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Profile of M.A. CEESAY

Adviser to the Governor

by Haja Jallow

*Principal Personnel Training Officer
Administration Department*

Mr Momodou A. Ceesay joined the services of the Bank in 1979 as a Cadet Economist in the Economic Research Department. Upon graduation from high school he proceeded to the USA where he got his Bachelors degree in Economics (Honours) from Westminster College and later to the University of Glasgow where he bagged his Masters of Philosophy degree in Monetary Economics. Through hard work and dedication he rose up through the ranks to the top position of Director of Economic Research Department, where he worked until his retirement in 2003. He was later reengaged into the services of the Bank as Adviser to the Governor.

Who is this man with a big statue and equally big heart? CBG news letter had a tete a tete with him, and found him to be a very pleasant man by nature and very unassuming to the point that he will not get into a self descriptive analysis of himself. Please read on.

Newsletter (NL.) **In your own words who is Momodou Ceesay?**

Momodou Ceesay (MC). I am just a plain caring human being with hopes and desires like everyone else. I rather prefer other people to describe me or put value on me.

(NL) **How would you describe the Bank then and now?**

(MC) I am glad to associate myself with the Central Bank of the Gambia. The Bank has improved tremendously during these



past years. When I joined the Bank in 1979, most key positions were occupied by expatriates, but now every single position is occupied by Gambians who are very capable and that is quite an achievement. Even though the economy is far more complex and dynamic, yet the Bank is well managed and poised to meet its mandate in creating monetary and financial stability. This shows that the Bank has achieved a lot in terms of capacity building and human resource management.

(NL) **What kind of changes would you like to see take place in the Bank?**

(MC) I would like to see staff continue to be supportive and dedicated to the Bank. The Bank is moving in the right direction. Younger people are joining the Bank and will inject vigour and vitality into the system but must endeavour to learn from the experienced staff. The idea is to consolidate what we have.

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Governor Saho takes a good swing kicking-off the Governor Jatta football tournament.

Photo supplement on pages 4 & 5

EDITORIAL

Importance of credit bureau

Credit bureaus are invaluable for helping financial institutions safely expand their lending to individual customers. Credit bureau information, especially previous payment performance data, is a useful aide when making decisions on lending. While lending some times requires detailed analysis of the financial standing of the potential borrower, payment history information is a fairly reliable predictor of the probability of default.

Financial Institutions are at times concern when a credit bureau is established that by sharing account information they will lose their competitive advantage. No bank has ever loss competitive edge with a high number of bad debtors. Besides, in The Gambia and elsewhere, participating institutions do not have access to the raw information. The information provided would be a minimum but enough to assist the financial institution make a better judgment to grant or not to grant a facility. The aim of the bureau is to help reduced credit risk and increase confidence. There is no doubt that a credit bureau can strengthen a country's banking system.

Recent developments in staff matters

by **Haja Jallow**

*Principal Personnel Training Officer
Administration Department*

The ever growing Bank saw the addition of three new staff joining our family. They are: Ms Isatou Jaiteh, Mr Musa Bojang, and Alkali Jarju. They have joined the Bank as Accounts Clerks with the Finance Department with effect from 1st March 2008. Six new officers were also recruited, they are Mrs Mariama Conateh Gaye, Bank Examiner; Mrs Fatou Njie Senghore, Accountant; Ms Mariam Bayo, Accountant; Ms Binta Beyai, Economist; Mr Sulayman Ceesay, Statistician and Mr. Sekouba Sisay, Economist. We would like to welcome them all to the family and wish them a long and successful career with the Bank.

On another note, Mr. Pa Modou Sarr, Senior Foreign Department Officer in the Foreign Department has been re-deployed to the Risk Management Unit as a Senior Risk Management Officer, and Mr. Dawda Gaye, Bank Clerk in the Banking Department has been re-deployed to the Internal Audit Department.

Profile of M.A. CEESAY

The Bank is well equipped to face the evolving and inevitable challenges of the future.

(NL) As former Director of Research, what were some of your biggest achievements?

(MC) Before being Director of ERD, the position was occupied by expatriates except for a short stint by the former Governor M.C.Bajo, who was indeed very inspiring during his time at the ERD. As Director, I encourage teamwork. We all work together. My role was to inspire and I try to lead in a team, to improve the output of the department. The idea was to educate each other and learn from one another and flow with the dynamism of the department. Am extremely happy that the current crop of senior staff in the ERD were in the Research Department when I was there. They are quite competent and it is gratifying to see them engage in critical economic analysis.

(NL) Where do you see yourself in twenty years time?

(MC) Being an old man. My philosophy is to move one day at a time. I hope to become a full time farmer when I leave the services of the Bank. God willing.

(NL) Given your years of experience, what advise would you give to new intakes?

(MC) To uphold the concept of self improvement on the job and be dedicated to the services of the Bank, and when ever possible, to go beyond the call of duty. Why? As a noble and high esteem national financial institution the more you contribute the more self improvement you have. If you do not contribute much you impede your own self development and prospects. Most importantly, they should be selfless and work with unflinching determination to ensure that the Bank achieves its mission statement and goals. Steadfastness benefits the institution and the self.

(NL) Why would you recommend the Central Bank to someone seeking employment?

(MC) The Central Bank of the Gambia is a noble institution to work for. It has been a pleasure to work for the Bank. I have worked for the Bank all my life with no regrets. It is an institution that takes care of its employees both financially and professionally. The Bank poses a dynamic challenge and serves as an opportunity to put into practice what one has learn. The Bank is intellectually stimulating and challenging. The easy accessibility to the top management is quite commendable and can help new intakes to adjust quickly and to acquire the requisite leadership qualities that are necessary for them to take charge in the future.

(NL) As a family man how would you rate yourself and why?

(MC) I do not like self praise. I am content to be what I am, let others do the judgement and assessment if it matters to them.

(NL) Are women in the Bank being treated fairly?

(MC) Yes, the Bank has been gender sensitive and believes in fairness. However, achievement is based on merit not because of what or who you are. Female members of staff have not been deprived of promotions or benefits based on being female. The Central Bank of the Gambia is a merit oriented institution. Women will continue to progress into leadership positions based on their intellect. After all, the Bank has a female Deputy Governor and others will surely fill senior positions.

This brought us to the end of the short interview with the indomitable Momodou Ceesay. He certainly is someone who is equipped to foster knowledge transfer to new members of staff given his experience and long years of service to the Bank. It was a pleasure having this little chat with him.

NEWS



Information on returning staff

by **Haja Jallow**
Principal Personnel Training Officer
Administration Department

We are happy to report the return of Bank sponsored staff in late 2007 and early 2008. The first to return was **Mr. Ousainou Corr** who was pursuing his MBA in Finance at the University of Wales in Bangor. He was followed by **Mr. Momodou Njie** who was doing his MBA in International Banking and Finance with the University of Birmingham. Next was the return of **Ms Haja Jallow** who was pursuing her Masters degree in Human Resource Management with the University of Manchester, to be followed by **Mr. Ismaila Jarju** from the USA where he bagged a Masters degree in Economics at the Vanderbilt University, and last but by

no means the least saw the return of **Mr. Pa Modou Sarr** who was pursuing an MBA in International Business from the University of Central England in Birmingham.

Finally, Mr. Momodou Mboge, Director Internal Audit Department has completed his Barrister at Law (BL) from the Ghana School of Law and was called to the Bar in Ghana making him a fully fledge lawyer. He has our heartfelt congratulations on this tremendous achievement.

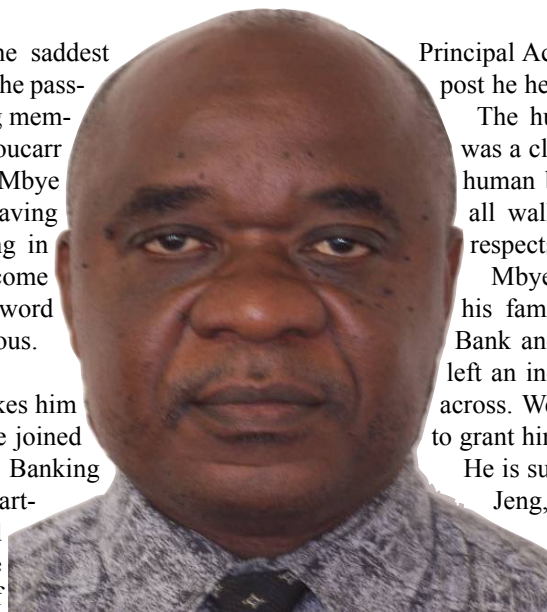
The return of these officers will no doubt add to the growing list of professional staff in the Bank. Most importantly they are expected to contribute to the high performance which the Central Bank is reputed for. We therefore wish our returning staff a long and fruitful career with the Bank.

Mr. Mbye Jeng - Gone but not forgotten

January 27th 2008 was one of the saddest days in the Bank. This day witnessed the passing away of one of the longest serving members of staff of the Bank. Mr Baboucarr Mbye Jeng, commonly known as Mbye Jeng left us for eternity on this day leaving family, friends and colleagues reeling in shock and sadness. Anyone who has come across this gentle gentleman has one word to describe him and that is conscientious.

Who was this lovely soul?

Mbye was born in 1950, which makes him a young 58 when he passed away. He joined the Bank in July 1980 as a Cadet Banking Officer, and worked in several departments thus gathering experience and knowledge, and rose through the ranks reaching the position of



Principal Accountant in the Finance Department, a post he held until his untimely demise.

The huge turnout on the day of the funeral was a clear testimony of his love for his fellow human being. It was attended by people from all walks of life that came to pay their last respects to him.

Mbye Jeng will be sorely missed not only by his family but by his dear colleagues in the Bank and the financial community; for he has left an indelible mark to everyone he has come across. We therefore pray to the Almighty Allah to grant him eternal rest.

He is survived by a wife, Mrs Mariatou Jallow Jeng, a son Pa Alieu and two daughters, Ya Fatou, and Amie Kolleh.

May his soul rest in eternal peace. Ameen.

DISCLAIMER

All views published in this newsletter are exclusively those of their individual writers. Central Bank shall not be liable for any claim that comes thereof

PHOTO SUPPLEMENT ON GOVERNOR JATTA FOOTBALL TOURNAMENT



Governor Saho having a chat with Staff Association president Abdoulie Jallow



Governor Saho takes the kick-off



Our Gallant Team - Central Bank of The Gambia



Tournament Winners International Bank for Commerce



Finalist Guaranty Trust Bank



Governor Saho being introduced to the GTB team at the finals



Governor await to take the kick-off for the finals between IBC and GTB



Banking fraternity enjoying the tournament finals



Second Deputy governor presenting certificate SCB Managing Director Humphrey



Governor Saho handing the Trophy to IBC Captain whilst MD Chucks Celebrates



IBC winners of the 2007-2008 tournament celebrate with their new Managing Director

FEATURE

Credit Bureau - Bad and Unscrupulous Debtors Checked

A Credit Reference Bureau is an institution that collects, collates and disseminates information of borrowers. It is an essential element of a successful credit market. It is an indispensable tool used by Financial Institutions to support their retail lending business. As a result of the lenders inability to accurately assess the creditworthiness of the borrower, the default rate is higher thus affecting the profitability of the lending institution.

It has been realized that customers are using the competitive environment of the banking industry to borrow from more than one bank. It encourages

multi-bank borrowing even when the customer is defaulting on another loan. The inability of banks to access the ability of customers to repay their debt, we have seen none performing loans of the industry growing to unacceptable levels. By developing a credit history of a borrower, banks will be able to access this information enabling them to calculate the risk associated with each customer. The Bureau is being setting-up as a unit within the Financial Supervision Department of the Central Bank with all banks as members.

Introduction of new Financial Instrument

To properly conduct monetary policy and broaden the coverage of the financial market in order to further develop the money market, the Central Bank of The Gambia recently introduced a new Islamic financial instrument known as SUKUK-AL -SALAM (SAS).

The SAS is a Sharia compliant Government Security issued by the Central Bank on behalf of government. It operates on similar terms and conditions (platform) as the

conventional Treasury Bills and therefore, has the same maturity profiles of three, six, and twelve months. The new product is designed to have similar policy objectives as the conventional Gambia Government Treasury bills of mopping up excess liquidity from the system. The existing Primary Dealers (PDs) in the conventional Treasury Bills market will be eligible to participate in the SAS market.

Risk-based supervision to be introduced

The Central Bank of The Gambia (CBG) will introduce risk-based supervision of commercial banks in line with international best practice on a pilot basis this year. This was disclosed by the First Deputy Governor of the CBG Mr. Basiru Njai, at the opening ceremony of a week-long workshop on "Risk-Based Supervision" recently held at the Paradise Suites Hotel. The workshop was co-facilitated by the Office of the Superintendent of Financial Institution (OSFI) of Canada and the Central Bank of The Gambia.

The introduction of risk-based supervision has become an urgent necessity to maintain financial stability which is an important prerequisite for sustained non-inflationary eco-

nomie growth. Recent changes in the financial sector of a wide array of new financial instruments and growth in the number of new financial institutions have resulted in an increased number of potential channels through which economic and financial shocks can be created and transmitted. Risk-based supervision is about the targeting of resources on the riskiest institutions with a view to achieving a more effective and efficient supervision. Market confidence is therefore fundamental as a result maintaining this confidence involves preserving stability in the financial system and the reasonable expectation that it will remain stable.

Jokes

Wrong E-Mail Address

**Lesson To Be Learnt
from Typing The Wrong Address!**

A Minneapolis couple decided to go to Florida to thaw out during a particularly icy winter. They planned to stay at the same hotel where they spent their honeymoon 20 years earlier. Because of hectic schedules, it was difficult to coordinate their travel schedules. So, the husband left Minnesota and flew to Florida on Thursday, with his wife flying down the following day.

The husband checked into the hotel. There was a computer in his room, so he decided to send an email to his wife. However, he accidentally left out one letter in her email address, and without realizing his error, sent the email.

Meanwhile, somewhere in Houston, a widow had just returned home from her husband's funeral that died of a heart attack. The widow decided to check her email expecting messages from relatives and Friends. After reading the first message, she screamed and fainted. The widow's son rushed into the room, found his mother on the floor, and saw the computer screen which read:

To: My Loving Wife
Subject: I've arrived.
Date: October 16, 2007

I know you're surprised to hear from me. They have computers here now and you are allowed to send emails to your loved ones. I've just arrived and have been checked in. I've seen that everything has been prepared for your arrival tomorrow. Looking forward to seeing you then! Hope your journey is as uneventful as mine was.

P.S. Sure is awfully hot down here!

Letter of Recommendation

1 Katim, my assistant programmer, can always be found
2 hard at work in his cubicle. He works independently, without
3 wasting company time talking to colleagues. Katim never
4 thinks twice about assisting fellow employees, and he always
5 finishes given assignments on time. Often he takes extended
6 measures to complete his work, sometimes skipping coffee
7 breaks. Katim is an individual who has absolutely no
8 vanity in spite of his high accomplishments and profound
9 knowledge in his field. I firmly believe that He can be
10 classed as a high-calibre employee, the type that cannot be
11 dispensed with. Consequently, I truly recommend that Katim
be
12 promoted to executive management, and a proposal will be
13 executed as soon as possible.

Addendum

The idiot was standing over my shoulder while I wrote this report. Kindly re-read only the odd numbered.

Donkey fell into a well

One day a farmer's donkey fell down into a well. The animal cried piteously for hours as the farmer tried to figure out what to do. Finally, he decided the animal was old, and the well needed to be covered up anyway; it just wasn't worth it to retrieve the donkey.

He invited all his neighbours to come over and help him. They all grabbed a shovel and began to shovel dirt into the well. At first, the donkey realized what was happening and cried horribly. Then, to everyone's amazement he quieted down.

A few shovel loads later, the farmer finally looked down the well. He was astonished at what he saw. With each shovel of dirt that hit his back, the donkey was doing something amazing. He would shake it off and take a step up.

As the farmer's neighbours continued to shovel dirt on top of the animal, he would shake it off and take a step up. Pretty soon, everyone was amazed as the donkey stepped up over the edge of the well and happily trotted off!

Life is going to shovel dirt on you, all kinds of dirt. The trick to getting out of the well is to shake it off and take a step up. Each of our troubles is a steppingstone. We can get out of the deepest wells just by not stopping, never giving up! Shake it off and take a step up.

Remember the five simple rules to be happy:

1. Free your heart from hatred - Forgive.
2. Free your mind from worries - Most never happen.
3. Live simply and appreciate what you have.
4. Give more.
5. Expect less

In our next issue

Historical perspective of
The Central Bank - Mr. Alieu Gaye

Profile and interview of Ms. Haddy Joof -
Director Human Resource

Brain teaser - Corporate Governance
in the banking sector

Central Bank Newsletter

March 31, 2008 edition

Wise Saying

If you owe the bank \$100 that's your problem. If you owe the bank \$100 million, that's the bank's problem.

Brain Teaser - The determinants of bank profitability in The Gambia

The Gambia has attracted a number of banking institutions in the recent past. The dissertation sought to explore the determinants of bank profitability and the impact of bank density. An unbalanced sample of 5 out of 7 banks is used, resulting in 27 observations of cross-sectional time series data from 1999-2004.

The objectives of the study were fivefold:

- To determine the factors that explain the profitability of banks, using research methodology proposed by Bourke (1989).
- To collect and analyse primary data (through a survey of all banks), and secondary data (Published Accounts of banks).
- To analyse the changing structure of the banking industry.
- To explore policy implications, particularly in relation to Basel I and II Capital Accords.
- To draw conclusions from the analyses and make policy recommendations.

A static regression model of bank profitability was employed in the study. A survey of the literature on bank profitability revealed that two broad factors (Internal and External) are mainly responsible. External factors include the effectiveness of regulation, bank size/economies of scale, intensity of competition, government ownership etc. Internal factors refer to the CAMELS components, such as the level of capitalization, liquidity, management efficiency, internal controls, level of expenditure etc.

In the case of The Gambia, the evidence shows that the coun-

try is still a cash-based economy, with the increasing number of banks and customer awareness being responsible for the intense competition. On the other hand, there are signs of inefficiency within the industry, partly due to the widening interest rate differentials (difference between interest income and interest expenses). The increasing number of banks may therefore be a welcome development, although it was beyond the scope of this study to consider the optimum number.

The results of the regression model showed the important role played by T-bills investments in determining bank profitability in this country. This is consistent with the World Bank study (1999) on The Gambian banking industry. However, T-bills is not the most important determinant of bank profitability, as bank size matters most. In short, larger institutions which invest heavily in liquid assets (T-Bills) and are well regulated or comply with capital requirements are more profitable compared to smaller institutions.

These findings imply that the focus of regulation should be on larger institutions, in view of their possible impact on the stability of the payments system, i.e. the too big to fail argument. On the other hand, the results point to a relatively higher concentration of risk in smaller institutions, given their lower prospects of profitability. Finally, the results suggest there is no relationship between bank profitability and bank density, thus the licensing policy has a neutral effect on the former.

Paul J Mendy

Deputy Director

Financial Supervision Dept.



Central Bank of The Gambia

Mission Statement

**To Achieve and maintain price and exchange stability
underpinned by a sound and vibrant financial system to
encourage and promote sustainable economic development**