

# Absa Africa Financial Markets Index 2022





The Eswatini Stock Exchange issued an environmental, social and governance reporting guide for listed companies.

**Banco Angolano de Investimentos issued the first initial public offering on Angola's stock exchange.**

The Central Bank of Congo is partnering with the African Development Bank to improve market information systems and issue commercial papers.

**Bourse Régionale des Valeurs Mobilières signed a memorandum of understanding with the Luxembourg Stock Exchange to explore a market for GSS-linked bonds.**

Mauritius launched the pan-African securities exchange, Afrinex.

**Egypt joined JP Morgan indices for emerging market government bonds.**

The Lusaka Securities Exchange unveiled the LuSE Gem Portal, a digital platform designed to provide financing to Zambian small- and medium-sized enterprises.

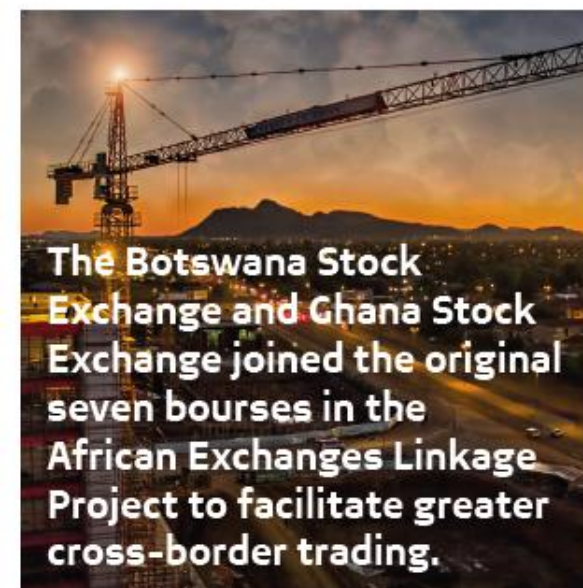


**NMB Bank Tanzania listed the Jasiri bond on the Dar es Salaam Stock Exchange, the first gender bond in sub-Saharan Africa.**

**The \$150m listing of MTC was the largest capital raising on Namibia's stock exchange, and the first by a state-owned enterprise.**

Cameroon's government implemented the National Digital Payment Switch Infrastructure which will connect digital financial service providers.

**Ethiopia's Ministry of Finance signed a co-operation agreement to establish the Ethiopian Securities Exchange.**



**The Botswana Stock Exchange and Ghana Stock Exchange joined the original seven bourses in the African Exchanges Linkage Project to facilitate greater cross-border trading.**



**The Bank of Uganda launched a strategic plan for 2022-27 which considers CBDCs, financial sustainability and big data.**

Bank Al-Maghrib in Morocco is working to establish an overnight indexed swap curve to help investors hedge against interest rate risks.

**The Malawi Stock Exchange is in the process of enabling trading using a mobile phone.**

Bolsa de Valores de Moçambique now has an online platform and a mobile application facilitating access to market data.

**The Central Bank of Kenya issued guidance for banks to incorporate climate-related factors into their risk management frameworks.**

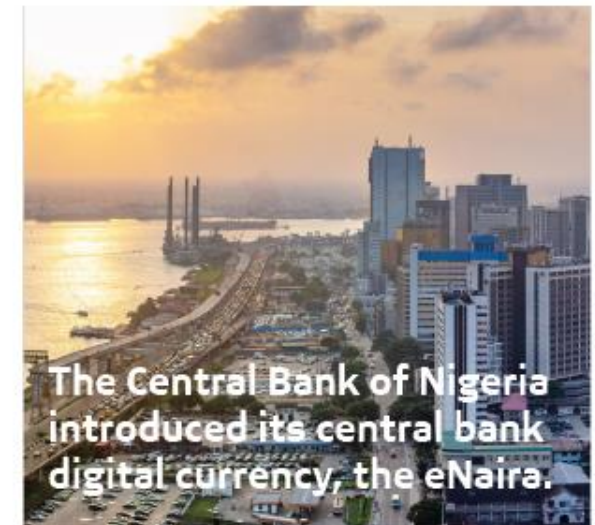
The IMF is providing technical assistance to Seychelles to develop a secondary market for government securities.

**GhanaPay, a mobile money service, was launched as part of Ghana's National Financial Inclusion Agenda.**

RNB Properties Limited became the first listed company on the Maseru Securities Market in Lesotho.

**Rwanda is working with the International Finance Corporation and Frontclear to introduce GMRA, GMSLA and market makers to their financial system.**

Zimbabwe's Stock Exchange introduced four new exchange-traded funds in 2022.



**The Central Bank of Nigeria introduced its central bank digital currency, the eNaira.**

**The Cape Town Stock Exchange became the second bourse in South Africa to offer equity and debt trading.**

# Introduction to AFMI

- **Aim** – measures countries' financial development based on indicators of market accessibility, openness and transparency
- **Scope** – coverage expanded to 26 countries with the addition of DRC, Madagascar and Zimbabwe this year
- **Data** – quantitative data supplemented by qualitative insights, based on surveys of over 50 organisations across Africa
- **Methodology** – scores are determined by countries' relative performance across six key pillars

# AFMI pillars

Pillars	Description
<b>1: Market depth</b>	Size and liquidity of domestic capital markets, diversity of listed asset classes, existence of standard features
<b>2: Access to foreign exchange</b>	Openness of markets to foreign investment, interbank FX liquidity, FX reserves
<b>3: Market transparency, tax and regulatory environment</b>	Financial information transparency, tax and regulatory environments, ESG initiatives and standards
<b>4: Capacity of local investors</b>	Size of pension fund markets, both in per capita terms and relative to local listed securities
<b>5: Macroeconomic environment and transparency</b>	Underlying macro factors (growth, inflation, debt, NPL ratio) and data transparency (budgets/MPC meetings)
<b>6: Legal standards and enforceability</b>	Netting and collateral positions, use of standard master agreements



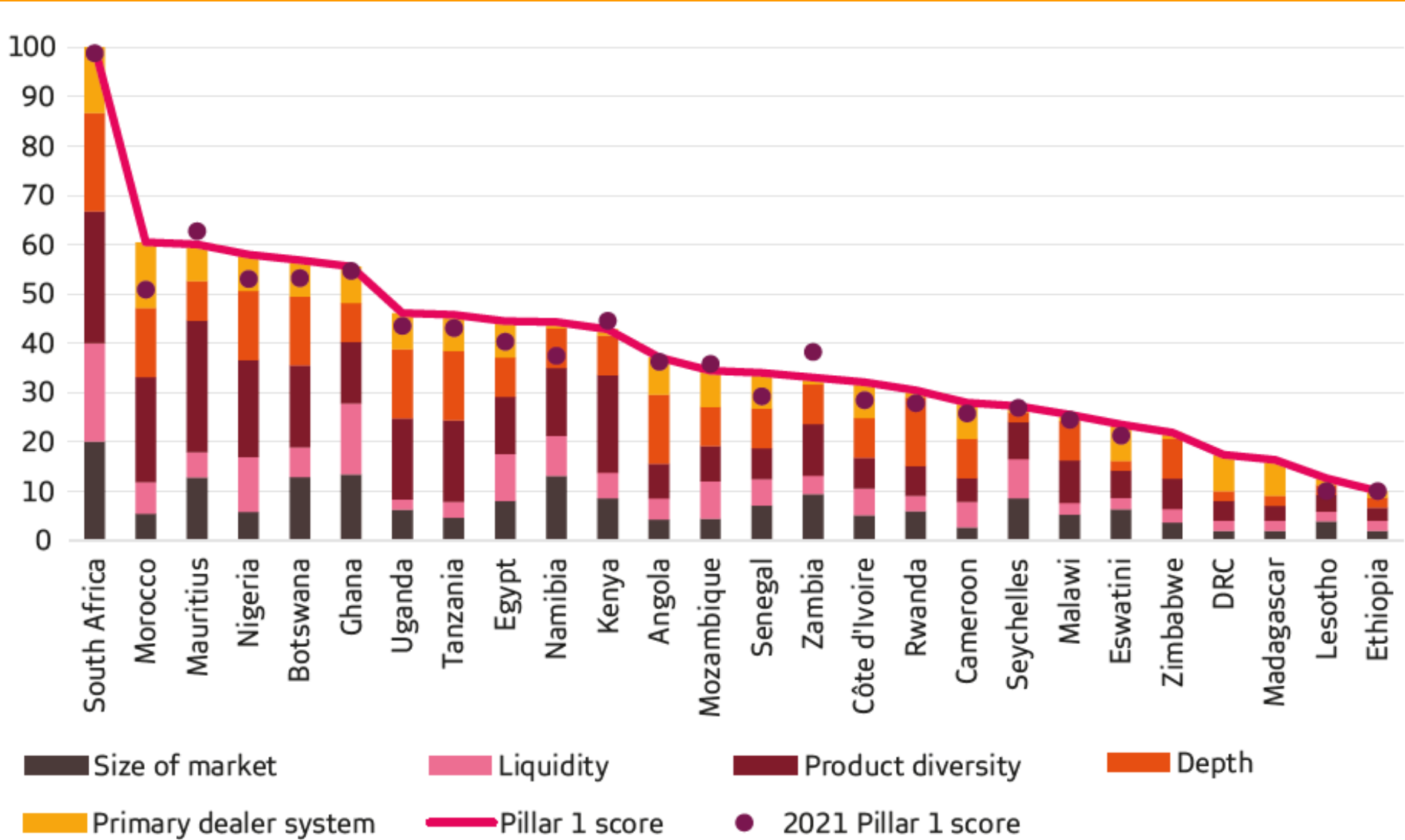
# Overall scores

Score	Countries
81-100	South Africa (88)
71-80	Mauritius (76)
61-70	Nigeria (69), Uganda (66), Botswana (66), Namibia (65), Ghana (65), Kenya (61)
51-60	Morocco (60), Egypt (57), Tanzania (55), Zambia (54)
41-50	Malawi (48), Eswatini (46), Seychelles (46), Zimbabwe (44), Rwanda (43), Côte d'Ivoire (42)
31-40	Angola (40), Senegal (40), Mozambique (39), Cameroon (36), DRC (35), Madagascar (34), Lesotho (34)
21-30	Ethiopia (27)

# Key Findings

- African markets have not been immune to external shocks
  - Weaker market capitalization, FX reserve coverage, macro environment
- Even so, 19 countries improved on their scores relative to last year
  - Improves in equity turnover, product diversity, ESG initiatives
- Namibia, Uganda and Kenya saw the greatest increase in scores
  - Primarily due to progress on adopting ESG policies and frameworks

# Pillar 1 – Market Depth



South Africa remains ahead despite steep market sell-off

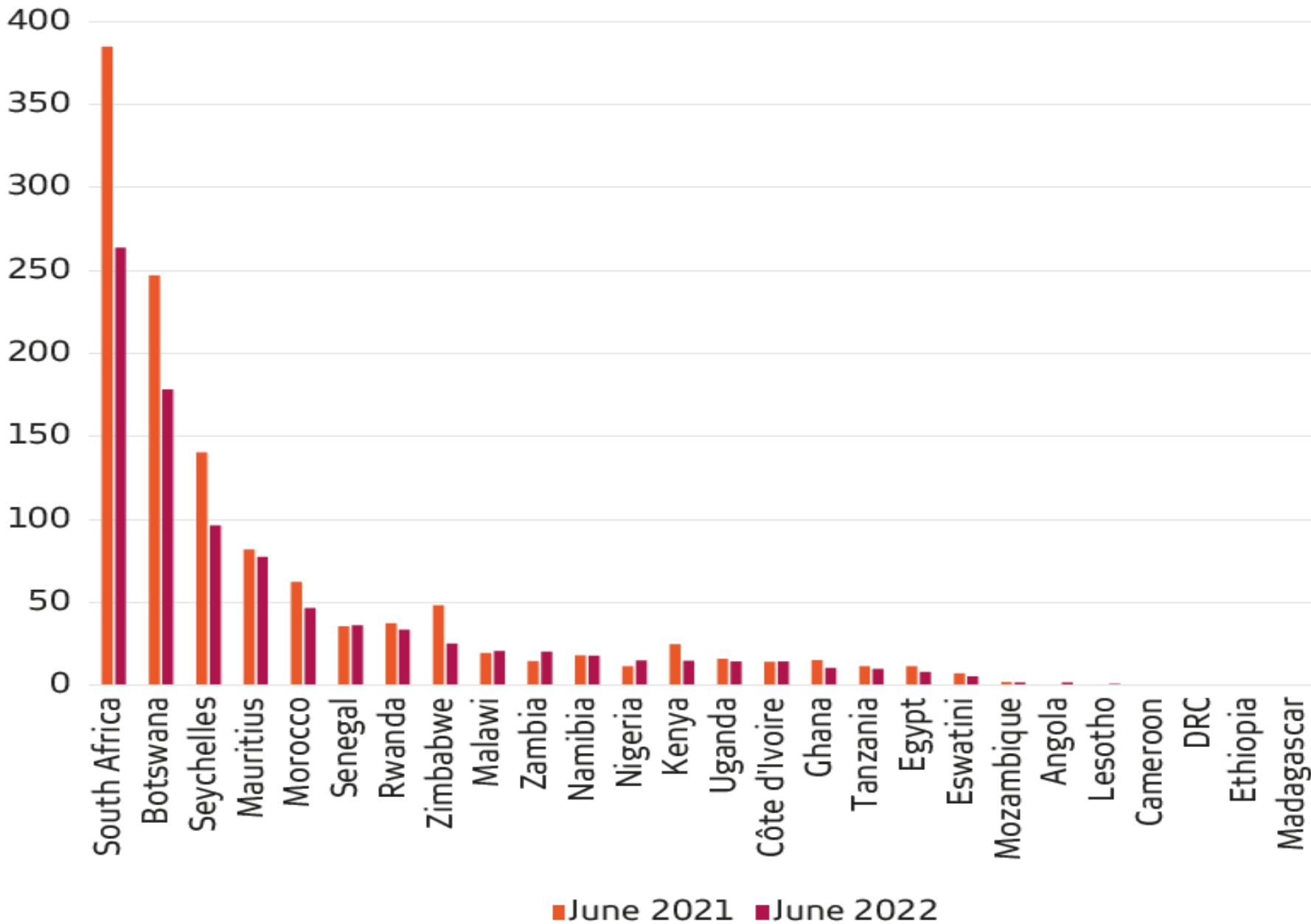
Higher product diversity lifts scores for Morocco, Angola and Lesotho

**Top risers:**  
Morocco (↑10pts)  
Namibia (↑7pts)  
Nigeria (↑5pts)

Source: AFMI survey 2022, national central banks, stock exchanges, capital market authorities, IMF, WFE, OMFIF analysis

# Broad declines in stock market capitalisation

Market capitalisation, % of GDP



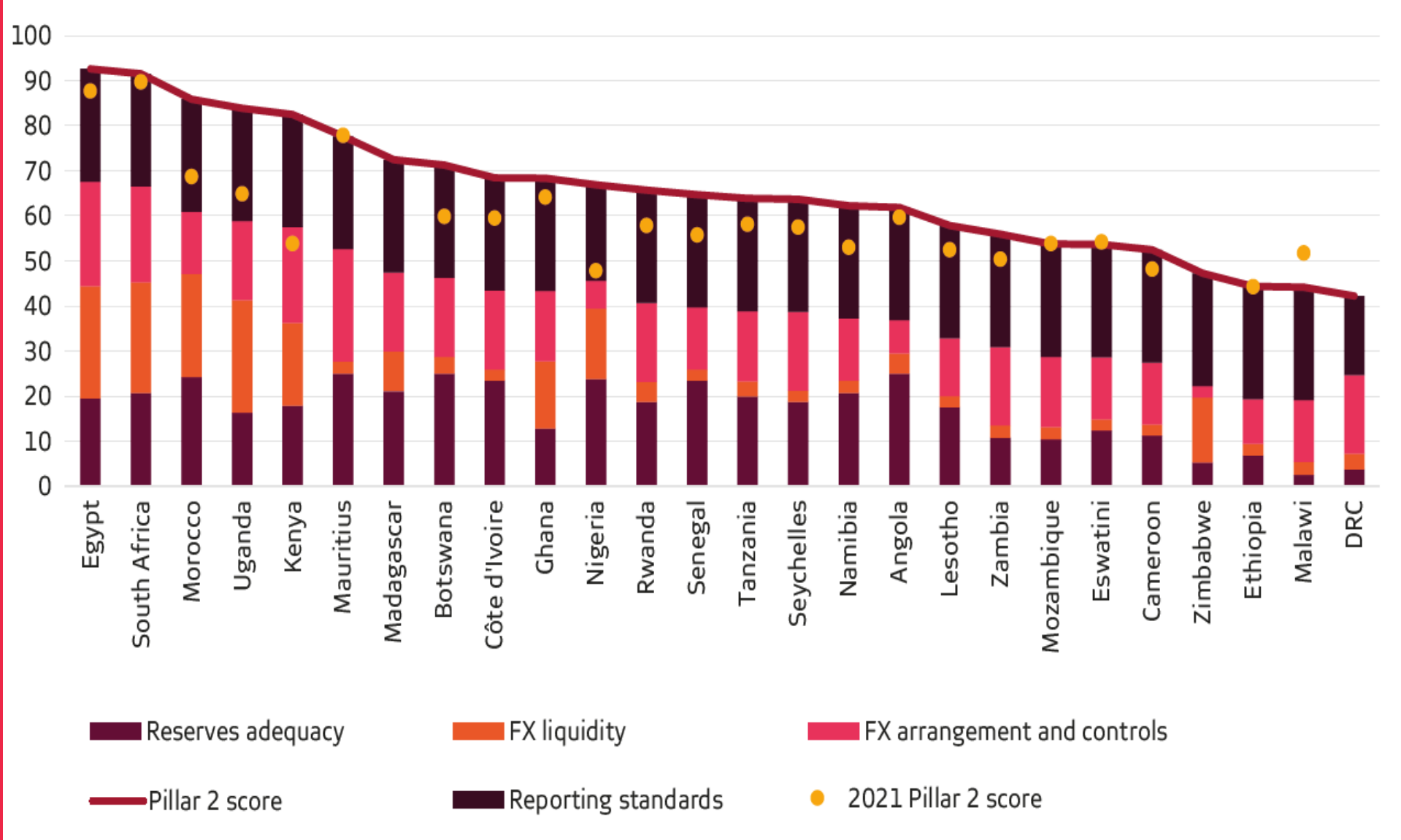
Source: AFMI Survey 2022, national stock exchanges, IMF, WFE, OMFIF analysis



# Greater financial product diversity

- The first IPOs issued on stock exchanges in Angola and Lesotho
- Tanzania joins eight index countries in listing sustainable assets
  - The first gender bond in SSA issued by NMB Bank Tanzania
  - Morocco leads with sustainable financial products
- Scope for further progress
  - Less than half of indexed countries offer ETFs
  - Madagascar, DRC and Ethiopia working to build nascent markets

# Pillar 2 – Access to foreign exchange



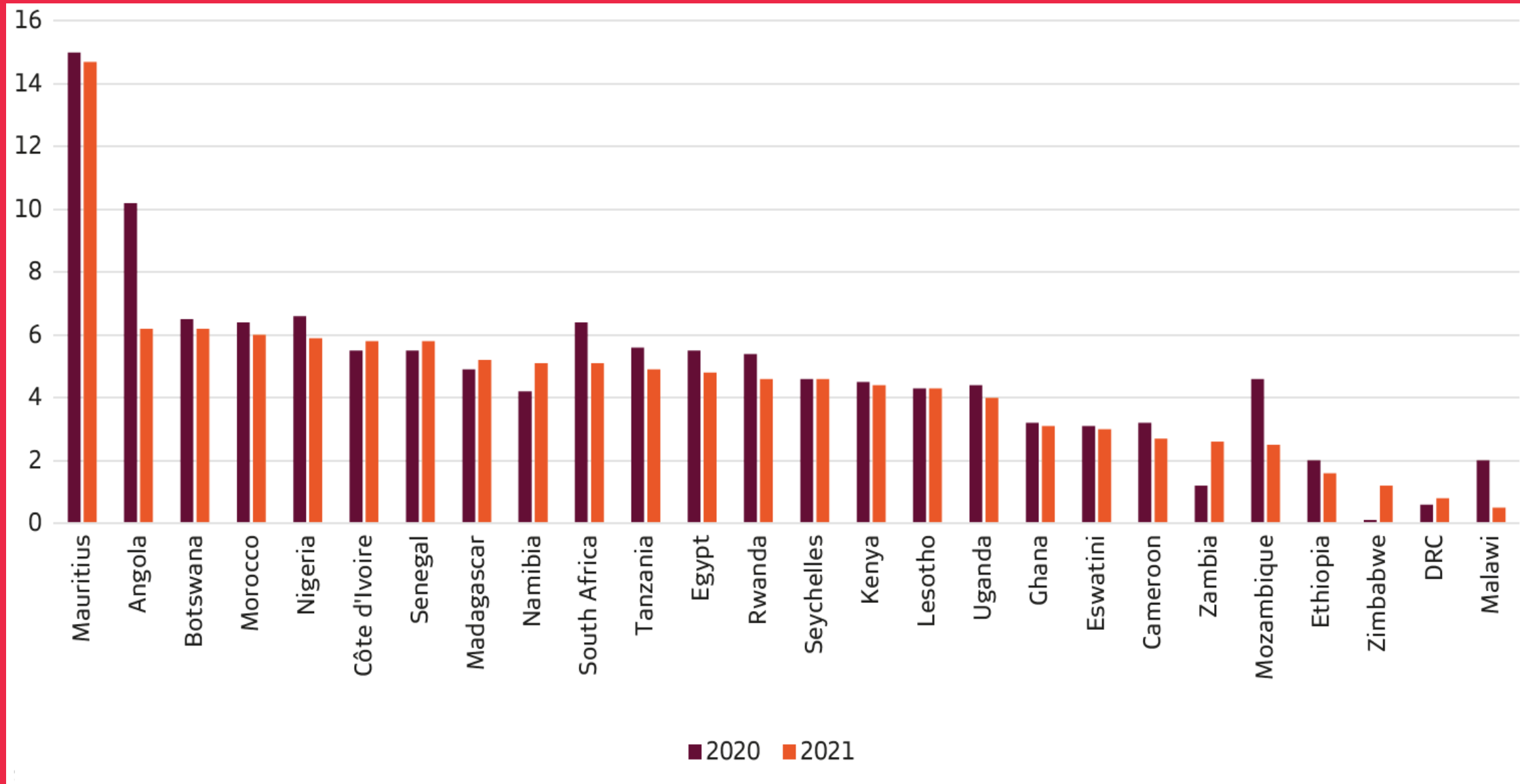
High FX liquidity boosts scores for Morocco, Nigeria and Uganda

Weaker reserves adequacy lowered scores, particularly Malawi

**Top risers:**  
Kenya (↑29pts)  
Uganda (↑19pts)  
Nigeria (↑19pts)

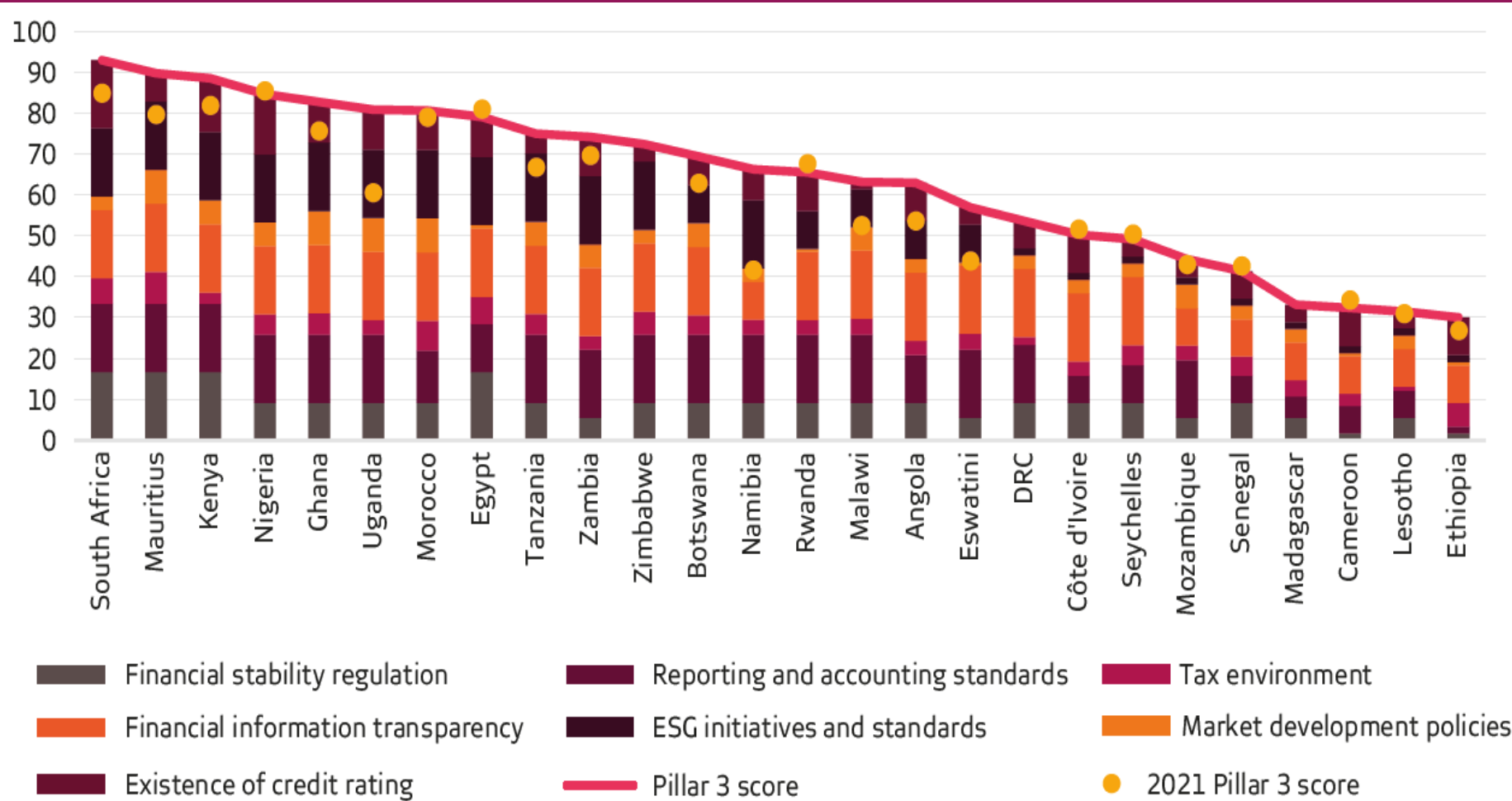
# Reserves ratios have generally deteriorated

Total FX reserves in months of imports



Source: IMF, OMFIF analysis

# Pillar 3 - Market transparency, tax and regulatory environment



Broad-based progress on ESG lifted scores

Tax environments are becoming less favourable in some countries

**Top risers:**  
Namibia (↑25pts)  
Uganda (↑20pts)  
Eswatini (↑13pts)

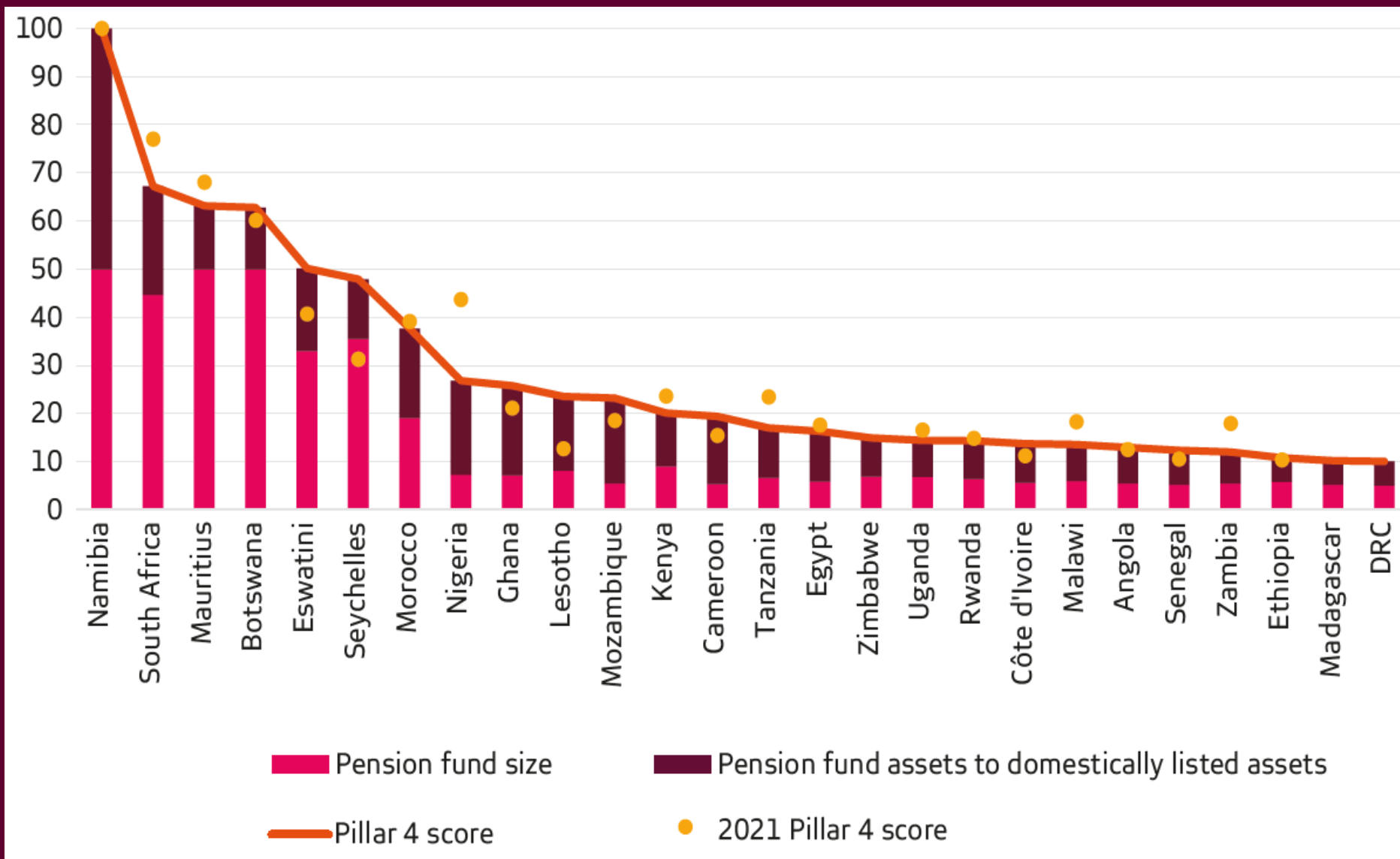


	Climate stress testing	Incentives for issuing ESG assets	Incentives for ESG market standards
Egypt	✓	✓	✓
Kenya	✓	✓	✓
Mauritius	✓	✓	✓
South Africa	✓	✓	✓
Ghana		✓	✓
Morocco		✓	✓
Namibia		✓	✓
Nigeria		✓	✓
Tanzania		✓	✓
Uganda		✓	✓
Zambia		✓	✓
Zimbabwe		✓	✓
Rwanda		✓	
Angola			✓
Botswana			✓
Eswatini			✓
Malawi			✓

Source: AFMI survey 2022

- 17 index countries now have ESG initiatives, five more than in 2021
- New climate risk guidelines in Mauritius and Kenya
- New ESG market standards in South Africa, Egypt, Namibia, Uganda, Eswatini, Malawi

# Pillar 4 – Capacity of local investors



Namibia, South Africa and Mauritius stay in the top three

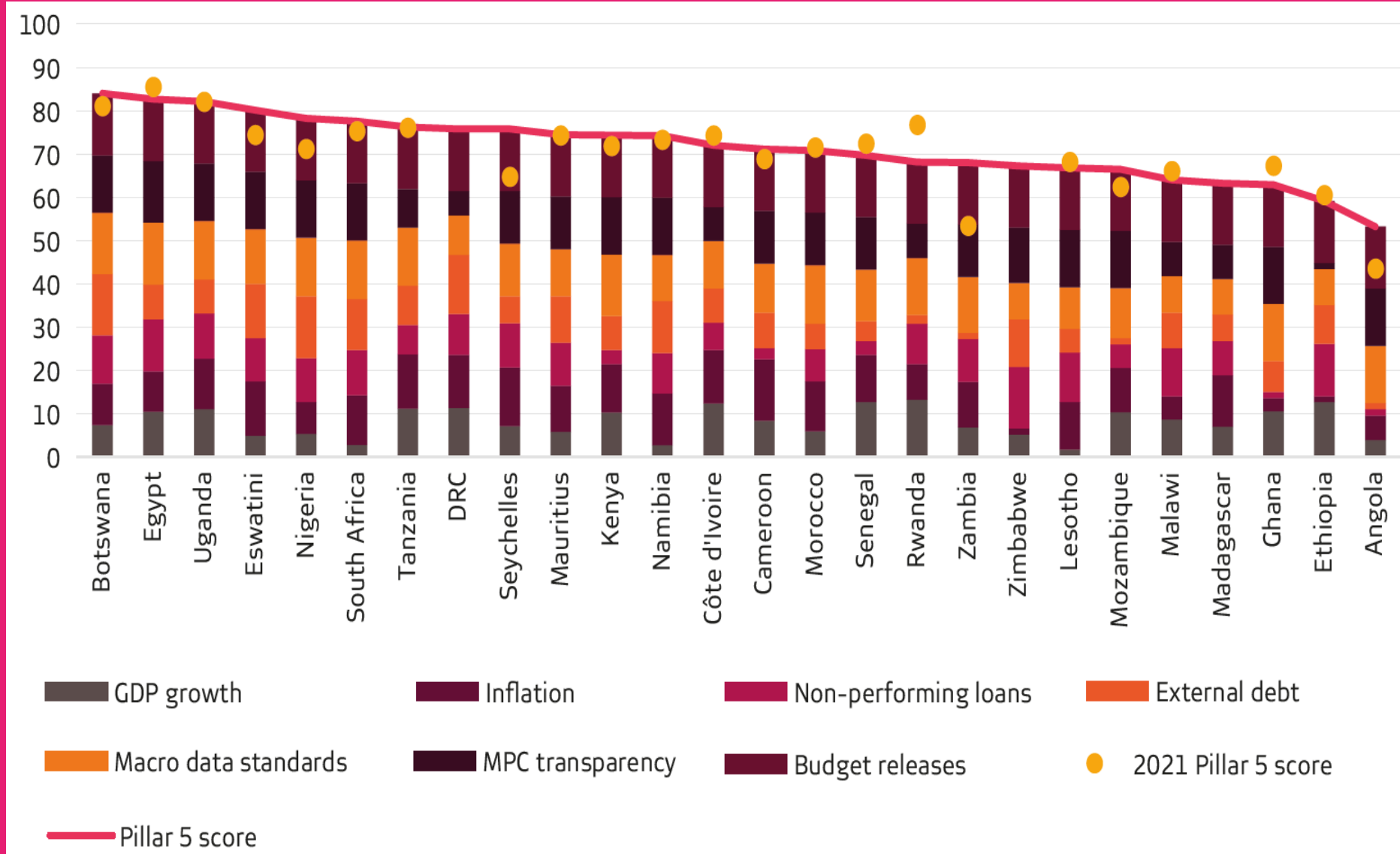
Pension assets generally declined in dollar terms

**Top risers:**  
Seychelles (↑15pts)  
Lesotho (↑15pts)  
Eswatini (↑3pts)

# Financial inclusion initiatives

- Digital trading platforms
  - Bank of Uganda's Okusavinga platform enables retail investors to buy government bonds
- Mobile trading apps launched in Mauritius, Mozambique, Kenya and Zimbabwe
  - Ongoing work to launch apps in Malawi and Ghana
- Financial education campaigns in Kenya, Malawi, Mauritius and Zambia

# Pillar 5 – Macroeconomic environment and transparency



Botswana rises to top – low external debt and NPL ratio, transparent data

High inflation weighs on most countries' scores

**Top risers:**  
 Zambia (↑15pts)  
 Seychelles (↑11pts)  
 Angola (↑10pts)



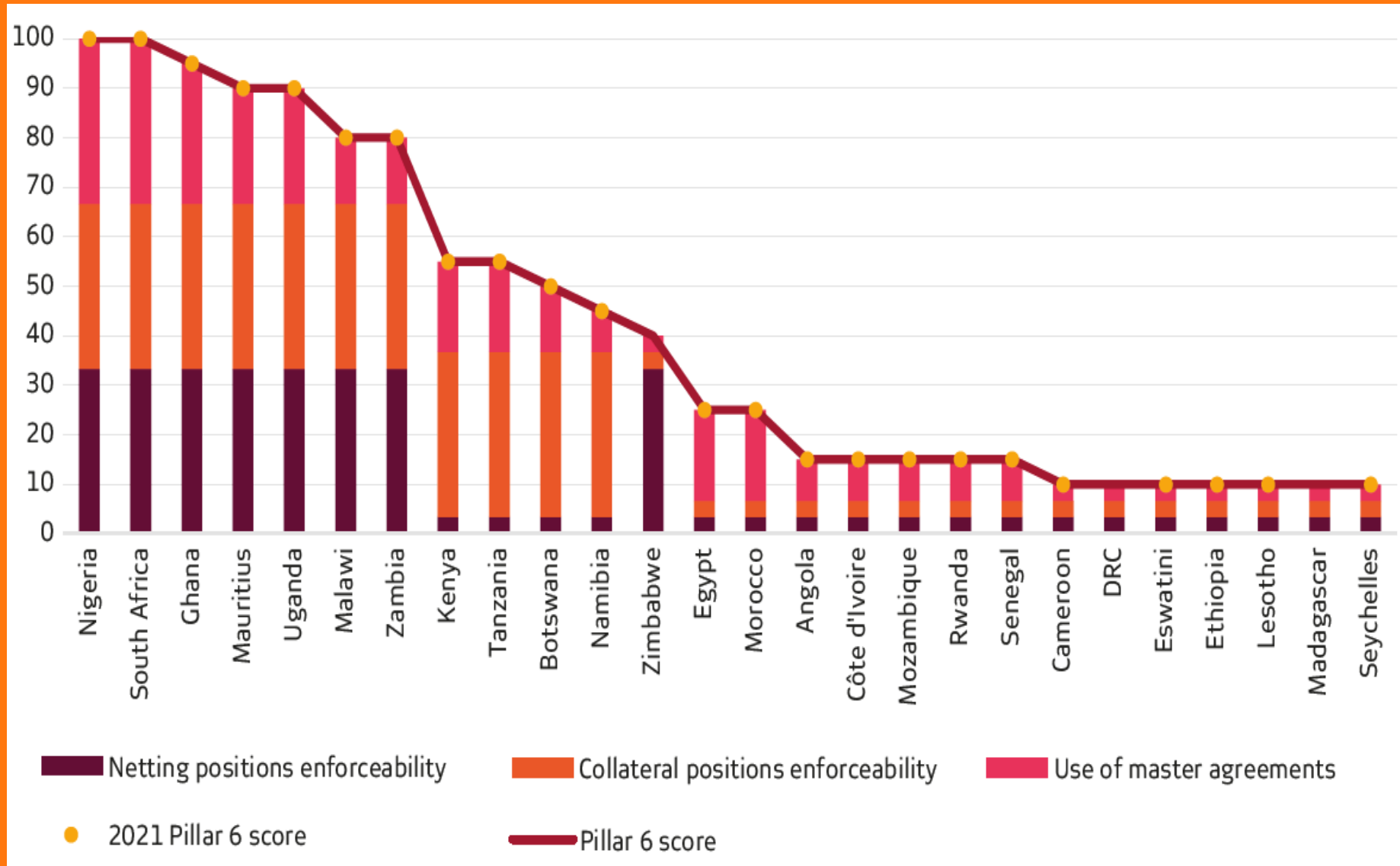
# Inflation is a growing concern across the continent

Consumer price indices, % year-on-year



Source: Refinitiv, OMFIF analysis. Note: Zimbabwe excluded from the chart

# Pillar 6 – Legal Standards and enforceability



South Africa and Nigeria continue to score highest

Scores are unchanged this year, but there are signs of progress

Several countries targeting greater adoption of master agreements

## Status of close-out netting legislation and ISDA netting opinion

	Close-out netting enforceability	ISDA netting opinion
South Africa	Yes	Yes
Nigeria	Yes	Yes
Mauritius	Yes	Yes
Ghana	Yes	No
Zambia	Yes	No
Zimbabwe	Yes	No
Egypt	Under consideration	No
Ethiopia	Under consideration	No
Morocco	Under consideration	No
Seychelles	Under consideration	No
Uganda	Under consideration	No

- Nigeria received a clean netting opinion from the ISDA in 2021
- Close-out netting status now 'under consideration' in Ethiopia
- Projects to improve enforceability in Uganda, Rwanda and Zambia

# Conclusion

- The challenging external environment has weighed on African markets and economies this year
- But countries are continuing to develop their capital market infrastructure, particularly around ESG and product diversity
- Continued progress on sustainability, digitalisation and legal frameworks are crucial to improve Africa's appeal to investors



# Thank you

To download the report:  
[www.omfif.org/afmi2022](http://www.omfif.org/afmi2022)

