

**KEYNOTE ADDRESS BY CHIEF (DR) J.O.SANUSI, CON,  
GOVERNOR, CENTRAL BANK OF NIGERIA AT THE SEMINAR ON  
INTRA REGIONAL BANKING IN ECOWAS ORGANISED BY THE WEST  
AFRICAN BANKERS' ASSOCIATION (WABA) AT THE CHARTERED  
INSTITUTE OF BANKERS OF NIGERIA (CIBN), LAGOS ON AUGUST  
21, 2003.**

**Mr. Chairman,  
President of West African Bankers' Association (WABA),  
Distinguished guests,  
Ladies and Gentlemen,**

**1.0 I feel greatly honoured and privileged to be invited as the special guest of honour and consider it a privilege to present the Keynote address at this seminar, marking the 22<sup>nd</sup> WABA Day Celebration. Let me, at the onset congratulate WABA, which as a sub-regional organisation has contributed in its own way, to economic integration in the ECOWAS area. The theme of the seminar, "Intra Regional Banking in ECOWAS", cannot come at a more auspicious time than now, when the desire for the actualisation of economic integration in the sub-region has become very popular – following the progress made under the West African Monetary Zone Protocol.**

**2.0 Distinguished Ladies and Gentlemen, I would not like to bore you with the history of the existence of ECOWAS since its establishment in 1975. To say the least, the journey so far has not been very smooth in view of the political and social upheavals that have characterised the sub-region since its inception. Specifically, the positive economic benefits that would have been derived from economic integration of member states are virtually non-existent. Thus, almost twenty-eight years after the inception of ECOWAS, the envisaged economic cooperation among member countries is yet to**

be fully actualised. We still have with us some unattained goals in the areas of inter-regional trade, industry, immigration, customs, banking and finance, tourism and agriculture, among others. It is in this sense that I regard this seminar very relevant.

**3.0** As you are all aware, monetary integration became a major pre-occupation of the ECOWAS since the early 1980s, culminating into the adoption of the Monetary Co-operation Programme in 1987. Initially planned to be achieved in 1990, the timetable for the attainment of a full monetary union has gone through a number of revisions. It is hoped that the objectives of the monetary cooperation will be realised in 2005. When fully operational, it is expected to enhance the achievement of macroeconomic stability and encourage greater financial and commercial transactions amongst the member countries.

**4.0** One of the primary attractions of monetary integration is current and capital account convertibility. An extension to the gains of financial and commodity convertibility is capital markets integration. In other words, an effective monetary union would facilitate the establishment of a single capital market or the consolidation of existing national ones into a unified market devoid of restrictions. In this regard, intra-regional banking could facilitate greater efficiency and competition in the use of financial resources.

**5.0** Economic integration has its costs, but efforts are usually made to factor in such costs in the integration process, such that they are minimised and the benefits will continue to outweigh such costs. Such costs include the loss of independence in the use fiscal/monetary policies to influence domestic economic activity; and the constraint imposed on members to pursue fiscal and monetary policy measures even when the business cycle dictates otherwise.

**6.0 Mr. Chairman, Ladies and Gentlemen, as you are all aware, some initiatives to accelerate the pace monetary integration in the sub-region were introduced in recent years within the framework of sub-regional arrangements by some member countries. In particular, Nigeria and Ghana in 1999, adopted a new strategy of monetary integration in the sub-region in order to fast track the integration process. This involved the modification of the uniform single-track approach, resulting in the formation of the second monetary zone, comprising: The Gambia, Ghana, Guinea, Liberia, Nigeria and Sierra Leone. Following this arrangement, the six countries pledged to adopt a common currency by January 2003, which would subsequently be merged with the CFA Franc zone by end-2005.**

**7.0 The overall performance by WAMZ members, to say the least, has not been generally satisfactory. I am sure that during the seminar, participants will analyse the details of the primary and secondary convergence criteria, which must be satisfied by the West African Monetary Zone (WAMZ) under the Convergence Treaty and reflect on the reasons for the poor performance .**

**8.0 Related to this issue is the political will and commitment on the part of member states. It must, however, be acknowledged that the six countries of the Second Monetary Zone have demonstrated strong political will through their individual and collective commitments to ensure the success of the monetary integration. Overall, concerted efforts on both the legislative and the executive arms of government would be required to give the necessary legal backing and conducive environment for the successful implementation of the monetary integration.**

**9.0 Distinguished Ladies and Gentlemen, I would like to remind you of the pivotal role of the banking industry in enhancing monetary**

integration in the sub-region. The West African Bankers' Association has to educate the civil society on the gains to be derived from the adoption of a common currency within the ECOWAS sub-region. This will help to create the awareness and generate the needed support for the adoption of a single currency, which will invariably enhance intra-regional banking for sustainable growth and development.

10.0 As members of this professional body, you will agree with me that professionalism in the banking business demands accountability, credibility, transparency and integrity. These virtues transcend national frontiers. Therefore, for the intra regional banking to play its supportive role of actualising the objective of monetary integration, these ideals must be enthroned. I am pleased to note that this seminar was borne out of the anticipated challenges of the banking industry in this regard.

11.0 The CBN, as one of the members of the Technical Committee on the realisation of the convergence criteria, will continue to play its role toward the achievement of the overall objectives of ECOWAS.

12.0 May I once again congratulate the West African Bankers' Association for holding this important seminar. I believe, with the calibre of people gathered here, this seminar will produce concrete recommendations that will help our sub-region move forward toward the realisation of economic integration.

13.0 Thank you for your attention.

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Abuja.

21<sup>st</sup> August, 2003