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MONTHS

How long it took Apple – the American tech giant – to triple its capitalisation to \$3 trillion

# Apple's \$3 trillion valuation is ripe fruit

**REVIEW**

**RICHARD BEALES**  
Reuters Breakingviews

Apple has raced to a \$3 trillion market value from \$1 trillion in just 41 months. Despite that surge and significant risks, the technology giant run by Tim Cook can continue to evade the law of large numbers. No public company has ever been as big as the iPhone maker, which now accounts for seven percent of the S&P 500 Index. After Microsoft caught up a

few months ago, Apple pulled ahead again easily. Google owner Alphabet tips the scales at less than \$2 trillion, as do oil behemoth Saudi Aramco and e-commerce pacesetter Amazon.com. Apple's revenue, \$366 billion in the most recent fiscal year, is in the same ballpark as the GDP of Israel or Hong Kong. The company returned nearly \$200 billion to investors through share buybacks and dividends last year, more than the entire market value of any but the top 40 or so groups in the S&P 500. For more than a decade leading up to 2019, the company's shares typically traded at a price-

to-earnings ratio discount to the broader market. That's no longer the case, but today's stock price doesn't look badly overstretched. At roughly 30 times earnings, it's only a little richer than the S&P 500 overall. An enterprise value of about eight times revenue makes Apple cheaper than, say, Microsoft. Adjusting for one year's forecast growth, per Refinitiv, provides the only hint that Cook has his work cut out: A higher price-earnings-to-growth or PEG ratio suggests more demanding expectations for Apple than for most other tech giants.

There are threats to the hefty percentage that Apple extracts from app developers like Epic Games, which is challenging Cook's company in court. Those income streams matter for top-line growth. Still, after a decade at the helm, Cook has capitalised on the crown-jewel smartphone created by his predecessor, Steve Jobs. Apple's financial results have surprised doubters. Microsoft, for one, may be surfing surer technology waves. But it would ignore the lessons of recent years to count Apple out. Next stop \$4 trillion?

**ECONOMY**

## Making electronic money water-tight in the digital age

**E-MONEY**

**JOSÉ GARRIDO & JAN NOLTE**  
Senior Counsel and senior financial sector expert at IMF

Digital forms of money—including central bank digital currencies, privately issued stable coins, and e-money—continue to evolve and find new ways to become more integral in people's day-to-day lives.

Customers exchange regular money into e-money, which they can use to pay through an app. Compared to other recently developed forms of digital money, such as stablecoins, e-money has been around for some time and its customer base continues to rapidly increase.

**E-money is already a vital part of daily life for billions of people, especially in developing countries**

Unlike most privately issued stablecoins, e-money operates in a regulated framework.

For regulators and supervisors charged with protecting consumers and ensuring a level playing field for all financial intermediaries, keeping pace with new developments can be challenging.

Regulators and supervisors need to consider how to best protect customers from the failure of (potentially systemic) e-money issuers, including preventing the loss of their funds.

We can think of e-money as an electronic store of monetary value on a prepaid card or an electronic device, often a mobile phone, that may be widely used for making payments.

The stored value also represents an enforceable claim against the e-money issuer, by which its customers can demand at any time to be repaid the funds they used to purchase e-money.

E-money is already a vital part of daily life for billions

of people, especially in many developing countries, where many lack access to the banking system.

It is estimated, for instance, that two-thirds of the combined adult population of Kenya (where M-Pesa has reached a high degree of market penetration), Rwanda, Tanzania, and Uganda use e-money regularly.

Many of these people do not have bank accounts or other access to the formal financial system, so they store significant shares of their disposable funds in e-money wallets and access them using mobile phones or computers.

With the growing importance of e-money issuers, a comprehensive, robust framework for regulation and safeguarding customer funds is critical. Issuers should be subject to proportionate prudential regulatory requirements.

For example, they should establish operational risk governance and management systems to identify and limit risks. They should also be prohibited from retail lending. And, rules should be put in place governing how issuers disclose fees, protect consumer data, and handle complaints.

**TAKING SHAPE**

One of the most important regulatory measures identified in our paper is that to protect customers' money, all e-money issuers need to implement mechanisms to safekeep and segregate those funds.

As with many issues in the fintech sphere, best practices are still taking shape, making policy decisions challenging.

However, the pandemic has only increased the importance of prudent e-money frameworks, as the number of online transactions and e-money's growth has accelerated.

For regulators and supervisors, the time for action is now.

**@ Letters**

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## Restoring balance of nature in construction

Across the globe, cement and concrete products drive major economies, and the need for the products has consistently increased over the years as the population and demand for permanent infrastructure increases.

The biggest challenge for cement producers has been to strike a balance between producing the second most consumed product and conserving biodiversity. Cement manufacturing industries account for a major part in degradation of natural habitat and loss of biodiversity because of the sourcing of the raw materials and emission into the atmosphere during the production.

Loss of biodiversity due to human actions, significantly leads to the inability of nature to deliver sustainable ecosystem goods and services, leading to compromised livelihoods and human wellbeing.

Zoonotic diseases and infections are rising and are majorly being associated with collapsing ecosystems. Governments are allocating huge budgets on treatments while ecosystems continue to shrink and problems grow.

This dilemma and increased climate concerns have led conservationists and environmental activists to call out cement producers to reduce their carbon footprint and degradation of natural habitats.

Cement manufacturing companies account for eight percent of global carbon emissions contributing to the earth's tempera-



Cement makers account for a major part in degradation of natural habitat.

ture rise by 1.5 degrees Celsius over the past century. The temperatures are predicted to rise even more if the trend doesn't change.

The sea is also rising and becoming acidic and biodiversity is lost while the remnant species are struggling to adapt to the harsh environmental conditions. Some animal species, micro-organisms, and plants have been declared extinct while some are tagged as endangered and generally the planet is getting less wild as days go by.

Decline in species diversity negatively impacts the food chain causing a shaky balance of an ecosystem due to missing links and structures for important ecosystem functions useful in sustaining ecosystem services.

President Uhuru Kenyatta declared the ongoing drought in arid and semi-arid areas as a national disaster, indicating the magnitude of climate change.

Other than cement manufacturers emitting CO2, they clear forests and bushes to pave the way for the extraction of raw materials, eliminating the best naturally known solution for excess CO2 in the atmosphere.

**NATURAL SINKS**

Forests and affiliated subsystems are known natural carbon sinks working silently to ensure that humans have clean air. At the COP26 Summit, United Nations boss Antonio Guterres pointed out that 50 percent of the total climate finance should be committed to ecosystem-based adaptation as a strategy to tackle climate change.

At the moment, only five percent of the global finance on climate change goes to nature-based environmental conservation, which is low considering the big part played by nature in absorbing CO2.

For the acknowledgment of

the impending danger to our natural habitat, we must strive to conserve our biodiversity.

Kenya is among the most naturally endowed countries in the world with diverse habitats and ecosystems with admirable biodiversity resources.

Despite the sector being affected by Covid-19, it still contributed Sh37 billion in revenue to the country in 2020. For the longest time, the industry has been negatively affected by poaching, encroachment, and environmental pollution from manufacturing industries, which have reduced the number of tourist attractions.

Mau Forest has also been under debate for the longest time and even politicised as human activities get deeper and deeper into the natural resource.

In May 2021, the United Nations Systems Chief Executives Board of Coordination endorsed a common approach to integrating biodiversity and nature-based solutions for sustainable development.

In the same approach, Bamburi has sustained quarry rehabilitation efforts and ecosystem development momentum to enhance ecosystem services.

Rehabilitation of quarries, ecosystem development and biodiversity conservation is an environmental sustainability commitment and should be adopted by cement producers.

**Albert Musando**, Restoration, education and ecosystems manager at Lafarge Eco Systems, the environmental arm of Bamburi Cement