

OFFICIAL LAUNCH OF STANDARD CHARTERED BANK BOTSWANA LIMITED MOWANA PARK BRANCH

Keynote Speech

By

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Distinguished guests, ladies and gentlemen, I join the Board, Managing Director and staff of Standard Chartered Bank Botswana Limited in thanking you all for taking time off from your other duties to be part of the official opening of the Mowana Park branch of the bank.

The Mowana Park facility is the 21st branch of Standard Chartered Bank in the country and follows the opening of the Sir Seretse Khama International Airport branch in December 2016. It, therefore, adds to the sustained improvement in the provision and access to banking services, through diverse channels and platforms. In addition to the 21 branches, the bank also operates three agencies, a priority banking centre, a Loan Centre, a Customer Call Centre, 67 Automated Teller Machines and

has a staff complement of just over 700. It is in the context of the resource deployment of this magnitude and associated growth in services, that customers will increasingly experience better value for money, whereby the cost of services is commensurate with the level and quality of service.

The differentiated spread of facilities and alternative service delivery channels helps to enhance the bank's role and impact on the community and economy; thus to meet a spectrum of needs for a broad base of customers with diverse requirements. Such diversity could be reflected in levels of income, idiosyncratic sectoral characteristics and unique aspects of location, for which a bank would design and deliver targeted specialist services.

For example, in the modern day, personal customer contact with bank staff within "brick and mortar" facilities is complemented and, in some instances, replaced by electronic and remote access to services. This augurs well for financial inclusion in terms of serving the hitherto unbanked and expanding the range and quality of services, even for those that already have access to financial services.

Ladies and gentlemen, as you will no doubt be aware, Standard Chartered Bank in Botswana is a subsidiary of Standard Chartered Bank PLC, London, which has a business representation in the Middle East, Europe, Asia, Africa and Americas. The bank commenced operating in Botswana in 1897, as an agency in Francistown, which is 120 years ago, making it the oldest bank in the country. In 1956, the Francistown operation was accorded full branch status and this was followed by the opening of an agency in Lobatse in 1958, and subsequent further geographical extension to other areas in Botswana. Standard Chartered Bank Botswana Limited celebrated its 120th anniversary in September 2017, where His Honour the Vice President was the Guest Speaker. On the occasion, His Honour alluded to the early role of Standard Chartered Bank as a banker for the Government and consultative partner on economic and financial affairs, prior to the establishment of the Bank of Botswana.

Following the establishment of the Bank of Botswana in 1976, with a mandate to supervise banks, the new licensing rules required that banks operating in Botswana should be locally incorporated companies. In this regard, Standard Chartered Bank Botswana Limited was locally incorporated in 1975, as a subsidiary with its own Board of Directors.

Subsequently, it was listed on the Botswana Stock Exchange in July 1989. The parent company retains 75 percent ownership, 25 percent is traded on the local stock exchange, and currently held by institutional investors and individuals while 1 percent is held by the bank's Education Trust. Therefore, in addition to benefiting from banking services provided by Standard Chartered Bank, citizen investors have an opportunity to derive increasing value and wealth from the success of the bank, as individual shareholders or as participants in funds managed by institutional investors.

Ladies and gentlemen, along with other banks, Standard Chartered Bank has recorded strong performance over time and contributed meaningfully to productive economic activity and diversification endeavours in Botswana. The bank's total assets were P13.9 billion in December 2016, making it a significant player in the domestic financial sector. It held P11.3 billion worth of public deposits, of which P7.7 billion was lent out for productive deployment by both households and businesses. Standard Chartered Bank also implements a Corporate Social Investment Programme, through partnerships with non-governmental organisations, businesses and voluntarism by employees, to deliver targeted education and health support for

disadvantaged communities and individuals. All this is commendable performance and the bank should continue to execute its business strategy and value proposition profitably, as well as being, perhaps, more visible with respect to corporate social responsibility projects.

Ladies and gentlemen, let me now turn to focus on a couple of areas where Standard Chartered Bank and other financial institutions could enhance their contribution in supporting national policies and sustained economic growth. First, local banks should expand and deepen their managerial and credit management capacity and resources to enable participation in the capital market and long-term lending to businesses, including infrastructure projects and utilities. This is especially significant as government privatises an increasing range of activities and as the fiscal resources are increasingly constrained. Moreover, it is often the case that provision of financial resources by the financial sector is associated with better project execution and viability.

Second, it is important that local management and Boards of banks are adequately resourced and empowered to make local business decisions aligned to local needs and consistent with national policy and developmental

objectives; however, not undermining the dictates of business imperatives. It is also desirable that the transfer of financial resources from the local operation to the parent companies, the so called group recharges, is justifiable in terms of the calculated return on capital and invoicing of services provided.

Third, as alluded to earlier, modern information and communications technology presents a tremendous opportunity for financial institutions to enhance their level of service and increase coverage to the benefit of individuals. At the same time, wider financial inclusion results in enhanced potency of macroeconomic policies, to the extent that they are transmitted or implemented through the financial sector. Even then, there continues to be a case for the banks to participate meaningfully in improving financial literacy among the public; in particular to attract the use of their products and services, while disclosing the true cost and associated risks. In this regard, it is important to highlight that, while offering convenience and easier access, digital and electronic services are vulnerable to cyber-attacks, related fraud and failure to process and execute transactions. Therefore, customers should be vigilant in using these services and banks should have in

place secure and resilient systems, as well as being appropriately responsive to customer queries.

At this point ladies and gentlemen, let me also point out that the Bank of Botswana and other regulatory authorities, as well as the banking and financial sector community, recognise the challenges occasioned by the know your customer requirements, which at times could appear onerous, disproportionate and can work against the financial inclusion agenda. It suffices to indicate that both the Financial Intelligence Agency and Bank of Botswana subscribe to a risk-based approach in dealing with Anti-Money Laundering and Combating the Financing of Terrorism issues, and seek to avoid undue regulatory burden on banks. This notwithstanding, it is equally important to safeguard the integrity and overall stability of the country's financial system, by implementing and adhering to the international standards on AML/CFT, as espoused by the Financial Action Task Force (FATF). Failure in this regard, and the resultant sanction, could undermine trade, procurement and financial flows that would be detrimental to economic activity and broader execution of government policy and programmes.

Ladies and gentlemen, the Mowana Park branch is a Priority Centre, but will be available to all Standard

Chartered Bank customers. The branch offers a complete suite of banking services, including personal banking, digital banking, priority banking and 24-hour ATM services. The service coverage of the branch symbolises the bank's commitment to be "Here for Good and Here for Africa". Such promise to serve the community need to be backed by prudence and good performance with respect to governance and management structures, risk management, capitalisation, credit and liquidity management and, ultimately, sustained profitability and growth. Standard Chartered Bank in Botswana has, overall, done well in this regard, albeit with scope to improve in some areas highlighted in my remarks. The Board, executive management and staff of Standard Chartered Bank are, therefore, recognised for a continuous long period of facilitating access to financial services and supporting a wide range of economic activity in Botswana.

Distinguished ladies and gentlemen, it is now my singular honour and privilege to declare the Standard Chartered Bank Botswana Limited Mowana Park branch officially open.

I thank you for your kind attention.