

BOTSWANA INSTITUTE OF BANKERS' 2017 GRADUATION AND AWARDS CEREMONY

Keynote Address

by

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I am most delighted and wish to thank the Chairman of Council of the Botswana Institute of Bankers and, through you Mr Jaco Viljoen, the Managing Director of Capital Bank, and your fellow Council Members, for the invitation to be the Keynote Speaker at this 2017 Graduation and Awards Ceremony. At the onset, I congratulate the 2017 Graduates and Award Winners for this important milestone and achievement. I can imagine that there were many challenges on the way, including juggling one's studies with other social obligations, such as family and job obligations. As one motivational speaker said, **“it is not your aptitude, but your attitude that determines your altitude”**. Congratulations to you all, Class of 2017!

Distinguished Ladies and Gentlemen, banking is an evolving industry, which provides opportunities for personal and professional growth, while its services and products have important and increasing linkages with other areas of economic

activity. Most significantly, in the context of today's ceremony, professional bankers are a key input to economic development and wealth creation in terms of providing resources and informed advice and guidance with respect to investment channels and options. Membership of this esteemed profession by knowledgeable, skilled and passionate individuals also enables them to contribute to its growth. In this regard, therefore, let me commend many Batswana, including these Graduants, who continue to invest their time and resources on self-development, and, ultimately, rise to positions of higher responsibility, in both the banking and the broader financial sector in Botswana. To a great extent, this ascendancy to senior management positions is a vote of confidence on the domestic banking sector and its ability to produce quality leaders.

To you Class of 2017, I have no doubt that you too aspire to assume key roles in the financial sector in order to better serve your institutions at higher levels and, ultimately, serve the country. The journey has just begun. However, this is a journey to be continued, both in terms of continuing engagement in self-development and, of course, career progression. Along this path, we should always remember that banking and, more broadly, finance is a business of trust. The bankers, in particular, have a fiduciary responsibility and duty to protect the integrity and reputation of the banking system, to underwrite continuing public trust and confidence in the financial system.

Distinguished Ladies and Gentlemen, the Bank of Botswana is proud to be associated with the Botswana Institute of Bankers, as its founding member. You will recall that the Institute was established in 1991 as a not-for-profit organisation, with a mandate to promote banking as a career and an accredited profession in Botswana, through provision of quality and relevant knowledge and skills in banking and finance and, I should add, fostering ethical conduct of banking business.

Today marks the 23rd Graduation and Awards ceremony for Associate Diploma II graduates. I am advised that since inception, the Institute has awarded 842 Certificates and 535 Associate Diplomas. This evening, there will be awards of 18 Associate Banking Diplomas and, in total 30 outstanding individuals recognised. This serves as a testimony to the fact that the Institute continues to be relevant in enhancing the level of skills and excellence, as well as promoting professionalism in the banking sector. The contribution of the Institute to development of human resources for the banking industry indeed deserves commendation and recognition.

It is nevertheless important to implore the Institute to continue to transform and align its mandate to the needs of the industry in order to better meet the expectations of the more discerning customer and market place. For that to happen, the Institute

needs to be dynamic and innovative, interact meaningfully with similar institutions for benchmarking, and explore opportunities for collaboration and strategic partnerships with other professional organisations, academic institutions and industry leaders. In as much as I recognise this progress, Botswana cannot afford to continue to have banking practices and products that are “behind the curve” compared to regional and global developments. The industry will need to invest in people, systems and processes, including risk management infrastructure to meet today’s challenges.

Distinguished Ladies and Gentlemen, this is particularly important in the context of dynamic changes in demography, technology, competitive landscape and prolonged low global interest rate environment, all which have had a profound impact on business models for banking. As an example, technology is the future of banking, and the industry needs highly skilled and innovative staff to keep pace with financial technology, such as Fintech, blockchain and cryptocurrencies. In the circumstances, the need for an institution, such as the Botswana Institute of Bankers, is all the more important. Evidently, banking has already come a long way, and we should all prepare for the future armed with knowledge, relevant skills and appropriate behaviours.

It should also be a motivation that the current and prospective banking environment is leveraged on interestingly challenging, complex and digital banking systems. Concomitant with these developments, both globally and here at home, digitalisation and financial integration require that we all exercise increased diligence, prudence and ethical conduct. This is because, desirable as technological innovation is, it also encapsulates risk and possibilities to contaminate the industry and profession with bad behaviour and harmful activities. There was a time when the main threats to banks were robberies and insider collusion relating to stealing of the physical cash. These days, harmful activities, fraud and theft are perpetrated through cyber-crime, infiltration of systems and unauthorised access to information and identity records. The “thieves” are likely to be behind the counter, and through the mobile phones and computer systems. Therefore, the modern banker has to be alive to these possibilities and also able to harness the necessary resources and mitigation strategies to forestall such harmful activities. In addition, bankers need to be able to respond meaningfully and offer timely redress in the event of customers’ accounts and information being compromised through no fault of their own.

Ineptitude and failure to handle such operational risk issues diligently could weaken public confidence in the banking system and undermine the financial inclusion agenda and the very essence of banking, which is to facilitate intermediation for

productive use of financial resources, as well as certainty of payments. Furthermore, the adverse effects of such illegal activities could impose a heavy financial burden on the public as banks commit resources to preventive measures; and often the costs of such are passed on to customers.

Distinguished Guests, the Bank of Botswana will continue to play its role in encouraging and promoting professionalism, honesty, integrity and ethics in banking. The fabric and foundation of banking is trust and trustworthy bankers. This is important as good governance is a key pillar for the promotion and maintenance of a safe and sound financial system; one that is run by fit and proper and competent leadership, management and staff. At the same time, there is need to enhance transparency in banking to instil confidence in the financial system. In this context, the Financial Stability Board Working Group on governance frameworks is working on proposals to strengthen governance frameworks to mitigate what is called “misconduct risk”, addressing information gaps and due diligence in employment of individuals with a history of misconduct; and mapping responsibilities to senior personnel to strengthen governance of misconduct risk in financial institutions; as well as to address cultural risks that drive misconduct. Once concluded, the tendency of “rolling bad apples” in the financial sector will be stopped and there will be no place to hide for dishonest and unethical people.

Let me underscore that the success of a well-diversified economy depends on an inclusive, well managed, prudently run and efficient financial sector. To this end, the Bank of Botswana continues to foster the development of policies designed to enhance and align skills to the needs of the domestic market. It is vital that banks, which are the bedrock of the financial sector, fully commit to the effective implementation of the human development strategies aimed at increasing the supply of professional bankers. The existing and continually evolving training opportunities should be geared towards enhancing efficiencies in the banking sector. Needless to say, effectiveness and development of the Institute is significant both in content and technicality, to adequately equip bank employees and ground them in the pre-requisites of what is required to be an effective and professional banker.

Distinguished, Ladies and Gentlemen, I would like to take this opportunity to remind all of us here, once again, of the importance of adhering to codes of ethics and professionalism in the delivery of banking services. This is important as banks are invariably the principal pillars for commerce, savings mobilisation and payments infrastructure and, in general, socio-economic development.

In concluding, Council Chairman, Council members, Executive Director, and Distinguished Guests once again, congratulations to the Graduants and Award Winners on their achievement. It takes determination to start, and commitment to finish. This evening represents a mark of personal growth and I have every confidence that the success in your Botswana Institute of Bankers studies offers an opportunity for your professional growth in the banking industry.

I thank you for your kind attention.