

Alexander Forbes eyes Africa

Alexander Forbes was "actively looking" for acquisitions in a number of countries including Ghana, Nigeria and Morocco, to expand its emerging markets business after refining its operational clusters and making senior management changes, CEO Andrew Darfoor has said.



Image by 123RF

"We're not looking for big transactions but small bolt-on deals to accelerate our strategy," Darfoor said.

The diversified financial services company is looking at buying pension fund administrators to bolster its institutional clients division, which incorporates retirement administration, consulting and investment solutions businesses. It is also scouting for financial services companies serving corporate entities.

The company has set aside an unspecified war chest for these deals, raised from some of the proceeds of its R753m deal with African Rainbow Capital, which bought a 10% interest in Alexander Forbes's African business, and the Â£75.4m sale of its 60% share in UK actuaries Lane, Clark & Peacock.

"We think there are countries where pension fund reforms are gaining traction. This is an integral part of our future growth story," said Darfoor.

Alexander Forbes has made its operational clusters more client-focused and interwoven, with the institutional cluster dealing

with the administration and retirement elements of serving corporates and the retail cluster serving employees of the corporates as well as capturing new individuals.

Darfoor said the group aimed to buy businesses that expanded its member base, alongside ones that expanded its solutions capability. It would see how quickly it could bring those customers into the retail fold.

Growing margins in the institutional field would "probably be 6%-8%", he said. "The margins we're making in retail are much higher than in institutional, if we capture the full value chain," Darfoor said.

For the six months to September, its latest reported period, the group's retail clients businesses reported an operating margin of 35.6%, compared with 22.9% for institutional clients. The margin measures revenue left over after expenses have been paid.

To capture customers for the retail segment, Alexander Forbes was looking at ways of providing its financial wellness offering to corporates, including expanding its customers at small and medium enterprises.

The company planned "to get back into the boardroom of corporates and then demonstrate how our advice-led approach can lead to better outcomes for their employees, including offering retail solutions", said Darfoor.

"Our financial wellness programme is showing early encouraging signs of working," he said.

A cost-cutting drive had shaved 7% off expenses and was on track to cut a targeted R350m by 2020.

Source: [*Business Day*](#).

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