



OPENING ADDRESS

BY MR LUCAS ABAGA NCHAMA
GOVERNOR OF THE BANK OF CENTRAL AFRICAN STATES
(BEAC),
CHAIR OF THE CENTRAL AFRICAN BANKING COMMISSION
(COBAC)

ON THE OCCASION OF THE 15TH ANNUAL ASSEMBLY OF
THE COMMITTEE OF SUPERVISORS OF WEST AND
CENTRAL AFRICAN BANKS

*The First Vice Governor of the Central Bank of the Republic of
Guinea*

The Secretary General of COBAC,

The Secretary General of BEAC

The Deputy Secretary General of the WAMU Banking Commission

The Deputy Secretary General of COBAC,

*The Director General of Banking Supervision of the Central Bank
of Sudan,*

*The Director of Supervision of Financial Intermediaries of the
Central Bank of Congo,*

The Deputy Director of the Department of Banking Supervision of the Bank of Ghana,

The Representative of the West African Monetary Institute,

Representatives of the Financial Stability Institute of the International Settlements Bank,

The Directors General of BEAC

The Directors General of Credit Establishments,

Delegates from Member Countries of the Committee,

Distinguished invitees,

Ladies and Gentlemen,

I wish first of all to express my gratitude to the Central African Banking Commission (COBAC) and the Bank for Central African States (BEAC) for welcoming, here today in Yaounde, delegations from member countries of the Committee of Supervisors of West and Central African Banks, on the occasion of its 15th Annual Assembly. I wish you a happy stay on the CEMAC soil.

It is third time that the Central African Banking Commission (COBAC) has the singular honour to organise these meetings. The oldest members can remember that members of the Committee met here in Yaounde for the first time during the 4th Annual Assembly in 1998 and for second time in Libreville, Gabon, during 12th Annual Assembly.

The Annual Assembly of the Banking Supervisors of West and Central Africa provides an excellent opportunity for its members to brainstorm on major banking supervision themes and developments in the financial and regulatory environment in our respective countries. This is an important forum for the exchange of ideas and experiences

that came to light in April 1994 at Accra, Ghana, under the leadership of the Basel Committee.

During this meeting, you will share ideas on recent developments in banking supervision within your various jurisdictions. You will also deliberate on possible solutions to mitigate the recent financial crisis.

Distinguished Invitees,

Ladies and Gentlemen,

Permit me; to make some keynote remarks on this last theme a matter of great concern and importance to everyone.

It is today admitted that this crisis resulted from a combination of factors, among which, are:

- Poor allocation of liquidity accrued over the years of buoyant economic growth in the world;
- deregulation of the banking and financial system;
- return on investment in the financial sector not tied to real economic income;
- shortcomings in risk control and management, namely abandon analysing borrower's solvency and the quality of assets;
- inadequacy in the banking supervision system.
- Insufficient equity capital capable of absorbing losses

I am happy to notice the international mobilisation that followed, particularly within the G20 and the Basel Committee on banking supervision. The measures heralded will help consider immediate consolidation of the solidity of the various banking and financial systems, an added incentive being, an enhancement of the quality of supervision and regulation in this sector.

Your exchanges during this Annual Assembly will enable you, I believe, to better comprehend the solutions to be brought to the financial crisis at the international level and assess efforts made in the various member countries towards mitigating the nefarious effects of this crisis.

Distinguished Invitees,

Ladies and Gentlemen,

According to findings of the first survey conducted by COBAC in 2008, the financial crisis did not have any direct significant impact credit establishments within. A second survey is being concluded to comprehend the indirect effects, termed “*second round*”, of this crisis on the portfolio potential of the commitments of these establishments.

If the CEMAC credit establishments were slightly exposed to this crisis, it was mostly due to the regulatory framework in force that highly restricts the holding of assets in foreign currencies and/or outside CEMAC, the vigilance of the supervisory body that never admitted doubtful investment by liable establishments, the poor level of integration of banks and the two financial markers within the world banking and financial system and the comfortable liquidity position of banks that helped to avoid risk relating to possible difficulties involved in refinancing.

Also, in order to encourage CEMAC credit establishments to better cover their risks and confront the various shocks, the regional supervisory body opted to significantly raise the level of minimum capital required. It thereby upped it to CFA 10 000 million francs for banks and 2 000 francs for financial establishments. This measure falls in line with actions recently undertaken by COBAC to enhance the solvency of liable establishments, their governance and their internal control systems.

To these actions, I will add that COBAC has remained steadfast vis-à-vis establishments that violate banking regulations. Warnings and injunctions to conform to regulations within the shortest possible time are systematically issued to them. And whenever the shortcomings noted persist, the regional supervisory body does not hesitate to open disciplinary proceedings and to levy proper sanctions on the credit establishments and social executives concerned.

This action will today enable the maintenance, despite the financial crisis, a banking system that portrays a globally positive financial outlook. Credit establishments that witnessed some throes with respect to deficiencies in governance are today under closed scrutiny and I am convinced that ongoing measures will help obtain the expected results.

Distinguished Invitees,

Ladies and Gentlemen,

In the course of our deliberations, you will share your experiences in supervision within your respective jurisdictions. You will certainly keep in mind the recent proposals made by the Basel Committee on equity capital and liquidity. It is however on these issues that you have opted to dwell during the two days of the seminar that preceded this Assembly. I wish to urge you to take advantage of this opportunity to assert your common position on these new guidelines expected to reform the banking supervision framework in the next few years.

I wish to seize the opportunity given me to renew my heartfelt thanks to the Financial Stability Institute (FSI), through Messrs Jean-Philippe SVORONOS and Amarendra MOHAN for their constant support to our Committee.

By thus asserting itself as an open forum for collaboration and solidarity that the Committee of Supervisors of West and Central African Banks shall participate in popularising first-rate practices in supervision within our jurisdictions. For this purpose, I wish to urge you to step up cooperation and communication between your respective institutions, outside of these Annual Assemblies, such as to better face common issues.

Distinguished Invitees,

Ladies and Gentlemen,

I will like, once more, to welcome and wish a happy stay to delegates who have come from non-CEMAC regions. I still firmly believe that the deliberations of this Annual Assembly will be conducted in the usual spirit of open collaboration and fraternity.

I hereby declare open deliberations of the 15th Annual Assembly of the Committee of Supervisors of West and Central African Banks.

Thank you for your keen attention.