



**WEST AFRICAN MONETARY AGENCY (WAMA)**  
**Financial Integration Department (FID)**

---

## **AIDE-MEMOIRE**

**VIRTUAL INAUGURAL MEETING OF THE EXPERTS COMMITTEE  
FOR HARMONIZATION AND OPERATIONALISATION OF BANKS AND  
MICROFINANCE REGULATORY AND SUPERVISORY FRAMEWORKS IN  
THE ECOWAS REGION**

---

28 January 2022

## **INTRODUCTION**

The roadmap for the adoption of the ECOWAS single currency revised in Accra, Ghana during the 86<sup>th</sup> Ordinary Session of the Council of Ministers on 16 and 17<sup>th</sup> June 2021. The revised roadmap sets out various activities to be implemented before the eco is launched in 2027. Among the activities is the harmonization of existing regulatory and supervisory frameworks of banks and non-bank financial institutions. The intent is to increase cross-border banking operations and enhance financial stability in the ECOWAS region.

The Financial Integration Department (FID) of the West African Monetary Agency (WAMA), on January 28, 2022, organized a one-day virtual inaugural meeting with key stakeholders in the region. The objective of the meeting was to share and discuss with the stakeholders (i) the draft Detailed Activity Plan for the Harmonization and Operationalization of Bank and Micro-finance Institutions' Regulatory and Supervisory Frameworks in the ECOWAS Region and (ii) the Terms of Reference of the Experts Committee for Harmonization and Operationalization of Bank and Microfinance Institutions' Regulatory and Supervisory frameworks in the region so as to gather comments and recommendations for finalization of the two documents.

The meeting was attended by 65 participants from WAMA, the West African Monetary Institute (WAMI), the UMOA Banking Commission and representatives from Member Central Banks.

### **I - OPENING SESSION**

The opening ceremony was graced by the opening remarks by Mr. Souleymane Tall, Director of the Financial Integration Department at WAMI, representative of the Director General of WAMI and the Director General of WAMA, all of whom emphasized the need for the harmonization of regional regulation and supervision frameworks for bank and non-bank financial institutions within the time frame, while hoping that the Experts Committee will work within given resources to make the program effective. On one hand, representative of the Director General of WAMI, Mr. Souleymane Tall, called for collaborative efforts in moving this initiative forward.

In his opening address on behalf of the Director General of WAMI, Mr. Souleymane Tall, welcome all participants and wish them a very fruitful deliberation.

He began by thanking the Director General of WAMA for this initiative. He asserted that we are all aware of and concerned about what the Covid-19 pandemic had posed on our economies, in general, and the financial systems, in particular which underscores the need to take practical steps in addressing the impact while at the same time making our economies more resilient, with Covid-19 therefore, we have been able to discover some vulnerabilities in our banking system which forms a significant part of the financial system. This is why it is important today for the regulators to be proactive in advancing new regulations and evaluate new proposals and develop frameworks for supervision and regulation that will correct the risk and vulnerability associated

with the regulation and supervision of bank and non-bank financial institutions. This is the reason why, according to Mr. Tall welcomes the setting up of the Experts Committee which can play a crucial role in addressing the challenges being faced as a region.

Mr. Tall informed the meeting that WAMI and its Member Central Banks were also concerned with evolving developments that need urgent attention. To date, he informed the meeting that at the WAMI level, they have advanced a new law for the banking and microfinance sectors and were currently working on developing the framework for the Non-Bank Financial Institutions (NBFIs), which he described as work in progress.

Mr. Tall expected much success from the Experts Committees being inaugurated and opined that it will be very important for the Committees and all stakeholders to work together with the limited resources in order to register positive dividends for the Community.

On his part, the Director General of WAMA, Mr. Momodou Bamba Saho, welcomed participants to the meeting and highlighted the progress being made by WAMI, BCEAO and Cape Verde in terms of harmonizing the financial sector regulatory and supervisory frameworks. He emphasized that Member States of West African Monetary Zone and Cape Verde have decentralized Regulatory and Supervisory Frameworks, while the West African Economic and Monetary Union Member States have a centralized Framework. With these, he noted that a lot remains to be done in terms of harmonization of the regional regulation and supervision frameworks for bank and non-bank financial institutions that could still be described as being heterogeneous. Such heterogeneity, he opined, has the inherent propensity to hinder cross-border businesses and/or activities as it affects the enabling environment for capital mobility and allocation across economies in the sub-region. He further noted that financial institutions often take advantage of such regulatory arbitrage on their cross-border investments and transactions.

The Director General of WAMA reminded participants that the effective implementation of the rollout harmonization program required a roadmap of which three activities have been executed up-to-date: (i) the assessment of the existing regulatory and supervisory frameworks for bank and non-bank financial institutions which preliminary review was done by WAMA in 2012, (ii) the development of the Terms of Reference (TOR) with detailed activity plan for the Experts Committee, and (iii) received nominations from all ECOWAS Member Central Banks for the formation of the Experts Committee., he expressed optimism that the detailed activity plan will be adhered to and that an efficient harmonization strategy for the sub-sectors of the financial system in ECOWAS be adopted.

In outlining the general roadmap for monetary integration, WAMA decided that the Experts Committee commences the implementation of the program with the harmonization and operationalization of bank and microfinance institutions regulatory and supervisory frameworks, given that the banking and microfinance institutions are under the direct regulation and supervision of Member Central Banks in most of the jurisdictions.

Mr. Saho concluded by stating that to overcome these diversities of regulation and supervision frameworks, the harmonization and operationalization of regulatory and supervisory frameworks for bank and non-bank financial institutions in ECOWAS region was designed to effectively position the financial sector in supporting financial intermediation, economic growth and development, by creating a level playing field as regards the regulations/laws and policies in the financial services sector, with the ultimate goal of ensuring efficient transition and/or adoption of the single currency by ECOWAS Member States.

The meeting was presided over by the Director of the Financial Integration Department of WAMA, Dr. Gradé Momèle Kipré. WAMA provided the Secretariat.

## **II - SUMMARY OF PRESENTATIONS, DISCUSSIONS AND LESSONS LEARNED**

### **2.1 - Terms of Reference (TOR) of the Experts Committee**

#### ***2.1.1 – Summary of the presentation***

This presentation was done by Mr. William A. Sulonkemelee, Jr, Economist in the FID. The presentation focused on the background, the objective, the scope of work, the methodology, expected deliverables and timetables as well as the institutional arrangements under the harmonization project.

The presentation highlighted the following issues:

- That some work has been done by WAMI and the BCEAO towards the developments of regulatory and supervisory frameworks in their respective jurisdictions; However, more is yet to be done in developing the regional framework for banks and microfinance institutions. WAMI developed a Model Banking Act for banks and financial holding companies for the WAMZ Member States, while the BCEAO has developed a common banking law for WAEMU Member States.
- The activities to be implemented under the program are to include (i) preparation of the common legal frameworks for the regulation and supervision of bank and non-bank financial institutions, (ii) validation and adoption of the frameworks that will be agreed upon by both the Technical Committee and the Committee of Governors; (iii) Adoption of the Frameworks by the relevant ECOWAS bodies; (iv) Operationalization of the Frameworks.
- The Experts Committee shall closely work with WAMA's Experts Team that will be responsible for providing the leadership and coordination roles to the Experts Committee on the harmonization of banking and microfinance regulation and supervision

frameworks and shall report to the Director General of WAMA through the Director of the Financial Integration Department;

- The Expert's team shall be headed by the Director of Financial Integration Department, assisted by the Chief Economist, Banking Supervision Specialist, and an Economist;
- All Member Central Banks and regional organizations on the Experts Committee are expected to send the full contact details of their representatives on the Committee for prompt action (communication and consultation).
- Proposed face-to-face meetings will be for maximum period of two weeks at venues that will be communicated to members early enough.

Mr Sulongkemelee intended to solicit views of the Experts Committee on what was expected from them during the period of the harmonization of the framework. He recalled that with the availability of the WAMI Model Banking Act and the BCEAO centralized Banking Law, the Committee's work will be made simpler by using the two models as a guide so as to meet the stipulated deadline.

### ***2.1.2 – Discussions***

Following the presentation, the discussion centered on:

- providing clarity on the distinction between the UEMOA Banking Commission and the BCEAO: it was outlined that requests for nominations of experts were made without distinction. It is the Institution which made the distribution certainly according to the potential contributions of each of the experts;
- the frequency of the in-person meetings: it was agreed that the frequency of meeting will be set by the Experts Committee given their strategy of implementation. However, the presenter said that the time of meeting will be communicated when discussed, but needed participants' suggestions/guidance;
- Communication about how the subcommittees will be formed: it was provided that the communication about the subcommittees will be passed on as work progresses.

### ***2.1.3 - Lessons learned***

The many lessons to be learned from this presentation were as follows:

- The harmonization and operationalization of bank and non-bank financial institutions regulatory and supervisory frameworks in the ECOWAS region is one of the key

activities assigned to WAMA under the ECOWAS Roadmap for the launch of the Eco (2021-2027)

- WAMA decided to commence with the harmonization of the regulatory and supervisory frameworks for bank and micro-finance institutions, because the banking system constitutes the largest sub-sector of the ECOWAS financial system and that bank and micro-finance institutions are under the direct regulatory purview of the Central Banks in majority of the Member States.
- The Experts Committee will be divided into two subgroups: (i) the banking sector subgroup and (ii) the microfinance sector subgroup. Each of these subgroups is expected to develop working schemes and/or modalities with a clear harmonization and operationalization roadmap and come up with common and operational regulatory and supervisory frameworks for banking and micro-finance institutions in the ECOWAS region.

As of the date of the presentation (January 28, 2022), the specific timelines of deliverables run from June 30, 2022 – December 31, 2023 when the draft operational framework for the common regional microfinance legislation, regulation, and supervision frameworks in ECOWAS are expected to be finalized.

## **2.2 – Detailed and Specific Activities Plans**

### ***2.2.1 – Summary of the presentation***

This presentation was also made by Mr. William A. Sulonkemelee, Jr, one of the focal persons to the project. The presentation focused on the expected deliverables and timetables with reference to the responsibilities of the Experts Committee. Generally, the presentation gave an outline of the activities to be undertaken from January 2022 to February 2023.

The presentation highlighted the issues as well as the activities that will be undertaken by the sub-Committees under the harmonization program. Precisely, the Experts Committee takes into account the current regulatory and supervisory frameworks developed by WAMI and the BCEAO in order to develop the regional framework:

- In drafting the regional framework, the Experts Committee is expected to do a thorough comparative analysis of existing banking and micro-finance legislations, regulatory and supervisory frameworks of bank and micro-finance institutions in the ECOWAS Member States/Zones as a follow-up to what WAMI and BCEAO have done;
- The Experts Committee should organize workshops with mainly central banks in the region in order to present and review reports of the comparative analysis and the draft

synthesized legal, regulatory, supervisory frameworks for banks and micro-finance institutions of Member States;

- Conduct a pilot test of required data for the harmonization process. Submit data collection templates or questionnaires to Member Central Banks by March 2022 and expect to receive from the stakeholders requested data by April 2022;
- Onsite visits will be encouraged to be conducted in each of the WAMZ Member States and two of the WAMU countries (Senegal and Cote d'Ivoire) and Cape Verde to assess the current regulatory and supervisory frameworks.

### ***2.2.2 - Discussions***

Following the presentation, the discussion centered on:

- Clarity on why will WAMA want to do Harmonization of the Regulatory and Supervisory frameworks when WAMI and BCEAO have already done for WAMZ and WAMU, respectively?

Response was that the two frameworks are for two Zones in the community that themselves need to be harmonized into a regional framework since the project lies within the scope of operations of WAMA.

- The proposed two weeks in-person meeting schedule was long, knowing that most of the members of the Experts Committee are Central Bank staff who are very busy. What factors were considered to have come up with the two weeks timing?

The question was noted with response that the proposal will be reviewed accordingly and experts' scheduled will also be looked at to respond promptly, taking into cognizance their concerns raised.

Additionally, it was provided that most banks' nominations were not placed in the sectors that would allow for forming the sub-Expert Groupings for the harmonization exercise. Hence, banks were requested to present their nominations in the categories as follows: Bank Supervision, Non-Bank Financial Institution and Legal. In the end, the WhatsApp number for the Economist on the Program, Mr. William Sulonkemelee, was displayed for nominees to use and forward their WhatsApp contacts.

### ***2.2.3 - Main lessons drawn from the presentation***

Member States will be updated with validation reports from validation workshops throughout the review and drafting processes of the harmonization and operationalization of bank and non-bank financial institutions regulatory and supervisory frameworks.

The Experts Committee will ensure that regional frameworks that are in line with internationally accepted standards and best practices such as the Basel Core Principles (BCPs) will be developed: the BCP - Basel I, II, and III for effective banking regulation and supervision, the Micro/macro prudential policy framework for the regulation and supervision of bank and microfinance institutions, a common consumer protection framework and a harmonized AML/CFT framework for the regulation and supervision of bank and microfinance institutions in ECOWAS in agreement with the revised FATF recommendations.

In addition, the Experts Committee will develop a harmonized regional FinTech regulation and supervision framework within the given time period;

An Interactive Single Rulebook (ISR) is expected to be developed by end of the program. The ISR will be an on-line tool that will be an embodiment of Risk Management, Credit Concentration Policy, Financial Ratios, Prudential Ratios, Capital Requirements Regulation (CRR), Bank Recovery and Resolution Plans, Know Your Customer (KYC) Policy, Anti Money Laundering/Combating of the Financing of Terrorism (AML/CFT), Payment Services Policy); Corporate Governance, Loan loss provisioning, amongst others.

At end of the program, a regional forum on Basel implementation will be instituted along with a framework for issuing a Unique Bank Verification Number in the ECOWAS region. Also, a customized reporting software could be developed which would be an important element of harmonization and geared towards harmonization of reporting requirements into a single set of reports.

All of the above activities and others not specified here are expected to be finalized by February 2023 assuming that resources are made available to WAMA and by extension the Experts Committee.

### **III - CLOSING SESSION**

In the closing remarks, Mr. Tall on behalf of the Director General of WAMI, concluded by thanking all for participating in the inaugural meeting noting that the interaction was useful and interesting. He urged all stakeholders to use the available resources to advance the cause of economic and monetary integration in the region. He expressed the total commitment of WAMI to constructively engage with stakeholders like WAMA in the implementation of all the processes leading to complete integration of our two Zones towards the regional integration agenda.

In his part, Dr. Gradé Momèle Kipré, on behalf of the Director General of WAMA, Mr. Momodou Bamba Saho, thanked the Governors of the various Member Central Banks for authorizing the participation of their nominees, the collaborating institution under the programme (WAMI) and indeed to all the participants, for their valuable insights. He reiterated that the



objective of bringing together the key stakeholders of this programme at this meeting was to obtain the inputs of the experts involved in financial sector regulation and supervision so as to effectively implement the harmonization and operationalization of regulatory and supervisory frameworks for bank and microfinance institutions that would efficiently prepare the financial sector for the launching of the ECOWAS single currency come 2027. In the end, he expressed satisfaction that the meeting had made it possible to validate the necessary activities and to also acquire the relevant contacts of the experts, which was critical for effective collaboration to work towards attaining a common objective within the set timeframes.

-----