

## **Perks Ligoya: Co-ordinated regulations for the SADC region**

Address by Dr Perks Ligoya, Governor of the Reserve Bank of Malawi, at the Conference for the Committee of Insurance, Securities and Non-Bank Financial Authorities, Lilongwe, 17 September 2009.

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The Chairperson, Committee of Insurance, Securities, and Non bank financial Authorities,  
Mr Patrick Mhango

The Deputy Governor, Reserve Bank of Malawi, Mrs Mary Nkosi  
The General Manager, Reserve Bank of Malawi, Dr Wilson Banda  
Distinguished delegates

Ladies and gentlemen,

It gives me pleasure and honour to grace this important occasion. The Reserve Bank of Malawi is honoured to host this year's conference for the Committee of Insurance, Securities, and Non bank financial Authorities (CISNA) and in this regard I would like to welcome all delegates particularly those who have travelled from regional member countries to participate in this event.

Chairperson, Ladies and Gentlemen,

I wish to commend all CISNA members for your continued interest and dedication to the SADC mission. Your attendance in such large numbers is clear testimony of your desire to achieve economic integration in the SADC region. We in Malawi acknowledge benefits of regional integration which, I am glad to say, include systematic growth and development of the financial sector in general, and of insurance, securities, pension and microfinance subsectors, in particular.

Chairperson, Ladies and Gentlemen,

The financial sector is a catalyst of economic growth and all effort to develop and deepen this sector remains a key public policy challenge. In this regard, I find the role of CISNA to be consistent with aspirations of our Governments. CISNA supports initiatives toward the creation of a strong base of domestic non-bank financial institutions, particularly those specialising in the mobilisation of long-term savings, for example life insurance, pensions and collective investment schemes. In addition, CISNA supports measures to increase access to quality insurance and other risk management products by households and entities in the region. CISNA also addresses issues pertaining to market infrastructure and liquidity of capital markets in the region. This is a critical function because assurance of liquidity acts as a catalyst for greater participation of investors, both local and foreign. These noble goals are supported by SADC governments through protocols which aim at promoting financial markets.

Chairperson, Ladies and Gentlemen,

CISNA plays a very important role in the improvement and harmonization of regulations for the SADC region. Sound and well co-ordinated regulations promote and maintain confidence in regional financial systems. Allow me, therefore, to commend CISNA's efforts in harmonising standards in regional markets, particularly in insurance, pensions, and capital markets.

Chairperson, Ladies and Gentlemen,

You may wish to know what Malawi is doing with respect to improving the regulatory environment for our financial sector and non-banks, in particular. The process of formulating financial sector bills is in its final stages. These include the Financial Services, the Retirement Funds, the Microfinance, the Financial Cooperatives, and the Securities Bills.

There are also Payment Systems and Credit Reference Bureau Bills being processed which will also facilitate and support further development of the financial sector. In addition, the Insurance Act and the Banking Act have undergone rigorous scrutiny and review. Once these bills are passed into laws, they will provide us with a stronger mandate and enabling regulatory frameworks for the regulation and supervision of the entire financial sector. I therefore wish to take this opportunity to express my appreciation to the Ministry of Finance and the Ministry of Justice for their useful contribution in the formulation of these bills. The Reserve Bank has, however, been the lead institution the formulation of these bills and I thank the team involved. I wish to encourage them not to relax but to continue working hard until these bills are enacted into laws.

Upon enactment of the bills, the Reserve Bank is expected to take on board the regulation and supervision of microfinance and pension plans, in addition to insurance, capital markets and banks. I must say, we are aware of the challenges lying ahead. However, it is my hope that conferences of this nature do provide solutions to such challenges. I therefore call upon all the distinguished delegates to consider this conference as a rare opportunity for sharing experiences on regulation and supervision of non-bank financial institutions.

Chairperson, Ladies and Gentlemen,

You may ask yourselves why SADC, and indeed Malawi, should bother about enabling regulatory frameworks? Recall an African saying which goes “Umanena Chatsitsa Dzaye Kuti Njobvu lthyoke Mnyanga.” If we consider the recent financial crisis, then the question would be “where did countries slip”? Many countries in the developed world are now calling for a review of the regulatory infrastructure because the general feeling is that it caused the financial crisis. Recent developments in global financial markets strongly suggest the importance of effective regulatory regimes for financial markets. Misguided regulation can have adverse repercussions on the financial sector, and indeed the entire economy. It is for this reason that SADC must maintain high standards of regulation for our financial markets.

The Chairperson, Ladies and Gentlemen,

I note from the conference program that you will also reflect on the impact of the financial crisis on the SADC region. This is commendable as it is a subject of interest to everyone.

With these remarks, it is now my pleasure and privilege to declare the conference for the Committee of Insurance, Securities and Non bank financial Authorities officially open.

Distinguished Delegates, Ladies and Gentlemen,

Thank you for your attention.