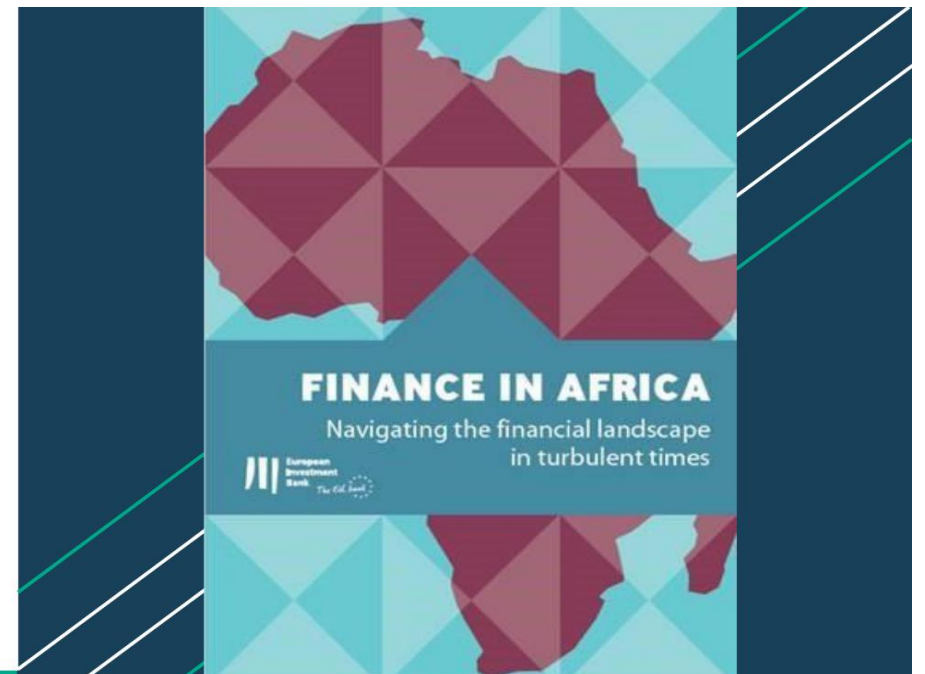


**THE EIB WEST AND CENTRAL AFRICA
SME BANKING AND MICROFINANCE
ACADEMY 2022
&
#MFW4AWEBINARSERIES**



TOPIC 10 :

**LAUNCH OF 2022 EIB FINANCE IN
AFRICA REPORT**

**15 DECEMBER
2022**

**01 PM GMT (ABIDJAN)
02 PM (COTONOU, DOUALA, AND
KINSHASA)
02 PM (PARIS, FRANKFURT, LUSAKA,
HARARE, AND JOHANNESBURG)
04 PM (ADDIS-ABABA, NAIROBI)**



This project is funded by
the European Union

OUR WEBINAR WILL START SHORTLY

#MFW4A/EIBWEBINARSERIES

AGENDA

- **PRACTICAL INFORMATION**
- **INTRODUCTION**
- **PRESENTATION “FINANCE IN AFRICA” REPORT**
- **ROUNDTABLE WITH THE PANELISTS**
- **Q&A**

MFW4A/EIB WEBINAR SERIES

PRACTICAL INFORMATION



The duration of today's webinar is 60 minutes, including questions and answers



For better listening comfort, all participant microphones will be disabled for the duration of the webinar



Questions can be submitted via "Q&A", or by raising hand.



Simultaneous translation will be available in EN/FR/EN



Slides and a recording of this presentation will be circulated to registered participants within 72-hours following the webinar - They will also be available on MFW4A.ORG.



Send a message to the organizers if you encounter technical problems



Do not forget to complete the questionnaire which will automatically appear on your browser at the end of the session

MFW4A: Platform for harmonization and facilitation of financial sector development and knowledge sharing

Objectives: Contribute to realizing the full potential of the African financial sector
Boosting economic development and reducing poverty in Africa

OUR DONORS



AFRICAN DEVELOPMENT BANK GROUP
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EIB TECHNICAL ASSISTANCE PROGRAM FOR FINANCIAL SECTOR OPERATIONS IN WEST AND CENTRAL AFRICA

Objective: Improve responsible financial inclusion by creating access to medium and long-term financial services for MSMEs, through loans and technical assistance to banks and microfinance institutions.



ACKNOWLEDGMENTS TO THE EUROPEAN
INVESTMENT BANK AND THE EUROPEAN UNION

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Finance in Africa 2022

navigating the financial
landscape
in turbulent times



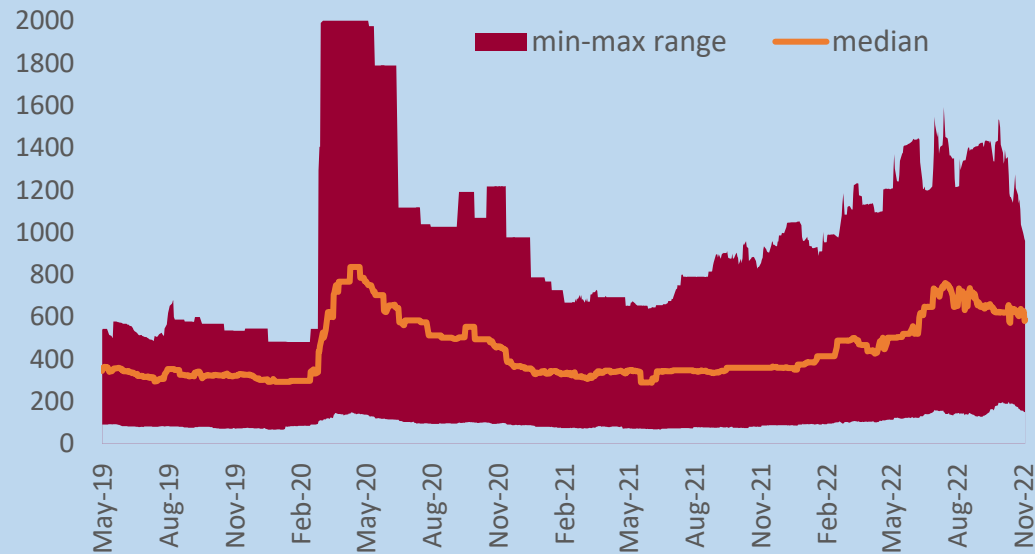
Finance in Africa 2022

- Seventh in series, with coverage of banking, microfinance, digitalization, climate finance and gender lending
- Draws on a survey of 70 banks in Sub-Saharan Africa



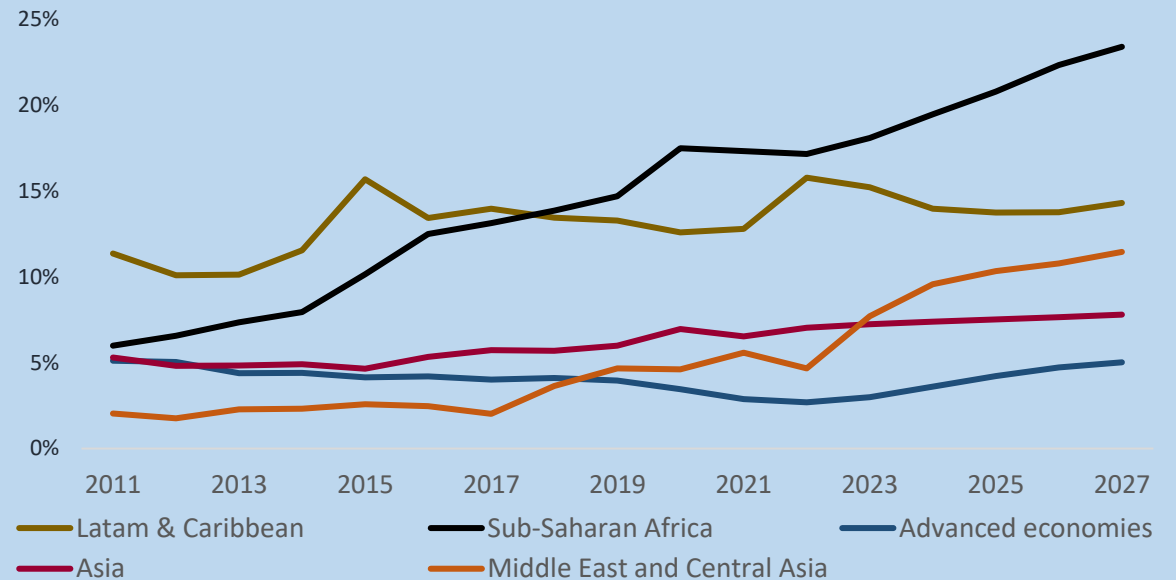
Tighter global conditions put pressure on Sub-Saharan African countries

Credit default swaps for SAA sovereigns



- 2022 CDS spreads spike less intense, but more persistent compared to 2020

Sovereign debt service costs (% revenues)



- SSA debt servicing costs higher and rising faster than other regions
- This time around, sensitivity to global tightening enhanced by higher financial integration



For SSA banks, funding costs and asset quality are key concerns

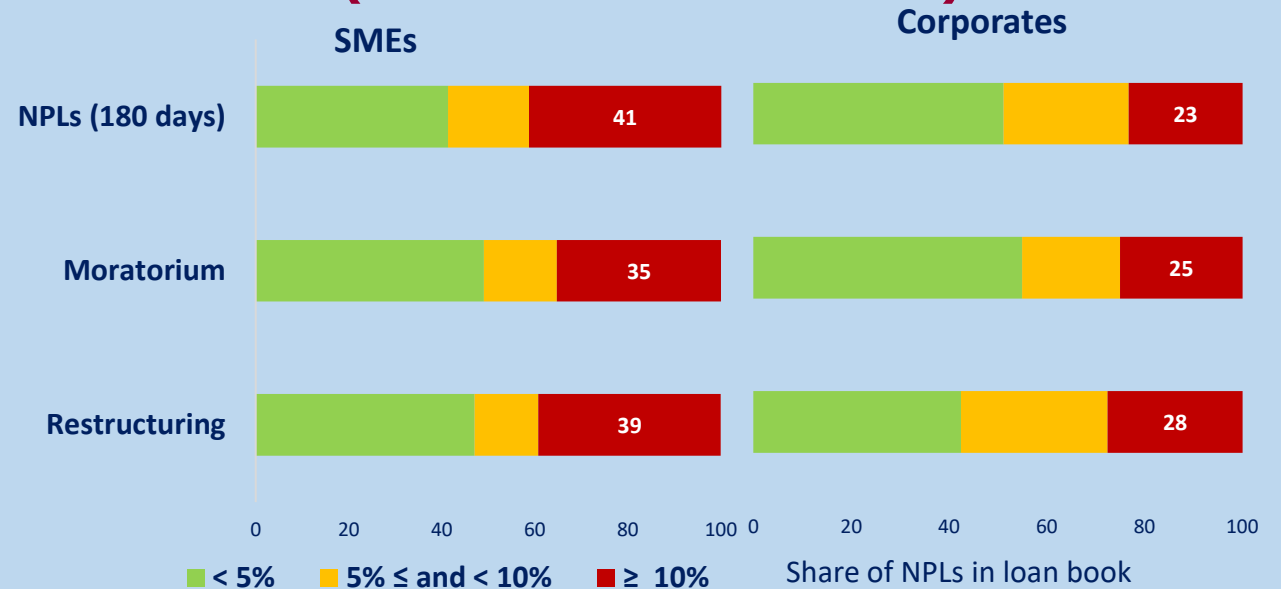
What worried African banks most?



- Spillovers from the global shock increased local funding costs. Asset quality a worry for many banks but not the dominant one, as in 2021

NPLs ratios by firm type

(% of banks with NPLs above threshold)

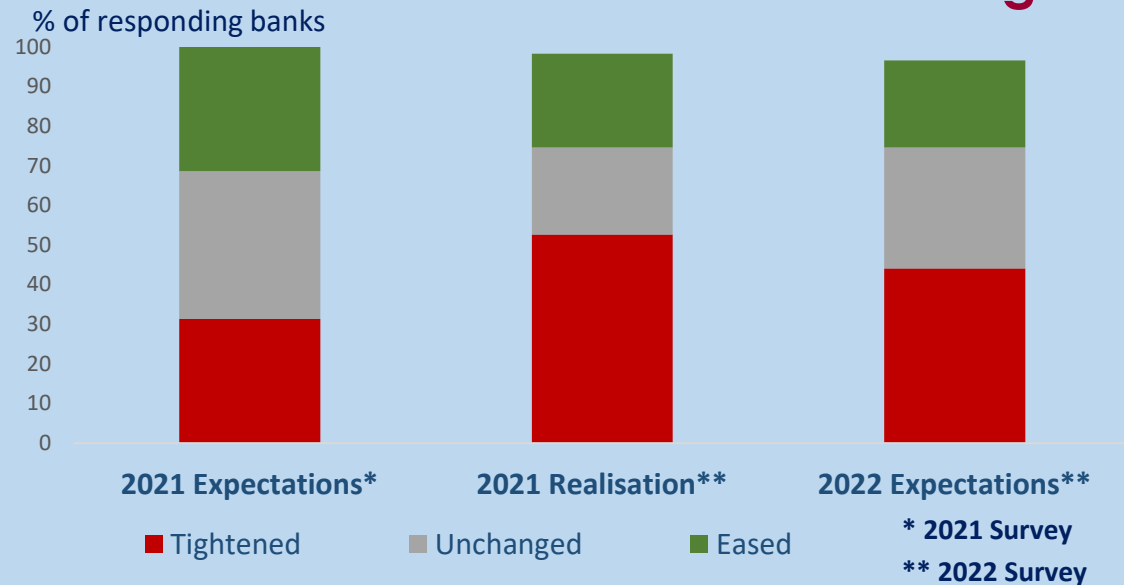


- NPLs a concern, for SMEs in particular
- SMEs also face structural issues when trying to access finance – collateral, credit history.



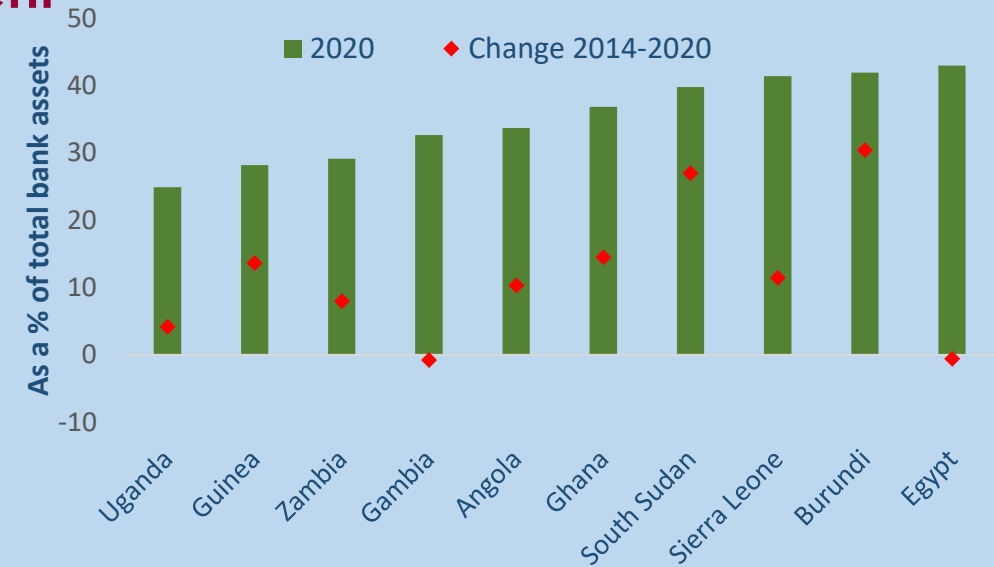
Banks expect to tighten lending standards and public debt likely to continue crowding out

Expected/Actual change in credit standards government



- Banks tightened lending standards more than expected in 2021 and more tightening planned
- But 89% of banks plan to expand operations in 2022, vs 81% in 2021

Banks' claims on central



- High and increasing exposure of banks to public debt
- Exposure to public sector is greatest in less creditworthy countries



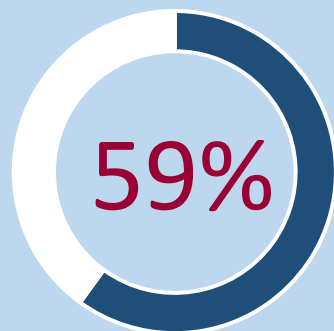
Banks reinforce their gender focus

Gender initiatives by banks



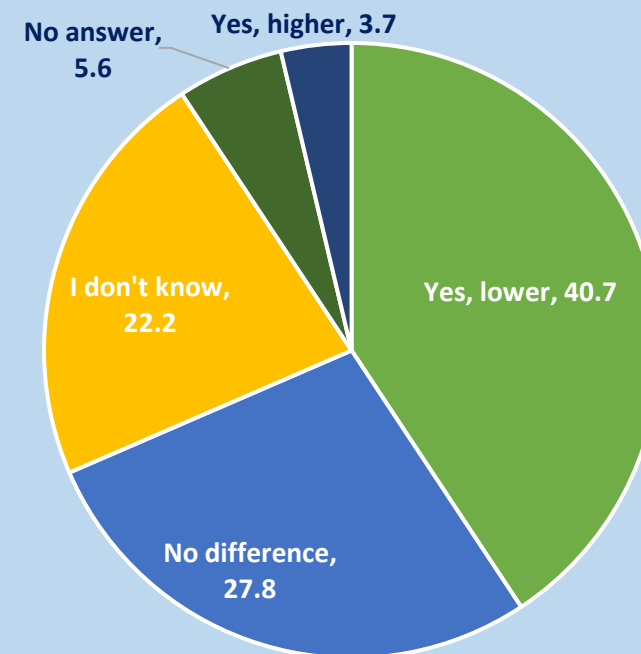
Banks surveyed have a gender strategy in place

- 10% more than last year



Offer financial services that are targeted at women

Does NPL rate on female loans differ to men?



- More than 40% of banks see lower NPL ratios on female loans



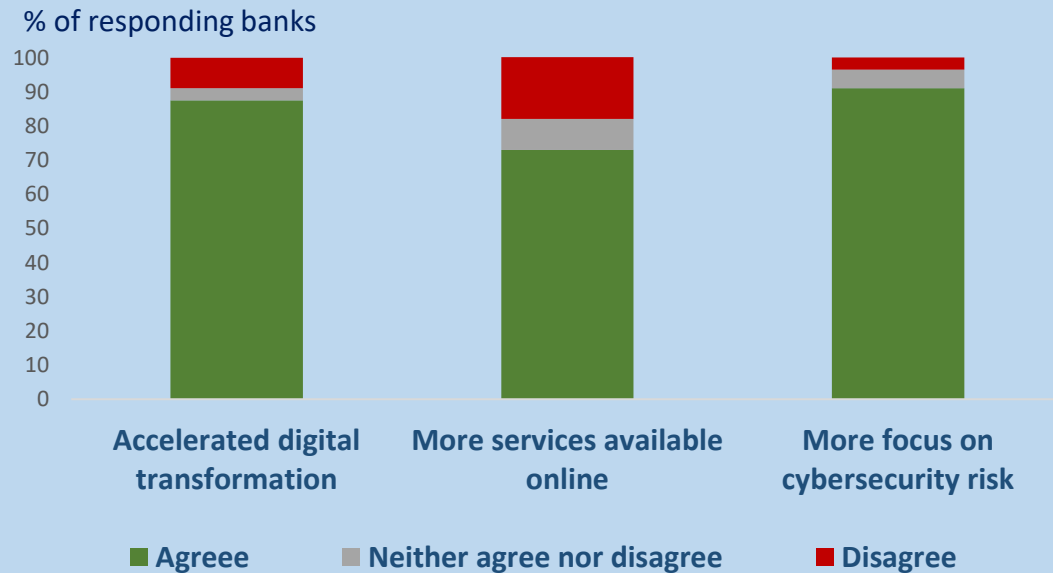
European
Investment
Bank

The EU bank



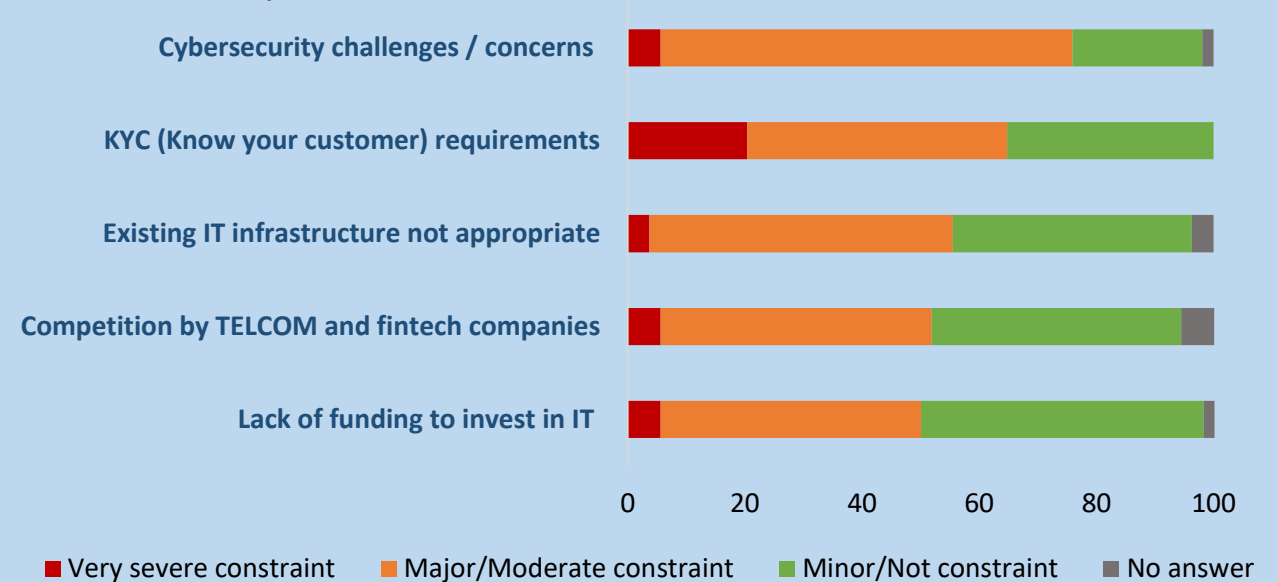
The pandemic advanced banks digitalization, revealing areas of concern

Impact of COVID-19 on bank digitalisation



- The pandemic accelerated both the inward and outward facing digitalisation plans of banks
- Competition from Fintechs also played a role

Obstacles to doing more (% of responding banks)

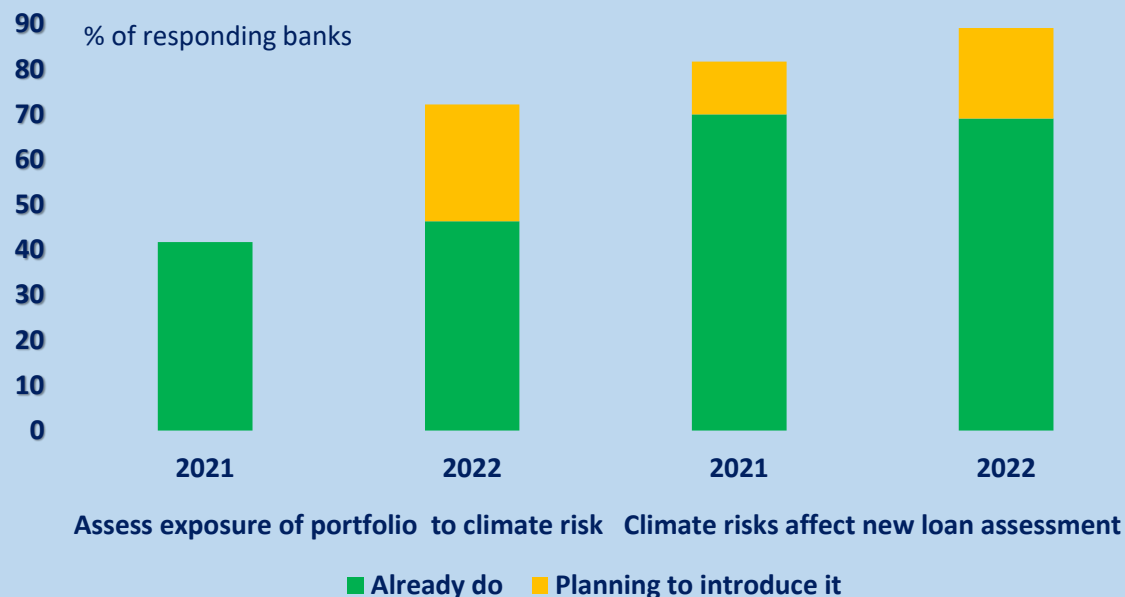


- Cybersecurity and KYC main obstacles
- Infrastructure and funding an obstacle for 1/2
- Competition from Fintechs is a catalyst for some banks, while others see it as an obstacle to more digitalisation



Increased screening of climate risk

Climate change risk analysis by banks

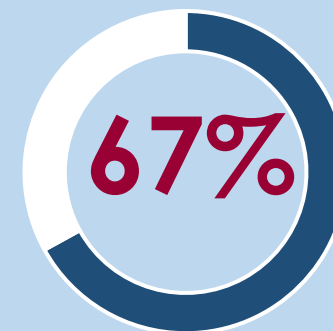


- Banks are increasingly assessing climate risk
 - To monitor risk exposure
 - To embrace the opportunity of green products

Policy priority: support more green lending and funding



Banks cite a lack of technical capacity as a barrier to doing more to identify climate risks and opportunities



Banks think IFIs can support them in expanding green lending with training and technical assistance





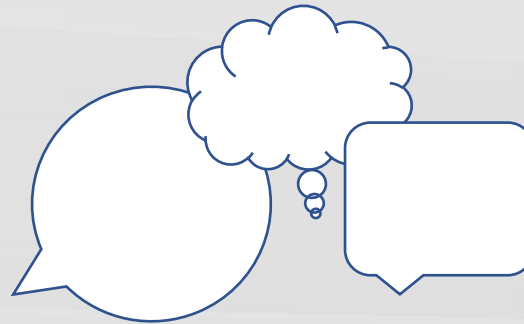
Thank you!

Find out more:



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Q&A



Submit your questions via the "Chat" or "Q&A"

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