

A Speech Delivered by the Honourable Minister of State for Finance, Remi Babalola on “*The Need for Personal Finance Discipline in Both the Public and Private Sectors*’ at the Formal Launch of the Book “*The New Millionaires’ Capsules*” by Ayo Arowolo, Held at the Agip Recital Hall, Muson Centre, Lagos on July, 29, 2008

Protocols

I feel highly honoured and privileged to be invited to speak on the subject: “***The Need for Personal Finance Discipline in Both the Public and Private Sectors***” on the occasion of the presentation of this important book titled “***The New Millionaires’ Capsules***” by Mr. Ayo Arowolo. I have personally taken time to read the book and I assure you it is an interesting piece worthy of time invested. The book which is made up of twenty two (22) chapters chronologically addresses the principles behind wealth creation, accumulation and financial sustainability. It involves learning and applying the secrets of success to achieving financial satisfaction. It is an excellent guide to financial freedom, and a road map for transition from a financial red alert status to a banquet of financial prosperity.

Before we proceed further, I would like to say a few words about the economy and its performance. The country is now set to break out of the 6% GDP growth club, to an economy with at least 7 - 9% GDP growth rate. In 2007, the non-oil sector rose by 9.8%, reflecting the impact of reforms already embedded. It is envisaged that the country will finish the year with approximately 7.5% GDP growth rate. Our focus is on the non oil sector, agriculture, power, transportation. These are essentials parts of the infrastructure jigsaw. We have commenced the 2009 Budget process through the Medium Term Sector Strategy Framework. Our plan is to ensure an effective budgetary process and put in place budgetary monitoring and implementation processes that will ensure fiscal prudence of public finance.

Incidentally, the principles analyzed in the book by Mr. Ayo Arowolo apply to individuals and institutions in the public and private sectors. The issue of financial discipline is universal and cuts across individuals, organizations and nations. The responsibility of creating and controlling wealth in the public and private sectors, rest not only on the leaders and those at the helm of affairs, but also on the individuals in the society. Indeed, it is the individuals that constitute an organization as well as a nation. Our individual values have a reflection on our national

values and aspirations. Therefore, we must change our individual financial habits to reflect in the institutions of government and corporate bodies.

In a democratic dispensation, the creation of wealth and provision of necessities of life such as food, water, road, electricity, etc requires prudent financial management and discipline, and this is a major challenge to individuals, and to governments at national and sub-national levels. It also presents an unusual opportunity.

To attain financial discipline in both the private and public sectors, it is my belief that unless and until we individually discipline ourselves, and align our personal lives with prudent financial habits, much progress cannot be made by our institutions, corporate bodies, and the nation as a whole. We must all develop and imbibe prudent financial habits to create more wealth for our nation. I see both public and the private sector institutions as business entities which must imbibe financial discipline, especially in a resource constrained country like Nigeria, in order to deliver quality services to the people.

Indeed, both the public and private sectors operate within the framework of bureaucracy, with institutions, systems, processes and procedures. Also, both sectors have customers, clients or

citizens with clear objectives of delivering quality service and ensuring performance. But while the private sector sees its services as business and conducts it with effective financial discipline, the public sector, unfortunately, does not. This partly explains the different attitudes and behaviours in the two sectors, and one of the key reasons why in the public sector, service delivery is not only poor, turn-around time is low and the cost of operations is very high. It is no longer acceptable for the public sector to be simultaneously poorer at customer service delivery and remain indisciplined in financial management than other service providers in the economy.

For the economy to experience the expected transformation, all institutions in public and private sectors including individuals must develop and internalize the values and culture of prudent financial management. We must also shy away from conspicuous consumption habits, and accumulate resources for investment purposes. There is no doubt that we need to have a paradigm shift from a nation predicated on revenue sharing to a new dimension of opportunity creation and revenue generation. We must also change our value orientation and thought processes about financial matters in order to save for the rainy day.

We need a new orientation and a new focus in the management of our resources, and it is only with our collective will as individuals that this can happen.

Before I go, I am glad that the awareness of the Nigerian Stock Exchange as an investment avenue has increased tremendously. The down turn in the market is a blessing in disguise and also a lesson on fluctuations in the operations of the capital market. It is important to view the capital market as a form of long term investment rather than a speculative jackpot. My investment advice is for Nigerians and other investors to invest more on a long term basis and the best time to do so is now when we have the lowest stock prices we have seen in a long time. The future is bright and promising.

As citizens and businesses, you can be rest assured of a transformational Nigeria going forward. As Government strives for a double digit growth economy and substantial investments in key infrastructural development areas, Businesses must strive for growth and champion the process of entrepreneurship and employment, a form of financial security currently lacking in our economy.

Finally, I recommend the book to all. I thank you all for listening.