

Old Mutual sees strong customer growth

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London- and JSE-listed insurer Old Mutual grew the number of customers in its operations in the rest of Africa by 590,000 in 2013 as it continues to focus on emerging markets to achieve growth.



Old Mutual expects profits to increase as business in Africa's emerging markets expands. Image:

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The group now had more than 1.9m customers in the rest of Africa, excluding South Africa, it said during the release of its full-year results to December.

Old Mutual would focus on building scale in its West and East Africa businesses, based around the regional hubs of Lagos in Nigeria and Nairobi in Kenya.

The Oceanic life, property and casualty businesses in Nigeria, which it bought last year, was now operational and trading under the Old Mutual brand.

Old Mutual was working on integrating its acquisition of Provident Life Assurance in Ghana into the group.

The group also bought microlender Faulu in Kenya during the year and is awaiting conclusion of the relevant closing conditions on that deal.

African champion

The group had committed R700m out of its R5bn war chest for expansion in the rest of Africa to achieve its goal of becoming Africa's financial services "champion".

The group was now exploring ways to build scale in the markets in which it had a presence.

"Despite the short-term difficulties facing the emerging markets, we are convinced the structural growth drivers of the young, growing population allied to a more stable political environment and growing wealth, driven by natural resources, present a sizeable opportunity for retail financial services," Old Mutual said.

As majority owner of South Africa's fourth-largest bank, Nedbank, Old Mutual had access to the Mozambican market through Nedbank's 36.4% stake in Banco Unico, expected to be completed in the first quarter of this year. Nedbank also had the option to acquire 20% of West African banking player Ecobank.

The group said it was continuing to look for ways in which Old Mutual, Nedbank and short-term insurer Mutual & Federal could work more closely together and create cross-selling opportunities.

This was already happening, with Nedbank's financial planners having delivered gross flows of R4.3bn to Old Mutual South Africa's Retail Affluent division, while Retail Affluent sold R600m of Mutual & Federal's products.

The businesses in South Africa and the rest of Africa form part of Old Mutual's emerging-market business, which grew gross sales by 9% to R165bn during the year. Funds under management for emerging markets grew 16% to R838bn.

Old Mutual had set the target of growing its emerging-market customer base to at least 9m by 2015.

It also aimed to have the profits from the operations in the rest of Africa reach 15% of South Africa's profits by 2015.

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