



# TOWARDS A US\$1 TRILLION ECONOMY

## Roles of Insurance & Pension Sectors

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Domestic

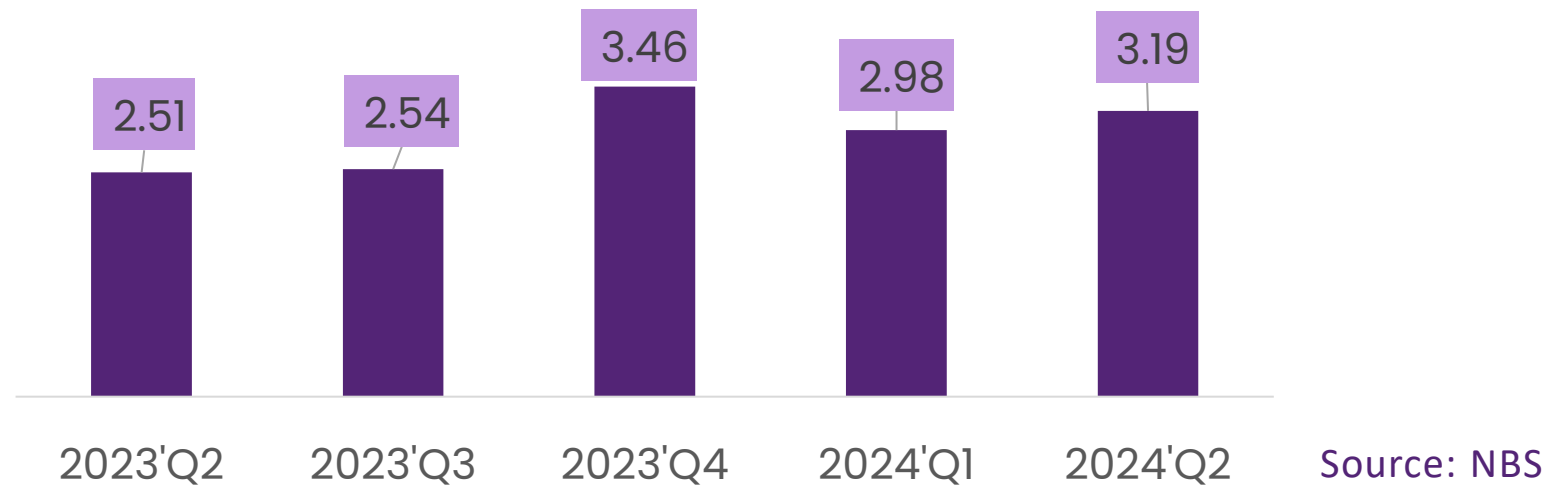
# ECONOMIC PERFORMANCE



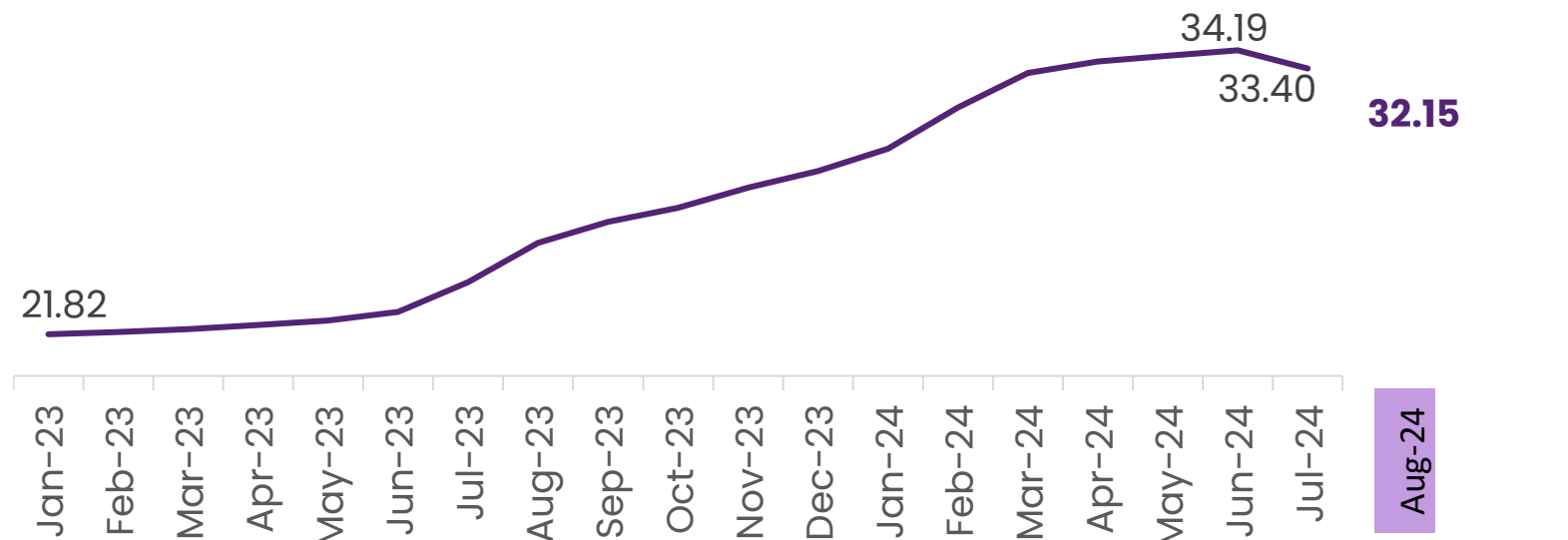
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# Domestic Economic Performance

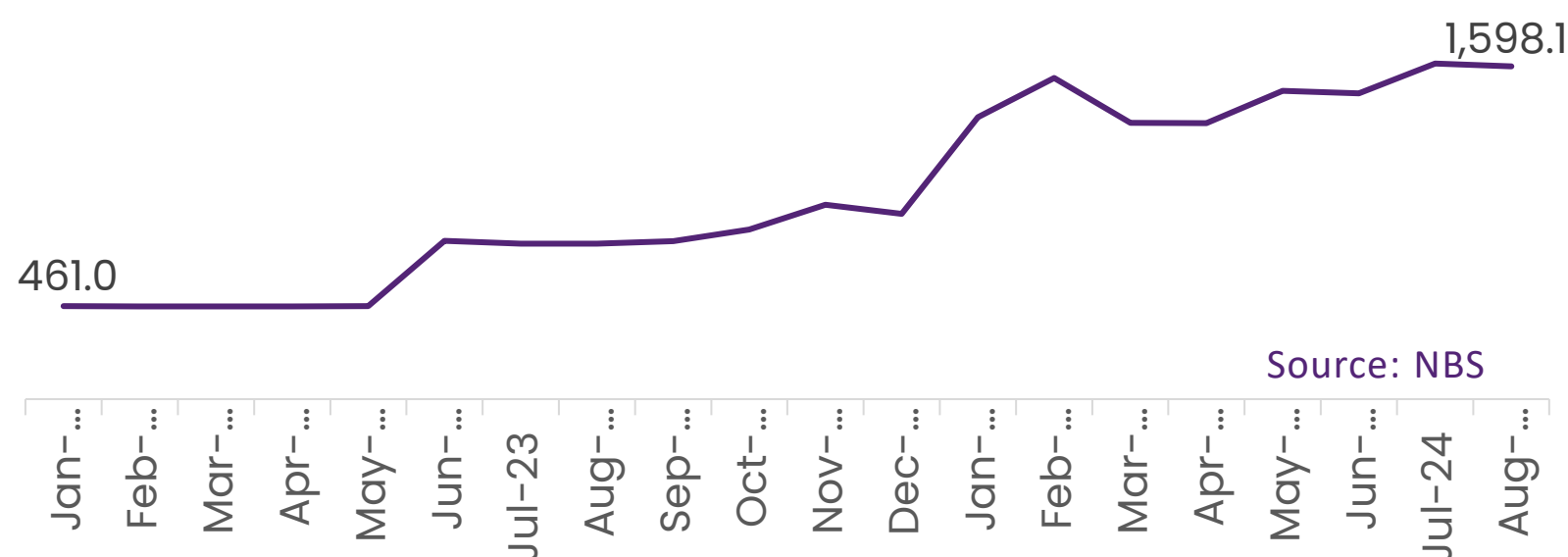
**Figure 1. Nigeria: GDP Growth Rate (%)**



**Figure 2. Nigeria's Inflation Rate (%)**



**Figure 3. Nigeria's Exchange Rate (N/US\$1)**



01

Nigeria's GDP growth rose to 3.19% in 2024'Q2 from 2.98% recorded in Q1.

As shown earlier the forecasts in the short to medium term remain weak

02

- Inflation rate rose from 21.82% in Jan-2023 to 34.19% in Jun-2024 and declined slightly to 33.40% in Jul-2024 and further to 32.15% in Aug-2024

- Inflation reached 32.15% (yr/yr) in August 2024, driven mainly by food price inflation and loose financial conditions.

- With continued monetary tightening, IMF projects inflation to gradually decline to 24% (yr/yr) at the end of 2024 and further to 14% by 2027.

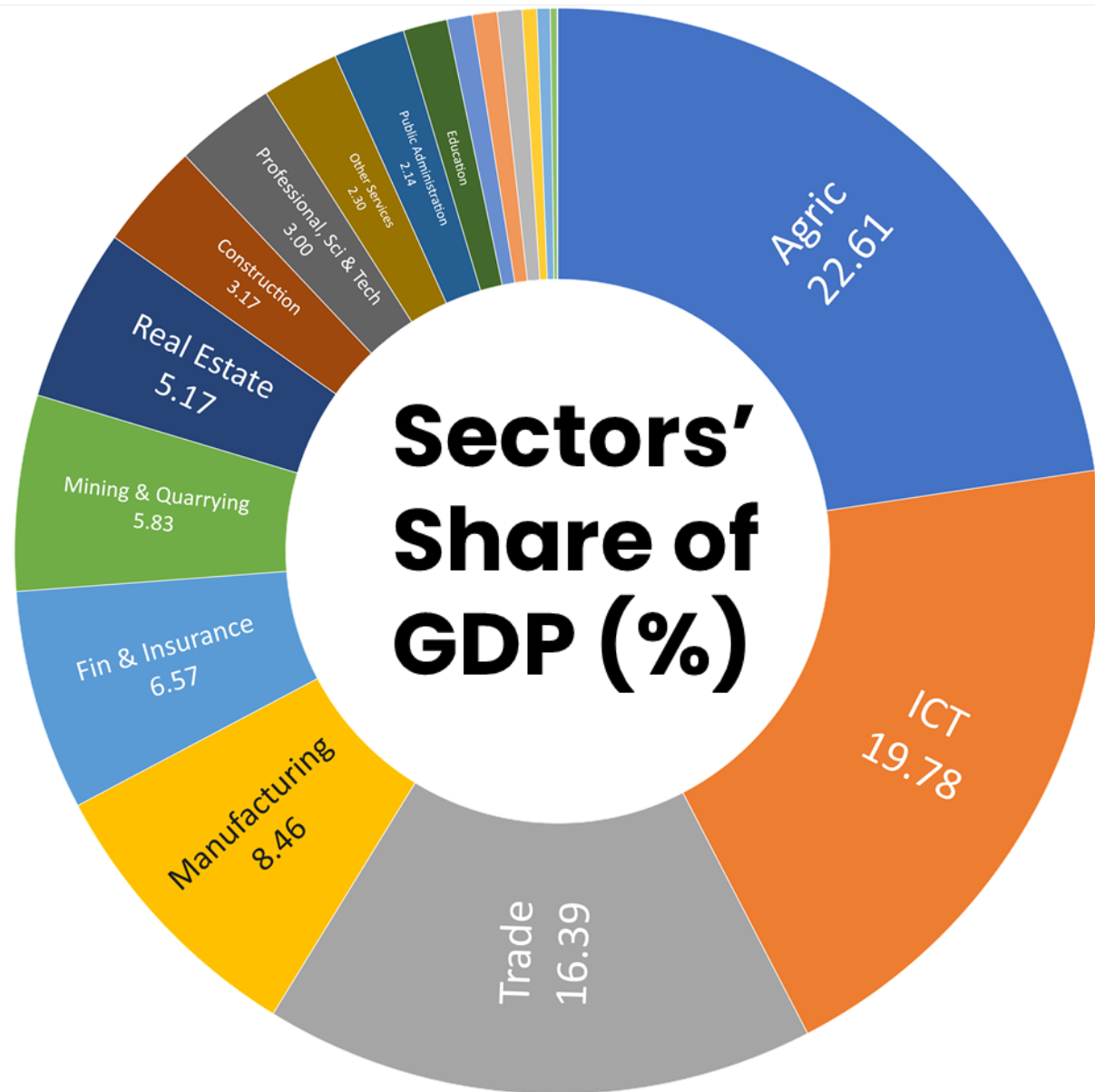
- Hence, interest rate is expected to remain relatively high in response to inflation and economic instability.

03

- Naira has depreciated by 71.15% between January 2023 and August 2024, rising from N461/US\$1 to N1,598.1/US\$, now around N1,650/US\$,

- Naira will likely continue to face gradual depreciation pressures due to trade imbalances and inflation.

# GDP Sectors Performance



Sectors	Q2'2023	Q3'2023	Q4'2023	Q1'2024	Q2'2024
Agriculture	1.50	1.30	2.10	0.18	1.41
Mining And Quarrying	(12.16)	(1.96)	8.04	6.30	7.79
Manufacturing	2.20	0.48	1.38	1.49	1.28
Electricity, Gas ,Steam And Air Conditioning Supply	6.10	1.91	6.17	(5.43)	5.96
Water Supply,Sewerage, Waste Mgt.& Remediation	20.56	11.93	7.44	6.95	8.20
Construction	3.42	3.89	3.70	(2.14)	1.05
Trade	2.41	1.53	1.40	1.23	0.70
Accommodation And Food Services	3.39	3.57	3.28	2.80	2.13
Transportation And Storage	(50.64)	(35.85)	(29.00)	3.33	(13.53)
Information And Communication	8.60	6.69	6.33	5.43	4.44
Arts, Entertainment And Recreation	2.54	4.45	4.13	4.44	1.79
Financial And Insurance	26.84	28.21	29.78	31.24	28.79
Real Estate	1.87	1.90	1.34	0.84	0.75
Professional, Scientific And Technical Services	2.89	2.15	1.79	1.01	1.34
Administrative & Support Services	1.98	2.77	1.61	(1.53)	1.32
Public Administration	2.18	2.05	2.18	2.09	1.85
Education	1.42	1.45	1.60	1.62	1.92
Human Health And Social Services	1.95	2.93	3.73	2.12	2.41
Other Services	1.69	0.63	0.05	(18.27)	(12.66)
<b>Gdp At 2010 Constant Price</b>	<b>2.51</b>	<b>2.54</b>	<b>3.46</b>	<b>2.98</b>	<b>3.19</b>

Source: NBS, ADSR Research

- The leading contributors to Nigerian outputs are: Agriculture, ICT, Trade, Manufacturing.
- The Financial & Insurance Sector accounts for 6.57% of Nigeria's GDP,
  - but continues as the major driver of economic growth. It has remained the fastest growing sector in recent time

- Other fast-growing sectors are Water supply, Sewerage & Waste (8.20%), Mining & Quarrying, i.e. largely crude oil & gas (7.79%), Electricity, Gas & Steam (5.96%), and ICT (4.44%).

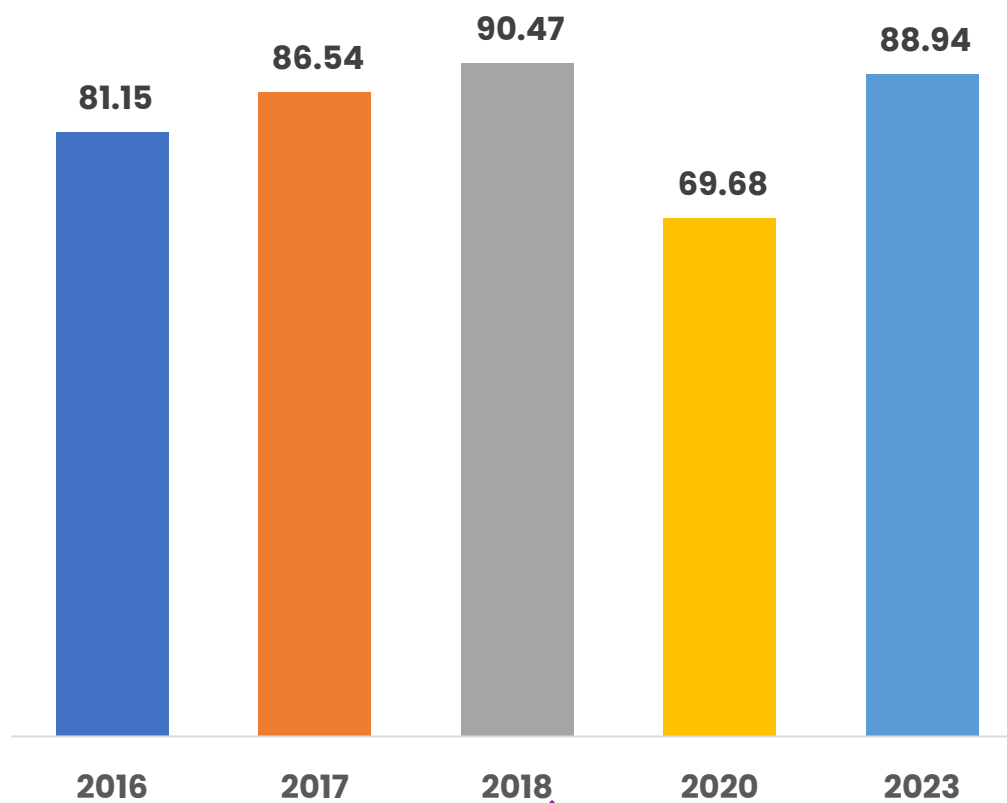
# Nigeria's Economic Performance Overview

- The performance of Nigerian economy has been mixed in the last one year
- The performance of the financial sector and fiscal space has been largely positive
- But changes in the real sector of the economy have not been impressive

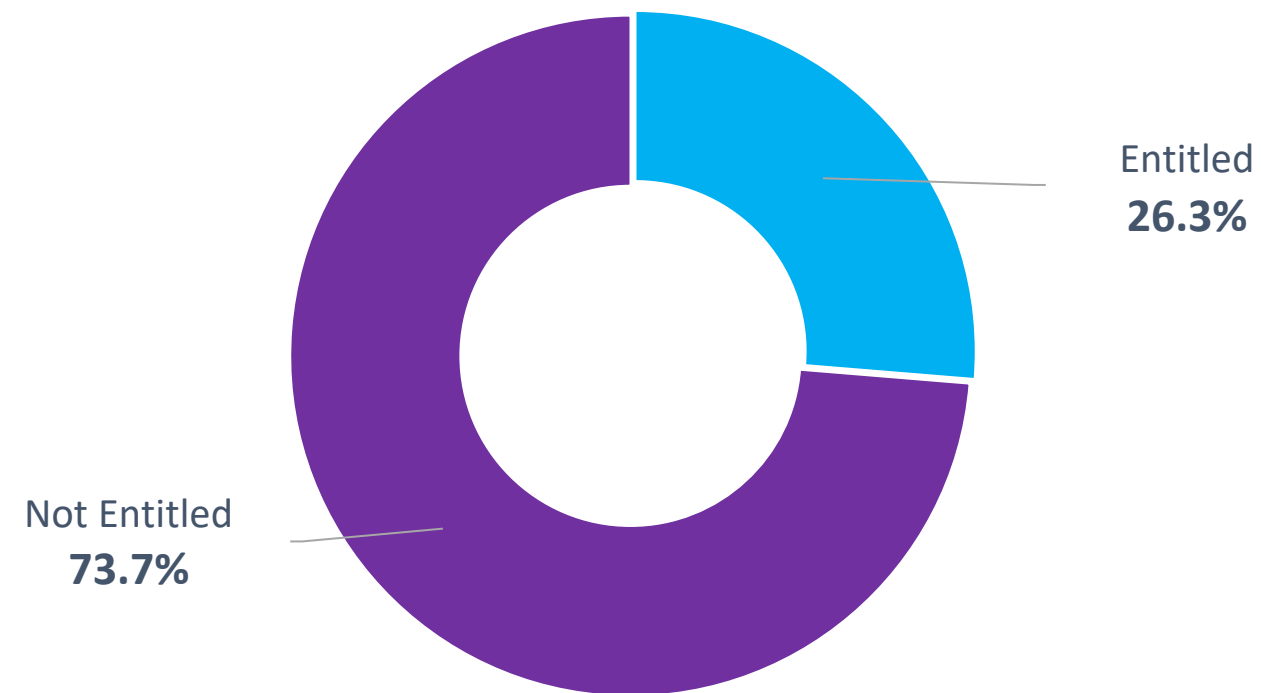
	Last Period	Latest Period	Change (%)
<b>Output Prices</b>			
GDP Growth Rate (%) – Q2' 2024	2.51	3.19	0.68
Agriculture Growth Rate (%) – Q2' 2024	1.50	1.41	-0.09
Industry Growth Rate (%) – Q2' 2024	-1.94	3.53	5.47
Services Growth Rate (%) – Q2' 2024	4.42	3.79	-0.63
Inflation Rate (%) – Jul	24.08	33.40	9.32
Crude Oil Price (\$/bn) – Aug	89.3	82.9	-7.17
Petrol Price (N/Ltr) – Jun	545.83	750.17	37.44
<b>Financial Statistics</b>			
Money Supply - GDP Ratio %	28.95	40.12	11.17
MPR (%) – Sep	15.50	27.25	11.25
Equities Market Cap. as % of GDP – Sep	17.45	22.54	5.09
Stock Market Indices – Sep	67,296.18	96,205.85	42.96
Non-performing loan to Total loan (%)	4.20	4.70	0.50
<b>International Finance</b>			
Official Exchange Rate (N/US\$1.00) – Sep	784.53	1,628.65	-51.83
Parallel Exchange Rate (N/US\$1.00) – Sep	920.00	1,650.00	-44.24
Official & Parallel Exchange Rate Gap	135.47	21.35	-84.24
External Reserve (US\$' ) – Sep	33,430.78	36,337.01	8.69
Current Account Balance as % of GDP – Q1' 2024	4.16	5.82	1.66
<b>Public Finance</b>			
Public Debt as % of GDP – Q1' 2024	41.52	49.66	8.14
FGN Revenue as % of GDP	3.30	4.85	1.55
FGN Expenditure as % of GDP	6.82	9.02	2.20
Ave. Monthly Gross FAAC (N'Bn) – May	1,134.03	2,324.79	105.00
Share of Capital in Budget (%)	27.40	37.29	9.89

# Labour Force Statistics

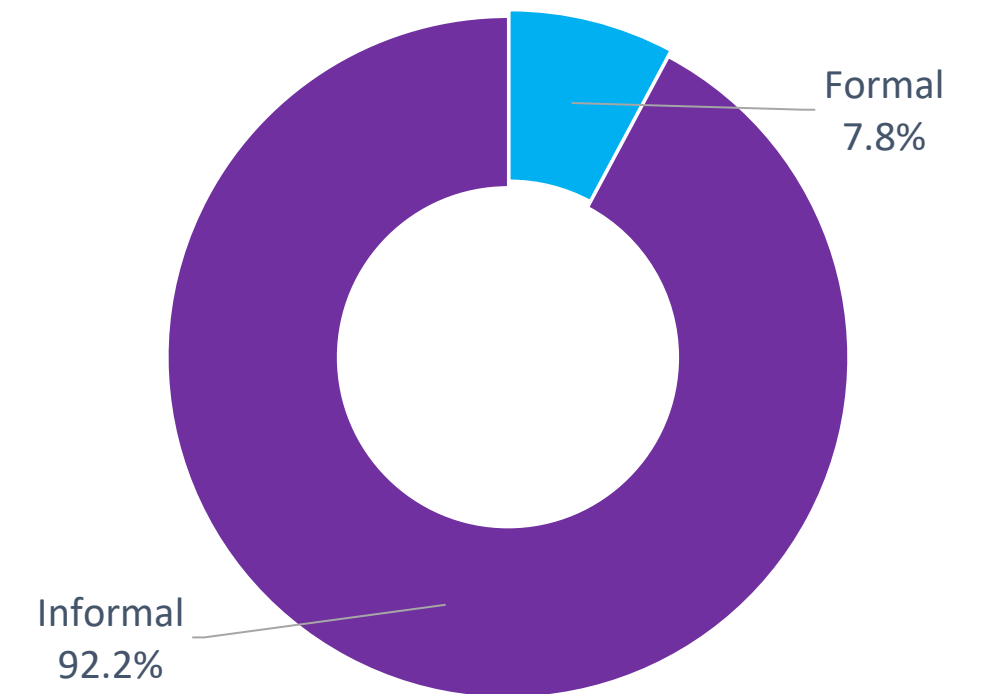
## Trend of Labour Force (Million)



## Employees' Entitlement to Pension or health insurance scheme



## Employment Sector (%)



- Nigeria's total labour force rose to 90.47 million persons in 2018, but fell to 69.68 million at the peak of COVID-19 in 2020.
- In 2023, labour force stood at 88.94 million persons out of a total working age population of 116.60 million.

- Employees entitled to either pension or health insurance schemes were 26.3% in Nigeria

- The unemployment rate of 5.39% in 2023 implies that 84.15 million persons of the labour force of 88.94 million population were engaged in one form of activity or another.
- Out of these, 92.2% were working in the informal sector, while only 7.8% were engaged in formal economic activities.

# Industry Performance & **OUTLOOK**

**Insurance | Pension**

# INSURANCE ▶

# Global: Insurance Performance & Outlook

- High interest rates have given life business a new lease of life, boosting demand for savings products in particular.
- Global life premiums is projected to grow above-trend by 2.9% in real terms in 2024, up from 1.3% growth in 2023, driven by increase in investment income, given the shift to a high-growth and high-returns environment, from low growth/returns.
- In non-life business, global inflation pressures have driven premium rates higher, as insurers seek to offset rising claims costs, especially in property and motor lines.
  - Hard market conditions will continue this year but expected to ease heading into 2025 as claims inflation softens.
  - Non-life premiums grew by 3.9% in real in 2023, up from 0.8% in 2022, the improvement primarily driven by rate hardening.
- The profitability of non-life sector remains on an upward trend. After rising to 6% in 2023, it is estimated that insurers' return on equity will improve to about 10% in 2024 and 10.7% in 2025,
- With continued robust premium growth Global premiums is expected to grow by 3.2% in real terms this year to USD 7.6 trillion, followed by some moderation to 2.6% growth in 2025



# Global: Insurance Performance & Outlook Contd.

The world's 20 largest insurance markets by nominal premium volumes,

- The US and China remain, respectively, the first and second largest insurance markets in the world.
- With total premiums of USD 3.2 trillion in 2023, the US market is almost 4.5 times bigger than the Chinese. its market share rose to 45% last year driven by strong premium growth (8.0% in nominal terms) and US dollar appreciation.
- With total premiums of USD 724 billion, China has a 10% market share. Strong premium growth saw the UK claim third place ranking (premiums of USD 375 billion, including from Lloyd's) in 2023, overtaking Japan.
- Furthermore, Insurance penetration in emerging markets has increased steadily from 2.2% in 2003 to 3.3% in 2023, but still remains well below the advanced market average (around 9.5% last year).

Rank	Market	Total premium volumes (USD bn)			Global market share	
		2023	2022	% change	2023	2022
1	United States	3,227	2,988	8.0%	44.9%	44.1%
2	China	724	698	3.7%	10.1%	10.3%
3	UK	375	337	11.3%	5.2%	5.0%
4	Japan	363	361	0.6%	5.0%	5.3%
5	France	283	259	9.3%	3.9%	3.8%
6	Germany	245	237	3.6%	3.4%	3.5%
7	South Korea	186	192	3.2%	2.6%	2.8%
8	Canada	171	166	2.8%	2.4%	2.4%
9	Italy	159	155	3.2%	2.2%	2.3%
10	India	136	130	4.8%	1.9%	1.9%
11	Netherlands	93	84	11.1%	1.3%	1.2%
12	Brazil	84	75	13.1%	1.2%	1.1%
13	Spain	83	68	22.1%	1.2%	1.0%
14	Taiwan	78	86	8.9%	1.1%	1.3%
15	Australia	74	72	2.6%	1.0%	1.1%
16	Hong Kong	66	66	1.2%	0.9%	1.0%
17	Switzerland	61	57	8.3%	0.9%	0.8%
18	Mexico	45	34	31.6%	0.6%	0.5%
19	Denmark	44	41	7.3%	0.6%	0.6%
20	Sweden	44	46	3.3%	0.6%	0.7%
Top 20 Markets		6,541	6,150	6.4%	91.0%	90.8%
World		7,186	6,773	6.1%		

# Global: Insurance Emerging Trends & Outlook



## ✓ The transformative impact of AI

- Generative AI is set to revolutionize various business aspects in terms of risk assessment, claims processing, marketing etc.,
  - but there is need to establish robust governance models and policies for responsible and ethical use.
  - Identifying risks and designing appropriate frameworks are crucial, and firms that quickly explore use cases will thrive in the Generative AI era.

## ✓ Delivering Societal Values

- An ever-expanding savings and protection gap, macroeconomic uncertainty and greater awareness of more severe risks have prompted regulators and public authorities to revisit long-standing rules and guidelines for the industry.
- They are also engaging all kinds of private enterprises, insurers very much included to devise strategies that address serious threats to societal stability and prosperity.

## ✓ Evolving customer needs

- Changing customer bases stimulate innovation, growth, and increased competition.
- Consumers trust providers with trusted advice, solutions, and actions.
- The growing popularity of embedded insurance and ecosystem plays demonstrates future business models designed to satisfy individual customer needs.
- As regulators shape the agenda in key areas, they are providing incentives for innovation and collaboration.
- Insurers that embrace “impact by design” strategies can increase their societal contributions and realize substantial benefits, including stronger customer acquisition and loyalty, higher employee satisfaction and retention and improved access to capital.

# Domestic: Insurance Market Size & Contribution to GDP

- The total assets in Nigeria's insurance industry grew by 36.9% in 2024'Q1 from N2.4 trillion Q1' 2023 to N3.3 trillion,.
- Non-life businesses accounted for N1.94 trillion while life contributed N1.39 trillion.
- NAICOM sees the market as sound, stable, and profitable with a positive outlook.
- The insurance uptake remains stagnant and critically low as only 3.1% of adults (3.4 million) were reportedly covered by a regulated insurance policy according to EFINA 2023 report.
- The sector's total value added in 2023 was N687.3billion.
- Its contribution to GDP is less than 0.6%.
- Its growth rate fluctuates over time, recording 13.3% in 2024'Q2,
- Far higher than 3.19% recorded for the entire economy

Total Asset (N'bn)					
	2020	2021	2022	Q1' 2023	Q1' 2024
Non-Life	850.9	1,132.2	1,122.10	1,174.10	1,943.6
Life	1,201.3	1,089.6	1,206.60	1,263.10	1,392.8
Total	2,052.2	2,221.7	2,328.70	2,437.30	3,336.4

**Source: NAICOM**

Insurance Contribution to GDP					
Nominal terms	2020	2021	2022	2023	Q2' 2024
Insurance GDP, current prices (N'Bn)	507.7	548.3	647.1	687.35	316.17
Nominal Growth Rate (%)	-13.29	8.01	18.02	6.21	64.14
% Contribution to GDP	0.33	0.316	0.325	0.30	0.52
Real Growth Rate (%)	-15.30	6.24	8.68	4.82	13.3

**Source: NBS**

# Domestic: Emerging Trends and Outlook

## Digital Transformation

- The adoption of digital technologies is revolutionizing the way insurance products are marketed, sold, and serviced. From online policy purchases to mobile claims processing, insurers are leveraging technology to enhance the customer experience and streamline operations.



## Insurtech Innovation

- Insurtech companies are revolutionizing the traditional insurance industry by introducing new products, streamlining processes, and reaching untapped market segments, enhancing efficiency and customer engagement.



## Customer Centric Approach

- Insurers are utilizing data analytics to provide personalized products and services, enhancing customer experience and loyalty through improved communication channels like chatbots and social media engagement.



## Micro Insurance

- Microinsurance products are gaining popularity, offering low-cost insurance solutions for low-income individuals, particularly targeting smallholder farmers to mitigate climate change and crop failure risks.

## Sustainability and ESG Focus

- Insurers are incorporating ESG factors into risk assessments and underwriting processes, leading to the rise of green insurance products supporting sustainable practices like renewable energy projects..

## Embedded Insurance

- Embedded insurance offers brokers a chance to expand their revenue streams and reach new customers by integrating insurance coverage into other products or services.

# PENSION



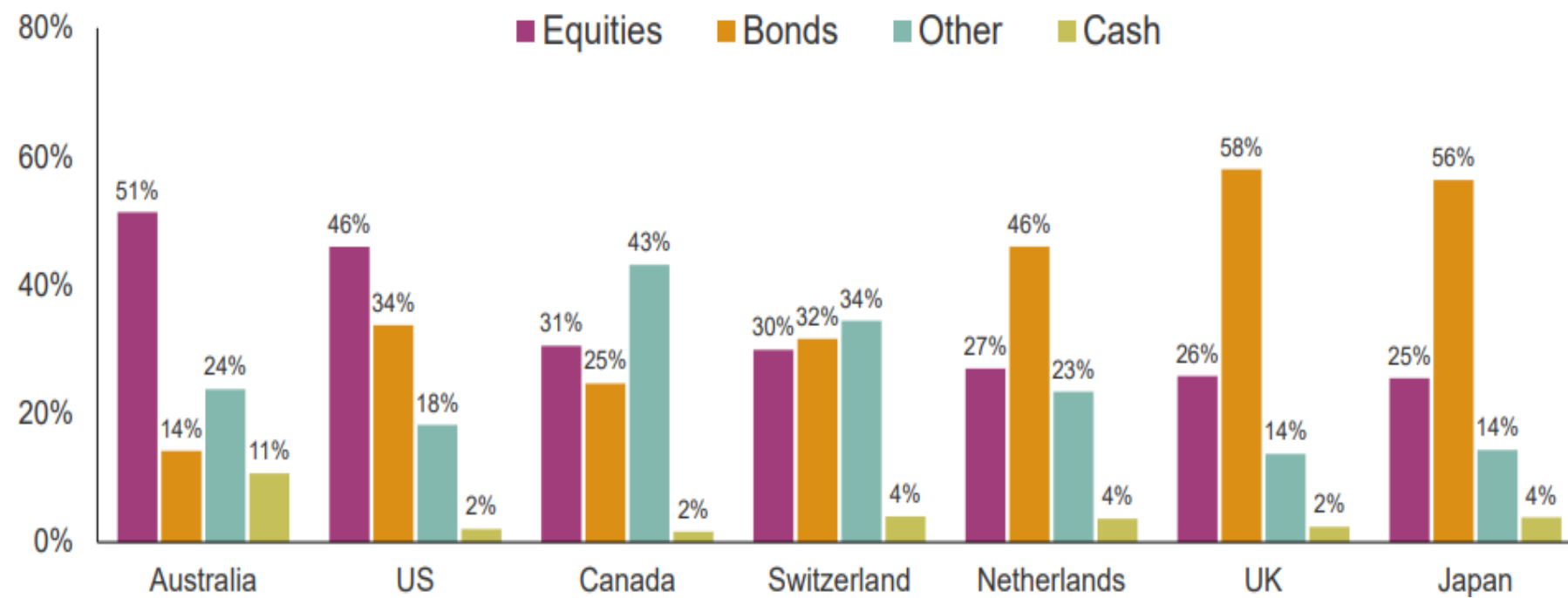
# Global Pension Asset Performance

- Total assets estimated for the top 22 pension market (P22) in the year end 2023 is USD 55,688 bn
- The US is the largest market, with a share of 63.9% of the P22 market assets, followed by Japan and UK with 6.1% and 5.8% respectively.
- The US, Japan and UK market represent 75.8% of all pension assets
- The US pension market stands out with \$35.6 trn, other top market are Japan, \$3.3trn, this is followed closely by UK, \$3.2trn and Canada \$3.1trn.
- The market with the least asset in the top 22 pension market is Spain at \$43bn.
  - Outside the 22 pension market, there is an additional estimate of USD 3-5 trillion of pension assets

Market	Total Estimated Assets 2023 (\$'Bn)	Assets/GDP ratio (%)
US	35,600	132.10
Japan	3,385	80.00
UK	3,206	96.20
Canada	3,105	146.60
Australia	2,448	145.00
Netherlands	1,737	159.00
Switzerland	1,361	150.30
South Korea	1,102	64.50
Germany	596	13.50
China	423	2.40
Mexico	381	21.00
Finland	284	93.00
Malaysia	278	64.50
Brazil	272	12.80
South Africa	243	63.70
Italy	243	11.10
India	241	6.50
Hong Kong	216	56.00
Chile	199	57.80
Ireland	172	29.20
France	155	5.10
Spain	43	2.70
<b>Total</b>	<b>55,688</b>	<b>68.70</b>

# Global Asset Allocation & Landscape

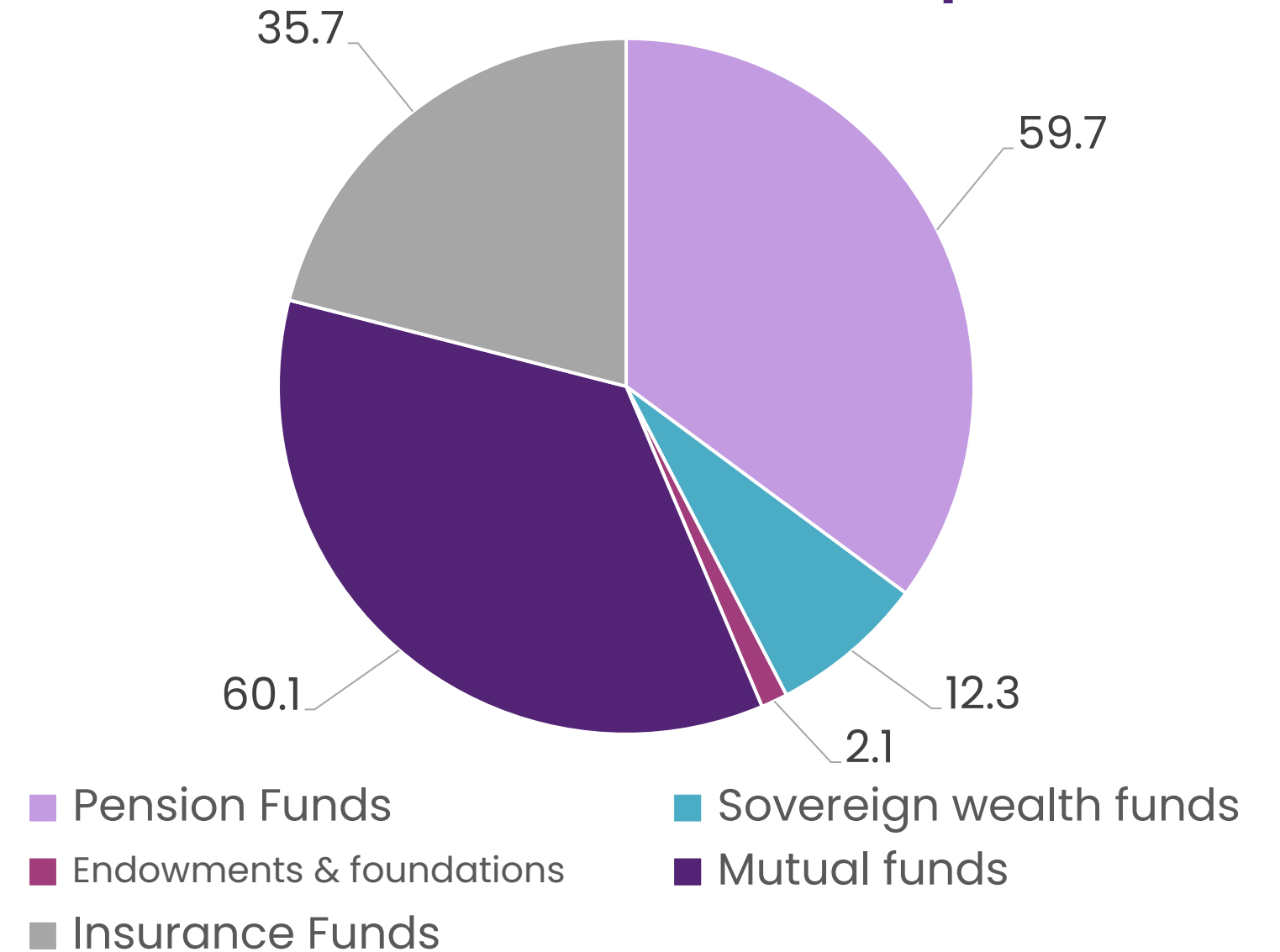
## Global Asset Allocation 2023



Source: Global Pension Asset Study (GPAS) Report, 2024

- Assets allocation by top 7 pension market in 2023.
- In 2023, Australia and the US have higher equity allocations.
- The Netherlands, UK and Japan have more exposure to bonds,
- While Switzerland has a balanced investment approach across equities, bonds and other assets.

## Global Asset Landscape



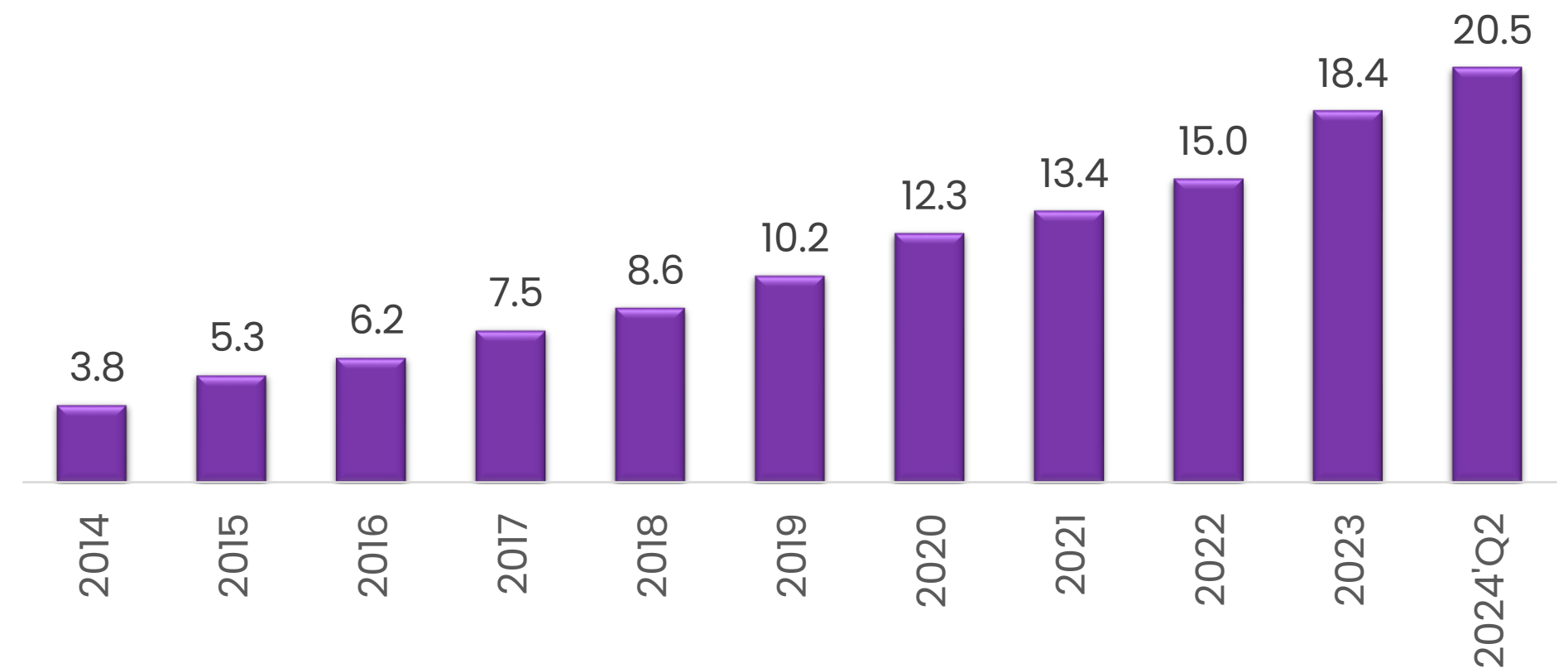
Source: Global Pension Asset Study (GPAS) Report, 2024

- Globally, asset owners control USD 170 trillion, with pension funds managing the largest share at USD 59.7 trillion, followed by mutual funds at USD 60.1 trillion, sovereign wealth funds at USD 12.3 trillion, insurance funds at USD 35.7 trillion, and endowments and foundations managing USD 2.1 trillion.

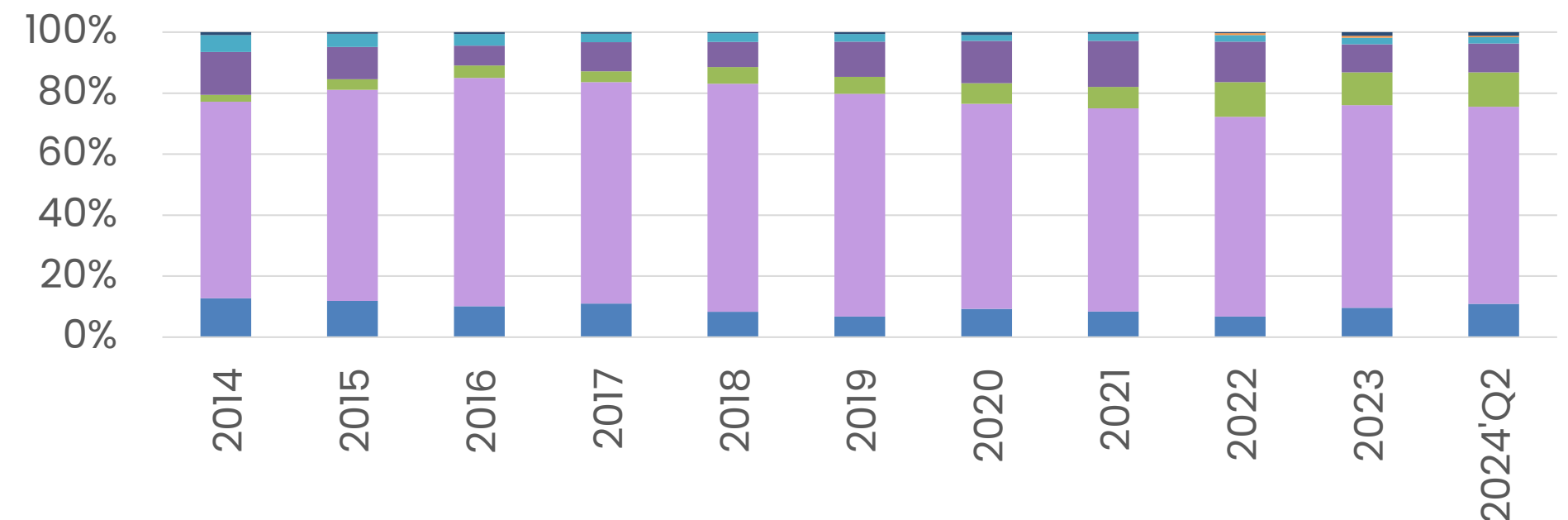
# Domestic Pension Total Assets

- Nigerian pension assets rose from N3.8 trn in 2014 to N18.4 trn in 2023.
- As at 2024'Q2 it stood at N20.5 trn.
- In terms of investment/asset structure, it is largely (65%) invested in government securities. Others include money market instruments and ordinary shares.

Trend of Total Pension Fund Assets (N'trn)



Distribution of Pension Funds by Asset Classes (%)



- Ordinary Shares
- Corporate Debt Securities
- Real Estate Property
- Government Securities
- Money Market Instruments
- Mutual Funds

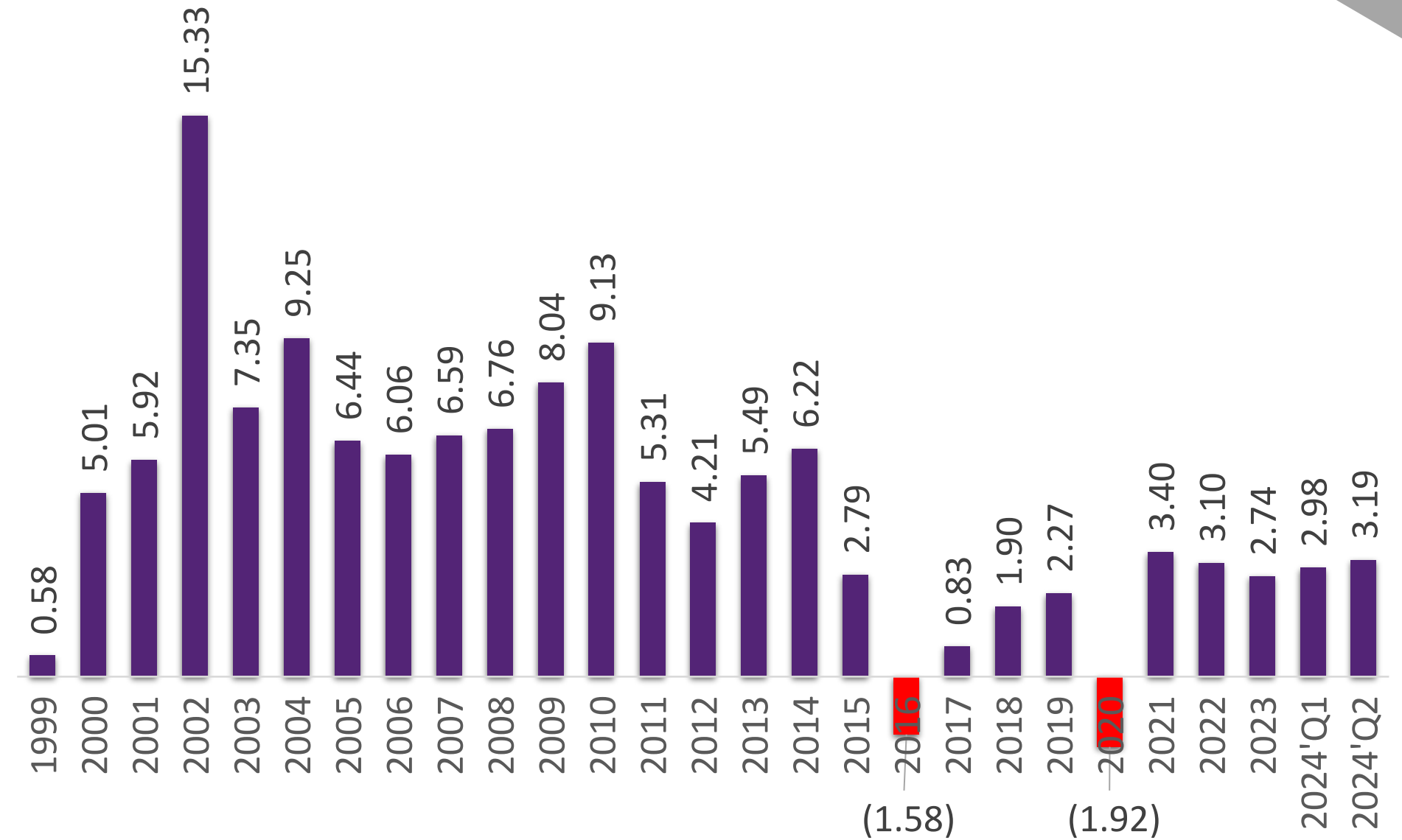
# Achieving The Target of A US\$1 Trillion Economy By 2030

## The Scenarios

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# Nigeria's Growth Performance and Ranking

- Historically, Nigeria has seen higher growth but we are currently in the low range.
- The country, which has held the title of “Africa’s largest economy” since the GDP rebasing in 2014, has slipped to 4<sup>th</sup> place behind Egypt, S/Africa and Algeria
- This position is projected to remain, and may not change even if the GDP is rebased as is proposed.



Country	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Algeria	164.77	185.88	225.63	244.75	266.78	277.34	287.04	294.13	300.41	306.03
Egypt	382.53	423.30	475.23	393.91	347.59	328.85	374.25	426.39	482.64	539.61
South Africa	338.19	420.01	405.11	377.68	373.23	384.77	398.06	413.04	427.66	442.86
Nigeria - Base	429.42	441.42	477.38	374.95	252.74	251.20	254.83	265.78	276.78	287.85
Nigeria - If rebased					379.11	376.80	382.25	398.67	415.17	431.78

# US\$1trillion Economy and Role of Naira Devaluation

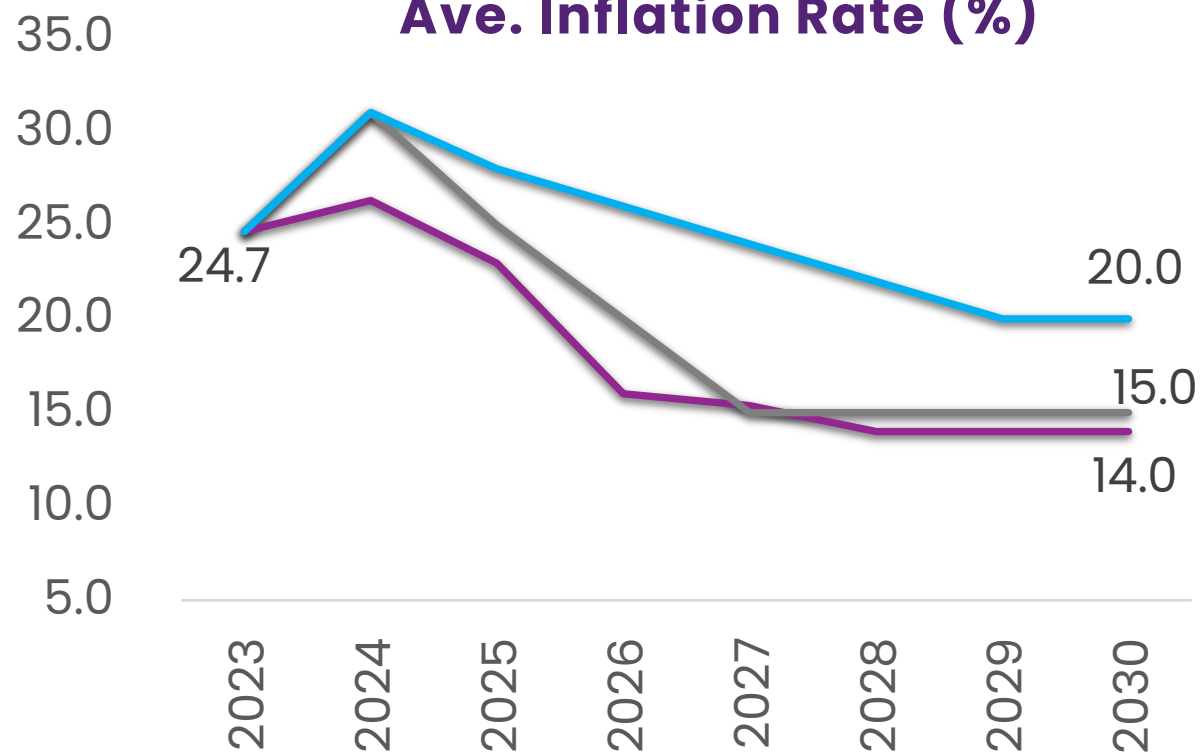
- In 2021, the National Development Plan (2021 – 2025) was launched with the vision to make Nigeria a country that has unlocked its potential in all sectors of the economy for sustainable, holistic, and inclusive national development.
- Also launched later was Nigeria Agenda 2050, a perspective plan, with the vision to make Nigeria a dynamic, industrialised and knowledge-based economy that generates inclusive and sustainable development.
- The plan is to move to the group of upper-middle-income countries, raising its per capita GDP from US\$2,084.05 in 2020 to US\$6,223.23 in 2030 and US\$33,328.02 in 2050.
- Both plans have the goal of reaching US\$1trillion GDP before 2030
  - But a very conservative average exchange rate of about N500/US1 was used
  - Thus, naira depreciation/devaluation is the major drag in meeting the President's vision of building a US\$1trillion economy by 2030

	2020	2025	2030	2035	2040	2045	2050
<b>GDP at Current Market Prices (N' trillion)</b>	154.25	329.66	718.63	1,394.00	2,554.55	4,569.58	7,934.98
<b>GDP at Current Market Prices (US\$ billion)</b>	420.44	878.30	1,626.16	2,912.50	4,874.99	7,727.53	11,660.08
<b>Real GDP at Basic Prices (N' billion)</b>	70,014.37	87,858.43	129,158.67	193,616.11	280,812.18	399,612.13	569,407.09
<b>Per Capita GDP (US\$)</b>	2,084.05	3,706.29	6,223.23	10,207.69	16,042.20	23,394.47	33,328.02
<b>Average Ex-rate (US\$/N)</b>	366.88	375.34	441.92	478.63	524.01	591.34	680.53

Source: Nigeria Agenda 2050 and ADSR Research

# Scenarios of the US\$1Trn Economy

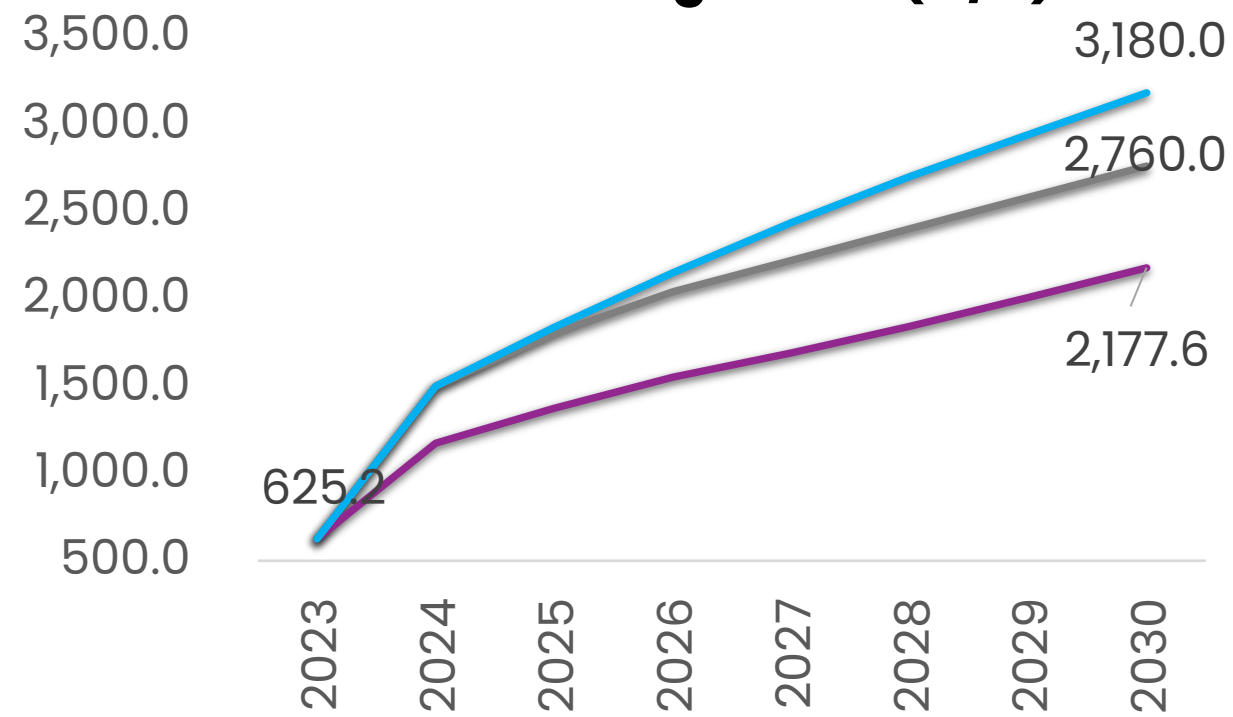
## Ave. Inflation Rate (%)



— Base line  
— US\$1Trn Target @ high reduction in Inflation Rate  
— US\$1Trn Target @ low reduction in Inflation Rate

- To achieve the US\$ 1 trn economy in the year 2030, with average inflation rate at 24.7% in 2023, the inflation rate at baseline is projected to 14% by 2030.
- However, with high reduction in inflation rate, it is expected to fall significantly to 15% while low reduction in inflation rate is projected to drop to 20%.

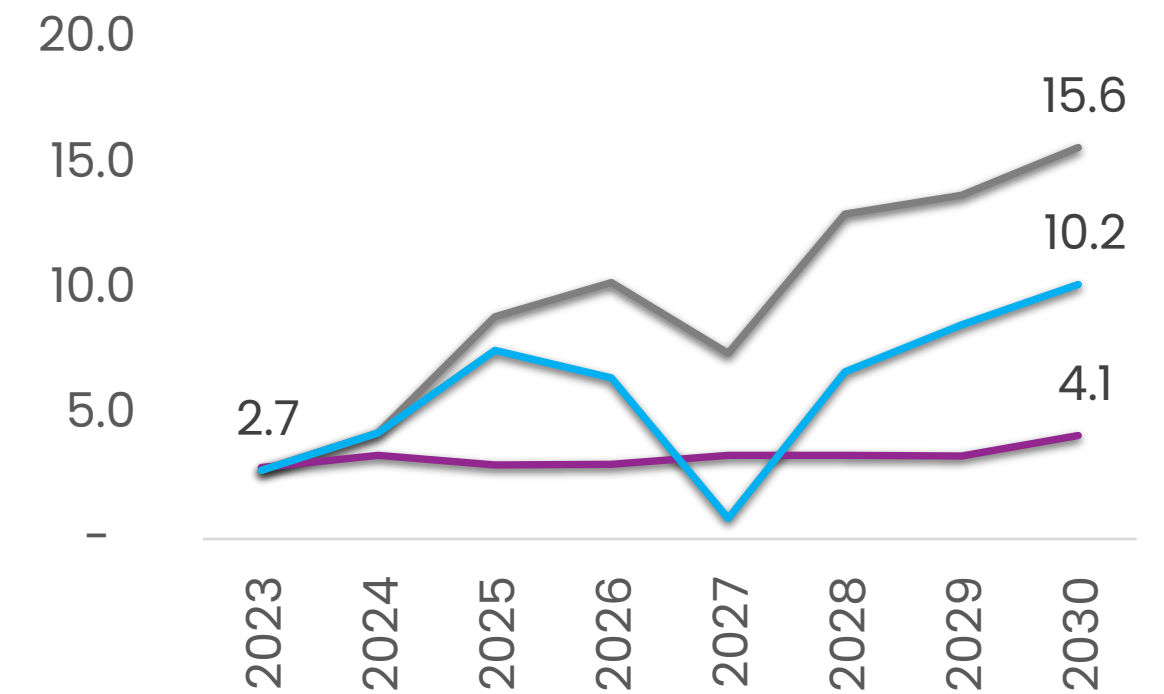
## Ave. Exchange Rate (N/\$)



— Base line  
— US\$1Trn Target @ high reduction in Inflation Rate  
— US\$1Trn Target @ low reduction in Inflation Rate

- As at 2023, average exchange rate stood at 625.2 (N/\$). By 2030, the baseline projection shows the rate will rise to 2,177.6 (N/\$).
- If inflation is reduced significantly, the exchange rate is projected as 2,760 (N/\$), while low inflation reduction could result in a higher depreciation, with the exchange rate reaching 3,180 (N/\$) by 2030.

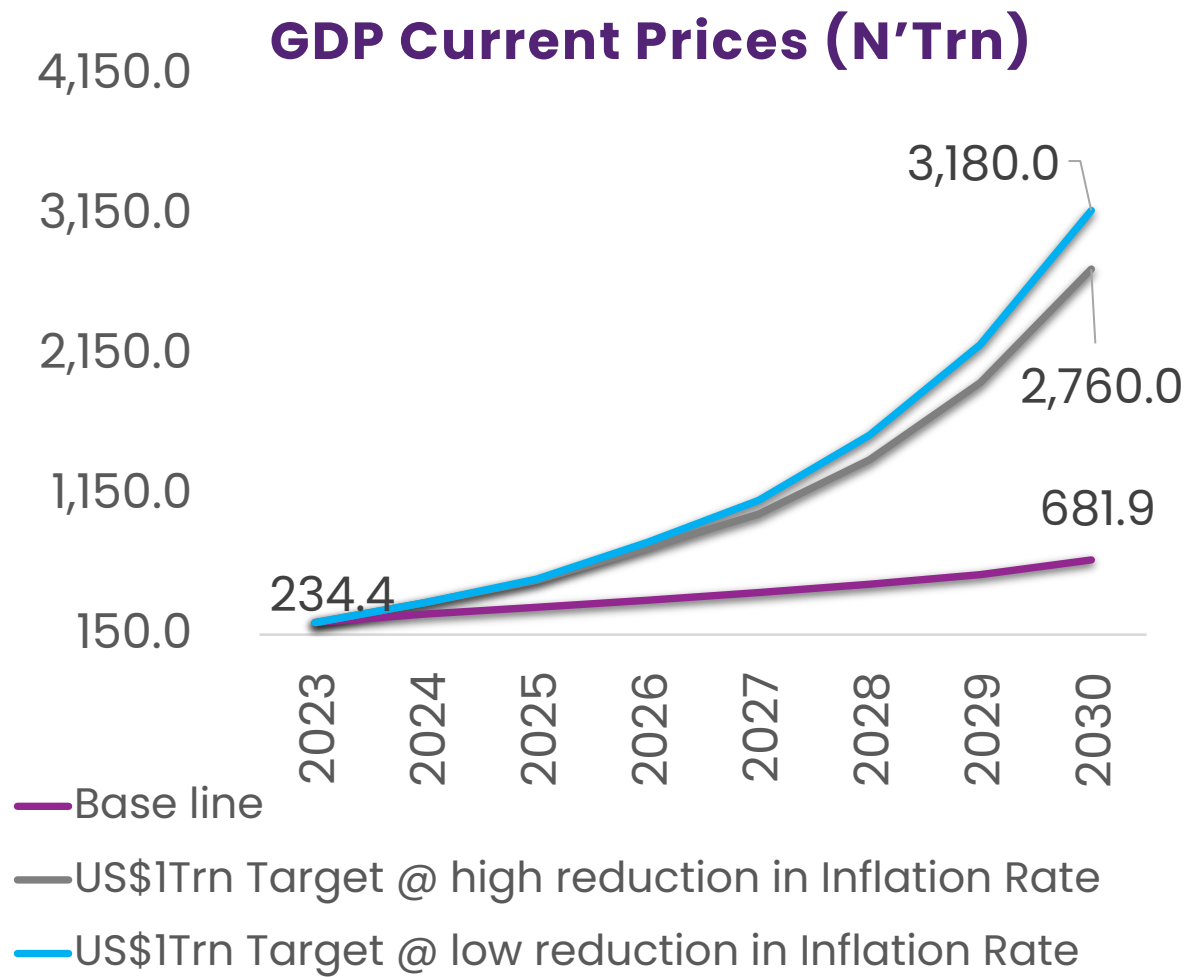
## GDP Growth Rate (%)



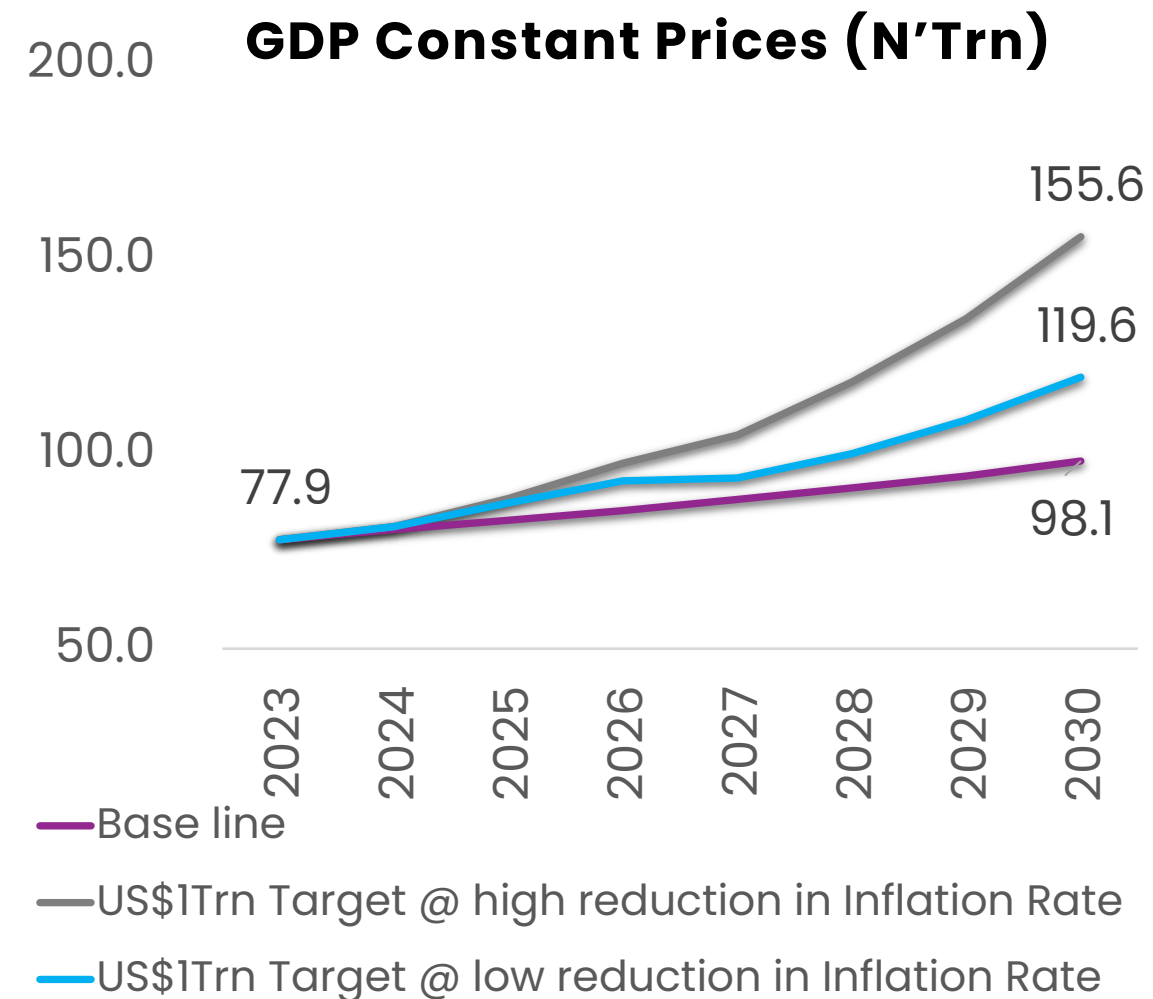
— Base line  
— US\$1Trn Target @ high reduction in Inflation Rate  
— US\$1Trn Target @ low reduction in Inflation Rate

- The GDP growth rate is expected to grow from 2.9 % to 4.1% by 2030 at baseline.
- Following a scenario of high reduction in inflation rate, GDP growth rate is expected to rise to 15.6% while low reduction in inflation rate will see GDP growth rate at 10.2% in 2030.

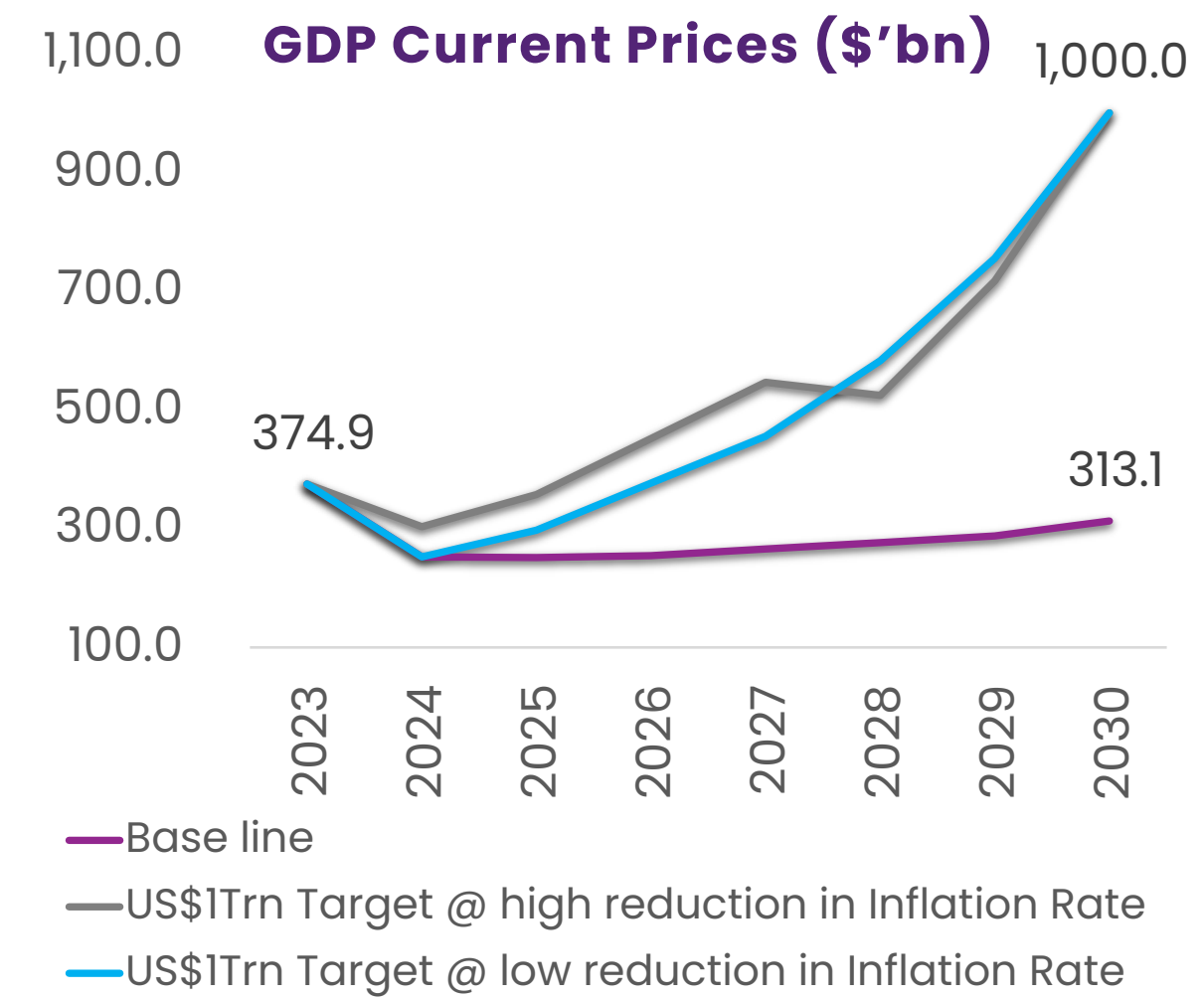
# Scenarios of the US\$1Trn Economy Contd.



- In 2030, Nigeria's GDP at current prices is projected as N681.9trn at baseline.
- With a high reduction in inflation rate GDP is expected to rise to N2,760trn, On the other hand, with a low reduction in the inflation rate, GDP is projected to grow, reaching N3,180trn in nominal terms



- Nigeria's GDP at constant prices stands at N77.9trn in 2023 to grow to N98.1trn at baseline by 2030.
- However, with a significant reduction in the inflation rate, GDP at constant prices could rise to N155.6 trillion, indicating accelerated growth due to more stable economic conditions. If low reduction in inflation rate, GDP grows at a slower pace, reaching N119.6trn



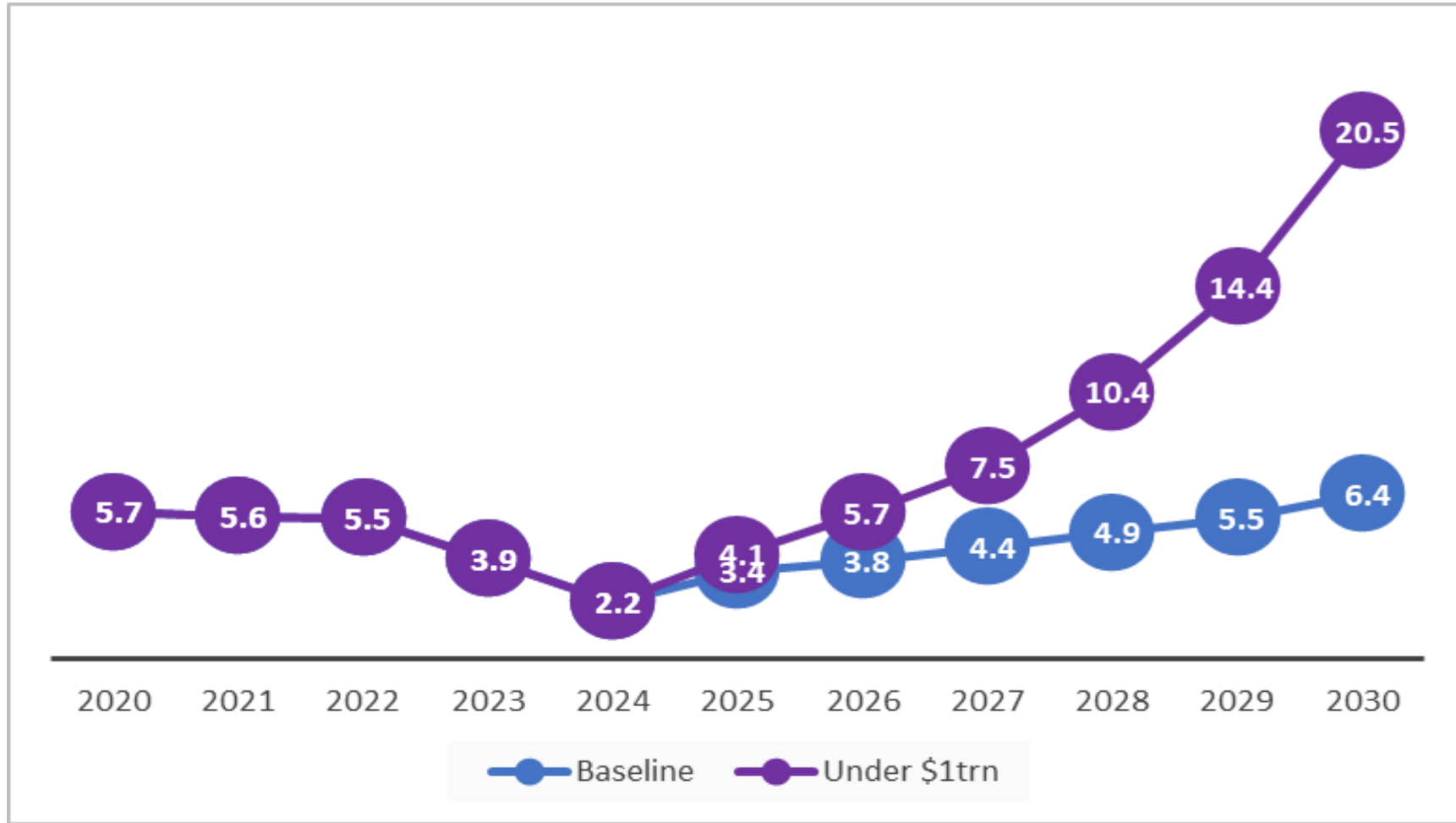
- The Nigeria GDP current prices (\$'bn) stood at \$374.9bn as of 2023. At the baseline scenario, the Nigerian economy is projected at \$313.1bn in 2030.
- Following the inflation rate scenarios, though tough, it is not impossible that Nigeria can meet the \$1Trn target

# Roles of Insurance & Pension Sectors

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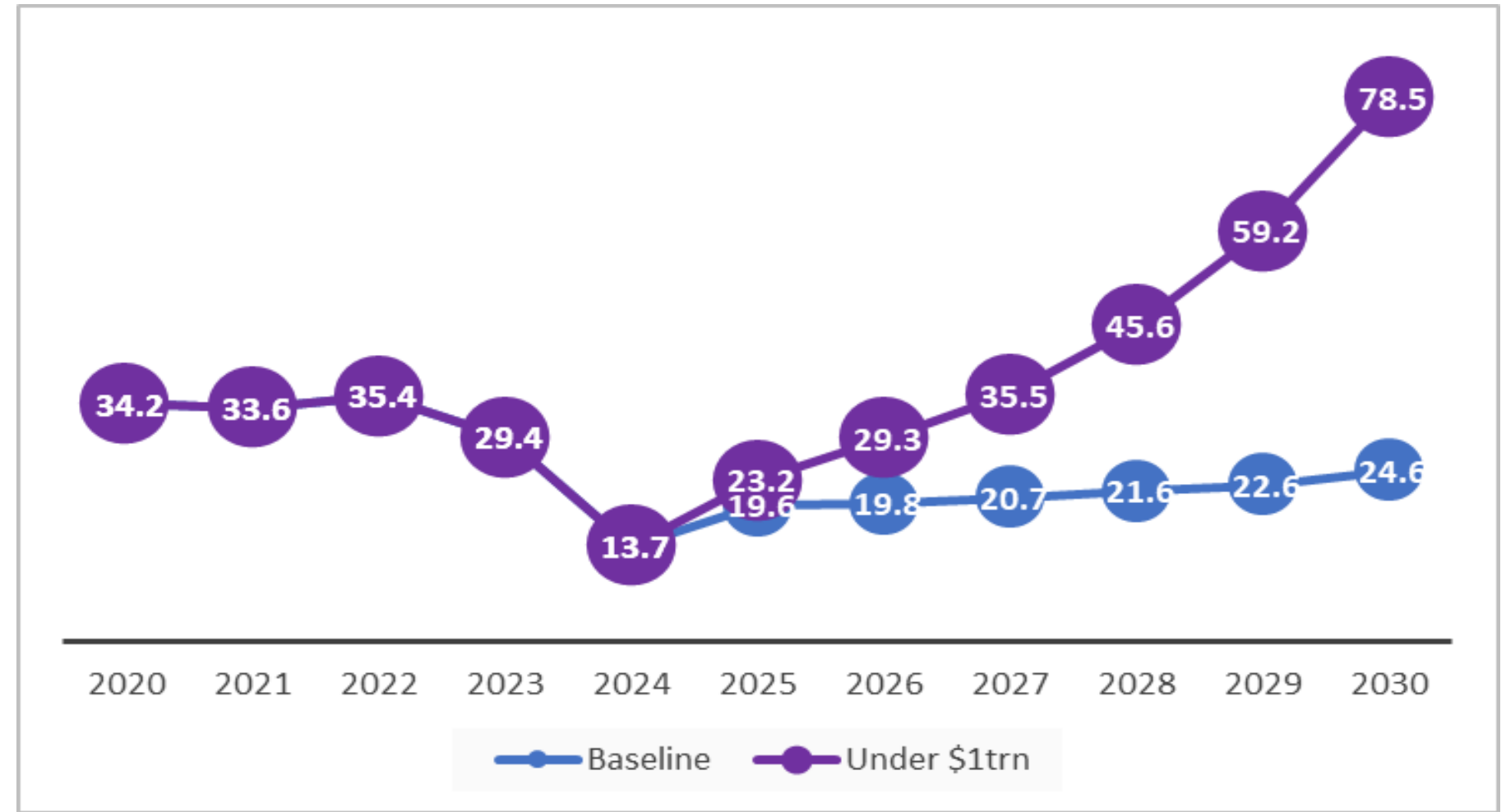
# Scenarios of the US\$1Trn Economy Contd.

Projected Total Asset of the Insurance Sector Under \$1trn GDP



- Total Assets of the Insurance sector fell from \$3.9bn in 2023 to \$2.2bn in 2024 due to naira depreciation
- The baseline projection is for Nigeria's GDP to reach \$681.9bn in 2030 from \$265.4bn in 2024
- At the baseline rate, Total Assets of the Insurance sector will be expected to rise to \$6.4bn in 2030.
- However, if the government's target of a \$1trn GDP is met, Insurance Total Asset is projected to reach \$20.5bn

Projected Pension Fund Assets Under \$1trn GDP



- Total Pension Fund Assets also fell from \$29.4bn in 2023 to \$13.7bn in 2024 due to naira depreciation
- At the baseline rate, Total Pension Fund Assets is projected to reach \$24.6bn in 2030.
- However, if the government's target of a \$1trn GDP is met, Total Pension Fund Asset is projected to reach \$78.5bn

# Towards \$1Trn Economy:

## What can drive Pension & Insurance sectors

### 01 Leverage Technological Advancements

Insurance and pension sectors need to adopt technological innovations such as AI, machine learning, and blockchain to improve research, portfolio management, and back-office operations. By improving efficiency and reducing costs, they can offer better returns to contributors and attract more funds, driving economic growth through smarter and more sustainable investments.

### 02 Capitalize on Retirement Savings Growth

Recently, individual retirement accounts (IRAs) and defined contribution plans are becoming essential. The insurance and pension sectors can expand their assets by encouraging more Nigerians to save for retirement. As life expectancy increases and the population builds wealth, these funds will grow, providing more capital for long-term investments in the economy.

### 03 Design New Products and Services

Insurance and pension companies should develop innovative financial products that meet the changing needs of individuals, such as flexible pension plans or insurance products tied to life events. These solutions can attract more customers, increase assets under management and drive economic activities through enhanced capital inflows.

### 04 Regulatory Support for Fairness and Growth

By ensuring that fees are fair and advice is suitable, regulators help to build trust in the insurance and pension sectors. Increased trust leads to higher participation rates, allowing pension and insurance companies to gather more funds thereby increasing their funds

### 05 Developing the Capital Market

Pension and insurance funds are significant institutional investors in the capital markets. By increasing their involvement in equities, bonds, and other financial instruments, they can help deepen the capital markets and provide liquidity.

### 06 Invest in Infrastructure and Other Key Sectors

Pension and insurance companies can serve as institutional investors, allocating a portion of their assets to national development projects such as roads, bridges, and energy infrastructure. They can also invest in priority sectors like agriculture, technology, and healthcare

# Towards \$1Trn Economy: Policies that drive Pension & Insurance sectors

## **Egypt: Raise minimum pensions by 17.6% on 1 January, 2024**

Egypt is set to increase the minimum pension by 17.64 percent as of 1 January 2024. Accordingly, the minimum pension will increase to EGP 1,300 from EGP 1,105. –

[AhramOnline](#)

## **Egypt: Allocates EGP 202 billion to bolster pension system in FY2023/24**

The Egyptian government has announced the allocation of EGP 202 billion for supporting its pension system during the fiscal year (FY) 2023/2024. Over the past two years, Egypt has implemented four pension increases, beginning in April 2022 and continuing to date. –

[AhramOnline](#)

## **South Africa: changed its retirement rules to help boost country savings**

The two-component retirement system which has been put place in South Africa – or colloquially the “two pot system” – aims to make a contribution to repairing the country’s weak state of saving. The changes have important implications for people planning for retirement. – [The Conversation](#)

## **Indonesia: Plans Mandatory Insurance for Concerts and Sports Matches in 2024**

The purchase of insurance while attending concerts or sports events is slated to become part of the Mandatory Insurance Program under Law Number 4 of 2024 concerning the Development and Strengthening of the Financial Sector (PPSK). – [Jakarta Globe](#)

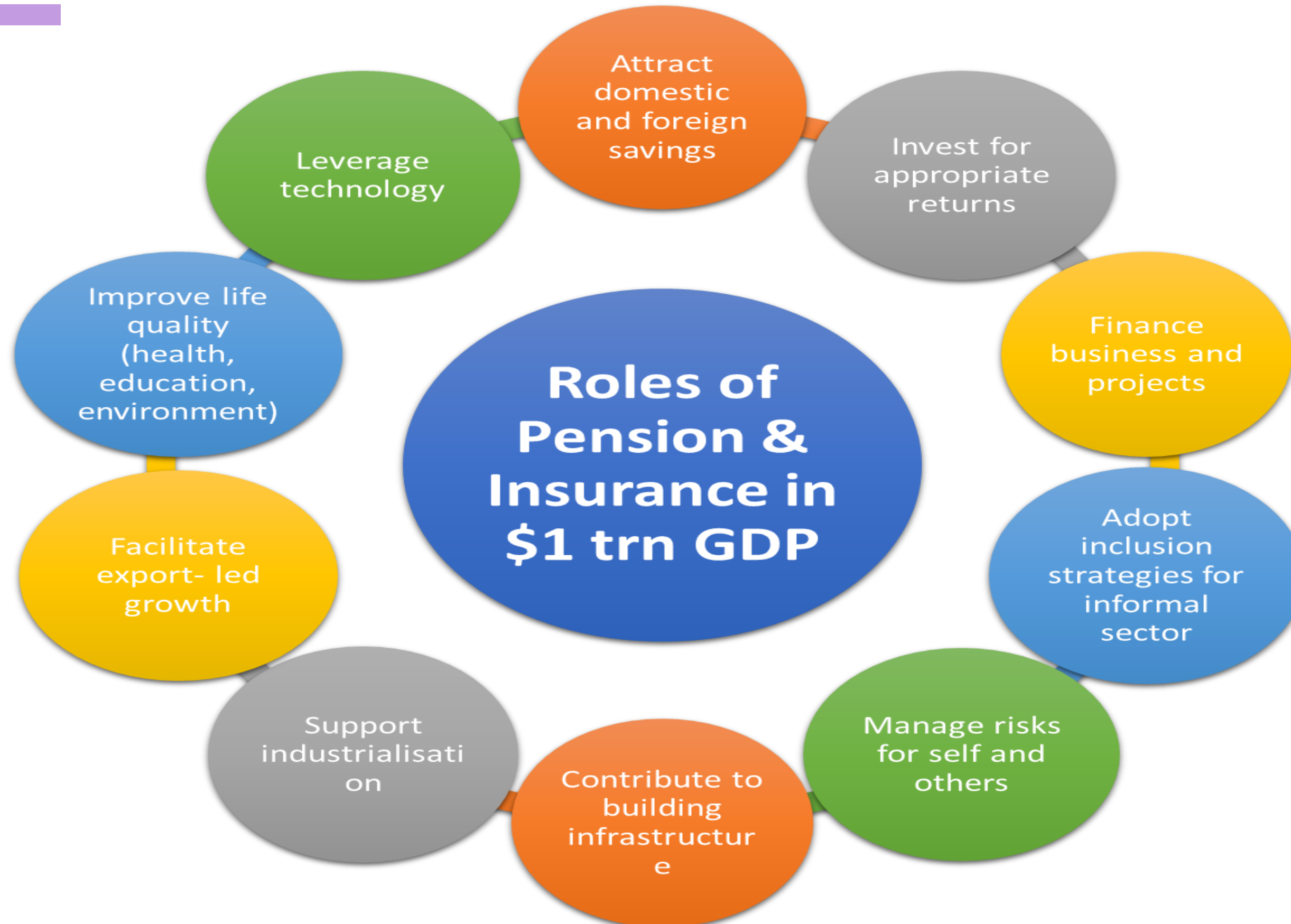
## **Malaysia: Expands social protection coverage to foreign workers**

Invalidity and survivors’ benefits have recently been extended to migrant workers in Malaysia effective 1 July 2024. The ILO’s Simon Brimblecombe explains why this is an important step forward that will benefit workers, employers, and Malaysia alike. – [International Labour Organization \(ILO\)](#)

## **Nigeria: PenCom to enrol 60 million informal workers in pension scheme**

The National Pension Commission has revealed plans to integrate over 60 million informal workers into the national pension scheme. – [The Punch](#)

# Towards \$1Trn Economy: Roles of Pension & Insurance Sectors



Risk &

**OPPORTUNITIES**

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## Global

- Conflicts and trade disputes can disrupt markets and impact investment stability.
- Persistent inflationary pressures which can lead to higher interest rate which in turn increases external, fiscal, and financial risks.
- Increase in climate-related natural disasters can lead to higher claims for insurers and impact asset valuations
- Prolonged dollar appreciation arising from rate disparities could disrupt capital flows and impede planned monetary policy easing, which could adversely impact growth.
- Oil supply disruptions due to conflict could raise oil prices thereby reducing economic activity.

## Regional

- Ongoing political instability and conflicts are expected to continue hindering economic activity in the Sub-Saharan region especially.
- Higher commodity prices could ignite a new wave of inflation, upend the decline in poverty, and delay the monetary policy process.
- Tighter-than-expected global financial conditions and unexpected fiscal consolidations could also weigh on growth.
- Weaker than-expected growth in China and natural disasters including those associated with climate change pose additional downside risks.

## Domestic

- Sustained rise in fiscal debt
- Elevated interest rates
- High inflationary levels
- Exchange rate depreciation
- Economic dependence on oil which can expose the economy to greater risk during downturns
- Security challenges which can hinder economic activities and deter potential investments

## Industry

- Regulatory changes
- Increasing competition which may lead to unsustainable pricing strategies, impacting profitability.
- Market risks – fluctuations and changes in economic conditions
- Operational risks - Cybersecurity threats and Fraud Risks
- Persistent inflation or unexpected changes in interest rates could impact underwriting profitability, investment returns, and the affordability of insurance products.
- Operators may need to adjust their risk assessment strategies as they capitalise on investments related to the refinery, considering the oil sector's opportunity and volatility.

# Opportunities

## Global

- Low penetration rates in many emerging markets provide significant growth potential for insurance and pension products.
- Public investment especially in emerging market and developing economies can boost productivity and promote private investment thereby igniting growth.
- Growing demand for sustainable investment options can attract environmentally conscious investors.
- Telehealth solutions presents opportunities for health insurers to offer innovative services.
- New trade agreements can open markets for businesses.
- Increased digitization offers businesses new avenues for growth and efficiency.

## Regional

- Opportunities for collaborating with tech firms and healthcare providers can drive innovation and expand service offerings in regions.
- Diversification of Asset: Growing interest in alternative asset classes, presents opportunities for asset managers to diversify portfolios.
- Linking technological and trading platforms within the region

## Domestic

- New oil production from the Dangote refinery, is expected to lower energy prices as it starts supplying the local market.
- Fintech sectors can expand access to financial services especially in underserved areas
- Encouraging local manufacturing in order to reduce import and create more jobs
- Investment in infrastructures

## Industry

- With a low percentage of the population participation, there is significant potential for growth in various insurance and pension products
- Opportunities exist for products tailored for low-income individuals and those operating in the informal sector
- Digital transformation: embracing tech solutions & Leveraging big data and analytics for better risk assessment and personalized product offerings.
- The expanding adoption of e-channels creates opportunities for fee-based income through digital transactions.
- Capitalize on green bonds, sustainable finance, and ESG-driven investment opportunities.



# THANK YOU

## For Listening



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