

Building sound financial markets

By MONEYWEB STAFFER

THE foundation of sound financial markets — including stock exchanges, bond exchanges and derivative exchanges — is ultimately a sound banking sector.

That is the view of Rand Merchant Bank's (RMB) Jill Mann, who says the key to developing Africa's financial markets is to first get the fundamentals right instead of rushing headlong into premature expansion.

"This means African countries should first and foremost strive to establish a solid commercial banking sector, which boasts a good relationship with the central bank and a sound regulatory framework for the licensing and monitoring of banks," she says.

The expensive, sophisticated systems are not a necessity, says Mann, for healthy financial markets.

"Things such as efficiency, transparency and integrity are more important, and matter as much to investors as returns on investment."

She adds African countries have a lot they can be proud of.