

ADDRESS BY THE CHAIRMAN OF THE TANZANIA
BANKERS ASSOCIATION, BEN CHRISTIAANCE
AT THE TBA COCKTAIL HELD AT THE KILIMANJARO
KEMPINSKI HOTEL, DAR ES SALAAM ON
10TH DECEMBER 2009

***The Governor of the Bank of Tanzania,
Deputy Governors,
IMF/World Bank Representatives,
Invited Guests,
Fellow Bankers,
Ladies and Gentlemen.***

May I take this opportunity to welcome you all to this function which is coinciding with the 13th Annual General Meeting of the Association. It is customary for the Association to hold its Annual General Meeting during the month of December of each calendar year to transact business as detailed in the Constitution including receiving and adopting the Audited Accounts of the Association for the preceding year and approving the Association's budget for the ensuing year.

This year, the Association has organised a cocktail at this time of the year to enable CEOs of member banks to meet informally with the regulators, invited guests and members of various TBA Committees. We have particularly invited members of TBA Committees to share this occasion with us primarily because of one reason: to recognize their

commendable services rendered to the Association during the year now ending. As most of you are aware, apart from formal meetings, the Association operates through various Committees and Working Groups especially when it comes to dealing with technical issues. Currently, we have four Committee: Inhouse Lawyers Committee, Human Resources Committee, DECH Technical Committee and Financial Crimes Committee.

On behalf of the Association, I take this opportunity to express my sincere thanks and gratitude to all members of these Committees for their dedicate services to the Association during the year 2009. I also extend my thanks and appreciation to the banks concerned for facilitating their employees' attendance to various issues assigned to them by the Association during the period under review.

Dear Colleagues, Year 2009 was relatively a difficult year. The Banking sector went through some difficult moments following the global financial crisis which started in 2008. However, Tanzania like the majority of African countries, survived severe effects of the global financial crisis thanks to low level integration of its financial markets with the international financial markets coupled with capital account restrictions which lowered exposure to the toxic financial assets.

Thus, while several sectors of the economy, particularly agriculture, mining and tourism, were severely impacted by the crisis, the banking

sector weathered the storm. Banks exhibited considerable strength and resilience in their performance. As at September 2009, for example, financial sector indicators (according to the Bank of Tanzania) showed that average capital adequacy ratio was 19.3% against a benchmark floor of 10%. All banks had liquidity ratio of 48.5% compared to a floor of 20% while gross Non Performing Loans (NPL) equaled 6.38% compared to a ceiling of 10%.

Fellow bankers, the above notwithstanding, the banking sector continues to face certain threats or setbacks which need to be addressed in collaboration with relevant government authorities. I would like to mention only two. They are: financial crimes and a backlog of court cases involving banks.

The country has witnessed a fast growing banking sector in the last decade. Simultaneously frauds and forgeries have been on the rise. Dishonest staff continue colluding with outsiders to defraud the banks. In a bid to fight increasing financial crimes in the banking industry, TBA has established a Financial Crimes Committee to assist members share information and experiences in combating this kind of crime. We have in the process joined hands with government organs such as the Police and the Prevention and Combating of Corruption Bureau (PCCB). However, positive results are yet to be realised.

Another area of great concern relates to undue delays in disposing of court cases involving banks. The study initiated by TBA and financed by the World Bank is yet to be implemented by the Government. As a stop-gap measure, the Chief Justice has requested TBA to provide financial assistance to the Judiciary to assist in clearing a big backlog of commercial related cases pending with the High Court and the Court of Appeal. An exercise is being carried out between TBA Secretariat and the Office of the Chief Justice to determine the number of bank cases and the amount involved before a request is formally submitted to TBA members for their consideration. Our involvement with the Office of the Chief Justice will provide TBA with an opportunity to engage with the Judiciary on matters of mutual interest.

Invited guests and friends, I would like to conclude my short statement by touching, albeit briefly, on two important issues which have preoccupied a lot of our time in the recent past. The first issue relates to the establishment of the Credit Reference Bureau which has been on the drawing board for the last five years. This important project is now likely to take off shortly following the agreement reached between TBA and IFC. The project is expected to start in mid December 2009 after signing an Advisory Services Agreement which will form the legal basis for IFC's engagement. Once established, the Credit Reference Bureau will enable banks make informed decisions when analysing credit applications of their customers.

The second issue refers to Anti-Money Laundering (AML) Act, 2006. Due to difficulties in implementing certain provisions of the Act, a BOT/TBA Working Group under the leadership of BOT was recently formed to study the AML Regulations and recommend as appropriate. This Working Group is reported to have completed the task of reviewing key issues relating to compliance with the regulations. The issues under reference are:

1. Applicability of different regulations to a specific reporting person.
2. Verification of Customer Information.
3. Training and Public Awareness; and
4. Monitoring and Reporting of Suspicious Transactions.

A meeting between BOT and TBA representatives to go through the Working Group's recommendations will be held soon.

Ladies and gentlemen, it is not my intention to bother you with a long speech because I would like you to enjoy your drink. Let me conclude by thanking you all for sparing some time to join us at this End of the Year Cocktail. As for my colleagues, I thank you most sincerely for your timely guidance and support during the Year 2009.

Last but not least, I thank the Secretariat for organising this Cocktail. I wish you all a Merry Christmas and a Happy New Year.

Thank you.

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