytics could determine which customers are profitable, what products to market to each customer, the best business processes and create more time for strategic work, some integration of financial systems and limited automated analysis
- The PWC Analytics Maturity Model consists of 5 stages. Most banks in Nigeria are believed to be on stage 2 – the “Evolving BI” which involves some integration of financial systems, limited automated analysis and shared services for some areas. Stage 5, which is called the “information advantage” involves increased information security throughout the enterprise, proactive decision making across the board and an improved culture of innovative thinking.
- Predictive analytics is useful for the following issues amongst others:
  - customer retention
  - fraud detection
  - fund raising
  - portfolio management

- Elements of Predictive Analytics include:
  - Technology Components - Tools that enable data aggregation and storage aggregation to drive analytics
  - Business Components – Define the metrics and processes to manage businesses
  - Statistical Methods – Find actionable insights to solve strategic business problems
  - Creativity & Innovation Methods – Customer platforms of data, algorithms, and visualizations to accelerate results.
  - Enablement & Results Delivery – find the most effective analytics & data business design, delivery approach, architecture and technology to deliver the right insights at the right time to the right user

- To conduct predictive analytics, the following requirements should be met:

  - Business Credibility
  - Skilled Human Resources
  - Adequate Tools – these include analytical, profiling and extraction tools as well as secure storage
  - Vision – A thought through strategy of what you are seeking to achieve
  - Data Visualization – using applications such as PowerBI, Qlik and Tableau

- There are 3 fundamental levers driving the use of data
  - Vanilla– Involves basic analytics which determines the relationship between two variables
  - Algorithms – Build logic before data is received. Sequence of instructions before data is possessed. Logic is used to find patterns of value
  - Application – Implication of different interfaces Informs machine learning and Context Aware Analytics which identifies correlations across numerous data sets in seconds and provides intelligent recommendations that become increasingly precise over time.
- In an era of connected experiences, consumer banking interactions have increased exponentially, and financial institutions seek to understand consumer needs and to provide personalized and contextual experiences along the entire customer journey.

Predictive analytics allows financial institutions to meet these objectives

- Insurance companies now use IoT to determine risk premiums

- Predictive analytics could provide better insights which would inform decisions on loan disbursement

- New datasets and applications to the Financial Services Sector are emerging. Examples of where such datasets could be derived are as follows:
  - Twitter sentiments - currently being used to predict market movement and corporate earnings
  - Weather data - now informs commodity trading strategies

- Opportunities exist for Banks, data vendors and software providers, amongst others, to develop new data and analytics products
  - The aggregation of internal feeds and third-party data (e.g. social media) to develop alpha signals (predictive analytics), which aids in the creation of banking strategies and customer acquisition/satisfaction.

- Blockchains are built on encryption, mutual consensus data and smart contracts. They also reconcile data between independent parties to create a single true record used by all participants. They enable new industry processes to be developed based on the use of transparent real-time data. Such records contain richer datasets than those in existence today.

- Ethics is the steering wheel for data analytics. Compliance with the professional guidelines put in place will serve as the control measure for all concerned organisations.

- Predictive analytics provides deep insight into customers' habits/ behaviors; however, customer data privacy and protection are one of (if not) the most important ethical concerns within the financial sector.

- In some cases, the amount of information gathered by analytics may be more than the customer may want to reveal.

- The more data a firm collects, the better it is able to assess and determine facts about clients.

- Abuse of predictive analytics can result in a backlash, rather than improve the way service is provided professionally

- Challenges to Predictive Analysis include
  - Staffing - Lack of internal skills
  - Poor Quality of Data
  - Date Usability – Dataset may be large but not contain actionable information
  - Data Ownership - As companies hire more data scientists and employees are empowered to perform their own analyses there will be further pressure on defining and assigning data ownership to meet the needs of a broad and growing group of data consumers.
  - Results do not reveal anything new as compared to one already known by the company
  - Lack of adequate technology to process big data
  - Huge Time expenditure

Recommendations

At the end of the Session, the roles to be played by the different stakeholders in the drive towards further narrowing the financial inclusion gap were emphasized as follows.

1. Government and Regulatory Institutions Ensure financial institutions' Compliance to Data protection/ privacy regulations and policies
   - Create a framework for ethical conduct and synergy on data protection laws
   - Create/update data protection and privacy laws for the Nigerian banking industry

2. Financial Institutions
   - Decision makers in financial services should innovate and invest in emerging data technologies which can handle big data
   - Consider the ethical data use as a growing concern to ensure the success of their businesses and the sector.
   - Invest in skilled human capital to address competency gap.

3. The Chartered Institute of Bankers of Nigeria Centre for Financial Studies (CIBNCFS)
   - Hold more trainings on predictive analytics to address the competency gap in the banking industry
   - Include Predictive analytics in the CIBN Chartered Banker curriculum

'Seye Awojobi, FCIB
Registrar/Chief Executive
The Chartered Institute of Bankers of Nigeria

BREAKFAST SESSION ON PREDICTIVE ANALYTICS FOR THE NIGERIAN FINANCE SECTOR: EXPLORING NEW FRONTIERS FOR VALUE CREATION

HELD AT THE BANKERS HOUSE, VICTORIA ISLAND, LAGOS

JULY 26, 2018

Mr. Uwa Agbonile, CEO, Infoware Limited in a handshake with Dr. Uche Olowu, FCIB, President/Chairman of Council, CIBN

L-R: Mr. Raphael Yemitan, Senoir Manager, Advanced and Predictive Analytics, PWC Nigeria; Mr. Uwa Agbonile, CEO, Infoware Limited; Dr. Uche Olowu, FCIB, President/Chairman of Council, CIBN; Mr. Seye Awojobi, FCIB, Registrar/Chief Executive, CIBN and Mr. Olumide Soyombo, Co-Founder, Bluechip Technologies Ltd

A Cross session of participants during the Session

L-R: Mr. Seye Awojobi, FCIB, Registrar/Chief Execuitve, CIBN: Mr Ade Bajomo Executive Director, IT & Operations, Access Bank Plc; Mr. Raphael Yemitan, Senoir Manager, Advanced and Predictive Analytics, PWC Nigeria; and Mr. Olubayo Adekanmbi, Founder/ Lead Mentor, Data Science Nigeria giving his Keynote Address

Group Photograph of Participants during the Session

THE CHARTERED INSTITUTE OF BANKERS OF NIGERIA

COMMUNIQUÉ ISSUED

AT THE END OF THE

11th ANNUAL BANKING AND FINANCE CONFERENCE

HELD AT THE TRANSCORP HILTON HOTEL, ABUJA

DATE: SEPTEMBER 11-12, 2018

Introduction

The **Chartered Institute of Bankers of Nigeria** (**CIBN**) today, successfully concluded the hosting of the 11th Annual Banking and Finance Conference. The programme was held at the Transcorp Hilton Hotel, Abuja, Nigeria from 11th to 12th September, 2018. The theme of the conference, **"MSMEs: The Game Changer for Economic Growth and Development"** was carefully chosen considering the important role played by the MSMEs in the economic growth of any nation.

The conference had in attendance 680 delegates, made up of members (Associate and Fellows), representatives of the Federal Government of Nigeria, Central Bank of Nigeria (CBN), Nigeria Deposit Insurance Corporation (NDIC), Managing Directors / Chief Executive Officers of banks in Nigeria, SMEDAN, academicians, MSMEs and students, as well as other stakeholders in the banking industry.

Opening Ceremony:

There were five (5) major activities in the opening ceremony:

- Welcome address by Dr. Uche Olowu, Ph.D., FCIB; the President/Chairman of Council, CIBN. In his address, he emphasized that MSMEs matter for economic growth and development in Nigeria, given its importance to the rapid, sustained and inclusive economic growth of Africa's largest and leading economy, hence the choice of this theme. Given this pivotal roles, government plans to revive MSMEs, will enable the economy to effectively achieve and attain greater heights in micro-economic development and sustainability.
- Key note address from the Governor of the Central Bank of Nigeria (CBN), Mr Godwin Emiefele, CON, FCIB, who was represented by Dr. Joseph Okwu Nnanna, the Deputy Governor (Economic Policy) at the CBN. The CBN Governor noted the potential role of the MSMEs in promoting inclusive growth in the country. According to him, current growth trends of the

economy has continued to point in this direction. He was however quick to add that the CBN recognizes the huge financing challenge of the MSMEs, and is providing support in this regard through CBN interventions such as MSMEDF.

- Mr. Olusegun Adekunle (Permanent Secretary General Services Offices), represented the Secretary to the Government of the Federation, Mr. Boss Mustapha. He delivered the Goodwill message. In his brief speech, he stated that MSMEs could serve as a diversification tool to promote economic growth. He promised that the government would continue to provide support to MSMEs in the form of infrastructure and data availability to promote credible research amongst others.

- The Managing Directors of Union Bank of Nigeria Plc and Ecobank Nigeria Ltd, Mr Emeka Emuwa (FCIB) and Mr. Patrick delivered goodwill messages that MSMEs constitute the backbone of an economy, and believe deliberations at the conference will elicit solutions to the challenges MSMEs face in Nigeria. They also espoused that banks should think outside the box in order to adopt a new model suitable for financing MSMEs

- The conference was formally declared open by Mr. Olusegun Adekunle, representing the Secretary to the Government of Nigeria while Mr. Peter Amangbo (MD/CEO of Zenith Bank Plc.) delivered the vote of thanks.

Business Sessions and Parallel/Interactive Sessions

The Business Sessions spanned the two days of the Conference. Mrs. Aisha Abubakar, Honourable Minister of State for Industry, Trade and Investment chaired the first **Business Session 1 (MSME Financing Gap: The Critical Role of Micro-Funding)** on day one. The guest speaker was Mr. Bismark Rewane. Mr. Nnamdi Okonkwo (Managing Director/CEO, Fidelity Bank Plc) and Ms. Bunmi Lawson (Director, Enhancing Financial Innovation and Access) served as Panelists.

Major take-aways from this session centered on the need for banks to re-focus their lending to MSME's by viewing it as a key responsibility and their own contribution to the economic growth of Nigeria. Taking a cue from the methodology of other countries, the approach towards investment in MSMEs should be inspired by a bottom-up approach in order for them to grow. In addition, as financing has been identified as one of the constraints to MSMEs growth, it is still important to understand that getting finance in itself is not a unique solution to MSMEs problems. MSMEs are also changing forms through the activities of disruptive technologies. Linking financing to existence of a proper governance structure as well as tying the pricing of credit to risk will ensure that MSMEs keep proper records and enhance credit administration to them.

A lack of awareness of the technological opportunities and solutions that exist which could boost the productivity of MSMEs was also identified. Technological upscale was adjudged important to the success of MSMEs, as technology affords the opportunity of increased reach which comes with its attendant impact on the manner and scale of any MSME operation. Technology can help in increasing production efficiency and reducing cost. However, riding on technology exposes MSMEs to the threat of Cybercrime and other internet-related frauds.

This can be a major challenge to the smooth, effective and survival of MSME operations. Global legal edicts like the GDPR (General Data Protection Regulation) which has redefined the way data privacy is viewed not just in the EU but in any location where EU citizens reside implies that MSMEs would need to educate themselves on the need to protect customer data.

On Day 1, we also had two plenary sessions on; “Innovations In Financial Services: How Banks Could Leverage To Bank The Unbanked” and “Women In Finance: Using Technology To Connect The Next Generation of Bankers”.

It is a public knowledge that innovation in banking services has been very dynamic as evidenced by the leveraging of technology to make loans available to MSMEs and increasing the ability of supervision. MSMEs need to build capacity through training and re-training in order to benefit from the various services provided by banks. In all these, it is important that the existing divide between the MSMEs and banks be bridged through capacity building.

The second plenary session titled; “Women In Finance: Using Technology To Connect The Next Generation of Bankers” focused on gender sensitivity and challenges confronting women in the world of finance. That women account for more than half the number of employees in the financial services sector tells more than just a tale, and that the number thins out unequally as you reach executive management cadre leaves a lot to worry about. Although, the environment for the female banker has posed a lot of challenges, therein lies a plethora of opportunities. The female banker needs to explore mentorship, continuous capacity building and communities of practice in order to take advantage of these opportunities. In acknowledging these challenges, institutions need to create an enabling environment that promotes autonomy and flexibility for the female banker to thrive.

The second day focused on; “Harnessing the Value Adding Potentials at MSMEs in Income and Empowerment Generation” with the esteemed Mrs. Ibukun Awosika, Chairman First Bank of Nigeria Limited as the Guest Speaker. The Chairman of the Session was Alhaji Umaru Ibrahim mni, FCIB, Managing Director of the Nigeria Deposit Insurance Corporation. The panelists were Dr Dikko Radda (DG, SMEDAN), Mr. Emmanuel Ijewere, FCA (CEO, Best Foods Global Limited), Mrs. Ndidi Nwuneli, MFR (Founder, Leap Africa), and Hon. Mohammed Abubakar (Chairman, Umza International Farms

Limited). The Chairman of the Session noted the need to identify the peculiar requirements of MSMEs in order to enhance their potentials.

The guest speaker, who was represented by Mrs. Bashirat Odunewu, emphasized that the talents of MSMEs could be harnessed by leveraging on the comparative advantages of States and businesses. According to her, MSMEs should form clusters so as to benefit from value chain emergence and economies of scale. She observed that the Nigerian financial sector, particularly commercial banks are not readily structured to give credits to MSMEs. Dedicated structures should be instituted to help MSMEs harness their hidden potentials.

The panelists also gave their views on the subject matter. Generally, the consensus observations are that, clusters among MSMEs is a key requirement to boost their productivity, improved collaboration between SMEDAN and banks in promoting the activities of MSMEs, MSMEs needs to scale up their activities and be ready to transform from micro to small and medium.

The last session of the day was on "Micro, Small and Medium Enterprise (MSMEs) as an Integral part of the Economic recovery and growth plan (ERGP). The presentation was delivered by Mr. Akin-Olusoji Akinyele on behalf of Dr. Jumoke Oduwole, SSA to the President on Industry, Trade and Investment. The presenter reiterated the contribution of MSMEs to economic growth and employment generation in Nigeria. Specifically, it contributes about half of the GDP and absorbs 84% of the labour force.

He noted that the core pillars of the ERGP and its success are hinged on a thriving MSMEs. The FGN has recognized that it cannot solely drive economic growth to the desired levels, thus a private-sector/MSMEs-led growth is germane. We have started seeing the gains of ERGP, as reflected in the improved ranking and performance of Nigeria in the Ease of Doing Business survey conducted by the World Bank in 2017.

Provision of an enabling environment for businesses as enshrined in the thrust of the ERGP would continue to foster the growth of MSMEs. One of the outcomes of this is the enactment of the Credit Reporting Act of 2017, and the Establishment of National Collateral Registry & Credit Bureau. This legal framework is expected to ease access to credit for MSMEs.

Highpoints and Resolutions

1. Banks should review their lending model to MSMEs as a key responsibility and their own contribution to economic growth.
2. A bottom-up approach to investment should be encouraged for the MSMEs to grow; the success of countries that have developed are known to have hinged on this methodology.
3. Banks need to stay close to the MSMEs in order to properly understand them and proffer workable solutions.
4. It is important to link financing to proper governance structure. In this regard, MSMEs should keep proper records of their governance system so as to aid credit administration.
5. MSMEs lack awareness of

technological opportunities and solutions which could boost their productivity and the capability to reach greater number of people by positively impacting the way the MSMEs operate.

6. Banks need to adapt, rather than adopt, best practices to suit MSME financing for effective results in Nigeria.
7. Innovations in Banking should be included as part of the Professional and Banking Examination and Certification Programmes of ACIB syllabus to enhance a robust literacy up-scaling of banking operators.
8. Skills acquisition is as important as financing, banks should therefore use their CSR platform to engage in training entrepreneurs.
9. Robust advocacy is a sine qua non for banking the unbanked.
10. In order to achieve growth, we have to walk through the constraints of work ethics, people skills, level of investment in infrastructure and only lastly, finance.
11. Focusing on only compliance may bring big and nice banks but it will only leave the system fragile
12. Specific interventions to grow MSMEs should be undertaken, especially through the promotion of agencies that see Micro Businesses as critical.
13. As a way of walking the talk towards focusing financing of MSMEs in the agricultural sector, banks should consider having an equity stake in Bank of Agriculture and then use the bank as a channel for agricultural on-lending.
14. For effective MSMEs financing, banks need to downplay competition and embrace collaborative strategies among themselves and other stakeholders.
15. Banks should endeavor to formalize organic clusters as a de-risking strategy to MSMEs.
16. It is recommended, that SME Councils should be established in the states
17. The underutilization of the National Collateral Registry by Banks and other financial institutions have been observed. Therefore, Banks need to take advantage of this channel to enhance their lending to the MSMEs.

Done in Abuja, Nigeria this 11th – 12th Day of September, 2018

11th ANNUAL BANKING AND FINANCE CONFERENCE

HELD AT THE TRANSCORP HILTON HOTEL, ABUJA

SEPTEMBER 11-12, 2018

Dr. Uche Olowu, FCIB, President/Chairman of Council, CIBN delivering his welcome Address

Mr. Olusegun Adekunle, Permanent Secretary, General Services Offices delivering a Goodwull Message on behalf of the Special Guest of Honour, Mr. Boss Mustapha, The Secretary to the Government of the Federation

L-R: Mr. Oluseye Awojobi, FCIB, Registrar/CEO, CIBN; Mr. Bayo Olugbemi, FCIB, 1st Vice President, CIBN; Mr Abubakar Balarabe Mahmoud, SAN, Immediate Past President, Nigerian Bar Association; Dr. Uche Olowu, FCIB, President/ Chairman of Council, CIBN; Dr Segun Aina, FCIB, Past President, CIBN; Prof. Segun Ajibola, FCIB, Immediate Past President, CIBN and Prof. Pius Olanrewaju, FCIB, National Treasurer, CIBN.

Dr. Uche Olowu, FCIB, President/ Chairman of Council, CIBN in a photograph with one of the participant

Dr Uche Olowu, FCIB, President/CC, CIBN in a Group Photographwith Representatives of Banking and Finance Students Association in all Linkage Institutions in Nigeria

L-R:Mrs Ibiye Ekong, HCIB, Former Executive Director, Retail Division/South South Business Development, Skye Bank; Mrs Yvonne Isichei, FCIB; Mr Iyinoluwa Aboyeji, Former Managing Director, Flutterwave; Dr. Uche Olowu, FCIB, President/Chairman of Council, CIBN (5th L); Mrs Bukola Smith, Executive Director, Business Development, FCMB; Mr. Oluseye Awojobi, FCIB, Registrar/Chief Executive, CIBN, and Barr. Mrs Toyin Ojo, FCIB, Chairperson, Association of Professional Women Bankers

A Cross section of participants at the Conference

Prof. Pius Olanrewaju, FCIB, National Treasurer, CIBN; Mr. Bayo Olugbemi, FCIB, 1st Vice President, CIBN; Mr Bismark Rewane, FCIB, Managing Director, Financial Derivatives; Dr. Uche Olowu, FCIB, President/ Chairman of Council, CIBN; Mrs Aisha Abubakar, Honourable Minister of State for Industry, Trade and Investment; Ms Bunmi Lawson, MCIB, Director, Enhancing Financial Innovation and Access (EFIna), Mr Nnamdi Okonkwo, FCIB, Managing Director, Fidelity Bank Plc; and Mr Ken Opara, FCIB, 2nd Vice President, CIBN

11th ANNUAL BANKING AND FINANCE CONFERENCE

HELD AT THE TRANSCORP HILTON HOTEL, ABUJA

SEPTEMBER 11-12, 2018 (CONT'D)

The Official signing of the MOU between The Chartered Institute of Bankers of Nigeria and Crown Agents Nigeria Limited at the 11th Banking and Finance Conference.

Dr Uju Ogubunka, FCIB, Past Registrar/Chief Executive, CIBN; Oloye Esan Ogunleye, FCIB Past Registrar, CIBN; Mr. Oluseye Awojobi, FCIB, Registrar/CEO, CIBN; Miss Kehinde Adedeji , Head, Business Development, Alat by Wema; Mr. Bayo Olugbemi, FCIB, 1st Vice President, CIBN; Mr Abubakar Balarabe Mahmoud, SAN, Immediate Past President, Nigerian Bar Association; Dr. Uche Olowu, FCIB, President/ Chairman of Council, CIBN; Dr Segun Aina, FCIB, Past President, CIBN; Prof. Segun Ajibola, FCIB, Immediate Past President, CIBN and Prof. Pius Olanrewaju, FCIB, National Treasurer, CIBN

L-R: Mr Peter Amangbo, FCIB, MD/CEO, Zenith Bank Plc / Chairman, 11th Annual Banking and Finance Consultative Committee; Alhaji Umaru Mutallab, Chairman, Jaiz Bank; and Dr. Uche Olowu, FCIB, President/ Chairman of Council, CIBN during the Opening Ceremony of the Conference

R-L: Prof. Pius Olanrewaju, FCIB, National Treasurer, CIBN; Mr. Oluseye Awojobi, FCIB, Registrar/Chief Executive, CIBN; Mr Patrick Akinwuntan, Managing Director and Regional Executive, Ecobank Nigeria; Mrs. Beatrice Olowu, Wife of the President; Dr. Uche Olowu, FCIB, President/Chairman of Council, CIBN; Dr Segun Aina, OFR, FCIB, Past President, CIBN (7th R) and Mr. Bayo Olugbemi, FCIB, 1st Vice President, CIBN

Cultural Dance at the 11th Annual Banking and Finance Conference

Cultural Display at the 11th Annual Banking and Finance Conference

Group Photograph

The Chartered Institute of Bankers of Nigeria
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Branch Secretary

ETHICS IN CUSTOMER SERVICE: THE ROLE OF FINTECH

PRESENTED AT THE ANNUAL COMPULSORY CONTINUING PROFESSIONAL DEVELOPMENT (CCPD) GRADUATES INDUCTION PROGRAMME OF THE CHARTERED INSTITUTE OF BANKERS OF NIGERIA

ON FRIDAY AUGUST 17, 2018

BY YEMI ADEOLA

Rohit Talwar in his book, 'The Future of Business' puts this topic of discussion in perspective. I quote "As we look to the future, nobody doubts the enormity of the problems that are certain to emerge on route. Despite vows that the 2008 financial crises marked an end to profligate behavior, it's hard to imagine how this transformation can be achieved in a world that still celebrates power politics, money, consumerism, and self-interest. We are experiencing significant shifts in products, industries, markets, organizational forms, consumption patterns and the rules of competition. As a result, executives in all fields face constant challenges to redefine their mission and purpose, cultivate new customers with cutting edge products and services, and withstand external threats".

He concludes that the forecasts on emerging technologies, social trends, and wild cards raise some critical questions for business. These challenges raise underlying ethical issues. Perhaps, we should pause at this juncture to examine the concept of ethics in general.

Ethics refer to being one's own police, doing the right thing every time even when no one is watching or when there are no consequences.

There is a thin line between personal and business/professional ethics as sound ethical values in an individual is likely to translate to his or her professional values and vice versa. Ethics demand integrity not only in personal conduct but also in professional relationships. Hence, business, professional and personal ethics must align and conform with overall rules.

Ethics hinge on altruism and service to others, not necessarily the maximization of wealth. This is because if the customer who demands the service or product which translate to revenue and profit is not satisfied, it is comparable to killing the chicken that lays the eggs. Focus on the customer ultimately affect shareholder value and the bottom line, hence, the job being well done creates a great advantage around the value chain.

"The ethical compass" as suggested by DeMars (2009) propose service to customers, service to the Organization, respect for authority, adherence to the rule of law and the strive for improvement and advancement. These guidelines can drive organizations to be ethical in their service delivery.

In order to exist as a business and be successful, a business needs customers. High ethical standards in dealing with customers gives an organization a good perception/reputation and generates trust which keep customers loyal irrespective of higher prices, location and offerings because customers establish positive relationships with good quality, trusted and ethically sound service providers.

A robust ethical standard in the workplace creates strong working relationships, reduces employee turnover, improves morale, service to customers and overall growth and productivity. Organizational ethical compliance is for the benefit of the company, its employees and customers. It creates a work culture that enables a positive work environment and subsequently helps to combat workplace disputes and lawsuits. As such, ethical transgressions in the workplace must not be overlooked as this sets a bad precedence that can undermine the entire corporate culture, perception and productivity of an organization.

FINANCIAL TECHNOLOGIES

The financial services sector has generally experienced incremental innovations in technology. Going from the use of expensive, dedicated single-purpose networks and systems to cheaper, general purpose offerings - collectively referred to as "Financial Technologies" (FINTECHs). Organizations now deploy fintechs as an efficient aid to improve customer service. Fintechs represent a union of Financial services and Information technology. According to Gareth Gardiner (2016), it is a combination of banking expertise with modern management science techniques. They are termed 'Challenger Banks' using disruptive financial technology to create alternative economies.

Fintechs are an alternative to the brick and mortar financial institutions. They are online financial platforms set up to take on the intermediation role of financial institutions. They are useful in removing the stress points of financial transactions. By providing smarter options, account opening, cardless withdrawal of cash at ATMs, online purchases and the execution of loan facilities can be completed at the click of a button, which will take a longer time in the traditional banking set-up. An example is the Sterling Bank SPECTA platform which provide access to loans of up to N5m in 5 minutes. All these have significantly created value and empowered users through increased options and satisfaction.

Technology in finance originated in the traditional computer era in the late 19th century and advanced from the analogue to the digital stage with the invention of the first transatlantic cable in 1866 followed by the first Automatic teller machine in 1967, the invention of the mobile phone in 1981; the establishment of online banking in 1983 and fast forward to 2008 when the traditional internet was developed.

In the 1990s, the Citigroup initiated the Financial services technology consortium project to facilitate technological cooperation within the financial space. However, focus on the sector became significant from 2014 due to the speed of technological growth, the need to standardize the industry and the imminent rise in technology based fraud.

According to a 2017 study by KPMG, fintechs have grown remarkably in a short period, driven by technological advancements, simplicity of services, changing customer requirements, availability of funding from capital providers, an open market system, support from regulators and technology enthusiasts and collaboration with existing financial institutions. A third of bank customers use at least one fintech solution. Hence, the outlook is to play more significant roles in economies around the world. Companies cannot solely rely on their physical products and services to satisfy and retain customers whilst competing in an era of similar offerings. Hence, Organizations must advance with the changes to stay relevant and in business. Fintechs are thus the newest evolution of financial packages designed to enhance the utility of businesses to meet customers' continuously evolving needs by using technology to drive customer service and growth.

The Economist in 2015 estimated over 4,000 active fintech start-ups, with more than a dozen valued at over $1 billion. These will put the top five banking services namely - consumer finance, wealth management, lending, mortgages and retail payments at risk of losing up to 60 percent of their business to these set-ups by 2025. Based on these estimates, the percentage of banks with a strategy to incorporate fintech increased from 37% in 2009 to 73% in 2015 with various financial institutions forming strategic alliances with technology companies; acquiring or investing in fintech companies, or setting up in-house technology development units.

Fintechs are often wrongly separated from financial services where in fact: they are an evolution of the financial space which every business requires to function and survive in our constantly advancing world. They provide electronic growth opportunities for employees, customers and the Organization thereby enhancing effective product and service delivery such as – online transactions, electronic savings, online data marketing which ease transaction processing; decongest Banking halls; increase financial inclusion; provide support; predict future customer needs – leading to an overall improvement in customer satisfaction.

Fintech platforms have served as incubators for projects such as crypto currencies, crowd funding and sponsoring platforms, social entrepreneurship and renewable energy projects. The platforms can also be used to support education, transportation, research, networking, politics and financial market regulation.

"CONSCIOUS FINTECH"

Conscious fintech is value driven financial technology. It is "being aware of wrongdoing" whereby "an individual's 'conscience or moral sense of right and wrong is at play in the propagation of fintech services. It lays emphasis on common characteristics of social, ethical, green, sustainable and "for-good", value based banking (Oxford dictionary (2017); De Clerck, Frans (1993)).

"Conscious fintech or intentional fintech is the provision of financial technologies, products and services, with the main objective of contributing positively to the growth of consumers and society, today and in the future. It is people and stakeholder oriented which consciously serves real human and social needs and interests. It addresses all aspects of sustainability; placing emphasis on social, ethical and environmental issues. It is where value is added to service, money, credits and payments to leverage the purpose-driven approach of ethical finance.

Conscious fintechs through transparent and responsible communication, optimized usability and convenience provide customers with necessary information and power to make personal judgments and control over their finances. They provide access to financing, enable financial inclusion, reduce entry barriers and encourage unconstrained participation, all irrespective of time, geography, ethnicity or social status.

This practice helps to create "impact crowds" who are naturally and effortlessly inclined to provide value based financial services thereby inclining Fintech innovations to be viewed as ethical social offerings where creating a positive impact is a core feature and not merely a technical or financial by product of an innovation.

A "conscious" Fintech approach must be adopted in customer service making trust, transparency, fairness, responsibility and accountability the core values. In other words, Fintech must be used for good, for service and for excellence. This will enable the deployment of diverse and bespoke financial solutions with the customers best interests at heart.

THE ROLE OF FINTECH

As input equals output in technology, safety, accuracy and precision in the deployment of fintech solutions is essential. In an ideal world, the safety of fintech platforms is a giving. Customers entrust personal information and funds to fintech providers and expect confidentiality, safety and excellent service in return. Unfortunately, we do not have an ideal world, even in the 3rd world, as almost everyone with a mobile device even if not internet enabled has access to one or more fintech platforms. Hence, attempts to breach security can be at any level and fintechs must ensure there is little or no room for such breaches.

As much as fintech providers try to think fast to stay ahead in protecting the platforms, there are several unethical individuals out to manipulate and breach the system for several reasons. Some do it for financial gain, some to prove that a system has loopholes, some to prove their hacking prowess to their peers, some to get hacker jobs on the dark web or hold a provider or customer to ransom.

To prevent these, a number of strategies may be deployed to forestall potential breaches in security of the platforms which will go a long way to give customers more confidence.

These include:

- Fine tuning authentication processes such as 2 or 3 step authentications to login.
- In addition to logins, verification codes are required to validate transactions.
- Enhanced monitoring procedures such as inputs that do not fit a customer's usual pattern are subject to extra checks - for example, a login from a device not used previously, transactions above a certain amount, or more than a certain transaction frequency within a short time frame.

Unethical behaviour must be discouraged from the beginning. There must be no room for errors in order to minimize and make breaches impossible. Hence, fintechs must ensure there are no compromises in their operations.

Extensive and continuous work form fintechs is required to improve security features and remove loop holes to entrench ethical compliance as financial cybercrimes have become a thorn in the flesh of both fintechs and their customers.

BEST PRACTICES

The emergence of Fintech is rapid and disruptive, pushing traditional financial institutions to innovate to keep up with pace. However, in the strive for technological advancement, organizations must not lose sight of the main goal - which is service excellence.

Fintech Platforms uniquely connect critical digital financial dots, enabling innovations across the fintech spectrum, ultimately empowering customers to make better financial decisions. Driven by technological advancements, changing demographics and customer preferences for simpler, faster and more personalized experiences, the financial services sector is more focused on digital innovation now than at any other period in its history.

A fintech without sufficient, secure and up to the minute data can be likened to a deaf and blind man in the middle of a highway. For a service provider to successfully set-up a reliable fintech platform, it requires three critical elements: intelligent real-time data collection, data security, and state-of-the-art financial applications.

These are required for Data aggregation, storage and encryption

Data aggregation is the automatic gathering of personal financial information from multiple sources, such as from customer, businesses, credit, investment and Bank accounts.

Data Storage is pertinent to fully secure and back up current and evolving authentication protocols. By the end of 2016, Eighty-five percent of internet users store sensitive data in the cloud, a 54 percent increase from the previous year.

Data Encryption systems is also necessary for encoding and decoding user names, identification, passcodes, account details, account balances, and social security details. Application fields must be robust from the beginning or enabled to expand to accommodate more users and data in the future. Data collectors must obtain 100 percent permission from its consumers. As such, fintechs must operate with utmost respect for customer information and observe all applicable data protection regulations and standards.

Above all, a high-level of commitment and continuous support from management, key players and stakeholders is required for the system to survive and compete with Global brands.

CHALLENGES

Fintech involves the divulging of a great deal of customer information, this comes with the issue of trust. It is important that customers know they have dependable and trusted partners. Several challenges confront the development and adoption of fintech services. Policies were originally designed for older business models. Fintech companies thus face a complex regulatory environment that is slow to change as traditional regulations tend to protect local incumbents.

Fintechs have evolved due to the advancement of cloud technologies and the flexibility of user platforms. The most reliable data comes from direct links with financial institutions, which puts the aggregator under rigorous scrutiny regarding, privacy and reliability by financial institution and regulatory bodies.

Other challenges include loss of client data, hacking of customer/platform accounts, sale of customer records leading to blackmail, extortion and release account information and account balances as well as loss of customer funds to hackers.

As fintech firms operate internationally, they must also contend with restrictions on data storage, transmission and regulations, as well as the continuous security threats of the broader financial services industry from data breaches to theft and fraud. Fintechs can collaborate with trust enablers such as Banks and other financial institutions to propagate their offerings.

POLICY AND STRATEGIC OPTIONS

It is important to develop and establish clearly defined and consistent policies and strategies in Fintech for key players - users, builders; providers; Governments and regulators. These will guide the sector to ensure ethical and conscious dealings whilst increasing the marketability of the platforms and its services to customers. Nigeria as an emerging market for fintech needs a strong commitment to serve the customer optimally.

Fintech policymakers are expected to form policies from which strategies can align, these include: supporting the evolution of fintechs by making policies that encourage innovation.

- eliminating duplicated regulations in the financial services sector.
- regulating fintechs from the top level - down.
- protecting consumers by enforcing regulatory actions against cybercrime and transgressions.
- developing favourable policies to incentivize fintech startups.
- creating a level playing field for incumbents and new participants.
- create development standards and interoperability of financial data.
- encourage the international harmonization of laws affecting the fintech space.

Experts have suggested several strategies to be adopted to the above-stated policies are achieved

which include:

- Harmonizing local standards to align with international standards such as processes and data usage using set codes of practices to foster consistency of delivery and usage.
- Operational requirements such as business plans, IT platforms, operational conducts, data management, scrutiny of providers, their sponsors, associates and third parties must be developed.
- The risks associated with Fintechs must be identified and preventive measures must be put in place.
- There must be a high commitment to data protection and privacy of information and the prevention of requests of excessive; unnecessary information and unsolicited surveys or research from providers.
- An enabling environment must be created for new participants and growth of incumbents and encourage healthy competition whilst preventing cut-throat competition.
- Support and prudential guidelines must be provided on the expansion and solvency of Fintechs as they grow such as mergers with other Fintechs and existing financial institutions.

These policies and strategies must be properly monitored for decisive dissemination, implementation; adherence; revision and follow up with appropriate sanctions in place for transgressions because the goal of an organization is the satisfaction of its customers and its continued existence which is bigger than any individual or wrong doers.

Other strategies include sourcing for new talents, capabilities and opportunities by encouraging engagement and integration of ideas and expertise, as well as exploring collaborative opportunities. These must be supported through training programs specific to fintechs as well as financial support from Governments and private capital providers.

Key players must also identify and make accessible action groups, regulatory bodies and personnel for adequate reference.

Research and development is also required to reach the depths and diverse potentials of Fintech. The S&P 500 shows that the most ethical companies outperform their peers internally and externally. They create an enabling ethical culture by continuously making good choices for their companies and the consumers they serve. These ethical companies are shaping the future of the world's economies by creating tomorrow's best standards today.

The uniqueness of an institution is its people, as the leaders of the next generation of fintech service providers, you are powerful drivers of corporate culture, I implore you to set the tone in your organizations to lead the campaign to make excellent customer service the utmost priority whilst working within the limits of ethical standards. The merits and rewards are grand and without limit.

Good luck and Thank you.

NAVIGATING GOVERNANCE CHALLENGES OF NIGERIAN BANKS IN THE UNITED KINGDOM:

SETTING THE TONE FROM THE TOP

A PAPER PRESENTED BY

CLIVE CARPENTER

AT THE 1ST NIGERIAN INTERNATIONAL BANKERS CONFERENCE (LONDON 2018)

ORGANISED BY

THE CHARTERED INSTITUTE OF BANKERS OF NIGERIA (UNITED KINGDOM BRANCH)

HELD ON AUGUST 3, 2018

AT THE LONDON INSTITUTE OF BANKING AND FINANCE, PENINSULA *HOUSE, 36 MONUMENT STREET, LONDON*

It is interesting to note that we currently have 9 Nigerian banking institutions in the UK, 8 being subsidiaries of banks in nigeria and one being a representative office. this is about to reduce to 8 however, with one of the number awaiting regulatory approval to be sold to a non-african financial institution. other African countries are not nearly as well-represented and i believe i am correct in saying that in terms of sub-saharan Africa, it is essentially only Ghana that has a presence in London via Ghana international bank.

This preponderance of Nigerian banks in the UK reflects the size and importance of Nigeria as well as the historical relationship between Nigeria and the UK and the very significant amount of trade between the two countries. Hopefully that may increase following prime minister may's visit to Nigeria during the past week.

Teresa May's visit reminded me of the Late President Yar' adua's words when, speaking quite some years ago now in London, he said that the UK was Nigeria's preferred partner.

Being a director of any bank in any jurisdiction in today's intensely regulated environment, whether you be executive or non-executive, carries a heavy responsibility as i am sure you will all be aware. it is not a responsibility that should be taken lightly and there are already many cases on file of bank directors being heavily fined, banned from ever being a bank director again or, at worse, being imprisoned, even thought they felt they acted to the best of their ability.

During my career, i have learnt the hard way that a board of directors is no place for diplomacy. speak up, speak out and be crystal clear with your utterances or you may live to regret it. also, always ensure that your comments are well captured in the board minutes, most especially if perhaps your view differs from the majority. It is imperative to fully understand the expectations of regulators.

There is now a far more intense approach to supervision in the UK, including the use of section 166 skilled person reviews and increasing instances of chief executives, chairmen and board members being asked to provide written attestations and representations to the pra and the FCA in the UK.

The regulators need to have a clear understanding of the business strategy and risk profile of firms and to understand the culture of the firm. this applies in an even greater degree to organisations with overseas operations which might experience poor quality or flow of information.

The FCA and PRA handbooks clearly set out their expectations of senior management in banks in the UK.

i do not intend to quote these to you this evening but all bank directors in the UK should be fully aware of the following contained in the handbooks –

Principles for business

Threshold conditions

Senior management arrangements, systems and controls

Statement of principle and code of practice for approved persons as if that was not sufficient to give your attention to as a bank director, you will also need to appreciate the statutory duties of a director of a UK company under the companies act 2006. These duties include –

To promote the success of the company
To exercise independent judgement
To exercise reasonable care, skill and diligence to avoid conflicts of interest

It is not inconceivable that these duties could potentially put a director in conflict with the short term aims of the group entity.

Governance might be thought of as a 'top down' responsibility but the governance model is really dependent on the robustness of divisional, geographic and regulated legal entity governance, especially in large complex groups. there must be a holistic view of governance and this is so often missing. People and culture are what really make up the heart of good governance.

All firms which apply for authorisation have to meet the FCA's minimum standards to become authorised – known as the 'threshold conditions', which i referred to just now. amongst these conditions is the requirement that the firm is a 'body corporate' constituted under UK law, with its 'mind and management' (directors, compliance and audit functions) located in the UK.

When seeking authorisation in the UK, some or all of the directors are called for interview by the PRA. it is quite a nerve- wracking experience i can tell you. you face a panel of perhaps 5 people who fire questions at you without mercy. they expect a knowledgeable answer. i remember in my own case that the first question was, 'Mr. carpenter, why do you feel you are a fit and proper person to be a bank director.'

I was so keen to make a good impression that i almost said, 'well, how long have you got for me to list all the reasons why I'm eminently suitable.' of course, i did not say that.
i was told that the interview would last about 1 ½ hours but mine only lasted about 25 minutes. i felt sure that i must have been dismissed as being totally unsuitable but somehow i did get approved and authorised.

In speaking to you this evening about the various challenges that the Nigerian banks in the UK face, it is this need to adhere to 'mind and management' that is perhaps the most imperative.

The UK regulators are increasingly focusing on global financial services firms and the role non-uk parent companies play in the governance and oversight of UK subsidiaries. the core challenge that these global financial services firms face is the demonstration that their UK-regulated entities maintain independence and control of their decision making whilst avoiding conflicts with the parent company's objectives.

It is a delicate balance because whilst the LONDON boards may stress their independence the group will no doubt remind subsidiaries that it is group money they are managing and so group will quite naturally have a view as to how their capital is managed and applied.

The FCA director of supervision has previously stated that there is a need for the hearts and mind of management to be in the UK and that responsibility for setting the tone and the culture of the firm sits at the highest level of any firm. hence, 'setting the tone from the top'.

It has also been stressed that the FCA expects international firms to strike a balance between global decision-making structures and regulated legal entity considerations.

The FCA well summarised the situation by stating that non-uk firms must be mindful of UK and FCA requirements, particularly of preserving the integrity of the legal entity.

Your board minutes should clearly demonstrate that decision making is primarily in the UK and you should always be cognisant of the fact that the regulator has a right to review such minutes.

I would suggest that doing it right is about achieving a satisfactory consensus that meets the objectives of both parent and subsidiary mindful of the risk profile of the UK institution and in full compliance with all regulations and best practice in the UK.

However, final decisions on any matter ultimately rest with the UK board and minutes must reflect that. the UK board must be able to control its financial resources and manage the associated risks.

Despite the dangers of mind and management and over influence of the parent organisation, i do not wish to paint the parent as the cause of discord. quite the contrary. there can be great benefit from drawing upon group experience and the knowledge and resources of the parent. the key lies to ensuring that there is not over influence by the parent organisation.

let me move now to setting the tone from the top.

This is about creating a culture where everyone has ownership and responsibility for doing the right thing. this can only be established by the ceo and other members of the senior management team who need to not only set out the key company values but also personally demonstrate they mean them through their actions, 'walking the talk' in other words.

The tone at the top really defines management's leadership and commitment towards openness, honesty, integrity and ethical behaviour. the tone is set by all levels of management. it should have a trickle-down effect on all employees. this is achieved by management clearly communicating to employees what is expected of them, leading by example, providing a safe mechanism for reporting violations – whistle blowing - and rewarding integrity.

The culture of the uk board and that of the parent organisation will often not be the same. this is, not least, because the requirements of overseas regulators will likely be different from those of uk regulators.

The size, nature and complexity of the parent versus the uk subsidiary must be borne in mind.

However, what should not be at variance between the uk and the parent organisation is that there should be a strong culture of risk management in both coupled with conduct culture that focuses on good customer outcomes. The customer is king after all.

I will now turn to corporate governance and the structure of the board. No board should be static. it is a developing entity or should be, and all its members need to undergo further training and development no matter their age or their seniority.
regular board appraisal, at least annually, is a key requirement for bank boards. this can take the form of self assessment or via an independent third party.

Some banks have adopted the use of an independent board adviser who will sit in at committee and board meetings to observe the proceedings, give an unbiased appraisal of individual members at the end of each meeting as well as a view on the body corporate. where an adviser is engaged, he or she is also likely to be asked to effect an annual appraisal of each individual and, again the body corporate, with recommendations as to improvement, training and development.

There is no statutory requirement to have a board adviser but the regulator recognises the great value such a person can add to the creation of a highly effective board.

From my own experience, i would certainly recommend having a board adviser and for directors to recognise that no one is perfect. even a chairman has room for improvement although i can appreciate that in some cultures seeking to advise a bank chairman of the need for improvement may not be easy.

I am happy to share with you my own interactions with board advisers during my career. As an individual, i am a better listener than a very active speaker and on a board that may have directors who are very vociferous my views may get drowned out. i am always quite willing therefore to ask a chairman to encourage me to vocalise more actively whilst also asking others to perhaps keep quiet. an independent board adviser can readily achieve these changes without causing offence and everyone gains in the long term.

The composition of any board is a delicate balance and in today's world there is a great need to get gender and ethnicity balance, and, of course, parent representation where there is an overseas shareholder.

A good mix of skills and experience around the board table is essential and personalities should be such that no individual should be over dominant. there must be cohesion, teamwork, and acceptance of the need to work together towards a common goal.

In today's world, there is the challenge of finding directors that have new skills such as i.t. expertise including knowledge of cybercrime (i don't mean how to do cybercrime when i say that!).
islamic banking is another area of growing interest and banks offering such a service require directors with specialist knowledge of it of course.
Finding non-executives with these new skills is proving quite difficult and recent commentary suggests there is a shortage of people with these new skills. For young,

upcoming ambitious bankers, these new skill requirements of banks may present opportunities for them if they have the necessary knowledge and qualifications.

A good chairman is essential for striking the right balance, leading the board and managing its business. he or she will bring out the best in the board members, needing to be a good listener and not giving an opinion until the views of all board members have first been heard.

A word about non-executive directors now most especially independent ones. organisations using independent ned's can benefit from a breadth of relevant knowledge and experience from different industries that may help distinguish a firm from its competitors. due to their detachment from the firm, independent ned's are also better positioned to provide effective external oversight and scrutiny of activities of the organisation. in particular, independent ned's are more likely than incumbents to question and challenge instructions originating from the group entity with respect to how those instructions impact on the regulated legal entity.

The key requirement of a non-executive director is to challenge the matters that come before a board, not necessarily disagreeing with them but just questioning if things might perhaps be done in a better way. minutes should capture this challenging by non-executives and the regulator will be looking for this when reviewing the minutes of board and committee meetings. the regulator refers to this as the neds's 'taking reasonable steps.'

However, uk regulators would expect directors to do more than rely solely on just board minutes as evidence of their personal input. For example, non-executive directors should keep notes of their questions asked in and out of board and board committee meetings. copies of e-mails sent to and received from senior management should also be carefully retained.

It is always helpful and indeed adviseable, with those 'reasonable steps' in mind, to subsequently write via e-mail to management confirming the discussions you have had with them and the outcome / resultant decision if any.

In today's world, being a non-executive director requires far more than just attending quarterly board and committee meetings. there should be regular visits to the institution such that you keep your finger on the pulse.

In my own case, i consider that i need to commit not less than 40 days a year to my non-executive duties if i am to properly discharge my responsibilities and this includes a great deal of reading of documentation including board papers.
i learnt the hard way never to attend a board meeting without thoroughly reading the board papers in advance. it is absolutely essential.

There must be care by ned's not to stray into the executive area but simply to be current with all that is happening especially seeing where problems or challenges are arising and seeking to assist with advice to resolve them. regular dialogue with the ceo and senior management is key. seek to always be proactive and not reactive.

I believe you will be aware that a new corporate governance code has recently been released in the uk and applies to listed firms from january 2019. however, its contents will hopefully be taken seriously by unlisted firms too.

The main changes include greater board engagement with the workforce; better consideration of the interests of stakeholders; and creation of a culture that aligns company values with strategy.

There is also focus on succession and diversity.

To ensure that boards have (1) the right mix of skills and experience, (2) constructive challenge and (3) to promote diversity, the new code emphasises the need to refresh boards and undertake succession planning. boards also need to consider the length of term that chairs remain in post beyond 9 years. external board evaluation is emphasised. there is also focus on remuneration such that public concern over executive remuneration is carefully considered.

Let me return briefly to the issue of succession planning. one of banks we will all be familiar with, but which i am not going to name, had a change of ceo a few years ago. the outgoing ceo had been outstandingly successful and still is in his various fields. however, after he retired, the bank he built went through a succession of ceo's in a short space of time and the bank was greatly challenged. when i met the gentlemen in question congratulating him on all he had achieved he said to me, "clive, i made one great mistake in my career. i did not give proper consideration to my successor and you see now what has happened."

I have never forgotten those words and i trust none of you will either. no-one wants to see their legacy crumble and so putting your successor in place well in advance of your departure is absolutely essential.

And praise and promote your successor rather than perhaps seeking to suggest that he or she can never be as good as you. always remember that to rise up life's ladder you must seek to promote those around you and not to promote yourself.

To cultivate a good culture and harmony amongst board members, informal gatherings of the directors should be greatly encouraged. such gatherings enable directors to get to know each other and build a team spirit. they also present an opportunity to discuss important issues in a more informal setting than a board meeting.

I am sure some of you here this evening will may sit on boards that have a non-executive director with the designation of a sid – senior independent director. whilst there is no statutory requirement for such a role most especially in unquoted companies, the recommendation is nevertheless contained in the uk corporate governance code.

The role of the sid is important in the relationship between major shareholders and the board. the senior independent director should be available to shareholders if they have reason for concern that contact through the normal channels of chairman or chief executive have failed to resolve an issue.

Sids serve as a sounding board for the chairman and act as an intermediary for other directors. they are responsible for holding annual meetings with non-executives without the chairman being present, in order to appraise the chairman's performance. they are also expected to meet with the non-executives on other occasions as necessary.

when the board is undergoing a period of stress, the Sid's role becomes vitally important. they are expected to work with the chairman, other directors and shareholders to resolve major issues.

A final word if i may to emphasise the benefit of a good relationship by an ined with the uk regulators. the regulators are not people to be feared or to avoid dialogue with. rather you should seek to build a constructive relationship with them and have regular informal dialogue to keep them appraised of the bank's progress as well as the challenges faced.

Many independent non-executive directors overlook the fact that they have in effect a dotted reporting line to the regulator. they have a duty to inform the regulator if there are areas of concern or just normal challenges. the regulator will greatly respect those ined's that keep him or her informed. Very often it is the most senior ined on the board who will fulfil this function. your board and most especially your chairman should always be informed of these meetings with the regulator and there should be no impression given that You are telling tales to the regulator although, in extreme cases, that may prove necessary.

It is all about developing a relationship of trust. the regulator needs you as much as you need him or her.

The cardinal rule is that you should speak to the regulator before they speak to you. be proactive and not reactive.

In my own case, i have made it a practice to periodically call the regulator and ask if i can drop by for a cup of tea. it is all quite casual. the informal discussions might focus on progress with the business plan, filling key positions within the bank, a review of the political and economic situation in Africa and so on. It is simply about a general update towards building a relationship of trust.

In closing ladies and gentlemen, i want to lament the view which the general public has of bankers. this may not apply so much overseas as it does in the UK. The fact is that here in the uk and in many other countries all respect for bankers and their industry has been largely eroded. It is so bad that when people ask me what i do, i tend to say now that i am a consultant rather than a banker.

Just this week, i was on a train when a man asked if he could take the seat next to me and i readily agreed. we got into general conversation and when he asked me what i did for a living, i said i was a banker. he put another slant on that word which is unrepeatable and immediately changed seats.

When i went into banking as a young man, many years ago now, banks and bankers were held in the highest esteem. we were taken as examples of undoubted integrity and i was so proud to call myself a banker.

The financial crises of recent years have almost completely eroded that positive view and in the very worst cases we have become distrusted, perceived as being of doubtful integrity and considered only to be interested in lining our pockets.

Whatever the view, the fact is that our work in banks builds economies and leads to economic development. our work creates jobs, builds new industries, builds new homes and facilitates the realisation of each individual's financial plans.

I pray that in the months and years ahead, all of us in this room tonight can work together to show the public that we remain pillars of society, of undoubted integrity, and worthy of respect.

I hope that before i finally retire, i can, with pride, still tell people i am a banker rather than a consultant.

Thank you.

2018 GRADUATES INDUCTION & PRIZE AWARDS DAY HELD AT THE HARBOUR POINT, VICTORIA ISLAND, LAGOS AUGUST 18, 2018

L-R: Mr Usen Udoh, Group Chief Human Resources Officer, Dangote Industries Limited and Dr. Uche Olowu, FCIB, President/ Chairman of Council, CIBN


A Cross section of Micro Finance Certified members


L-R: Prof. Pius Olanrewaju, FCIB, National Treasurer, CIBN; Mr. Bayo Olugbemi, FCIB, 1st Vice President, CIBN; Professor Wole Adewunmi, Past President, CIBN and Dr. Uche Olowu, FCIB, President/ Chairman of Council, CIBN congratulating a newly inducted Associate of the Institute.


Cross section of Associate Members


Dr. Uche Olowu, FCIB, President/ Chairman of Council, CIBN with newly Inducted Associate members of the Institute


L-R: Mr. Muhammed Ahmed, Director Human Resources ,NDIC; Otunba Debola Osigbogun, FCIB, Past President, CIBN; Mr Usen Udoh, Group Chief Human Resources, Dangote Industries Limited; Dr. Uche Olowu, FCIB, President/ Chairman of Council, CIBN; Mrs. Tokunmbo Martins, FCIB, Director, Other Financial Institutions Supervision Department (OFISD), CBN; Prof. Pius Olanrewaju, FCIB, National Treasurer, CIBN; Mrs. Folakemi Fatogbe, Director of Risk Management, Central Bank of Nigeria; Mr. Femi Ekundayo, FCIB, Past President, CIBN; Prof. Wole Adewummi, FCIB, Past President, CIBN; and Mr. Oluseye Awojobi, FCIB, Registrar/Chief Executive, CIBN

AAIOB ELECTS MR. OLUSEYE AWOJOBI, FCIB AS CHAIRMAN, APPOINTS CIBN AS SECRETARIAT

SEPTEMBER 19, 2018

The Alliance of African Institutes of Bankers (AAIOB), has elected the Registrar/Chief Executive of the Chartered Institute of Bankers of Nigeria (CIBN), Mr 'Seye Awojobi, as the Chairman of the Alliance.

Mr Awojobi was elected at the Annual General Meeting (AGM) of the Alliance recently held in Kigali, Rwanda following the expiration of the tenure of the immediate past Chairman of the Alliance and Chief Executive of the Chartered Institute of Bankers, Ghana, Mr. Anthony Yaw Oppong.

The Alliance also unanimously appointed CIBN as its permanent Secretariat.

AAIOB was established on Tuesday, February 18, 1997 in Johannesburg, South Africa with the objective of coordinating and developing the banking profession on the African continent through member institutes by promoting internationally accepted professional standards of competence and conduct; assist member Institutes to undertake research relating to banking education and training for the benefit of its members; encourage member bodies to establish reciprocal arrangements with one another for the transfer and recognition of their members among African Institutes and countries; improve the image of bankers and the banking profession in the African continent and foster harmonious relations among member Institutes and the global banking community.

The Alliance which was originally founded by nine member Institutes namely: Botswana Institute of Bankers, Botswana; Kenya Institute of Bankers, Kenya; Institute of Bankers Mozambique, Mozambique; the Chartered Institutes of Bankers Nigeria, Nigeria; Institute of Bankers South Africa, South Africa; Tanzania Institute of Bankers, Tanzania; Uganda Institute of Banking & Financial Services, Uganda; Zambia Institute of Banking & Financial Services, Zambia and the Institute of Bankers of Zimbabwe, Zimbabwe has, today, increased in its membership base to fifteen, following the entry of Egyptian Banking Institute, Egypt; Chartered Institute of Bankers Ghana, Ghana; Institute of Bankers Malawi, Malawi; Institute of Bankers Namibia, Namibia; the Institute of Bankers of the Gambia, The Gambia; Bank of South Sudan, South Sudan and Rwanda Bankers Association, Rwanda.

AAIOB is among the several bodies and associations of banking institutes whose members, including CIBN, have hosted the World Conference of Banking Institutes at different times.

As the Chairman of the AAIOB, Mr Awojobi is to give strategic direction to the Advisory Board of the Alliance as well as drive the implementation of the five-year strategic plan for the Alliance which was approved for adoption by the Alliance at the last AGM.

His election came barely eighteen months after his nomination as a member of the Education Standard Committee of the Global Banking Education Standards Board (GBEStB), a voluntary, industry-led initiative founded by many of the world's leading banking institutes with the objective of developing clear, internationally agreed standards for the education of Professional Bankers thereby enhancing ethics and professionalism in banking worldwide.

Mr Awojobi is an alumnus of the prestigious Harvard Business School, USA. He is a seasoned professional banker and an astute scholar with a Masters degree in Business Administration (MBA) and Bachelor of Science (B.Sc) with Second Class (Upper Division) in Banking and Finance from Olabisi Onabanjo University, Ago Iwoye, Ogun State.

He is also a Fellow of CIBN; Associate member, Institute of Chartered Mediators & Conciliators; and a chartered member of the Nigerian Institute of Management.

As the Chairman of AAIOB, the CIBN boss, who has garnered both local and international exposures in the management of professional Banking Institutes from various countries, some of which include Nigeria, India, Scotland, Ghana, Malaysia, Finland, The Gambia, is expected to bring his leadership qualities and professional experience to bear for better value addition to all stakeholders of the Alliance.

BANKING: STEPPING INTO THE NEXT DECADE

SPECIAL ADDRESS DELIVERED BY:

DR. SEGUN AINA, OFR, FCIB, PAST PRESIDENT, CIBN

AT THE INAUGURAL SESSION OF THE INTERNATIONAL CONFERENCE TO MARK THE 90TH ANNIVERSARY OF THE INDIAN INSTITUTE OF BANKING AND FINANCE, HELD IN MUMBAI, INDIA

TUESDAY, 25TH SEPTEMBER, 2018

OPENING REMARKS

I will like to start this special address by congratulating the Indian Institute of Banking and Finance on this occasion of its 90 years anniversary.

Let me acknowledge the fact that the Institute is the 4th oldest professional banking Institute in the world – the oldest being the Chartered Banker Institute Scotland founded in 1875, followed by the London Institute of Banking and Finance established in 1879 and the third oldest, Institute of Bankers in South Africa which came into existence in 1903.

I am glad to note that the Institute has a very rich history and lots of accomplishments. Today, it is the largest professional banking Institute in the world with a membership strength of about 837,000 (eight hundred and thirty seven thousand) with about 400,000 (four hundred thousand) candidates sitting for its examinations yearly.

I am also pleased to acknowledge and congratulate the Institute for making history as the first to host an in-person/face to face meeting of the Global Council of the Global Banking Education Standards Board (GBESTB) which took place on Monday 24th September 2018 at the Institute's office in Mumbai. The three meetings held prior to this was done virtually. The GBESTB which was inaugurated in April 2017 is an initiative of some of the leading professional banking Institutes in the world aimed at developing standards for ethics and education of bankers worldwide and has a current membership of 33 (thirty three) professional banking Institutes. The India Institute is one of the prominent founding members and Dr. Jibendu Misra, the Institute's CEO is a Vice Chair of the Education Standards Committee.

BANKING AND THE FINANCIAL SERVICES INDUSTRY IN THE NEXT DECADE

With barely 15 months to January 2020 (the start of the next decade), the theme of this conference "Banking-Stepping into the Next Decade" is very appropriate and timely.

In my view, as we approach the next decade, a number of factors will reshape the banking and financial services industry, however, the greatest opportunity and challenge to banking will be technology or more appropriately, financial technology (Fintech). The transformation of the banking or financial services industry will be determined and defined largely by technology.

I will examine the four major areas or issues that may require special attention in this regard:

1. Skills and Talent Management

One of the major pain points will be the inadequacy of skills to match the evolving digital evolution as well as talent management and retention. New set of skills and competencies will be required. The "Future of Work Study 2018" released on 17th September 2018 by the World Economic Forum anticipated that by 2025, 52% of job roles will be performed by machines as against 29% presently. It also forecasted that by 2022, 133 million new job roles will be created while 75 million current roles may be eliminated and perhaps done by robots and machines. The good news is that 58 million new job roles will come into existence and will require people with new job skills to fill them. Banks, therefore, need to pay a lot of attention to reskilling of new and current employees who can fill the new job roles – which may be extremely difficult.

2. Cyber Risk

The "Finance for All 2018 Report" ranked 18 risk areas facing financial services and particularly financial inclusion using the Banana Skin Methodology. The report benefited from the survey conducted through 300 experts in 70 Countries. Technology Risk was adjudged the number one risk. In 2016 Technology Risk was in number 4 position.

The challenges of cybercrime, data loss, hacking, and cloud computing are so profound that some analysts have posited that this has the potential to cause the next global banking crisis as the world of financial services is now more interconnected than ever before due to large-scale technology adoption.

3. Regulation

Banking and financial services will continue to be closely regulated, albeit with new regulatory technologies (Regtech). Thanks to Fintech and Regtech, regulators will be more inclined to promoting and advancing creativity and innovation rather than stifling innovation as we have witnessed in certain jurisdictions. Regulatory sandboxes are gaining the attention of regulators worldwide, India inclusive. The Reserve Bank of India, for instance released its Regulatory Sandbox guidelines a few days ago. Increased regulatory collaboration is also envisaged.

On 7th August 2018, a group of twelve regulators led by Financial Conduct Authority of the UK announced the formation of the Global Financial Innovation Network GFIN which is aimed at putting in place global sandboxing, cross-border regulatory collaboration and providing global market access to innovative solutions and products.

The exposure paper has been circulated globally for comments and it is expected that more regulators will sign on to be part of this initiative.

4. Competition

As we move into the next decade the face of competition will be redefined. Competition in banking will no longer be among banks but several (global) non-bank, and technology oriented organizations such as Telcos, Google, Amazon, Apple, Facebook and a whole lot of emerging digital financial services providers.

More Banks will move from seeing themselves as Banks to be seen more as a technology or software company providing a platform for offering financial services products. Indeed, BBVA Spain and Goldman Sachs epitomize this.

SOME SUGGESTIONS

In the light of these developments, management of Banks need to rethink and revalidate their strategies more frequently and prepare adequately to face the challenges and benefit from the inherent opportunities.

Regulators of financial service Institutions should strive to close the speed gap that had existed between the speed at innovating and regulating. In most jurisdictions, regulation is always behind or trailing innovation. Regulatory reskilling is also very essential. The focus of the educational system also needs to change at all levels. In particular professional banking institutes must relook their curricula, learning channels, create programs and certifications that will reflect the ever-changing needs of the customer and the younger generation of employees. It may not be out of place for instance for professional banking Institution to introduce basic programs such as "Coding for Bankers" or "Programming for Bankers".

CONCLUDNG REMARKS

I thank you very much for providing me this opportunity to share my thoughts on the theme of this remarkable conference and I wish you a very successful conference with impactful outcomes.

DR. SEGUN AINA, OFR, FCIB
Inaugural Chairman of the Global Council of the Global Banking Education Standards Board, Past President, Chartered Institute of Bankers of Nigeria, and currently the President of Fintech Association of Nigeria and Convener of the Africa Fintech Network and Council.