Banks, Bankers, and the Imperatives for Sustainable Banking being a Valedictory Speech delivered by Mr. 'Bisi Onasanya, GMD/CEO, First Bank Nigeria Limited

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1. Introduction

The President and Chairman of Council of CIBN, Council Members, Chairman of the occasion and my Chairman for life, Special Guests, and Distinguished Colleagues,

I thank the CIBN for the immense honour done me by the invitation to deliver this valedictory speech to a body most august. As a matter of fact, when I received the letter, requesting my acceptance of the invitation to give this valedictory, I was humbled by such honour which I would forever treasure.

Arguably, the central challenge of a valedictory speech of this nature is the choice of what to speak about and presentation style. There is a stream of consciousness quality to one's recollection of the events that ought to form the core of speeches such as this. Invariably, it is in the nature of such stream of consciousness recall, that the events to the fore and center, are those that had bearing on the period in discussion.

But such is the nature of the human mind that these recollections simply come about, in no specific order, each asking for space in the narration. On the other hand, a chronological narrative has the advantage of being easier to follow.

What I have tried to do, therefore, in this speech is organize it in as chronologic an order as possible. And so you would find a single thread running through the 6 sections into which the following parts of the speech are broken. However, within each section, I have left room for a stream of consciousness, retelling of the stories in a way that I believe, lends them greater weight.

2. A Rapidly Changing Financial Services Industry Landscape

My retirement this year-end, as Group Managing Director/Chief Executive Officer of First Bank of Nigeria Limited, effectively draws a line on a 3-decade career in the banking industry, having commenced my career in 1985 as a Senior Accountant and the only Chartered Accountant in WEMA Bank then, having qualified as such in 1983 at the very young age of 22years. While, without doubt, my experience of the industry has been as deep and varied as has most people similarly blessed, the more indelible of the sentiments I take away with me, is how much the industry has changed in the intervening period.

These changes have been both contextual and structural. From the proliferation of banks in the early 1990s through the consolidation exercise in 2006, we have seen the banking space grow smaller (in terms of the number of players) and exponentially larger (in terms of the nature, size, and complexities of the industry's businesses). I recall vividly when worries over the stability of the industry focused on the concentration of deposits and loans and advances, indeed, much of banking business, in what was then referred to as the "Big Four".

Two key developments impinged on this transition. The first was the 2009 stress test of domestic deposit money banks by the Central Bank of Nigeria (CBN); and the second was the rebasing of the economy, results of which were announced in April 2014. While the first development drew attention to the importance of systemic stability in an industry with fewer players, the rebasing, which resulted in a 75% increase in the size of the economy (to N80tn, or a little under US$500bn) was the cue for the industry to play a bigger role in domestic economic activities.

Today, this latter aspect is back in the news once again, as domestic interest rates plumb new depths. In part, rates are responding to a liquidity glut in banks' vaults as the central bank appears minded to keep rates down as its contribution to reflating the economy. While acknowledging the possibility that low interest rates may boost real sector borrowing requirements, a couple of worries cross my mind each time this conversation surfaces.

On one hand, there is a need to first ascertain that we are indeed a low-interest rate economy. Because if we are not, forcing rates below the market clearing function could be a disincentive to the credit creation process. And anyone who has contemplated the not too low inflation rate

and the high domestic cost of doing business might be justified in concluding that we are not a low-interest rate economy. The cost of businesses, especially small and medium sized ones, having to build their own infrastructures, inclusive of power generation, water, security etc., as part of the conditions precedent to doing business, might therefore be a greater and more pressing impediment to doing business than high interest rates. Indeed, it could as well be argued that were these doing business costs to come down, banks could then find their cost structures supportive of lower interest rates which also increases the number of financially viable and thus bankable businesses. This would in turn, deal with the current problem of over concentration of loans in the hands of top corporates due to their perceived lower credit risks. Ironically however, it is indeed those Enterprises at the higher end of the risk spectrum, deserving of the liquidity flow, that tend not to pass the risk acceptance criteria set by banks and thus do not get the lending support.

That said, in our current business environment, we confront a much different and robust reality. In part, the fall-out from lower global prices for the nation's primary export commodity is culpable in the redefinition of the space within which domestic banks operate. As domestic output falls precipitously, the apex bank finds itself driving increasingly contradictory policy initiatives. In support of a firmer local currency on the one hand, it has pursued administrative measures that have tightened liquidity, and kept the official rate near constant for quite some time, in the domestic markets for foreign exchange. While, on the other hand, it has loosened monetary conditions as it tries to bring bank lending rates down in support of real sector growth, in a decelerating economy.

Empirical evidences and antecedents have however shown consistently over time that excess liquidity in the financial systems tend to pursue foreign exchange and thus drive up the foreign exchange rates. In this context, we need to do some studies to isolate or relate the continual depreciation of Naira in the parallel market that coincides with the recent pumping of additional liquidity into the system.

Nonetheless, within the banking industry, concentration worries remain. However, there is the new difference that the base for calculating concentration risk is slightly more diffuse now than it has been in the past. How long ago was it, too, when the "branch" was the "bank"? Today, the "bank" is "the cloud". Accounts, and the transactions that lend them meaning, are no longer domiciled in branches. Customer details currently sit on a network of servers, which disaster recovery expectations now require to be mirrored in far-flung locations.

Cashpoints (or automated teller machines — ATMs), point of sales (POS) terminals, near-field communications (NFC) capabilities, banking off the World Wide Web. All of these lend banking a virtual character in our current practice. As does globalization, and the way it has forced banks to keep up with the needs of an increasingly smaller world, at least if not in spatial terms, then temporally. Indeed, according to Brett King in his book titled Bank 3.0 published in 2013, he explained "**why banking is no longer somewhere you go, but something you do**".

Significantly, the trend towards a smaller global space, where banking and financial transactions take place at the press of buttons, have introduced new industry vulnerabilities. The "fat-finger" phenomenon, is evidently the most visible of these new threats. If, however, you consider the huge amounts of transactions that have been jeopardized on account of the wrong key or button on a keyboard being depressed, it is evident that the industry will need new ways of coping with the challenges posed in the new digital age. Then there is the increased regulatory supervision related to serious fraud, anti-terrorism financing, and money laundering activities. The sheer cost of complying with ring-fencing banks' operations against these new threats is a real and present burden that the industry bears.

In a similar vein is the attendant costs arising from compliance risk which is now an albatross for banks' CEOs. In the more developed climes, these apparent risks that now include risks of jail terms for CEOs and Risk Officers have become major factors leading to resignations as well as difficulty in hiring quality personnel into these functions.

In a related development, much of the conversation around the 2008/2009 global financial and economic crisis was around how the originate-to-distribute model of banking, originally intended

to help financial institutions across the world better manage and price risk, ended up inflating financial bubbles worldwide. **30 years ago, banks' originated risk assets and these remained on their books until they were paid off**. In the run up to the crisis, as recounted by former US Federal Reserve Board Chairman, Ben S. Bernanke, "New technologies, like computerised credit records and standardised credit scores, made mortgage lending more efficient and more competitive, reducing costs and expanding the range of borrowers that lenders could serve. Moreover, firms that made mortgage loans were no longer mostly limited to lending funds raised by deposits, as had once been the case. Instead, they could sell their mortgages to third parties, who repackaged them into derivative products and sold the newly created securities to investors — a process called *securitisation*."[1]

The advantages of the securitisation mechanism which sat at the heart of this model were real enough. On one hand, it helped increase the pool of loanable funds from which banks could make new loans, while increasing the buckets of obligors to which these loans could be extended. Conversely, for investors, it provided new means of diversifying their portfolios and for managing a broader variety of risks appetites. However, in a world that was then rapidly globalising, the new supposedly reduced risk environment led to frenzied activities at the margin of the financial services industry by non-bank operators uniquely unqualified for the role.

Admittedly, this practice may have boosted banks' ability to rapidly grow their balance sheets to meet the needs of clients whose businesses were expanding across diverse jurisdictions. But we have then had to deal with the:

- *Opacity of new instruments (derivatives, structured credits, etc.) and of the distribution of exposures across the system.*

Understandably, over the last 30 years, even the tone of regulation has changed. Essentially, this is in response to contextual, and structural transitions in the industry, as well as changes in the global footprint sizes that banks have undergone over this period.

[1] *"Courage to Act, A Memoir of a Crisis and its Aftermath" — Ben S. Bernanke*

In specific terms, the regulatory space has evolved from the earlier concerns at independence, with the:

- Need to jump-start the economy in order that we may play catch-up with our erstwhile colonial overlords; and
- Notorious absence of private domestic indigenous capacity — managerial, financial, technical, cultural, etc.

By the mid-1980s, the policy environment was focused on:

- Restructuring the economy's production and consumption patterns — reducing the heavy dependence on crude oil exports and consumer goods imports;
- Eliminating price distortions;
- Enhancing the non-oil export base; and
- Achieving sustainable growth.

Things have however changed drastically.

Today, the central regulatory challenges are:

- Reinforcing the statutory and operational independence of the Central Bank of Nigeria (CBN);
- Erecting a firewall between the central bank's monetary policy work, and its regulation of domestic money banks;
- Lowering interest rates without impairing the proper functioning of the market for funds;
- Encouraging international investment by commercial banks and private corporations and also through official channels such as the World Bank;

- Orderly reduction in import volumes, in order to reduce the destructive impact of the current economic transition;
- Elimination of long-standing inefficiencies in the industry, which will encourage the movement of resources into export products; and
- Labour and product market reforms, to curb inflation by blocking excessive/incessant wage demands.

Throughout these different periods, one index by which the industry's fortunes could be proxied was the number of banks. From independence in 1960 to the mid-1980s, this was steady number, reflecting the rather staid nature of the industry, and public ownership of the leading institutions. Market-based reforms to the economy by 1986, led to a proliferation of the players, and a change in service culture that saw banks prioritise the customer over tradition. This was the "cowboy era" in which corners were cut with reckless abandon, and the industry suffered both integrity and brand erosion.

The banking consolidation exercise in 2006, designed largely to strengthen the industry as a lubricant for the domestic economy's full integration into the world economy also sought to address the market's perception of the strength of domestic banks.

Today, we have 25 banks and the old worry over industry concentration risks have largely disappeared. Although the overall health of the industry is not in doubt, can we ignore the high mortality rates that have led to the current stability? I do not think we ought to. And I say this from my vantage of one who was for six years at the helm of the country's oldest and prominent financial services institution.

This leads us to the question;

3. Why Do Banks Fail?

Contemplating the answer to this question, on my way home one evening whilst in traffic, my attention strayed to the plaque at the Ikoyi Club celebrating the club's golden jubilee anniversary

(1938 — 88). A list of the special donors inscribed on the plaque includes twenty-three (23) corporate donors. **Of the six banks that made the grade twenty-seven years ago, FirstBank is the only surviving institution**. The plaque is still on display, and please look out for it when next you visit or pass by the Club.

Given my association with FirstBank — I spent the last 20 years of my 30 years post qualification career in the bank's services — there is a temptation to hold up the bank's longevity as a metaphor for sustainable banking practices. You will permit me to indulge this persuasion, briefly. In my years at the bank, and in conversation with staff, I always stressed the need to remain faithful to the antecedents of the profession.

Indeed, in conversations at FirstBank, a third party is likely to find the institution extolling the virtues of a brutal focus on the profession's traditional commitment to a strong ethical base irrespective of the economic consequences. Therefore, the imperatives of sustainably delivering consistent returns of sterling performance in dividend and growth of shareholder value are best met by sticking to the time-tested basics of conservatism and probity.

Banking was, and remains, a necessarily conservative vocation. And nothing best illustrates this fact than the letter written to all national banks in the US in 1863 by Hugh McCulloch — then the Comptroller of the Currency and later Secretary of the Treasury. Six basic precepts for the profession are evident in that letter:

1. "Let no loans be made **that are not secured** beyond a reasonable contingency.

2. "Distribute your loans rather than concentrate them in a few hands.

3. "Treat your customers liberally, bearing in mind the fact that a bank prospers as its customers prosper, **but never permit them to dictate your policy**.

4. "Pay your officers such salaries **as will enable them to live comfortably and respectably without stealing**; *and* **require of them their entire services**.

5. “The capital of a bank should be a reality, not a fiction; **and it should be owned by those who have money to lend, and not by borrowers**.
6. “Pursue a straightforward, upright**, legitimate banking business**.”

These words were penned 152 years ago. And the ingredients of proper banking, apparently, remain unchanged since then. There is the ubiquitous requirement for collateral to be held, which is essentially asking that the borrower should hold equity in the business for which lending is sought. The single obligor (or large exposure) limit is there. Just as we see a challenge to strengthen banks’ service propositions as well as the need to design incentives that will align workforces with the goals of the bank. We find injunctions to hold adequate capital, thus ensuring that the bank is not a Ponzi scheme thriving on customers’ deposits.

4. What Are Our Responsibilities As Bankers?

In my experience of the domestic banking scene, the following precepts have been to the fore and centre of my thinking:

- **<u>Focus on Depositors and not on Debtors</u>**

  At the heart of banking is the fiduciary relationship we owe to our depositors. One that has us pledging to return their funds to them with the negotiated coupon, and either at a predetermined time, or on demand. Yet banks all over the world make the same mistakes again and again, with the benefit of hindsight, all bankers mistakes look obvious. **The usual cause is that we watch our competitors and not our debtors**; and then race each other to pile up the biggest loan book.

  Thus, in the cutthroat environment that modern banking has become, we tend to focus on size. Our competitors are growing, so we grow debt. A huge loan book should ordinarily translate into a very profitable bank. Alas, in the words of the First Deputy Governor, Central Bank of The Gambia, **“…what brings down banks is not lending too little, but lending to**

borrowers who do not pay back. In essence, banks should only take those risks that they understand and can manage”.[2]

A failed bank eventually hurts depositors, and by its implications for the health of the industry, the larger economy. In this context, and learning from my 30 years’ experience in banking, the scenarios playing out in the last couple of months strikes me as the replay of the activities leading to the 1999 banking system crises. When banks hold too much liquidity (either vide capital or depositors funds), the unwise ones tend to succumb to pressure to sweat the liquidity, thus tempted to lower risk acceptance criteria, pile up debts, which may appear performing in the short run, but eventually surface as challenged and non performing loans, one to two years down the line. We need to be extremely cautious and careful at this particular point, given current financial market developments, not to create another era of bubbles and bursts in the system.

- **People. Integrity. And a Strong Ethical Ecosystem**

The point has been made earlier on how important a bank’s remuneration arrangement is. Essentially, two principles drive the point to be made under this rubric. The first is that money is our stock in trade. While the second is that being a service business, our people are our most important assets.

Based on these principles, we then must agree that employee pay should be enough to dis-incentivise shady practices on the part of the staff. But beyond this is the imperative of creating and nurturing an ethically sound workplace. In the first place, this is about how we recruit our personnel, the references that we take on their behalf in this process, and the humaneness of the human relationship space within which they would work.

Individual integrity is of a premium, for without it, even the most carefully designed workspaces would collapse on themselves. A corollary to this, then, is that we engineer into

[2] *On the occasion of the official launch of FBNBank (Gambia) Limited, October 9, 2015*

the design of our workplaces, a reward and punishment infrastructure with zero tolerance for malfeasance.

I have been part of debates over the extent to which a strong, rules-based internal control system draws back initiative and innovation at the "factory floor". But I also believe that the difference between errors that arise on the back of staff going out of their ways to deliver exceptional service to customers, and those mistakes that help frauds thrive are usually very clear. While we must tolerate within bounds of reason the former, we must bear down unequivocally on the latter.

- **Regulatory and Market Pressure**

In this context, two exogenous considerations matter. For quoted banks, it is doubtful if the practice of rating banks on their balance sheet sizes and how much profits they make is a sustainable and inclusive one. Much has been made, in this respect, of the agency problem: how to align the interest of professional managers with that of the owners of these institutions.

Indeed, for this reason, efforts have been made to design C-level remunerations in a way that allows executives take the institutions' interest into account when designing strategies. Unfortunately, this mechanism has worked in a perverse fashion. We find, instead, that over time, most corporations have focused on the quarterly reporting cycles favoured by markets/analysts.

We should therefore begin to ask very serious questions, when and where banks CEO's pay-at- risks /bonuses do not reflect the prices of their stocks. It is high time a cord is struck between sustainable banking and the "rat race" for being No 1 both in size and by profits. This sort of pressure leads to unethical practices which are unsustainable and has led to the disappearance of most banks from the radar.

5. A New Era in Banking

We have witnessed over the last decade, a transition from traditional branch banking to electronic banking, including both the automated teller machines and online banking. This has forced a re-design of our work models around the ease of access/use, and convenience associated with these new platforms.

As we speak, online retail outlets/mobile telephony companies, and their "wallets" threaten to disrupt traditional banking practices by transferring deposits and the yields thereon to non-bank, non-financial institutions outside the control of financial regulators. How do we respond to this challenge? How do we respond also to financial technology firms and the threat they pose to our business?

These are the new dimensions to our operations. They will define the longer term horizon of what we are capable of, and how we work going forward.

These days the language being spoken in the Financial Industry is totally different and with new risks. Now we hear of innovation and creativity, disruptive technology, digital banking, everyday banking with focus on lifestyle and social needs etc. These complexities in my mind even though depicting a modern age/era, portend increasing challenges for the Industry and particularly in one as ours with a contracting economy.

6. Glimpse of the Economy

Over the last 11 months, the travails of the economy and its outlook have dominated industry concerns. As soon as oil prices began to tank in the global market places, consensus was that 2015 was going to be a difficult year for domestic money banks. And so it turned out. Although output numbers for Q3 2015 surprised on the upside (growing by 2.84%), gross domestic product count for this year have been far lower in each quarter than was the case in 2014. Unemployment, inflation, government expenditure, consumer spending, business investment, and net exports all turned in abysmal performances in the outgoing year.

Nonetheless, there was also agreement around the need for strong structural reforms to the economy, if the near to medium-term outlook would not be as awful as it has been recently.

Unfortunately, we have seen increasingly strong disagreements over the exact nature of these reforms. My approach to the design of the reforms that are needed if we must lend new fillip to the economy is educated by my almost 3 decades work in the financial services sector.

In this period, I learnt two important lessons. First, that people respond to the structure of incentives before them; and second, that where there are shortages, whether on the demand-side or the supply-side, freely determined prices are the easiest and most efficient means of intermediation. However honourable the intention, both prohibition and price control tend to incentivise perverse conduct: the long queues; and shadow transactions.

What we need most in terms of structural reforms to this economy are those changes that make it flexible enough to deal positively with shocks, both external and internal. Unfortunately, the oil price shock has seen us unable to creatively respond in a way that takes the sting out of the pain. The monetary authority laudably tried to ring-fence an import-dependent economy from the more severe consequences of an exchange rate misalignment as the nation's export revenue dropped.

But we need only look at the consequences of this policy in order that we agree on the desirability of a new route. Domestic economic activity has dropped off as manufacturers find it hard to source inputs for their production. Inflation has trended up as these imported costs impinge on domestic prices. And foreign investors, whether of the portfolio or direct variety, have held off transacting with the economy, uncertain of exits for their investment as a result of the managed currency. Finally, we have failed to stanch the haemorrhage from the external reserves even with price controls in place.

In the downstream segment of the oil and gas sector, we see a similar script play out. Price controls have forced long queues on us, and black markets of every scale in petrol products. Factor in the cost of time spent on these queues and the long traffic tailbacks that these queues occasion, and it is obvious that we, indeed, need a new economic engagement model. The basic components of a workable model, in my view, would be one where all costs associated with producing a product or delivering a service are fully reflected in the product/service's retail price;

and where users of such services/products pay a price for their use/consumption that, at the very least, covers the cost to the point of delivery.

For the truth is that there is really no free lunch. It must be paid for. Even a nanny state has costs that must be borne. The old notion that such costs are properly governments' to bear is not just inconsistent with the demands of a modern state. It may in part be responsible for this economy functioning at sub-par levels for so long. The main demand on government, going forward, should be that it removes all impediments to the free exchange of values between and amongst all economic entities operating within it at any point in time.

7. My Views on Rates and the Economy

It is quite obvious that the high interest rate regime arising from tightening policies of the most recent past has not helped the economy much. Yet, the merit of monetary policy lies in its consistency, which defines the medium-term objectives of policymakers. The back and forth swings in policy rates only show mere efforts, while it is actually leading the economy in no defined direction. The relevant questions now are: "What do we really want to achieve with monetary policy? And how far can we get other macroeconomic policies to be supportive of monetary policy objectives?"

If our goal is to cut the cost of government borrowing, then we confront another policy flip-flop – returning, in essence to the situation where we were subsidising government borrowing. If the objective now is to give businesses a stimulatory breathing space, monetary policy rate as high as 11% will not do. Interest rates will need to go down considerably and our infrastructure endowment will need to improve to stimulate job creating growth in the economy

We cannot reasonably push the infrastructure problem to the rear and expect banks to increase lending to the real sector anyhow, simply because it has been so "decreed". Banks cannot reasonably ignore the problem of low consumer capacity in the economy and the consequent inability of companies to grow sales revenue and insist on increased bank lending in an environment of elevated credit risks

It is wrong to expect that the reduction in the monetary policy rate would suffice as inducement for business and industry to start borrowing to produce, in the absence of a complimentary consumer spending space. Consumers should be strengthened to spend if businesses are to expand and create new jobs.

We need to define a medium-term direction for monetary policy to enable economic operators take decisions that can bring about fundamental changes in the production and consumption functions of the economy. Many years of high interest rate policy have shifted economic activity to the financial markets fringes of operations, to the neglect of the real economy. We need also a consistent regime of low and declining interest rate policy to shift the economy from merely trading in financial instruments to employment generating activities in the real sector.

It will be a false expectation that this critically needed shift in the functioning of this economy would be achieved with 200 basis points reduction in the benchmark interest rate. To create the impression that banks' will have to be compelled to lend to the real sector raises question marks as to whether they are not the same banks that hawked credit facilities door-to-door in the post consolidated operations. Is the fault with the banks or in their environment?

On the other hand, if it is foreign portfolio investments that we want to attract, **interest rates will need to be kept consistently high**; **and the free flow of capital has to be maintained to achieve the desired results**. That will require a considerable adjustment to the value of the naira and a shift to increased dependence on local input in the industrial sector in order to deal with the fallout of exchange rate-induced domestic inflation.

The reduction in the monetary policy rate isn't significant enough to help government finances much; and at the same time, does not entice foreign investors to take the apparent exchange rate risks. In the light of the drop in government revenue, more debts are bound to pile up. The net effect of the reduction in the cost of borrowing on government's debt burden will be more than countered by the rise in new borrowing. Government cannot stop excessive borrowing either because it is running a bloated expenditure structure that its revenue cannot support.

Until government begins to take decisive steps to cut down the cost of governance, it cannot head off the obvious fiscal crisis that is bound to worsen. As far as I can see, monetary policy isn't doing any more than helping us to dress up the day to day disorder in the flow of money. It is neither low enough to cause a fundamental change in the production and consumption functions nor do we have appropriate macroeconomic structures for high interest rates to attract and retain huge portfolio investments. As long as interest rates continue to move a little to the right and a little to the left, the fundamental changes desired in the functioning of the economy will continue to be delayed

We see what is also happening around the globe, from China to Europe and the US. The economic story is essentially the same. I believe Nigeria needs to take bold steps to address the current deficits on ground. Clearly, the outcome of the last general elections holds sway to this trajectory. We need to imbibe a new thinking that can drive a competitive economy. For instance, transit the economy from Consuming to an Investment mode.

This development paradox is one reason why the question "Can the CBN thrive in the role of development financing which it has undertaken in recent times to reflate the economy?" is increasingly being asked.

Nowhere is this question more resonant than in the ongoing conversation around the outlook for the naira's exchange rate. The CBN stance is clear on this and should be respected and accepted in the light of the full support from the Government. Indeed the resounding support for this policy from the highest organs of Government has technically made this subject almost a no-go area in terms of debate. But how far-reaching can this hold? How feasible is it to hold demand and price at the same time? My sense is that there is a near term window when this dicey equilibrium may be held, and during which the structural changes required to boost the economy's long term prospects may be implemented. Whichever of the two thrives over the other is not relevant here, but to me, what matters most would be the complementary monetary and fiscal policies adopted and implemented to support the adopted stance.

That said, the politicisation of the exchange rate of the naira is an unhealthy obsession in Nigeria. It gives politicians an incentive to wage war against reality by doing things that are economically harmful in the name of maintaining a 'strong' currency.

Nigeria wants to have high oil prices and spend without saving. It then wants to keep its exchange rate 'stable' even when revenues have collapsed dramatically. It is not possible to have all these things at the same time. It's time to depoliticise the naira exchange rate by allowing the market to determine its fair value.

Over the last 20 years or so, Nigeria has slowly but steadily moved towards a market-determined foreign exchange system. This is the right thing to do, as it takes the matter out of the hands of politicians. Given the severity of the current crisis, all those gains are now being undone with all kinds of controls and erratic moves that slowly choke the life out of the economy. If Nigeria would not save when oil prices are high, then allowing the naira to float and be determined by the market is the only credible option left.

Banks would need to be stronger to play its role in our economy by being catalyst for funding and development of the real sector of the economy rather than chasing profitability by all means even with destructive tendencies. Presently there are no disincentives for shying away from the development roles and responsibility; whereas banks that fare better in this area tend to be unduly punished in the public/social media arena.

Indeed our adoption of Basle 2 lends credence to this point, where the capital buffer, as guided by CBN for our environment, is high compared to other parts of the world. Its present partial adoption and the race to its full adoption come with attendant consequences on capital adequacy and consequently lending room availability. This also partially explains why fixed income instruments continue to appeal to a larger number of banks despite the lower yield.

Finally, I have seen and had my fair share of upsides and downsides, in the industry. It has been one of mixed feelings and exciting opportunities, particularly in the various Boards/Committees

I have served on. As I bid the industry and my Colleagues farewell from an active banking life, I first thank the Almighty God for His grace and mercies over me, my family, especially my wife, for standing by and supporting me and all the people that have crisscrossed my path in making and molding me to whom I am today.

I give special thanks to my mentor and Chairman of this occasion – Chief J.O. Sanusi, who incidentally chaired the interview panel in 1993, took a bet on me and recruited me into Firstbank as a Senior Manager in 1994. I have learnt a lot under him and wish him sound health and much longer life. He is indeed an icon, a role model and quintessential banker.

I wish you all more grease to your elbows as I take a bow.

Thank you for listening and God bless.

'Bisi Onasanya