

# **4<sup>TH</sup> FINANCIAL SERVICES ICPAK CONFERENCE**

**Presentation  
by  
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# **Financial Services Sector: Steering the economy to the next level**

**Compliance challenges in  
financial services industry  
and  
Impact on our Capital Markets**

# Impact ?

## Back to Basics



# **Key Targets ?**

- **% of Stock Market Capitalisation of GDP projected at 90%**
- **% of Bond Market Capitalisation of GDP projected at 30%**
- **Raise investment rates to GDP to 34%**
- **Raise savings rates to GDP to 30%**

# **Equity Market ?**

**May 2012**

- **No of Issued Shares: Kshs 74 billion**
- **No of Shares Traded: Kshs 0.544 billion**
- **Share Turnover Ratio = 0.735%**
- **Market Cap: Kshs 1,000 billion**
- **Equity Turnover: Kshs 8.8 billion**
- **Turnover Ratio: 0.88%**
- **No of Buyers&Sellers: 28,324x2**
- **No of CDS Accounts: 1.9 million**
- **Ratio of Traded Accounts: 3.0%**

# **Bond Market ?**

**Wider Access ?**

**Increased Turnover ?**

**Increasing Bond Turnover Ratio ?**

**Municipal Bonds ?**

**One CSD in Kenya**

# **CMA Licensees Financials ?**

- **Total Profits for Licensees (exc CIVs) as at 30 June 2011 was Kshs 639 million on a Turnover of Kshs 3.0 billion**
- **Total Profits for Licensees (exc CIVs) as at 30 June 2010 was Kshs 955 million on a Turnover of Kshs 6.0 billion**

# Impact ?

# When ?





- **Growth Enterprise Market Segment**
- **OTC Market for Equities**
- **Demutualisation/Self Listing**
- **Sukuk Bonds**
- **Shariah Mutual Funds**
- **Asset Backed Securities**

- **Venture Capital Funds**
- **Exchange Traded Funds**
- **Derivatives Market**
- **Short Selling of Securities**
- **Margin Trading**
- **Review Market Fees & Commission**

- **Incubating Potential Issuers**
- **Increase Free Float**
- **Increase Diaspora Market Share**
- **Online Trading**
- **Cross Border Investments/Listings**
- **Clearing and Settlement within EAC**

# **Lack of Listings from Collective Investment Vehicles**

**Real Estate Investment Trusts  
yes .....but .....**

# **Real Estate Regulatory Authority ?**

- **regulate investment activities in the sector that achieves highest returns**
- **helping in formulating sector's strategies**
- **regulating the activities of companies that manage residential compounds**
- **activities of real estate brokers and the owners associations**
- **regulations that qualify activities of brokerage, lease contract registration and certification, as well as issues license for real estate development entities**
- **attract investment into the sector**
- **increasing real estate knowledge/research**

# **Banks, DTMs and Insurance Companies**

**How do we get  
more to list at the  
Nairobi Securities  
Exchange ?**

# **Retirement Benefits Authority**

**How do we create  
Kenyan Private Equity  
Funds to invest in SMEs  
in Kenya and the East  
African Region ?**

# **The SACCO Societies Regulatory Authority & Unclaimed Financial Assets Authority**

## **Investment Guidelines ?**







**Capital Markets as key drivers for long-term resource mobilization will play a central role in raising savings and investments levels**

**Thank you**