



EBII AFRICA INVESTMENT RISK & COMPLIANCE SUMMIT 2021

HOSTED & ORGANISED BY

EBII GROUP

SUMMARY REPORT

**EBII AFRICA INVESTMENTS RISK &
COMPLIANCE SUMMIT 2021**

*‘Financial Crime Compliance and ESG –
The Future of African Investment’*

EBII Africa Investments Risk & Compliance Summit 2021 - 'Financial Crime Compliance and ESG – The Future of African Investment'

Welcome address

Adjoa Adjei-Twum, CEO, EBII Group

- Financial crimes cripple economies and stunts market growth and access – governments and businesses must collaborate to ensure their systems effectively control and mitigate financial crime risk.
- Increasing global connectivity leads to greater exposure to financial crime and instability in the financial sector and is the biggest single cause of bank failure. African markets are particularly vulnerable to external manipulation due to undeveloped monitoring systems, and it is very important to alert stakeholders about the risks.
- Africa will be one of the world's most adversely affected regions by climate change but has seen relatively low adoption of green initiatives to date, although interest in green bonds is increasing.
- Banks in Ghana and the Bank of Ghana are developing a customised framework for sustainable banking.

Welcome speech

Prof. Ngairé Woods CBE, Dean of Blavatnik School of Governance, University of Oxford

- Leadership and integrity – to build trust/integrity and to lead the fight against corruption and financial crime.
- Public service & public sector regulators – help government use cyber security and digital elements to fight fraud.

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- International cooperation needed – for regulation.

Jonathan Reynolds, Deputy Dean of Saïd Business School, University of Oxford

- Africa has 6% of global Gross Domestic Product (GDP) but 17% of world's population.
- The Saïd Business School prides itself in training future leaders; recognising the impact and the value of Africa; and always having a percentage of its MBA cohorts from Africa.
- The School promotes the diversity of students, especially Africans (now accounting for 12%, up from 4%) through: scholarships to support and encourage more African applicants; African based case studies embedded into curriculum; Africa Business Alliance has been created; and focus on Africa work.

Opening Address by Special Guest of Honour

H.E. Nana Afuko-Addo, President of Ghana & Commander-in-Chief of Ghana Armed Forces

- Africa needs economic empowerment for self-reliance; robust financial compliance systems and strict adherence to compliance and regulation.
- Corruption threatens growth in Africa - need to evolve and reform Africa's rules and regulations to reflect current trends and solve emerging problems.
- Africa provides something new for the world. The rules guiding global trade rules are different from Africa.
- Rules must be enforced for all, and consequences must be dire for flouting them.
- Africans have the empathy to drive change more effectively.
- When we talk about investment, we tend to think of the west coming in to invest.
- Intra-Africa trade is too low but is important and crucial for the growth and development of the continent.

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- We've been called 'emerging' long enough – it is time to be treated with the same rules as everyone else.
- Investors in Africa must know what to expect, that there is a rule of law, police that function, a judicial system, tax system capable of meticulous scrutiny, and that the environment needs to be left in a safe way.
- Diaspora have a role to play in driving investments into Africa.
- Africa provides the high returns on investment, but too many profits taken away from the continent.
- Digitisation needed for paying taxes, managing imports, credit rating agencies and lenders, etc. – to make it easier to raise capital.
- Africa lost circa US\$88 billion in 2020 due to illicit transactions – compliance is expensive but not as expensive as non-compliance and reputational loss.
- Ghana's objective: Ghana beyond aid.

Keynote address, Current Investment Opportunities in Africa

Mr Ebenezer Onyeagwu, Group Managing Director and CEO, Zenith Bank Plc

- Africa needs to address issues such as poverty, health, infrastructure and life expectancy.
- Impact investing needed to generate good return for investors and must empower humanity.
- African has development issues despite 18% of global development: need to produce more food; need to better engage youth; several natural resources not being effectively used; Africa needs to be the world's place for organic food production to best use available land; underdeveloped because of limited investment.
- African financial markets not matured – no exchange on Morgan Stanley Index – needs investment to grow and develop.
- Great potential for African growth – rapid growth in Angola, Ghana, Nigeria and Rwanda – these economies are open for investment.
- Impact investing will work in Africa by engaging the youth in Africa rather than them going abroad to find greener pastures; Africa needs to capitalise on its human capital assets and build knowledge.

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- Zenith Bank is sponsoring Impact Africa to highlight Africa's opportunities; providing guidance to investors; pursuing gender diversity; creating opportunities for youth; and completing its centre to support youth in 3 years.
- Africa must look beyond aid. Need to learn and be determined to do things differently through ingenuity; learn to respect the rule of law and sanctity of contracts while being responsible and accountable; reform the compliance and infrastructure needs in countries and embrace more reforms.
- African must say no to xenophobia: 'united we stand'.
- Build knowledge. Africa is rising and shining so don't despair - renew and refocus our approaches as Africa remains the land of opportunities and we must live up to that standard. Changes must be sustainable and long-term.
- Stop projecting Africa negatively - must de-risk Africa through reforms, rule of law and sanctity of contracts.

H.E. Dr Amani Abou-Zeid, African Union Commissioner, Infrastructure and Energy

- Covid-19 has magnified Africa's challenges: economic crisis and real social consequences.
- To ensure sustainable recovery, need innovation; strengthen private sector; invest more in women (less marginalisation; access to finance; women employment upstream in procurement, women to use market technology to implement infrastructure); invest in energy and digitisation to address their gaps and enable growth.
- Environmental, Social and Governance (ESG) relevant in investment process.
- Strategic trend towards strengthening private sector and encouraging public-private partnerships for upstream investments and better stakeholder engagement.
- African Continental Free Trade Area (AfCFTA) opens investment opportunities and reduces fragmented markets.
- Africa must regain ownership of its natural resources through policy and sound management.
- Now is the time to review and refocus our approaches for development and growth. Africa remains a land of opportunities: Africa can be sustainable, smart and inclusive.

Panel 1: ‘Current Financial Crime Compliance Trends in Africa since COVID and how to Mitigate it’

- Lots of pressure on resources but need to avoid diverting frontline resources from police force etc to healthcare system (doing so would increase financial crime); must increase cooperation between global regulators globally.
- To address financial crime, need to monitor and increase security (especially in banks); collaborate with third party security providers; develop vigilance on money; regulators, banks and law enforcement work collaboratively to deal with threats; share best practices and improve communication; improve regulatory environment to encourage innovation.
- Unified platform being developed to interconnect banks and improve Client Due Diligence (CDD) and share information on best practice.

Rt Hon Lord Paul Boateng, Chair Water and Sanitation for the Urban Poor, former United Kingdom (UK) ESG Cabinet Minister and High Commissioner to South Africa:

Learn from those who have done what we want to do; up regulation focus; work virtually to meet set standards; ensure an enabling environment for investment and encourage inclusion.

Peace Masozera Uwase, Director General, Financial Stability, National Bank of Rwanda: Customer due diligence essential for compliance; enhance regulation in cybersecurity to eradicate sectors’ vulnerability; collaborate with stakeholders and good working relationship with security regulators to eradicate cyber security.

How to collaborate, going forward, to eliminate financial crimes.

Lord Boateng: need cultural change in banking sectors and economies; need collaboration between law enforcement, governments and banking sector; need robust legislative framework; collaboration to enforce some best practices; need recovery and understanding of urban resilience; strengthen regulation and compliance; and ensure financial and direct inclusion.

Akin A. Ogunranti, Managing Director/CEO, Zenith Bank (Ghana) Ltd: Need to enhance structures and platforms for collaboration and cooperation.

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Peace Uwase: Collaboration and cooperation paramount in eradicating financial crimes and sustainability risks.

Panel 2: 'What correspondent banks must do post Covid-19 to avoid being de-risked'

Trends and impact of Covid-19 on correspondent banks in Africa.

Sebastian Ashong-Katai, Group Head, Financial Institutions & International Organisations, Ecobank: Covid-19 has increased and exacerbated the credit and liquidity risks on the continent. Some correspondent banks have different regulations for different sectors – African countries must constantly reassess their Anti-Money Laundering (AML) policies to ensure they are keeping up with changes. There has been a wholesale approach with different approaches from various institutions within the continent. Banks must have their policies and procedures in place. Leadership must set the tone from the top.

Michael Oseku-Afful, Head, Conduct, Financial Crime and Compliance, Standard Chartered Bank Ghana Plc: Ghana has been declassified as a high-risk investment country – strengthening compliance hub and boosting investor confidence.

Lessons from other African countries

African countries must assess AML compliance to ensure attractiveness to investors; necessary sanctions and regulatory regimes have to be implemented; banks must put in policies to eradicate non-compliance; need support of governments and its agencies to also ensure that a conducive haven.

Idrissa Diop, Group Head of Compliance, Afreximbank: To do the right thing need to educate customers, identify stakeholders, collaborate with right people to do the right thing in identifying stakeholders. Collaborate with financial institutions / correspondent banks to do the right thing before approaching stakeholders.

Mario Menz, Head of Compliance & MRLO, Ghana International Bank: Open communication and information sharing critical to battling financial crimes; support

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correspondent banks in Africa to enhance results and build robust relationships between banks to help fight the menace.

How do we move forward?

Sebastian Ashong-Katai: Africa must invest in technology to enhance stakeholder communication and collaboration.

Michael Oseku-Afful: De-risking should be made last resort. Correspondent banks must collaborate.

Idrissa Diop: Right structures must be put in place to attract correspondent banks in Africa. Best practice is everyone's responsibility and it's not owned by anyone person.

Mario Menz: Actively seek engagement and find ways to collaborate and manage risks.

Panel 3: 'The role Regulators are currently playing in ensuring the threats posed by Money Laundering (ML) & Terrorist Funding (TF) are effectively addressed'

The Financial Independence Unit is the independent body coordinating with many regulators and bodies to collect data on suspicious activities. There are also the financial sector regulators and insurance sectors regulators. Each of these bodies are required by law to regulate and oversee their respective sectors. There is also a beneficial ownership register, under the Registrar General's Department, which has been a game changer, albeit still being in its early stages. Main regulator of Anti-Money Laundering (AML), Counter Terrorist Funding (CTF) is the Financial Intelligence Centre.

Mrs Elsie Addo Awadzi, Deputy Governor, Bank of Ghana: By 2019 Bank of Ghana (BOG) had closed 420 failing financial institutions which had become a drag on the financial sector largely due to poor governance. It put in place a new comprehensive code on corporate governance including AML and CTF governance and new rules on risk management and governance, including AML and CTF. These reforms helped banking sector weather the Covid-19 pandemic.

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Challenges Ghana is facing, regulators responsibilities and what is being done to mitigate AML and financial risks:

Traditional risks such as AML haven't changed; Cyber and operational risks have become problematic for BOG because of volume of online transactions; role of third parties has increased complexities for BOG. BOG is ensuring compliance and staying abreast with AML and CTF requirements; ability of smaller institutions to stay on top of AML regulation is a challenge being addressed by training. Ghana taken off Financial Action Task Force grey list but remains on the EU grey list and the UK blacklist.

How does blacklist affect investor confidence? What changes did Ghana make to come off the European Union (EU) grey list?

BOG has developed action plan approved by EU Financial Task Force to monitor and implement approved action plans. Reforms took place (e.g. dealing with CTF; more comprehensive AML, CTF Act); new institutional reform; BOG enforce its risk supervision framework and enforcement regime; commitment to implement best practices to get off blacklist; enhanced monitoring; strengthen key policies on AML framework – particularly addressing charity sector and targeting terrorism; reform company laws to improve registration of beneficial owners; and improve risk based framework.

Have your efforts boosted investor confidence? How confident are investors regarding investment in Ghana?

Investors confident in Ghana and regard Ghana investment as quite safe; macro-economic indicators (Cedis, banking sector, inflation & interest rates) and environment stabilised; investment environment is resilient and stable.

Key measures to consider when setting up a savings and loan company in Ghana?

Find out about: doing business in Ghana; licensing requirements and regulations of BOG; always consider compliance risks and governance; countries should work together towards the one unified goal; economies should reassess themselves and evaluate what they are building; we should aim and ensure financial integrity in all our endeavours.

Panel 4: 'How important is ESG for Africa and How ready is Africa in implementing ESG Principles and What Are The Key Compliance Issues To Consider In ESG Investment In Africa, And What Mechanisms Can Organisations Put In Place To Assess Them?'

On Environment in ESG

Ayo Adepaju, Group Chief Financial Officer, Ecobank: Ecobank successfully issued Sustainability Bond; supports customers; ensuring collaboration, corporation and compliance; ensuring sustainability and compliance in the green space and working arduously to increase and build competence and capacity in the space; invested massively in technology and skill (12 million+ customers onboarded on digital platforms; platforms specifically for women's businesses.

Hortense Mudenge, Chief Operating Officer, Rwanda Finance Ltd: Rwanda committed to Paris Convention and being carbon neutral community; financial sector aiming to be climate resilient; established green bank; created conducive environment to boost investor confidence and comply with ESG requirements; aligning country and sector goals; ensuring access to banking and finances; increasing financial inclusion and digitisation in communities; increasing gender inclusion particularly in financial sector: access, democratisation, involvement and inclusion.

Compliance is about accountability and impact, what are some of the governance challenges in implementing ESG?

Hortense Mudenge: Rwanda ensures compliance of ESG at macro and micro levels; has in place needed policies and regulation to ensure compliance and standards around accountability; ensure standards up to date; working to ensure reforms help to realise the impact of sustainability, awareness and sensitisation; Rwanda aiming to be carbon neutral economy by 2050.

Ayo Adepaju: have committee handling sustainability; report in annual reports on sustainability actions; awards dedicated to sustainability across the bank; ensure

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transparency and accountability; annual sustainability and impact reporting to enhance credibility regarding actions and the impact felt by stakeholders; concentration on broad Sustainable Development Goals tying into sustainability.

Panel 5: ‘Benefitting from African Diasporas; The Role they can Play in Driving Investment Flow into Africa.’

Media plays a crucial role but still much to discover to make it a lucrative market to invest in; diaspora needs to be engaged and involved in the conversation; more demand for the diaspora bonds since Covid-19; government needs to see diaspora as partners in economic development – the government needs to see the diaspora as its partners in the process; media must address some of stigmas of investing in Africa and create access for people to showcase talents, thriving industries, start-ups and innovative solutions.

How can countries promote themselves to the diaspora community and potential investors?

Encourage investment in different sectors of economy (e.g. infrastructure); encourage public private partnership to develop infrastructure and tourism; need for transparency from government and to create awareness of risk management strategies.

The role of the banking sector in promoting diaspora investment.

Banks must play an advisory role to the government and investor; role of the exchange control in facilitating diaspora bonds and putting hedges in place to help mitigate some of the risks; important to engage diaspora in outreach when they come back home; there is a ‘them’ versus ‘us’ divide – there must be a formal mechanism in place to help diaspora integrate back especially when they want to invest. Diasporas need to continually embrace their identity.

Panel 6: 'Future preparation - How Do Sustainable Investments Support Africa's Long-Term Growth and Development'

Mr. Hisham Ezz Al-Arab, Former Chairman and Managing Director, CIB: In Egypt, regulators require publicly listed companies with market capitalisation of US\$32 million+ to make disclosure about compliance with ESG; must comply with data governance and there are opportunities for skilled personnel (data scientists/analysts/security) to ensure this; huge opportunity for solar and clean energy to attract investment.

Henry Gonzalez, Associate Fellow, Programme Director, Oxford Fundamentals of Sustainable Investing (OFSI) Saïd Business School, University of Oxford: ESG is now mainstream and core to financial institutions and should also be embraced by MSMEs; climate finance and climate risk are at the centre of everything in ESG. ESG shouldn't be a tick box exercise, it's an opportunity to build back better and greener to take it to the next level.

London Office
118 Pall Mall
London SW1Y 5EA
United Kingdom

Head Office
Buxton Court, 3 West Way,
Oxford. OX2 OJB
United Kingdom

Tel: +44 207 101 0772
Email: enquiry@ebiigroup.com
Website: ebiigroup.com

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