



# Pulling it together for the next level

THE CHARTERED INSTITUTE OF BANKERS OF NIGERIA

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# Outline

- Conference Objectives
- Setting the Context
- Key Session Takeaways and Strategic Actions



## DAY I

### 1 Setting the context

- Vice President, Federal Republic of Nigeria
- President/ Chairman of Council, CIBN
- Chairman, CIBN Conference Consultative Committee
- Governor, Central Bank of Nigeria
- Executive Governor of Lagos State
- Honourable Minister of FCT
- Mr. Adjiedj Bakas

### 2 The New World Economy and trends into the future

### 3 ACFTA: role of Nigerian banks and other stakeholders

### 4 Governance, Risk Management and Regulation: Future Considerations

### 5 Shared Services and Cost Management

## DAY 2

### 6 Workforce of the future: people and skills

### 7 Driving digital and innovation

### 4 Pulling it up together for the next level



# The New World Economy and trends into the future

## DISCUSSION HIGHLIGHTS

- **Uncertain global macroeconomic environment driving the world economy**
  - Further complicated by fallout of trade war between the US and China
  - Central banks are cutting interests to avoid economic slowdown
- **Regional integration is in play and may be good, but risks may abound**
  - ACTFA has potential to make Africa the largest '**economy**' in the world;
    - Access to a much larger African market, beyond Nigeria
    - Consider clear opportunities in Infrastructure leadership – budget airlines to connect african markets, towards freer trade
- **Without a strategic plan, we cannot be ready for the future that is here**
  - Without strategic focus Nigeria could end up with the short end of the stick
  - Risk of adoption of same currency places unequal burden on larger economies – Nigeria/ SA
- **Nigeria needs to enable and create the right environment for innovation to thrive e.g.**
  - support long term savings
  - properly implement micro pension scheme

## STRATEGIC TO-DOS

- **The CIBN to champion advocacy towards the following:**
  - Supporting a creative framework to enable long term savings (via tax rebates etc.) that may be geared towards infrastructure development
  - Facilitating/supporting initiatives to improve financial literacy, especially for those at the bottom of the pyramid – to engender higher financial inclusion
  - Begin to drive conversations towards adoption of more shared services platforms for banks - Solutions for SMEs

# ACFTA: role of Nigerian banks and other stakeholders

## DISCUSSION HIGHLIGHTS

- **Trade remains critical to Nigeria's economic turnaround**
  - Like China, Nigeria must aim for the African continent's 1.2 billion market to grow her economy
  - Require significant effort to succeed; benefits will not accrue automatically e.g. AGOA initiative
  - Banks have a major role to support Nigerian businesses to enhance their productive capacity in order to improve our export base and compete better
- **ACFTA provides Nigeria with a potential pool of increased opportunities**
  - Nigerian banks have been ahead of the curve in facilitating trade in the world and Africa
  - With ACFTA, banks can focus on developing instruments to facilitate trade across the continent
  - Central banks need to improve interconnectivity to allow easy settlement of cross border transaction e.g. in local currencies
  - But threat of competition exists from other countries aiming to become international financial centers
- **Nigerian banks must work with other stakeholders (government, civil society etc.) to ensure the country benefits immensely from ACFTA**
  - Banks need to engage government based on their experience/operations in other African countries in order to provide inputs into protocols under discussion
  - There must be strong partnership with civil society to create better awareness of the ACFTA

## STRATEGIC TO-DOS

- **Clarion call for the banking community to show even greater interest in ACFTA**
- **Specifically, there is a need for Banks, perhaps spearheaded by the CIBN, to:**
  - Identify investment/operational challenges in African countries where Nigerian banks operate
  - Collate and provide detailed feedback to the federal government as input into protocols under discussion
  - Leverage WTO trade agreement terms/conditions to protect National interests/mitigate risks

# Governance, Risk Management and Regulation: Future Considerations

## DISCUSSION HIGHLIGHTS

- **Nature, complexity and materiality of risks faced by banks have changed and are changing rapidly and significantly - VUCA**
  - The environment is volatile, uncertain, more complex, heightened ambiguity
  - Digital disruption introduces a number of new risks – 3<sup>rd</sup> party, digital, cyber, conduct risks, etc.
  - Banks need to be agile and nimble to mitigate/ contain these evolving risks
- **Governance must be holistic; must also focus on skills**
  - Not just a Board agenda – proper governance must permeate whole system – other management and staff, structures and processes
  - Rethinking of skills – beyond just diversity, there should be a focus on emerging skills sets – focus should be on the skills as new innovation requires different ways of thinking
- **Regulator/ regulation must keep pace!**
  - Of new/ emerging technologies - as the safe keeper of the financial system
  - Needs to be faster in terms of policies and nimble in carrying out its responsibilities
  - Continue to be open to collaborations/ consultations with industry
- **Need for the industry to self-regulate as well, given the new/emerging challenges**
  - Increased importance of whistle blowing

## STRATEGIC TO-DOS

- **Develop/refine formal structures to drive collaboration and consultation between regulators and stakeholders on governance and risk management issues**
- **Standardization of policies to:**
  - Protect Data
  - Address misconduct
  - Enhance governance & operational resilience
  - Structures for new products
- **Consider strongly the need for Self-regulation (CIBN to play a role)**
- **Drive implementation discipline on agreed industry initiatives**

# Shared Services and Cost Management

## DISCUSSION HIGHLIGHTS

- **Banks need to explore ways of operating efficiently to deliver services at competitive costs**
  - CIR has improved since 2005, hovering around 35-40% for the most efficient banks and 60-70% for other operators
  - Significant costs buckets include cash handling and non-earning assets on the balance sheet (most of which is tied to technology investments)
- **Economies of scale derived from shared infrastructure can drive utility value for the industry; innovation then becomes a differentiator**
  - Shared infrastructure has had successes e.g. transaction switching companies providing interoperability that enabled banks to share PoS & ATMs
  - There is a need to consolidate on existing industry initiatives around payments transformation, IT infrastructure, IT standards, cash management and back office operations
  - When shared services infrastructure becomes a key enabler of banking services, innovation becomes a differentiator
- **Shared services implementation mechanics needs to be well defined**
  - Governance for shared services – setup, operations and exit – have to be well defined
  - Industry shared services arrangements should be optimized to minimise tax impact – need to factor in VAT, transfer pricing and other tax considerations

## STRATEGIC TO-DOS

- **Develop a robust governance framework for shared services in the banking industry**
- **Develop a business case for other potential areas to leverage industry shared services beyond cost savings to value creation:**
  - customer care services
  - debt factoring
  - Pan African 3<sup>rd</sup> party value services
  - Policy and regulation, etc.

# Workforce of the future: people and skills

## DISCUSSION HIGHLIGHTS

- **Industrial revolution 4.0 is here!**
  - Five major forces impacting the future of work – rapid advancement in technology, globalization, demographic shifts, changes in the environment and low carbon economy
  - Significant number of individuals in the work place are now millennials - they are digital natives, more empowered, more individualistic in how they manage their careers
- **The workforce of the future will impact all professions, not only banking**
  - Digital natives are sector agnostic and have the ability to work across disciplines
  - Work of hand, work of head, work of heart - **WoHeart** least likely to be disrupted
  - The digital talent life cycle is transforming – focus more on skills rather than years of experience; managing for performance rather than presence
  - But careers in banking are changing – from job families to career clusters with different skills pools different from traditional banking skills
- **Learning approaches have to adapt to this new reality**
  - New skills – persuasion, time mgt, problem solving, creativity, adaptability, etc. – are required for staff to remain relevant and agile in this new reality
  - Accelerated learning methodologies need to be deployed to help individuals learn faster
  - Staff reskilling, retraining, refocusing approaches need to be more personalized and byte-sized

## STRATEGIC TO-DOS

- **Spearhead research into the future of work in Nigerian banking, with specific recommendations of what changes need to happen in the workplace (SINGAPORE Example)**
- **Consolidate on industry initiatives to drive changes in local learning curriculums**
- **Explore the establishment of an industry wide banking academy**

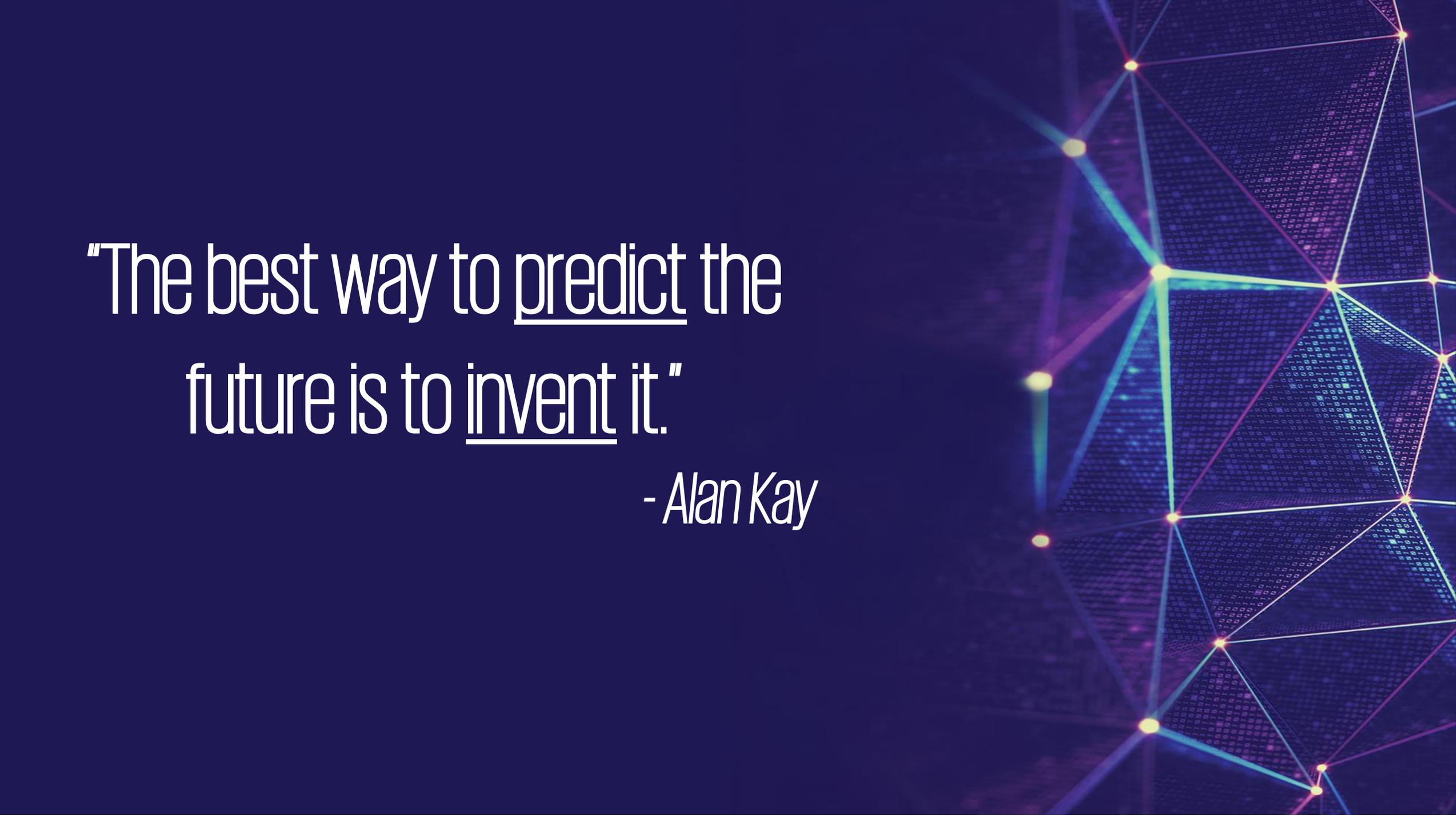
# Driving digital and innovation

## DISCUSSION HIGHLIGHTS

- **Digitization must include all stakeholders**
  - Digital is not about the financial services alone – it is a lifestyle issue
  - But digitization of stakeholders is happening in silos and also requires scale that takes the customer beyond the boundaries of their primary banking institutions
- **Many banks are undertaking various digital projects**
  - To maximize benefits, key considerations for digital projects should include: can it reduce costs? can it increase revenues? can it enhance customer experience?
  - The focus of digital should be on solving big problems
    - Addressing the problem of the unbanked
    - Automation of government processes – tax collection, custom duties collections, etc.
- **Banks need to transform their DNA to be prepared for the future**
  - They need to transition 'raw data' into 'smart data' by embracing analytics
  - However, major challenges remain including the collection, storage and protection of data
  - Banks must be open to collaboration – must be open to willing to remove friction

## STRATEGIC TO-DOS

- **Clear strategic plan for the industry to holistically address major problems leveraging digital:**
  - Financial inclusion
  - Economic inclusion
  - Social impact
- **Consolidate on initiatives to boost digital financial literacy:**
  - Framework to allocate/pool funding from operators
  - Collaborations with other stakeholders (government, multilateral agencies)



“The best way to predict the  
future is to invent it.”

- *Alan Kay*

Thank You