



20th African Securities Exchanges Association (ASEA) Conference 2016

Mr. Oscar N. Onyema, OON

President, ASEA

28, November 2016, at 9.10AM – 9.15AM (5 Mins)

Opening Address

Good morning distinguished ladies and gentlemen:

Permit me to stand on existing protocols.

Hon. Ambassador Claver Gatete, Minister of Finance and Economic Planning, Rwanda;

Dr. James Ndahiro, Chairman Rwanda Stock Exchange;

Prof. Kingsley Moghalu, Former Deputy Governor, Central Bank of Nigeria.

Thank you Dr. James Ndahiro, Chairman Rwanda Stock Exchange for your warm welcome. On behalf of ASEA, I also join the Chairman in welcoming you all to this event. I am sure I speak for most of us here when I say it's an honour to be here in beautiful Kigali for the 20th annual conference of the African Securities Exchanges Association (ASEA). The annual ASEA Conference is the flagship event of the association, and this year marks the first time we are convening in Rwanda. I would like to offer my deepest appreciation to the government of Rwanda, the CEO Mr. Pierre Celestin Rwabukumba, the entire team at the Rwandan Stock Exchange and members of ASEA who have worked tirelessly to put this spectacular event together.

Against the back drop of i) a crash in commodity prices, ii) relative weakening of African currencies, iii) geopolitical tensions across different regions of the world including Africa, iv) lower Chinese economic growth, and v) financial market volatility which have resulted in slower growth across the continent, I have no doubt that we are set for an exciting program over the next two (2) days. Economic activity in Sub-Saharan Africa slowed to 3.4% in 2015 from 4.6% in 2014 and is projected to slow even further to 1.4% in 2016. Thus, this year's conference theme *'The Road to 2030: Making the African Capital Markets relevant to the real economy'* could not have been timed better.

In light of the prevailing headwinds, it provides us with a great opportunity to deliberate on appropriate responses to the challenges facing us as African economies. At last year's conference we agreed that one of the things Africa requires to sustain its growth trajectory is a solid capital market ecosystem that will attract investment and unlock the potential that exists on the continent. We also challenged ourselves to live up to the continent's reputation of leapfrogging traditional stages of growth and it is my pleasure to report that over the last year, African exchanges have pushed the envelope in product innovation and are continuously embracing advancements in emerging technology. I encourage you to keep abreast of interesting developments in African exchanges by following our *African Exchanges Magazine* published periodically by the association. The most recent Issue (Issue 3_October 2016) is available on the ASEA website.



Under the current conditions, the role of African exchanges in supporting government to i) drive sustainable growth by increasing both domestic and foreign net capital inflows, ii) improve allocation of investible funds, and iii) reduce cost of capital, cannot be over emphasized. Similarly, with an annual infrastructure need of \$75bn as estimated by the World Bank, the role of the capital market in generating this financing is undisputable. Thus, offering African capital markets significant opportunities to position themselves for greater impact on the real economy. To put this in context, as at 31st December 2015, African exchanges had a market capitalization of approximately \$1tn with 23% of this value held by exchanges outside of South Africa. As a percentage of GDP, the market capitalization of African exchanges ex-South Africa is estimated at less than 15%. Although statistics cannot be interpreted in isolation, what this ratio highlights, is the potential value in Africa that remains untapped.

We have gained significant strides in recent times, growing and aligning increasingly with global best practices. Out of twenty-six (26) member exchanges of ASEA, eleven (11) exchanges are affiliated with the World Federation of Exchanges (WFE). Five (5) of these are full members compared to only one (1) full member from 1963 to 2005. As an association, we also continue to be the authoritative source of information on Africa securities markets. This is evidenced by increased traffic to our website and growing interests in the association. In the last year, the association has formed a number of key strategic partnerships including signing MoUs with development institutions such as the African Union (AU) and the African Development Bank (AfDB). Others in our portfolio include Chartered Institute for Securities & Investment (CISI), Chartered Financial Analyst (CFA) Institute, SWIFT, and the African Corporate Governance Network (ACGN). Furthermore, the association itself is a much stronger entity from a governance and financial health perspective. A number of committees support us in ensuring that we are benchmarking our statistical reporting, policies and regulatory standards to global best practices, and this has resulted in a 10% increase in revenue from membership subscriptions. I congratulate all the members, because it is our collective effort that is guarantying the future of the association.

Despite the ground covered by African exchanges in recent times, it is obvious that a lot more is still required to make African capital markets more relevant to the real economy. I am confident that the presentations and discussions here over the next two (2) days will provide us with actionable initiatives that will not only steer our economies towards the path of renewed growth and development, but ensure that our capital markets remain vibrant and relevant. In view of the recent wave of anti-globalization and nationalistic sentiments fuelled by the Brexit vote, Russia's political posture, and the recently concluded US elections, I hope that this conference will also yield pointers on how African economies can position themselves to take advantage of the current situation in a way that catalyses growth for African economies, with the capital market at the fore front of actualizing those positions.

Ladies and gentlemen, I would like to take this opportunity to express my sincere thanks to the organizers, our sponsors, our honourable speakers, and all of you here today who have taken time to participate in this year's conference in spite of your busy schedules. I thank you for your attention, and once more, I welcome you to the 2016 ASEA conference.

Oscar N. Onyema, OON

President, ASEA