



TNF Africa : Message from London

After several years of hosting in South Africa, The Network Forum (TNF) Africa Meeting took place in London on April 24.

But what were the key talking points?

From South Africa to London

Whereas last year's event in Johannesburg was punctuated by intermittent power cuts or so-called 'load shedding', attendees at TNF Africa in London were somewhat perplexed to receive mobile news alerts in the morning warning them that four Household Cavalry horses had escaped and were on the loose in the City (all of them were subsequently recaptured).

At the same time, a number of delegates from some of the more tropical African climates were also caught off guard by London's unseasonably cold Spring snap.

Rogue horses and terrible weather aside, TNF's decision to hold its Africa Meeting in London was well-received by everyone attending. For those venturing up from Africa, TNF was an excellent opportunity to meet with UK or Europe-based network managers, a number of whom have had their travel budgets repeatedly slashed since COVID.

Out of the abyss

After four extremely challenging years, some optimists at TNF believe Sub-Saharan Africa's economies are slowly entering into recovery mode.

Africa's economies have been battered by a succession of shocks over the last four years, starting with COVID, followed then by the supply chain crunch caused by Russia's invasion of Ukraine, and most recently the monetary policy tightening in western markets.

South Africa, the continent's biggest economy, has also suffered a serious knock following its inclusion on the Financial Action Task Force's grey list over concerns about its efforts to tackle money laundering and terrorist financing. Several attendees at TNF noted this entire episode has been a major embarrassment for South Africa, and is stifling foreign investment at a time when the country's equity and bond markets have already been nursing heavy outflows.

One speaker at TNF said they had seen a 70% drop in client account openings in Africa more generally, sparked by growing disinvestment by foreign institutions and domestic investors exiting local markets in favour of overseas assets.

However, things are beginning to change, as investors slowly return to the continent as green economic shoots start to emerge, the same speaker added.

According to data from the World Bank, GDP growth in Sub-Saharan Africa is expected to rebound to 3.4% in 2024, up from its low of 2.6% in 2023, off the back of rising private consumption and falling inflation. However, the World Bank cautioned that this growth is fragile and could be derailed by uncertain global economic conditions, mounting debt servicing obligations, and volatile geopolitics.

The same old issues persist...

A number of familiar issues were raised by network managers about investing in Africa during TNF.

A TNF survey, for instance, found that 43% of respondents said that unclear regulations were their biggest challenge when investing in Africa. Certain African regulators and financial market infrastructures (FMIs) were criticised by network managers for failing to clearly communicate with them about their market reform initiatives.

Still traumatised by events in Uganda nearly a decade ago when the national stock exchange arbitrarily shortened its settlement cycle from T+5 to T+3 without properly informing the industry about its plans, global custodians at TNF highlighted that market changes need to be conveyed by FMIs and regulators clearly and with plenty of notice, so that intermediaries can make all of the necessary adaptations in good time.

Local providers seem to be onboarding this advice, with one domestic FMI telling the TNF audience that Nigeria would consult the wider industry on any plans to introduce T+1. Elsewhere, a network manager praised market participants in Egypt for their excellent engagement with global custodians ahead of the launch of the Egyptian Central Securities Depository (ECSD), a new CSD that supports the settlement of government debt instruments.

Other issues flagged by network managers during the conference included FX repatriation restrictions, with 29% of respondents telling a TNF poll that their inability to repatriate FX easily was their greatest concern.

Where next?

After the roaring success of the TNF Australasia and Africa Meetings, the event will return for its flagship Annual Meeting in Warsaw on June 10-12, before the regional Meetings finish off the year in New York (October 1), Qatar (November 5-6) and Singapore (November 11-12).