

ADDRESS BY THE CHAIRMAN OF THE TANZANIA BANKERS ASSOCIATION, BEN CHRISTIAANSE AT THE TBA WORKSHOP ON COMBATING FINANCIAL CRIMES IN THE BANKING INDUSTRY HELD AT THE BOT CONFERENCE CENTRE, DAR ES SALAAM ON 22ND JULY 2010

The Guest of Honour, Prof. Benno Ndulu Governor of the Bank of Tanzania,

Honorable Judges,

Inspector General of Police,

Director of Public Prosecution,

Deputy Governor,

Heads of Law Enforcing Bodies, Government Departments and Agencies,

Invited Guests,

Fellow Bankers,

Ladies and Gentlemen.

All protocol observed.

May I in the first instance express my sincere appreciation and gratitude to you Prof. Benno Ndulu, Governor of the Bank of Tanzania for accepting our invitation to open this important workshop. We know that you have a busy schedule and your being here with us this afternoon is a great honour to us.

I also thank you Paul Mathias and your colleague Harry van Cittert for accepting our invitation to join us today all the way from South Africa. I welcome both of you to Dar es Salaam, the “haven of peace”. Being responsible for matters relating to financial crimes in the Absa Group, I am confident you will share your wealth of knowledge and experience with us. In the same token, I thank the National Bank of Commerce leadership for facilitating your coming to this Workshop.

The theme of this workshop is “*Collaborative Approach in Combating Financial Crimes in the Banking Industry*”.

Dear Governor, to start with, I would like to give a brief background of TBA and why we chose to organize a Workshop on Financial Crimes in the banking industry at this time.

TBA is an association of banks and non-bank financial institutions registered in September 1995 under the Societies Ordinance Cap 337 of 1954. The main objectives of the Association are:

1. To encourage members to conduct their business in accordance with the governing laws, ethics and internationally accepted banking principles and practices.
2. To promote and protect the interests of members and other stakeholders of the banking sector in Tanzania;
3. To facilitate the consideration and discussion of matters of common interest to members.
4. To strive for harmonization of operations in the banking industry in Tanzania.
5. To recommend to the Government legislation and/or amendments to laws impacting the banking industry.

TBA membership has risen from 7 founding members in 1995 to the current 34 members. We are expecting two new members to join the Association before the end of this year.

Dear Governor, as we are all aware, the country has witnessed a fast growing banking sector in the last decade. Simultaneously, Fraud incidences have increased, not only in the number of attempts but also in sophistication and amounts involved. Banks opted to confront the vice individually, with mixed degrees of success. However, experience shows that the banking sector is better off taking a concerted approach in tackling the problem.

In profiling recent developments, it appears fraudsters operate as syndicates in collusion with coerced staff or active participation of compromised staff or passive support of unwitting staff. It is my belief that the majority of banks are impacted by employee-related frauds, although it bears mentioning that these acts are committed by a very small minority of employees within banks.

Once these syndicates attain their objectives, they have been known to use the ill-gotten gains to engage in other illegal ventures, and therefore further fuel crime in our society. Those among us today who work in law enforcement do not need to be told about this, because you see it frequently in your day-to-day jobs. Therefore the ramifications of high rates of fraud within the financial sector go on to afflict us in a number of other ways, ranging from higher fraud protection insurance premiums for banks or even the impossibility to get these risks insured to higher rates of criminal activity of all types within Tanzanian society at large.

Dear Guest of Honour, at this juncture, one may pose a question. What are the key concerns of the financial institutions? We could start with the common perception of apparent impunity enjoyed by fraudsters in the society. Rightly or

wrongly, many people adapt a see-no-evil, hear-no-evil approach to frauds. Another challenge that we face are the labor relations laws that sometimes make it difficult to take disciplinary action in some cases of fraud. Other factors, like the active involvement of criminal syndicates in financial crimes, the use of IT to commit fraud, the lack of a National ID to commit proper verification for AML purposes, collectively add to the set of challenges that the banking sector faces. I am confident that these and other issues not mentioned here will be raised and discussed in-depth in our ensuing discussions.

Dear Governor, from the foregoing arguments, the imperative emerges that we as banks cannot survive working in isolation in a sometimes hostile environment. We should work together with other stakeholders to tackle frauds but also to tackle other criminal threats the banking industry is facing. I am therefore grateful that we have stakeholders and key decisions-makers in our panel and audience today.

The realities of our linked and dynamic planet demand for a considered approach towards formation of an umbrella body of various stakeholders to coordinate our response to the threat of fraud and other criminal events in the Tanzanian financial sector. Our young graduates are ambitious, technology is changing and advancing rapidly, the labor market has a high rate of turnover and mobility. But also criminals attacking our branches use more and more violent methods to reach their goals.

If we don't put our thinking caps on now and begin to prepare ourselves for this coming wave of change, we will be overtaken by events. This, in turn, will have dire consequences for us all and the nation at large. So that is why we are all here today and, I would hope, paying close attention to the proceedings of this meeting.

Dear Governor, with these few remarks, may I now request you to open our workshop and share your thoughts with us.

Prof. Benno Ndulu

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