

The first COMESA Business Council (CBC) Financial Sector Dialogue was held in Nairobi, Kenya on 19-20 February 2013, to review and provide further input into the private sector assessment paper on regulatory frameworks and its impact on the banking and insurance sectors in the region. During the dialogue, Mr Habil Olaka, the CEO of the Kenya Bankers' Association said that given that Kenya has 43 players in the banking sector, a number of which have expanded across the region, there is a need to have a regional platform that supports the expansion of indigenous banks across the COMESA region.

He further noted that as the financial sector in COMESA has expanded greatly over the last 20 years, with entrants from microfinance, insurance and payment systems companies, the need to have a platform that facilitates cross border advocacy for more competitiveness in the financial industry is very crucial.

In his opening remarks, the COMESA Business Council Board Director, Mr Trust Chikohora, informed the regional meeting that the dialogue was held as a response to a consultative meeting held in March 2011 by ten bankers' associations who tabled to the CBC the need to re-establish a regional platform and agenda that addresses the constraints faced by the banking sector.

"Following exhaustive ground research and mapping of the bankers' associations in the region since their previous gathering as a common platform in 2002, under the COMESA Bankers' Association, ten national bankers' associations were brought together to engage in initial formal regional dialogue for the first time in 11 years," he said.

The Executive Director of the COMESA Monetary Institute, Mr Ibrahim Zeidy, recognized the importance of the development of a competitive regional financial system which would in turn reduce market inefficiencies and failures. He further noted that working with businesses and financial systems can be improved to reduce transaction costs and lead to greater specialization, technological innovation, access to finance, and growth.

During the dialogue, the industrial players discussed the key constraints faced in the banking sector, including: low access to banking facilities, borrowing costs incurred by the consumers of the services, transparency and the necessary disclosure to facilitate consumer information, the lack of lending funds for ascertained project sizes, length of time for credit bureau time assessment, high interest rates, and the lack of clear regulations for innovative financial instruments such as mobile banking.

The Bankers' Association of Zambia CEO, Mr David Chewa said that there is a need for banks to work together to tap into the unbanked population and provide customized products that would appeal to their needs. He noted that the savings culture was very low in Zambia, and even then the costs incurred on deposit accounts did not encourage clientele to save more.

Among the key recommendations made was the establishment of relationships with financial regulators and the industry to support sound systems for cross border trade; and encouraging

technological innovations in order to increase access to information.

The banking industry practitioners applauded the COMESA Regional Payment and Settlement System and tasked the CBC to increase awareness of this tool amongst the bankers so that traders in the region can have more competitive and affordable cross border transactions.

The two day meeting provided extensive input into the final position paper, which will be adopted by the banking associations in two months. Further, national consultations are ongoing.

The CBC is the voice of the private sector in the COMESA region, and serves its membership through tailored services of business and policy advocacy, business partnerships and linkages and trade intelligence and investment information. Its mission is to increase private sector participation in the regional integration agenda, and to support and represent private sector interests at all levels of policy and decision making at the regional level.

The two day dialogue brought together 40 key businessmen and CEOs from the bankers' associations, bank regulators and Insurance associations from ten countries in the COMESA region.