CAB Payments Holdings plc
Trading Update Analyst and Investor Call Transcript

Date: Tuesday, October 24, 2023

Time: 2:00 PM BST

Speakers:

Bhairav Trivedi
Chief Executive Officer

Richard Hallett
Chief Financial Officer

Operator:
Welcome to the CAB Payments Trading Update for Analysts and Investors.

As a reminder, all participants are in listen-only mode and the conference is being recorded. After the presentation, there will be an opportunity to ask questions. To join the question queue, you may press star, then one on your telephone keypad. Should you need assistance during the conference call, you may signal an Operator by pressing star, then zero.

I would now like to turn the conference over to Bhairav Trivedi, CEO of CAB Payments. Please go ahead.

Bhairav Trivedi:
Thank you. Good morning, all, and thank you for dialling in today. I am Bhairav Trivedi, the Chief Executive Officer of CAB Payments. I'll say a few words, and then open this up to questions and answers.

This morning, we released an update on Q3 and on current trading, and, in particular, noting circumstance in two of our key currency corridors, which are creating weakness at present.

Q3 was a sequential improvement on Q2, 10% ahead, with year-to-date revenue at the end of September coming in at £105.5 million. This was 56% ahead of the prior year. Within this, core FX and payments, excluding Naira, was 45% ahead. However, trading in October has weakened following central bank actions around two of our key corridors, the Central African franc and West African franc. These interventions broadly have sought to ensure activity in these currencies is more closely controlled and carried out directly only with banks within each respective region. This has the effect of compressing margins, and the uncertainty it has created has impacted volumes.

Not only are these two of our top three emerging market corridors, but we would have expected the usual seasonal shift here in Q4, so the impact is magnified. We do not know at this stage how this will play out. Historically, this sort of intervention has tended to constrain currency flows where they are much needed and been adjusted or reversed over time, but we must forecast this year and into early next year, and what we can see on this basis we have adjusted our forecast. We now expect revenue for 2023 to be ahead of 2022 by at least 20%, but recognize this is around 17% fall from our previous guidance.

We will seek to take some cost actions, but these will be small. There is, of course, some natural impact on variable remunerations, and we look for efficiencies elsewhere, but we will not do anything that will damage the longer-term prospects of the business. We remain confident about our direction of travel. We have indicated that if these conditions do persist into 2024, the growth rate in the year could also be below our medium-term potential.

This is disappointing, but before I throw it open to questions, let me just say, this does not impact our belief in the prospects of CAB Payments. Dislocations in markets are not rare, and we have navigated them very effectively before, and I believe we will do so again. The market in which the Company operates is undergoing a structural shift from incumbent providers to specialists such as CAB Payments. Our strategy is clear. We are executing on our plans to take advantage of this shift by investing in and expanding its already strong network of partners, liquidity providers, and nostro accounts across a range of markets. This includes further developing our technology solutions, expanding our product offering, and extending our geographic reach in order to broaden and grow our customer base.

There are also a range of initiatives which provide significant growth opportunities in the coming years. These include regulatory licence application in the Netherlands, which will open up a substantial new sales channel across the EU; a U.S. representative office licence, which will enable sales to the very deep national and regional bank market; significant technology upgrades, which would enable an expansion of the Company's capabilities and product set, substantially increasing commercial opportunities; and the longer-term potential to become a U.S. dollar clearing institution, which could greatly increase volumes into emerging markets.

While we are disappointed with this update, we remain confident that the trends within the business-to-business cross-border FX and payments market continue to be supportive. The Company has a well-managed cost base and focused investment plans. It remains highly profitable and continues to generate significant free cash flow, which will be used to invest in the business and reward shareholders going forward.

I'm going to stop here now and open it up to questions. Thank you.

Operator:
Thank you. We'll now begin the question-and-answer session. To join the question queue, you may press star, then one on your telephone keypad. You'll hear a tone acknowledging your request. If you're using a speakerphone, please pick up your handset before pressing any keys. To withdraw your question, please press star, then two. We'll pause for a moment as callers join the queue.

Our first question is from James Goodman with Barclays. Please go ahead.

James Goodman:
Good morning. Thank you. I think I've got three key questions. Maybe we'll just do them one by one. The first one is can you tell us how much, please, XAF and XOF were last year exactly? I think I've got listed about £10 million to £15 million, but it would be helpful to know exactly how much, and then looking—this is still part of the same question, but looking at this year's downgrade to the expected guidance for this year, I think it's £27 million or so implied mechanically, is that all XAF and XOF, or are there other currencies in there as well, and if it's all XAF and XOF, why was the budget for such a large increase in revenue from those currencies?

Bhairav Trivedi:
Sure. Richard, would you?

Richard Hallett:
Yes, so, James, good morning. This is Richard Hallett here. XAF and XOF in 2022 were approximately £16 million for the full year, and it has been a key corridor for us. Obviously, we have talked extensively about Naira. We believe that Naira is probably our largest corridor, albeit with the backdrop of everything we've discussed around the long dislocation that we saw for the previous 18 months, so Naira is about 7% of our revenue or thereabouts and XOF and XAF are in the 5% to 6% range, as I said, combined there, around about £16 million. We are a market leader in that space, and whilst the headline is that it's a meaningful contributor to our revenue base, it is single digits contribution.

Now, in terms of what we had planned for this year, we had planned for, as I explained at the half year in some detail, and there is obviously seasonality associated with our business, particularly as we get into Q4 and particularly around remittance companies and holiday activity, but also around the IDOs and their general clear-out of their budgets in the use it or lose it type philosophy that we've seen historically, and there is a expectation with—we have on-boarded 74 new customers this year, that there would be a meaningful contribution from XAF and XOF.

In terms of other movements, these are by far the biggest contributors. As we have said previously, we see dislocations on a frequent basis, some of which are headwinds, some of which are tailwinds. They typically tend to be shorter-lived. Obviously, Naira was a massive exception to that in terms of duration, but we believe that at this juncture it’s appropriate not to signal the end of this current intervention. We have no line of sight as to when this will resolve itself, and I think it would be misleading to speculate on that front, so let me just pause there, James. I hope I’ve got to the nub of your question there.

James Goodman:
Yes, yes, you did. Thank you for the disclosure and also for the clarification that it is essentially just XAF and XOF shortfall versus budget. The second question is can you also disclose how much revenue in the nine months year-to-date you’ve seen separately, so individually from Naira, XAF, and XOF, and the question there is as we look to FY ’24, and you’ve made some comment there about your growth expectations, but how much Naira, XAF, and XOF revenue is there this year that we potentially, if these headwinds continue, need to offset before we get to growth from other currencies in ’24?

Richard Hallett:
Yes, so again, James, I think it’s important to point out sometimes these interventions can reverse fairly quickly. We just don’t know at this stage. Equally, we have a track record of being innovative in terms of servicing our customers’ demands for flows in these currencies, and so obviously the Management team and the wider organization are working extensively at the moment to look through as to what solutions we can bring to bear on this matter.

Now, to answer your question specifically, from a Nigerian Naira point of view for the nine months to September, it was around about £16 million. For XAF, it was around about—a little bit above £8.5 million, and for XOF, it was a little bit over £10 million, and we have revised our forecast down for the implied outcome for this year, and in terms of Q4, the implication for Q4, we think we will earn in and around—somewhere between £1 million and £2 million on Naira for the remainder of the year, i.e., for fourth quarter. For XAF, we are predicting a very small number here with the margin erosion until we have line of sight to something more positive, and so we’re saying that will be £200,000 to £300,000 over the remaining quarter, and XOF, whilst there is some activity going on, and as you, I think, alluded to, that's more of a restriction of flows by certain players into the XOF region, we're downplaying that to around about £3.3 million for the remaining quarter. Does that answer your question, James?

James Goodman:
Yes. Thank you for the disclosure there as well, and so the final question is just a bit more of a general question around what you'll do with costs in '24, and I guess what you're saying today on the margin outlook. Clearly, we had the medium-term margin. We've had a significant re-basing low in the implied margin for '23. You've been pretty clear that you're not making huge changes to the cost base this year, and therefore, mechanical effects in '23 are fairly clear, but can you talk a little bit about the range of outcomes on costs for '24, and therefore, what you think might happen to the margins in the coming couple of years?

Richard Hallett:
James, obviously, we're looking at this real time, and we probably need a little bit more time to understand, one, the duration of this impact, and therefore, what the ramifications might be for 2024. I would ask that—we will give an update as we get towards the end of the year, I think addressing this kind of question, but what I would say, in broader context, is that we are a high-growth business and we are investing for the future, and I think our shareholding community would want to see that. Clearly, where we have headwinds, and we believe those are going to be persistent, then we will revise and scrutinize discretionary spend, but I think it would be premature at this stage, James, to say otherwise.

As a reminder, we do have—and I've said this before, we have a strong culture of cost containment, and let me remind you, in any given year and any budget that we set ourselves, we typically gate it around achieving certain milestones when it comes to revenue, and we've got a track record of slowing costs up in the gating sense if we're falling behind, so that is tried and tested as a Management team. I don't see that changing, but I can't give you any more specifics at this juncture, if that's okay.

James Goodman:
No, that's understandable. Okay, thanks.

Operator:
The next question is from Portia Patel with Canaccord. Please go ahead.

Portia Patel:
Thank you very much, and thank you for the disclosure on the Q4 split by currency. I just wanted if you could provide some more detail on the Q4 outlook, the split in terms of the shortfall between volume and margin. How much is volume impact and how much is margin compression? Just any discussion around that would be very helpful, and secondly, interested to know how much visibility did you have with respect to the central bank restrictions, and are there any other currency corridors we should be aware of in the same regard?

Richard Hallett:
Okay, so Portia, I recognize that this community is asked questions on volume and rate historically, and we're well-publicized in why we've been less than completely transparent. It's not a lack of transparency. It's just a lack of helpfulness in delving into some of the volumes and rates. What I can say is there is a combination here of both volume and rates impacting, so if we look at XAF in particular, if we are—the market is being encouraged to deal directly with XAF's local banks, and therefore, what that means in the near term is our margins compress to a very, very low number, bordering on naught while we figure out how we service our customers. When it comes to XOF, as an example, to be emblematic of it's both a combination of rate and margin, we have seen directives where our remittance customers, for example, have been told to directly deal with local banks. Now, whether they can or not remains to be seen, but the point is that is impacting our volumes, so those are two examples of why it is both.

Bhairav Trivedi:
Yes, and Portia, let me add a little more clarity on that piece. I think if you think about it, when margins disappear, the natural tendency is to say we won't pitch for that business, but we've noticed in the past that these margins moving away tends to be temporary, and what happens is if you don't pitch for the business, you lose out when the margins come back in because they're now using someone else, so to that extent, we are trying to maintain our volumes even if the margins are nonexistent on a temporary basis so that as and when the margins climb back up, we will make sure those volumes flow through us.

Richard Hallett:
Yes, it's really important, we believe, with our customers to become a good habit. By that I mean that we're front and centre servicing them come what may, so I think that underpins the remarks that Bhairav has made here.

Bhairav Trivedi:

Yes, and then in regard to your second question on could we have foreseen this, this is actually something that did come right out of the blue. Central banks don't typically announce in advance that they're going to come out with some changes. They just make the changes and then they let the market know, and that is why this came up. If you see right through until the end of September, we were tracking okay with everything else, and then this came out of the blue.

Richard Hallett:

Yes, so again, emblematically, the story around XAF in particular emerged late during last week, and we have been responding and figuring out what impact that would have on us. The impact is not always immediately obvious. We've seen that in other channels before in terms of Naira as well, so we have responded very, very quickly to this emerging information. Now, I think it's also important to point out that we're not predicting when we will emerge from these disruptions, but to the extent that we do emerge from those disruptions before the end of the year and normal business resumes to contribute above our base growth that we have communicated this morning and on this call, then obviously, we will be obliged to come and talk to this community again.

Portia Patel:

Thank you very much.

Operator:

The next question is from Nick Anderson with Liberum. Please go ahead.

Nick Anderson:

Morning. Thanks very much for taking the questions. I just had two, and apologies if it's going over the same ground. Just trying to understand mechanically what happened. The first question is exactly what happened in the XAF/XOF region? Is this any way related to the defaults and the various coups that has happened in some of those countries there? Did that influence the central bank policy, or is this something that the central bank has decided independently and come to that conclusion, and then the second question, again, just really tying back to James' questions on the math of it, if I look at the implied 4Q number for last year, I think it's about £42 million. The implied number with your guidance for this fourth quarter is about, let's just say roughly £25 million, £26 million, so that sequentially is quite a big drop, and you've also got much higher NII in there, so I'm just trying to understand is this just the avoidance about purely XAF itself, and sounds like Naira as well, or is there anything else that's caused you to lower the guidance for that quarter? Thank you.

Bhairav Trivedi:
Sure, so Nick, let me answer the first part of the question and then I'll hand it over to Richard to answer the second part of the question. This doesn't have anything to do with local coups or anything that might have happened in specific geographies. If we think about XOF, XOF tends to be across eight countries and XAF is across six countries in Central Africa and XOF is across Western Africa. They tend to have a single set of regulations that cover all of the geographies, so nothing to do on the political side. This tends to happen on a periodic basis when the countries decides, or the central bank, rather, decides that they want to manage liquidity better within their geographies, and that's what happens. We tend to see this stay around for a little while and then gradually fall away as liquidity dries up because people are not rushing to move currencies into the local markets, so while I do believe that this will revert back to normal, the timing is difficult to predict. As you've seen in the past, we've had interventions that have lasted for a very short term all the way to Nigerian Naira, which was a beneficial intervention and lasted for almost 18 months, so it's difficult to really say on that one.

Richard, do you want to take the second part?

Richard Hallett:
Yes, so Nick, there's always—you might imagine that I and my team, we're monitoring at a very granular level, and the vast, vast majority of the impact is associated with the currency corridors we're talking about today, so XAF and XOF in particular. Naira, we already had at a low base given the commentary we gave earlier on, the uncertainty with both the presidential elections, the interim central bank governor, and now we've got a newly recently-announced permanent central bank governor. We have revised down on Naira a little bit further still, albeit that is from a low base, so it is the vast majority of the headwind we're seeing here.

What I would say is also, again, we do see dislocations all the time, both as tailwinds and headwinds. We've had a relatively pronounced intervention in Kenyan shilling during the course of this year, but that was a thin margin business in any event. It is quite a developed market, but we've also had tailwinds associated with a dislocation in Tanzanian shilling. I think I may have mentioned this in the September update, and we see that persisting. We try to take a conservative view on all of these channels, and clearly, we're coming today with a 17% discount to where we were previously. We are hoping that that will be higher, but to answer your question directly, it really is around currency corridors.

We have an ambitious plan to onboard new customers this year. As I said earlier, I think to James' question, we've on-boarded 74 new customers this year. The ramp up those, in places, it can be—we've seen a little bit of slowness in terms of the ramp up, but actually, there's good reason for that, so whilst we don't talk about names, there is obviously one name that was announced very publicly this year, and whilst that major market bank typically would look to trade pretty quickly on a treasury back-to-back basis, the business model here is actually to have them API directly into our payments platform, and so it's a watch and see. We think it's going in the right direction, but clearly, we have a range of things that we're monitoring. Yes, we're monitoring.

Nick Anderson:
Then just, apology, if I can just follow up on both of those, and Bhairav, thank you for the clarifications, but you talked about central banks making these changes in order to manage liquidity, so had liquidity in their greater region been impacted by the political events, or if not, what did cause those liquidity impacts? Then secondly, Richard, just dialling back, you said the downgrade, the vast majority is XAF, XOF, and Naira, so by implication there's a little bit of weakness elsewhere? Are you able to share any colour on that as well, please? Thank you.

Richard Hallett:
Well, let me answer that first question—that second question first, James. It is the vast majority, and we have opportunities as well that we're monitoring as well, so I think for the purpose of this conversation, let's centre around the currency corridors in particular. I think anything else would be spurious accuracy.

Nick Anderson:
Okay. Thank you.

Richard Hallett:
In terms of...

Operator:
The next question is from...

Richard Hallett:

Sorry, can you—go ahead.

Operator:

Pardon me. Please go ahead.

Bhairav Trivedi:

No, Gaylene, go ahead. Next question.

Operator:

Thank you. All right. The next question is from Sandeep Deshpande with JP Morgan. Please go ahead.

Sandeep Deshpande:

Hello? Hello?

Bhairav Trivedi:

Hi, Sandeep.

Sandeep Deshpande:

Yes. Hi. Sorry. My question is how long have you—you've seen these sort of events occur before. How long has it taken to resolve this in the past? That's my first question, and I have a follow-up regarding your margin position. You've said on the release that you will see the full impact of the revenue on the margin, so should we effectively expect your margin will be at approximately last year's level given that three quarters is already known?

Bhairav Trivedi:

Sure, so let me answer the first part of the question and Richard can take the second part of the question. Sandeep, as we mentioned a little earlier, it is very difficult to say how long these interventions take because it is out of our control, and which is the only reason why we are reporting this to the market. In the past, some of these interventions have been as short as a couple of weeks all the way up to, as I mentioned earlier, an intervention that was really beneficial for us, which was the Nigerian Naira, that lasted for almost 18 months, so it's anywhere in there. Typically, what motivates the interventions to be reversed tends to be something that deals with liquidity needs, local currency, or availability of dollars for the local market, so we could venture a guess, but it wouldn't be accurate at all. I mean, we have absolutely no control of that. Richard, you want to take the second part?

Richard Hallett:
Yes, so in terms of margins, Sandeep, as we communicated, we are going to do some cost interventions. Obviously, we are nine, 10 weeks on the end of the year, but we always—bear with us, sorry—and therefore, we always have half an eye on how we can, as I said earlier, gate our costs. We will be making some cost reductions. It will come as no surprise around, in part, variable pay and long-term incentive plans, and so that will offset some of the headline, top line impact, but I wouldn't expect us, at this late stage in the year, to be able to recover more than, say, £4 million to £5 million from cost savings.

Sandeep Deshpande:
Understood, and does that mean that you can still do margin similar to last year's level?

Richard Hallett:
In terms of EBITDA margin?

Sandeep Deshpande:
EBITDA margin, yes.

Richard Hallett:
Yes, sorry, so we are targeting there or thereabouts.

Sandeep Deshpande:
Okay. Thank you for that.

Richard Hallett:
Obviously, this has been a—this has obviously been a meaningful top line impact, and so I think should we achieve that, in the circumstances, that will be a good outcome.

Sandeep Deshpande:
Yes. Thank you.

Operator:
Once again, if you have a question, please press star, then one. Your next question is from Gautam Gautam Pillai with Peel Hunt. Please go ahead.

Gautam Pillai:
Great. Good morning, gentlemen. Thanks for taking my questions. I had a couple of questions, so if (inaudible 30:06) it's very clear that you don't know the timing of when this will reverse, but if it takes (inaudible 30:13) for a longer period of time, do you see avenues where incremental volumes can come in front to push the gap a bit? That is my first question.

A related question would be what does this dislocation mean from a competition standpoint? Does it invite other players into the fray; and third question, Richard, can you comment on NII in the first nine months? How much can NII contribute, and what do you expect NII to be for the rest of the year? Thank you.

Bhairav Trivedi:
Gotum, let me answer one of those questions, which is how does this impact our competition. When you think about the competition, if it's any international competition similar to us, so primarily the specialists, they're all impacted in exactly the same manner as us, and so if it's a negative impact on us, it is an absolute negative impact on them. The only instances where it could be a positive impact on someone when it's a negative impact on us is if they are a local bank that is trading there and has been competing with us in the space, they could potentially see an upside. Again, as you look at the market and the macro factors, factor in the fact that this is something that is impacting all of the global players in this market. That's the first question. What was the second question? Sorry, Gotum, what is the first question that you asked?

Gautam Pillai:
The first question was -- the (inaudible 31:50) continues to remain at lower levels, are there avenues which you can find where incremental volumes can come from?

Bhairav Trivedi:
Absolutely, so we are definitely—we constantly look at that. As we said, while some of these markets have gone down, the other markets have started to take off, so we've seen in Tanzania, we are getting a much better rate. In Uganda, we are seeing much more volumes flowing through. We are also seeing

an increased propensity of some of the central banks to actually facilitate their debt service flows through us from local currency into destination local currency, which is actually benefiting us on the market, so there's all kinds of upsides also that we see, and that's why we are able to balance that piece effectively.

Richard Hallett:
Gotum, why don't I try and tackle your NII question, so broadly speaking, at the end of the third quarter, we had earned £25 million from NII. We expect that to be in the £34 million to £35 million by the end of the year. That is a tiny bit softer than we internally might have imagined, but actually, the driving force behind that softness, and it's not material softness at all, is that some of our long-term depositors have asked for us to take current deposits and put them into fixed term deposits. Obviously, we pay a margin on the fixed term deposits. Beyond that, there's nothing of note in terms of the overall boundary size and trajectory of NII.

Gautam Pillai:
Got it. Thank you. One follow-up for me, clearly, this came out of the blue, as you mentioned, but as you look across your different currency corridors and different markets, do you see any potential risks in the near or the medium-term horizon which can potentially come up? Obviously, as to the Nigerian Naira, you had a lot of visibility ahead of time. Any other currencies we should be aware of looking ahead?

Bhairav Trivedi:
Gotum, that's a difficult one for us because where there's political events or geopolitical events that are taking place in a specific geography, we can say with some level of anticipation that there could be a change, but in something where there's—or where there's political turmoil or something like that. In instances where there isn't any of this, it tends to be more around macro economic conditions, and while some of those are predictable, several of those are not really predictable because they are driven by the central bank's decision to make a change. Hopefully those kind of changes tend to be much more shorter term than long term.

Gautam Pillai:
Got it. Thank you so much.

Operator:

The next question is from Nik Lysiuk with Canaccord. Please go ahead.

Nik Lysiuk:

Hi. Morning.

Bhairav Trivedi:

Hi.

Richard Hallett:

Good morning, Nik.

Nik Lysiuk:

Yes, so the central banks are essentially mandating our NBFIs deal directly with local banks, but you alluded to whether or not that's even possible for the NBFIs. Do you have any data or even a feel for what percentage of them can deal with the local banks?

Richard Hallett:

Nik, the question centres around whether they have actually their own network that would allow them to do that locally as well. I wouldn't dwell too much on that. Obviously, we're in the business of facilitating our customers' flows and their demand for currency, and so what I would say is that we will continue to work with the NBFIs to see whether there are innovative solutions to execute their needs. It was a general—it's a general comment, but it is a general comment centred around—depending on any individual company's network locally.

Nik Lysiuk:

Okay. Well, thank you.

Operator:

The next question is from Damien Beslee with Fidelity. Please go ahead.

Damien Beslee:

Hi, guys. I'm actually just not entirely sure what has happened on the XAF and XOF corridors. Could you just elaborate on that a little bit more?

Then secondly, just with the guidance versus where we were at IPO, I suppose running your guidance from IPO to '24 would get at least £160-odd million of FX and payments revenue, and annualizing with Q4 guidance at this point, if there's no change in those central banks, would get us to £65 million, so just curious where that £100 million has come from. If it's just these two regions, it seems like a very big impact.

Richard Hallett:
Damien, hi. Sorry, can you just repeat the first question again?

Damien Beslee:
Yes, so could you just be a little bit clear about what's happened in XAF and XOF?

Richard Hallett:
Okay, so there are two different stories. XAF is a pegged rate for—and local participants in XAF have very little flexibility in the margins or the bid offer that they can offer, and so many market participants—so this is not just us—have historically sought XAF via XOF banks, and what we have seen is our liquidity partners, and indeed, to the extent we have competition, they will be experiencing the same thing, is our local liquidity providers have been discouraged from—these are XOF jurisdicted (phonetic 38:34) banks have been restricted in providing XAF to international market participants, and therefore, with that in mind, the only way to source that is locally through XAF banks at this current stage, and therefore, the margins are very much reduced, tending towards zero, so that's the story on XAF.

The XOF story's slightly different, albeit they may be trying to achieve similar outcomes. They have essentially, in XOF land, they're trying to build their hard currency reserves. That won't be particularly revelationary (phonetic 39:25), and by doing that, they want to see NBFI flows come through local banks and to be captured directly, so two different stories, and you'll recall, when I think I answered Portia's question earlier, one's really a margin issue and the other's really a volume issue. We're going to work through those. There are innovative ways that we can think about this, but we don't have those solutions as we sit here today, and the second question?

Damien Beslee:
The second question was just about, so if I annualize your Q4 payments and FX volume for this year based on your guidance, it comes about £100 million below where you were implicitly guiding for 2024. Obviously, quite a big impact to your corridors, so just curious to understand that.

Richard Hallett:
Yes. Obviously, these interventions have occurred at the point where we would normally expect—with all the backdrop I gave on seasonality, where we would expect to see volumes really blowing out at this time of year, appropriately so. We've seen this year in, year out, and so a significant amount of that centres around XOF and XAF. I would be cautious about annualizing the transactional flows excluding Naira at this juncture, because as we have said, dislocations come and go.

Now, in some respects, that will be an unsatisfactory answer to you, and I think what we should do is give an update as we get closer to the annual update. Obviously, this is real time. We've responded in a real-time fashion, and we'd like to—we internally need to do a little bit more work in terms of what the implications are for 2024.

At a personal level, I've got to be really careful, I think. I would be surprised if we don't—we see these interventions ebb and wane on differing time scales, so what I would just say, Damian, is allow us to continue through Q4, look for solutions, and understand what the real impact is, but I would be very surprised if it was as much as that.

Damien Beslee:
(Inaudible 42:04).

Operator:
This concludes the question-and-answer session. I'd like to turn the conference back over to Mr. Trivedi for any closing remarks.

Bhairav Trivedi:
Thank you. We just want to say that thanks for attending the call this morning. We want to reiterate that the core fundamentals of the Company remain very strong. We are in a very strong position going forward as an organization. Our business model is completely intact, and we are in a space where there's an undergoing structural shift from incumbent providers to specialists such as CAB Payments. We remain focused on driving this organization forward and meeting all of our requirements. Thank you very much.

Richard Hallett:
Thank you, everyone.

Operator:

This concludes today's conference call. You may disconnect your lines. Thank you for participating, and have a pleasant day.