

Africa is a target for Citibank

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Citibank is expecting to grow revenue in Africa as it sees opportunities in increased trade and investment, urbanisation and digitisation.



Citi's country officer Donna Oosthuysen says growing intra-African trade, increasing urbanisation and technological advances are three drivers of global economic growth that will "play out in a big way" in Africa.

An announcement by Citigroup chief executive Michael Corbat in April that the bank might exit or scale back operations in 21 countries, had not affected Citi's African businesses.

Citigroup, the parent company of Citi, is the third-biggest US bank by assets.

Oosthuysen said on Thursday (25 July) that Citi looked at which African economies offered the greatest opportunities for growth to ensure it allocated sufficient resources to those markets.

"There are no markets in Africa where we have exited," Oosthuysen said, adding that Nigeria, East Africa and South Africa offered opportunities.

Africa presence

Citi operates in 15 African countries while offering services in many other countries through partnerships.

Oosthuysen expected revenue in Africa to grow despite fears that the slowdown in the Chinese economy would affect commodity producers. "Commodities were not the only drivers of African growth. Mobile telephony, financial services, infrastructure investment and a growing youth population were all important drivers of growth," she said.

"But clearly if the terms of trade deteriorate, it's going to be a little more challenging for countries to have the finances to build up infrastructure, so China is a concern," she said.

Citi's head of the Africa division, Ade Ayeyemi, said the role of reform was not sufficiently recognised as an important base that gave rise to the African growth story. "Reform creates the space for people to provide services to people looking for them," he said.

"For example, if a government allowed mobile telecommunications as it no longer viewed them as a security risk, this was a key driver of economic growth," he said.

Ayeyemi said the bank was exploring how to direct US capital to South Africa's small and medium enterprises (SMEs) in a way that makes an impact.

Oosthuysen said: "The US is looking for ways to be more relevant and to facilitate capital flows into key drivers of economy in Africa including South Africa."

Citi, in turn, was looking at how the bank could play a role in stimulating SME growth. One way was to get involved in the supply chain when Citi's clients procured goods and services from small South African companies.

"Citi could offer SMEs access to cheaper finance on the back of the client's credit rating," Oosthuysen said. "This could accelerate SME cash flow, leading to faster gross domestic product growth," she added.

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