



Press release
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Deloitte/Africa CEO Forum African Finance Barometer: Industry leaders committed to transformation at every level

The first African Financial Industry Barometer, developed in partnership with the Africa CEO Forum, reveals in exclusivity how, in the exceptional context of the pandemic, financial institutions operating in Africa are undertaking a transformation of their business model, governance and risk management capabilities.

The survey reveals that the top three priorities for financial institutions over the next 12 months are **digitization**, being the top priority for a large majority of respondents with 56% whom have started a digitization program and 31% of respondents will start their digitization program in the near term (within the next 12 months), **the second priority is operational efficiency, followed by mastering emerging risks**. Financial institutions are facing significant pressure on their profitability, especially in this context of increasing claims.

Impact of the crisis on the business model of financial industries.

For 59% of the participants, the African financial industry is increasingly attractive despite the recent departure of international groups. But the crisis has led to an average level of sustainable transformation, regardless of the type of institution. Insurance companies have fewer opportunities for growth, while banks express a risk of weakening their business model.

Open Banking – Insuretech

One of the key factors in the success of the financial industry transformation is the level of interaction between traditional players and new entrants. The ability of a traditional financial institution to open its systems to a partner is critical, and in some jurisdictions such as Europe, even mandatory. **The survey results show that African financial institutions have a positive perception of Open Banking-Insuring (58%)**. Moreover, 42% of the financial institutions said they already have

initiated partnerships with Fintechs / Insuretechs, and 42% plan to do so in the short term. Finally, for more than 70% of the participants, these partnerships are intended to develop new activities or new products.

Governance and risk management policy.

It is now essential to include qualified independent members on boards of directors: **close to 60% of the respondents intend to have more than 25% independent members in the medium/long term.**

The majority of financial institutions have set up the traditional specialized committees (audit committee, risk committee) and are gradually installing new board committees such as the technology committee or the ethics and public relations committees.

Risks facing the financial industry in relation to its ambition.

Cybersecurity risks were reported as the most important, consistent with digitization and the risk they take in opening to other players. Financial (especially credit risk) and operational risks require a new approach to management, including through innovation. In order to manage these risks, African institutions need to improve their investment frameworks. The survey shows that most of them are doing so, **with 41% reporting that they have a Risk Appetite Framework.**

Sustainable finance

The survey shows a growing interest in traditional green and sustainable finance (integration of ESG criteria in investments, socially responsible investments). 42% already cover the integration of ESG criteria in their investment portfolios, 23% already integrate socially responsible investments and 41% are considering it in the short term. Only 19% cover Green Bonds and 35% do not consider it a priority.

"Financial institutions are operating in a changing regulatory landscape and macroeconomic environment, and despite some improvements they face new challenges. The barometer confirms a tremendous appetite for innovation (digitization, Open Banking - Open Insuring, partnership with Fintechs and Insurtechs). However, there are real areas for improvement on emerging topics such as digital finance and personal data protection. "

Aristide Ouattara, Partner Risk Advisory.

See the article about the Deloitte/Africa CEO Forum African Finance Barometer on The Africa CEO Forum's website:

<https://www.theafricaceforum.com/en/ressources/how-the-covid-19-crisis-is-remaking-african-finance/>

[Download the full barometer](#)

About the AFRICA CEO FORUM

Founded in 2012, the AFRICA CEO FORUM is an annual gathering of decision-makers from the largest African companies, as well as international investors, multinational executives, heads of state, ministers, and representatives of the main financial institutions operating on the continent. As a platform for high-level business meetings and a place to share experiences and identify trends that affect the business world, the AFRICA CEO FORUM is committed to offering concrete and innovative solutions to help the continent and its companies move forward. Through its Women Working for Change and Family Business initiatives, it also aims to increase the representation of women in decision-making positions on the continent and to support the transformation of African family businesses.

Press contacts

For the AFRICA CEO FORUM → press@africaceoforum.com / Binta Samaké,
b.samake@jeuneafrique.com

For Deloitte → Anais Davezac, adavezac@deloitte.fr / Alexia Gachet,
Alexia.gachet@publicisconsultants.com