

collective insight

By Heidi Raubenheimer



INTRODUCTION

#Decolonise African markets

A great deal can be done to ensure that the continent becomes less reliant on foreign investment.

In preparing for this edition of *Collective Insight*, titled *Building the Financial Sector in Africa*, I have come to realise how persistently we frame discussions of African markets as investment destinations rather than a trading place for domestic capital to meet investment opportunities. Writing from the coalface of the call to #decolonise the way we think, learn and develop knowledge, I'm eager to make the transition.

Financial markets are essentially still filling the same human need: since the first agricultural markets where one farmer's produce could be exchanged for another's, people need a place to meet, price and exchange goods. A formal market further contributes to keeping things fair and reduces the cost of information when we exchange capital for a stake in the next idea or going concern. Why, then, do we so easily forget the role of our own savings in our markets: why do we pay so little attention to the benefits of the capital deployed within our continent to our own future lives?

Economists will tell you that investment in any country (or continent) is limited by the country's own savings. World Bank development indicators have sub-Saharan Africa saving an average of only 17% of GDP over the last five years. Some of our nearest neighbours are great "savers": Botswana and Zambia's savings have been consistently high over the last five years, averaging 41% and 31%, while South Africa manages only 16% of GDP. China's average is 49%!

The capital needed to build and repair our developing continent is much higher than our savings, hence our dependence on foreign investment and our framing of Africa as an investment destination. Patrick Mamathuba's article in this edition speaks to the ways in which the route to investment funding in Africa can be simplified and thereby encouraged and offers us inspiring tales of success from the rest of the continent.

But while we court foreign investment capital, we should not forget that we are already heavily invested in our own financial sector, mostly through retirement savings but

also through our labour and human capital. And so we too must be satisfied and enticed by what is on offer for investors in Africa.

In South Africa, the bogeyman of #WhiteMonopolyCapital allegedly stands in the way of the collective ownership, direction and funding of our own capital market. The most recent edition of *Today's Trustee* dispels this myth with some interesting facts: the department of trade and industry (dti) puts black ownership of JSE-listed companies (excluding foreign operations) at 39%.

Alternative Prosperity's research confirms that since 2014 there have been more black South African share owners than white, and that interestingly this has been achieved not through BEE initiatives, but through collective investments such as pension fund savings.

And so, with an associated, necessary call to greater shareholder activism, retirement savings have the potential to democratise our financial markets by distributing ownership more broadly at home. Ayabonga Cawe adds his voice to those calling for the transformation of financial services in South Africa in his article *Lessons from the North* and encourages us to examine the

context-specific challenges of African financial consumers.

While collective savings schemes such as retirement funds are an easy route to financial democracy, it's worth questioning whether the deployment of our retirement savings toward domestic sovereign debt and large, listed companies on our own exchange entirely suits our people and our continent. Not to pre-empt next quarter's edition on rethinking retirement, but why aren't these, our largest and most consistent source of savings and investment, deployed toward longer-term investment goals whose activities are more closely related to our own required benefits?

Infrastructure investment, for example, appeals as an investment that, beyond generating a good rental for the use of our savings capital, also delivers a geared economic return in the form of things we need for life on the continent: water, energy, transport, education, bandwidth and a

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