

Economic Growth & Financial Stability Amidst High Uncertainty

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Global Economic Growth Risk Factors

Wide range of global factors impacting economy

Inflation

**Fluctuation
of prices**

**Foreign Trade
limitations**

**Regional
Disparities**

**Geopolitical
Tensions
Fragmentation
& Conflicts**

**Tight
Monetary
Policy**

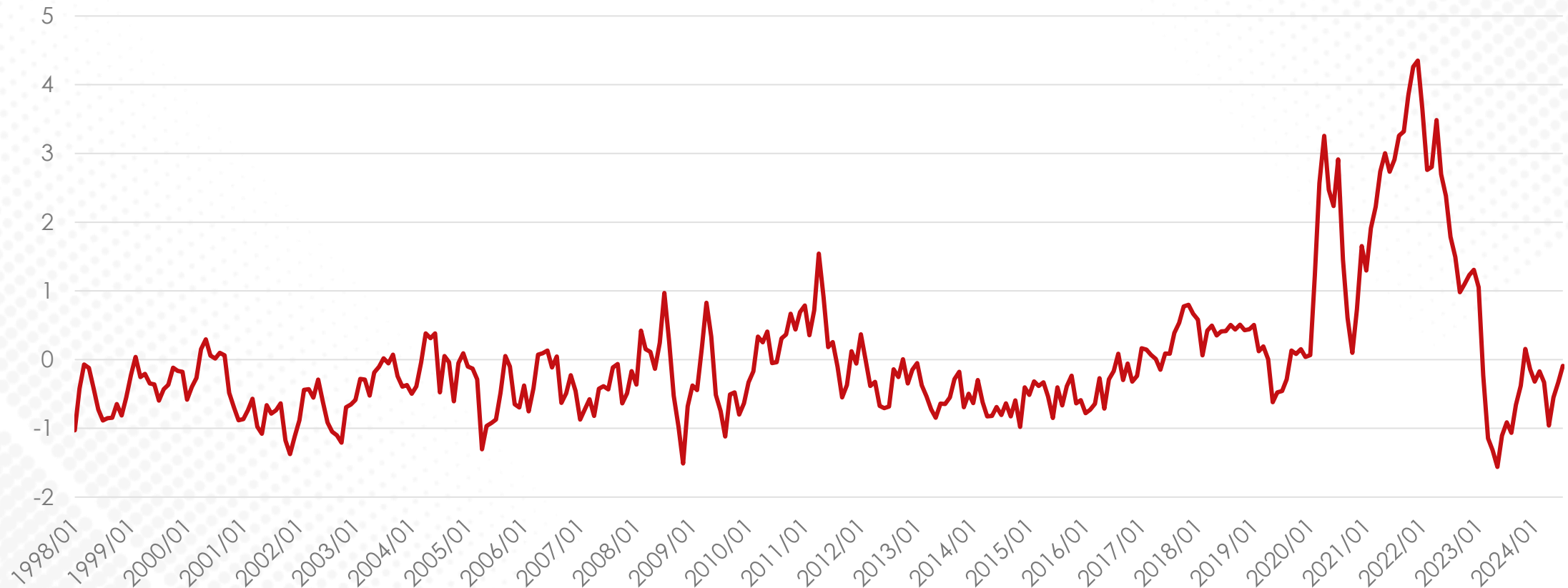
**China's
Growth
Deceleration**



Global supply chain problems were overcome following pandemic

Fragile recovery

Global supply chain pressure index, standard deviation from the average



World Economic Growth

3.2%
2023



3.2%
2024



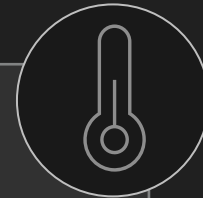
Source: OECD, IMF, S&P, EIU

Geopolitical conflicts set iconic doomsday clock Closest to midnight ever in its history



Nuclear Weapons

- Leaders pursuing full-fledged nuclear weapons modernization programs



Climate Crisis

- Energy crisis undermined global efforts to combat climate change and expanded investment in natural gas



Bio-Threats


- Laboratory accidents, spreading zoonotic diseases, disinformation efforts in regard to biological weapons



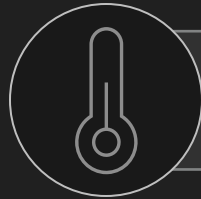
Disinformation and Disruptive Technology

- Cyber-enabled disinformation continues unabated
- Government control of the information ecosystem in Russia


Geopolitical conflicts set iconic doomsday clock Closest to midnight ever in its history




Nuclear Weapons



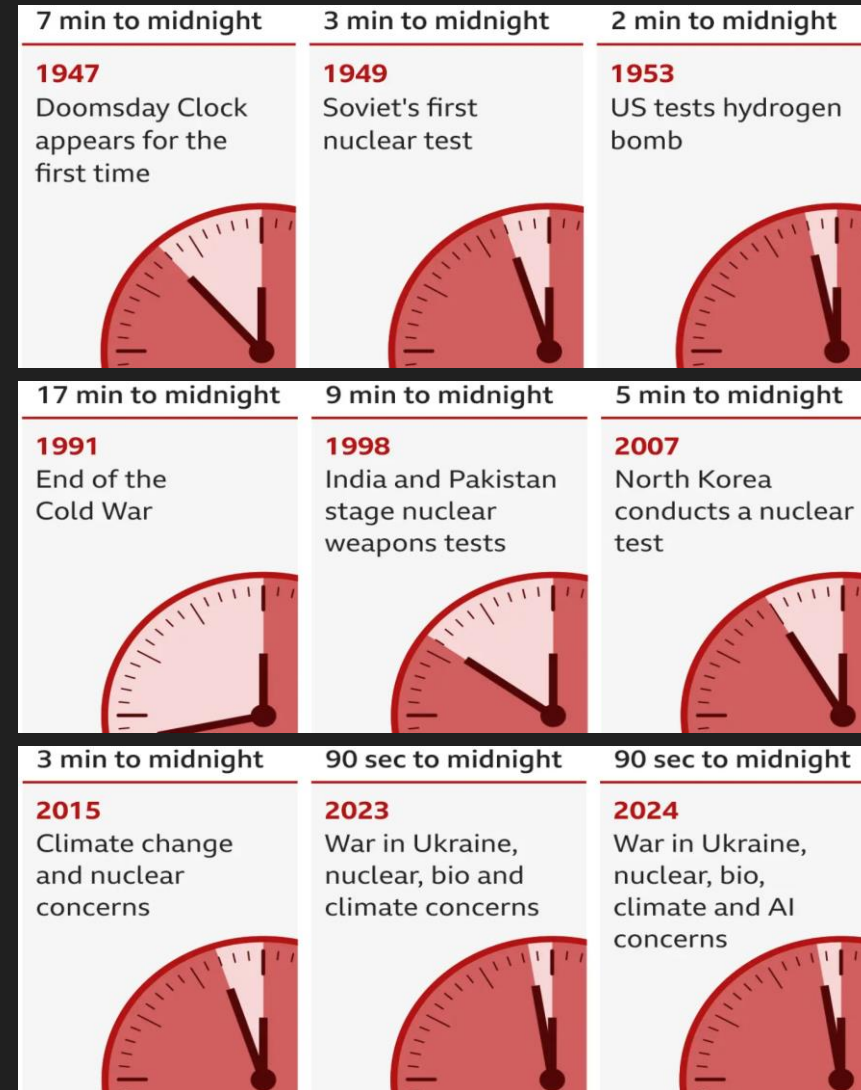
Climate Crisis



Bio-Threats

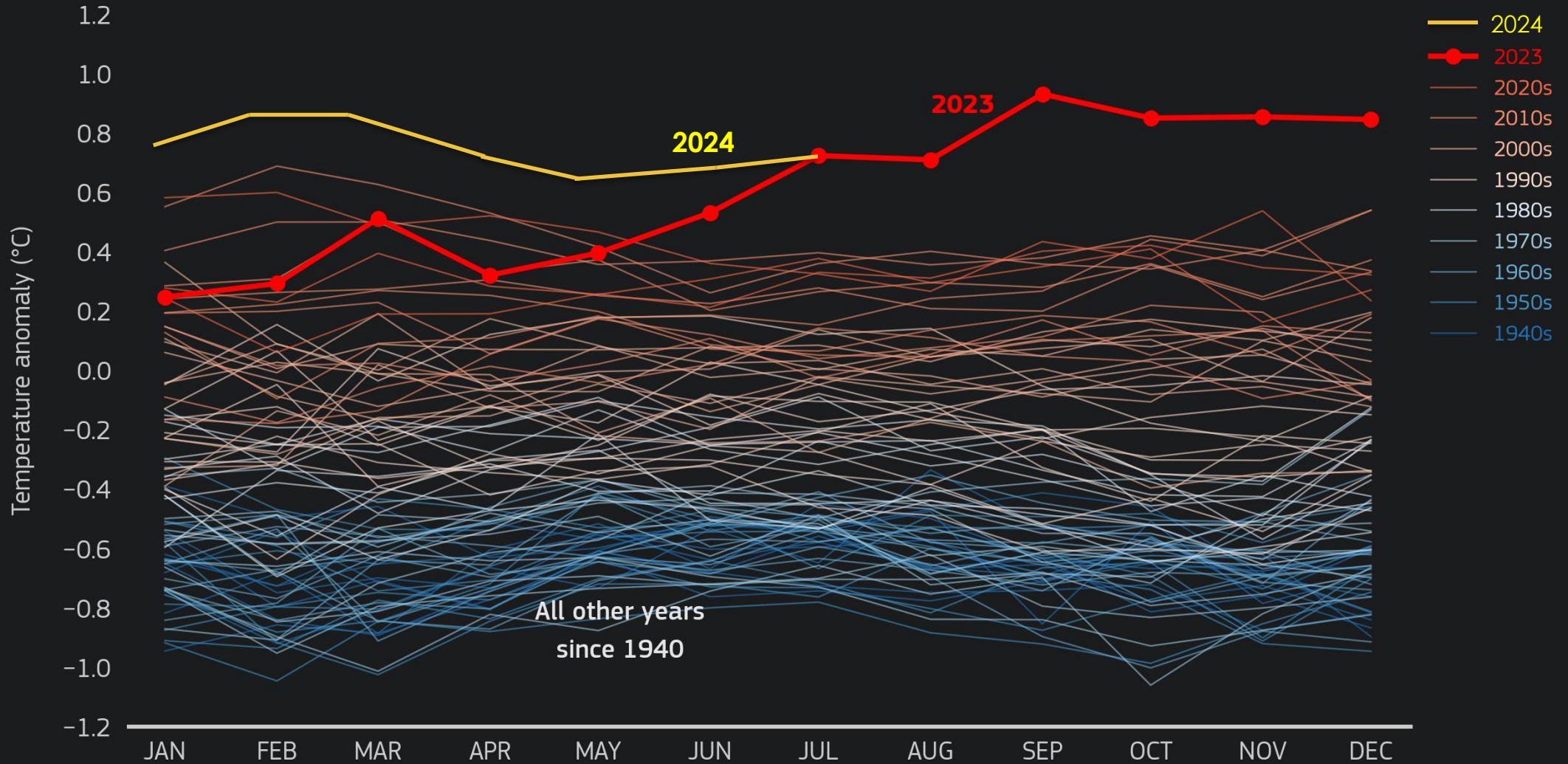


Disinformation and Disruptive Technology



GLOBAL SURFACE AIR TEMPERATURE ANOMALIES

Data: ERA5 1940-2023 • Reference period: 1991-2020 • Credit: C3S/ECMWF



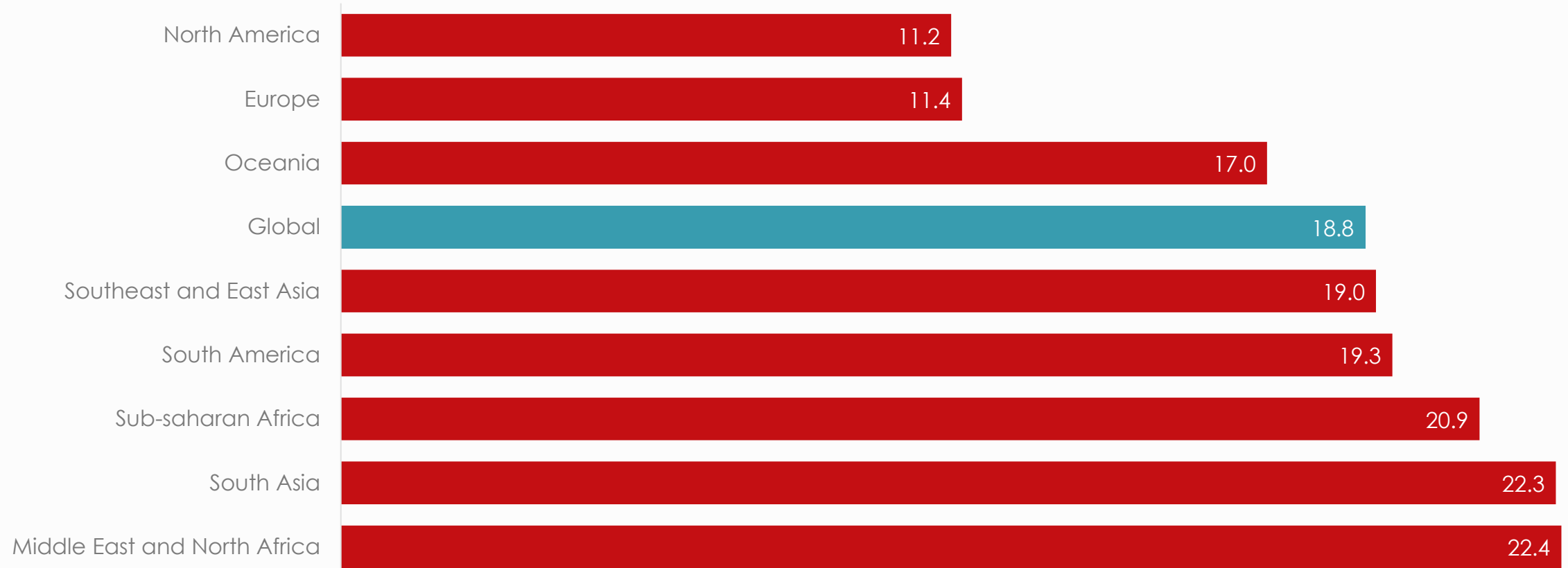
PROGRAMME OF THE EUROPEAN UNION



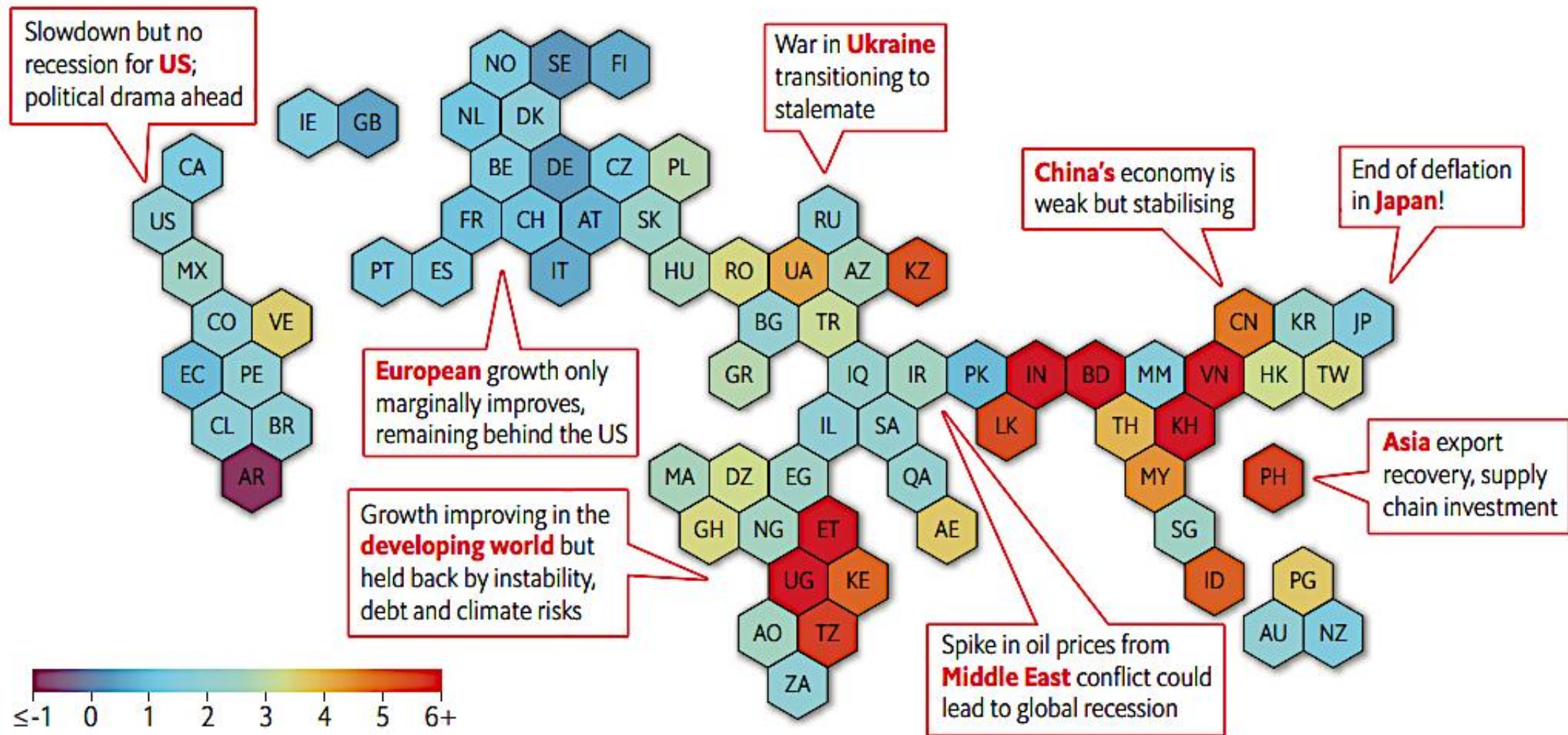


Economic costs of climate change is calculated at 38 trl USD

Projected regional income loss due to climate change by 2049, percent

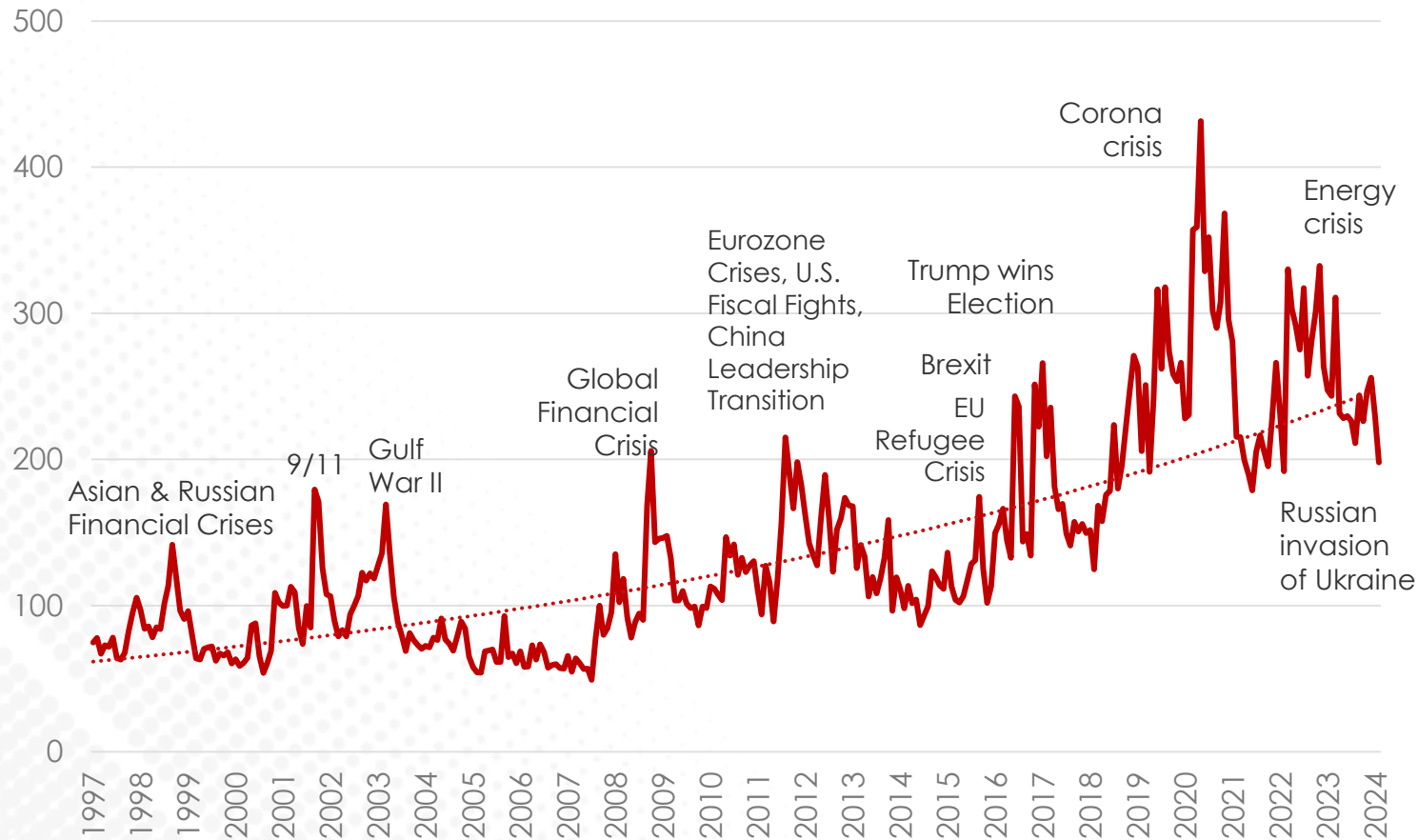


Economic temperature in 2024 is cooling down...



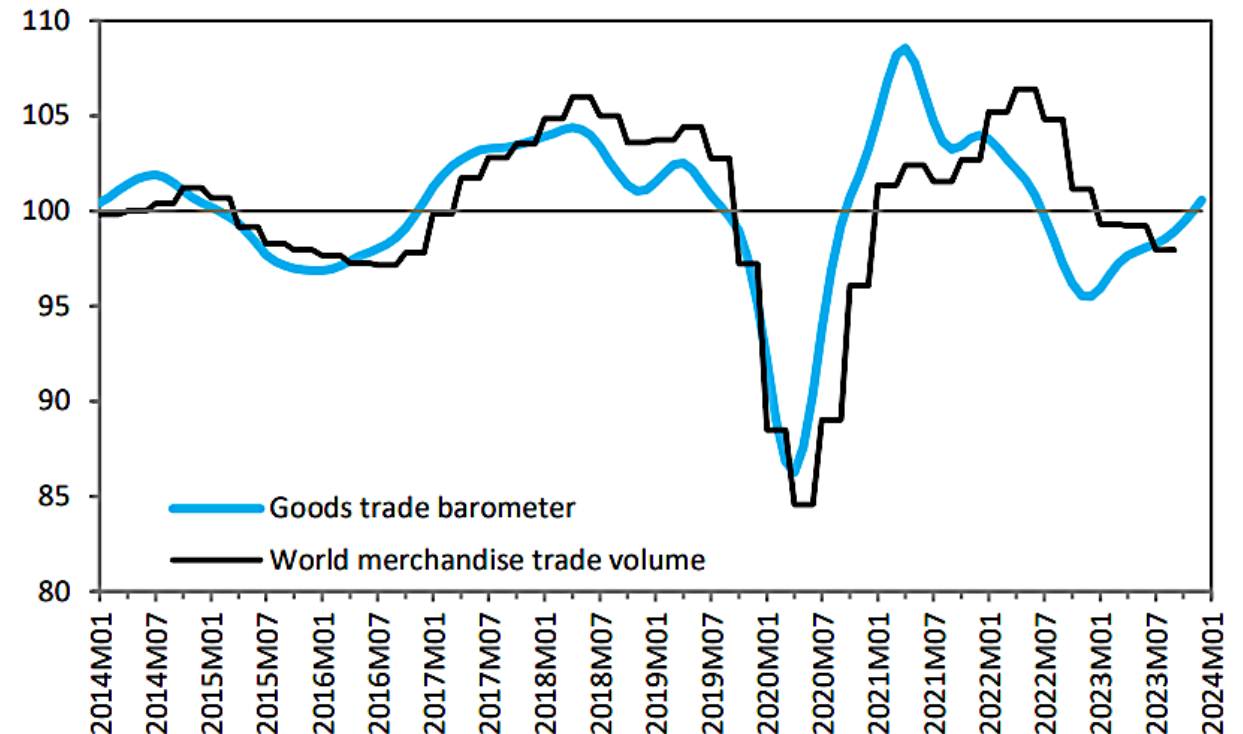
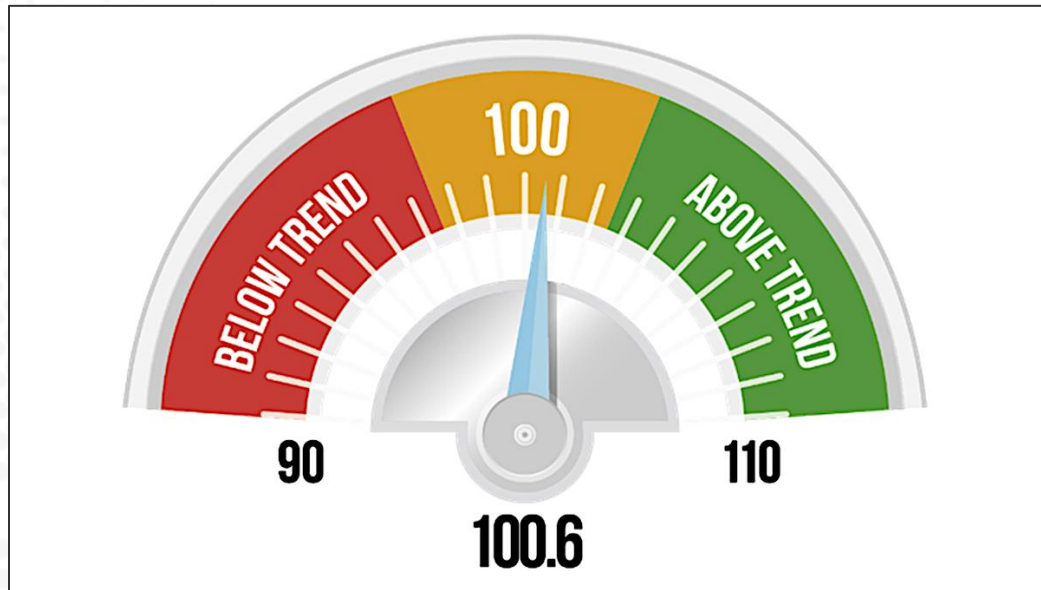
Economic Policy Uncertainty Index: **Turbulence is new normal?**

Global Economic Policy Uncertainty Index

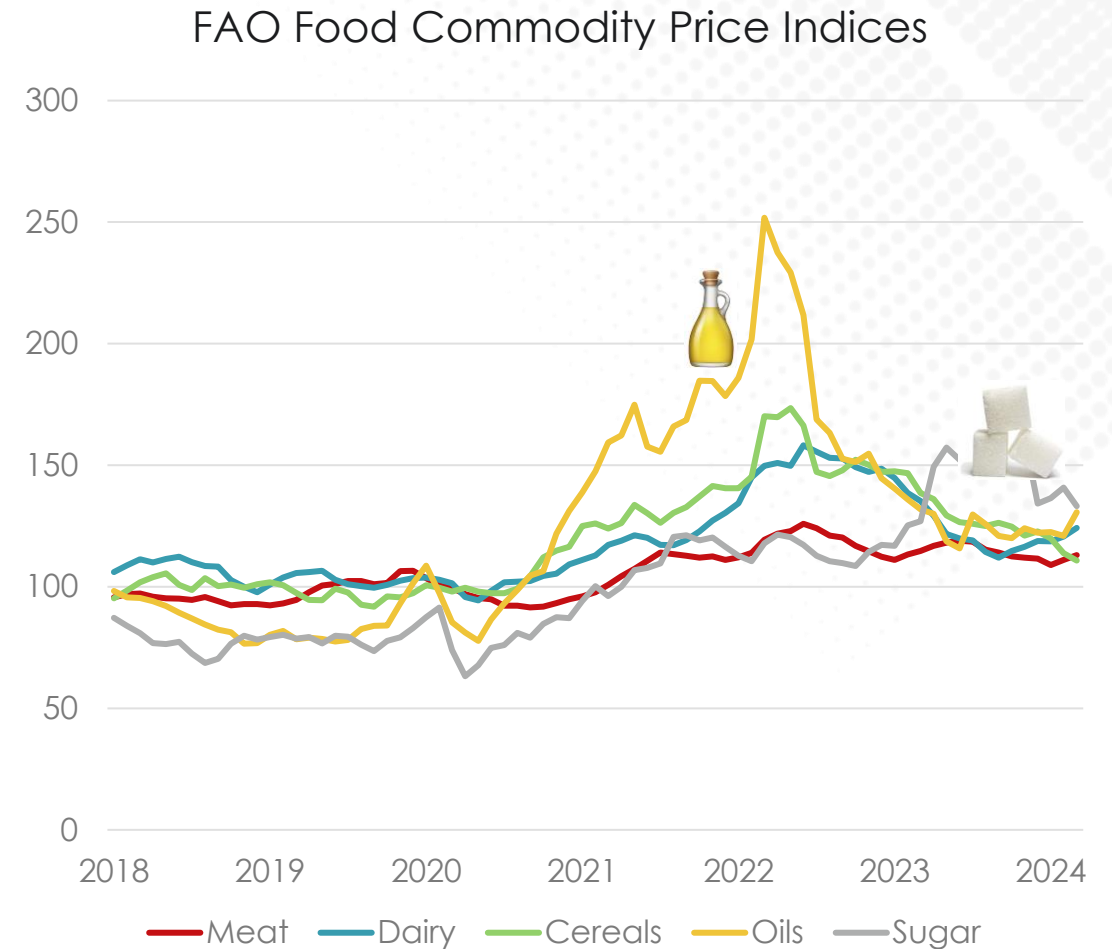
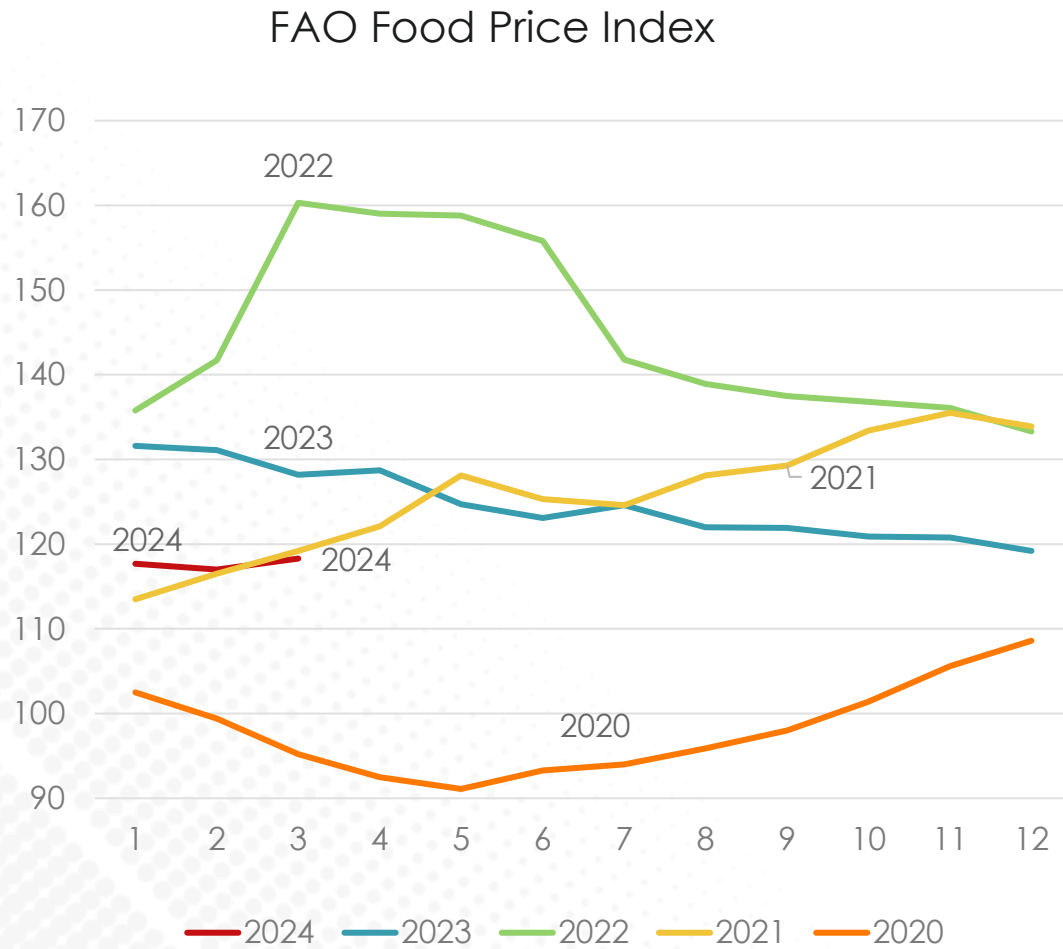


- Economic Policy contributes to higher uncertainty
- Uncertainty is widespread and is up in most countries
- Puts pressure on investments and risks
- Pace of geoeconomic fragmentation is expected to accelerate in 2024
- Geopolitics will stoke volatility in the global economy (87%) and stock markets (80%), increase localization (86%), strengthen geoeconomic blocs (80%) and widen the North-South divide (57%) in 2024-2026.

Goods trade barometer signals weak upward momentum: Growth could be derailed by regional conflicts and geopolitical tensions



Food Price Index eases on the back of cheaper cereals



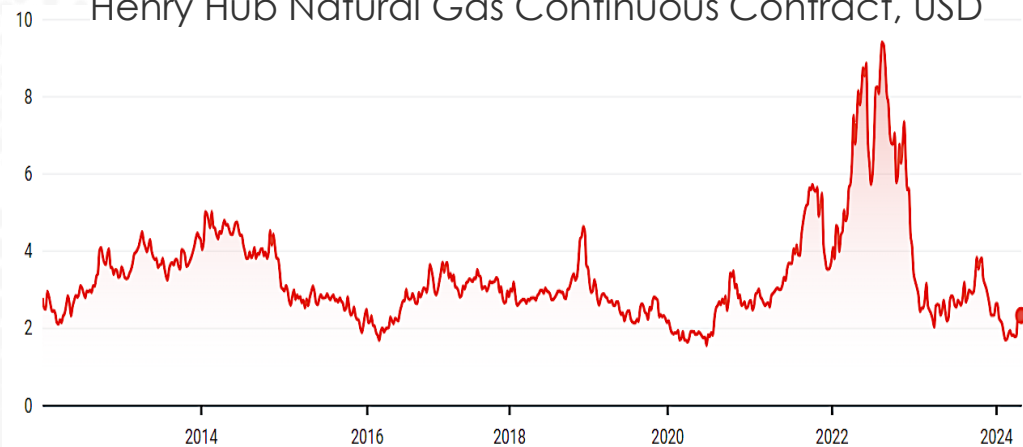


Energy prices ease

Brent Crude Oil, Fin. Futures Continuous Contract, USD



Henry Hub Natural Gas Continuous Contract, USD

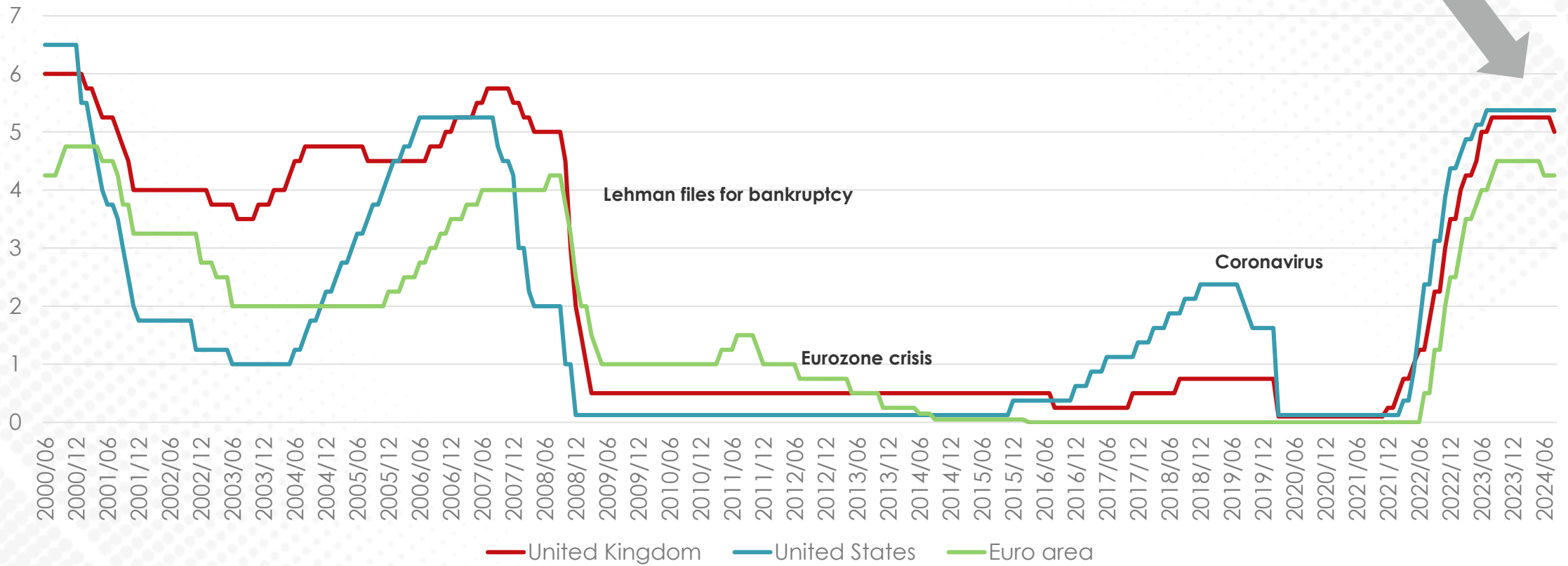


Global Price Energy index, 2016 = 100



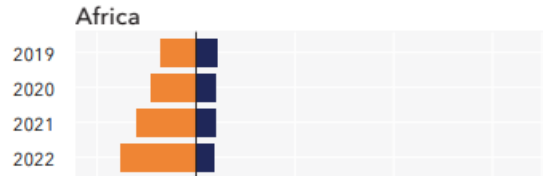
Central Bank interest rates

Central banks' key policy rates, percent



Financial services go digital

Number of transactions per 1,000 adults



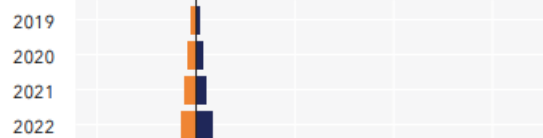
Asia and Pacific



Europe



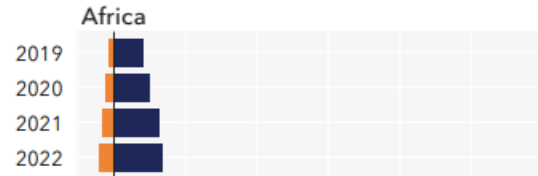
Middle East and Central Asia



Western Hemisphere



Value of transactions (Percent of GDP)



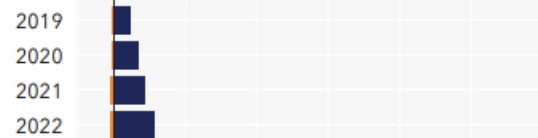
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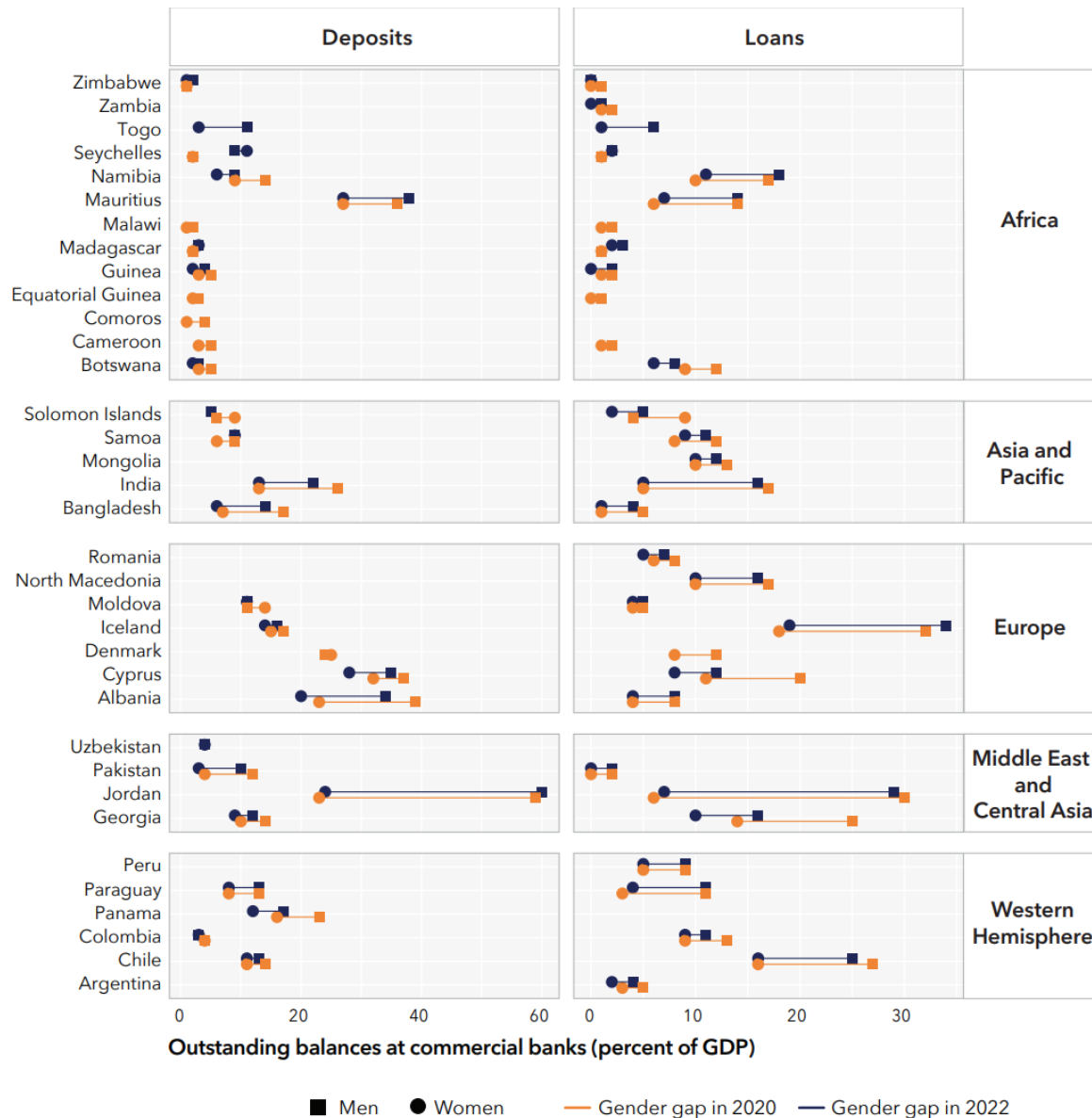
Western Hemisphere



■ Mobile money ■ Mobile and internet banking

- Rapid growth of retail and mobile money agents (x2).
- Decline of traditional financial access points such as ATMs and bank branches (-9%).
- In Africa and Asia strong growth of mobile money transactions per 1,000 adults (28% and 24%).
- Number of transaction increased, but value remained broadly stable.

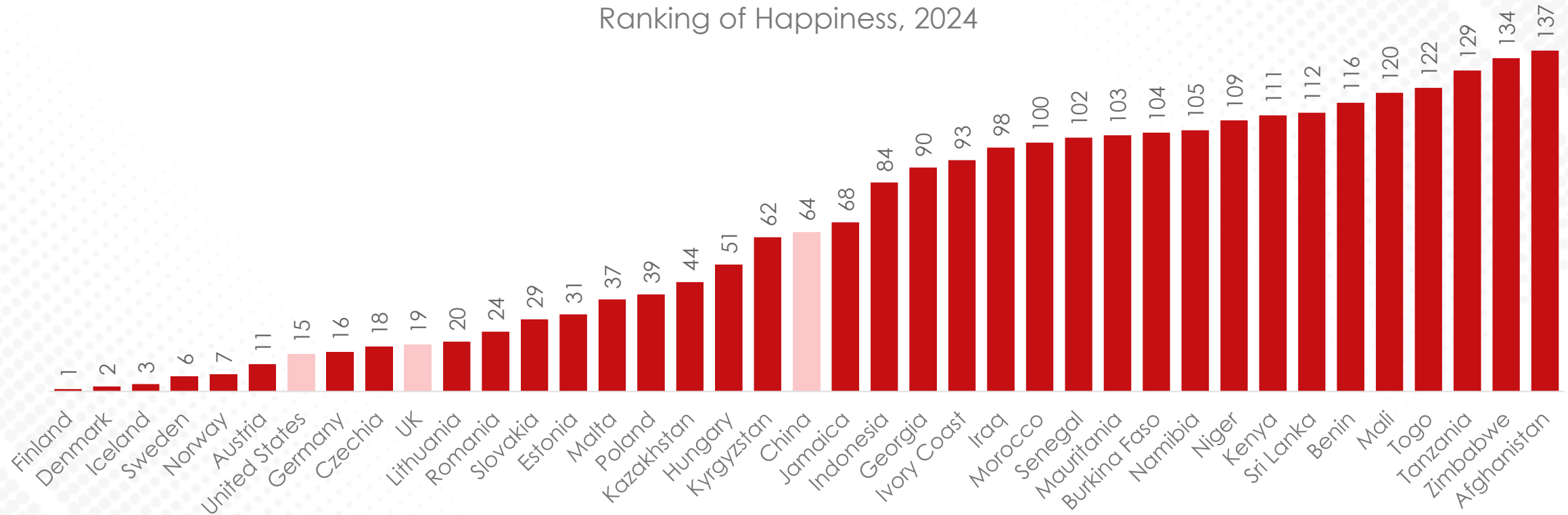
Gender gaps are persistent and require focus



- The gender gap in financial access is persistent, reflecting a number of gender-based barriers, i.e. legal and regulatory constraints, social norms, and lower labor market participation by women.
- Greater gender gap in outstanding loans than deposits
- While some countries saw a slight narrowing in the gender gap, it does not always correspond to improved financial access and use for women.

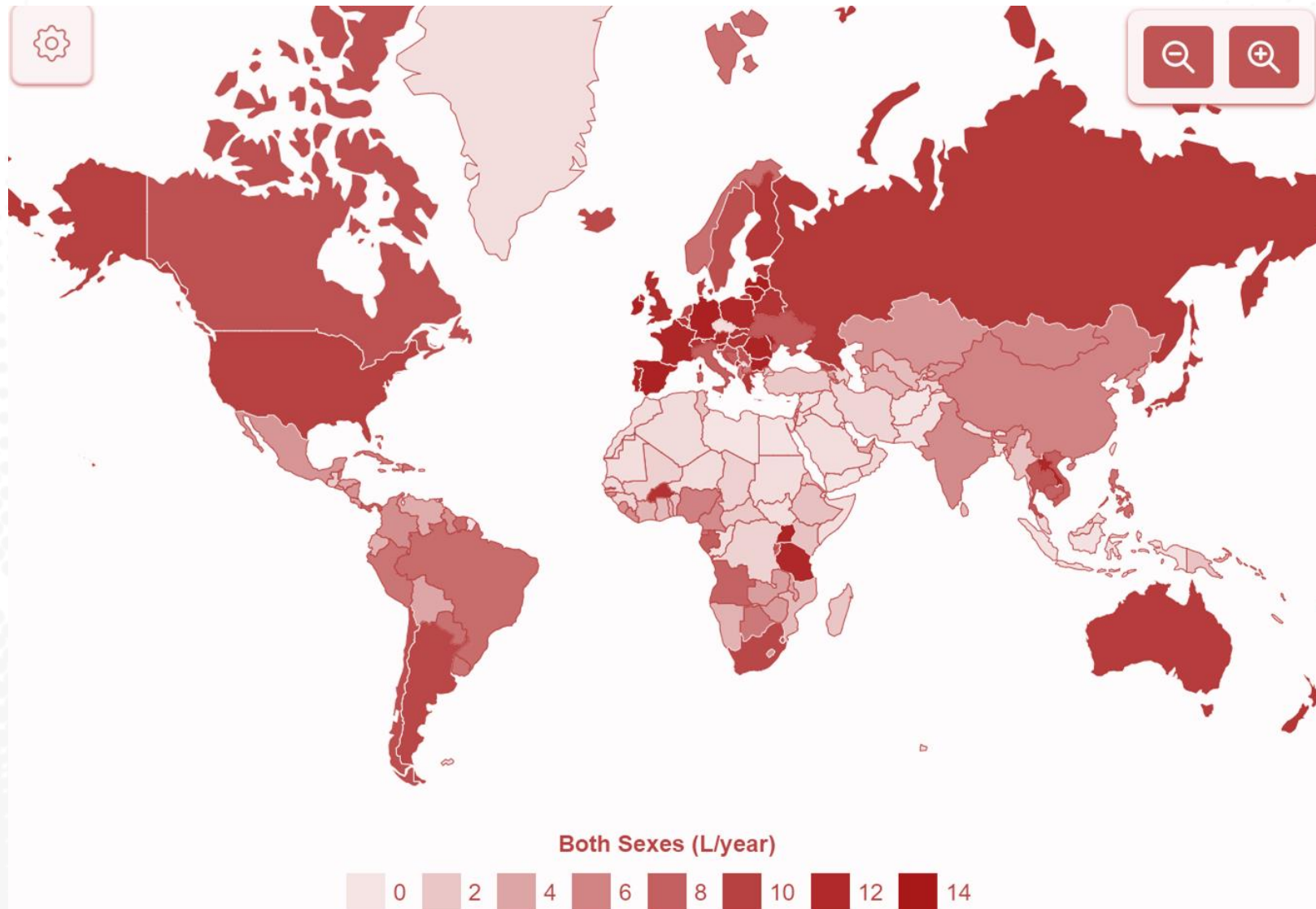
Inequality of happiness has increased in all regions, especially in Sub-Saharan Africa

Ranking of Happiness, 2024



- Happiness fell in South Asia in all age groups, and in North America
- Happiness among the young has fallen sharply in North America (the young are less happy than the old) and in Western Europe.

World's heaviest drinkers



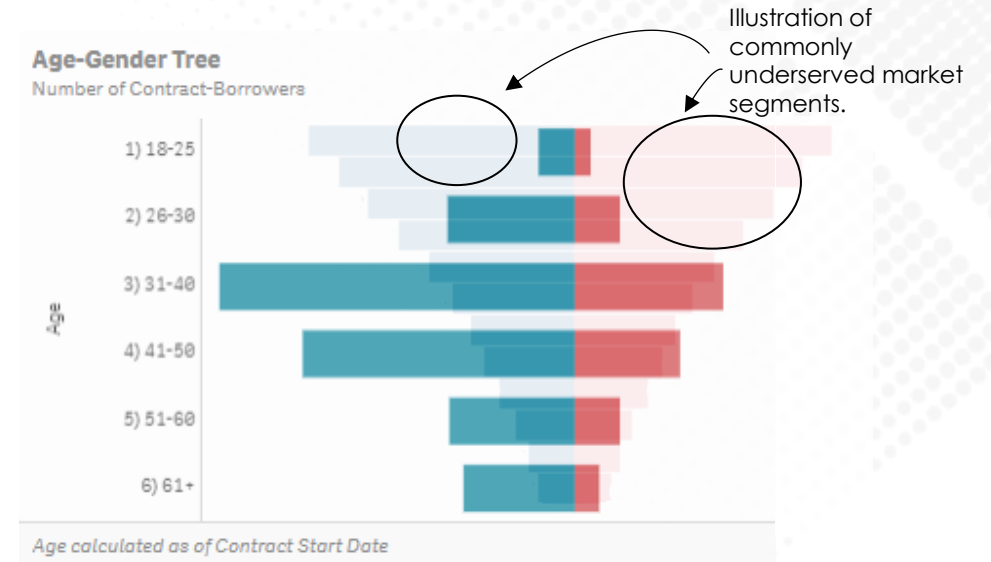
- Europeans are the heaviest drinkers in the world
- Heaviest per Capita – Latvia 13.19, Moldova 12.85, Germany 12.79
- Lightest per Capita – Afghanistan 0.01, Libya 0.03, Yemen 0.03
- Men drink considerably more than women
- Africa – Uganda 12.48, Tanzania 12.04, Burkina Faso 11.05
- South Africa – 9.45



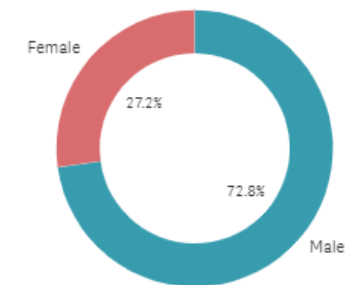
Africa Data Insights

Typical pattern: Gender & age perspective in West Africa

- Both young individuals and females are frequently underbanked.
- This slide shows loan frequencies of customers by age and gender in West Africa.
- Similar trends are noticeable in various other territories, highlighting a **widespread issue**.



Breakdown by Gender
Number of Contract-Borrowers



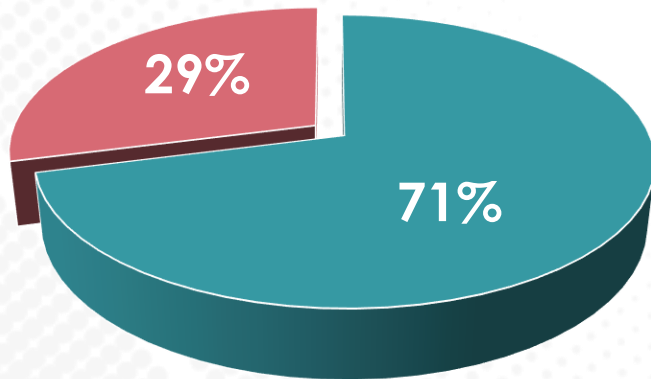
Note; total population pyramid data is only indicative.
Source: pyramid of customers with credit data is driven by CRB Creditinfo data (2023).

Women are often **underbanked**

Distribution of active loans in Credit Bureau by gender:



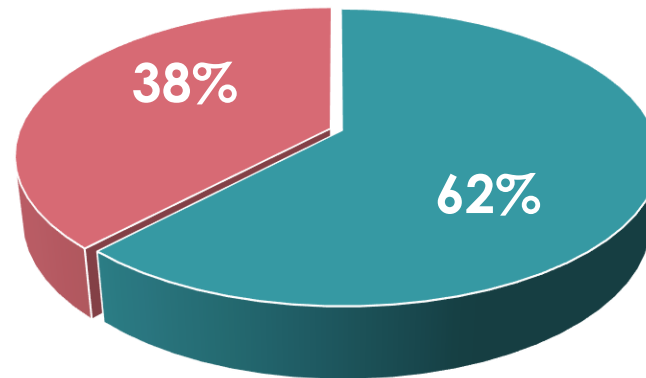
Morocco



■ Males ■ Females



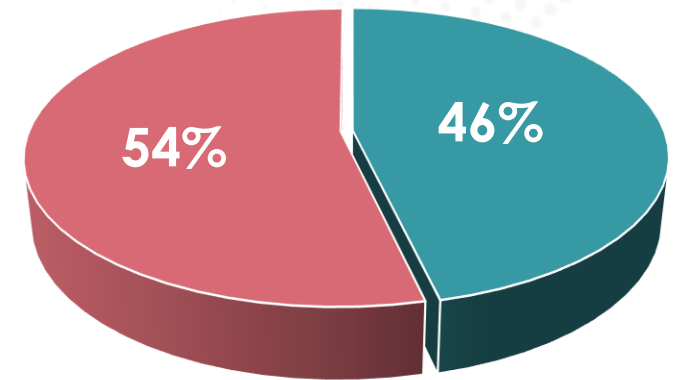
Kenya



■ Males ■ Females



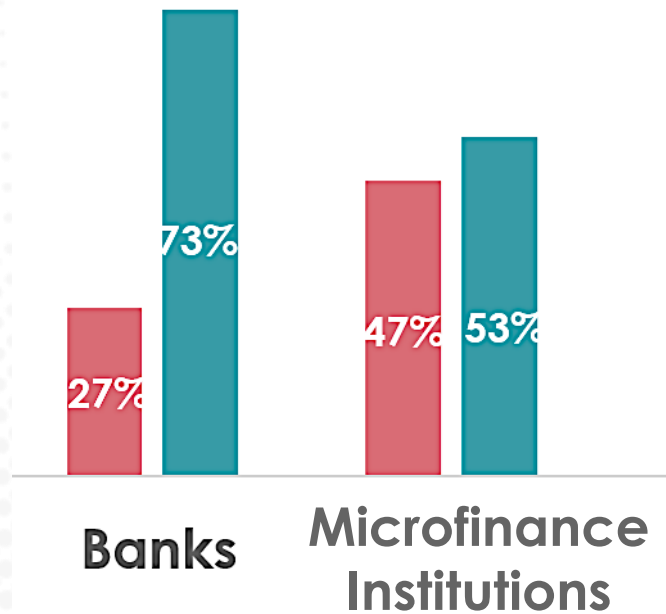
Lithuania



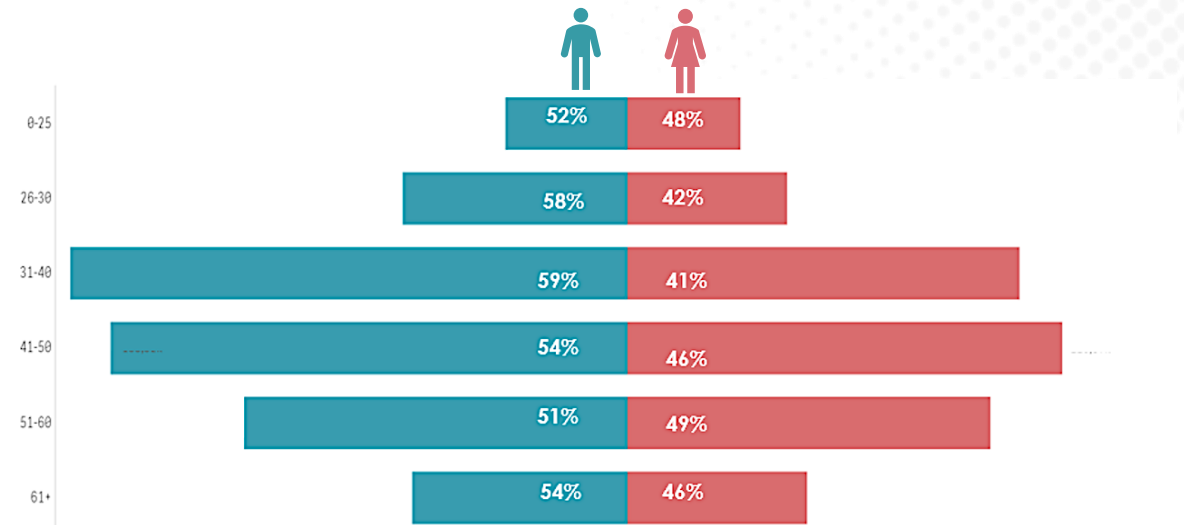
■ Males ■ Females

Disruptors bridging underbanked gap in Morocco

Gender distribution by institution's type:



Loans disbursed by Microfinance Institutions:





Disruptors tap into **underserved segments'** potential

Women consistently demonstrate better payment behavior than men!

Disruptive institutions then stand to gain significantly by tapping into this untapped potential.

30+ days past due rate during first 6 months:



6.7%



9.1%

60+ days past due rate during first 12 months:

8.3%

10.7%



Young Generation - How many had any loan in last 12 months?

Latvia

Kenya

Tanzania

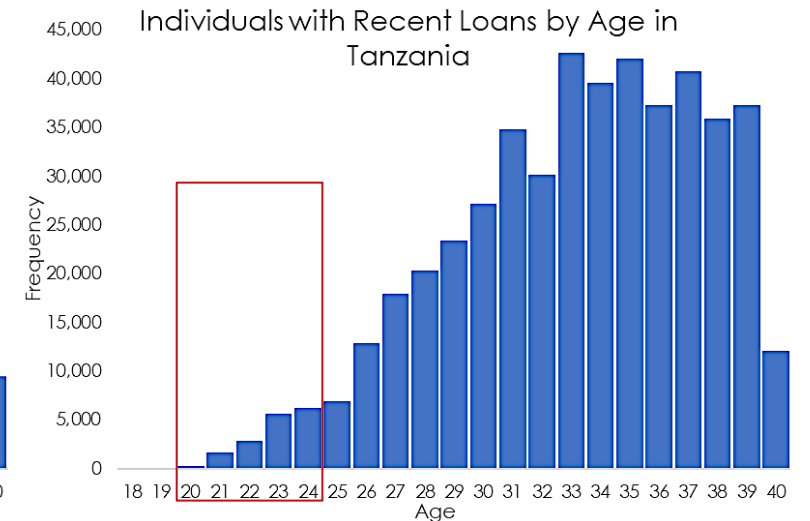
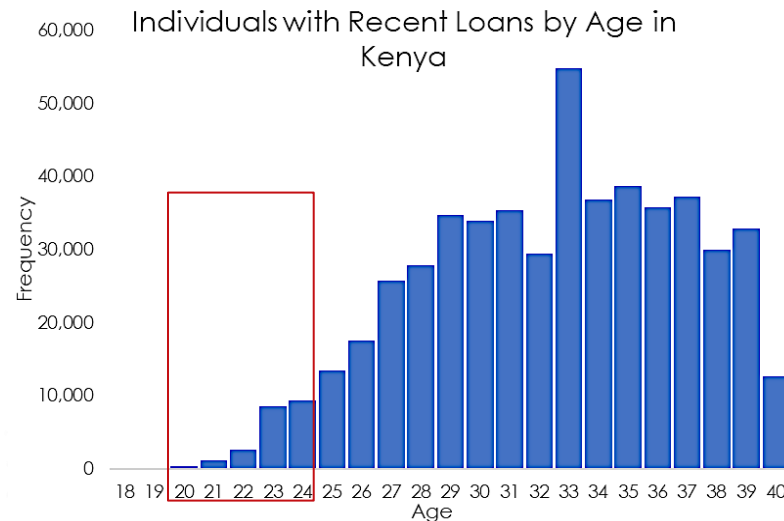
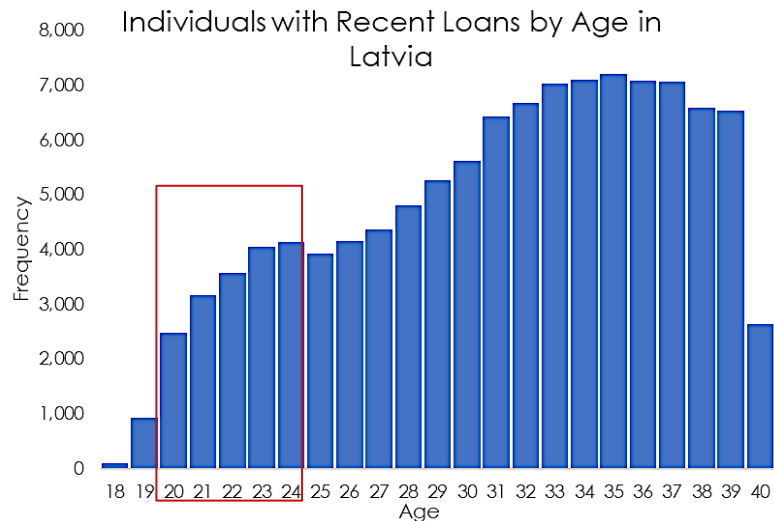
% of 20-24 out of everyone in that age group who received loans of \$200+

20%

0.4%

0.3%

Frequencies of individuals with recent loans by age



Headwinds



- Political fragmentation and shift to the right.
- Geopolitical risks.
- Economic cooling with higher-for longer interest rates.
- Tighter financing conditions and stricter credit standards are expected to weigh on NPL in 2024.
- Sectoral risks and discrepancies will become even more apparent.
- High private and public debt put a drag on growth in selected economies.

Tailwinds



- Lower inflation – key source of optimism.
- Sentiments and private consumption is expected to gradually strengthen in 2024.
- Industrial sector to regain momentum, after weighing negatively on goods exports.
- Foreign trade is expected to rebound in 2024 backing future growth.
- Resilient financial and banking sector provides a bumper for a short-term economic dive.
- Strong labour market will support private consumption – ready to reboot.
- Monetary easing will gradually add to growth in mid- term.

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THANK YOU

