

Caleb M Fundanga: Fostering entrepreneurship amongst young people in Zambia

Remarks by Dr Caleb M Fundanga, Governor of the Bank of Zambia, at the VentureComp launch by Intermarket Banking Corporation, Lusaka, 12 January 2010.

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***The Managing Director Intermarket Banking Corporation, Mr Subhrendu Chatterji
Mr Joseph Toubi, Executive Vice President, Business Development & International Relationship, Afriland First Group
Representatives from the Securities and Exchange Commission
Representatives from the Pension and Insurance Authority
Representatives from Lusaka Stock Exchange
Representatives from Commercial Banks and other Financial Institutions
Distinguished Invited Guests
Members of the Press
Ladies and Gentlemen.***

I am honoured for the invitation to officiate at this important launch of the business plan competition – VentureComp 2010.

Allow me to begin by commending Intermarket Banking Corporation for its commitment to providing innovative products and services on the market. I have noted that the bank has brought an array of products and services that specifically target the small and medium scale enterprises and in some cases business start-ups. This is commendable and should be emulated by other banks.

I am reliably informed that VentureComp 2010 is a business plan competition for students in all Universities, Colleges and other Institutions of higher learning. The spirit of the competition is to foster entrepreneurship amongst our young people and highlight the numerous opportunities available in the area of business.

It is also interesting to note that the best business plan will be rewarded with start-up capital for immediate realization of the idea behind it.

Distinguished Ladies and Gentlemen, the contribution of financial services to individual entrepreneurs as well as small and medium sized businesses cannot be over-emphasised. As you are no doubt aware, following the liberalization of the financial sector in the early 1990's, the financial sector in Zambia has evolved rapidly spurred by increasing competition. Similarly, policies and the legal and regulatory frameworks have been developed to take into account the fast changing liberalised environment. These developments have resulted in a considerable increase in the number of banks and other financial service providers.

Therefore, the banking sector has over the last few years, witnessed significant growth in consumer lending. As a matter of fact, on a sectoral basis the "personal loan" category has been the largest recipient of total credit in the recent years and accounted for 22% in November 2009. Small and Medium Enterprises have also significantly benefited from credit expansion. The resultant credit expansion has no doubt brought significant benefits to the economy as resources are increasingly channeled through to the lower end of the market.

However, most of the credit extended by banks and microfinance institutions is targeted at individuals in formal employment or already established enterprises. Only an insignificant amount is extended to start-up initiatives or the informal sector. This has been exacerbated by the inability of entrepreneurs to articulate and sell bankable projects through robust business plans.

In addition, it is common knowledge that Zambians prefer to be in formal employment rather than engage in entrepreneurial activities on a full time basis. The small number of educated Zambians engaging in entrepreneurial activities limits the scale of indigenous businesses as evidenced by the non participation of Zambians in major sectors of the economy like mining or manufacturing.

It is however, important to realise that individual entrepreneurs as well as small and medium sized enterprises form the engine of economic and social development as they generate the much needed employment for our people. Hence the need to encourage all efforts aimed at stimulating entrepreneurship.

Distinguished Invited Guests, our institutions of higher learning play an important role by molding and developing innovative and creative mindsets amongst our young people. With this belief in themselves, young people can be productive, take responsibility in their respective communities and ultimately drive our economy forward. We need to remind ourselves that **Google** was founded by students; **Facebook** was founded by a student; and even **Microsoft** was formed by Bill Gates as a student.

Ladies and Gentlemen, let me assure you that the Bank of Zambia is committed to ensuring the availability of finance to viable entrepreneurs including small and medium sized businesses. To this end, the Bank continues to spearhead the Financial Sector Development Plan, which is aimed at strengthening the Zambian financial sector as well as guiding efforts for realising the vision of a stable, sound and market based financial system that would support the efficient mobilisation and allocation of resources necessary for economic diversification and sustainable growth.

In concluding, I wish all entrants to this competition, the best of luck. I further wish to congratulate in advance the ultimate winners of this inaugural business plan competition – VentureComp 2010.

I thank you.