

Opening Address

*O. A. Demuren (Mrs.)**

The Deputy Governor, (Economic Policy),
Departmental Directors, Branch Controllers, All Executives,
Distinguished Participants, Ladies and Gentlemen,

I feel honoured to be invited to present the opening remarks for this year's CBN Executive Seminar holding in the coal city of Enugu. First of all, let me congratulate the Research and Statistics Department and the Seminar Planning Committee for coming up with such a topical theme, “Monetary Policy in a Changing Environment” which I consider very timely and which broadly captures the current mood and direction of the national economy.

There is strong evidence that since the CBN introduced the ₦25b minimum capital base for banks as part of the Banking Reform, the banks have, on their own, exceeded the stipulated minimum base in the process of recapitalization. These surplus funds raised by the banks, have empowered them to do a lot of things including increased lending capacity, product diversification, branch expansion, capacity building, infrastructure upgrade, etc. Their actions in these areas have greatly stimulated the economy with great implications for price stability and monetary management.

The same banking reform has also triggered phenomenal growth in capital inflows just as it has stimulated an aggressive drive by Nigerian banks to establish branches in foreign countries, participate in managing the nation's foreign reserves, seek quotation in foreign stock markets and consolidate into strong players in the global economy.

These developments carry with them associated risks, and consequently challenge our capacity as the nation's monetary authority, to design appropriate policy instruments not only to anticipate such risks, but also to contain them if and when they occur.

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As global players, the economy is no longer insulated nor isolated from the “quakes” and “shakes” arising from the international financial system. And, considering our vision of the FSS 2020, our role in the West African sub-region and in the larger continent of Africa, we cannot but start today to build the policy framework necessary to anticipate emerging and potential change dynamics.

Here at home, we cannot lose sight of our regulatory responsibilities and the policy support instruments required to insulate the economy against possible shocks from liquidity surfeit, inflation, etc. The immediate consequence of consolidation is that Nigerian banks are now virtually into “everything” in the financial services sector; from capital market to mortgage finance, venture capital, leasing, insurance, forex, micro finance, etc. As financial supermarkets, what they do and what they do not do, have great implications for price stability and exchange rate movements. Hence, as regulators, we need appropriate policy measures to guard against such things as regulatory arbitrage, round-tripping, money laundering and other forms of financial crimes.

Equally important are internal policies for determining and managing liquidity including currency in circulation, government cash management and net foreign assets. It should be said here that the dichotomy between monetary and fiscal policies is increasingly becoming anachronistic. With the complexity of Government business, the sophistication of national and global economies and the volatility of monetary aggregates, the beginning of one concept and the end of another is now a matter of definition. The implication of this is that our monetary policy framework vis-à-vis the fiscal operations should be boundaryless, open and purposeful.

The Central Bank of Nigeria is more than ever before challenged to ensure the sustainability of the reforms in the financial services sector in the face of rapid change dynamics in the world economy. I must assure you that Management is also determined to create the enabling environment to achieve the objectives of the reforms through effective capacity building, provision of necessary IT infrastructure and tools and the development of people-oriented policies to facilitate enhanced productivity. Recent developments have shown that the Bank is adopting talent-hunt strategies to attract the desired expertise to drive its operations if it is to meet global challenges. Nevertheless, it should be acknowledged that on the job training and experience provide an added advantage for serving staff.

Ladies and gentlemen, we are, therefore, not only challenged collectively, we are even more challenged individually. I, therefore, enjoin all of you to take advantage of any learning intervention opportunities to acquire necessary skills/competencies for the job. This seminar as one of such interventions, provides us an opportunity to

task our creative talents, and agitate our capacity to envision the future for the good of the Bank and the nation.

As a global village, the space is wide open for us through the ICT to “forage into other lands” for knowledge resources not only to create, innovate and share experiences, but also to benchmark good practices, strategies and methods.

The time and circumstances are indeed auspicious enough for us to join the league of developed economies. That Africa, and indeed, Nigeria, is the economic destination of the next decade is no longer a prediction. The extent to which monetary policy and management are key to the achievement of the above objectives, (which are also boldly enunciated in the Vision 20: 2020 document), to that extent is this seminar critical to CBN's contribution towards the nation's march to becoming one of the top 20 economies of the world.

The seminar should, therefore, be both analytical and prescriptive coming as it were, with a Monetary Policy Master Plan for the realization of the FSS 2020. We in the Human Resources Department are poised to give you all the support you need to drive this vision.

Ladies and gentlemen, the ball is in your court and the game has just begun!

Wishing you fruitful deliberations.