

## **Caleb M Fundanga: Important building stones for successful organisations in Zambia**

Remarks by Dr Caleb M Fundanga, Governor of the Bank of Zambia, on the occasion of the opening of Investrust Bank PLC 2007 Management Strategic Planning Session, Mfuwe, 11 April 2007.

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- The Managing Director
- Heads of Departments
- Members of the Investrust Bank Plc Management Team

First of all, I wish to take this opportunity to say congratulations on your 10th anniversary attained on 19th September, 2006.

Considering that the Bank opened its doors at a very difficult time when confidence in locally owned banks was at its lowest, reaching 10 years is no mean achievement. The Bank of Zambia is proud to be associated with your achievements and can assure you of our full support now and the future. It was only on 30th March 2007 that Bank of China also celebrated 10 years of operations in Zambia.

It is a great privilege and honour for me to officiate at this wonderful and history making occasion in your bank. History making in the sense that you have gathered in this conference to chart a path for your Financial Institution to ensure its sustained growth. Decisions you will make in this gathering are critical to all your stake holders. The public is keenly following your growth and performance.

Allow me to remind you of the following issues which I believe are important building stones for successful organizations.

### **1. Dynamic leadership**

Your role in Investrust Bank Plc is very crucial. As the Management team, you are providing leadership. Your way of doing things must be exemplary, inspirational, and analytical, with drive and with integrity. Keep abreast with current affairs. As Financial Intermediaries in the economy, the public looks up to you for innovative and effective products.

### **2. Customer focus**

The Bank of Zambia is keen to see that the Zambian public is offered quality service by the Banking industry. We wish to see more innovative products introduced on the market.

I am glad to note that Investrust Bank Plc is part of some banks who teamed up under ZAMLINK to offer ATM services to their clients. Such collaboration is commended. It is in the same spirit that you have supported the RTGS and DDACC products.

I will be pleased to learn that this conference will deliberate and resolve on how best the Bank will improve service delivery to greater heights. You need to develop financial products that reflect the country's level of development and not just ape what is being done in developed countries.

### **3. Sound practices**

In recent years, we have read of how "big" institutions have been brought down due to unprofessional conduct by their senior executives. I urge Investrust Bank Plc to pro-actively propagate Corporate governance standards at all levels of Management.

I commend the Bank for the newly created dedicated function of Risk Management in its structure. This will provide prudential guidance in the other areas of operations.

I also commend the Bank for adopting a "Whistle-blowing" policy to help ensure professional conduct is adhered to at all times.

These measures, Mr Managing Director will work to your own Bank's benefit. The Bank of Zambia stands ready to assist in any way in your quest for Best Practice.

#### **4. Lending rates**

On the banking front, we have witnessed Bank lending rates follow the downward trend. Mr Managing Director, these are positive indicators.

I am aware that the perennial complaint from our local business houses has been the prohibitive interest rates charged by banks on credit facilities. There is need to continue work on reducing lending rates further as the current levels are still unbearable by most of our upcoming entrepreneurs. In certain fora, Mr Managing Director, the borrowing culture of Zambians has been heavily criticized. It is said that Zambians borrow with no intention of paying back. It is one of the reasons the Bank of Zambia is taking seriously the matter of the Credit Reference Bureau being operational as soon as possible. The Bank of Zambia is keen to ensure this negative perception is eradicated.

#### **5. Banking services to the unbanked**

Mr Managing Director, late last year Bank of Zambia launched the findings of the FISCOPE SURVEY, a survey which revealed that 68% of Zambians have no access to banking services. I am glad that, true to private sector entrepreneurial spirit, you have opened a branch in Luangwa where there was no bank representation from pre-independence days.

In spite of the not - so reliable electricity supply to the area and the not – so good road to Luangwa, you did not see these as impediments to bringing banking services to Luangwa but rather you have looked at them as challenges to be overcome.

Mr Managing Director, the step taken by your bank is to be lauded.

I take this opportunity to appeal to the entire management to take the findings of the FISCOPE Survey as a serious challenge to the Banking Industry to reduce the percentage of the unbanked population.

#### **6. Planned move to the Listed Tier of Lusaka Stock Exchange**

I am informed that due to the phenomenal growth of the Bank, Management and shareholders have agreed to move the Bank up the ladder to the Listed Tier of Lusaka Stock Exchange very soon. This has become necessary in order to raise more requisite capital and enhance the bank's profile and oversight. This is an important step as it will mean that the bank will broaden public participation in its ownership and other public institutions will now participate as well. I therefore call upon Zambians and parastatals to take up shares in the bank.

I am told that the Bank is about to venture into new products such as Women Empowerment loans and Islamic Banking. We at the Central Bank welcome innovations such as empowerment loans but urge caution with products such as Islamic Loans since an innovation of this nature needs close collaboration with the regulatory authority.

#### **7. Closing remarks**

In closing, Mr Managing Director, having celebrated your 10th anniversary I urge you not sit on your laurels. May this be a time of serious reflection as you chart your path towards celebrating your next 10 years and beyond!

I look forward to Investrust Bank Plc being represented in other countries as well.

Regarding the strategic planning session that we are gathered here for, I wish to commend you, Mr Managing Director for coming up with this initiative. Every organization needs to plan its future actions and activities. This is a process that must be embraced by all top management. Although only senior managers are represented here today it is my expectation that what ever you will be discussing will have benefited from lower levels of your bank. For your plan to succeed it is important that all senior managers embrace the plan whole heartedly.

With these remarks, I declare the Strategic Planning Conference of Investrust Bank Plc officially open.

I thank you all.