

Charles S R Chuka: Intermediate banking supervision

Speech by Mr Charles S R Chuka, Governor of the Reserve Bank of Malawi, at the opening ceremony of the MEFMI regional workshop on “Intermediate banking supervision”, Blantyre, 24 February 2014.

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***The Executive Director for MEFMI, Dr. Ellias Ngalande,
The Deputy Governor, Supervision Dr. Grant Kabango,
The Director of Bank Supervision, Mr Eldin Mlelemba and your Supervisors here present,
Esteemed Resource Persons,
MEFMI Staff,
The Course Participants,
Ladies and Gentlemen.***

I wish to extend a warm welcome to all of you to Malawi, and to the ***Intermediate Banking Supervision*** workshop. Allow me to welcome in a special way participants from central banks in the region. I very much hope that you will find the Blantyre environment enjoyable during your stay.

It gives me great pleasure to join you for the opening session of this important regional workshop. I want to thank the Executive Director for inviting me to make a brief statement.

We live in times of an increasing integrated global community. In particular, the growing role of pan-African banks means that our financial systems are getting interlinked at a pace that creates special challenges to bank supervisors. In particular, capacity challenges have become acute over the past ten years or so. Central Banks have found it hard to retain supervisory skills against the back drop of competitive remuneration packages in the private sector. As a result serious skills gaps have emerged in banking supervision. It is in this context that I wish to applaud MEFMI for its efforts to contribute to capacity building in bank supervision at regional level. I have no doubt that this workshop could not have been better timed.

Malawi’s banking system has eleven banks three of which are pan- African: Standard Bank, NEDBANK and Ecobank. But there is also strong foreign presence in three other banks. Moreover, some of the locally registered banks have already opened branches or acquired controlling stakes in banks in neighboring countries. These developments have far reaching implications for bank supervision, including the need to ensure that our staffs are knowledgeable fully in the application of international standards and codes in the bank supervision. They also must grapple with the complexity of bank resolution of pan-African banks.

It is in this context, that all countries in the region are at various stages of BASLE standards for bank supervision. You will be interested to know that Malawi has this January implemented Basle II and we hope to catch up with those already on Basle III.

Ladies and gentlemen, I have looked at the programme planned for these five days and I note that it covers intricate and crucial issues in the art of bank supervision. I also note that you will also have an opportunity to hear a banker’s perspective of corporate governance and risk management among others. Clearly, the topic selection and coverage should keep all participants excited not just to learn from the resource persons but also to share experiences across the region. I am convinced, therefore, that you do not need any urging from me to remain focused.

Ladies and Gentlemen, one of our mandates as central banks is to ensure soundness and smooth functioning of financial institutions. We do this by contributing to the development of a system that effectively intermediates funds between savers and investors, and thereby supporting investment, trade, employment and economic development. We also have a responsibility to create effective supervisory frameworks and regulations with clear mandates, operational independence, defined accountabilities, appropriate tools and adequate resources. To ably do so, calls for insight into the operational environment, regional and international trends, as well as technical capacity which is central to this **Intermediate Banking Supervision** workshop.

The task ahead of you, therefore, is to learn and absorb as much as possible. Thereafter, use the knowledge and make a difference. I am confident that you will leave this forum with a new mind set, that is, a pragmatic paradigm shift to put into practice what you will have learnt and, a renewed commitment to improve supervisory frameworks in your respective countries.

Once again, may I take this opportunity to welcome you all to this workshop and in particular to Malawi. I also wish to welcome and thank our distinguished resource persons, for accepting invitations to come for this workshop.

Finally, Ladies and Gentlemen allow me to take this opportunity to express my gratitude to the Reserve Bank of Zimbabwe, Bank of Tanzania, and Standard Bank Malawi Limited for releasing officials from their institutions to facilitate in this workshop.

I wish you all the best during the workshop and your stay in Blantyre. With these remarks, I **declare** this workshop **officially OPENED**.

Thank you.