



11TH ANNUAL BANKING AND FINANCE CONFERENCE HELD AT THE TRANSCORP HILTON HOTEL, ABUJA ON SEPTEMBER 11-12, 2018

Introduction

The Chartered Institute of Bankers of Nigeria (CIBN) successfully concluded the hosting of its 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 of our tertiary institutions, 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, FCIB; the President/Chairman of Council, CIBN. In his address, he emphasized the importance of MSMEs to the rapid, sustained and inclusive economic growth and development of Africa's largest and leading economy, hence the choice of this theme. Given these pivotal roles, the Government's plan to revive MSMEs, will enable the economy to effectively achieve and attain greater heights in micro-economic development and sustainability.
- Keynote address from the Governor of the Central Bank of Nigeria (CBN), Mr Godwin Emefiele, CON, FCIB, who was represented by Dr. Joseph Okwu Nnanna, the Deputy Governor (Economic Policy) at the Bank. The CBN Governor noted the potential of the MSMEs in promoting inclusive growth in the country which had shaped the Policies of the Apex Bank toward this all important sector of the economy. According to him, current growth trends of the economy has continued to point in the upward direction. He was however quick to add that the CBN recognizes the huge financing challenge of the MSMEs, and has refined its provision of support in this regard through various interventions.
- Mr. Olusegun Adegunle (Permanent Secretary General Services Offices), represented the Secretary to the Government of the Federation, Mr. Boss Mustapha to deliver 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 Akinwuntan delivered goodwill messages affirming the belief that MSMEs constitute the backbone of any economy. They tasked the participants to ensure that the deliberations at the Conference elicit implementable solutions to the challenges MSMEs face in Nigeria. Mr. Emeka Emuwa further advised that banks should think outside the box towards the adoption of new model suitable for financing MSMEs.

- The Conference was formally declared open by Mr. Olusegun Adegunle, representing the Secretary to the Government of Nigeria, Mr. Boss Gidahyelda Mustapha while Mr. Peter Amangbo (MD/CEO of Zenith Bank Plc and Chairman of the 11th Banking & Finance Conference Consultative Committee) 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 on MSME Financing Gap: The Critical Role of Micro-Funding). The Guest Speaker was Mr. Bismark Rewane, FCIB, Mr. Nnamdi Okonkwo, FCIB (Managing Director/CEO, Fidelity Bank Plc) and Ms. Bunmi Lawson, HCIB (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 MSMEs by regarding it as a key responsibility and their imperative 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, it was noted that though 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 be it all solution to their problems as there currently exist various financial advisory and extension services. MSMEs are also changing forms through the activities of disruptive technologies and efforts must be made in tandem with the changing trend to deliver tailor-made solutions to support this change to maximize opportunities that are being created in this space. The Session advocated for proper governance structure, keeping of proper book of records and appropriate pricing mechanism to enhance credit administration especially for the medium institutions that should transmute to large scale enterprises.

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 with its attendant impact on the manner and scale of the operations. 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 this first day, there were 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. The fact 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 approach executive management cadre leaves a lot to worry about.

Although, the corporate environment has posed a lot of challenges for the female bankers, there are also 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 of MSMEs in Income and Empowerment Generation" with 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/Chief Executive, 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, Group Executive, International Banking, First Bank of Nigeria Limited 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 in order to benefit from value chain emergence and economies of scale. She observed that the Nigerian financial sector, particularly commercial banks are not really structured to give credits to MSMEs. Dedicated structures should be instituted to help MSMEs harness their full potentials.

The consensus of the Panelists was that, clusters among MSMEs is a key requirement to boost their productivity, improved collaboration between SMEDAN and banks in promoting the activities of MSMEs need 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. Dr. Oduwole reiterated the contribution of MSMEs to economic growth and employment generation in Nigeria stressing that they contribute about half of the GDP and absorbs 84% of the labour force.

She noted that the core pillars of the ERGP and their 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. Dr. Oduwole emphasised that the gains of ERGP have started manifesting, 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. Specific interventions to grow MSMEs should be undertaken, especially through the promotion of agencies that see Micro Businesses as critical.
12. 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.
13. For effective MSMEs financing, banks need to downplay competition and embrace collaborative strategies among themselves and other stakeholders.
14. Banks should endeavour to formalize organic clusters as a de-risking strategy to MSMEs.
15. It is recommended, that SME Councils should be established in the states
16. 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.

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

Mr. Peter Amangbo, FCIB
Chairman
Consultative Committee