

REMARKS BY DR. PERKS M. LIGOYA
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Ms Sandra Bloemenkamp, Country Manager for Malawi, World Bank

Mr. Douglas Arbuckle, Mission Director, USAID Malawi

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Distinguished Resource Persons

Workshop Participants

Ladies and Gentlemen

Opening Remarks

I am honoured to join you this evening at the launch of a flagship publication, **Financing Africa: Through the Crisis and Beyond**.

This publication is a milestone study on the financial sector in Africa. It takes a fresh look at Africa's financial systems in the light of major changes that have taken place in the global financial structure in the wake of the 2008 global financial crisis. The study covers Africa's challenges in developing and safeguarding the current financial system.

Ladies and Gentlemen, the main barriers to financial sector development in Africa include access to finance and high cost of loans. To grow and improve its productivity, the African financial system needs more competition and be more innovative. The increased competition would promote financial innovations and adoption of new technologies; this would ensure better services to customers and an expansion of these services to new clients.

Ladies and Gentlemen, financial innovations comprise a variety of new products. Recent examples in Africa include mobile banking (access to basic payment services through mobile phones), and new players in the financial systems such as deposit taking microfinance institutions, and agency banking (where banks are allowed to engage third parties to provide certain banking services on their behalf without having to put up brick and mortar).

Ladies and Gentlemen, this expansion must be done while paying attention to the users of financial services. Adequate financial literacy should be infused to both businesses and households through development of financial skills and establishment of frameworks for consumer protection.

The book contains a series of indicators on access, size, and efficiency of financial services in Africa. Today, African banking systems are stable,

well-capitalized, and have good liquidity levels. However, they lack depth, because they are too dominated by banks. The transactions are mostly short-term, which is hardly conducive to business development.

Financial systems also lack momentum, and penetration of the bank branches per capita is well below world averages. Furthermore, banking services are expensive and limit households' access to basic financial services. It is therefore encouraging to note initiatives by some banks to reach out to the "unbanked" populations.

Finally, may I assure you that the Reserve Bank of Malawi will always strive to provide an enabling legal and regulatory framework to encourage innovations by all players in our financial sector in order to enhance access to financial services. In this regard, we will continue to work with stakeholders to put in place an enabling environment for business to thrive.

I thank you for your kind attention, and God Bless you all.