

# **WEST AFRICAN INSTITUTE FOR FINANCIAL AND ECONOMIC MANAGEMENT (WAIFEM)**



## **REGIONAL WORKSHO ON MONEY MARKET DEVELOPMENT AND TECHNIQUES OF SECURITIES TRADING LAGOS, NIGERIA, MARCH 10 - 14, 2008**

### **COMMUNIQUE**

#### **1.0 INTRODUCTION**

The West African Institute for Financial and Economic Management (WAIFEM) organized a regional course on Money Market Development and Techniques of Securities Trading at its Headquarters in Lagos, Nigeria, from March 10 - 14, 2008.

#### **2.0 OPENING**

In his keynote address, the Director General of WAIFEM, Chief (Dr). Osi C. Itsede, gave an overview of money markets in West Africa, the role of government in money market development and the prerequisites for developing sound and efficient domestic securities markets. Dr. Itsede lamented the shallowness of the markets in the region and advised

governments and regulatory authorities to take the right policy measures to broaden and deepen them. The Director General enthused, however, that the process of financial deepening was already underway in the region following the ongoing financial sector reforms.

### **3.0: OBJECTIVES**

The main objectives of the workshop was to upscale the knowledge and skills of participants in the management of money market securities including the operational and regulatory features provide an in-depth understanding of the market for government securities in West Africa; and, expose participants to the various techniques of pricing, marketing and trading of government instruments, including mechanisms for enhancing market stability and secondary market development.

### **4.0: BROAD THEMES**

The broad themes covered included:

- ✓ Overview of the Financial System
- ✓ The Bond Markets: Instruments, Pricing/Valuation and Marketing
- ✓ Challenges of the Bond Market in Ghana
- ✓ Legal/Regulatory Framework for Security Markets in West Africa: Experience from Ghana and Nigeria
- ✓ Challenges of the Bond Market in Nigeria
- ✓ Characteristics and Institutional Framework for Public Debt Management in West Africa
- ✓ Domestic Debt and Financial Market Development in West Africa
- ✓ Financial Mathematics
- ✓ Measuring and Calculating Interest Rates and Financial Assets Prices

- ✓ Management and Techniques of Marketing Government Securities: Issuance Marketing, Pricing and Trading
- ✓ Problems and Prospects of Money Market: Primary Dealer Perspective
- ✓ Monetary Policy & Money Market
- ✓ Group work and exercises

## **5.0 PARTICIPATION**

The workshop was attended by twenty nine (29) executive/senior/middle level officials drawn from regulatory agencies (central banks, securities and exchange commissions), stock exchanges, ministries of finance and economic planning, debt management offices, pension commissions, social security and insurance trusts, commercial banks from The Gambia, Ghana, Nigeria and Sierra Leone.

## **6.0 METHODOLOGY**

The methodology adopted was a combination of presentations, practical exercises, group work discussions in plenaries. The workshop was facilitated by a team of experienced practitioners drawn from the sub-region and WAIFEM Faculty.

## **7.0 OBSERVATIONS AND RECOMMENDATIONS**

Based on the papers presented, exercises, study group reports and discussions, the following observations and recommendations were made by us participants:

## **7.1 Observations**

- participants welcomed the development of the West African Monetary Zone (WAMZ) programme to fast track the integration of the West African financial system. However, participants feared that the slow pace of programme implementation could be a limiting factor in the way forward;
- that the money markets in the West African sub-region still lacked breadth and depth that is, instruments are few and they are largely short . dated;
- %Professional+ infrastructure was grossly inadequate to handle the various aspects of the operations of the markets;
- that there was acute lack of awareness by the public of the products of the markets and the investment opportunities available; and
- differences, inadequacies and bureaucratic bottlenecks, in the legal and regulatory framework across countries impede the development of the money and capital markets in the sub-region.

## **7.2 Recommendations**

In light of the foregoing observations, we the participants, recommend as follows:

- Countries in the sub-region should adopt international best practices in the development of financial markets particularly with regard to administrative procedures and legislations.
- Efforts should be intensified towards achieving the objectives of the WAMZ for purposes of developing the financial markets.
- Capacity building in all aspects of financial markets development should be pursued vigorously by countries. In this regard, WAIFEM

courses and programmes should be customized to the needs of financial market development, and

- The general public should be sensitized to the investment opportunities available in the financial system.
- Governments in the region should strive to deepen the financial markets by issuing long-dated instruments and promoting macroeconomic stability to enhance holding and tradability of the instruments.

## **8.0 APPRECIATION**

We, the participants, extend our heartfelt appreciation to the Director General, management and staff of WAIFEM for organizing this course geared towards ensuring the efficiency of money market development and techniques of securities trading. Also, we wish to thank our various employers for providing us the opportunity to attend the course which should enhance our performance on the job. Our particular thanks go to the able facilitators who spared no pains to make available to us their wealth of experience.

***PREPARED in Lagos, This 14<sup>th</sup> DAY of March, 2008***