



## **PRESS STATEMENT**

### **CBN INITIATIVES TO SLASH BANKS OVERHEAD BY 30% ... AS FG COMMENDS BANKING REFORMS**

The Governor of the Central Bank of Nigeria, Mallam Sanusi Lamido Sanusi on Thursday, September 23, 2010 said that through the various initiatives being spearheaded by the apex bank, the overhead costs of banks is expected to be reduced by 30% in the next 3 years.

The apex bank boss said this in Abuja during the 4<sup>th</sup> Annual Banking and Finance Conference of the Chartered Institute of Bankers of Nigeria (CIBN). Speaking on the theme “Evolving Financial Landscape: Strategies for Economic Resilience”, Mallam Sanusi explained that given the criticality of efficiency to cost of funds, the CBN has started a shared services project in collaboration with banks aimed at centralizing back offices and the industrialization of common processes. He added that the Bank is also working towards establishing an Independent Power Project (IPP) for power supply to all banks operating in Lagos as a pilot cluster. All these initiatives, he stated, would lead to drastic reduction of overhead costs and ultimately reflect positively on the cost of funds.

The Governor also harped on the need to review the existing rules and laws relevant to the financial industry in Nigeria in line with the new financial environment and international best practice. He stated emphatically that there is a compelling need to reform the laws that pertain to the mortgage sector particularly the Land Use Act. He also called for the establishment of special courts that would promptly handle cases of loan defaults, credit fraud and insider abuses – related cases. He said the CBN is scaling through on a number of legislative reforms aimed at unlocking the bottlenecks to the smooth flow of credit to the real sector and especially to small and medium enterprises.

Speaking at the same event, the Vice President of the Federal Republic of Nigeria, Arch. Namadi Sambo commended the CBN on the banking sector reforms adding that the Federal Government (FG) will continue to support the apex bank in order to ensure market discipline in the financial sector.

According to him, “We would give you all the assistance needed to support the real sector of the economy. History must not be allowed to repeat itself as was witnessed in the past.” He said the FG will continue to

encourage the CBN in its drive for the adequate funding of the real sector with single digit interest rate.

He said, "We need to address power to ensure that power is stable. We have expended N10bn on thermal plant for distribution to substations and we are working on other complementary measures to increase the megawatts as promised by Mr. President when he unveiled the power sector reforms." He therefore enjoined Nigerians to support the government in achieving the desired objectives.

(Signed)

**M. M. ABDULLAHI**

HEAD, CORPORATE COMMUNICATIONS

September 23, 2010