

Caleb M Fundanga: Increasing access to financial services in Zambia

Remarks by Dr Caleb M Fundanga, Governor of the Bank of Zambia, at the foundation stone laying ceremony of the new Stanbic Bank Premises, Lusaka, 10 July 2009.

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Mr. Ben Kruger, Deputy Group Chief Executive of the Standard Bank Group;
Mr. Clive Tasker, Chief Executive Officer of Standard Bank Africa;
Ms Pindie Nyando ro, Regional Managing Director;
Mrs. Nikki Twomey, Director Brand Marketing at Standard Bank;
Chairman of the Stanbic Bank Board, Mr. Larry Kalala;
Directors of the Stanbic Bank Board;
Managing Director, Stanbic Bank Mr. Joseph Chikolwa;
Management and staff of Stanbic Bank;
Representative from the Construction Company, Barnett's and Farmers House Plc; Mr. Roger Miller
Distinguished Ladies and Gentlemen.

I am honoured and thankful for the invitation to officiate at this important Foundation Stone Laying Ceremony of the new Stanbic Head Office premises.

Distinguished Ladies and Gentlemen; allow me to begin by commending Stanbic Bank Zambia Limited for the important role it continues to play in the financial sector in Zambia. Since, 1992 when Stanbic Bank was established in Zambia, the bank has grown to be one of the biggest players in the market. As at 31 May 2009, the bank accounted for about 14% of the banking sector's total assets, while its deposit base accounted for 15% of total sector deposits. More importantly, the bank's loan portfolio accounted for 15% of the total loans in the sector. The Bank has also strived to increase its customer base as well as provide convenient banking services by increasing its branches and agencies to 13 and ATM machines to 44 at end June 2009.

Chairperson, I have stated at various fora that it is important for banks in Zambia to take initiatives which support growth and development of our economy. I am glad to note that Stanbic Bank Zambia Limited has embarked on this project of constructing a new Head Office at a bigger site and away from the Central Business District or town center. This reflects the bank's growth and rising demand for convenient facilities. I must congratulate the management of the bank for their relentless efforts to facilitate its journey towards providing efficient and convenient banking services to a fast growing market. I must however, warn that the journey entails more challenges and responsibilities including the challenges of adoption of new technology and the responsibilities of serving a growing number of customers which must be addressed. I have no doubt you will rise to the occasion and deliver.

As you are no doubt aware, congestion and inadequate parking space along Cairo Road has posed serious challenges for all banks whose head quarters are located in the city centre. The decision by Stanbic Zambia Limited to relocate to this very convenient area is a positive development as it will go a long way not only in decongesting Cairo Road but also in making it easier for Stanbic to service its cherished customers.

Ladies and Gentlemen, you will also note that this investment is being made at a time when the Zambian economy is facing some major challenges arising from the spill-over effects of the ongoing global economic crisis. It is therefore our expectations that it will have a positive impact on the economy due to the evident backward and forward linkages that infrastructure development of this nature have on various sectors of the economy.

This investment has also come at a time when new banks are entering the Zambian market. It is our expectation that the repositioning by the bank is one way of ensuring that there is healthy competition in the banking industry. It has always been the view of the Bank of

Zambia that competition is the major way by which the quality of products and customer services for the banking public as well as competitive pricing of banking products can be achieved.

Chairperson, let me also take this opportunity to reiterate my concern regarding the general cost of banking services in Zambia. It is my hope that as your bank continues with these well meaning initiatives, it will also be looking into ways and means of making the cost of banking services to the general public more affordable. I wish to therefore reiterate our appeal to banking service providers that include Stanbic Bank Zambia Limited, to make some meaningful efforts in addressing the high cost of banking services.

This will go a long way in enabling your customers not only access affordable funds to finance their investment activities, but also make it easier for them to pay back their loans and on time. The key intermediation role of the banking sector in providing finances will remain compromised if the costs of banking remain high.

Distinguished Ladies and Gentlemen, as already mentioned, Zambia is currently going through challenging times when commodity prices remain subdued as result of uncertain demand for our main export product, copper. The visible effects of the economic global crisis have been volatilities in the exchange rate and job losses in the mining sector. The Second round effects, if not managed properly, could have devastating effects in our banking industry, especially through some notable deterioration in the personal loans category of the banks' loan book. It is my expectation that Stanbic Bank Zambia Limited and other banks' will enhance prudence in their lending activities and strengthen their risk management systems as a way of minimising further deterioration of the banking industry's loan portfolio.

It is also my firm belief that banks will continue to conduct safe and sound practices even under challenging times and therefore help to mitigate the risks that the financial system is currently facing from the adverse developments in the global economy and the global financial system in particular.

Chairperson, in conclusion, I wish to take note of the commendable step that Stanbic Bank Zambia Limited has taken to build its own offices here in Zambia after a long presence in the country. I am hopeful that this initiative will create a more expansive and customer-friendly environment for your customers. I congratulate you for this milestone.

I thank you for your attention.