

Your
story
matters



Absa Africa Financial Markets Index 2025

Guiding you through Africa's
financial landscape



Pictured: A collage depicting the economic hubs and drivers of various African countries
Absa Africa Financial Markets Index 2025



Acknowledgements

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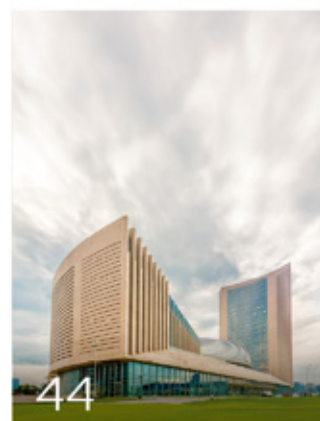
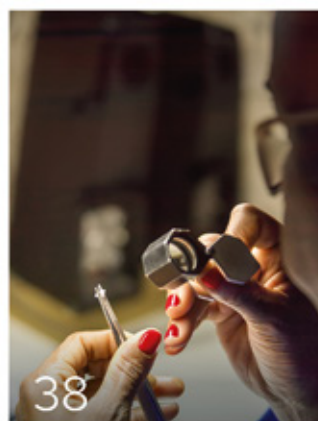
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Introduction

Building on solid foundations

The Absa Africa Financial Markets Index assesses financial market development across the continent through the lens of transparency, accessibility and openness. Now in its ninth year, the index provides a benchmark for market infrastructure and an opportunity for policy-makers to learn from improvements across Africa.

With support from the United Nations Economic Commission for Africa, the index covers 29 economies in the region. This equates to approximately 80% of the population and gross domestic product of Africa.

To construct this year's index, OMFIF conducted both quantitative and qualitative analysis, drawing on publicly available information and the results of a survey of more than 50 organisations across Africa. These included central banks, securities exchanges and regulators.

Each country is awarded a score to mark its progress over the last 12 months. This is determined by countries' relative performance across more than 40 indicators, organised in six pillars:

- **Pillar 1:** Market depth
- **Pillar 2:** Access to foreign exchange
- **Pillar 3:** Market transparency, tax and regulatory environment
- **Pillar 4:** Pension fund development
- **Pillar 5:** Macroeconomic environment and transparency
- **Pillar 6:** Legal standards and enforceability

Individual pillar scores are based on a country's relative performance in each indicator. These are rebased to fit a harmonised scale from 10-100, while also taking account of any outliers.

Overall index scores are calculated as a simple average of the scores for each pillar. See pp. 50-51 for more details on the methodology.

Forewords

Opportunities for success

Kenny Fihla

Chief Executive
Officer, Absa Group



It's been a tumultuous year. Globally, armed-conflict, sharp moves in asset prices and rapid-fire policy announcements from the new US administration have challenged much conventional economic and geopolitical wisdom. Developments in artificial intelligence and the accelerating impact of climate change all add to a sense that immense change is afoot.

Africa has an important and positive role to play in this evolving global environment. Whether as a source of critical minerals, arable land, carbon credits or as the world's last rapidly growing labour force, the continent has much to offer. Africa's continued financial market development is an important link in a chain that connects this global opportunity and the continent's promise.

What does success look like in this space? It's my view that this is a system in which African savings, formal or otherwise, can join forces with global financing to provide the sustainable financing, at competitive rates, that Africa requires to achieve its potential.

Over the last nine years, the Absa AFMI index has contributed greatly to this goal. The cross-country data and anecdotal feedback continue to promote discussion, debate and learning between the continent's policy-makers and regulators, the providers of capital and the households, companies and governments that these developments are there to serve.

On a headline basis, the last year may feel like a bit of a disappointment. Just 10 of the 29 countries in the 2025 index saw their overall scores improve. But the detail shows that progress continues to be made across the region, particularly in foreign exchange reforms, improved product diversity and action on climate change.

This year's edition of the index celebrates each of these positive developments while challenging countries to continue making their financial markets more open, transparent and accessible. In that way, the continent is best placed to navigate this stormy global environment and to build an Africa that offers opportunity and success for all who live and work within it.

Unlocking capital from within

Ahmed Attout

Director, financial sector development, African Development Bank



Long-term local currency financing is key to economic development. When the financial sector mobilises domestic resources and allocates them efficiently, everyone benefits – individuals have many options for savings and investments, and the private sector and governments can fund their investment needs. Countries with strong domestic capital markets are better positioned to withstand external shocks, including currency volatility or global interest rate hikes.

The Africa Financial Markets Index is an important benchmark for assessing the depth, openness and resilience of Africa's financial systems. The 2025 edition highlights progress in key areas including product diversification, introduction of climate stress testing and foreign exchange reforms. While there are declines across some indicators, these reflect the current geopolitical and macroeconomic environment, rather than a lack of commitment from the countries. Overall, the trajectory is clear: Africa continues to demonstrate remarkable resilience, underpinned by structural reforms and a renewed commitment to sustainable growth.

This year's index comes at a pivotal moment for Africa, with seismic shifts in trade policies of major economies and significant aid cuts creating a funding squeeze for low-income countries, especially those in Africa that depend on international development assistance. All this comes at a time when the continent is facing an annual financing gap of \$1.3bn to meet the sustainable development goals by 2030.

Mobilising capital for Africa's development is at the core of the African Development Bank's mandate. AFMI 2025 is an urgent call to action to strengthen African capital market institutions and regulatory frameworks, broaden market participants including through regional integration, deepen instruments through innovation and promote liquidity. These are all essential building blocks for unlocking the capital Africa needs from within, and for attracting foreign investment.

As the continent deepens regional integration through the African Continental Free Trade Area and embraces sustainable finance, the opportunities for investors, policy-makers and innovators are unprecedented. AFMI 2025 is more than a scorecard; it is a roadmap for building robust, transparent and inclusive financial markets to power Africa's transformation.

Progress in the face of adversity

Claver Gatete

Under-Secretary-General and Executive Secretary, United Nations Economic Commission for Africa



Africa's financial markets have faced a year of formidable global challenges from persistent geopolitical tensions and fragile trade dynamics to uneven macroeconomic recovery. Yet, as the 2025 Absa Africa Financial Markets Index reveals, reform-driven economies across the continent continue to strengthen, diversify and modernise their financial systems. These efforts are laying the foundation for sustainable development and long-term structural transformation.

The index highlights tangible progress, even amid adversity. Enhancements in foreign-exchange market credibility in Nigeria and Uganda, the adoption of netting legislation in multiple jurisdictions and the rollout of innovative instruments, from sovereign sukuk and asset-backed securities to green and infrastructure bonds reflect the determination of African policy-makers and market participants to build resilient, transparent and inclusive financial ecosystems. These advances are critical to mobilising long-term capital for infrastructure, climate action and equitable growth.

At the United Nations Economic Commission for Africa, we are proud to support this index as a trusted benchmark of market openness and resilience. Its insights empower governments and regulators to target reforms, attract private investment and foster regional integration. The index also underscores the growing importance of climate-aligned finance, with more economies issuing green and sustainability-linked bonds, conducting climate stress tests and launching platforms such as Africa's first regulated voluntary carbon market.

Looking ahead, sustaining this momentum will require unwavering commitment to transparency, legal certainty and the expansion of domestic institutional investment. With Africa projected to achieve robust gross domestic product growth over the next five years, driven by economies embracing structural reform, now is the time to scale up capital-markets solutions that align with the continent's priorities under Agenda 2063 and the sustainable development goals.

I commend Absa and OMFIF for once again delivering a rigorous and timely assessment of Africa's financial markets. I encourage policy-makers, investors and development partners to leverage the findings of the 2025 index to accelerate the creation of robust, integrated markets capable of unlocking Africa's full economic potential.

Resilience against difficult global conditions

Pictured: Mist rising above the Katse Dam wall, Lesotho

THE past 12 months have seen highs and lows around the world. Difficult macroeconomic conditions, compounded by a turbulent trade environment and geopolitical tensions, have created challenges for African economies. This year's index reveals five key findings.

1. Progress despite global headwinds

Tough macro conditions have weighed on overall scores in this year's index, leading to a mixed performance. While 10 countries improved, scores fell in 11 and were unchanged in eight. The most notable challenges were weakening market depth (Pillar 1) and a slide in pension fund development (Pillar 4).

However, reform-minded countries have been able to weather the difficult environment better than economies that did not implement changes. Considerable progress was made in improving transparency in foreign exchange markets (Pillar 2) and adopting netting legislation (Pillar 6). Botswana, Lesotho and Rwanda stand out for sizeable improvements in their overall scores.

Mixed performances across the index suggest that falls in scores are likely to be a case of passive decline rather than active. Countries have taken steps to develop markets in a number of different areas, but their progress has been hampered by an unsettled global environment.

2. Major FX reforms implemented

While many economies faced a decline in reserves adequacy this year, countries that prioritised tackling inefficient FX regimes fared best. Nigeria and Uganda led the way, rolling out comprehensive reforms to improve market credibility and interbank liquidity.

The Central Bank of Nigeria announced changes targeting the fragmentation of FX windows, a big investor backlog and market operations. The Bank of Uganda focused on liberalising the FX market, improving interbank liquidity and increasing reporting standards. These reforms are critical to attracting domestic and foreign investment, lowering transaction costs and boosting cross-border trade.

3. African markets embrace new financial instruments

Despite the difficult backdrop, countries are expanding and diversifying their financial product offerings to attract both domestic and foreign investment to the continent. A wider range of products, including Islamic and climate-related finance, helps economies build resilience against global shocks

and keep pace with investor trends.

New financial products launched in the past year have a strong focus on infrastructure. Tanzania issued its first sovereign sukuk bond in February, which aims to fund infrastructure and social development projects. It also launched its first Samia infrastructure bond to finance critical development projects. Meanwhile, Kenya approved its first asset-backed security to help finance a new sports complex. In total, 18 AFMI economies now offer environmental, social and governance-related or Islamic financial products, providing crucial diversification for both short- and long-term investment.

4. Countries remain focused on climate change

There have been backtracks on ESG goals globally in the past year due to changes in the US administration's priorities. However, many African economies remain focused on introducing policies and products that foster action on climate concerns.

Four AFMI countries have issued green bonds for the first time this year, taking the total number to 14. Ghana introduced climate stress testing to its financial market frameworks, joining the eight other countries already doing so, while South Africa went one step further, conducting its first climate risk stress test on six systemically important banks. Egypt introduced Africa's first regulated voluntary carbon market, marking a milestone for the continent in climate-aligned financial instruments.

5. Optimism for economic growth

Expectations for gross domestic product growth rose in 22 countries this year despite the more challenging economic conditions. Ethiopia has the highest projected annual growth rate over the next five years at 7.4%, supported by structural reforms and a focus on investing in infrastructure. This widespread progress suggests that African economies are building resilience to global shocks and find themselves better able to weather storms than they were a few years ago.

There was also clear progress in taming inflation in the year to June 2025. It fell in 22 countries, with Egypt and Nigeria leading the way. Similarly, external debt-to-GDP ratios improved in 16 economies due to tighter fiscal discipline.

However, while just three countries are in debt distress, another five remain at high risk of slipping into it, suggesting that there is further to go in safeguarding African economies from global turbulence.

RANK		COUNTRY	SCORE		COMMENTS
2025	2024		2025	2024	
1	1	South Africa	86	88	Efforts to improve FX market monitoring and data transparency
2	2	Mauritius	76	76	New disclosure and reporting guidelines for ESG funds
3	4	Uganda	66	64	Integrated ESG compliance into supervisory process
4	3	Nigeria	65	65	Comprehensive FX market reforms
5	5	Namibia	64	62	Launched a central securities depository
6	7	Botswana	63	59	Highest pension fund assets per working-age person
7	6	Ghana	60	59	Implemented climate stress testing in financial market frameworks
8	8	Morocco	56	58	Launched a new futures market
9	9	Kenya	56	57	Second African economy to sign IOSCO's enhanced MMoU
10	10	Zambia	55	56	Working to align with international legal standards
11	11	Egypt	54	55	Introduced Africa's first voluntary regulated carbon markets
12	15	Rwanda	54	46	Signed five new tax treaty agreements
13	12	Tanzania	53	53	Issued first sovereign sukuk bond
14	13	Eswatini	47	48	Adopted the FX Global Code
15	17	Zimbabwe	46	44	New intraday facility for banks facing liquidity issues
16	14	Cabo Verde	45	46	New legislation enabling exploration of central bank digital currencies
17	16	Seychelles	44	46	Improved and automated credit information system
18	19	Tunisia	44	44	Positive developments in pension fund systems
19	18	Malawi	43	44	Expanded capital market size and increased product diversity
20	20	Côte d'Ivoire	42	42	Working to strengthen regional and international co-operation
21	22	Benin	42	42	Overall market capitalisation grew
22	21	Senegal	42	42	Improved product diversity for investors
23	24	Mozambique	41	41	New financial inclusion strategy
24	25	Angola	41	40	Impressive drop in inflation rate
25	27	Lesotho	40	36	Financial collateral provisions now enforceable under law
26	23	Cameroon	39	42	Product offerings now include digital assets, green bonds and sukuku
27	28	DRC	36	35	Assessing the possibility of creating a stock exchange
28	26	Madagascar	36	38	Working to implement a central securities depository
29	29	Ethiopia	35	30	Introduced financial information transparency measures

Source: Absa Africa Financial Markets Index 2025

Note: Overall scores calculated as an average of six pillar scores. Maximum score = 100. Scores from 2024 are updated to incorporate any revisions and/or improved data collection methods and may not reflect those published in AFMI 2023. More information on pp.50-51.

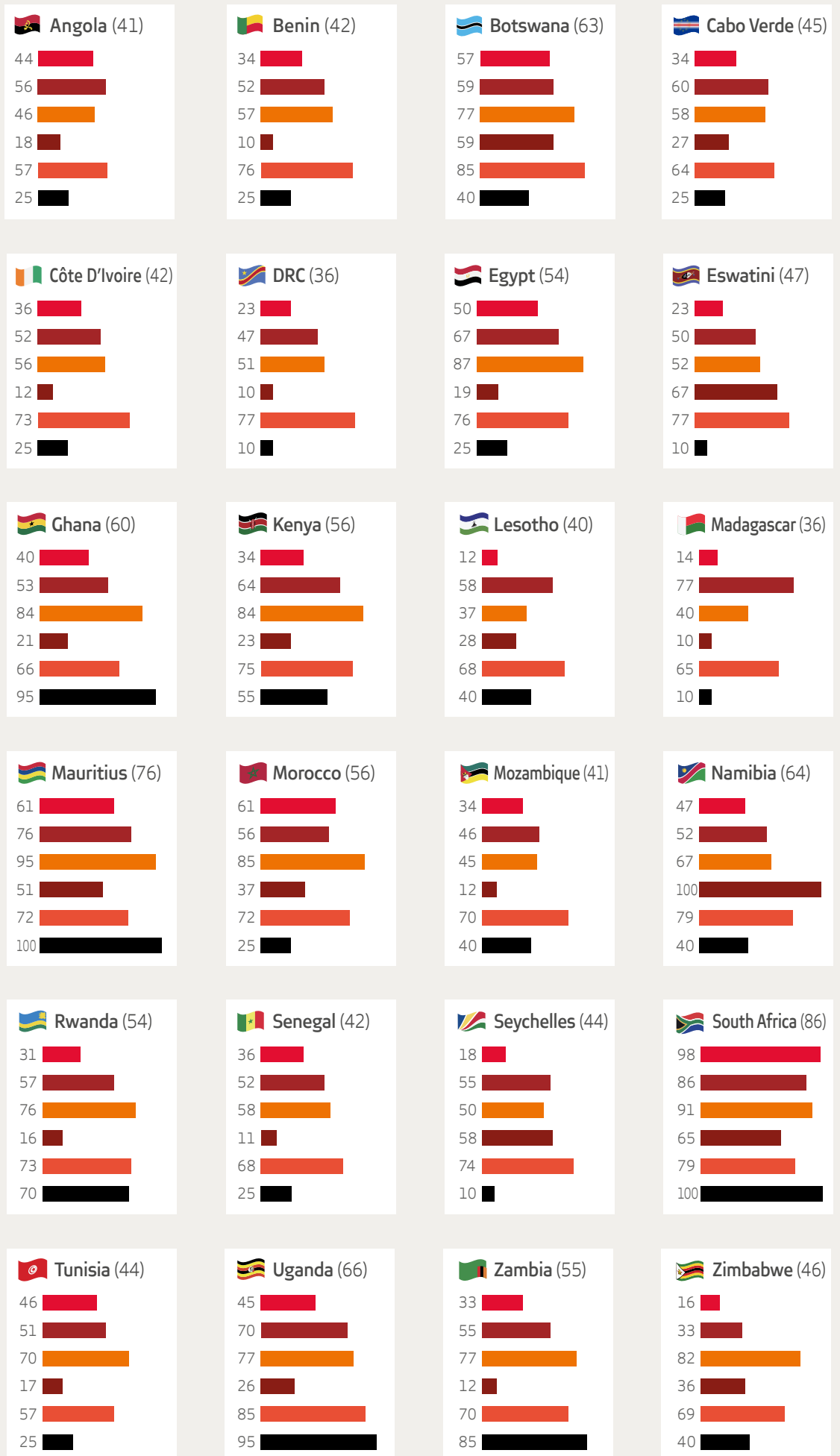
Overall pillar scores max = 100

Pillar 1: Market depth		Pillar 2: Access to foreign exchange		Pillar 3: Market transparency, tax and regulatory environment	
South Africa	98	South Africa	86	South Africa	96
Morocco	61	Madagascar	77	Mauritius	92
Mauritius	61	Mauritius	76	Ghana	89
Botswana	57	Nigeria	73	Kenya	87
Nigeria	51	Uganda	70	Nigeria	86
Egypt	50	Egypt	67	Egypt	86
Tanzania	50	Kenya	64	Morocco	85
Namibia	47	Cabo Verde	60	Zimbabwe	82
Tunisia	46	Botswana	59	Zambia	77
Uganda	45	Tanzania	58	Botswana	77
Angola	44	Lesotho	58	Rwanda	74
Ghana	40	Rwanda	57	Tanzania	73
Côte d'Ivoire	36	Morocco	56	Uganda	71
Senegal	36	Angola	56	Tunisia	70
Cabo Verde	34	Seychelles	55	Namibia	67
Malawi	34	Zambia	55	Senegal	61
Benin	34	Ghana	53	Malawi	60
Mozambique	34	Namibia	52	Eswatini	60
Kenya	34	Cameroon	52	Côte d'Ivoire	57
Zambia	33	Benin	52	Cabo Verde	55
Rwanda	31	Côte d'Ivoire	52	Ethiopia	55
Cameroon	28	Senegal	52	Benin	55
DRC	23	Tunisia	51	DRC	54
Eswatini	23	Eswatini	50	Angola	53
Seychelles	18	Ethiopia	48	Seychelles	50
Zimbabwe	16	DRC	47	Cameroon	50
Madagascar	14	Mozambique	46	Mozambique	45
Lesotho	12	Malawi	41	Madagascar	37
Ethiopia	10	Zimbabwe	33	Lesotho	37
Pillar 4: Pension fund development		Pillar 5: Macroeconomic environment and transparency		Pillar 6: Legal standards and enforceability	
Namibia	100	Botswana	85	Mauritius	100
Eswatini	67	Uganda	85	South Africa	100
South Africa	65	Tanzania	85	Ghana	90
Botswana	59	Namibia	79	Nigeria	90
Seychelles	58	South Africa	79	Uganda	90
Mauritius	51	Eswatini	77	Zambia	85
Morocco	37	DRC	77	Rwanda	70
Zimbabwe	36	Egypt	76	Kenya	55
Lesotho	28	Benin	76	Malawi	55
Cabo Verde	27	Kenya	75	Botswana	40
Uganda	26	Seychelles	74	Lesotho	40
Kenya	23	Côte d'Ivoire	73	Mozambique	40
Tanzania	22	Rwanda	73	Namibia	40
Ghana	21	Morocco	72	Zimbabwe	40
Egypt	19	Mauritius	72	Angola	25
Angola	18	Nigeria	71	Benin	25
Tunisia	17	Ethiopia	71	Cabo Verde	25
Nigeria	16	Zambia	70	Cameroon	25
Rwanda	16	Mozambique	70	Côte d'Ivoire	25
Malawi	13	Zimbabwe	69	Egypt	25
Cameroon	13	Senegal	68	Morocco	25
Côte d'Ivoire	12	Cameroon	68	Senegal	25
Zambia	12	Lesotho	68	Tanzania	25
Mozambique	12	Ghana	66	Tunisia	25
Ethiopia	11	Madagascar	65	DRC	10
Senegal	11	Cabo Verde	64	Eswatini	10
Benin	10	Tunisia	57	Ethiopia	10
Madagascar	10	Angola	57	Madagascar	10
DRC	10	Malawi	53	Seychelles	10

Country snapshots

KEY (XX) = Overall score

- Market depth
- Access to foreign exchange
- Market transparency, tax and regulatory environment
- Pension fund development
- Macroeconomic environment and transparency
- Legal standards and enforceability



Highlights 2024-25

New reforms and developments in capital markets bring positive changes for AFMI economies.

Angola

Authorities advanced foreign exchange liberalisation and debt management reforms, supported by International Monetary Fund programmes.

Benin/Côte d'Ivoire/Senegal

The West African Economic and Monetary Union launched an interoperable instant payments system to facilitate the use of financial services within the region.

Botswana

The ministry of finance, in collaboration with the Bank of Botswana, held its inaugural inflation-linked bond auction in February 2025.

Cabo Verde

Authorities decreed a Legal Regime for Commercial Paper to enable financing and investment through short-term debt instruments in the local securities market.

Cameroon

The Bourse des Valeurs Mobilières de l'Afrique Centrale established a monitoring committee for the BVMAC All Share Stock Index.

Democratic Republic of the Congo

In April 2025, a draft law on the establishment of a market authority was submitted to parliament for adoption.

Egypt

In August 2024, the Financial Regulatory Authority rolled out Africa's first regulated Voluntary Carbon Market.

Eswatini

The Eswatini Stock Exchange joined the African Exchanges Linkage Project, marking a major step towards regional integration.

Ethiopia

Ethiopia passed a new law allowing foreign banks to access its banking sector for the first time in more than 50 years.

Ghana

The government established the Ghana Gold Board (GoldBod) to formalise gold purchases from small-scale miners, reduce smuggling and increase FX earnings.



Pictured: A farmer checks the quality of cocoa pods during the harvest with her colleagues, Cameroon

Kenya

The Capital Markets Authority approved Kenya's debut asset-backed security to finance the construction of Talanta Sports Stadium.

Lesotho

Authorities reviewed and improved the legal and regulatory framework to accommodate a wide range of instruments, focusing on exchange-traded funds.

Madagascar

A unified central securities depository for government securities was launched under the IMF's Extended Credit Facility programme.

Malawi

The Reserve Bank has conducted a comprehensive 'Greening the Financial Sector in Malawi' assessment to mainstream climate change issues in the financial sector.



Pictured: Colourful Hindu temple against tropical mountains. Victoria, Mahé Island, Seychelles



Pictured: Fish drying on the shore of Lake Malawi, Malawi

Mauritius

The Financial Services Commission published the disclosure and reporting guidelines for ESG funds.

Morocco

The government introduced a sovereign sustainability-linked bond framework to anchor future green and social issuance.

Mozambique

Banco de Moçambique is finalising a memorandum of understanding with Afreximbank to join the MANSA platform, a centralised data repository.

Namibia

The Bank of Namibia launched a national central securities depository to consolidate and automate securities settlement.

Nigeria

The Central Bank of Nigeria announced major reforms of the FX market, including complete FX market unification, clearance of a \$7bn FX backlog, policy rate hikes and the phase-out of fiscal-style interventions.

Rwanda

The Capital Markets Authority implemented the National Fintech Strategy and the Fintech Regulatory Sandbox to support fintech innovations in the capital markets.

Seychelles

The Central Bank of Seychelles launched an improved and automated credit information system – the Seychelles Credit Information System.

South Africa

The Johannesburg Stock Exchange launched fast-track listing reforms in 2024-25 to attract small-to medium-sized enterprises and simplify market access.

Tanzania

The Revolutionary Government of Zanzibar issued its first sovereign Shariah-compliant sukuk bond under a broader quasi-sovereign sukuk programme.

Tunisia

The Financial Market Council strengthened its commitment to financial education through an agreement with the Banque de France.

Uganda

The Bank of Uganda expanded adoption of the Global Market Repurchase Agreement and the International Swaps and Derivatives Association Credit Support Annex.

Zambia

Following debt restructuring, Zambia rolled out measures to rebuild domestic bond market credibility and attract long-term investors.

Zimbabwe

Authorities introduced a new currency, the Zimbabwe gold, to replace the Zimbabwe dollar.

Pillar 1: Market Depth

**Pictured: Woman crossing the wooden bridge,
Tsingy de Bemaraha National Park, Madagascar**

Pillar 1 evaluates the size and liquidity of domestic equity and bond markets, along with the diversity of listed assets and the existence of standard features that enhance market depth.

Key findings:

1. Pillar 1 scores fell in 16 out of 29 countries as market depth weakened across the continent in the year to June 2025, reflecting tightening global financial conditions.
2. Several more markets have introduced innovations in financial instruments, such as environmental, social and governance bonds, sukuk and repurchase agreement facilities, expanding the diversity of their products for investors.
3. Some countries have implemented reforms to modernise their infrastructure and improve their market operations, with Namibia introducing a central securities depository this year.

1.1. Liquidity remains a key challenge for most economies

Pillar 1 overall score and pillar components, max = 100

Country	2025 score	Change v. 2024	Size of markets	Liquidity	Product diversity	Depth	Primary dealer system
South Africa	98	▼ -2	100	100	91	100	100
Morocco	61	▼ -2	37	37	62	70	100
Mauritius	61	▲ 4	65	17	94	70	58
Botswana	57	▲ 1	55	16	89	70	55
Nigeria	51	▼ -2	34	23	55	70	70
Egypt	50	▼ -7	30	70	54	40	55
Tanzania	50	▲ 0	24	17	81	70	55
Namibia	47	▲ 9	46	40	55	40	55
Tunisia	46	▲ 1	37	26	39	70	58
Uganda	45	▲ 7	29	23	45	70	56
Angola	44	▲ 6	20	41	32	70	55
Ghana	40	▼ -6	34	31	36	40	61
Côte d'Ivoire	36	▼ -1	27	13	46	40	55
Senegal	36	▼ -10	26	13	46	40	55
Cabo Verde	34	▼ -6	54	12	41	10	55
Malawi	34	▲ 9	62	12	46	40	11
Benin	34	▲ 8	17	13	46	40	55
Mozambique	34	▼ -1	22	13	39	40	55
Kenya	34	▼ -4	41	23	54	40	10
Zambia	33	▼ -5	58	19	38	40	10
Rwanda	31	▼ -2	25	11	39	70	10
Cameroon	28	▼ -1	13	10	23	40	55
DRC	23	▲ 2	22	10	20	10	55
Eswatini	23	▼ -3	24	11	16	10	55
Seychelles	18	▼ -1	25	11	35	10	10
Zimbabwe	16	▲ 1	12	25	25	10	10
Madagascar	14	▼ -5	10	10	31	10	10
Lesotho	12	▼ 0	18	10	12	10	10
Ethiopia	10	▲ 0	10	10	12	10	10

Source: AFMI 2025 survey, World Federation of Exchanges, national stock exchanges, International Monetary Fund, OMFIF analysis

Note: Overall Pillar 1 scores represent the average score across each of the Pillar 1 components. Average scores may differ to those implied by the individual components shown due to rounding. Arrows (▲▼) reflect changes in scores to 1 decimal point. Scores from 2024 are updated to incorporate any potential data revisions and may differ from those published in AFMI 2024. More information on pp.50-51.

South Africa continues to lead in this pillar with a score of 98, down slightly from its perfect 100 last year.

TIGHTER global financial conditions, due to increased geopolitical tensions and trade policy uncertainties, have created tough challenges for the depth of African capital markets. In this year's index, 16 out of 29 countries saw their overall Pillar 1 scores drop, driven mainly by declines in the size of markets and liquidity.

South Africa continues to lead in this pillar with a score of 98, down slightly from its perfect 100 last year. The country boasts an equity market capitalisation nearly three times the size of its gross domestic product (\$1.1tn), and with a bond market turnover (\$2.7tn) significantly higher than the regional average (\$95bn). Mauritius climbed to third from fourth with a score of 61, benefitting from increased financial product diversity with the unveiling in July 2025 of its five-year plan for the financial services sector.

Malawi is one of the fastest risers this year, jumping to 16th place in 2025 from 23rd in 2024, thanks to its expanded capital market size and increased product diversity. Domestically-listed securities markets grew significantly and there are now four currencies in which domestically-traded asset classes are issued – dollar, euro, sterling and Indian rupee – compared to zero in 2024. Several new initiatives to improve capital markets have underpinned this progress in Malawi's capital markets. A survey respondent cited 'two incubation programmes for corporate bond issuers (one targeting the private sector and another targeting the public sector) to resolve institution-specific challenges for increased issuance'.

Namibia is another success story, climbing into the top 10 in this year's pillar and increasing its score by nine points to 47. This is primarily due to big improvements in the primary dealer system indicator and the introduction of a central securities depository.

On the flip side, Nigeria, Ghana and Madagascar saw their scores decline as liquidity dried up and new issuances slowed down. When listing the challenges Nigeria is facing, a survey respondent from the country said: 'security concerns, oil dependence and macroeconomic volatility persist. Infrastructure gaps, skill shortages and high public debt constrain productivity and limit policy flexibility, while bureaucracy and weak institutional capacity remain critical bottlenecks'.

These three economies also face the challenge of low domestic investor participation. For instance, one survey respondent in Madagascar described how 'inadequacy of the Malagasy legal framework' and misalignment with international standards have 'hindered the adoption of [the Global Master Repurchase Agreement], and participation of banks in the repo market'. In response, authorities are carrying out strategic

reforms to update the current master agreement and ensure its compliance with international standards (see Pillar 6).

Shrinking market size

Falling equity valuations, decreased activity in secondary bond markets and a slowdown in new issuances have all played a part in countries' weaker market size scores.

Outside of South Africa, Egypt and Uganda, bond market activity was particularly limited. Average bond turnover ratios took a hit compared to 2024, reflecting tighter liquidity and a cautious approach from investors amid global uncertainties. Issuers like Nigeria and Ghana have seen significant declines in secondary bond trading reflecting the continuous impact of foreign exchange reforms (as well as the domestic debt exchange programme in Ghana, which has continued to dampen confidence and participation in its government bond market).

Equity markets have also been hit. Although South Africa and Egypt enjoyed relatively strong liquidity from both retail and institutional investors, most other exchanges struggled with low trading volumes, with the equity turnover ratio declining by 11% year on year. The lack of new listings further restricted market depth, with several exchanges facing de-listings or stagnant pipelines for new issuers. This concentration of liquidity in just a few exchanges underscores the structural fragmentation across the continent.

For investors, the diminishing market depth raises concerns about entry and exit costs. Wider bid-ask spreads, limited secondary trading and a small pool of active participants have all contributed to higher transaction costs and perceived risks. This situation not only discourages foreign investors but also makes it harder for domestic savings to flow into capital markets, keeping reliance on bank financing alive.

The challenge of market depth is particularly acute in countries that have undergone debt restructurings. In Ghana, the domestic debt exchange programme eroded secondary bond liquidity, leaving banks and pension funds holding illiquid instruments and deterring foreign investors. In Zambia, protracted restructuring weakened confidence and drove foreign investors out of the market, with domestic institutions bearing the financing burden. These cases illustrate how debt sustainability and policy credibility are critical to maintaining functional secondary markets.

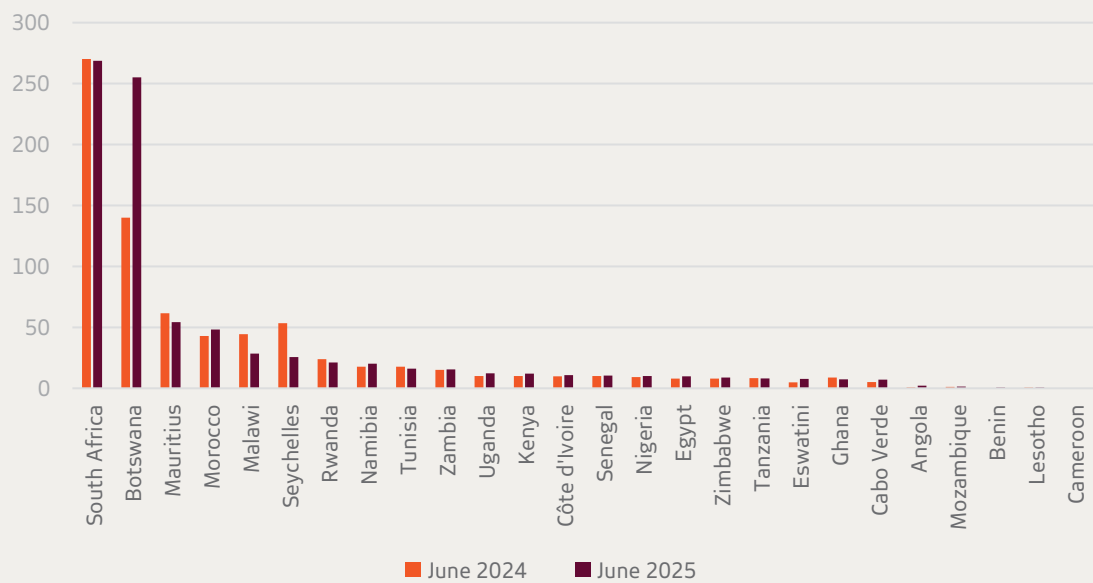
Positive momentum in diversification

Countries have made significant progress in improving product diversity, expanding the

Malawi is one of the fastest risers this year, jumping to 16th place in 2025 from 23rd in 2024.

1.2. Malawi makes strides this year

Stock market capitalisation, % of GDP



Source: AFMI 2025 survey, World Federation of Exchanges, national stock exchanges, OMFIF analysis
Note: Excludes DRC, Ethiopia and Madagascar, which do not have domestic stock exchanges.

options available to investors and keeping pace with global trends (Figure 1.3). The government of Tanzania took a big step in February 2025 by launching its first sovereign sukuk bond through a special purpose vehicle, following the country’s inaugural public sukuk bond in 2023. The 7-year bond, which aims to fund infrastructure and social development projects, is a key milestone in accessing Shariah-compliant capital.

Tanzania’s government also issued its first Samia infrastructure bond through CRDB Bank to fund critical development projects. It was oversubscribed by 115%, raising Tzs323bn against a target of Tzs150bn. A survey respondent from Tanzania said: ‘This augments the government’s strategy of having diversified sources of funding in the financial sector that attracts a wide range of investors with different ethical backgrounds, therefore facilitating financial inclusion aspirations.’

Meanwhile, Kenya made headlines by approving its first asset-backed security, which will help finance the Talanta Sports Stadium. This inaugural transaction is noteworthy as it showcases how structured finance can play a role in supporting infrastructure projects beyond the usual government borrowing.

Egypt continued to be a leader in product innovation, particularly with its sustainable finance initiatives. In August 2024, the Financial

1.3. Product diversity continues to improve

Availability of selected financial products on exchanges or over the counter. **Green highlight** represents new products this year

Country	Green bonds	Other ESG products	Islamic financial products
Egypt	✓	✓	✓
Kenya	✓	✓	✓
Morocco	✓	✓	✓
Nigeria	✓	✓	✓
South Africa	✓	✓	✓
Tanzania	✓	✓	✓
Mauritius	✓	✓	✓
Benin	✓	✓	✓
Cabo Verde	✓	✓	
Namibia	✓	✓	
Zambia	✓	✓	
Botswana	✓	✓	
Rwanda	✓	✓	
Madagascar	✓	✓	
Uganda		✓	
Côte d'Ivoire			✓
Senegal			✓
Tunisia			✓

Source: AFMI 2025 survey, OMFIF analysis

Tanzania's government also issued its first Samia infrastructure bond through CRDB Bank to fund critical development projects. It was oversubscribed by 115%, raising Tzs323bn against a target of Tzs150bn.

Regulatory Authority introduced Africa's first regulated voluntary carbon market, positioning Egypt as a central player for climate-aligned financial instruments. The country also kept up momentum by issuing green and environmental, social and governance-linked bonds, reinforcing its commitment to sustainability as a fundamental aspect of its capital markets. In November 2024, Arab African International Bank raised \$500m by issuing a sustainability bond, with 75% of the proceeds allocated to green financing (industrial energy-efficiency, small-scale renewables, green buildings) and 25% to social assets like inclusive finance and small- to medium-sized enterprises.

Other nations also made strides in diversification. In November, Nigeria returned to the Eurobond market for the first time since 2022, raising \$2.2bn. Botswana looked into new sustainable finance products to enhance its already robust market. The Botswana Stock Exchange launched a Sustainable Bonds Segment (for green, social, sustainability and sustainability-linked bonds), introduced a 25% discount on listing fees and rolled out Sustainability Disclosure Guidance. It also partnered with Risk Insights for ESG ratings on listed companies.

The Reserve Bank of Malawi is implementing the Malawi Capital Market Development Plan to improve the supply of long-term finance in the economy. This involves the introduction of new stock exchanges, including the Chinese capital market Xidian International Stock Exchange, and working to introduce an exchange-traded fund on the Malawi Stock Exchange. The country is also in the early stages of working to introduce Shariah-compliant products across sub-sectors of the financial industry and guiding potential bond issuers through two incubation programmes to increase corporate bond issuance.

These developments are crucial for several reasons. Diversification helps attract a wider range of investors, including those from Islamic finance, climate-focused funds and retail investors. It also builds resilience by lessening dependence on a limited array of financial instruments. Finally, a more varied product market can encourage secondary trading as investors adjust their portfolios across different asset classes.

Reform trends

Reform momentum has been mixed, but there have been some noteworthy developments across AFMI economies. Since the last edition of the index, several countries made significant progress in modernising their infrastructure and enhancing market operations.

Namibia took a sizeable step by launching

a national central securities depository, which streamlines securities settlement and automated processes to reduce operational risks. Meanwhile, Madagascar set up a unified CSD for government securities as part of its commitments under the IMF programme. Rwanda pushed forward with its National Fintech Strategy and regulatory sandbox, aiming to weave technology more deeply into its capital markets.

In smaller markets, reforms have centred around creating supportive frameworks. Cabo Verde introduced a legal framework for commercial paper, broadening short-term financing options for businesses. Malawi undertook a greening finance assessment, laying the groundwork for climate-related financial instruments.

These reforms improve access, bolster infrastructure and align local markets with global standards. However, the pace of change is inconsistent. Many countries are still facing challenges with liquidity and limited market participation. For these reforms to lead to more robust markets, there needs to be a stronger focus on implementation, investor education and regional co-operation.

Policy recommendations

AFMI economies should focus on four key policy actions to continue making positive developments and overcome persistent challenges. First, to strengthen liquidity frameworks, they should create active market-making systems, develop repurchase agreement markets and encourage primary dealer participation to enhance secondary trading in both sovereign and corporate bonds.

Second, to broaden the investor base, they should engage pension funds, insurance companies and retail investors by offering suitable incentives, ensuring regulatory clarity and simplifying access through user-friendly platforms.

Third, promoting product innovation at scale requires facilitating the issuance of sukuk, green and structured products by streamlining regulations, standardising documentation and providing initial credit enhancements when needed.

Fourth, AFMI economies can advance regional integration by aligning trading, disclosure and settlement standards under the African Continental Free Trade Area and expand the African Exchanges Linkage Project to pool liquidity across borders. These strategies will not only stimulate market activity but also draw in sustainable capital, lessen dependence on bank financing and better position African economies within the global investment arena.



Pictured: Cairo Stock Exchange, Egypt

Pillar 2: Access to foreign exchange

Pictured: Lake Kariba, Zambia

Pillar 2 examines the ability of international investors to easily deploy and repatriate capital, and the capacity of central banks to manage volatility from foreign capital flows.

Key findings:

1. Reform-minded nations made strides in improving the transparency of financial markets, boosting liquidity and attracting investment. Nigeria has shone here, improving its score by 21 points.
2. Four new countries – Eswatini, Ethiopia, Ghana and Uganda – have adopted the FX Global Code, taking the total number of signatories to 13.
3. In 2025, 16 countries saw their scores drop, largely due to declines in reserve adequacy and interbank liquidity resulting from geopolitical volatility.

2.1. Nigeria climbs to the top five

Pillar 2 overall score and pillar components, max = 100

Country	2025 score	Change v. 2024	Reserve adequacy	FX liquidity	FX arrangement and controls	Reporting standards
South Africa	86	▼ -2	70	100	73	100
Madagascar	77	▼ -2	67	100	43	100
Mauritius	76	▲ 0	100	14	91	100
Nigeria	73	▲ 22	100	43	61	90
Uganda	70	▲ 3	32	53	97	100
Egypt	67	▼ 0	62	14	91	100
Kenya	64	▼ -7	56	10	88	100
Cabo Verde	60	▼ -4	62	10	70	100
Botswana	59	▼ -9	61	10	64	100
Tanzania	58	▼ -2	48	10	76	100
Lesotho	58	▲ 2	62	10	61	100
Rwanda	57	▼ -2	47	10	70	100
Morocco	56	▼ -9	60	21	43	100
Angola	56	▼ -3	85	14	25	100
Seychelles	55	▼ -1	43	10	67	100
Zambia	55	▼ -2	38	11	70	100
Ghana	53	▲ 1	39	18	56	100
Namibia	52	▼ -2	52	10	46	100
Cameroon	52	▼ -1	51	10	46	100
Benin	52	▲ 1	53	10	43	100
Côte d'Ivoire	52	▲ 1	53	10	43	100
Senegal	52	▲ 1	53	10	43	100
Tunisia	51	▲ 2	58	12	43	90
Eswatini	50	▼ 0	29	10	61	100
Ethiopia	48	▲ 7	13	10	70	100
DRC	47	▼ -1	27	10	49	100
Mozambique	46	▼ -1	32	10	43	100
Malawi	41	▼ -5	10	11	43	100
Zimbabwe	33	▲ 0	11	10	10	100

Source: AFMI 2025 survey, IMF, national central banks

Note: Overall Pillar 2 scores represent the average score across each of the Pillar 2 components. Average scores may differ to those implied by the individual components shown due to rounding. Arrows (▲▼) reflect changes in scores to 1 decimal point. Scores from 2024 are updated to incorporate any potential data revisions and may differ from those published in AFMI 2024. More information on pp.50-51.

PILLAR 2 examines the openness of AFMI economies to foreign investment by assessing exchange rate regimes, foreign exchange liquidity, capital controls, reserve adequacy and reporting standards. In the 2025 index, results were mixed across the continent. While eight countries saw their scores increase, most others experienced declines.

The main factor driving improvements was a push for reforms. Nigeria stands out as the highest riser following comprehensive FX market reforms. Its Pillar 2 score jumped to 73 from 52 last year, climbing 15 places to fourth. Uganda also made progress, scoring 70 up from 67 in 2024, in part due to the introduction of cross-currency repurchase agreements and an FX liquidity solution.

South Africa, Madagascar and Mauritius have maintained their positions in first, second and third, respectively. However, many economies faced a decline in reserve adequacy, largely due to falling export revenues, external debt repayments and high import bills. These factors contributed to Kenya's score falling by 7 points to 64, while Morocco and Botswana both saw declines of 9 points, to 56 and 59, respectively.

Striding forward with reforms

FX reforms have been rolled out across several key economies in the year to June 2025. These reforms are designed to boost transparency, unify fragmented systems and restore trust among investors.

Nigeria led the way, announcing major

reforms by the Central Bank of Nigeria. These included unifying various FX windows, clearing a \$7bn FX backlog and gradually phasing out fiscal-style interventions that had previously disrupted market operations. While challenges around liquidity and volatility still exist, these reforms mark a pivotal moment for Nigeria's FX market credibility.

The Bank of Uganda rolled out comprehensive reforms that liberalised the FX market, improved interbank liquidity and raised reporting standards. These changes included making the exchange rate regime more flexible, expanding participation in the interbank market and adopting global best practices for data disclosure.

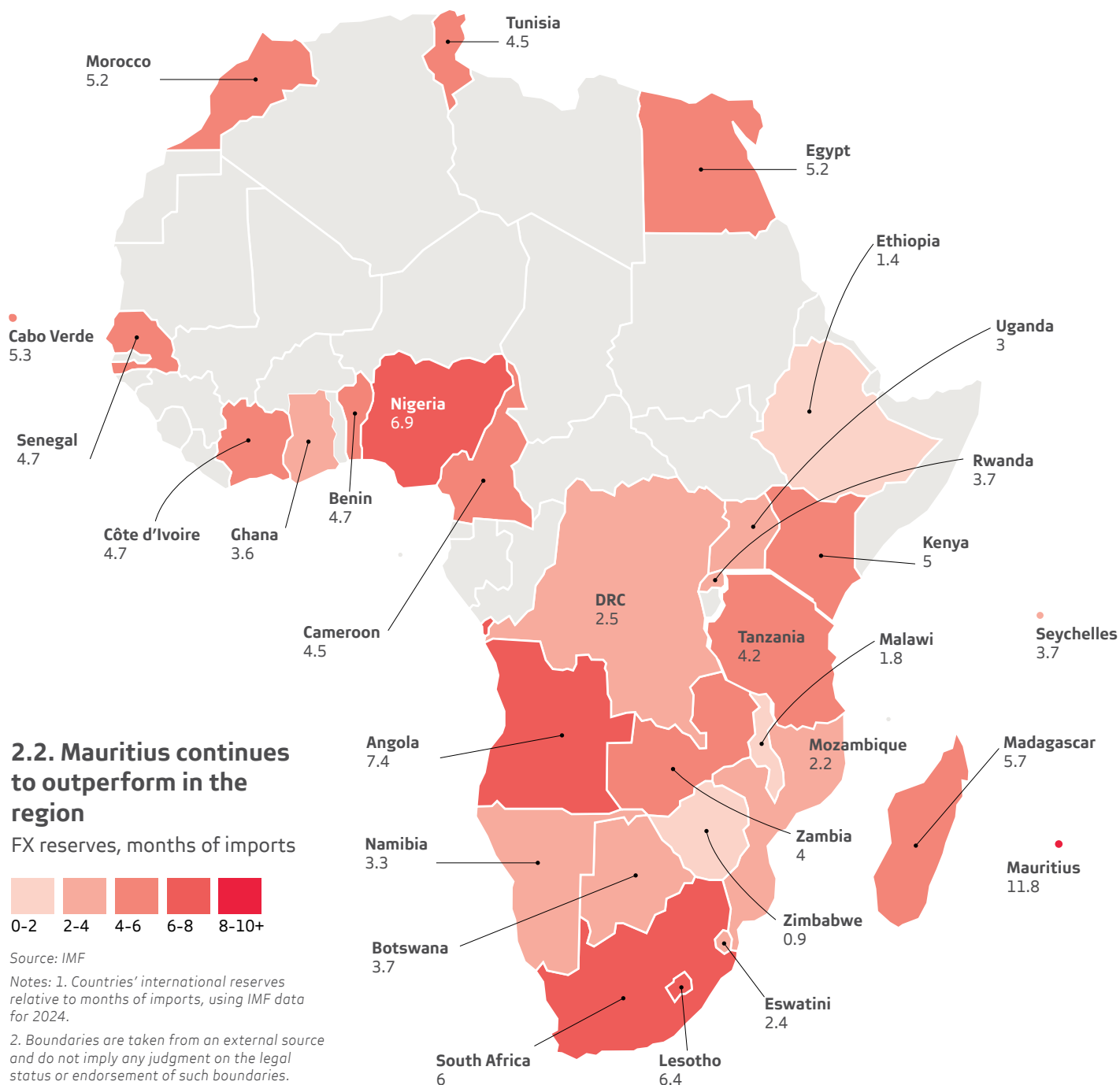
Ghana also saw notable improvements, though its Pillar 2 score only increased by 1 point to 53. After its International Monetary Fund programme, the Bank of Ghana introduced reforms that boosted FX liquidity, enhanced reserves management and improved access for investors. By streamlining FX windows and easing restrictions on FX access, Ghana has taken meaningful steps to restore confidence in the cedi.

Ethiopia made progress by slightly improving transparency in its managed FX regime, helping its score to rise by 7 points to 48, while Tunisia, Angola and Cabo Verde each implemented changes to improve reporting or boost interbank liquidity. Ethiopia also passed a new law allowing foreign banks to access its banking sector for the first time, marking a major step

Nigeria stands out as the highest riser following comprehensive FX market reforms. Its Pillar 2 score jumped to 73 from 52 last year, climbing 15 places to fourth.



Pictured: Busy market street, Nigeria



towards regional integration.

Broadly, reforms to achieve greater FX access are critical because it is a precondition for portfolio investment, sovereign borrowing and cross-border trade. Better transparency and integrated regimes reduce uncertainty, lower transaction costs and encourage both domestic and foreign participation.

Falling FX reserves adequacy

Despite some progress in reforms, critical vulnerabilities remain across the AFMI region. The major hurdle in the immediate term is

reserves adequacy, which has worsened in more than half of economies. This indicator measures countries' international reserves relative to months of imports using IMF data for 2024.

Encouragingly, the average months of imports across the index is 4.4, meaning most countries reach the 3-month threshold commonly used for marking adequacy (Figure 2.2). Mauritius continues to outperform the rest of the region with 11.8 months. Nigeria stands out once again for its notable progress: it now has 6.9 months of imports, up from 5.4 in last year's index. It scores a perfect 100 in

Ghana more than doubled its FX reserves in months of imports to 3.6, from 1.6.

this indicator, alongside Mauritius. Ghana also improved, more than doubling its months of imports to 3.6, from 1.6.

Botswana saw its score fall by 31 points in this indicator. A survey respondent from the country said: 'The uncertainty in the global diamond market coupled with foreign exchange outflows has led to increased pressure on foreign exchange reserves.' To preserve and reduce pressure on these reserves, 'the Bank of Botswana increased the minimum tradeable amount from an equivalent of \$1m to \$5m effective April 2025'.

For investors, falling reserves can mean higher perceived risks when it comes to convertibility, raising fears about whether central banks can stabilise exchange rates during external shocks. The presence of parallel market premiums in several countries highlights a persistent distrust in official foreign exchange markets.

Liquidity shortages only add to the issue. Many smaller economies are still grappling with illiquid foreign exchange markets, characterised by wide spreads and frequent rationing. This situation discourages inflows and makes local securities less appealing.

Countries are improving transparency

As almost all countries score full marks for reporting standards, there have been no changes in this indicator for this year's index. However, four more countries have adopted the FX Global Code in the past 12 months. Eswatini, Ethiopia, Ghana and Uganda take the total number of AFMI economies committed to the code's principles of ethics, governance, transparency and accountability to 13.

Ghana has partly aligned with the code for its FX market code of conduct. The financial market regulator is working to introduce a regulatory framework for FX trading in the country to improve verification of licenced investment companies. Not only does this represent meaningful progress towards building FX markets in Ghana but wider adoption across the continent is also narrowing

the trust gap between African FX markets and global best practice, helping to improve investor perceptions of market conduct.

Even though transparency has improved in some areas, there are still major gaps. Countries like Ethiopia and Madagascar continue to report FX and reserve data with considerable delays. This lack of timely information undermines confidence and makes it tougher for investors to accurately assess risks. Countries adhering to timely FX reporting often enjoy lower risk premia, which can contribute to cheaper access to capital. Those lagging risk paying a higher cost of borrowing.

Overcoming critical vulnerabilities

To boost FX access and build investor confidence, AFMI economies should zero in on four main priorities. While the reforms introduced over the past 12 months have made positive changes, countries should speed up the implementation of FX reforms. They should continue liberalising FX regimes, unify separate currency trading markets into a single, more transparent system and ease access restrictions to enhance efficiency and transparency.

Countries can reinforce external buffers by diversifying exports, creating sovereign funds and practicing prudent debt management. Expanding market participation, introducing incentives for market-making and aligning trading practices with global standards will increase interbank FX liquidity. Finally, countries should embrace the IMF's Special Data Dissemination Standard or Enhanced General Data Dissemination System for regular FX data publication and fully implement the FX Global Code to standardise reporting.

By addressing these areas, African economies can mitigate convertibility risks, lower sovereign risk premiums and attract more stable investment flows. This approach will not only bolster macroeconomic resilience but also position local capital markets as trustworthy destinations for global investors.

Countries can reinforce external buffers by diversifying exports, creating sovereign funds and practicing prudent debt management.

Looking to diversify

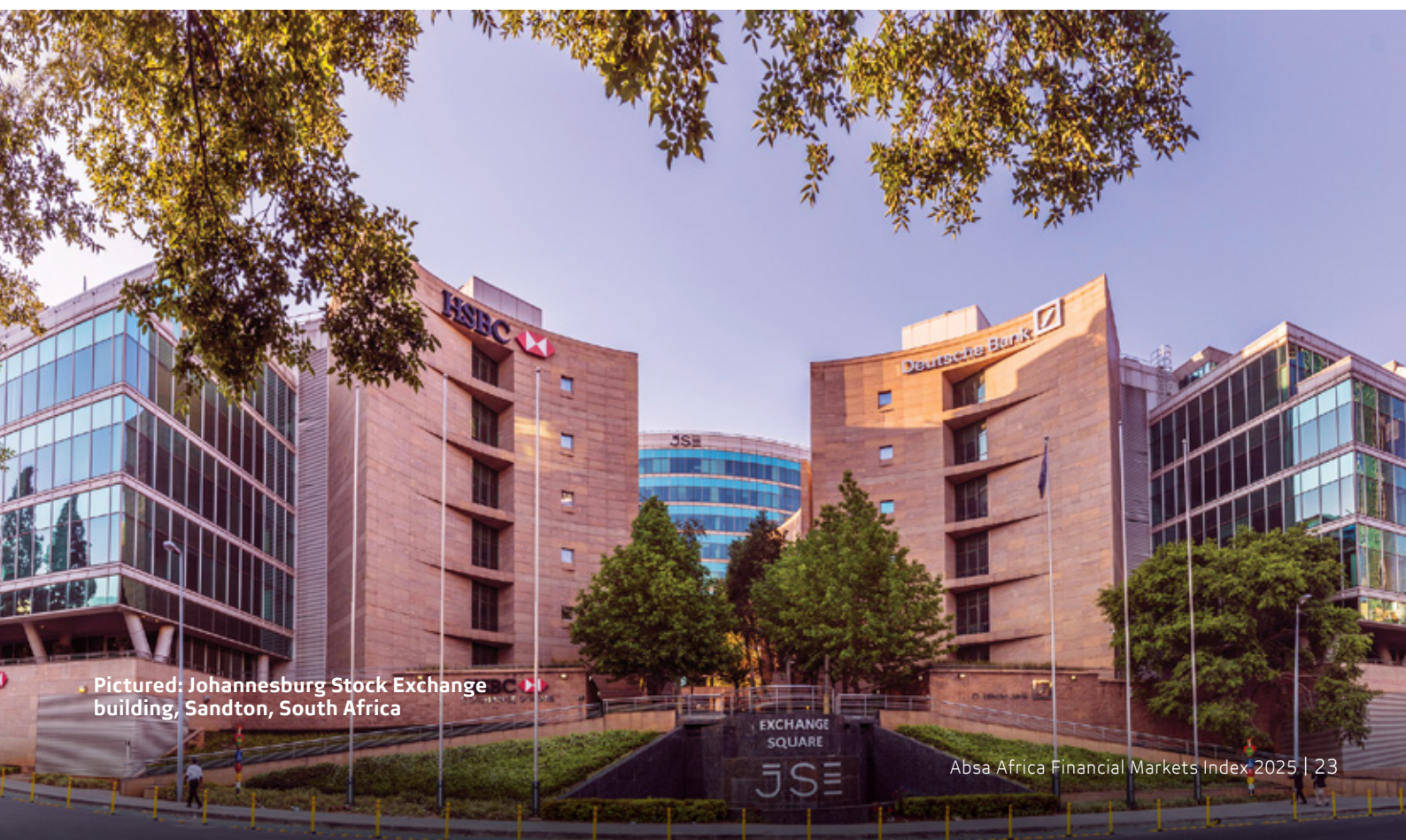
A growing number of central banks across Africa are starting to diversify their foreign reserves by incorporating China's renminbi. Countries like Nigeria, South Africa, Kenya and Rwanda have either signed renminbi swap agreements or begun using the currency for some trade settlements. This shift reflects the strengthening trade relationships between Africa and China, as well as a desire to lessen dependence on the dollar.

Establishing swap lines with China can alleviate dollar shortages, offering an alternative source of liquidity for trade and debt repayments. By diversifying into renminbi, these countries can reduce their concentration risk in dollar, which helps build stronger buffers against market volatility. The broader use of renminbi also allows for more flexible financial regimes. However, there are still concerns regarding disclosure. Unless countries report their renminbi reserves in line with international standards, investors may remain cautious.

Renminbi adoption is a double-edged sword. It could bolster Africa's FX resilience but the benefits

depend on consistent and standardised reporting of renminbi reserves. Currently, renminbi transactions and reserves reporting in Africa are less transparent than dollar equivalents. There also needs to be enough liquidity to satisfy investor demand. As the currency is not widely traded in Africa, renminbi markets remain shallow, and not all investors are willing to accept renminbi in transactions or payments.

For the time being, the renminbi aids as a supplementary tool in reserve management. Its inclusion in African reserves marks progress in diversification but also highlights the necessity for strong governance and reporting.



Pictured: Johannesburg Stock Exchange building, Sandton, South Africa

Pillar 3: Market transparency and regulation



Pictured: Coffee ceremony, Ethiopia

Pillar 3 assesses the transparency of financial markets, with emphasis on tax and regulatory frameworks, and how environmental, social and governance criteria are integrated.

Key findings:

1. South Africa ranks first in Pillar 3 this year with an overall score of 96, up 5 points, surpassing Mauritius. The improvement was driven by a higher international credit rating.
2. Nine countries have now implemented climate stress testing in their financial market frameworks, with Ghana making progress this year, helping it rise to third place in the pillar.
3. Namibia and Ethiopia reached full scores on financial information transparency, after publishing detailed data on sectoral composition and ownership of assets.

3.1. Ethiopia makes marked progress

Pillar 3 overall score and pillar components, max = 100

Country	2025 score	Change v. 2024	Financial stability regulation	Corporate reporting standards and governance	Tax environment	Financial information transparency	ESG initiatives and standards	Existence of credit ratings
South Africa	96	▲ 5	100	100	74	100	100	100
Mauritius	92	▼ -3	100	100	92	100	100	61
Ghana	89	▲ 13	100	100	66	100	100	68
Kenya	87	▲ 3	100	100	34	100	100	90
Nigeria	86	- 0	55	100	60	100	100	100
Egypt	86	▼ -2	100	70	81	100	100	63
Morocco	85	▼ 0	100	77	87	100	100	48
Zimbabwe	82	- 0	100	100	64	100	100	26
Zambia	77	▼ 0	78	100	40	100	100	43
Botswana	77	▼ 0	55	100	60	100	100	44
Rwanda	74	▼ -2	100	100	46	55	100	43
Tanzania	73	▼ -3	55	100	55	100	100	29
Uganda	71	▼ -5	55	100	41	100	100	33
Tunisia	70	▼ 0	55	62	90	55	100	57
Namibia	67	▲ 7	55	100	43	100	55	46
Senegal	61	▲ 3	55	85	54	55	55	59
Malawi	60	- 0	55	100	39	100	55	11
Eswatini	60	- 0	33	100	46	100	55	25
Côte d'Ivoire	57	▼ 0	55	85	40	55	55	49
Cabo Verde	55	▼ -3	33	62	56	55	100	25
Ethiopia	55	▲ 13	10	100	67	100	10	40
Benin	55	▼ -3	55	85	37	55	55	40
DRC	54	▲ 4	55	85	29	100	10	42
Angola	53	▼ 0	55	70	43	55	55	43
Seychelles	50	- 0	55	55	58	100	10	25
Cameroon	50	▼ 0	10	85	36	55	55	56
Mozambique	45	- 0	33	85	29	55	10	58
Madagascar	37	▼ -3	33	32	37	100	10	10
Lesotho	37	- 0	33	40	13	100	10	25

Source: AFMI 2025 survey, Bank for International Settlements, International Financial Reporting Standards, PricewaterhouseCoopers, GCR Ratings, London Stock Exchange Group Data and Analytics

Note: Overall Pillar 3 scores represent the average score across each of the Pillar 3 components. Average scores may differ to those implied by the individual components shown due to rounding. Arrows (▲▼) reflect changes in scores to 1 decimal point. Scores from 2024 are updated to incorporate any potential data revisions and may differ from those published in AFMI 2024. More information on pp.50-51.

This year, 15 AFMI countries continue to provide incentives for issuing ESG assets and 23 apply ESG measures within their financial market infrastructure.

PILLAR 3 looks at financial market development, with a focus on regulation, taxation and transparency. ESG metrics were added to the pillar’s scoring in 2021, giving prominence to those countries that have created enabling environments for sustainability-driven investments.

Ghana took a significant sustainability-related step by introducing climate stress testing in November 2024, joining eight other countries in the index already applying this approach (Figure 3.2). The Bank of Ghana issued the Climate-Related Financial Risk Directive, requiring all regulated financial institutions, including banks, specialised deposit-taking institutions and non-bank financial institutions, to integrate climate-

related risks into their governance frameworks, internal controls and risk management plans. This is one of the factors that helped push Ghana’s Pillar 3 score up by 13 points, to 89 from 76.

Other regulators are also moving in this direction. In Malawi, the Reserve Bank has set up the Climate Change Centre to lead efforts in mainstreaming climate considerations across the financial sector. While stress testing has not yet begun, capacity-building is underway with a tentative launch expected in 2026. The Registrar of Financial Institutions has issued guidelines on managing climate and environmental risks for banks, with work underway to extend them to insurers and develop a broader ESG framework for the banking sector.

South Africa has taken the most advanced step so far. Throughout 2024, the South African Reserve Bank ran its first climate risk stress test on the six systemically important banks, using long-term scenarios to assess both physical and transition risks. The results showed the banking sector to be broadly resilient and increasingly aware of climate exposures, though data gaps and modelling challenges were also highlighted.

While there has been progress on climate stress testing, elsewhere in our measures of sustainability ESG figures remain unchanged. This year, 15 AFMI countries continue to provide incentives for issuing ESG assets and 23 apply ESG measures within their financial market infrastructure. At the same time, many countries are exploring ways to further strengthen their ESG frameworks.

In Uganda, the central bank has begun integrating ESG framework compliance into its supervisory process to reduce the risk of greenwashing, while issuing guidance on International Financial Reporting Standards S1 and S2 to accelerate ESG reporting. As a survey participant noted, this forms part of a ‘journey toward achieving the Sustainability Standards and Certification Initiative’, underscoring the institutionalisation of ESG in the banking sector.

In Botswana, the stock exchange has expanded its ESG reporting toolkit. Its Sustainability Disclosure Guidance, launched in August 2024 in partnership with the Global Reporting Initiative, reflects the latest global standards and aims to ‘promote transparency and comparability in ESG reporting’. In Zimbabwe, all companies listed on the Zimbabwe Stock Exchange and Victoria Falls Stock Exchange are now required to report on sustainability issues in their financial statements, while a new carbon credits framework introduced in 2023 is designed to curb greenwashing and ensure that communities see tangible benefits.

Progress has also been made in a number

3.2. Nine countries now implement stress testing

Existence of sustainability-focused policies. Green highlight represents new policies this year.

Country	Climate stress testing	Incentives for issuing ESG assets	ESG market standards
Egypt	✓	✓	✓
Kenya	✓	✓	✓
Mauritius	✓	✓	✓
Morocco	✓	✓	✓
South Africa	✓	✓	✓
Zimbabwe	✓	✓	✓
Rwanda	✓	✓	✓
Zambia	✓	✓	✓
Ghana	✓	✓	✓
Botswana		✓	✓
Tanzania		✓	✓
Cabo Verde		✓	✓
Nigeria		✓	✓
Tunisia		✓	✓
Uganda		✓	✓
Malawi			✓
Angola			✓
Cameroon			✓
Eswatini			✓
Namibia			✓
Benin			✓
Côte d'Ivoire			✓
Senegal			✓

Source: AFMI 2025 survey

Note: Countries not presented in the table are DRC, Ethiopia, Lesotho, Madagascar, Mozambique and Seychelles. At the time of measurement, none of these countries had implemented sustainability-focused policies in the financial sector.

of countries in aligning disclosure with global practices. In Mauritius, the Financial Services Commission published new disclosure and reporting guidelines for ESG funds in March 2025, complementing earlier guidelines for corporate and green bonds.

Shifts in tax and regulatory frameworks

This year saw few changes in tax regimes across Africa, and differences between countries remain stark. Mauritius continues to lead in this indicator, with a tax environment score of 92 contributing to its overall Pillar 3 score of 95. Its low average withholding tax on dividends and interest for non-residents, at 7.5%, and its network of 45 double taxation treaties enhance its appeal to foreign investors (Figure 3.3).

Some countries have made incremental progress. Rwanda expanded its treaty network by signing five new agreements in 2024 with Benin, Czechia, South Korea, Jordan and Angola, while Kenya's new double tax agreement with Singapore and the entry into force of the Organisation of Economic Co-operation and Development's Multilateral Instrument mark steps towards stronger international alignment. Zimbabwe has also adjusted its regime to attract portfolio flows. In January 2025, the government reduced the capital gains withholding tax at the ZSE to 1%, down from 2%. On the VFEX, capital gains tax is fully exempt, while the dividend withholding tax for foreign investors remains at 5%.

Other reforms are worth noting. Cabo Verde has introduced a tax exemption on income from publicly and privately placed BVC-listed bonds held or subscribed by emigrants, aimed at boosting diaspora investment. In Tanzania, authorities have acted to remove tax distortions between short-term and long-term securities by equalising withholding tax rates across maturities.

Global capital flows are shifting back towards emerging markets, and countries with fewer tax frictions will be better placed to attract investment, even as external trade and tariff pressures weigh on exporters.

Financial reporting and transparency

All AFMI countries continue to perform strongly on financial reporting. Fixed dates and timelines for disclosures remain in place across the region, providing a predictable framework for investors. Reporting practices are broadly aligned with International Financial Reporting Standards, helping to support transparency and market integrity. This year, Namibia and Ethiopia have also introduced financial

Namibia and Ethiopia both score full marks on the 'financial information transparency' indicator, up from 55 last year.

3.3. Landscape of dividends, interest and tax treaties in Africa

Tax rates and treaty networks across African countries as of Q3 2025, %

Country	WHT dividends	WHT interest	Tax treaties
Mauritius	0	15	45
Tunisia	10	10	51
Morocco	15	10	55
Egypt	10	20	60
South Africa	20	15	79
Ethiopia	10	10	24
Ghana	8	8	17
Zimbabwe	15	0	13
Tanzania	10	10	9
Botswana	10	15	23
Nigeria	10	10	15
Seychelles	15	15	28
Cabo Verde	0	20	11
Senegal	10	16	17
Eswatini	15	10	7
Rwanda	15	15	14
Namibia	20	10	11
Angola	10	15	3
Mozambique	20	20	9
Uganda	15	15	8
Côte d'Ivoire	15	18	12
Zambia	20	20	22
Malawi	15	15	6
Madagascar	10	20	4
Cameroon	16.5	16.5	7
Kenya	15	25	15
DRC	15	20	2
Lesotho	25	25	5

Source: Deloitte, PwC

Note: WHT may be reduced under applicable tax treaties. Where applicable, the tax rate shown is for non-residents.

The overall number of international corporate ratings in AFMI countries increased to 428 this year from 343 last year.

information transparency, publishing data on sectoral composition and on the balance between domestic and foreign ownership of assets. As a result, both countries' score full marks on the 'financial information transparency' indicator, up from their score of 55 last year.

Several jurisdictions are making notable efforts to adopt global best practices and to encourage transparency for implementing IFRS compliance. Rwanda has developed and published an IFRS Sustainability Disclosure Standards Adoption Roadmap (2024-27), which sets out a phased approach for awareness-raising, capacity building, pilot implementation and full adoption of IFRS S1 and S2 by 2027.

Uganda has also improved its framework. The Capital Market Authority's Corporate Governance Regulations, gazetted in January 2025, has introduced requirements for independent directors, stronger risk management frameworks and clearer lines of responsibility, aimed at improving resilience and accountability in capital markets.

In Morocco, banks and financial institutions regulated by the central bank must prepare consolidated financial statements in accordance with IFRS, while insurance entities supervised by the Supervisory Authority of Insurance and Social Welfare (ACAPS) have the option of applying either local Generally Accepted Accounting Principles or IFRS. Cabo Verde is continuing its work to build a more robust reporting system aligned with international standards.

Big improvements in credit ratings

An overall increase in the number of credit ratings by international agencies such as S&P, Moody's and Fitch over the 12 months to June 2025 has raised Pillar 3 scores for many countries. These ratings play a key role in financial transparency by giving investors clearer assessments of sovereign and corporate creditworthiness. A few countries recorded significant upgrades in corporate credit ratings, including South Africa, which has had 153 ratings in the past year – 63 more than the year before. There was also an increase in Nigeria, Ghana and Kenya on this measure. The overall number of international corporate ratings in AFMI countries increased to 428 this year from 343 last year. In contrast, Egypt saw a considerable drop in 21 corporate ratings, resulting in a 2-point decrease in its overall score to 86.

In Ghana, one survey participant highlighted the establishment of Credit Rating Agency Ghana, created to enhance transparency, strengthen credit risk assessment and build investor confidence in the domestic market. In Uganda, a major milestone was reached in June 2025 when

the International Credit Rating Agency received formal approval from the CMA to operate as the country's first licensed credit rating agency. This step is expected to improve transparency by providing independent assessments and to boost investor confidence in Uganda's capital markets.

Pillar 3 also covers sovereign credit ratings from international agencies. Mauritius lost one sovereign rating, which contributed to its score falling to 92 from 95. Rwanda fell to 11th place this year from seventh, largely because fewer rating agencies issued an opinion on its sovereign rating compared with last year.

Policy recommendations

Looking ahead, AFMI countries can build on existing progress in several ways. Climate stress testing should be scaled up and institutionalised: countries that have already piloted exercises should move towards regular implementation and improved modelling, while those still at the capacity-building stage should aim to accelerate timelines. ESG integration also needs to move from voluntary guidance to mandatory disclosure, with frameworks embedded in supervisory processes to reduce the risk of greenwashing.

Tax and regulatory frameworks remain uneven, and reforms should prioritise expanding treaty networks, harmonising withholding tax regimes across regions and strengthening incentives for sustainable finance. Lessons can be drawn from countries that have successfully introduced tax incentives for green bonds or developed taxonomies to guide sustainable investment.

On financial reporting, phased adoption of IFRS sustainability standards (S1 and S2) should be encouraged, building on Rwanda's roadmap and Uganda's early guidance. At the same time, countries that have not yet published ownership and sectoral data should follow the recent examples of Namibia and Ethiopia to strengthen financial information transparency. Finally, given the pressures created by tariff tensions, AFMI countries should review how their tax and regulatory frameworks can shield export-dependent sectors and sustain competitiveness in an uncertain global trade environment.

Strengthening the credit rating landscape should also be a priority. Countries can benefit from encouraging the establishment of credible domestic credit rating agencies, as seen in Ghana and Uganda, while at the same time broadening the coverage of international ratings. Expanding access to reliable corporate and sovereign ratings not only enhances market transparency but also builds investor confidence, particularly when paired with stronger disclosure and sectoral data that support more accurate assessments.



Pictured: Lusaka Stock Exchange, Zambia

Pillar 4: Pension fund development

Pictured: Colourful spices laid in the shape of pyramids, Morocco

Pillar 4 evaluates the potential for domestic institutional investors to drive capital market growth based on the size of pension fund markets, both in per capita terms and relative to local listed securities.

Key findings:

1. While Pillar 4 scores rose in eight economies, they decreased for 19, primarily due to a decrease in pension fund assets relative to domestically listed assets.
2. Namibia remains the top performer, but Botswana records the highest pension fund assets per working-age person at \$6,289.
3. Access to domestic financial assets is improving, with at least 27 countries implementing ,or already having in place, mobile or online access to domestic financial assets.

4.1. Namibia continues to lead

Pillar 4 overall score and pillar components, max = 100

Country	2025 score	Change v. 2024	Pension fund size	Pension fund assets to domestically listed assets
Namibia	100	– 0	100	100
Eswatini	67	▲ 5	100	34
South Africa	65	▼ -7	83	48
Botswana	59	▼ -1	100	17
Seychelles	58	▼ -4	100	17
Mauritius	51	▼ -4	86	17
Morocco	37	▼ -1	38	36
Zimbabwe	36	▲ 10	15	56
Lesotho	28	▼ -4	25	31
Cabo Verde	27	▼ -1	38	17
Uganda	26	▲ 7	17	35
Kenya	23	▲ 3	21	25
Tanzania	22	▼ -1	15	28
Ghana	21	▼ -7	16	26
Egypt	19	▼ -4	11	27
Angola	18	▲ 5	11	24
Tunisia	17	▲ 5	16	18
Nigeria	16	▼ -19	12	20
Rwanda	16	▼ -3	14	17
Malawi	13	▼ -2	13	14
Cameroon	13	▼ -12	11	15
Côte d'Ivoire	12	▲ 0	12	12
Zambia	12	▲ 0	11	13
Mozambique	12	▼ -1	10	13
Ethiopia	11	▼ 0	12	10
Senegal	11	▼ -2	10	11
Benin	10	▼ 0	10	11
Madagascar	10	▼ 0	10	10
DRC	10	– 0	10	10

Source: AFMI survey 2025, Organisation for Economic Co-operation and Development, national central banks, national statistics, OMFIF analysis

Note: Overall Pillar 4 scores represent the average score across each of the Pillar 4 components. Average scores may differ from those implied by the individual components shown due to rounding. Scores from 2024 are updated to incorporate any potential data revisions and may differ from those published in AFMI 2024. More information on pp. 50-51.

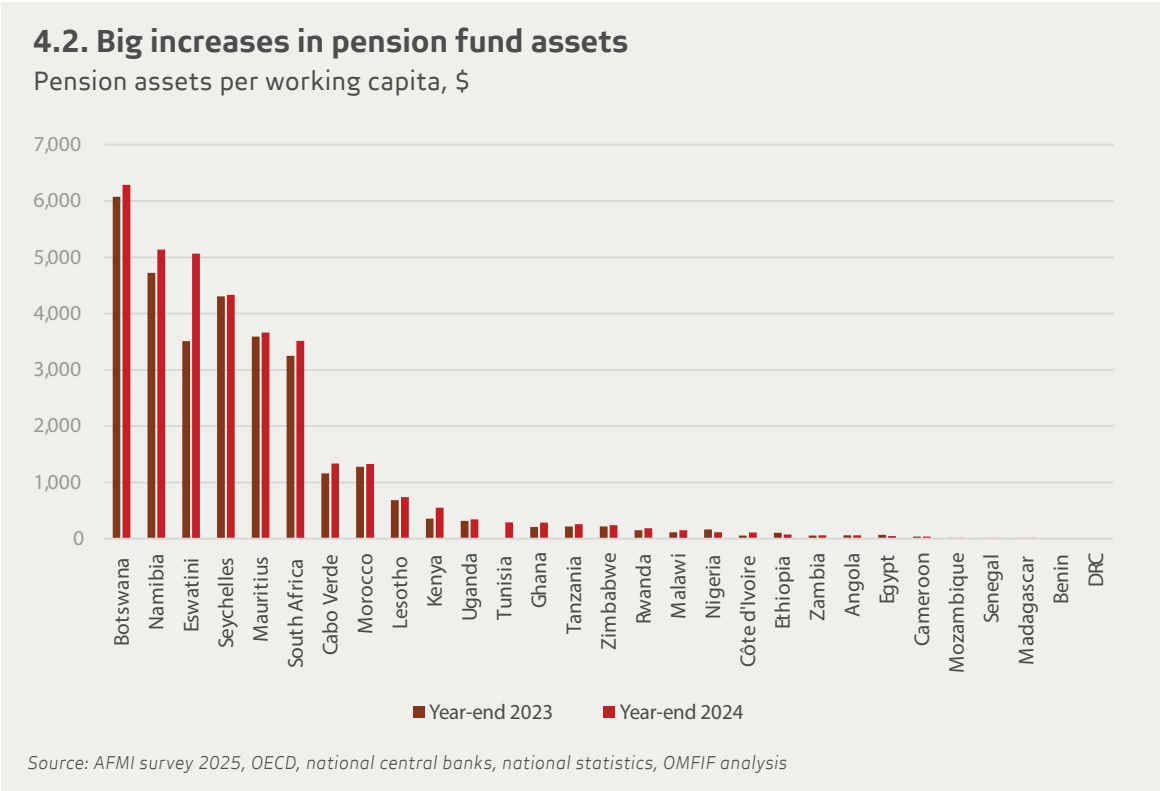
PILLAR 4 evaluates the development of pension systems across AFMI countries by assessing the size of the pension fund and analysing its contribution to the development and activity of local capital markets. In this edition of the index, Pillar 4 scores decreased in 19 countries, mainly due to falls in pension fund assets relative to domestically listed securities.

Nigeria and Cameroon are among the most affected countries. Nigeria’s pillar 4 score dropped to 16 from 35, falling 10 places to 18th. This is mainly due to a decrease in pension fund size and challenging market conditions, including declines in secondary bond trading and new issuances, liquidity issues and foreign exchange reforms. Cameroon fell to 21st place in the pillar, scoring 13, down from 24 in 2024.

Conversely, Zimbabwe and Uganda experienced large increases in pension fund assets to domestically listed assets. Zimbabwe’s score climbed by 10 points to 36 this year, moving to eighth place, while Uganda’s score rose to 26 from 19, climbing to 11th place. Uganda’s government is focusing on boosting production and value addition across key sectors, with one survey respondent mentioning that ‘for the capital markets, this translates into a pipeline of new businesses seeking long-term financing through equity and debt issuances, as well as opportunities for private equity and venture capital funds

to deploy capital, thereby deepening market participation’. Namibia continues to be the top performer with a perfect score of 100, and Eswatini moves into second place with a score of 67, mainly due to an increase in the pension fund size. This edition of the index measures pension fund size by evaluating the size of the pension fund per capita, utilising the working age population, rather than the overall population, as was the practice in previous years. The introduction of this methodological change had a slight impact on scores, but most importantly, it allows for a more relevant representation of the developments of the pension funds by using the ratio of the direct contributors to the system.

The pension fund size per working-age person increased in 18 countries in the course of 2024 (Figure 4.2). Ten AFMI countries have pension fund assets per working-age person lower than \$100, but this number is down from 15 in 2024. Namibia, Eswatini, Botswana and Seychelles score 100 in this component this year. Botswana has the highest pension fund assets per working-age person at \$6,289. The country mandates gradual investment repatriation with at least 50% of assets domestically invested by 2028, aiming to stimulate the local economy and infrastructure, and reduce capital flight. A survey respondent from Botswana said that



‘the repatriation of pension funds will be key to helping with alleviating the economic situation, especially if investing is targeted’.

Eswatini saw the largest nominal increase in pension fund assets per working-age person, to \$5,067 at the end of 2024 from \$3,511 at the end of 2023. The Eswatini National Provident Fund is converting from a provident fund to a national pension fund, resulting in coverage expansion, especially since the new pension system will include not only employees in the formal sector but also extend to workers in the informal economy and domestic workers, aiming for a more inclusive system to enhance long-term sustainability and secure retirement.

On the contrary, Nigeria experienced the biggest fall in this component, with pension fund assets per working-age person of \$115 at the end of 2024, down from \$165 at the end of 2023. This was largely due to the currency’s depreciation, which caused a drop in the value of assets.

Persistent challenges in developing pension systems

Despite improvements in the size of pension funds, some survey respondents highlighted key barriers that remain for pension systems and domestic savings. Respondents from Cameroon and Benin expressed that many households remain on low or irregular incomes, making it

difficult for them to save.

Another key challenge is the limited access to formal financial services, with several countries highlighting the limited coverage beyond formal sector workers. This compounds the challenge of integrating the vast informal workforce into pension schemes, as traditional models are not designed for them. A significant majority of the African workforce operates in the informal sector, which often lacks access to or participation in formal pension systems. A survey respondent from Cameroon noted that ‘competition from the informal sector continues to drain a significant portion of local savings’.

Pension coverage in Africa is critically low. According to the International Labour Organisation, only about 9.6% of the working population contributes to a pension scheme, limiting the role of pensions in capital mobilisation. In comparison, according to OECD estimates, 26% of Asia’s working-age population participates in a pension system.

Low awareness and financial literacy are key limitations. Both Cabo Verde and Uganda mentioned the lack of knowledge about financial products or the benefits of savings. A survey respondent from Uganda said: ‘To address this, financial market regulators are intensifying efforts through investor education initiatives aimed at improving public understanding and

100

Namibia continues to be the top performer with a perfect score of 100, and Eswatini moves into second place with a score of 67.



Pictured: State House, Windhoek, Namibia

encouraging greater participation in the market'. Financial literacy campaigns were selected by respondents in 28 AFMI economies as the main financial initiative in their jurisdictions, followed by expanding access to mobile wallets or payments (Figure 4.3).

Another critical challenge for many AFMI economies is that pension funds remain heavily concentrated in government securities, limiting

allocations to equities, corporate bonds and alternative assets. Survey respondents from Kenya, Cabo Verde and Tanzania said that regulatory restrictions prevent pension funds from diversifying adequately across asset classes and savings institutions and pension funds are heavily concentrated in government securities. Pension regulatory frameworks often impose tight caps on foreign or equity investments,

4.3. Financial literacy at the centre of financial inclusion initiatives

What are the main financial inclusion initiatives or priorities in your jurisdictions?

Country	Financial literacy campaigns	Expanding access to formal banking system	Expanding access to mobile wallets/w	Digital access to markets	Use of CBDCs and/or stablecoins
Angola	x	x	x	x	
Benin	x	x	x	x	
Botswana	x		x	x	
Cabo Verde	x		x	x	
Cameroon	x		x	x	
Cote d'Ivoire	x	x	x	x	
DRC					
Egypt	x	x	x	x	
Eswatini	x	x	x	x	x
Ethiopia	x	x	x	x	
Ghana	x	x	x	x	x
Kenya	x	x	x	x	
Lesotho	x	x	x		
Madagascar	x	x	x		x
Malawi	x	x	x	x	
Mauritius	x		x	x	x
Morocco	x			x	
Mozambique	x	x	x	x	
Namibia	x	x	x		
Nigeria	x	x	x	x	x
Rwanda	x	x	x	x	
Senegal	x	x	x	x	
Seychelles	x	x	x	x	
South Africa	x	x	x	x	
Tanzania	x			x	
Tunisia	x	x	x	x	
Uganda	x	x	x		
Zambia	x	x	x		
Zimbabwe	x	x	x	x	
Total	28	22	26	23	5

Source: AFMI survey 2025

keeping funds concentrated in government bonds, which constrains market development. In countries with limited pension development, sovereign funds are helping to fill the gap, but governance and clear investment mandates remain key to their effectiveness.

While product diversity across AFMI economies is expanding, many of these instruments remain thinly traded. The absence of deep, liquid markets limits their investability for pension funds, which require both variety and depth to manage long-term obligations. In South Africa, for example, pension assets are over 60% to 70% of gross domestic product, with deep domestic markets that can deploy capital across multiple products with liquidity. In comparison to other AFMI countries, pension assets are much lower as a % of GDP (typically less than 10% or 20% of GDP). This is because most assets remain concentrated in government debt, reflecting both structural (small, shallow markets) and regulatory (conservative investment limits) barriers.

Digital access to domestic financial assets increasing

While pillar 4 does not formally score engagement with domestic retail investors, we recognise its role in driving financial market developments and the advances that AFMI countries are making in this area. Retail investor bases remain small relative to other emerging markets. However, mobile trading platforms and digital savings products are expanding access. AFMI countries recognise the potential to improve local investors' capacity and are leveraging technology and digital financial innovation to tap into retail investors' potential. At least 27 countries have or are in the process of implementing mobile or online access to domestic financial assets.

One prominent example is the Regional Stock Exchange (Bourse Régionale des Valeurs Mobilières) platform shared by eight countries of the West African Economic and Monetary Union, which aims to facilitate access to financial markets, particularly for young people and retail investors. New market infrastructure initiatives are currently underway, such as the Electronic Auction Platform in Angola, which

Digital assets and tokenisation are gaining some traction, with Kenya establishing the Kenya Digital Exchange and joining the Hedera Council to advance tokenised securities.

seeks to improve the efficiency and transparency of Angola's foreign exchange market, and an integrated supervisory digital system to enhance the Capital Markets Commission's ability to oversee the financial institutions.

The adoption of new regulations, such as ISO 20022 messaging standards by the Central Securities Depository Botswana, marks a significant technological milestone in enhancing capital markets activity and improving efficiency and international interoperability. Regulation for digital transformation is increasing, with Egypt issuing digital transformation decrees to improve financial inclusion and speed up capital market access, and Ghana releasing cryptocurrency regulatory guidelines.

Digital assets and tokenisation are gaining some traction, with Kenya establishing the Kenya Digital Exchange and joining the Hedera Council to advance tokenised securities. Cameroon has expanded its offerings to include digital assets, green bonds and sukuks. Cabo Verde is exploring digital currencies with the new Organic Law, enabling the central bank to issue a central bank digital currency. On mobile money and inclusion, Eswatini enabled Treasury bill interest payments via mobile money, cutting costs and widening retail participation.

Looking forward, the development of pension funds in AFMI countries would benefit from the promotion of collective investment schemes. By supporting mutual funds, exchange-traded funds and real estate investment trusts, countries could attract smaller investors to scalable, diversified products. Offering tax neutrality and simpler regulatory frameworks will help these initiatives thrive. In addition, regulatory investment guidelines need improvements, such as moving away from strict quantitative limits and adopting risk-based supervision that promotes diversified portfolios. Introducing some flexibility for investments in green projects, infrastructure and small- to medium-sized enterprises would support diversified asset allocations.

Mobilising long-term domestic savings could expand pension and insurance coverage to the informal sector by introducing micro-pensions and making digital contributions easier. AFMI economies should encourage pension funds and insurers to invest more in equities, corporate bonds, infrastructure projects and alternative asset classes. Finally, the promotion of digital trading platforms and mobile savings products, as well as financial literacy campaigns and simplified access to initial public offerings and retail bonds, will grow retail investor participation.

DEMOGRAPHIC OPPORTUNITIES IN AFRICA

The region's young population is not only a source of labour and innovation but also a potential engine for long-term savings.

With an estimated 1.5bn people in 2025, Africa is the second most populous region in the world after Asia. Estimates from the United Nations this year also suggest that the continent has an average population growth rate of 2.3%, almost triple the global average.

Africa's population is expected to almost double by 2050 to 2.5bn people, making it the world's fastest-growing region. In contrast, other regions will experience a much faster decline in their population growth rate.

More than half of the continent's population is of working age (15 to 64 years old). This is also expected to double in the next 25 years, reaching 1.6bn people. If well harnessed, this would mean that Africa has a potential powerhouse fuelled by young talent at its disposal.

Potential in the labour market

Youthful populations offer a source of labour and innovation. Countries like Benin and Ghana highlighted their favourable demographics, with 65% of the population under 25 in Benin, and 60% in the working-age bracket for Ghana. Survey respondents mentioned that the youth population is 'providing a pool of talent' that 'has strong potential for increased productivity, innovation and entrepreneurship'.

However, this potential is not yet fully realised. Large numbers of young Africans remain in informal work or unemployed, limiting income stability and productivity growth. According to the IMF, half of all new entrants into the global labour force will come from sub-Saharan Africa by 2030, making job creation a new challenge.

It is estimated the region will require the creation of up to 15m new jobs annually. To leverage Africa's youthful labour market, policies need to focus on education and skills aligned with sectors of future growth and reducing barriers to formal employment, to generate a large number of productive, quality jobs.

Capital markets and economic growth

The booming youth population can be also linked to a growing middle class and consumer base with more opportunities to save and invest, which boosts capital market developments. Survey respondents in Tanzania and Benin mentioned that the 'growing middle class demand for diverse investment products and efficient financial services continues to rise', making it a 'potential pool of savers that can be mobilised through better

financial education and stock market inclusion'.

African capital markets remain relatively shallow, which limits their capacity to channel domestic savings and boost long-term growth. The International Finance Corporation notes that bond and equity markets in many countries are small, have few listed firms, low liquidity and often rigid regulation and infrastructure. According to a report by FSD Africa, efforts are underway to deepen local currency capital markets: for instance, catalysing over \$1.2bn in sustainable local currency capital, launching guarantee schemes and improving credit access. Expanding the domestic market is key to financing both private and public initiatives, building resilience to external economic shocks and meeting investment needs to accelerate the pace of economic growth.

Developing pension funds

Pension funds in Africa represent both an opportunity and a challenge. On one hand, they constitute a substantial pool of domestic capital that could be used for development. On the other, many pension schemes are underdeveloped, under-utilised or constrained by regulation, informality and lack of investment opportunities. Currently, coverage remains limited. Most young workers are in informal or precarious employment, meaning they cannot contribute regularly to retirement schemes.

The African Development Bank estimates that the continent's pension funds, insurance companies and sovereign funds already hold more than \$165bn in assets under management, though the bulk is invested in government securities. A growing youthful contributor base would allow these funds to scale up, diversify their portfolios and play a more active role in deepening capital markets. At the same time, broader participation would provide young savers with greater financial security in later life, creating a virtuous circle of savings, investment and social protection.

The demographic advantage of Africa can become a decisive factor in strengthening pension systems. As more young workers join formal employment, the base of contributors to pension funds will expand. This not only raises coverage but also ensures a steady flow of contributions that ensures the sustainability of the system and the funds that can be invested for long-term growth. A youthful workforce gives Africa an unusual window of opportunity to secure its pension systems before population ageing becomes a challenge.





STOCK EXCHANGE

MLLBDSI 100.00 ↗0.00 FO 290.00 ↗0.00 FORTISMFB 5.42 ↗0.00 FSDB2010 1 100.00 ↗0.00 FTNCOCO

Pictured: Lagos Stock Exchange, Nigeria

Pillar 5: Macroeconomic opportunity



Pictured: African jeweller checking the
quality of a diamond, Botswana

Pillar 5 considers countries' macroeconomic environments and the transparency of economic data and policy decisions.

Key findings:

1. Scores increased for 13 countries, primarily due to favourable gross domestic product growth forecasts.
2. Inflation rates have fallen in 22 countries, with Egypt, Nigeria and Angola seeing strong improvements from last year. Zimbabwe remains an outlier with inflation above 90%.
3. External debt as a share of gross domestic product improved in 16 economies. Just three countries, Ethiopia, Malawi and Zimbabwe, are in debt distress.

5.1. Most countries make progress on inflation

Pillar 5 overall score and pillar components, max = 100

Country	2025 score	Change v. 2024	GDP growth	Inflation	Non-performing loans	External debt	Macro data standards	MPC transparency	Budget releases
Botswana	85	▲ 0	33	92	93	100	93	88	100
Uganda	85	▼ -3	82	85	84	72	93	76	100
Tanzania	85	▼ -1	81	87	94	64	90	76	100
Namibia	79	▲ 1	37	86	78	91	73	88	100
South Africa	79	▲ 1	14	88	85	83	93	88	100
Eswatini	77	▼ -2	56	87	65	82	60	88	100
DRC	77	▲ 4	77	64	73	89	58	76	100
Egypt	76	▲ 3	62	50	100	29	93	100	100
Benin	76	▲ 2	88	92	91	51	63	46	100
Kenya	75	▼ -2	68	86	24	64	93	88	100
Seychelles	74	▼ -2	34	97	64	66	81	76	100
Côte d'Ivoire	73	▲ 0	86	100	67	55	61	46	100
Rwanda	73	▼ -7	98	71	88	17	92	46	100
Morocco	72	▲ 1	40	97	57	40	93	76	100
Mauritius	72	▼ -2	31	81	91	87	73	40	100
Nigeria	71	▼ -2	39	26	83	76	93	82	100
Ethiopia	71	▲ 3	100	53	87	80	35	40	100
Zambia	70	▼ -7	69	52	86	15	91	76	100
Mozambique	70	▲ 0	53	85	60	10	93	88	100
Zimbabwe	69	▼ -2	50	10	93	83	69	76	100
Senegal	68	▼ -1	72	95	50	46	66	46	100
Cameroon	68	▼ -2	52	87	29	69	62	76	100
Lesotho	68	▼ -2	15	84	87	40	60	88	100
Ghana	66	▲ 3	61	54	10	57	93	88	100
Madagascar	65	▼ -2	47	72	65	58	41	76	100
Cabo Verde	64	▲ 2	50	92	41	10	66	88	100
Tunisia	57	▼ -2	10	81	10	10	93	94	100
Angola	57	▲ 5	30	34	10	41	93	88	100
Malawi	53	▼ -8	47	10	52	54	61	46	100

Source: International Monetary Fund, London Stock Exchange Group Data and Analytics, national central banks, national finance ministries, OMFIF analysis

Note: Overall Pillar 5 scores represent the average score across each of the Pillar 5 components. Average scores may differ from those implied by the individual components shown due to rounding. Scores from 2024 are updated to incorporate any potential data revisions and may differ from those published in AFMI 2024. More information on pp. 50-51.

The GDP growth indicator rose in 22 countries, with the median annual growth rate forecast standing at 4.5% over the next five years.

ESCALATING geopolitical tensions over the past year, largely as a result of uncertainty around tariff and trade policies from the US, have further contributed to a deteriorating macroeconomic environment. Nevertheless, AFMI economies have proven resilient with strong growth forecasts and reductions in both external debt and inflation.

Botswana is first again in this pillar with a score of 85. This is mainly due to its external debt-to-gross domestic product ratio, which remains the lowest of the AFMI countries, as well as the country’s improvements in the non-performing loans ratio. However, Botswana faces significant challenges, mostly due to the low demand in the diamond sector, which has contributed to a major contraction in GDP in 2024. A survey respondent mentioned that ‘The lacklustre performance of the diamond sector has had effects on other sectors, particularly the government and its ability to stimulate the economy through fiscal policies. This has also led to dipping liquidity levels in the domestic banking system, which has further translated into high interest rates and limited credit extension.’

Uganda is second this year, also scoring 85 – down from 88 last year. Angola, which ranked bottom in 2024, is one of the biggest risers this year, with a 5-point increase in the pillar, from 52 to 57, primarily due to improvements in the country’s inflation, which has fallen to 19.7%

from 31%. Malawi is at the bottom of this year’s pillar, scoring 53, down from 60 last year, due to an increase in the NPL ratio. Rwanda and Zambia have also experienced a sharp decline of 7 points in the pillar score, due to increases in inflation and external debt, respectively.

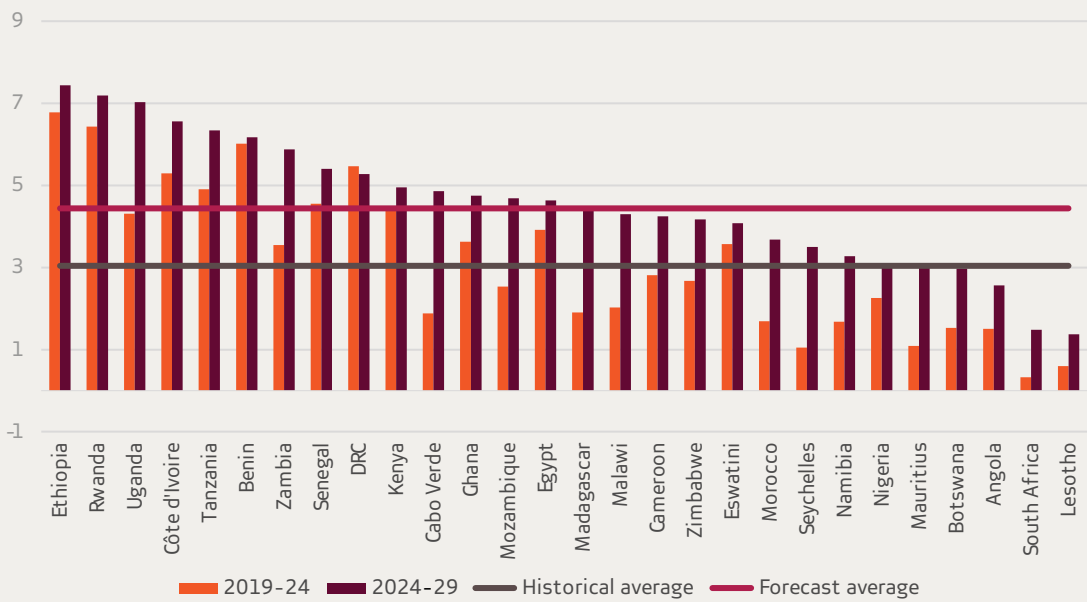
Economic growth remains on a strong path

The GDP growth indicator rose in 22 countries, with the median annual growth rate forecast standing at 4.5% over the next five years, from 2.7% over the median of the previous five years (Figure 5.2). This implies that although economic conditions might seem harder, this has not affected the expectations for economic growth in AFMI economies. Sustained GDP growth underpins long-term demand for financial instruments, from government bonds to small and medium-sized enterprise listings and provides confidence for foreign portfolio investors.

Ethiopia has the highest projected annual growth rate over the next five years at 7.4%, underpinning long-term financial market potential, lifting its score to 71. According to the ministry of finance, this projected growth is supported by structural reforms, infrastructure investments and growth in key sectors such as agriculture. According to a survey respondent, ‘the opening of the market to foreign banks

5.2. Positive GDP forecast for AFMI economies

Five-year historical and projected GDP annual growth rate, %



Source: LSEG Data and Analytics, IMF and OMFIF analysis. Note: 2024-29 figures based on IMF forecasts.

Ethiopia has the highest projected annual growth rate over the next five years at 7.4%, underpinning long-term financial market potential, lifting its score to 71.

demonstrates a willingness to adopt international practices to drive growth, and the launch of the Ethiopian Securities Exchange provides a platform for companies to raise long-term capital, reducing their dependence on bank loans, creating investment opportunities, and providing regulatory channels'. The economic growth prospects, along with the increase in monetary policy transparency and the decrease in inflation, have contributed to the country rising by six places to 17th this year. On the contrary, Tunisia, Lesotho and South Africa are projected to grow on average by less than 2% in the next five years amid diverse challenges, such as geopolitical and tariff tensions and climate change.

According to survey responses, the three main economic opportunities for many AFMI countries are in agriculture and agrobusiness, renewable energy and energy transition, and digitalisation and financial innovation. These sectors can help to drive new financial products, like green bonds to support renewable energy, agri-SMEs tapping SME exchanges and fintech initial public offerings driving equity markets.

Survey respondents from Angola, Zambia and Ghana highlighted agriculture as a key driver of economic growth, food security and exports, as well as the role of renewable energy and green investment to diversify the energy mix and promote environmental sustainability. Benin,

Egypt and Tanzania mentioned technology, fintech and digital inclusion as opportunities for growth and financial deepening. A survey respondent from Egypt stated: 'Fintech drives innovation in the financial sector by introducing new technologies, business models, and applications, and it seeks to make financial processes faster, more convenient and cost-effective for both consumers and businesses.'

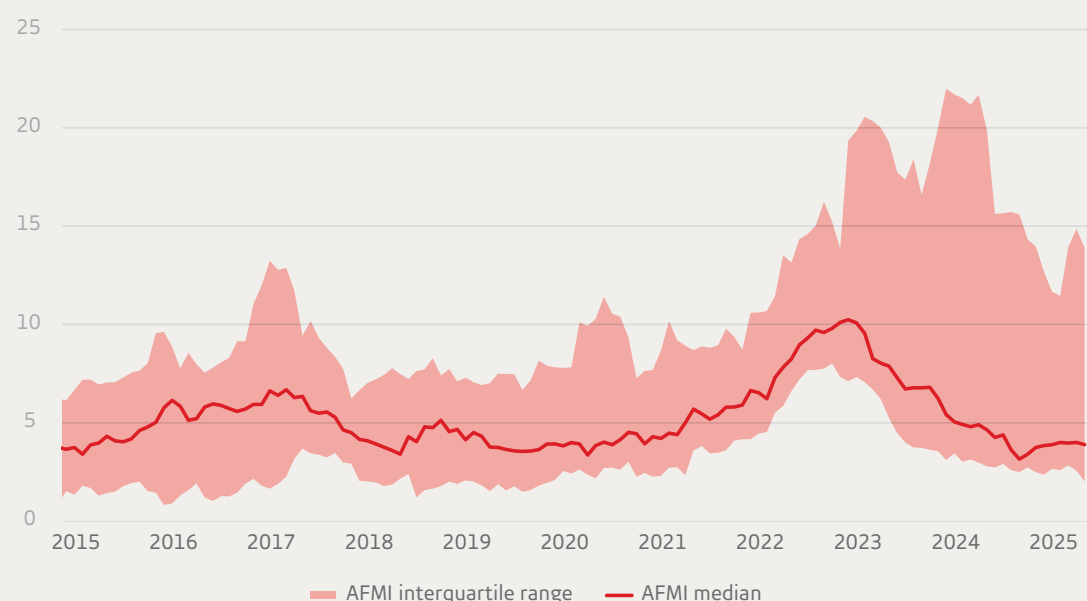
Inflation and external debt improve despite economic uncertainty

Inflation fell for the majority of AFMI countries, with the median inflation rate decreasing by 70 basis points to 3.9% in June 2025 from 4.6% in June 2024 (Figure 5.3). Lower inflation eases pressure on interest rates and supports bond market stability, which in turn boosts investor confidence.

Of the 22 countries where rates fell, the most impressive improvements were in Egypt, where inflation fell to 14.4% in June 2025 from 27.5% a year earlier, and Nigeria, which dropped to 22.2% from 34.2% in the same period. Egypt's recovery was supported by an anchoring of inflation expectations, enhanced monetary policy transparency and a drop in food prices. In Nigeria, the notable drop in the reported inflation rate is mostly due to a methodological change that rebased its consumer price index from 2009 to

5.3. Inflation remains in the lower range for AFMI countries

Consumer price indices, AFMI median and interquartile range, year on year, %

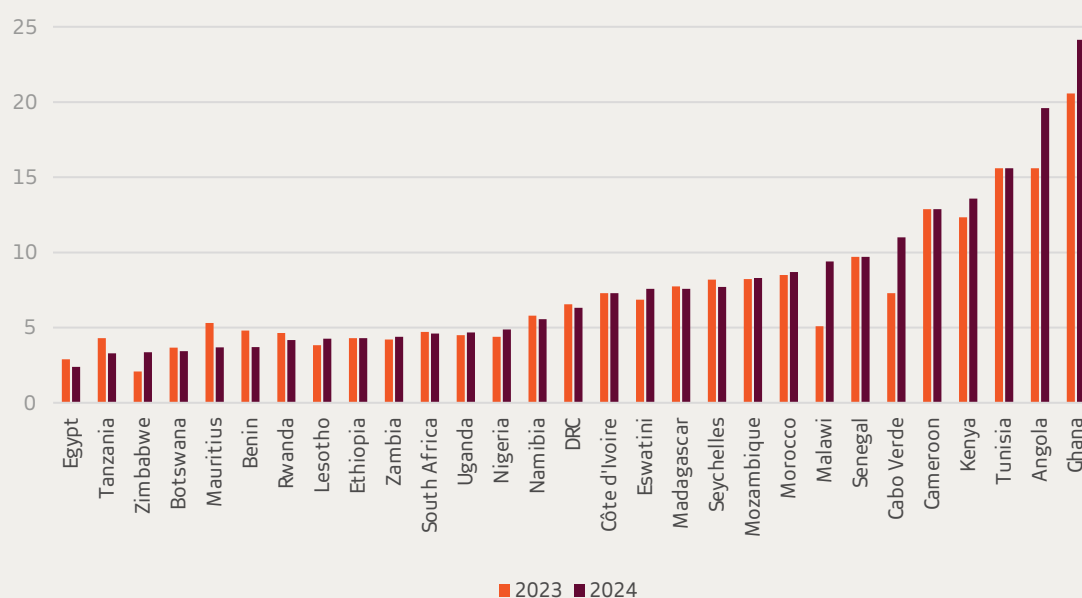


Source: LSEG Data and Analytics, national central banks and OMFIF analysis

Note: The AFMI interquartile range shows the middle 50% of the consumer price index, excluding the top and bottom 25% of values.

5.4. Improvements in NPL ratio

NPL ratio, 2023-24, %



Source: IMF Financial Soundness Indicators, IMF Article IV, central banks and OMFIF analysis

2024 – though the easing strain from the naira's depreciation and crude prices will support the declining trend. However, these inflation rates remain higher than the average for AFMI countries (10.8%).

The country suffering the highest inflation is Zimbabwe, which reported an increase of 56.8 percentage points and an inflation rate of 92.5% in June 2025. Rwanda also reported an increase in its inflation rate to 8.3% in June 2025 from 1.1% in June 2024, which negatively impacted its Pillar 5 score.

A similar story is true for the external debt-to-GDP ratio, which improved in 16 economies. The biggest recovery was seen in Cabo Verde, where external debt-to-GDP fell to 87.3% in 2024 from 94.1% in 2023, due to strong economic recovery and tightened fiscal measures. Ghana also experienced improvements in external debt-to-GDP, decreasing 3.5 percentage points to 35.5% in 2024. Both countries show fiscal discipline, and in the case of Ghana, an IMF-supported restructuring process, which involved both external and domestic debt, led to improvements in bilateral agreements with individual creditor nations and negotiations with external commercial creditors.

Overall, the median external debt-to-GDP ratio stands at 35.4%, up from 33.5% in 2023.

As of March 2025, five countries were at a high risk of debt distress, and three were classified as debt-distressed, according to the IMF. Zambia, which also has a debt restructuring programme, has been the most affected economy in this indicator. The country reported over 92% agreement on the restructuring of its external debt; however, its external debt-to-GDP increased to 61.6% in 2024, from 57.9% in 2023, affecting its overall score for Pillar 5. Nigeria, although still below the average of AFMI countries (37.5%), deteriorated its external debt-to-GDP by 11.6 percentage points, rising to 24.5% in 2024, most likely due to budgetary pressures, the rise in public spending and the continued currency depreciation.

Banking sector and macro data resilience

The non-performing loans indicator improved in 17 countries this year. Benin and Tanzania saw the biggest improvements in this indicator, as the NPL-to-gross loans ratio decreased by 1pp for each country. Mauritius reported the biggest decrease in the NPL ratio, down by 1.6 percentage points to 3.7% in 2024. Egypt and Tanzania reported the lowest NPL ratio with 2.4% and 3.3% respectively.

This year, the NPL-to-gross loans ratio increased in 13 economies, slightly down from 15 in 2024, meaning the banking sector in the region

has improved somewhat. However, rising NPLs weigh on banking sector balance sheets and limit credit creation, reducing liquidity available for capital market investment.

Malawi has been the most affected economy in this case, increasing its NPL ratio to 9.4% in 2024 from 5.1% in 2023. This has been the result of growing economic challenges, such as high inflation, currency depreciation and low economic growth. Tunisia, Angola and Ghana reported NPL ratios higher than 15%, well above the median of the AFMI countries (6.3%).

Most countries score highly on macro data standards and policy transparency. All countries continue to release their budget annually, and while only 22 have Monetary Policy Committee meeting calendars published, all of them report policy outcomes from the meetings.

Paradoxically, 24 countries saw a decline in the monetary policy transparency indicator, mainly due to an increase in the number of MPC meetings held annually by Ethiopia. This reflects the methodology used to measure progress in this indicator. As the country with the fewest MPC meetings annually, Ethiopia is used as the baseline for measuring against. The number of Ethiopia's meetings rose from one to three this year, meaning some countries' scores recalibrated

downwards (see methodology, pp. 50-51).

Angola, Cabo Verde and Tunisia plan to hold an additional meeting this year, which helped to improve their Pillar 5 scores. Conversely, Uganda reduced the number of its meetings by two, while Mauritius, Nigeria and Zimbabwe each will hold one fewer meeting this year.

Most countries release information on time, except for Ethiopia and Madagascar, which report lags of up to 26 months for their GDP data. Improving the timeliness of data releases, especially in these countries, is critical to align with global standards and reduce investor uncertainty. Nevertheless, macroeconomic data remain accessible in the AFMI countries, signalling alignment with international standards and confidence in the financial markets.

Looking forward, AFMI economies would benefit from clearer inflation targeting frameworks and more transparent policy communication to strengthen inflation management. Other policy recommendations include enhancing domestic revenue mobilisation to reduce the dependence on external debt and deepening the domestic capital markets by leveraging the opportunities in agriculture, renewable energy and digitalisation.

An 11.3 percentage points decrease in inflation and a high score in macro data standards position Angola as the biggest riser in Pillar 5 this year.



Pictured: Praça do Futuro, Luanda, Angola

Pillar 6: Enforceability of international financial agreements



Pictured: African Union headquarters, Ethiopia

Pillar 6 evaluates how AFMI countries align with international legal and contractual standards for financial markets, focusing on the enforceability of standard master agreements.

Key findings:

1. Rwanda, Botswana and Lesotho all recorded impressive score increases in 2025 due to the adoption of netting legislation and new enforceability of collateral provisions.
2. Uganda strengthened its standing with a 5-point score increase after expanding the use of the Global Master Repurchase Agreement and advancing draft legislation on close-out netting.
3. Kenya became the second African country to sign the International Organization of Securities Commission's Enhanced Multilateral Memorandum of Understanding, marking a significant step in cross-border regulatory co-operation.

6.1. Rwanda sees biggest improvement

Pillar 6 overall score and pillar components, max = 100

Country	2025 score	Change v. 2024	Netting enforceability	Collateral enforceability	International standards
Mauritius	100	- 0	100	100	100
South Africa	100	- 0	100	100	100
Ghana	90	- 0	100	100	70
Nigeria	90	- 0	100	100	70
Uganda	90	▲ 5	100	100	70
Zambia	85	- 0	100	100	55
Rwanda	70	▲ 60	100	100	10
Kenya	55	- 0	10	100	55
Malawi	55	- 0	10	100	55
Botswana	40	▲ 30	100	10	10
Lesotho	40	▲ 30	10	100	10
Mozambique	40	- 0	10	100	10
Namibia	40	- 0	10	100	10
Zimbabwe	40	- 0	100	10	10
Angola	25	- 0	10	10	55
Benin	25	- 0	10	10	55
Cabo Verde	25	- 0	10	10	55
Cameroon	25	- 0	10	10	55
Côte d'Ivoire	25	- 0	10	10	55
Egypt	25	- 0	10	10	55
Morocco	25	- 0	10	10	55
Senegal	25	- 0	10	10	55
Tanzania	25	- 0	10	10	55
Tunisia	25	- 0	10	10	55
DRC	10	- 0	10	10	10
Eswatini	10	- 0	10	10	10
Ethiopia	10	- 0	10	10	10
Madagascar	10	- 0	10	10	10
Seychelles	10	- 0	10	10	10

Source: AFMI 2025 survey, International Swaps and Derivatives Association, International Organization of Securities Commissions

Note: Overall Pillar 6 scores represent the average score across each of the Pillar 6 components. Average scores may differ to those implied by the individual components shown due to rounding. Arrows (▲▼) reflect changes in scores to 1 decimal point. Scores from 2024 are updated to incorporate any potential data revisions and may differ from those published in AFMI 2024. More information on pp.50-51.

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AFMI jurisdictions are signatories to the IOSCO MMoU, covering regulators, securities exchanges or central banks. Eleven countries remain outside the agreement.

PILLAR 6 assesses the degree of legal certainty around the use of standard master agreements in Africa’s financial markets. The International Swaps and Derivatives Association’s Master Agreement, the Global Master Repurchase Agreement and the Global Master Securities Lending Agreement are the principal contracts considered. These agreements underpin activity in over-the-counter derivatives, repurchase agreements and securities lending transactions.

In this edition of the index, some countries have made huge strides in Pillar 6, particularly in advancing with clean legal opinions, adopting netting laws and recognising collateral provisions under the GMRA and ISDA frameworks. Others are preparing to make big changes next year, with reforms either in draft, under consultation or moving closer to implementation.

Five countries with clean legal opinions

Mauritius and South Africa continue to stand out with a perfect score of 100. Both countries have well-established legal frameworks that enforce close-out netting and recognise financial collateral, and they remain the only jurisdictions in the index to have secured clean legal opinions from ISDA, the International Capital Market Association and International Securities Lending Association (Figure 6.2).

A number of exciting and positive developments have taken place in other countries. Ghana made progress again this year. In August 2024, the ICMA issued a legal opinion confirming the enforceability of the GMRA under Ghanaian law. The Bank of Ghana endorsed this development and encouraged market participants to adopt both the GMRA and GMSLA frameworks to improve efficiency and investor confidence. While Ghana’s Pillar 6 score remains unchanged at 90, this represents an important milestone. Work is also ongoing to refine Ghana’s netting framework in line with ISDA standards, although clean ISDA opinions are not yet possible under the current regime.

Uganda registered notable progress as well. The Bank of Uganda signed the GMRA with all commercial banks to streamline monetary policy operations. From 1 August 2025, all borrowings from the central bank against government securities and Bank of Uganda bills will be governed by the GMRA. The central bank also plans to sign ISDA agreements with commercial banks, which should further deepen market engagement and strengthen policy transmission. This led to Uganda’s Pillar 6 score increasing by 5 points to 90, and the country retains its position in fifth place.

A lack of a clean legal opinion does not

automatically imply weak frameworks, since netting and collateral provisions may still be enforceable. Rwanda and Botswana illustrate this point as both adopted netting laws this year, bringing the total number of AFMI countries with such legislation to nine. Their reforms mark an important step towards stronger legal foundations, though Rwanda will need market demand before opinions can be considered, and Botswana still requires additional regulations and decrees to complete its framework.

Even so, both countries saw considerable score increases: Rwanda jumped 60 points to 70, moving from second-last to seventh place in the pillar, while Botswana gained 30 points to reach 40. Lesotho’s score also increased by 30 points to 40 in Pillar 6. This is because the financial collateral provisions of the GMRA and the Credit Support Annex of the ISDA agreement is now enforceable under domestic law, pre- and post-insolvency.

Advancing with reforms

Several AFMI countries are pressing ahead with reforms to make standard master agreements more widely used and legally certain. In Ghana, regulators and market participants are increasingly turning their attention to ISDA documentation.

6.2. Five countries with clean legal opinions		
Status of netting legislation and legal opinions by international trade bodies		
Country	Netting legislation status	Clean legal opinions
Mauritius	Adopted	ISDA, ICMA, ISLA
South Africa	Adopted	ISDA, ICMA, ISLA
Nigeria	Adopted	ISDA
Ghana	Adopted	ICMA
Uganda	Adopted	ICMA
Zambia	Adopted	
Zimbabwe	Adopted	
Rwanda	Adopted	
Botswana	Adopted	
Egypt	Under consideration	
Ethiopia	Under consideration	
Morocco	Under consideration	
Seychelles	Under consideration	
Tunisia	Under consideration	

Source: ISDA, ICMA, ISLA
Note: Netting legislation is based on data from ISDA

Where laws remain incomplete, reforms should prioritise close-out netting and recognition of financial collateral.

While a formal ISDA legal opinion is still pending, banks, asset managers and legal professionals have been active in training and advocacy programmes aimed at building capacity and familiarising the market with international standards.

Zambia has made steady progress in aligning its legal framework with international standards. The central bank is reviewing the GMRA to reflect changes in domestic market structure and global practice, and under its 2024-27 strategic plan has committed to promoting the enforceability of both GMRA and ISDA documentation to strengthen interbank markets and reduce counterparty risk. In October 2024, it circulated the 2011 GMRA to commercial banks for consultation, and it continues to work with Frontclear on an umbrella guarantee scheme aimed at further supporting interbank transactions. However, the current framework still requires adjustments before clean ISDA opinions can be issued.

Meanwhile, Uganda is pursuing a more ambitious legislative path. The Bank of Uganda has tabled a draft close-out netting law that would formally recognise the enforceability of netting provisions. The proposal was circulated to stakeholders in mid-2025, and consultation is now underway before the next stages of regulatory assessment and legislation. If enacted, this law would position Uganda as a clean netting jurisdiction and encourage greater adoption of ISDA and GMRA documentation. The final legislation is expected to come in 2026, meaning Uganda remains at the preparatory stage for now, with preliminary measures serving as a precursor to a full netting framework.

Elsewhere, Nigeria is advancing a bilateral repurchase agreement and collateral management framework that requires transactions to be governed by either the GMRA or a domestic equivalent – the Nigerian Master Repurchase Agreement. In May 2025, the central bank introduced the Nigerian Non-Interest Master Repurchase Agreement to serve Islamic finance institutions, broadening the scope of standardised documentation in the local market. Capacity building has also been a feature, with training programmes and partnerships, including those with the World Bank, helping expand awareness of ISDA and GMRA standards among regulators and market participants.

Similar momentum is evident in Tanzania. The authorities have developed a local annex to the GMRA, issued guidelines for the interbank cash market and reviewed the legal framework to address restrictions on netting and title transfer. With support from the United Nations Economic Commission for Africa and Frontclear, the Bank

of Tanzania is working on reforms to enable enforceability of ISDA, GMRA and GMSLA. Plans are also in place to launch an umbrella guarantee facility to encourage more interbank transactions, particularly for smaller banks.

Rwanda's progress has been anchored in legislation. A new law governing the central securities depository came into effect in June 2025, confirming the enforceability of GMRA and ISDA agreements, including close-out netting provisions. The central bank has complemented this with capacity building initiatives to ensure local institutions can make full use of the new framework.

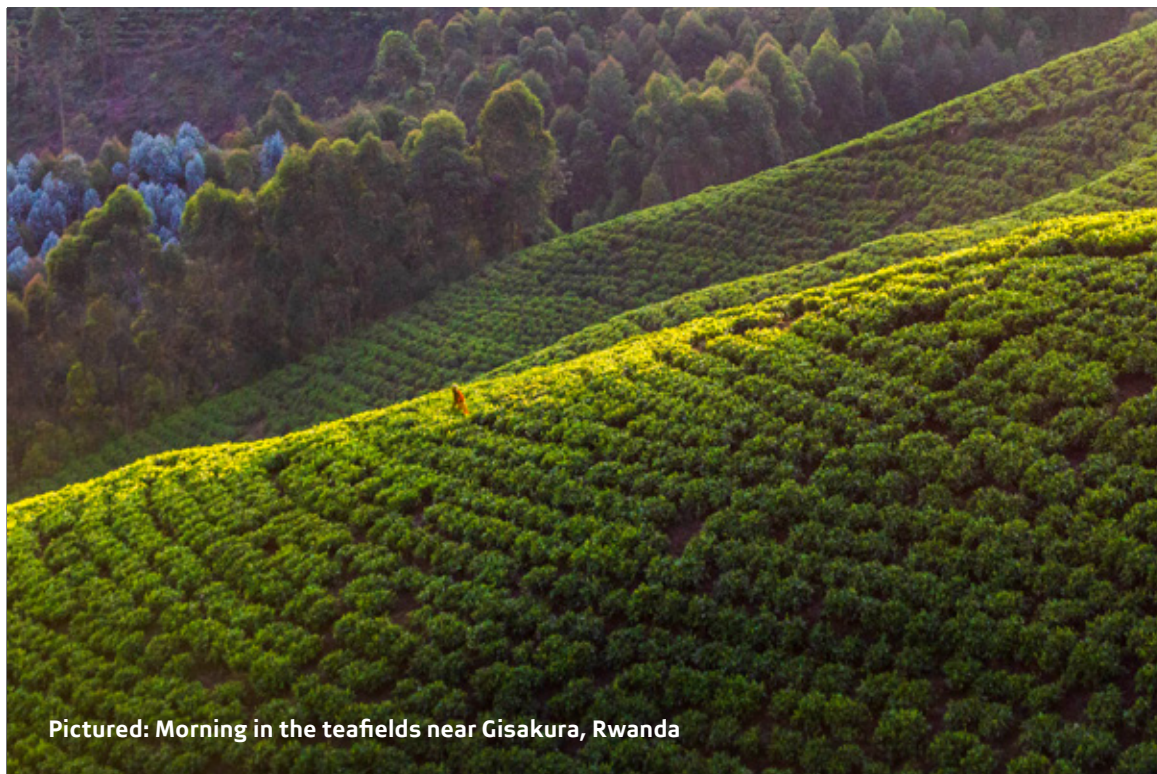
Other markets are making incremental moves. In Madagascar, the central bank is working with an international law firm to update its domestic repo master agreement, so it aligns with the GMRA. This reform is part of its 2023-26 strategic plan and is expected to improve legal certainty and risk management in the local repo market. In Cabo Verde, authorities are assessing the feasibility of adopting ISDA, GMRA and GMSLA documentation, considering the relatively early stage of domestic market development.

In Eswatini, a clash between company law and GMRA provisions has slowed progress, but a working group led by the central bank – with support from the International Monetary Fund and other stakeholders – is fast-tracking a customised solution to fit local legislation. Meanwhile, legal barriers remain a major hurdle in Seychelles. Survey respondents pointed to restrictive provisions in the Insolvency Act 2013, including limits on set-off, rules that allow liquidators to 'cherry pick' contracts and the risk of close-out clauses being set aside as voidable preferences.

There are also concerns that repos could be re-characterised as secured loans rather than recognised as standalone contracts. To help address these gaps, the central bank has introduced vertical repos to build capacity and strengthen market understanding of repo transactions. It also plans to adopt the GMRA in the coming years.

However, progress remain more constrained in some jurisdictions. Zimbabwe's adoption of the GMRA remains contingent on wider currency reforms. One survey participant in Kenya suggested that policy changes to 'enter into reciprocating agreements with other jurisdictions' and to recognise foreign law governed contracts such as ISDA or GMRA could help encourage wider adoption of standard agreements in the country. In Botswana, a survey respondent noted that 'our market is still underdeveloped, and we are in the process of capacitating and building

Rwanda jumped 60 points to 70, moving from second-last to seventh place in the pillar, while Botswana gained 30 points to reach 40.



Pictured: Morning in the teafields near Gisakura, Rwanda

liquidity'. They added that recent amendments to the Banking Act are an important step towards supporting close-out netting arrangements.

IOSCO MMoU signatories' status

The international standards component of Pillar 6 considers not only the presence of clean legal opinions but also whether a country's regulator is a signatory to the International Organization of Securities Commissions' multilateral memorandum of understanding. This benchmark underpins international co-operation and information-sharing in the enforcement of securities and derivatives laws and is regarded as a baseline for investor protection.

As in last year's index, 18 AFMI jurisdictions are signatories to the IOSCO MMoU, covering regulators, securities exchanges or central banks. Eleven countries remain outside the agreement.

While the formal results are unchanged over the last 12 months, some notable regulatory developments are worth highlighting. At IOSCO's 50th annual meeting in May 2025, the scope of co-operation was expanded under the Enhanced MMoU giving regulators stronger tools to combat cross-border misconduct and financial crime. Kenya's Capital Markets Authority became the second African authority to sign on.

Other regulators are taking steps to move closer to IOSCO standards. Cabo Verde has announced plans to begin the process of joining

the EMMoU later this year. Rwanda's Capital Markets Authority is overhauling its regulatory framework, with a revised Capital Markets Law expected by September 2025 to close the gaps identified for full IOSCO membership.

Angola has stepped up co-operation with both IOSCO and the Committee of Insurance, Securities and Non-Banking Financial Authorities, improving supervision and transparency while aligning with Financial Action Task Force recommendations. Eswatini has focused on strengthening its oversight capacity, while others continue to explore how IOSCO membership can bolster investor confidence.

Closing the gap in Pillar 6 will require more than passing legislation. Countries need to focus on securing clean legal opinions to give markets confidence that netting and collateral provisions will stand up in practice. Where laws remain incomplete, reforms should prioritise close-out netting and recognition of financial collateral, since these are the foundations for deeper and safer markets.

Regulators also have a role in building capacity: training market participants, clarifying how international standards apply locally and making sure new frameworks are used. Finally, broader alignment with IOSCO standards would help integrate African markets into the global system and reduce the perception of legal risk that still holds back investment.



Pictured: Nairobi Stock Exchange, Kenya

Africa Financial Markets Index indicators

Using a variety of qualitative and quantitative data, the Absa Africa Financial Markets Index records the openness and attractiveness of financial markets in 29 African countries. Countries are scored on a scale of 10–100 based on six pillars comprised of over 25 components (in bold) and 40 indicators (listed below).

Pillar 1: Market depth

Size of market

Domestic equity market capitalisation, sovereign bonds and corporate bonds outstanding all as a share of GDP

Liquidity

Total turnover of domestically listed sovereign bonds, corporate bonds and equities as a share of bonds outstanding and market capitalisation, respectively

Product diversity

Financial asset classes available, including sustainable finance and hedging products

Currency availability of stock exchange products

Depth

Ability to clear local currency government securities in international markets

Existence of secondary market makers for bonds

Existence of closing auctions for fair tradeable market price

Primary dealer system

Existence of primary dealer system

Average daily horizontal repo turnover

Pillar 2: Access to foreign exchange

FX reserves adequacy

Foreign exchange reserves in months of import coverage

FX liquidity

Annual interbank market foreign exchange turnover as a share of total merchandise trade

Capital restrictions

Restrictions on capital transactions

Existence of multiple, dual or unified exchange rate

Adoption of FX Global Code

Official exchange rate reporting

Frequency of reporting and publishing exchange rate data

Pillar 3: Market transparency, tax and regulatory environment

Financial stability regulation

Basel Accords implementation stage

Climate stress testing

Corporate reporting standards and governance

Use of international accounting and reporting standards (IFRS)

Existence of corporate action governance structure

Tax environment

Level of withholding taxes on interest and dividends

Number of double taxation treaties

Financial information transparency

Existence of fixed dates and times for market reporting

Publishing of data on sector and domestic versus non-resident ownership of domestic assets

ESG initiatives and standards

Incentives for issuing sustainable finance products

Initiatives integrating ESG into financial market standards

Existence of credit ratings

Existence of international sovereign credit rating (Fitch, Moody's, S&P)

Number of corporate credit ratings (Fitch, Moody's, S&P)

Pillar 4: Pension fund development

Pension fund size

Value of pension assets per working-age population

Pension fund assets to domestically listed assets

Pension fund assets as a share of listed equities and bonds, weighted by market liquidity

Pillar 5: Macroeconomic environment and transparency

GDP growth

Five-year average annual GDP growth, historical and projected

Inflation

Year-on-year change in consumer price index

Non-performing loans

Non-performing loans as a share of gross loans

External debt

External debt as a share of GDP

Macroeconomic data standards

Publication and frequency of GDP, inflation and interest rate data

Monetary policy committee transparency

Publication and frequency of MPC decisions and meeting schedules

Budget release

Publication of annual fiscal budget

Pillar 6: Legal standards and enforceability

Enforceability of netting and collateral positions

Existence of legislation for close-out netting and financial collateral positions

International standards

Clean legal opinions for ISDA, GMRA and GMSLA master agreements

IOSCO multilateral memorandum of understanding signatory

Methodology

Data and survey

The data informing the scores for each pillar and their indicators stem from a mixture of quantitative and qualitative analysis. The quantitative data collected are from the latest year available. For full year statistics, (e.g. external debt, pension fund assets, non-performing loan ratio) these are 2024 data. For statistics covering the previous 12 months, (e.g. market liquidity) these are July 2024 to June 2025. In cases where the data refer to current conditions, such as for the Basel implementation stages, international accounting standards and credit ratings, the data are as of June 2025.

Quantitative data were collected using London Stock Exchange Group Data and Analytics and publicly available sources, including websites of central banks and securities exchanges, as well as responses to the OMFIF survey. Where no such official data are available, OMFIF uses reliable sources from the financial industry and research community.

The survey was conducted between June and September 2025, covering more than 50 organisations operating throughout Africa. Participants included central banks, securities exchanges, regulators, international organisations, banking associations and accounting firms.

Scoring

Countries are scored based on their relative, not absolute, performance on each indicator.

Raw data for each variable are rebased to fit a harmonised scale of 10-100. This allows for comparability between indicators that are originally measured on different scales. Outliers in the data, defined as two standard deviations from the mean, are removed. Values greater than the upper bound are replaced by the next highest data point, while values below the lower bound are replaced by the next lowest data point. This means that more than one country can receive the maximum or minimum score within each indicator.

Once outliers are removed, scores for each indicator are rebased such that the maximum value is scored at 100 and the minimum value is given 10. All other values are rebased within this range to create their harmonised score.

Simple averages are used to calculate scores across relevant levels:

- Pillar component scores (e.g. size of markets in Pillar 1) = simple average of the scores for relevant indicators (i.e. the size of equity markets, sovereign bond markets and corporate bond markets).
- Pillar scores = simple average of the scores for the pillar components.
- Overall scores = simple average of each pillar score.

Changes to indicators and data revisions

A structural change this year is the absence of GCR data in Pillar 3, which are no longer publicly available. In previous

editions of AFMI, the inclusion of GCR's extensive coverage, especially in South Africa, allowed for detailed counts of corporate ratings across sectors.

This year, the indicator for pension fund size in Pillar 4 has been updated. It is now measured in terms of the value of pension assets per working-age population. In previous editions of AFMI, pension fund size was measured as the value of pension assets per capita, taken from the overall population and not just the working-age population. This updated measure aims to provide a more relevant representation of the developments of the pension funds by using the ratio of the direct contributors to the system.

The change to the pension fund size indicator mentioned above for Pillar 4 was applied to 2024 data to neutralise the impact of this methodological change, thus allowing for accurate year-on-year comparisons. Accordingly, Pillar 4 and overall scores for 2024 published in this report may not correspond with those published in last year's AFMI report.

Moreover, 2024 data may differ from those published last year as we incorporate any revisions, newly available data and/or improved data collection methods. This includes:

Cabo Verde: Enforceability of close-out netting legislation is marked as 'no' this year based on the latest data from the International Swaps and Derivatives Association. This was marked as 'yes' based on previous survey responses.

Ethiopia: Data availability on domestic and foreign asset ownership and on corporate action governance structure was updated to 'yes', from 'no' last year.

Malawi: Enforceability of close-out netting legislation is marked as 'no' this year based on the latest data from the International Swaps and Derivatives Association. This was marked as 'yes' based on previous survey responses.

Mauritius: Pension fund assets in 2023 correspond to \$3,177, according to data from the Ministry of Social Security. This source was used in this year's version, as no response was provided in the survey.

Mozambique: Enforceability of close-out netting legislation is marked as 'no' this year based on the latest data from the International Swaps and Derivatives Association. This was marked as 'yes' based on previous survey responses.

New survey data show that pension fund assets were \$281 in 2023, compared to \$962 previously used.

Namibia: Data availability on domestic and foreign asset ownership was updated to 'yes', from 'no' last year.

Pension fund assets in 2023 correspond to \$8,235 according to data from the Government Institutions Pension Fund. This source was used in this year's version, as no Organisation for Economic Co-operation and Development data were published for Namibia.

All countries: The latest IMF data used in this report include revisions to previous years' data for foreign exchange reserve adequacy, NPL ratios, external debt and GDP growth.

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