

Part II: 2021 Research Conference Proceedings

On

**Enhancing the Stability and Resilience of the Financial System in the New Normal: Lessons
for Deposit Insurance.**

Welcome Remarks By MD/CEO

Welcome Remarks By Mr. Bello Hassan, Managing Director/Chief Executive, Nigeria Deposit Insurance Corporation (NDIC) at the 2021 NDIC National Research Conference On ‘Enhancing The Stability And Resilience Of The Financial System in the New Normal: Lessons for Deposit Insurance’ Held between 14th and 16th December 2021 at Valencia Hotel Wuse 2, Abuja.

Protocols

It is a great honour for me to welcome you all to the 2021 NDIC National Research Conference with the theme: “Enhancing the Stability and Resilience of the Financial System in the New Normal: Lessons for Deposit Insurance.” I am particularly delighted to have all the relevant stakeholders in the financial system, and academia gathered at this Conference to discuss critical issues and policy options to address the emerging risks and opportunities within the banking industry.

Ladies and gentlemen, permit me to express my profound appreciation to all of you for your efforts at various levels aimed at contributing to the safety and soundness of the banking system through collaborative discussion on topical issues as well as participation in experience-sharing platforms like this conference. It is my hope that this Conference will serve as a podium for enhancing our understanding of the dynamics of the banking system and assist in identifying emerging risks and opportunities within the industry and to proffer appropriate recommendations for the sustenance of the safety and soundness of the banking system for sustainable economic growth.

As you are aware, research is critical to effective deposit insurance. Deposit insurance has been based on two key analytical perspectives. First, banking and deposit insurance policies rely on rigorous, conceptual, and empirical analysis. Secondly, deposit insurance depends on extensive, transparent engagement with a wide range of stakeholders. This Conference, therefore, has been designed such that the NDIC can benefit from such collaboration.

Permit me to briefly delve into the recent ultimate test of economic, financial, and banking system stability, COVID-19. It is over a year since the onset of the COVID-19 pandemic, and there remains tremendous uncertainty around its evolution and eventual exit. This has posed notable challenges to regulators globally, as well as unique opportunities - including increased usage of digital platforms, innovative solutions which have the potential to improve efficiency, enhance supply diversity, and a more competitive financial system that will support flexibility and convenience for customers. However, the use of digital technologies raises issues around data privacy, cybersecurity, identity theft, espionage, and financial and operational risks, amongst others.

After a historic downturn in the first half of 2020, the global economy has recovered, but prospects diverge dramatically across and within countries. The inequity in access to vaccines, the wide disparities in fiscal space across countries, and structural differences can exacerbate these divergences. The Nigerian economy, in spite of the COVID-19 pandemic, has recorded substantial growth in the past three consecutive quarters since the recession in 2020. The economy grew by 4.03% in Q3 2021 and 5.01% (year-on-year) in real terms in the Q2 2021, representing significant

successive increase relative to the growth rate of negative 6.1% achieved in the Q2 of 2020 due to the pandemic.

The Nigerian banking system remains very strong and resilient amidst the impact of the pandemic, as shown by the various financial soundness indicators as well as the stress tests conducted for financial institutions operating in the country. Thanks to the proactive policy measures taken by both the fiscal and monetary authorities to respond to the challenges. The outlook will largely depend on the outcome of the ongoing race between a mutating virus and effective vaccines, vaccine availability and coverage, as well as sound fiscal and monetary policies to provide continuous effective support until we are past this health crisis.

At this juncture, I must commend the collaborative efforts of the various regulators within the financial system. However, as the world gradually transmutes into a digital world, robust collaboration and cooperation between relevant stakeholders, particularly in the area of knowledge and information sharing, are desirable in order to effectively address the technological, legal, regulatory, and supervisory challenges facing the banking industry. The topics of this Conference are therefore carefully selected in line with the focus of the NDIC under the current management. We intend to strengthen the deposit insurance framework, ensure prompt and timely support to insured institutions as well as fast-track efficient and orderly resolutions of troubled insured institutions according to international best practices.

Ladies and Gentlemen, it is noteworthy that one of the major challenges facing the Corporation in achieving its mandate and objectives is the issue of low public awareness about the DIS and misconception of its role in the financial services industry. To address this, the Corporation regularly engages in public awareness activities to engender confidence in the banking system and contribute to the stability of the financial system.

Let me conclude by stating that the Conference will no doubt provide an enabling platform to fully dissect some of the issues I raised, share experiences and compare notes as a means of fostering the understanding of the emerging risks and opportunities in today's evolving world, and designing the optimal approach to managing the risks to enhance banking system stability.

On this note and on behalf of the Board and Management of the NDIC, I would like to thank you all and once again welcome all the facilitators and participants to this important event. I wish everyone happy and fruitful deliberations.

Thank you for your kind attention.

Bello Hassan,
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