

ISLAMIC PRODUCTS: OPPORTUNITIES IN AFRICA



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DO GREAT THINGS



OLDMUTUAL

Africa Rising.....

Pronouncements of “a doomed African continent” during the start of the 21st century have since been replaced by “Africa rising,” citing a renewed sense of afro-optimism

Factors driving Africa’s success.

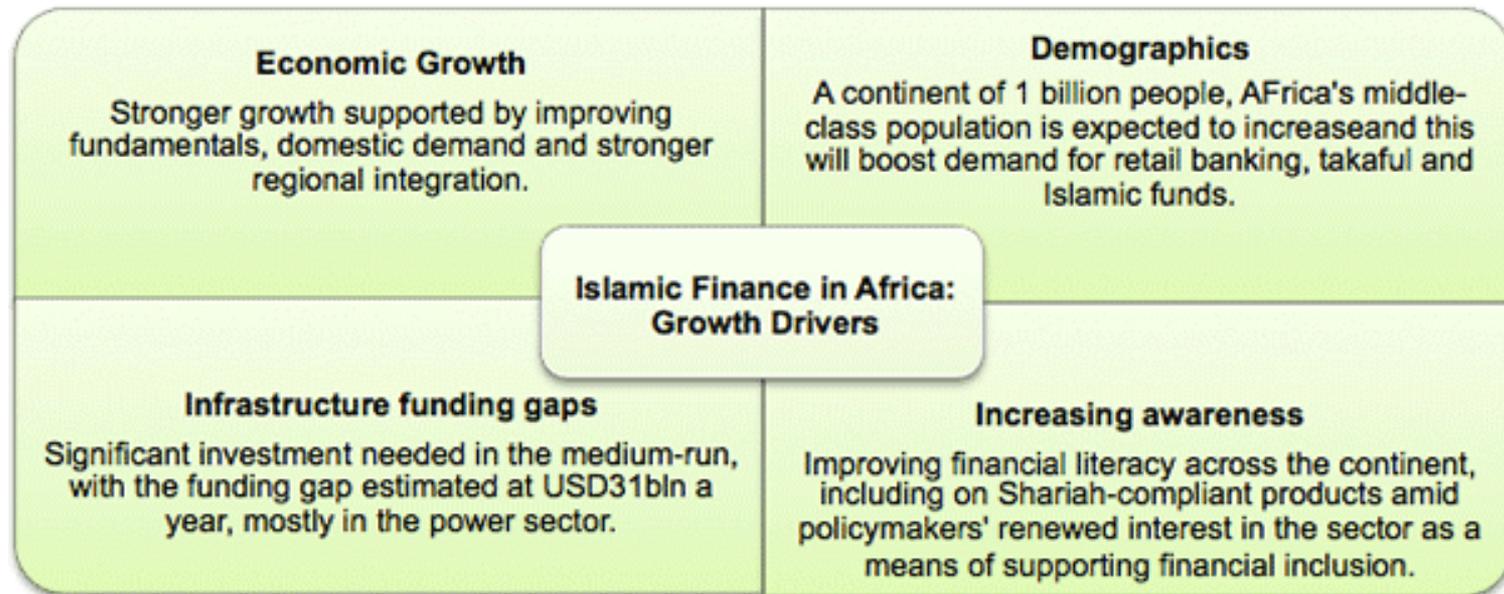
In Africa, a broad range of factors have created favorable conditions for economic transformation, which could see rapid growth become sustainable and inclusive in the future

- Improving macroeconomic indicators and business environment
- Demographic dividend, rising middle class and urbanization
- Growing links with emerging economies.
- Private sector participation.
- Natural resources



Islamic Finance Growth drivers in Africa

Home to just over a quarter of the global Muslim population, Africa features a potentially strong demand for Islamic financial services and products, presenting significant opportunities to deepen and broaden financial intermediation. While still comparatively underdeveloped, Islamic finance is expanding in many parts of the continent. Islamic financial service providers are now present across most of North Africa and in many countries of East and West Africa (particularly in those with sizable Muslim communities).



Source: KFH



Islamic Products: Opportunities in Africa

Sukuk to fund infrastructural gap in Africa.....

The Infrastructure Consortium for Africa (ICA) estimates African governments spend approximately USD 45Bn per year on infrastructure development while the cost of addressing Africa's infrastructure deficit is around USD 93Bn per year

Meeting Africa's infrastructure needs and developing cost-effective modes of infrastructure service delivery call for a substantial program of investment, rehabilitation, and disciplined maintenance combined

Islamic finance has tremendous potentials to help Africa meet its infrastructure funding gaps through Shariah compliant financing facilities as well as through the use of infrastructure sukuk. This is particularly suited for sub-Saharan Africa, a region that needs huge investments in infrastructure, from power stations and railways to ports and roads

According to the World Bank, Africa's largest infrastructure deficit is to be found in the power sector. Whether measured in terms of generation capacity, electricity consumption, or security of supply.

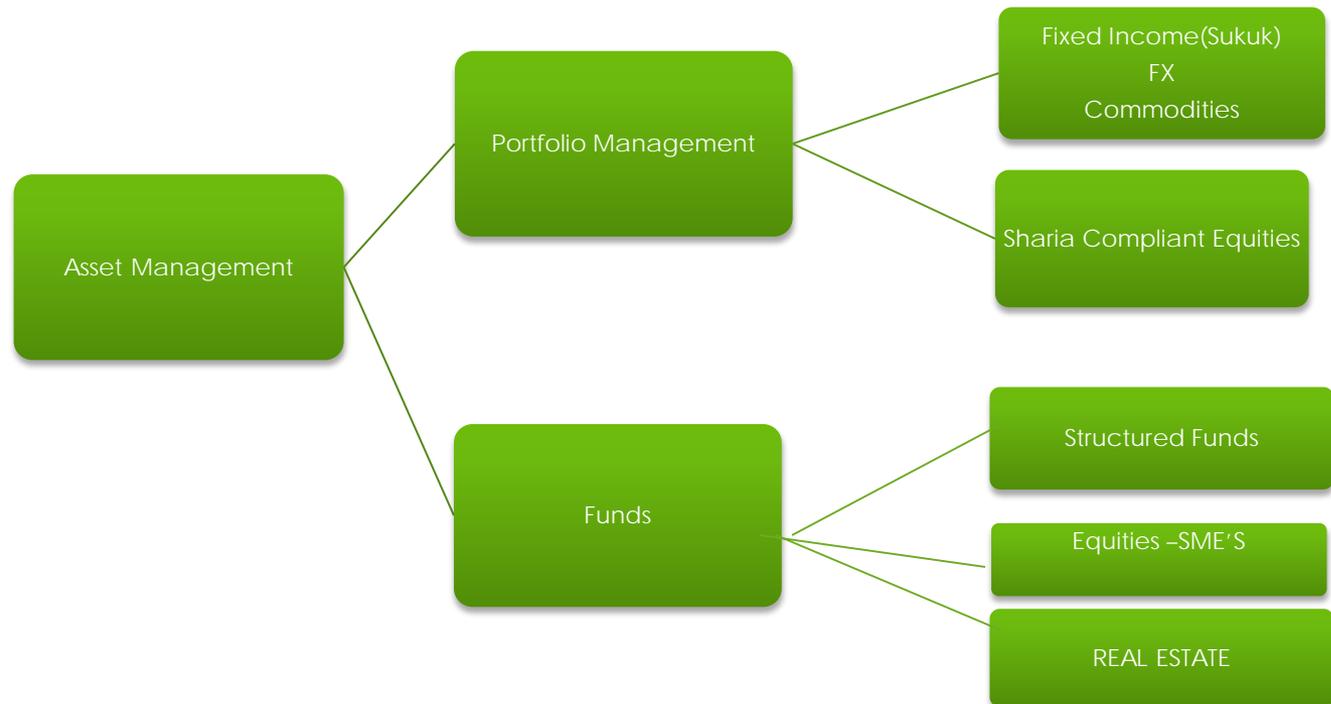
African countries are keen to tap into Islamic finance, partly because high demand means the cost of borrowing can be cheaper, particularly from the Middle East



Islamic Capital Markets

Islamic Capital markets are becoming increasingly sophisticated platforms for companies to raise Sharia compliant funds.

Africa's Islamic funds markets holds potential in the medium-run. As incomes rise, African consumers will demand more sophisticated financial products. Given the large Muslim population across most parts of the continent and the rising awareness of Islamic and ethical finance, there is room for growth for Shari'a compliant investment funds. The number of high net worth individuals' investable funds in Africa was one of the fastest growing in the world.

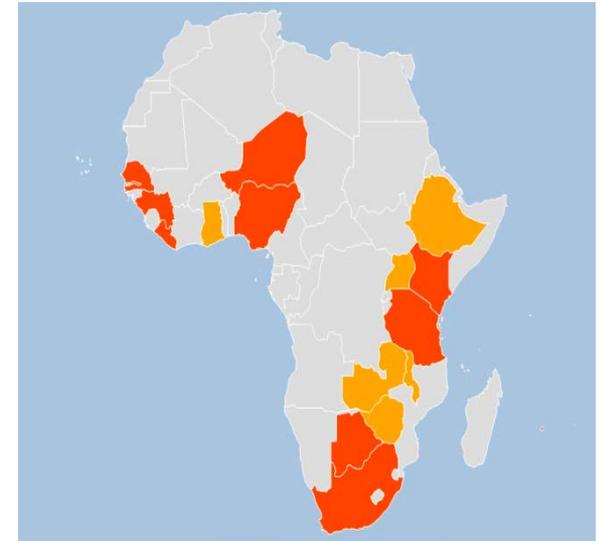


Islamic Banking and Microfinance Services

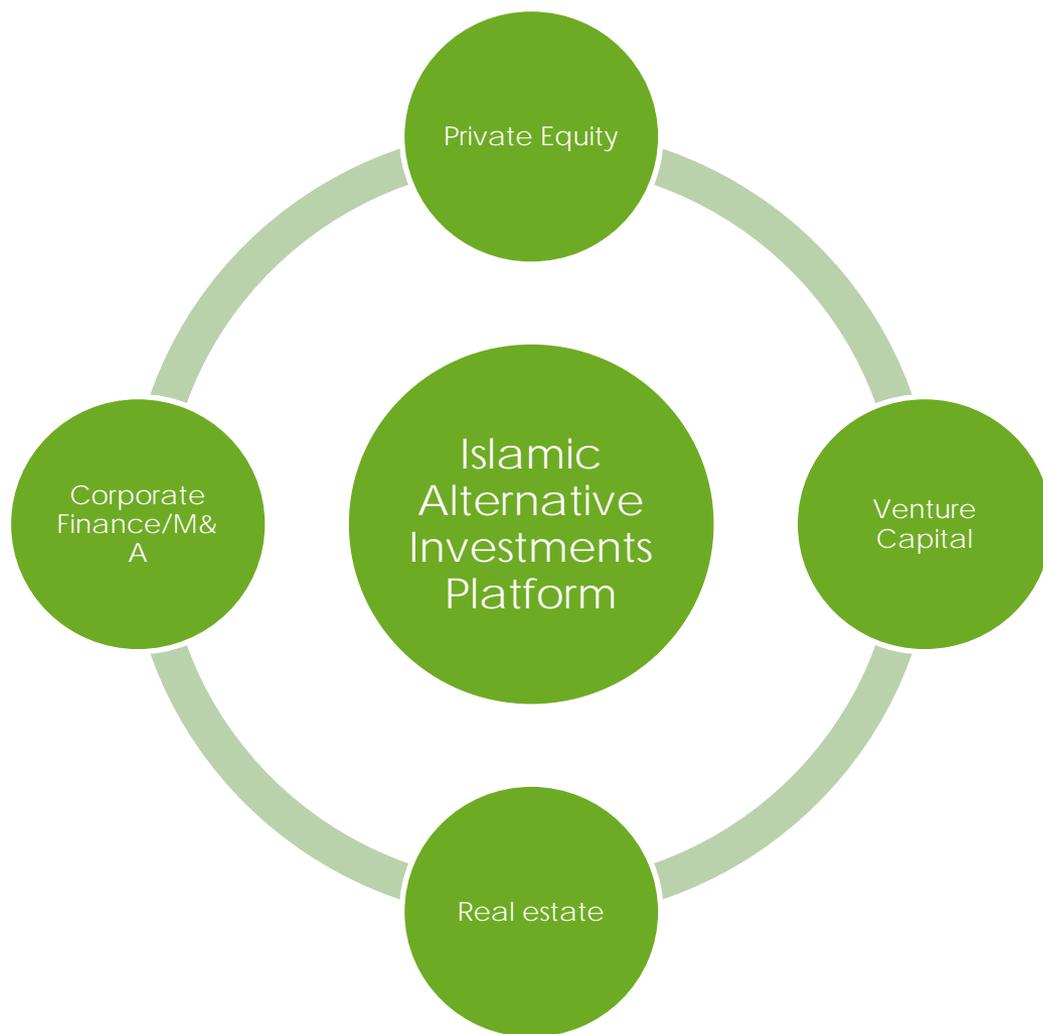
Capitalizing on Africa's Financial Inclusion Rates

- According to World Bank, an international comparison of private credit to GDP - a main indicator of financial depth - shows the ratio of private credit to GDP averaged 24% of GDP in Sub-Saharan Africa in 2010 and 39% in North Africa, compared with 77% for all other developing economies, and 172% for high income economies
- Based on the above, Islamic banking has a huge opportunity to tap into this largely unpenetrated African financial market by providing Shariah-compliant financing facilities, in particular to the retail and the SME clientele, while enhancing financial inclusion through microfinance facilities
- The Islamic banking sector in Africa also has abundant opportunities supported by Africa's large and underserved Muslim population and increasing awareness of Shariah-compliant products.
- Currently, there are approximately 38 Islamic financial institutions operating in Africa

Islamic Banking in SSA



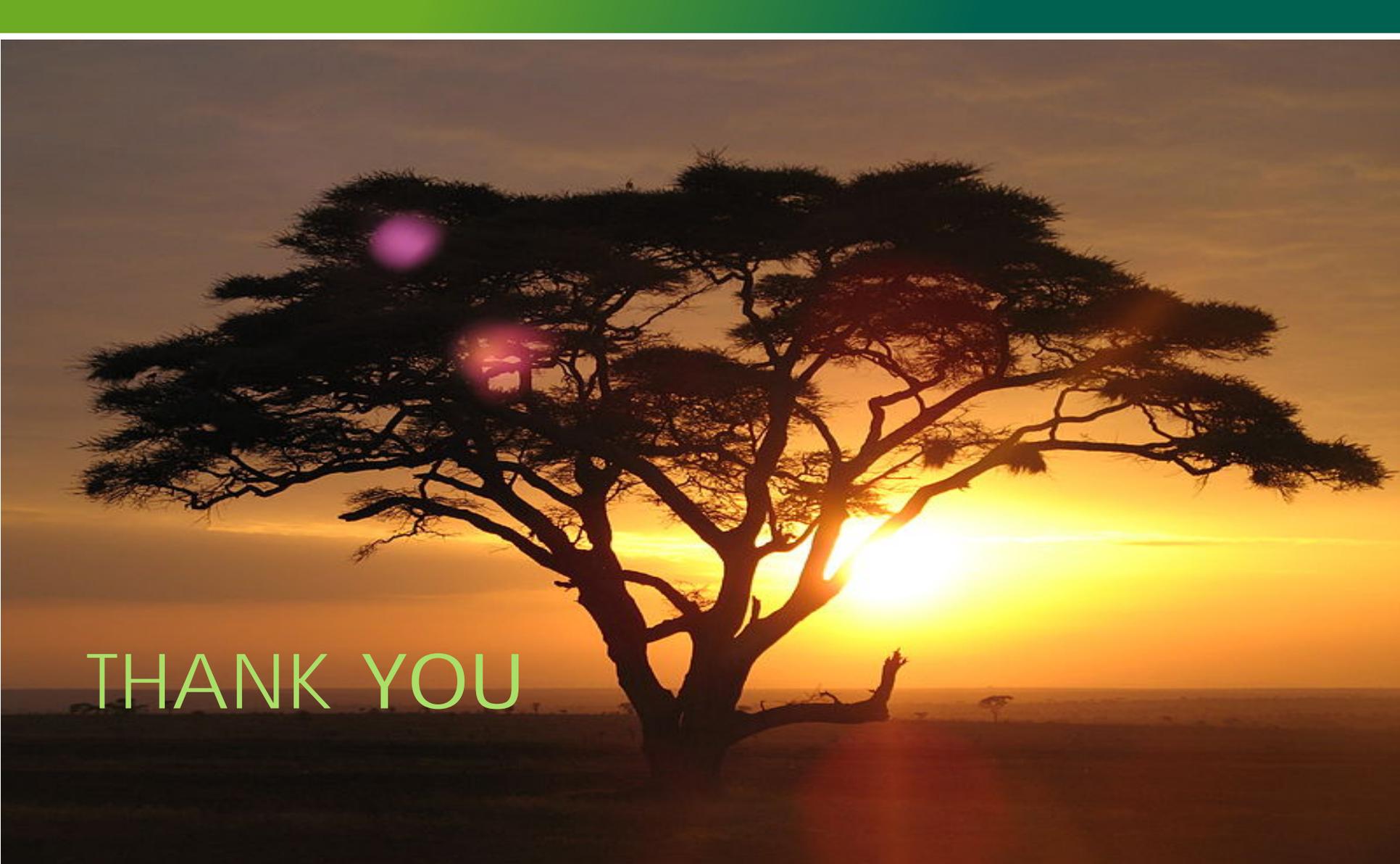
Islamic Alternative Investments



Key focus sectors

- Oil and natural gas
- Minerals
- Retail and Consumer products
- Healthcare
- Technology





THANK YOU

