

# Working in AFRICA

A SPECIAL REPORT

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## Healthy banks search for the right recruits

**Sharlene Goff** reports on how the continent's banking sector managed to avoid recession and is still hiring – but cautiously

Images of Bob Diamond joking with villagers in Kenya on one of his first overseas trips as chief executive of Barclays emphasised only too clearly the point he has repeatedly made since taking the top job at the start of this year.

Amid the debt crisis engulfing the eurozone and the economic gloom hanging over the US, Africa is a bright spot for banks.

While not immune to the knock-on effects of the global downturn – lending across parts of sub-Saharan Africa has slowed in the past year, while losses on bad debts have increased – the region's banks have generally emerged from the financial crisis in better shape than their US and European rivals.

Having steered clear of the riskiest kinds of investment banking activities or aggressive lending practices, African banks have not had to be bailed out by their governments and many have continued to grow earnings.

"The recession has nearly no negative impact on African banking as there was never a credit bubble to start with and economic growth rates in many African countries have held up very well," says Michael Jordaan, chief executive of First National Bank, the retail and corporate division of First Rand, one of South Africa's biggest banks.

The International Monetary Fund expects gross domestic product in South Africa to grow by about 4 per cent this year and slightly more in 2012. Some banks are less optimistic – Standard Bank, for example, Africa's largest bank by assets, believes economic growth will slow in the second

half of this year as the global downturn takes hold.

However, even the "lacklustre" 3.4 per cent growth Standard expects in 2012 overshadows the 1.7 per cent forecast growth for the UK next year. Bankers point out that the latest crisis to grip the eurozone – fears over sovereign debt – is also not a significant issue for African banks.

"Africa doesn't have the problems the eurozone countries have with over-leverage," says Stephen Carter, at Credit Suisse's financial institutions division. "Quite the opposite – the level of government debt relative to GDP in South Africa is pretty low."

African banks tend to be more sheltered from these kinds of global shocks as they operate in less developed markets compared with their peers on Wall Street or in the City of London.

The investment banking businesses of large institutions such as Standard Bank, First Rand, Absa and Nedbank are typically more geared towards domestic clients' needs – financing big infrastructure projects, for example, or investing in the region's rich commodities pool.

"Forays into the rest of the world by African banks are unusual and have been met with scepticism by investors," says Mr Jordaan.

However, Africa's increasing trade links with other emerging markets are enticing large foreign institutions, including Citigroup, Standard Chartered and Barclays, to step up growth across some of the key markets.

Also, some of the biggest South African banks – First Rand and Standard, for example – are looking to beef up their operations across the continent to facilitate trade and investment flows into other countries.

These growth opportunities are providing a welcome boost to the local employment market in key countries such as Nigeria and Kenya, as well as South Africa.

Banks, domestic and international,



Bright spot: increasing trade and investment flows are creating employment opportunities in key cities such as Nairobi

Alamy

tend to hire locally where they can. Senior bankers say that while there is nothing stopping them sourcing talent from elsewhere – and some top positions are increasingly being filled from abroad – it is not yet the norm.

One striking trend to emerge following the recession is that a stream of African-born bankers, who left the

'There are opportunities to drive development through the banking sector. That appeals to a different type of personality than the City'

continent to work in London, New York and key European cities, have begun to return.

"As other markets have started to struggle, good, skilled expatriates are coming back to their home territories," notes Chris Newson, regional director of West Africa for Standard Bank.

He says Standard sources as many people as possible from its domestic market and regularly moves top staff around its key regions.

While South Africa remains the engine room for the big banks – Standard, for example, generates almost 80 per cent of its business there and has 35,000 of its 53,000 staff based in the country – other markets are becoming prominent.

Standard recently opened its 500th retail branch outside South Africa in Nigeria, for example.

And at FNB, Mr Jordaan says: "If anything we have increased our risk appetite and capital allocation to the rest of Africa as we anticipate superior growth for many decades."

However, while prospects look bright compared with other markets around the world, African banks are still acutely aware that the global economic downturn means they must be cautious around costs.

Some say they are managing headcount tightly. Banks that are hiring are being more selective – Mike Brown, chief executive of Nedbank, another of the big four South African banks, says there is an emphasis on increasing frontline employees and strengthening risk capabilities, as well as beefing up the retail bank.

Others have introduced hiring freezes and some are trimming staff levels. Standard, for example, recently

cut about 1,145 positions in South Africa – around 4 per cent of its local workforce.

These job losses are nothing like the brutal reductions that have swept through European and US investment banks in recent months, however, and in some areas banks are still hiring.

Most are investing heavily in technology as they attempt to improve mobile banking services as a way to drive up access to banking in remote areas. They are also under political pressure to open more retail branches.

Banks are also having to get up to speed with new global financial regulations that set out tougher capital and liquidity rules.

While the most senior bankers in Africa earn far less than they would in the UK, US and some Asian hotspots – a very top level salary would be around £3m, not the tens of millions seen elsewhere, according to one analyst – the general shortage of skilled people and the increased presence of foreign banks are creating a more competitive employment market.

Rob Nagel, a portfolio manager at Cadiz Asset Management, a South African investment firm, says African banks have not clamped down on

bonuses to the extent seen in the UK and Europe.

While he recognises there is a growing sensitivity around the general level of executive pay packages, compared with average earnings, this applies to all sectors, not just banking, he says.

Generally, analysts point out that working in the banking industry in Africa does not carry the same stigma as it does in the UK, for example, where there is still palpable public anger that taxpayers were forced to rescue the country's biggest banks during the financial crisis.

This is largely because the sector is considered crucial for development. Even in some of the more developed areas the vast majority of people still do not yet have access to basic banking services and companies and governments rely on banks to support crucial infrastructure projects.

"There are plenty of people out to make a fast buck but there are also real opportunities to drive development through the banking sector," says Stuart Theobald, an analyst at Intellidex, an investment research company. "That appeals to a very different type of personality than the City."

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Finally, it will also look at the importance of image in a finance career, and whether it makes sense to replicate the male 'golf day' environment.

Publication date: **27 October 2011**

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# Executive took the plunge to stretch himself professionally

## The expatriate experience

**Katrina Manson** asked **Sanjeev Anand** about the effect a move to Zambia has had on his career – and his family

**S**anjeev Anand had never been to Africa when, at the age of 36, he decided to take the plunge and move to Zambia. Nearly two decades later, the Indian banker has never looked back.

Mr Anand, who previously lived and worked as a corporate banker in Delhi and Mumbai, has since made his career in banking in the developing world. In addition to India and Zambia, he has taken on chief executive and senior management roles in Uganda, Nigeria and Poland during 27 years at Citibank.

He now lives in Rwanda's capital Kigali as managing director of Banque Commerciale du Rwanda since 2009, a bank in which Actis, the UK investment fund, holds an 80 per cent share.

"We didn't even know anything

about Zambia when we moved. My wife and I were completely localised people," he says, emphasising the impact the shift to an expatriate life has on families and socialising.

It is such a big a leap and such a huge defining factor in his life, he believes the world is made up of two types of people: those who stay at home and those who leave.

"I believe that a person comes out at their best if stretched in unfamiliar surroundings," says Mr Anand. "If you are in a position of comfort you don't need to exercise your mind and creativity as much as when you're in scenarios where you have to prove yourself."

His approach marked a grand – and brave – change from his father, also a banker, whom he describes as his "exact opposite". "He thought that if you move, it puts stress on children and disrupts their education. So he put us up in a private school in Delhi and did not make any change in location until his children's education was complete."

It is a far cry from the experience of Mr Anand's own 24-year-old son who, thanks to his itinerant father, has attended six schools, universities in two countries and is on his way to becoming a doctor. "I think he has

come out quite well rounded," says Mr Anand.

He says most crucial of all, you have to want to be there. His first posting was such a hit that Zambia remains his and his wife's favourite.

He cautions that expatriates who tend not to enjoy themselves tend to stick together or see their postings solely as a way to make more money, thanks to higher salaries and benefits

"You have to make a name for yourself, get a network of friends, and become a part of society. My wife made that effort and does not want to go back"

such as housing and tax breaks. "We like meeting people in different countries; you have to make an extra effort to stretch yourself both socially as well as professionally."

"You have to make a name for yourself and get a network of friends, invite them and try to become a part of society. My wife made that effort and does not want to go back," he says.

Mr Anand says the only drawback is staying too long – more than three or four years makes it more difficult to leave, as he and his wife discovered after five years in Zambia. "You should not over-stay because you tend to get too entrenched: we were very sad when we left."

He was also mesmerised by the work from the start, whether dismantling foreign exchange controls two months after arriving in Zambia, writing laws and regulations in the absence of national banking bodies, or designing cheque clearing systems, joining central bank taskforces and helping to set up stock markets and list securities.

"It's fascinating the opportunities you get – you're regarded highly because you have skills. I would find it very boring to work for a bank in Europe," he says.

"African banking was very basic and I knew it would have to undergo a very rapid transition with a lot of leapfrogging."

Now based in Rwanda, thanks to mobile telephone banking he is making a play for the retail market, given that 85 per cent of people have no access to banking services. "That's the big opportunity," he says. "My dream is banking the unbanked."



Sanjeev Anand: 'I would find it very boring to work for a bank in Europe'



Keli Gadzekpo: 'quality of life'

## Applicants need experience and humility

### Securing a job

**Dina Medland** warns that executives from outside Africa should not assume they will automatically be offered a position

The logistics of securing a job in Africa can vary greatly. Employers advertise locally, but more often senior executive roles are filled by international search firms, boutique headhunters, professional services firms, and private equity firms.

Keli Gadzekpo, founder of Databank, a boutique investment bank in Ghana, says: "If I'm looking

for a private equity professional I'm not likely to post the job because there is no central point to do so – inevitably, the search will be outside Ghana. We use PwC, Ernst & Young and Hired Capital, a boutique search firm."

Mr Gadzekpo has a caution for anyone applying for a job: "Don't be too sure that you will get it. Africa is still developing but it is competitive and full of bright lights. A bit of humility is needed. You need to be able to learn."

International headhunters agree on the importance of taking time to understand the colonial history which dictates the language of the country – Portuguese in Angola and Mozambique, French in much of West Africa, Italian in Ethiopia and

German in Namibia – and of researching both the potential job and the destination. African-born individuals who have lived and worked abroad and have also worked in their own countries have a distinct advantage for many roles, particularly in regional sales.

On pay, Andrew Brown, chief investment officer of private equity firm EC, says: "Anyone with international level expertise can expect an international level salary." But he says there remains a "two-tier" market between "international calibre" and the rest, and there are "extreme shortages for certain types of skills, such as international marketing experience".

For those moving with a family, Derick Boshard, managing partner in

Johannesburg at headhunters Heidrick & Struggles, counsels:

"Look at schooling and medicare very carefully – medical care can be very pricey north of South Africa. Many companies use a service like international SOS, which says you will be evacuated if you get seriously ill – and this is absolutely essential."

He adds: "The likelihood is that if you are bringing children they will go to boarding school in South Africa."

But others disagree – Mr Gadzekpo says he can name "at least five schools in Ghana which are comparable to any private schools in the US" where he has trained and worked. "On the basis of benefits rather than cash pay-out we can offer a quality of life that is better

than that in New York or London," he adds.

In terms of ambition: "The people who do well build relationships, innovate and understand the context in which they are working. They have the ability to blend in," says Moula Nyoka at search firm Spencer Stuart. She also advises: "If you have a young family you need to make sure that your partner supports you."

Charles Davis, partner at management consultancy AT Kearney, says: "Do think about what it is like for the wife in the country [of your destination]. After three to six months they often find they have nothing to do except talk to the other wives and get very bored, while life is great for husbands."

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