

**Speech by Dr. Adesola Adeduntan, GMD/CEO, First Bank of Nigeria Ltd & Subsidiaries, at the China-Africa Forum on Development Finance and the 1<sup>st</sup> Session of China-Africa Interbank Association (CAIBA) Council Meeting || Wednesday, September 05, 2018**

**Theme: China-Africa Financial Cooperation, Sharing Innovation and Common Development**

## **Protocol**

I am delighted to speak at this ground-breaking ceremony that will mark a strengthened and more matured China-Africa relationship. A relationship that has been fostered by the continued responsibilities of the Forum on China- Africa Cooperation (FOCAC) since the year 2000.

It is interesting to note that over the last 18 years, the FOCAC has experienced growing political and economic mutual trust and frequent high-level exchanges between China and African countries.

## **The Context for a Mutually Beneficial Co-operation**

African economies have been resilient with average real output growth estimated to have increased to 3.6 percent in 2017 and projected to attain about 4.1% growth by the end of 2018.

- Since the turn of the century, the African continent has transformed from being “the hopeless continent” to a “rising star”
- Several African economies are amongst the world’s fastest growing economies
- The growth is being fueled by an emerging African consumer class with rising demand that meet long-standing needs
- While there have been major growth improvements in some Africa economies, the continent requires collaboration and cooperation with bigger and more advanced economies like China to attain its full potentials.

It is worthy to note that Africa is at the tip of an economic renaissance that will see opportunities being created that were considered impossible a few decades ago. However, to make the economic renaissance a reality requires strong institutional structures (at both public and private sector levels).

To accelerate the attractiveness and competitiveness of the African economy, there is need for countries in Africa to strengthen economic resilience and dynamism towards lifting the economies to a new growth equilibrium. And the sure way to attain this objective is through multilateral cooperation.

In contrast to the above, China already commands a significant position in the global economy. China’s robust expansion is boosting a global economy that’s already racking up its best performance in a decade. China has catapulted from being a relatively small investor in the continent to becoming Africa’s largest economic partner. Africa-China trade is poised to grow by

about 20%, year on year. Also, Chinese firms have shown remarkable prowess in sectors such as manufacturing, resources, and infrastructure development.

As such, China-Africa industrial capacity cooperation has become an axiom as more African countries are eager to adopt the epochal possibilities that are brought about by China's economic transformation and modernization. However, a mutually beneficial China-Africa cooperation must be built on the foundation of complementarity principles.

My speech today will focus on two key areas.

- First, I will call attention to the role of financial institutions in catalyzing growth in the African economy.
- Second, I would highlight the relevance of the newly inaugurated China-Africa Inter-Bank Association in the pursuit of a mutually beneficial agenda for China and Africa through financial cooperation, sharing innovation and common development.

### **The Role of Financial Institutions in Catalyzing Economic Growth in Africa**

Financial services industry (especially the banking sector) plays a critical role in catalyzing the required economic growth in any economy. The banking sector plays a vital role in directing existing funds in the economy towards production and industrial sectors to improve economic growth.

Specifically, the banking sector ensures efficient:

- Capital formation to fuel production activities in the economy
- Credit creation for increased employment and production that guarantees rapid economic growth, and
- Funds allocation to critical sectors of the economy

As such, expanded financial institutions capabilities and capacities will remain the key driving force for economic growth in African countries.

### **Relevance of China-Africa Interbank Association (CAIBA)**

The CAIBA initiative could not have come at better time than now, as both Africa and China are passionate about driving positive economic impacts and general well-being in the world.

I am very confident that CAIBA will represent the prime multilateral cooperative financial mechanism between China and the African continent; and will facilitate the provision of special facilities/capabilities for financial cooperation with significant impact on key industries like agriculture, manufacturing and infrastructure development.

The CAIBA platform will help to strengthen existing cooperation on investment and financing, introduce innovations in the mode of investment and financing according to the demands of the market, create new financing instruments, strengthen the dialogue between banks and enterprises in both China and Africa.

Through CAIBA, the existing cooperation between relevant banks and financial institutions in China and Africa will receive the required impetus and structure to achieve further expansion of China-Africa trade, and deepen cooperation in key areas of the economies of both China and Africa.

In conclusion, a successful cooperation between banks in China and Africa is of substantial importance to drive impactful growth in the economic development of the world as the combined population of China and Africa amounts to over 35% of the world's population.

I thank you all for your attention.

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