



OPENING REMARKS DELIVERED BY PROFESSOR SEGUN AJIBOLA, PH.D, FCIB AT THE JOINT WORKSHOP WITH MBAN ON CONSTRUCTION FINANCE AND RISK MANAGEMENT FOR THE MORTGAGE BANKING SUB-SECTOR HELD ON WEDNESDAY, APRIL 25, 2018 AT THE BANKERS HOUSE, ADEOLA HOPEWELL VICTORIA ISLAND, LAGOS

Protocol

Distinguished ladies and gentlemen, on behalf of the Governing Council, Management and Staff of the Chartered Institute of Bankers of Nigeria, I welcome you to this auspicious workshop held in collaboration with the Mortgage Banking Association of Nigeria.

It is indeed gratifying to be amongst you all today because I particularly find interesting the theme for this workshop. It is unarguable that the theme: **Construction Finance and Risk Management for the Mortgage Banking Sub-Sector** is highly germane not only to the Mortgage banking sub-sector but to all businesses in general because risk is inherent in all human endeavours, including construction activities. In recent times, particularly in the current digital age, most businesses in the economy grapple with one risk or a combination of risks which if not properly managed, mitigated and anticipated could wipe out a company's profit, or lead to loss of the customer base.

The Mortgage banking sub-sector in particular, is not shielded from such risks peculiar to their industry. The mortgage banking industry contends with a multifaceted and dynamic set of risks stemming from myriad sources: customers, investors, shareholders, competitors, regulators and government agencies, just to name a few. It is therefore pertinent to identify and assess these risks especially those risk related to construction loans through a comprehensive risk management plan. Construction Finance, which is a method of financing used when a borrower or mortgagor contracts to have a house built as opposed to purchasing a completed house exposes mortgage bankers or lenders to what is called Construction Risk.

Construction is a confusing process governed by complicated contracts and involving complex relationships with many actors, authorities, services providers, technologies and time and often times, Lenders are concerned about how these actors and variables plays out as well as the time implications. All in all, the risks involved in a construction project are as great as any a company normally faces, and these risks are very different from the kind companies are used to. Yet many organisations who consistently analyse and manage every other controllable risk fail to use all the tools available to control construction risk. This therefore makes it imperative for the mortgage banking sub sector to put in place tools that can help control construction risk since the granting of construction loans are mostly under their purview.

Distinguished Audience, with that being said, I would like to acknowledge the presence of my colleague and friend Mr Adeniyi Akinlusi, HCIB, President, Mortgage Banking Association of Nigeria, who made it possible to organise a veritable platform of this nature. Permit me to also recognise the presence of our prominent resource persons Dcn Orehin Dolapo Olalekan, FCIB,



CEO Hiddekel Investment & property Ltd, Mr. Kayode Omotosho, Executive Secretary/CEO, Mortgage Banking Association of Nigeria, (MBAN), and Mr Mojeed Kolawole Abdul, FCIB, Managing Director/CEO, Brent Mortgage Bank Limited. Sirs, I nurse no doubt in my mind that you would do justice to the theme and I am certain that this workshop would be an enriching and educating session given your different wealth of experience and expertise.

Esteemed Audience, let me reiterate by saying that our gathering here today is to shed more light on the dynamics of the mortgage industry as it relates to construction finance and risk management. Permit me therefore, to use this opportunity to commend the efforts of the Mortgage Banking Association of Nigeria ably led by Mr Adeniyi Akinlusi, HCIB in promoting easy access to mortgage finance for affordable housing. It is also important for me to bring to your attention that the CIBN's mandate is to build the capacity of practitioners in the banking industry and in fulfilment of this mandate, the CIBN has a Mortgage Finance Certification Programme meant for the mortgage banking practitioners in order to further deepen their area of expertise and ensure competence in the mortgage banks.

It is also worthy of mention that CIBN was appointed by the Central Bank of Nigeria (CBN) as the sole "Accreditation and Certification Agency" under the Competency Framework developed for the Nigerian financial services industry and in line with this competency framework, the institute is currently working towards ensuring that only competent practitioners with the requisite certification are allowed to occupy strategic positions in the banking industry. In view of the aforementioned, I would like to encourage the mortgage bankers to partake in the Mortgage finance Certification Programme as it equips you with the required skills and knowledge. Also bear in mind that this certification is being updated regularly in line with recent trends and development.

Dear Colleagues, I am indeed enthusiastic regarding the upcoming deliberations to be held during this workshop and anticipate robust discussions during the breakout sessions. To express my delight, permit me to conclude with a quote from this great author John Stumpf, Chairman and CEO of Wells Fargo who once said "In financial services, if you want to be the best in the industry, you first have to be the best in risk management and credit quality. It's the foundation for every other measure of success. There's almost no room for error".

I thank you all for your kind attention.

God bless.

Professor Segun Ajibola, Ph.D, FCIB

President/ Chairman of Council

The Chartered Institute of Bankers of Nigeria

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