



Central Bank of Nigeria

PRESS RELEASE

SANUSI LAUNCHES CROSS BORDER INITIATIVE FOR AFRICAN CENTRAL BANKS

The Governor of the Central Bank of Nigeria, Mallam Sanusi Lamido Sanusi, CON, has called for greater cooperation among African central banks in developing strategies to enhance their regulatory functions and to meet the challenges of intervention in financial and economic crises on the continent.

At the 2011 Annual World Bank/IMF meetings holding in Washington D.C., the Governor hosted a high profile roundtable for African central bank Governors, aimed at sharing views and experiences relating to the challenges of the ongoing global financial/economic crisis and the repercussions on their respective countries and the continent as a whole.

The event, which was hosted in association with the Commonwealth Business Council, received strong endorsements from many African central bank Governors in attendance as well as policy makers from countries in Africa and Europe. Echoing the sentiments of many other speakers, the Governor of the Central Bank of Mauritius, Rundheersing Bheenick, commended Governor Sanusi for the initiative and recommended that it should become a regular agenda at the Annual World Bank/IMF meetings where Africa-specific issues will be discussed. This recommendation was further endorsed by the Governor of the Central Bank of Uganda, Mr. Emmanuel Tumusiime Mutebile.

As more and more African countries are discovering oil, African economies are becoming more interlinked. Factors such as oil price movements would have similar impact across different countries, hence the need for thinking beyond national borders.

Governor Bheenick stated that stronger cross border cooperation in Africa was crucial, particularly in developing solutions to the difficulties facing the financial sectors, arising from the linkages and systemic risks within the global crisis. "Such a forum," he said, "provides valuable access to shared experiences in solving the problems of a small Regulator grappling with big issues in a small far away country."

Governor Sanusi further asserted that trade between African countries which currently stands at only 10% of total trade, must improve in order for Africa to achieve significant economic growth. He however acknowledged that the integration of cross border payment systems must be addressed in order to facilitate greater trade across nations.

Meanwhile, Sir Andrew Large, former Deputy Governor of the Bank of England who was Guest Speaker at the event, raised the issue of Macroprudential policy and supervision. This drew divergent views from participants as to how exactly such a role will be structured within the existing supervisory framework.

There was unanimous agreement that the global financial crisis was far from over. The forum considered that Africa's economies remained vulnerable as long as the dire states of the economy in many European countries persist. Thus African central banks must be better prepared to carry out their fundamental responsibilities in averting or effectively dealing with any future crisis. There was a consensus that the entrenchment of the political independence of Central Banks was critical in the order to be effective in their role as Regulators.

Governor Sanusi tasked the forum to focus on discussions that do not detract from the fundamental role of Central Banks, which is to protect the banking consumer. "Banks are first of all institutions of safety before anything else," he declared and concluded that "Consumers suffer when banking institutions are run primarily in the interest of Management and Shareholders."

Signed:

M.M. ABDULLAHI

HEAD, CORPORATE COMMUNICATIONS

23RD SEPTEMBER, 2011