MAKING FINANCE WORK FOR AFRICA (MFW4A) AND CAPITAL MARKETS DEVELOPMENT TRUST FUND (CMDTF) JOINT WEBINAR

AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA) AND FINANCIAL MARKETS INTEGRATION IN WEST AFRICA

July 30TH, 2020

OUR WEBINAR WILL START SHORTLY ...
MFW4A & CMDTF JOINT WEBINAR

OUTLINE

HOUSEKEEPING

MFW4A and CMDTF PRESENTATION

INTRODUCTION OF TOPIC

INTRODUCTION OF SPEAKERS

PRESENTATIONS

Q&A

CONCLUSION

AfCFTA and financial integration in West Africa

HOUSEKEEPING

MFW4A & CMDTF PRESENTATION

INTRO. TO TOPIC & SPEAKERS

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Today’s session is scheduled to last 1 hour including Q&A.

To ensure the highest quality of experience, all participants will be muted.

QUESTIONS can be submitted via the “Chat” or “Q&A”.

For Live questions/Comments, click on “Raise Hand” to speak. (Lower Hand and mute after.)

Slides and a recording of this presentation will be circulated after we conclude.

They will also be available on MFW4A.ORG.

Message the organizers for any issues.

Don’t forget to fill out the survey that appears automatically after the session.
• G8 initiative launched in October 2007;

• Common platform for the harmonization and facilitation of financial sector development and knowledge sharing in Africa;

• Donor partners, African governments the private sector, and other financial sector with the aim of unleashing the full potential of Africa's financial sector in order to drive economic development and reduce poverty across the continent.
The Capital Markets Development Trust Fund (CMDTF)

~Albin Kakou
Senior Investment Officer & CMDTF Task Manager
African Development Bank
CMDTF : Multi-Donor Trust Fund

- Established for three (3) years as Phase I (December 2019-December 2022) with the Netherlands and Luxembourg.
- 2 Pillars:
  - Strengthening financial markets enabling environment and institutions
  - Disseminating Knowledge on issues that are of strategic importance to capital markets development.

- Calls for proposals to be launched in October 2020
  (Cmdtf_secretariat@AFDB.ORG)
CMDTF INTERVENTIONS (Indicative)

**Capital Markets regulatory and legal environment (30%)**
- Capital Markets development strategies
- Capital markets frameworks upgrades
- Regulators training
- Alignment with best practices

**Markets Infrastructure (20%)**
- Stock Exchanges systems upgrade
- CSD systems upgrade
- Bond auctions systems upgrade

**Diversification of Capital Markets product (30%)**
- SME capital markets instruments
- Green bonds
- Asset-backed securities/securitization
- Thematic instruments

**Broadening of Capital Markets Investor Base (20%)**
- African Capital Markets compliants under other offshore jurisdictions
- Capital Markets data transparency
- Capacity building for institutional investors and banks
- Thematic studies (e.g. African Financial Centers)

AfCFTA and financial integration in West Africa

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KEY SPEAKER

H.E. Mr. Wamkele MENE
Secretary General
African Continental Free Trade Area Secretariat (Addis Ababa – ETHIOPIA)

SPEAKERS

Dr. Félix Edoh Kossi AMENOUNVE
President
African Securities Exchanges Association (ASEA) (Abidjan – IVORY COAST)

Dr. Ngozi EGBUNA
Director General
West African Monetary Institute (WAMI) (Accra – GHANA)

Mr. Efiok E. EFIOK
Head Investment Management Department
Securities and Exchange Commission of Nigeria (Abuja – NIGERIA)

MODERATOR

Mr. Akin ADIGUN
Senior Capital Markets Officer - African Development Bank
• The African Continental Free Trade Area (AfCFTA) was created by the African Continental Free Trade Agreement among 54 of the 55 African Union nations.

• Largest free-trade area in the world in terms of the number of participating countries.

• Regulatory and legal framework to establish a single and liberalized market for goods, persons, capital and services.

• Deepen the economic integration of the continent.

• Aid the movement of capital and people, facilitating investments.

• Finance and ICT are two of the five priority service sectors in the Protocol on Trade and Services.
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TOPIC – AfCFTA AND FINANCIAL INTEGRATION IN WEST AFRICA

• TOPIC 1 - AfCFTA implementation and Financial Markets integration in Africa (Key speaker will cover the role of financial services under the AfCFTA, opportunities for the financial sector & regional financial transactions processing and payment services).

• TOPIC 2 – Fast-tracking ASEA’s initiatives on Capital Markets integration within the AfCFTA Framework (Speaker will address the progress, challenges and opportunities in connecting African capital markets);

• TOPIC 3 – Catalyzing financial markets integration in Fragile States at the Regional Level (ECOWAS) (Speaker will discuss Regional Initiatives towards Financial and Capital Markets integration in ECOWAS including Fragile States);

• TOPIC 4 – Taking advantage of the AfCFTA at country level - NIGERIA (Speaker will address regulatory support, products and market opportunities, impact of fintech and regional capital market infrastructure for cross-border investing).
H.E. Mr. Wamkele MENE
Secretary General
African Continental Free Trade Area Secretariat (Addis Ababa – ETHIOPIA)


✓ February 2019: Elected as the first Secretary General of the AfCFTA
AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA) IMPLEMENTATION AND FINANCIAL MARKETS INTEGRATION IN AFRICA

~ H.E. Mr. Wamkele MENE
Secretary General
African Continental Free Trade Area Secretariat
AfCFTA and financial integration in West Africa

CONTENT OF PRESENTATION

• OVERVIEW OF THE AfCFTA

• CHALLENGES IN THE AFRICAN FINANCIAL SERVICES SECTOR

• THE AfCFTA AND FINANCIAL SERVICES MARKET INTEGRATION IN AFRICA
  - Protocol on Trade in Services
  - Financial Services Market Integration: options for liberalisation and regulation
  - Opportunities for the Financial Services Sector
  - Complementarities: financial services and other sectors

• THE PAN-AFRICAN PAYMENTS AND SETTLEMENT SYSTEM: A TOOL FOR INTEGRATION OF MARKETS IN AFRICA

• CONCLUDING OBSERVATIONS
**OVERVIEW OF THE AfCFTA**

21 March 2018: Historic signing of the Agreement Establishing the AfCFTA. 54 AU member States signed the Agreement Establishing the AfCFTA.

30 May 2019: The AfCFTA entered into force and creates rights and obligations among 28 state parties.

Creating an African market:
- The world’s largest free-trade area
- Single rule book for trade and investment in Africa
- Growing middle class and growing purchasing power
- Fastest growing and dynamic markets
- Population of 1.2 billion people
- Combined GDP of US$2.5 trillion
OVERVIEW OF THE AfCFTA (Continued)

- **54/55 countries have signed the agreement** demonstrating pan-African political commitment to market integration in Africa

- **28 countries have ratified the agreement**

- **The AfCFTA aims to increase intra-African trade from the current 18% to 25% within a decade** stimulating intra-African trade by USD 35 billion a year.

- **The AfCFTA negotiations to be undertaken in Phases 1 and II:**
  - Trade in Services;
  - Trade in Goods;
  - Investment;
  - Competition; and
  - Intellectual Property Rights
CHALLENGES IN THE AFRICAN FINANCIAL SERVICES SECTOR

- Lack depth and limited range of products, at relatively high costs
- Weak and inadequacy capacity to regulate market
- Weak regulations and institutional management
- Lack of integration with global capital and financial markets
- Most services supplying firms lack knowledge on how trade negotiations can serve as a tool to access new markets
Protocol is a legal framework for the liberalisation and regulation of trade in services to achieve the following:

• Boost intra-African trade and promote economic growth and development within the continent;

• Proceed to a progressive liberalisation based on an open, rules based, transparent, inclusive and integrated single services market;

• Subject to the scope of the Dispute Settlement Protocol of the AfCFTA;

• Contribute to domestic and regional competitiveness of the services sector in Africa, thereby building globally competitive African services market.
THE AfCFTA AND FINANCIAL SERVICES MARKET INTEGRATION IN AFRICA: OPTIONS FOR LIBERALISATION AND REGULATION

• Protocol requires comprehensive liberalisation of the financial services sector

• Scope and coverage of intended liberalisation

• Models and international best practice for liberalisation:
  GATS: Annex on Financial Services and Understanding on Financial Services
  Free Trade Agreements
  Regulatory institutions and Central Banks

• Regulatory principles vs. Regulation of financial services markets under the AfCFTA
THE AfCFTA AND FINANCIAL SERVICES MARKET INTEGRATION IN AFRICA: OPPORTUNITIES FOR FINANCIAL SERVICES PROVIDERS

• Investment in new fintech platforms

• Provision of trade finance facilities to support implementation of the AfCFTA

• Facilitating transactions (exchange of goods and services) in the AfCFTA

• Mobilising savings (for which the outlets would otherwise be much more limited)

• Allocating capital funds (notably to finance productive investment)

• Investing in industrial development initiatives in the AfCFTA
THE AfCFTA AND FINANCIAL SERVICES MARKET INTEGRATION IN AFRICA: BREAKING BARRIERS AND MARKET ACCESS

- Predictability and certainty of licensing procedures of banks
- Elimination of arbitrary foreign equity limitations
- Elimination of prescriptions on forms of entry
- Elimination of limitations on the foreign share of total banks’ assets
- Allowable bank activities
- Capital requirements and expansion of operations
- Capital adequacy requirements
THE PAN-AFRICAN PAYMENTS AND SETTLEMENT SYSTEM: A TOOL FOR INTEGRATION OF MARKETS IN AFRICA

- PAPSS is an initiative between Afreximbank and the AfCFTA/AUC, mandated by a decision of the Assembly of Heads of States in July 2019

- Objective is to support the implementation of the AfCFTA, facilitate payments of goods and services in local currencies, thereby boosting intra-Africa trade

- Ensure that payments are made in local currency with net settlements in foreign exchange, thus saving the continent more than US$ 5 billion in payment transaction costs per annum

- Formalise a significant proportion of the estimated US$ 5 billion of informal intra-African trade

- Ensure availability of affordable and efficient payments infrastructure

AfCFTA and financial integration in West Africa

HOUSEKEEPING

MFW4A & CMDTF PRESENTATION

- H.E. MR. WAMKELE MENE

PRESENTATION

Q&A

CONCLUSION
CONCLUDING OBSERVATIONS

- The Protocol on Trade in Services of the AfCFTA: boosting intra-African services trade
- Liberalisation under the Protocol on Trade in Services to open new markets.
- Free flow of payments and transfers
- Financial services providers to engage in the services negotiations
THANK YOU FOR YOUR ATTENTION
Dr. Félix Edoh Kossi AMENOUNVE
President African Securities Exchanges Association (ASEA) (Abidjan – IVORY COAST)
Chief Executive Officer Bourse Régionale des Valeurs Mobilières (BRVM) (Abidjan – IVORY COAST)

✓ One of the Most influential finance specialist
✓ March 2018 - Present: Chairman of the AfricaFinLab
✓ February 2015-April 2018: West African Capital Markets Integration Council
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FAST-TRACKING ASEA’S AGENDA ON CAPITAL MARKETS INTEGRATION WITHIN THE AfCFTA FRAMEWORK

~ Dr. Félix Edoh Kossi AMENOUNVE
President
African Securities Exchanges Association (ASEA) (ABIDJAN – IVORY COAST)
Chief Executive Officer
Bourse Régionale des Valeurs Mobilières (BRVM) (Abidjan – IVORY COAST)
INTRODUCTION

- THE AFRICAN SECURITIES EXCHANGES ASSOCIATION
- OVERVIEW OF THE AFRICAN EXCHANGES LINKAGE PROJECT (AELP)
- CHALLENGES
- RECOMMENDATIONS
THE AFRICAN SECURITIES EXCHANGES ASSOCIATION (ASEA)

The Premier Association of African Securities Exchanges

Vision
To enable African securities exchanges to be key significant drivers of the economic and societal transformation of Africa by the Year 2025.

Mission
- To provide a forum for mutual communication, exchange of information, co-operation and technical assistance among its members.
- To facilitate the process of financial integration within the region for the effective mobilization of capital to accelerate the economic development of Africa.

Strategic Priorities
- Priority 1 (P1): Advocacy
- Priority 2 (P2): Enhancing liquidity
- Priority 3 (P3): Capacity building and knowledge-transfer
- Priority 4 (P4): Regional integration; and
- Priority 5 (P5): Funding for the association

AfCFTA and financial integration in West Africa

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OVERVIEW OF THE AFRICAN EXCHANGES LINKAGE PROJECT (AELP)

<table>
<thead>
<tr>
<th>Connecting African markets..</th>
<th>..providing diverse products...</th>
<th>...and access to Africa’s largest companies.</th>
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<tbody>
<tr>
<td><strong>7</strong> Stock Exchanges</td>
<td>Equities</td>
<td>Standard Bank</td>
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<td><strong>14</strong> Countries</td>
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AfCFTA and financial integration in West Africa

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• Dr. Félix Edoh Kissi Amounouvé Presentation

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CHALLENGES

- Exchange market size differences;
- Legal and regulatory limitations;
- Non-homogeneous products and services;
- Disparity in financial literacy;
- Different levels of market participant maturities.

AfCFTA and financial integration in West Africa

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- DR. FELIX EDOH KOSSI AMENOUNVE

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**RECOMMENDATIONS**

- Political decisions to accelerate African financial integration (banking and capital markets);
- Set up fiscal incentives for private companies to raise funds on capital markets;
- Sensitize governments to partial/total listings of State Owned Enterprises (SOEs);
- Initiate and promote constant dialogue with private sector instances (chambers of commerce);
- Promote issuance of innovative financial products such as green bonds, social bonds, etc.
THANK YOU FOR YOUR ATTENTION
**AfCFTA and financial integration in West Africa**

**SPEAKER**

~ Dr. Ngozi EGBUNA  
Director General  
West African Monetary Institute (WAMI) (Accra – GHANA)

✓ Member of the Nigerian Economic Society and the Nigerian Statistical Association;

✓ Author of *Cross Border Trade in Agricultural Commodities Between Nigeria and Her Neighbours* (2016);

✓ Author of *Economics Made Simple for the Basic Learner – A Children’s book* (2015);
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CATALYZING FINANCIAL INTEGRATION IN FRAGILE STATES AT REGIONAL LEVEL (ECOWAS) WITH THE AfCFTA FRAMEWORK

~ Dr. Ngozi EGBUNA
Director General
West African Monetary Institute (WAMI) (Accra – GHANA)
AGENDA

• INTRODUCTION
  ✓ WHAT IS FINANCIAL INTEGRATION (FI)?
  ✓ THE NEXUS WITH AfCFTA
  ✓ AfCFTA
  ✓ ECOWAS - FINANCIAL INTEGRATION IN FRAGILE STATES

• FINANCIAL INTEGRATION IN WEST AFRICA

• REGIONAL INITIATIVES TOWARDS FINANCIAL INTEGRATION IN ECOWAS

• RECENT INITIATIVES TOWARDS FINANCIAL INTEGRATION IN ECOWAS

• CHALLENGES AND RECOMMENDATIONS

• CONCLUSION
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INTRODUCTION

• What is Financial Integration? - refers to a process, market driven and/or institutionalized, that broadens and deepens links within a region e.g. ECOWAS.
  ✓ It eliminates barriers to cross border investments and differential treatment of foreign investors
  ✓ Brings about effective intermediation of funds and thus, the efficient allocation of resources
  ✓ An intensification of financial integration in ECOWAS will not only serve to enhance growth at national level, but would act as catalyst to achieve a growth that is mutually reinforcing for the economies in the region and beyond (Africa)

• ECOWAS financial system is mainly composed of 232 banks, 309 insurance companies, over 1,818 microfinance institutions and 5 stock exchanges, but remain fragile and fragmented.
INTRODUCTION....

- What is the nexus?
  
  In literature, the relationship is that financial integration encourages connectivity, trade, industrialisation and the free movement of people, among others as key economic factors.

- AfCFTA therefore, provides hope and promises to unlock the substantial untapped potential of intra-African trade.
AfCFTA and financial integration in West Africa

INTRODUCTION....

• AfCFTA (2021) Potentials –
  • A market of 1.3 billion consumers
  • GDP US$ 3 Trillion
  • boost wages for women and unskilled workers
  • Boost regional income by USD 450 billion (World Bank 2020)

• ECOWAS –
  • Population – about 388 million (2019)
  • Total land area of 5.1 million square kilometres
  • Combined GDP @ US$692.6 billion
  • GDP per capita of US$1,258.09
  • Total export receipts estimated @ US$110.1 billion,
  • Total imports estimated @ US$126.6 billion

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• DR. NGOZI EGBUNA PRESENTATION
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The financial integration initiatives in West Africa are being pursued in line with the 1994 General Agreement in Trade in Services (GATS), which is also in consonance with the trade in services component of AfCFTA.

ECOWAS in pursuit of its FI agenda sought to harmonize existing national laws and regulatory frameworks on the provision of regulatory, operational as well as soft infrastructure etc. within the financial market.
Specific efforts to integrate the financial system in ECOWAS include the following:

- Capital account liberalisation
- For non-bank financial institutions, and capital market integration
- Regional currency convertibility/quoting and trading national currencies
- Harmonisation of the legal and regulatory frameworks of the banking sector
- Harmonisation of legislations, and
- Cross-border payments system.
COLLEGE OF SUPERVISORS OF THE WAMZ (CSWAMZ)

- The CSWAMZ objective is to foster cooperation amongst Member States on financial integration issues including the following:
  - risk-based supervision (RBS),
  - joint examination of banks by staff of CBN and host Member Central Banks,
  - rules and regulatory framework for the banking sector,
  - enhancing cooperation, information sharing etc
  - enhancement of exchange of information, The CS for non-bank financial institutions objective is to foster cooperation amongst Member States on non-bank FI Issues
  - development of standards and guidelines, etc.

- The West Africa Insurance Supervisors Association (WAISA) with the following objectives
  - enhancement of exchange of information,
  - development of standards and guidelines,
  - encouraging the implementation and application of recommended guidelines, amongst others.

AfCFTA and financial integration in West Africa

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- Dr. Ngozi Egbuna PRESENTATION

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AfCFTA and financial integration in West Africa

• The West African Capital Market Integration agenda aims at harmonized regulation for the issuance and trading of financial securities – a common market

• The programme is in three phases; namely:
  ✓ Sponsored Access (Phase 1);
  ✓ Direct Access to Qualified West African Brokers (QWABs), (Phase 2);
  and
  ✓ Integrated West African Securities Market (WASM), (Phase 3)

• These are operationalized under ECOWAS by:
  ✓ WACMIC – a Governing body for the integration of the capital markets in 2013, the participants are the stock exchanges and central securities depositories

  ✓ WASRA - established to serve as a recognized forum for capital markets regulators in the West Africa to fostering closer collaboration and interface within the Securities Commissions in order to provide full support for the WACMIC programme.
The rationale for promoting currency convertibility framework was to engender intra-regional trade as part of necessary conditions for a successful monetary union.

Other objectives included:

- Conservation of scarce foreign exchange,
- Reduction in cross-border transaction costs,
- Facilitation of payments and settlement of goods and services traded across the borders,
- Reduction in the size of the informal Sector and specialization on the basis of comparative advantage that benefits all countries, amongst others.
• A regional payment system infrastructure was fundamental to financial markets integration as it serves as a platform for payment and settlement of transactions;

• Therefore, WAMI undertook a development initiative towards upgrading the payment system of Member States of the WAMZ;

• With a US$30 million grant provided by the African Development Bank to implement the Payment System Development Project of the WAMZ – Gambia, Guinea, Liberia and Sierra Leone.

• It was concluded in 2016.
PAYMENT SYSTEM DEVELOPMENT....

• The existing payment system platforms in Member States of the WAMZ are of modern standard for a regional payment and settlement system, hence, the collaboration with Afreximbank for the implementation of the Pan-African Payment and Settlement System (PAPSS)

• The PAPSS will use the WAMZ as a pilot for a continental payment system platform which is expected to be rolled out to the rest of the continent

• PAPSS would provide the platform for quoting and trading in West African currencies

• To serve as a fulcrum for the implementation of the AfCFTA.
The recent initiatives in collaboration with the AfDB include the following:

- US$2.05 million (UA1.5 million) grant for the development of Domestic Debt Markets in the West African Monetary Zone (WAMZ) – Phase I;

- Funding approval of US$850,000 for the implementation of the Phase 2 (Qualified West African Stockbrokers) of WACMI Programme; and

- Proposed US$10.9 million funding request the implementation of Unique Bank Identity for the WAMZ.
Catalysing FI in ECOWAS via AfCFTA framework in its current form has some issues that must be addressed to enhance its successful implementation. This include the following:

• Lack of compensation scheme for potential loss of revenues from the removal of tariff among member states and external partners;

• Weak competitive ecosystem of some member countries to cope with the likely competition from other African markets;

• Delay in undertaking structural reforms required to implement some of the agreement;

• Non-existence of functional stock exchanges in some ECOWAS Member States hamper capital market integration;
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CHALLENGES......

• Existence of differences in the trading platforms of the existing stock exchanges within ECOWAS Member States;

• Non-convertibility of WAMZ national currencies presents another challenge to cross-border trade flow, limiting trading and ineffective settlement arrangements;

• Lack of reliable data and high cost of assessing the markets in the region continue to militate against operators’ ability to penetrate markets; and

• Limited awareness.
RECOMMENDATIONS

• For effective implementation of AfCFTA, AU Commission is encouraged to:
  
  • establish a revenue loss compensation scheme in the AfCFTA protocols as part of the implementation strategy;
  
  • leverage on the achievements of the existing regional economic communities which would serve as a solid foundation for the continental free trade architecture; and
  
  • intensify sensitisation of AU citizens on AfCFTA.
For ECOWAS Member States, the following are recommended:

- align national strategies with the provisions of the AfCFTA to take advantage of the opportunities that this agreement offers and address the constraints that may impede implementation;
- incorporate the obligations of the AfCFTA in national laws and regulations;
- fast-track the implementation of cross-border payment and settlement platform;
- establish a functional stock exchange in all Member States; and
- establish National Committees to facilitate the implementation of the Agreement.
CONCLUSION

- Regional FI has the potentials to address several issues associated with small, fragmented financial markets in ECOWAS and across Africa

- Africa is the only continent that trades least with itself

- AfCFTA will make Africa the largest free trade area in the world

- In today’s world (post COVID 19), it is the only path to economic diversification and inclusion for Africa
THANK YOU FOR YOUR ATTENTION
Mr. Efiok E. EFIOK
Head Investment Management Department
Securities and Exchange Commission of Nigeria (Abuja – NIGERIA)

✓ 2016- 2018: Head of Investment Management Department
✓ Served on financial sector inter agency Committee and Rule Making Committee (Nigeria)
✓ Member of FSS2020 sub Committee on Infrastructure Financing (Nigeria)
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TAKING ADVANTAGE OF THE AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA) AT COUNTRY LEVEL (NIGERIA)

~ Mr. Efiok E. EFIOK
Head Investment Management Department
Securities and Exchange Commission of Nigeria (Abuja – NIGERIA)
INTRODUCTION

• OVERVIEW OF NIGERIAN CAPITAL MARKET


• EVIDENCE OF GROWTH OF REGULATED AND AUTHORIZED COLLECTIVE INVESTMENT SCHEMES

• HOW NIGERIA’S CAPITAL MARKET CAN TAKE ADVANTAGE OF THE AFCFTA FRAMEWORK AT NATIONAL LEVEL
  1. Regulatory Support – Rule Making, Regulatory Support (Rule Making);
  2. Secondary market opportunities and liquidity facilitation;
  3. Collective Investment schemes products - Intra regional authorization and marketing;
  4. Impact of Technology and influence of Fintech;
  5. Private Portfolios and Investment Funds Discretionary Management.
## OVERVIEW OF NIGERIAN CAPITAL MARKET

### Table A.8: New Issues of Securities (N’Million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Equities</th>
<th>FGN Bonds</th>
<th>Sub-National Bonds</th>
<th>Corporate Bonds</th>
<th>Supranational Bonds</th>
<th>Initial Offers of Unit Trust Schemes</th>
<th>Total</th>
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<tbody>
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<td>2003</td>
<td>29,429.9</td>
<td>72,565.7</td>
<td>-</td>
<td>650.0</td>
<td></td>
<td>26,150.0</td>
<td>128,795.6</td>
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<td>2004</td>
<td>183,718.5</td>
<td>21,000.0</td>
<td>-</td>
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<td></td>
<td>2,454.1</td>
<td>207,172.6</td>
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<td>2005</td>
<td>405,639.5</td>
<td>178,273.7</td>
<td>-</td>
<td>6,900.0</td>
<td></td>
<td>591,010.2</td>
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<td>2006</td>
<td>255,684.5</td>
<td>448,835.8</td>
<td>3,500.0</td>
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<td>13,500.0</td>
<td>12,177.5</td>
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<td>2007</td>
<td>1,339,313.6</td>
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<td>6,000.0</td>
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<td>1,437.9</td>
<td>1,943,241.5</td>
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<td>2008</td>
<td>1,495,906.7</td>
<td>474,180.0</td>
<td>60,000.0</td>
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<td>4,179.0</td>
<td>28,734.2</td>
<td>2,073,000.0</td>
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<td>2009</td>
<td>330,637.7</td>
<td>726,500.0</td>
<td>41,500.0</td>
<td>15,405.0</td>
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<td>13,376.0</td>
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<td>2010</td>
<td>97,815.6</td>
<td>1,244,493.8</td>
<td>157,500.0</td>
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<td>83,060.0</td>
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<td>2011</td>
<td>1,059,750.2</td>
<td>865,268.4</td>
<td>92,000.0</td>
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<td>63,960.0</td>
<td>5,343.9</td>
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<td>2012</td>
<td>88,957.6</td>
<td>491,941.2</td>
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<td>940.0</td>
<td>4,350.5</td>
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<td>2013</td>
<td>127,370.0</td>
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<td>120,900.0</td>
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<td>10,500.0</td>
<td>31,074.0</td>
<td>1,334,567.5</td>
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<td>2014</td>
<td>344,707.0</td>
<td>1,070,243.5</td>
<td>20,000.0</td>
<td></td>
<td>78,540.0</td>
<td>6,639.9</td>
<td>1,533,280.5</td>
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<td>2015</td>
<td>66,921.5</td>
<td>998,740.0</td>
<td>60,950.0</td>
<td></td>
<td>81,543.0</td>
<td>1,526.6</td>
<td>1,209,881.1</td>
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<td>2016</td>
<td>11,731.5</td>
<td>1,326,303.3</td>
<td>47,000.0</td>
<td></td>
<td>103,173.0</td>
<td>12,368.5</td>
<td>1,482,503.6</td>
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<td>2017</td>
<td>306,494.6</td>
<td>1,550,460.0</td>
<td>97,387.0</td>
<td></td>
<td>23,150.0</td>
<td>5,663.0</td>
<td>1,983,154.6</td>
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<tr>
<td>2018</td>
<td>214,069.1</td>
<td>918,940.0</td>
<td>-</td>
<td>190,443.5</td>
<td></td>
<td>7,590.6</td>
<td>1,331,053.3</td>
</tr>
<tr>
<td>2019 (Jan - Jun)</td>
<td>251,763.1</td>
<td>615,390.0</td>
<td>-</td>
<td>71,221.3</td>
<td></td>
<td>14,304.1</td>
<td>952,678.5</td>
</tr>
</tbody>
</table>
OVERVIEW OF NIGERIAN CAPITAL MARKET

• Over a 20 years period, compounded annualized growth rate in capital raising for different securities types are as follows:

✓ Equities: 17%
✓ Government Bonds: 11%
✓ subnational bonds: 19%
✓ corporate bonds – 33%, suprannuation bond – 1%
✓ mutual funds (collective Investment schemes) 21%
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Q&A
CONCLUSION
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MOVEMENT IN TOTAL NAV OF CISs
(Year 2012 - 2019, in US Dollars)

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Q&A
CONCLUSION
Taking advantage of AfCFTA Regulatory framework to set up a robust and dynamic market with Rules that support:

✓ Ease of cost effective Capital raised by African Companies;
✓ Investment and repatriation of capital and income;
✓ Investor Protection;
✓ Disclosure / Information transparency;
✓ Enforcement of SEC Rule 405 – 419 to provide for Capital raising / Offering of Foreign Securities in the Nigerian Capital market both by public offer and private placement including Reviews that can be made to provide greater comparative ease of compliance for African Companies;
✓ Standardized Rules/Guidelines for African Corporates and Issuers to measure compliance to raise Capital within the AfCFTA spirit.
HOW NIGERIA’S CAPITAL MARKET CAN TAKE ADVANTAGE OF THE AfCFTA FRAMEWORK AT NATIONAL LEVEL: Secondary market opportunities and liquidity facilitation.

Secondary Markets opportunities and Liquidity Facilitation within the AfCFTA regulatory framework

✓ Ease to process listing securities of African Corporates and Issuers on Nigerian Securities Exchanges;
✓ Multiple listing of Companies listed and traded on other statutorily recognized African Exchanges;
✓ Enable of OTC transactions in unlisted securities of small Cap African Countries through Rules requiring greater disclosure.

Multiple listing and trading on Nigerian Securities Exchanges – Taking advantage of SEC Rules 105 and 211 permitting the trading of securities listed on a recognized Exchange to be traded on another Exchange where it is not listed to have intra regional securities trading
Collective investment schemes

✓ **AUM** of CIS products in Nigeria grew by a geometric mean rate of 25.4% over a 7 years period from $0.67 Billion to $3.27 Billion as at 31st December 2019;

✓ Rule formulation setting authorization guidelines for intraregional marketing “passporting” and eligibility for Collective Investment Scheme (Mutual Funds) such as Unit Trusts, Exchange Traded Funds ETFs, Private Equity Funds, Real Estate Investment Trust Funds to:

1. support investors across the region;
2. Enable investment product diversification;
3. Enhance market liquidity of securities in the underlying portfolios of Funds in much the same way as the **UCITS (Undertakings of Collective Investments in Transferable Securities)** operates within the Eurozone.
Opportunities for Establishment of Intraregional Capital Market Infrastructure

✓ Opening the Nigerian Capital Market to intra-regional Capital and Securities market activities will provide a window for investment and upgrade of existing Market Infrastructure such as Central Securities Depositories and Clearing House to naturally provide Clearing House and Securities Depositary services on an intraregional basis.

**Impact of technology and influence of FinTech:** According to *Economist Magazine Intelligence unit report*, growth of FinTech in Africa is estimated at 24%; forecast growth of FinTech revenue in Nigeria is expected to move from $153m to $543m between 2017 to 2022.

**Development of Digital applications,** branching from initial development of payment solutions to development of Investment platforms, Securities trading platform, Capital raising platforms such as for Crowdfunding etc. are on the rise.

Development of Regulatory framework by the SEC, Nigeria for Crowdfunding and FinTech activities places Nigeria at a vantage position to serve as the Investment hub for the region leveraging on the AfCFTA framework, taking advantage of rise in technology / development of digital applications for Capital Market activities.
Private Portfolios and Investment Funds under Discretionary Management: Asset under Management size of $620.47 Billion, investment of growing Private Portfolio and Investment Funds under discretionary management of Asset Managers can be source of investment in assets and securities on an intra regional basis enabling portfolio diversification.
THANK YOU FOR YOUR ATTENTION
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END OF PRESENTATIONS
Send us your questions using the chat and / or question and answer features.
If you want to ask your question directly, please click on the “Raise Hand” button or send a message to the organizers.
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INTRO. TO TOPIC AND SPEAKERS

PRESENTATION

Q&A

• CONCLUSION

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