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*Paul A. Ogwuma, OFR
Governor, Central Bank of Nigeria*

GOVERNOR'S SPEECH AT THE OFFICIAL NAMING CEREMONY OF "SAMUEL ASABIA HOUSE"

Distinguished Ladies and Gentlemen.

I feel highly delighted and honoured to be invited by the First bank of Nigeria (FBN) PLC to be the Guest of Honour for this memorable occasion and to perform the official naming ceremony of the Head Office in honour of the late Chief (Dr.) Samuel Asabia, the first indigenous Managing Director and Chief Executive of FBN PLC.

Today's event is to give honour to whom honour is due. Chief S. O. Asabia is being honoured posthumously in recognition of his enormous contribution to this bank in particular and to the nation in general. As a Nigerian who was committed to professionalism and high ethical standards in business, honouring him, therefore, amounts to doing justice and writing in letters of gold the name of a great patriot for

generations yet unborn to behold. I wish therefore to commend the Board of Directors and Management of FBN, Plc for the befitting honour being bestowed on this great Nigerian. It is not often that the society remembers to honour those that really deserve the honour, that is those that have served it loyally.

Distinguished Ladies and Gentlemen, as we congregate here today to immortalise this illustrious son of the nation for his contributions to the country, I call on you to reflect on the present state of the Nigerian economy. In the midst of low productivity, galloping inflation, soaring unemployment and declining standard of living of the average Nigerian, it certainly behoves all of us to ponder on the ways of getting out of this economic predicament. As you can observe, there is a definite resolve on the part of the federal Government to tackle the economic problems with full commitment. In this regard, I wish to take this opportunity to

reflect on some of the areas where operators in the financial sector can, and should, join hands with the Federal Government and the Monetary Authorities to restore macroeconomic stability and sustainable economic growth in the country. Today, there appears to be total loss of confidence in Bankers, bank managers and other practitioners in the financial services industry. The first step is, therefore, for the financial system to put its own house in order. More than ever before, there is a need for clear demonstration of a high standard of professionalism and probity by all financial operators.

The Federal Government in the 1994 Budget has decided to change the foreign exchange market system put in place since 1986 because of the dismal performance of managers of the banking industry in the discharge of the responsibility entrusted to them. The system was subjected to untold malpractices by some operators who discredited

not only themselves, but the banking system as a whole. Such malpractices include under-the-counter deals involving the denial of legitimate users access to foreign exchange; the charging of illegal but substantial premium over and above the official rate; division of foreign exchange from official sources to the black market and Bureaux de Change; falsification of records to conceal these sharp practices, etc. etc.

Consequently, Government has decided that all foreign exchange receipts in the economy shall be pooled into a single account at the Central bank. All requests by banks for foreign exchange from the CBN and allocations thereon shall be customer-based, with emphasis on the priority sectors. While this arrangement has taken the initiative from the banks, they would be rehabilitating their image by ensuring that foreign exchange allocations are not diverted. I wish to warn that malpractices by any authorised dealer will be swiftly and severely penalised.

Furthermore, the problems associated with the increasing number of insolvent financial institutions and concomitant defaults in the inter-bank market are largely

the handwork of the managers of the system. These twin problems in the Nigerian financial system are traceable to poor management and lack of professionalism; fraudulent and other sharp practices; and insider abuse. Rather than putting their houses in order, the problem banks resorted to borrowing at any cost, resulting in widespread defaults in the inter-bank market and over-drawn accounts at the CBN. These developments have culminated in the virtual collapse of the inter-bank market and general erosion of confidence in the financial system. Ladies and Gentle-men, let me conclude this digression by emphasizing our resolve to deal with defaults and distress in the financial services industry. I wish, also, to appeal to Nigerians, in general, to cooperate fully with financial managers and the Monetary Authorities in the crusade to restore confidence in the system. This is desirable as financial operators do not operate in a vacuum, but with their customers who must therefore take particular interest in restoring confidence to the industry.

Let me return to the purpose of today's gathering here. Although Chief Asabia is no longer here with us, his

contribution to the development of the Nigerian economy in general and the banking industry in particular are enduring. Chief Asabia's illustrious career in the banking industry started with his appointment as the Deputy Governor of the Central Bank of Nigeria in March, 1970. Prior to this appointment, he served as Permanent Secretary in several Ministries, including the Ministry of Finance and also as the Head of Service in the then various national Commissions, including Population Census (1963); Chairman, national grading Committee for the Trading Services (1966); Chairman, National Wages Advisory Council (1972-75); Chairman, Capital Issues commission (1972-75); Member, Board of Directors, Nigerian Security Printing and Minting Company (1970-75); Nigerian Stock Exchange (1975-81); and Vice President, Nigerian Economic Society. During his tenure as Deputy Governor of the CBN, he was appointed Chief Executive of this bank in 1975, a post he held until he retired in 1984.

His contribution to the development of the financial services industry, through his writings and policy proposals which were consistently erudite and profound,

continue to serve as useful guides for the industry. In spite of his crowded schedule, his publications included

- (i) Development of Commercial Banking in Nigeria;
- (ii) Impact of the Nigerian Enterprises Promotion Decrees on the Banks and other Financial markets; and
- (iii) Aspects of Inflationary Trends in the Nigerian Economy, 1973 - 1979.

In the context of this

occasion, it will be recalled that it was during the tenure of the late Chief Asabia that the idea of a befitting Head Office for the First Bank of Nigeria PLC was mooted. This edifice, therefore, owes much to his foresight and initiative. I therefore congratulate the Board and Management of the First Bank of Nigeria PLC for taking the sound decision of naming the building after him.

Distinguished Ladies and

gentlemen, while wishing the Board, management and Staff of the First bank of Nigeria PLC continued success, I have the great honour of naming this imposing Head Office complex "SAMUEL ASABIA HOUSE".

Thank you for your attention.

PAUL A. OGWUMA, OFR
GOVERNOR
CENTRAL BANK OF NIGERIA

4TH FEBRUARY, 1994