

Impact of global financial & economic crisis on financial services workers in select African countries

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Outline

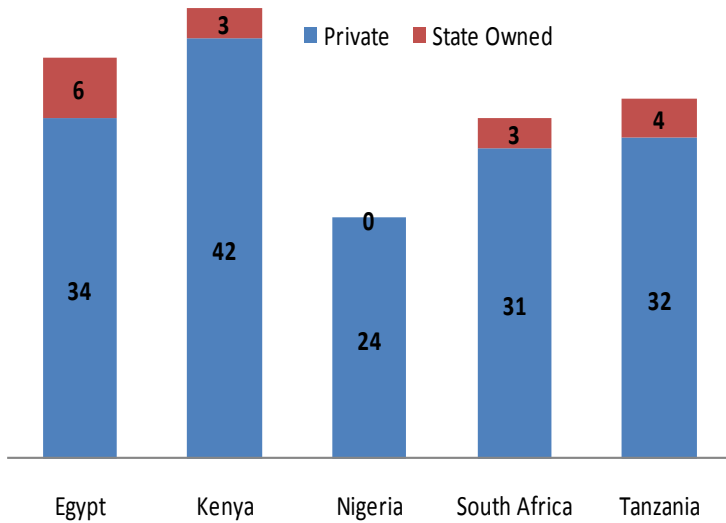
1. Study Objectives
2. Structure of financial sector
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4. Global Crisis: Impact & Response
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Study Background & Objectives

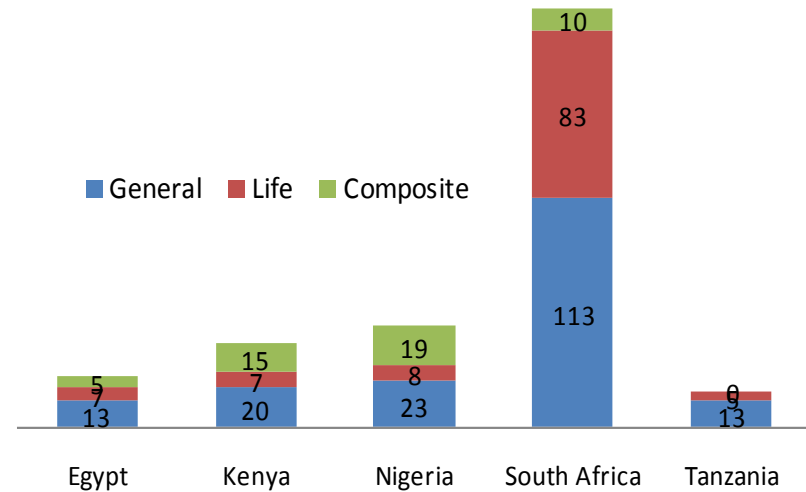
- Background:
 - Geneva (Feb 24-25): ILO asked to ‘collect data, monitor, analyze and disseminate information on trends in employment in the finance sector...’
- Objectives:
 - Rapid assessment of effects of global economic crisis on financial services sector in Egypt, Kenya Nigeria, South African and Tanzania;
 - Document impact on financial sector employment;
 - Analyse effectiveness of measures to cope with fallout on employment in the sector

Structure of the financial sector

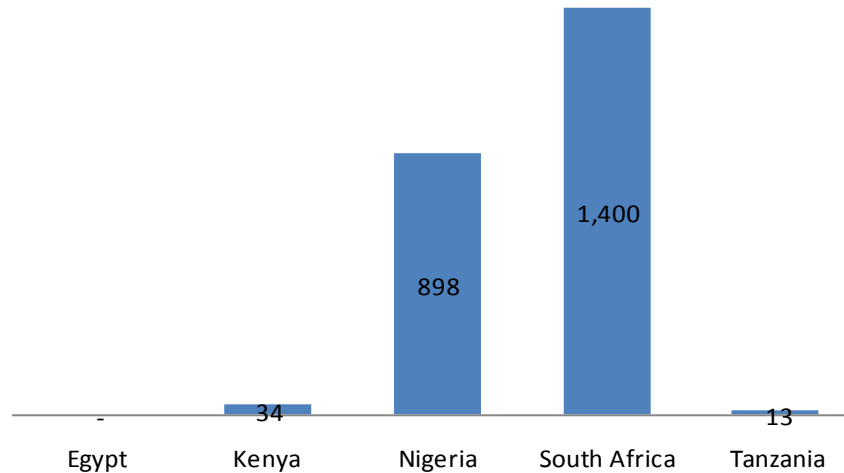
Commercial Banking



Insurance Sector



Microfinance Institutions



Financial sector employment...

Financial Sector Employment

■ Earliest (date) ■ Pre-crisis

Share of total employment

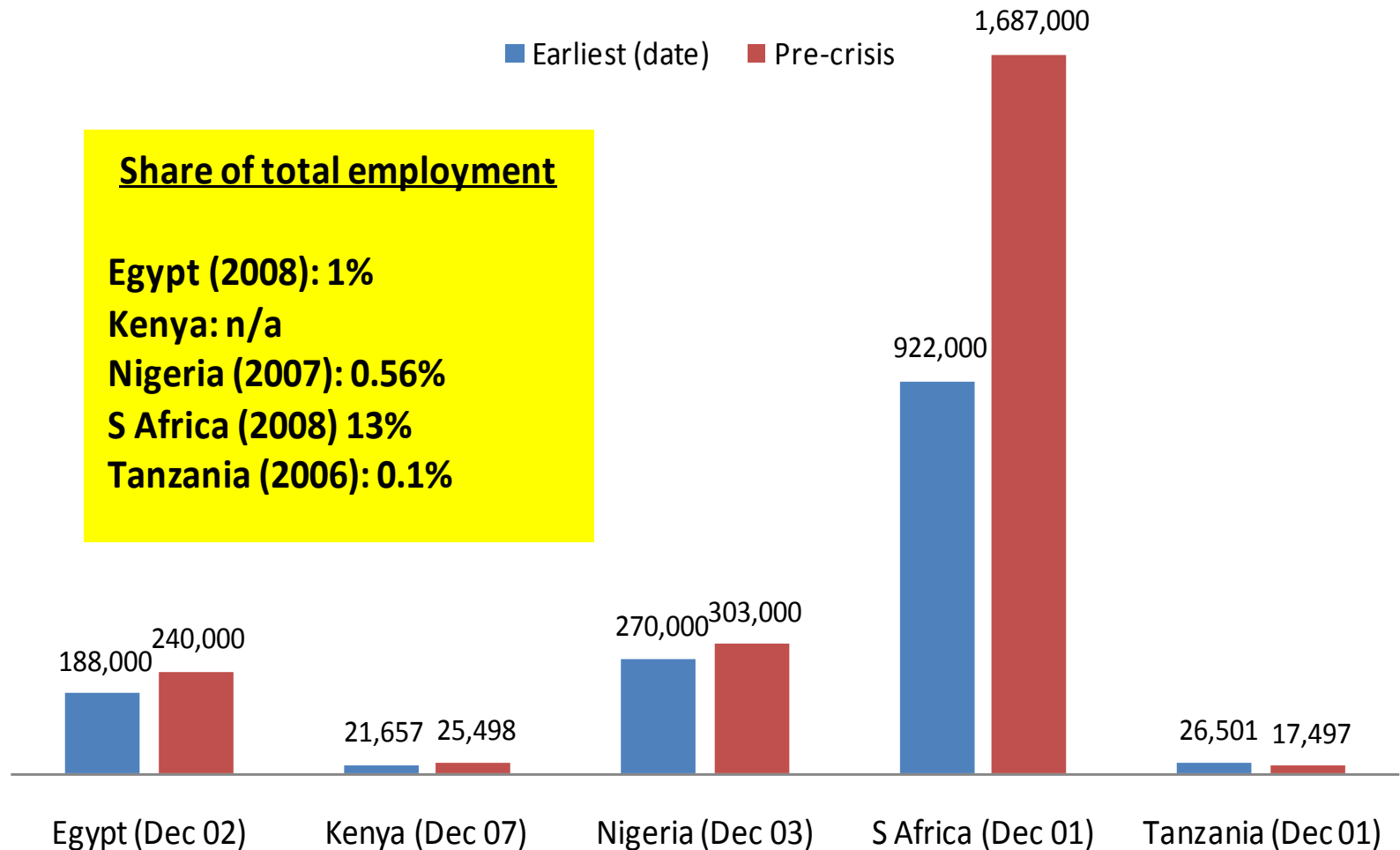
Egypt (2008): 1%

Kenya: n/a

Nigeria (2007): 0.56%

S Africa (2008) 13%

Tanzania (2006): 0.1%



...and Trade Unions

Country	Trade Union(s)	Members (latest)
Egypt	National Trade Union of Banks, Insurance and Financial Affairs (NTUBIFA)	100,000 (2008)
Kenya	Banking, Insurance and Finance Union (BIFU)	2,972 (2000)
Nigeria	Association of Senior Staff of Banks, Insurance and Financial Institutions (ASSBIFI) National Union of Banks, Insurance and Financial Institutions Employees (NUBIFIE)	no data
South Africa	South African Society of Bank Officials (SASBO)	59,000 (2009)
Tanzania	Tanzania Union of Industrial and Commercial Workers (TUICO)	38,000 (2006)

Global Crisis: Impact & Response

Country	Impact
Egypt	<ul style="list-style-type: none"> • Decreased activity in tourism, transport, finance, real estate; • Drop in portfolio investment flows, CASE 30 index lost 56% but recovered in 2009
Kenya	<ul style="list-style-type: none"> • GDP growth fell from 7.1% (2007) to 1.7% (2008), and projected at 3% (2009) • Decline in FDI, remittances, tourism, exports
Nigeria	<ul style="list-style-type: none"> • Sharply lower oil revenues as global demand and oil prices dropped; international reserves fell by USD 19bn in 9 months • Stock market lost 46% • (Homegrown) banking crisis!
South Africa	<ul style="list-style-type: none"> • Economy contracted by 6.4% in Q1 09 and 3% in Q2 09; • 770,000 jobs lost led by manufacturing and mining
Tanzania	<ul style="list-style-type: none"> • Economic growth slows from over 7% to 4-5% • FDI reduction to USD 670m (2009) from USD 744m (2008) • Decline in tourism and export revenues

Impact on financial sector employment & social dialogue

Country	Job losses	Social Dialogue
Egypt	No reports or evidence of any	None reported
Kenya	134 of which 85 completed, 49 planned <i>(Source: FKE, May 2009)</i>	None reported
Nigeria	Several thousand to 72,000 job cuts; mostly middle management & support staff <i>(Source: online papers and news reports)</i>	Militant language by ASSBIFI and NUBIFIE against lay-offs, but little evidence of action as banks proceed with lay-offs
South Africa	Net gain of 50,000 jobs (despite loss of 28,000 jobs in April-Sep 2009) <i>(Source: Statistics South Africa)</i>	None reported
Tanzania	262 job cuts (94% at four large global banks) Net gain of 360 in commercial banking <i>(Source: Serengeti Advisers database)</i>	None reported

Observations

- Weak integration to global financial markets protected Africa's financial sectors → maintain caution with respect to opening up
- Financial sector employment accounts for a tiny share (0.1 – 1.0%) of total employment → easy to ignore.
- Information on financial sector employment (numbers, trade unions) is patchy and dated → ILO may want to support work to update and maintain it

Thank you for your attention

Discussion