

Ahmed Naseer: The need for increased efficiency and dynamism of the financial sector

Speech by Mr Ahmed Naseer, Governor of the Maldives Monetary Authority, at the 45th anniversary of State Bank of India's Malé branch, Malé, 11 February 2019.

* * *

Your Excellency the President of Republic of Maldives Honorable Ibrahim Mohamed Solih,

Vice President Honorable Faisal Naseem,

Managing Director State Bank of India Mr. Dinesh Khara

Country Manager State Bank of India Mr. Amritesh Mohan

Distinguished guests

Ladies and Gentlemen:

AssalamAlaikum and a very Good Evening to you all.

It is an honour and a pleasure to say a few words this evening, on the proud occasion of the 45th Anniversary of SBI Male'. I take this opportunity to congratulate SBI – the wisdom, the leadership and the vision of the management and the hard work of the staff for having made SBI a proud, I must say an inseparable, business partner of the Maldives. Over the past four and a half decades, the management and staff of SBI has contributed selflessly to the development of the Maldivian economy and the financial sector of the Maldives

Mr. President, your presence here today demonstrates the importance you attach to the development of the financial sector in the Maldives. I am confident that your presence would be a reassurance for all the businesses and individuals who continue to foster a close relationship with SBI – known to its customers as *India Bank or State Bank*.

SBI Male' was the very first bank established in the Maldives which started its operations in 1974 – A big milestone for Maldives; a defacto central bank that would handle all the banking activities of the Government of Maldives came into existence; MMA was institutionalized almost half a decade later in 1981. SBI has continued to play a prominent role in the development of the financial sector and the Maldivian economy. I would like to emphasize that SBI is the largest foreign bank in the Maldives, holding a significant market share of around 20 percent in terms of total assets and deposits of the industry. As of December 31, 2018, SBI has extended 5.3 billion Maldivian Rufiyaa as loans and advances to the private sector, representing almost a quarter of the total loan portfolio of the industry. More than half of the portfolio is extended towards tourism; construction and real estate; and trade and commerce activities. I applaud your commitment to the economic growth of the country.

The Maldivian economy continues its rapid transformation, undoubtedly the financial sector plays an important role in the development activities of the country, and to support this transformation, we need financial sector to be more efficient, competitive and dynamic; with abundant opportunities that are accessible to individuals as well as new investments.

Your Excellency, ladies and gentlemen

In a small economy like the Maldives, access to finance is the key foundation on which the country can prosper. Therefore, introduction of innovative financial products based on electronic financial transactions is crucial. Adoption of various Financial Technologies would be the enabler

of choice that would facilitate transparent, cost effective and efficient transactions and enhance financial inclusion in the Maldives – especially given its unique demography and geography. However, one has to be careful of the fact that financial sector can be especially vulnerable to either too little or too much exposure to technology – due to these inherent risks, we need parallel development of human resource and infrastructure along with regulations and methods for evaluation.

Institutions need to develop, retain and tap into promising talents within the sector. These talents would be able to support the required change or may be agents of change. However uncertain the future maybe, change is certain – being prepared will make institutions more adaptive to accepting any future opportunity that may arise in this rapidly changing financial landscape of the Maldives.

Let me assure you that MMA will continue to work towards building the required stability, the public confidence in the financial sector through effective regulation and supervision and the development of a modern, robust, reliable and dependable financial infrastructure for the country.

A regulatory framework that is hinged on maintaining the stability of the financial sector is vital to increase public confidence and trust; also definitive timely actions to abate the untoward effects of any market reaction to speculation. MMA is working on further strengthening the legislative framework of the financial sector – regulating the corporate governance of the financial sector, financial consumer protection, establishing a secured transaction registry, broadening the services of the credit information bureau are important projects that require the participation and support of all stakeholders. Especially from contributors like the SBI.

Excellency, ladies and gentlemen!

I would like to once again thank Your Excellency President Ibrahim Mohamed Solih for gracing this ceremony and; congratulate and thank SBI for their immense contributions made towards the development of the Maldivian economy and the financial sector.

I wish SBI every success in their operations in the Maldives and thank the management and staff of SBI for inviting me.

Thank you all. WassalaamAlaikum