

**KEYNOTE ADDRESS DELIVERED BY THE GOVERNOR,**  
**CENTRAL BANK OF NIGERIA AT THE**  
**14<sup>TH</sup> ANNUAL BANKING CONFERENCE**  
**HELD ON THURSDAY, 19<sup>TH</sup> SEPTEMBER 2002**

The Managing Director and Chief Executive Officer,  
- Maryland Finance Company and Consultancy Services Limited,  
Managing Directors and Chief Executives of Banks here present,  
Captains of Industry,  
Distinguished Guests,  
Ladies and Gentlemen,

It gives me great pleasure to be here this morning as your guest and to deliver the Keynote Address at this year's 14th Annual Banking Conference. The Annual Banking Conference, which started fourteen years ago, compares favourably with the World Bank Conference organized by the Financial Times of London. The Annual Conference is designed to provide all stakeholders in the banking industry a forum to discuss contemporary issues on the practice of banking in Nigeria. The Conference being the 14<sup>th</sup> in the series, is a clear demonstration that previous conferences had not failed and I want to congratulate the organisers: Maryland Finance Company and Consultancy Services Limited, especially its Chairman/Managing Director and Chief Executive Officer, Mr. M.A. Kazeem, *FCIB*, for his efforts in organising the conference.

2. The focus of this year's conference, "Advanced Telecommunications and their Continued Imperative to the Financial Sector of the Economy", is quite topical as it brings together the relevant issues arising from the advancements in telecommunications and the need for quality banking services in Nigeria. It is very important that we understand these issues, particularly the need for new initiatives and innovations in telecommunications, so as not only to sustain the relevance of an effective and efficient telecommunications system in Nigeria, but also to improve on the banking culture among Nigerians. More importantly, the conference theme is of greater relevance to us now that mobile and electronic banking (tagged m-banking and e-banking in the telecoms parlance) has debuted in the Nigerian banking industry.

3. As you are aware, telecommunications combine the need for interaction with the application of technology to facilitate the process of delivery of information. It is important to note that, communication itself, deals with the interchange of information between two or more parties on an issue or event, such that a message from one person is delivered to another person. Communication is said to be effective when all the parties have the same

understanding of the issues or events involved. On the other hand, technology which is science-based, provides innovative ways to solving life's problems and to helping people clearly understand what is being communicated. It is therefore imperative that we understand the link between telecommunications and technology because it presents a vivid picture of their relevance in the banking and financial services delivery.

4. Distinguished Participants, you would recognise that the essence of the use of telecommunications in the delivery of financial services is to enhance the capacity of the operators to solve problems for their customers and other stakeholders. The right perspective is therefore, to ensure that financial institutions do not invest in irrelevant technologies to the detriment of the stakeholders. It is also to ensure that the peculiarities of present day banking practice and the interest of the clientele are considered, when banks embark on the decision to deploy telecommunication and technological innovation in its delivery of banking/financial services.

5. At this juncture, permit me, Ladies and Gentlemen, to outline some of the advantages of this linkage between telecommunications and technology in the delivery of financial services in Nigeria. As you all know, telecommunications work to facilitate interactions between people and business organisation and, in particular, make those transactions more efficient. We are also aware that some of the performance indicators of transaction efficiency include, response time, turnaround time and delivery time – all bordering on the timeliness of conclusion of transactions. Added to these time-related issues is convenience, especially in these days of modern banking, which put tremendous pressure on the operators to carry their services to the doorsteps of their customers.

6. You are also aware that, the use of telecommunications in the financial sector has helped to drastically reduce or sometimes completely eliminate the need for physical interaction between the banker and his/her customer every time the latter has a transaction to effect. Thus, wherever telecommunication services are available and there is firm and sufficient inter-connectivity between the service providers, banking services (i.e. mobile and electronic banking) can be rendered with little or no hindrance.

7. Electronic banking or e-banking connotes the form of banking transaction in which both the bank and customer interact electronically, via a telecommunications device, rather than the physical exchanges or direct physical contact. E-banking relies on the existence of adequate operational infrastructure like telecommunications and power. As you are all aware, the introduction of the global system of mobile communications (GSM) has improved the telephone facilities in Nigeria, but the number of lines remains

inadequate and far from optimal. The inadequate supply of telecommunications infrastructure in Nigeria has therefore resulted in low usage of internet technology and this has, in turn, adversely affected our general acceptance of mobile and electronic banking.

8. We all recognise that, m-banking and e-banking should be operated on a 24 hours in a day, and 7 days in a week, basis. You would agree with me that this cannot be achieved except there is a reliable source of electricity supply. This brings us to the need to develop our infrastructure, particularly telecommunications for the purpose of improving the commitment of the service providers to deliver excellent services as well as in promoting the technical capability of bankers, to utilise the opportunities offered by technology.

9. The Federal Government has, however embarked on some far reaching reforms, aimed at improving the supply of electricity in Nigeria. Those efforts have started to yield positive results, which would definitely help the banks to reduce the cost of financial intermediation, as well as revolutionize banking services in Nigeria. However, until the telephone system and supply of electricity in the country are both optimal, some banks that have installed Wide Area Networks in order to provide online services to their customers, would have to contend with network failures from NITEL, which are often due to insufficient communication lines, inadequate bandwidth or incessant power failure. I would at this juncture, also like to call on Nigerian banks as stakeholders in the economy, to invest massively in technology, telecommunications and people (especially those that will apply the tools acquired) and to develop innovative ways of deploying these resources for the benefit of its customers. The need for aggressive recruiting and continuous training of internal and external technical support personnel cannot be over-emphasized. The lack of adequate information technology skills represents a critical problem that banks must address as they pursue mobile and electronic banking.

10. On the part of the regulatory authorities, let me reiterate that, we will continue to strengthen our capacity in these regard, so as to ensure system integrity and to advise banks on how to handle issues arising from our unfolding hi-tech banking environment. Distinguished Participants, Ladies and Gentlemen, permit me to sound a note of warning, that with all the advantages of telecommunications and information technology to banking, they also provide a veritable platform for frauds and hacking. As stakeholders in the financial sector, you must therefore ensure that the euphoria of m-banking and all other forms of application of advanced telecommunications do not obliterate

the need for adequate and firm controls, since technology can be both a blessing and a curse, depending on the user and intentions.

11. It is also my hope that this conference would, among other issues, consider the question of how far NITEL, would help banks in Nigeria to deliver efficient and quality financial services, both locally and internationally under the current reforms in the telecommunications sector. This Keynote Address is to set the pace for further discussions on the issues raised and provide the telecommunications and technological experts here, as well as the bankers some food for thought. In the main, the outcome should confer some advantages on the participating institutions and the individuals that represent them. There is no doubt in my mind that the future of banking business in Nigeria is inextricably tied to the extent to which we embrace advancements in technology and telecommunications.

12. Distinguished Guests, Ladies and Gentlemen, before I conclude this address, May I observe that from the high caliber of speakers invited to speak, each of whom I consider an icon in the area, and with the carefully selected list of topics for discussion at this three-day conference, I am confident that you will have a fruitful and rewarding deliberations.

13. I will be glad to receive a copy of the conference communiqué and I thank you for your kind attention.

Chief (Dr.) J. O. Sanusi  
Central Bank of Nigeria

September 19, 2002.