



21st African Securities Exchanges Association (ASEA) Conference 2016

Mr. Oscar N. Onyema, OON

President, ASEA

20, November 2017, at 9.10AM – 9.20AM (10 Mins)

Opening Address

Good morning distinguished ladies and gentlemen:

Permit me to stand on existing protocols.

His Excellency, Engineer Sherif Ismail, Honorable Prime Minister, Egypt;

Her Excellency. Dr. Sahar Nasr, Honorable Minister of Investment and International cooperation, Egypt;

Distinguished Chairman and CEOs

On behalf of the African Securities Exchanges Association (ASEA) and everyone here present, I would like to thank our chief host Mr. Mohamed Farid, Chairman, The Egyptian Exchange for your very warm welcome. I am delighted to be here in this historic city of Cairo for the 21st annual conference of ASEA. As you know, the ASEA annual conference is the association's flagship event, and this year we have lined up an exciting agenda geared towards mapping our way to a sustainable future.

This year's theme *Africa Mapping the Future* takes a cue from last year's conference where we discussed: i) the prerequisites for economic transformation; ii) timing of Africa's alignment with global best practice; and iii) the need for African capital markets to be driven by the demands of the main-street amongst others. Beyond proffering solutions on how to make African capital markets relevant to the real economy, we concurred to take decisive action towards implementing the recommendations. Thus, this year, we convene, to not only refine our discourse, but to take our plan one step further towards attaining our goal.

Africa has had a challenging time in recent years, with growth in several African countries subdued because of protracted low commodity prices and the reduced growth in advanced economies and emerging markets such as China. However, the good news is that African nations have been responding to these challenges with reforms and economic diversification that are gaining momentum towards a very bright future. The world economic forum (WEF) anticipates that Africa could be the next century's economic growth powerhouse due to a healthy combination of: i) a soaring population; ii) revolutions in technology; and iii) improvements in infrastructure, health and education.

Critical to that trajectory, is the African capital market. Between 2012 and 2016, African companies raised USD 6.5 billion from 110 initial public offerings (IPOs) and an additional USD 38.4 billion via further offerings (FO). In 2016 alone, African companies raised USD 1.5 billion from 20 IPOs and another USD 7.3 billion through FOs. 2016 was also a resounding year for mergers and acquisition (M&A) with M&A activity targeting Africa recording 244 deals worth USD 39 billion. This was an increase of 49.1% by value when compared to 2015 which saw USD 26.2 billion from 302 deals. The *FTSE ASEA Pan Africa Index ex South*



Africa has returned ~31% YTD compared to -7.2% in 2016. In the debt market, the African Development Bank (AfDB) has issued local currency bonds in three (3) African markets¹ and as at year end December 2016, more than USD 500 million had been raised across the three (3) markets. All these capital raised have gone towards financing a wide range of economy boosting activities across sectors such as infrastructure, consumer goods, real estate and oil and gas.

The dynamics of African economies are significantly different from what they have been in previous years. Increased focus on innovation enabled by advances in technology and digitization is disrupting business models across industries and the capital market is not immune. When you stop and imagine how blockchain technology for instance can revolutionize core capital market functions, then one might begin to appreciate the urgency for African Exchanges to lead the charge in understanding what the fourth (4th) industrial revolution means for our various economies. Subsequently, we must then proceed to take the steps necessary to adapt, in order to take advantage of the attendant emerging technologies that will facilitate and improve access to capital.

The United Nations (UN) expects Africa's population to increase by greater than 100% between 2015 and 2050, and the very lack of infrastructure that has hampered growth and development is now being considered a catalyst for innovation. For example, it is envisaged that there will be nearly 1 billion mobile phones on the continent, a greater penetration than electricity by the year 2019. This means that more than ever before on the African continent, people are connected, have access to news, can trade and even transfer money using their mobile phones. This presents significant opportunities for economic growth and development and African capital markets are key to realising these prospects.

As financial service professionals, we must take the lead in overcoming the lethargy encouraged by the "Africa rising" narrative which seems to have resulted in a general lack of foresight and ability to proactively mitigate risk on the continent. Therefore, we must collectively map a way out of a rising debt crisis, currency risk exposures, as well as political and governance risks, in order to maintain the attractiveness of the African continent as a viable investment destination. With 341 million people in Africa currently living beyond the maximum range of fibre, mapping Africa's future must include mobile broadband solutions that will: i) radically improve connectivity in rural areas; ii) transform the education environment; and iii) facilitate growth for small and medium-sized businesses across the continent.

As an association, we are strategically growing our partnerships. In addition to our long standing relationship with the Africa Development Bank (AfDB), ASEA recently formed alliances with the renowned Chartered Financial Analyst (CFA) Institute, as well as the Chartered Institute for Securities & Investment (CISI). These partnerships, will allow market players in the ASEA Community to enjoy international certification programs at a discounted rate, and will go a long way towards raising the standards of professionalism within ASEA member jurisdictions. We also signed a Memorandum of Understanding (MoU) with the Financial Sector Deepening (FSD) Africa who will provide ASEA with Technical Assistance of GBP 160,000 which will go towards: i) supporting our Annual ASEA Conference; ii) boosting capacity of the ASEA secretariat; and iii) enhancing the ASEA website into a richer information portal. We are also currently engaging with the Africa Union (AU) and the Afreximbank for future and ongoing initiatives. Each of these partnerships provide the association with: i) significant visibility; ii) cost savings with regards to capacity building; ii) technical support; and iv) enabling technology platforms to support our endeavours.

¹ Johannesburg Stock Exchange (JSE); Nigerian Stock Exchange (NSE); Uganda Stock Exchange (USE)



ASEA continues to grow in number, profile and global recognition. Full membership today stands at twenty-seven (27), not including two (2) Observer members and three (3) Associate Members. We take pride in our members and I congratulate all the members for the collective effort in strengthening the association. Furthermore, it is important for ASEA to be the authoritative source of information on African exchanges and as such, we recently re-modelled our website in order to facilitate quality statistics reporting and analytics. I encourage you to keep abreast of interesting developments in African exchanges using the website and by following the *African Exchanges Magazine* published periodically by the association.

Over the next two (2) days we will debate the applications of financial technology within capital markets and the different levers required to enhance the attractiveness of the ecosystem from both a product and accessibility standpoint. I am looking forward to hearing from our distinguished speakers, all of whom are seasoned experts in their respective fields and will bring valuable insights to the topics outlined. I trust that this conference will strengthen our resolve to map sustainable tracks to a promising future. With dedicated effort to explore growth, fiscal health, new technologies and private entrepreneurship that create new business models and innovative commercial practices, Africa can tell its own story and learn from its own complex and diverse experience.

In closing, I would like to thank sincerely - the organizers, our sponsors, our speakers, and every one of you for taking the time out to participate in the 2017 ASEA annual conference in spite of your busy schedules. Thank you for your attention, and I wish us all fruitful deliberations.

Thank you.

Oscar N. Onyema, OON

President, ASEA