

EnterpriseNGR

2026 Macroeconomic Outlook

(A Financial and Professional Services Perspective)

Reform-Led Stability: Boosting Confidence, Unlocking
Sustainable Growth

January 2026



The better the question.
The better the answer.
The better the world works.



Shape the future
with confidence

Disclaimer

This economic outlook document has been prepared solely for informational and analytical purposes and should not be construed as financial advice or investment guidance. All analyses contained herein, covering historical performance between 2023 and 2025 for both the Nigerian and global economies, are derived from publicly available macroeconomic data, official releases, and authoritative institutional publications, including projections and policy guidance issued by the Central Bank of Nigeria (CBN) and other reputable multilateral organizations.

While every effort has been made to ensure accuracy, completeness, and methodological consistency at the time of writing, the outlook section of this document inherently contains forward-looking statements that are subject to significant economic, political, regulatory, and market-driven uncertainties. These projections are conditioned on several assumptions and anticipated events, including, but not limited to monetary policy direction, fiscal reforms, global interest-rate cycles, geopolitical stability, commodity price dynamics, capital-flow patterns, and domestic structural reforms that may or may not materialize as expected. As such, the scenarios described should be interpreted as indicative and not definitive, and actual outcomes may differ materially from forecast values.

Readers are strongly advised not to rely exclusively on this document for decision-making, and to consider independent professional advice before taking any action based on the content herein. Neither the authors, contributors, nor any affiliated institutions make any representations or warranties, explicit or implied, regarding the accuracy, reliability, or suitability of the information provided, and expressly disclaim liability for any losses, direct or indirect, that may arise from the use of this document or its contents.

By accessing this outlook, the reader acknowledges these limitations, accepts the inherent risks of forward-looking economic analyses, and agrees to use the material responsibly within the outlined parameters.

Foreword



Obi Ibekwe

Chief Executive Officer, EnterpriseNGR

Distinguished Stakeholders,

It is with a strong sense of purpose that I present the ***EnterpriseNGR 2026 Macroeconomic Outlook: A Financial and Professional Services Perspective***, a landmark publication developed through the strategic collaboration between EnterpriseNGR and EY. Anchored on the theme, “Reform-Led Stability: Boosting Confidence, Unlocking Sustainable Growth,” this Outlook goes beyond documenting Nigeria’s economic evolution; it offers a clear, forward-looking guide to navigating the opportunities emerging from a reformed macroeconomic landscape.

Nigeria’s economic narrative is undergoing a fundamental shift. The economy has weathered a period of far-reaching and, at times, difficult structural adjustments, including foreign exchange market unification and fiscal policy recalibration. While these reforms tested resilience between 2023 and 2025, recent indicators confirm that the economy has reached a critical inflection point.

With inflation moderating to 15.15%, real GDP growth gaining momentum, and external reserves at multi-year highs, Nigeria is entering a phase increasingly characterised by macroeconomic stabilisation and renewed confidence.

This Outlook is both an assessment and a call to action, particularly for the Financial and Professional Services (FPS) sector. The FPS sector is not just a participant in economic activity; it serves as a cornerstone of stability and a key driver of growth. With the implementation of the Nigeria Tax Act 2025 and the ongoing recapitalisation of banks and insurance companies, the sector is strengthening its balance sheets, governance, and capacity. It is now better positioned to mobilise capital, deepen financial inclusion, stimulate investments, create jobs, and support Nigeria’s ambition of building a \$1 trillion economy by 2030.

At EnterpriseNGR, our mandate remains clear and unwavering: to drive collective advocacy that accelerates Nigeria’s transformation into Africa’s leading financial centre. Our partnership with EY in preparing this Outlook exemplifies this mission, providing data-driven insights and strategic analysis that strengthen our advocacy and inform actionable steps toward achieving this vision. This Outlook underscores our commitment to high-impact engagement, whether through advancing the operationalisation of the Lagos International Financial Centre (LIFC), developing future-ready talent via the Youth of Enterprise (YOE) programme, or working closely with regulators and policymakers to foster an enabling environment for improved insurance penetration, sustainable finance and long-term investment.

As you engage with the insights contained in this publication, I invite you to look beyond the constraints of the recent past. The foundations for stability have been laid. The focus must now shift to seizing the significant opportunities for innovation, partnership, and value creation that lie ahead.

The journey toward stability has been undertaken. The path to shared prosperity is ours to shape together.

Contents

Executive Summary

5

Global Macroeconomic Trends and Outlook

10

Nigeria's Macroeconomic Trends

26

Nigeria's Macroeconomic Outlook

38

Financial and Professional Services Sector
Outlook

47

Conclusion and Recommendations

61



Executive Summary



01



Shape the future
with confidence

Nigeria enters 2026 on a stronger macroeconomic footing as reforms deepen stability and renew investor confidence ^(1/4)

Nigeria's economy is at a pivotal moment, moving from past volatilities into a new phase of stability, reform-led growth, and renewed investor confidence. Over the past two years, bold policy measures, including the unification of the foreign exchange markets and the removal of distortions in monetary management, have begun to yield tangible results. Central to this transformation is the Central Bank of Nigeria's (CBN) strategic foreign exchange reforms, which have significantly narrowed the gap between official and parallel exchange rates, improved liquidity, and restored confidence in the Naira. These reforms have increased the foreign exchange market turnover by over 56%¹ year-on-year and increased the foreign reserves to \$45.5 billion¹ by Q4 2025, the highest in nearly seven years, providing more than 10 months of import cover.

Burgeoning economic activities

Against this backdrop, Nigeria's real GDP grew 3.98% in Q3 2025 to ₦57.03 trillion², reflecting an overall improvement in economic activities, while nominal GDP rose nearly 18% to ₦113.6 trillion². Non-oil sectors, now accounting for over 96%² of the GDP, have been key contributors, supported by rising telecoms activities, financial intermediation, and commercial services. Meanwhile, inflation, which had been a persistent concern, eased under tight monetary policies to around 15.15% by December 2025², the lowest in five years, enhancing consumers' purchasing power and supporting economic predictability.

Real sector transformation driving the future

The policy gains have also sparked robust capital inflows, with Nigeria attracting nearly \$21 billion in foreign investment in the first 10 months of 2025, up about 70% from 2024¹. This resurgence of foreign interest is mirrored in upgrades to the sovereign credit outlook, notably S&P Global Ratings' shift to a positive outlook, reflecting stronger macroeconomic fundamentals and policy continuity.

A surge in investment confidence

Nigeria's real sector is transforming rapidly. The commissioning of the Dangote Refinery and growing downstream investments are reducing oil import dependence, enhancing domestic value capture, and boosting export capacity.

At the same time, initiatives in gold and lithium refining signal Nigeria's emerging role in strategic minerals, supporting industrialization, non-oil export growth, and technology-oriented Foreign Direct Investments. On the fiscal front, the Federal Government of Nigeria's (FGN) reforms to widen the tax net and improve revenue administration are creating a more sustainable fiscal base, enabling expansion of infrastructure and social spending. Greater fiscal transparency and strengthened governance may improve Nigeria's prospects for future credit rating upgrades and more favorable access to global capital.

“

Overall, while global risks remain elevated, Nigeria's expanding industrial base, refining capacity, and export diversification efforts may help to reduce vulnerability to external shocks.

Nigeria enters 2026 on a stronger macroeconomic footing as reforms deepen stability and renew investor confidence ^(2/4)

Confidence in the domestic market

Political stability and security cooperation with the U.S. government on counter-terrorism in late 2025 may improve safety in economic corridors in 2026. Coupled with Nigeria's youthful population, rising urbanization, and growing digital economy, this creates a strong base for long-term growth. The Nigerian Stock Exchange surpassed ₦100 trillion³ in market capitalization, with further gains expected from major listings such as Nigerian National Petroleum Company Limited (NNPC Ltd.) and Dangote Petroleum Refinery and Petrochemicals.

Global dynamics supporting growth

Rate cuts in advanced economies are increasing the relative attractiveness of emerging markets, supporting capital flows toward countries such as Nigeria. At the same time, trade tensions and ongoing global supply-chain realignments create opportunities for Nigeria to expand regional trade, strengthen non-oil exports, and attract investments.

Geopolitical risks remain a key source of volatility as evolving U.S.–Venezuela dynamics continue to reshape global oil markets, with potential upside for Nigerian crude as buyers seek alternative suppliers, though oil price volatility persists. On the downside, Nigeria's reliance on imported food staples, particularly wheat sourced from Russia and Ukraine, means prolonged geopolitical disruption can transmit into higher global food prices, sustaining inflationary pressures domestically.

Overall, while global risks remain elevated, Nigeria's expanding industrial base, refining capacity, and export diversification efforts help to reduce vulnerability to external shocks.



Sources – NGX³, EY Analysis, EnterpriseNGR

Nigeria enters 2026 on a stronger macroeconomic footing as reforms deepen stability and renew investor confidence ^(3/4)

These factors collectively enhance resilience, allowing Nigeria to better navigate global volatilities while positioning the economy to benefit selectively from shifting trade, energy, and capital flow dynamics.

Macroeconomic impact on Nigeria's Financial and Professional Services sector

Nigeria's improving macroeconomic fundamentals are strengthening the growth and resilience of the FPS sector. Strong GDP growth and improved foreign exchange liquidity are supporting activities across the sector. Lower inflation and expected monetary easing are also set to reduce funding costs, stimulate credit demand, and encourage a shift toward equities and alternative assets.

At the same time, rising foreign capital inflows, higher reserves, and improved ratings have strengthened market confidence, enabling FPS firms to scale services while deepening financial inclusion. Banking recapitalization, pension reforms, FinTech innovation, and digital payments further position the sector to support real-sector growth, infrastructure financing, and technology-driven opportunities.

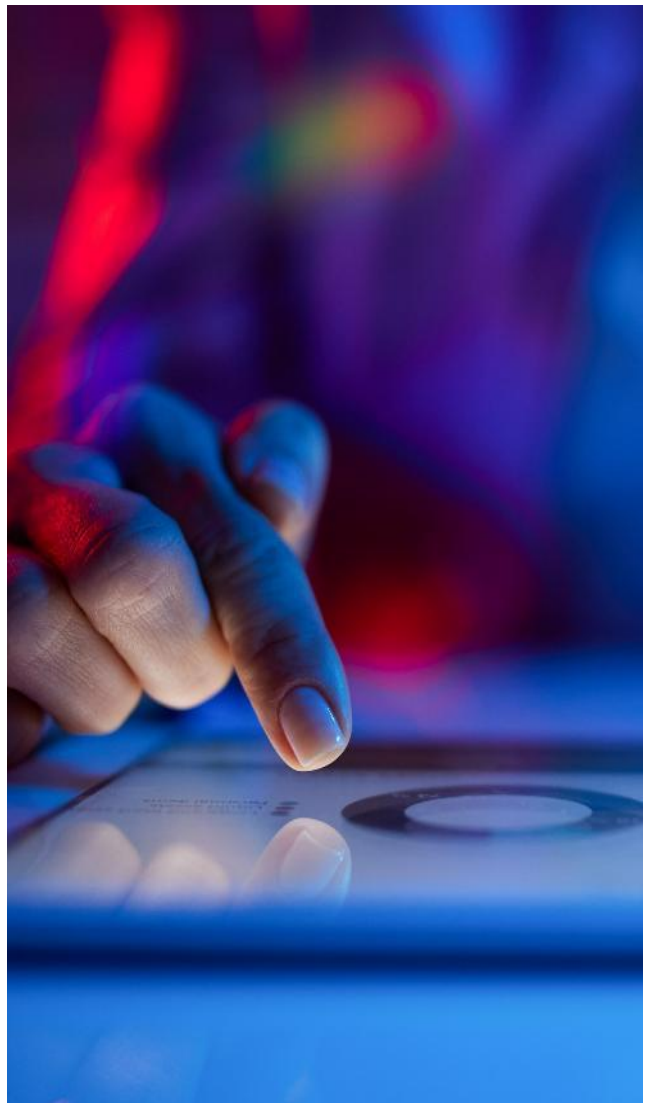
In conclusion, Nigeria's reforms, real-sector momentum, macroeconomic indicators and policy consistency support a strong investment case across key sectors, positioning the country as a high-potential emerging market.

Looking ahead: Nigeria's 2026 economic trajectory

Entering 2026, a pre-election year, Nigeria is set to build on the gains of reforms amid heightened political activities. Growth is expected to remain broad-based, led by services, trade, telecommunications, and industry, with gains in oil production supported by improved security and more efficient operations across extraction and refining. Upgrades in power and transport

“

The FPS sector is expected to benefit from Nigeria's improving macroeconomic environment and ongoing reforms. Stronger banking capitalization could support increased credit flows to infrastructure, energy, and transport projects.



Nigeria enters 2026 on a stronger macroeconomic footing as reforms deepen stability and renew investor confidence ^(4/4)



infrastructure are expected to boost private-sector activities, while ongoing fiscal and foreign exchange reforms continue supporting investment flows. Heightened fiscal activities ahead of elections may boost short-term growth but could also temporarily raise inflationary pressures, with persistent challenges such as energy shortages, infrastructure gaps, and localized security risks, shaping outcomes.

Stability amid pre-election dynamics

Stability is set to improve gradually, with easing inflation and a firmer foreign exchange outlook supported by reforms and stronger agricultural output. Portfolio inflows may remain robust, while Foreign Direct Investments (FDIs) could rise as global rate cuts make emerging-market assets more attractive than lower-yielding advanced economy options. Fiscal conditions are supported by stronger non-oil revenues from improved tax administration, even though pre-election spending may temporarily raise pressure. Overall, 2026 is likely to build on reform momentum, strengthen policy credibility, and enhance investor confidence.

The FPS sector: A key engine for 2026 growth

The FPS sector is expected to benefit from Nigeria's improving macroeconomic environment and ongoing reforms. Stronger banking capitalization and a potentially lower interest-rate environment could support increased credit flows to infrastructure, energy, and transport projects. In insurance, the implementation of NIIRA 2025 is likely to encourage higher local risk retention and gradual expansion of micro-insurance offerings, while pension funds may increasingly allocate capital to real estate, infrastructure, and sustainable finance in search of inflation-adjusted returns.

FinTech and digital financial services are likely to remain central to financial inclusion efforts, particularly across payments, lending, wealthtech, and insurtech. Greater regulatory clarity around digital assets and open banking could enable more secure product development and scaling, while professional services firms are expected to see sustained demand for advisory support related to compliance, taxation, and digital transformation. Collectively, these trends position the FPS sector as a key driver of investment, financial stability, and real-sector development in 2026.

Global Macroeconomic Trends and Outlook

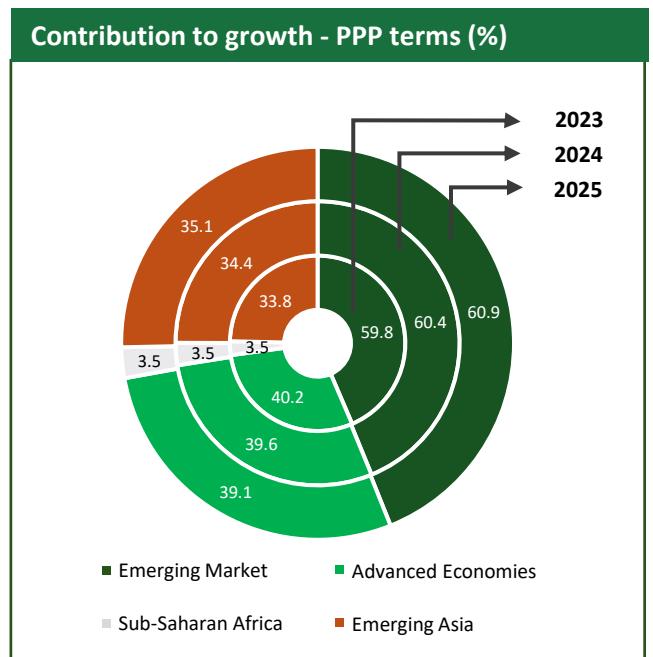
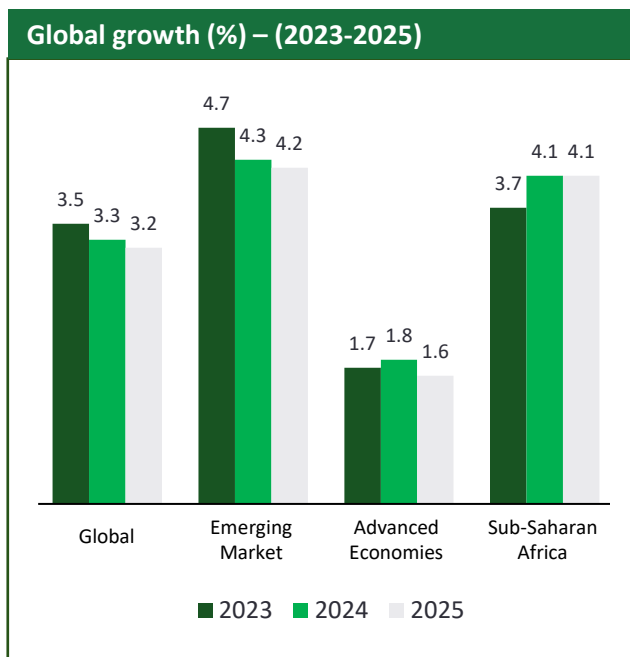
02

The global economy is settling into a growth plateau, with emerging markets driving growth as inflation moderates under improved supply conditions and sustained monetary discipline (1/2)



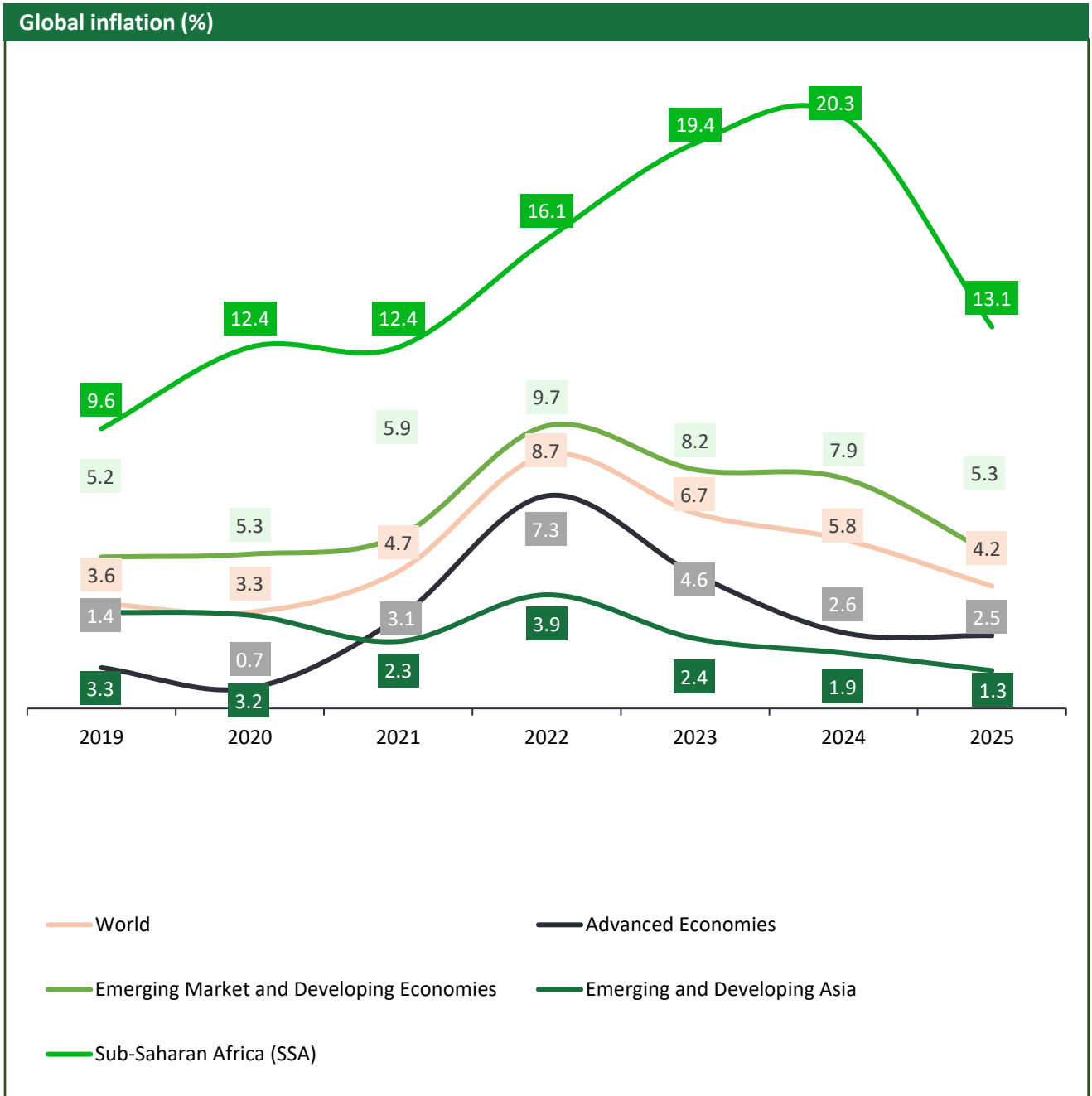
The global economy has transitioned into a modest growth phase following the post-pandemic rebound of 2021 and 2022, with growth increasingly driven by emerging markets, while advanced economies continue to experience a moderation in momentum. Inflation has gradually eased from earlier peaks as price pressures stabilized, allowing financial conditions to become less restrictive. In response, major central banks have begun cautiously adjusting policy settings to support growth, improving global liquidity conditions and fostering a more predictable and balanced macroeconomic environment.

With global growth stabilizing and inflation easing, external conditions are boosting demand for emerging-market output. This gives Nigeria a better opportunity for its reforms to be effective, supporting foreign exchange stability, easing inflation, improving fiscal performance, and positioning the country to benefit from the global recovery and to grow its exports.



Sources – EY Analysis, IMF

The global economy is settling into a growth plateau, with emerging markets driving growth as inflation moderates under improved supply conditions and sustained monetary discipline (2/2)

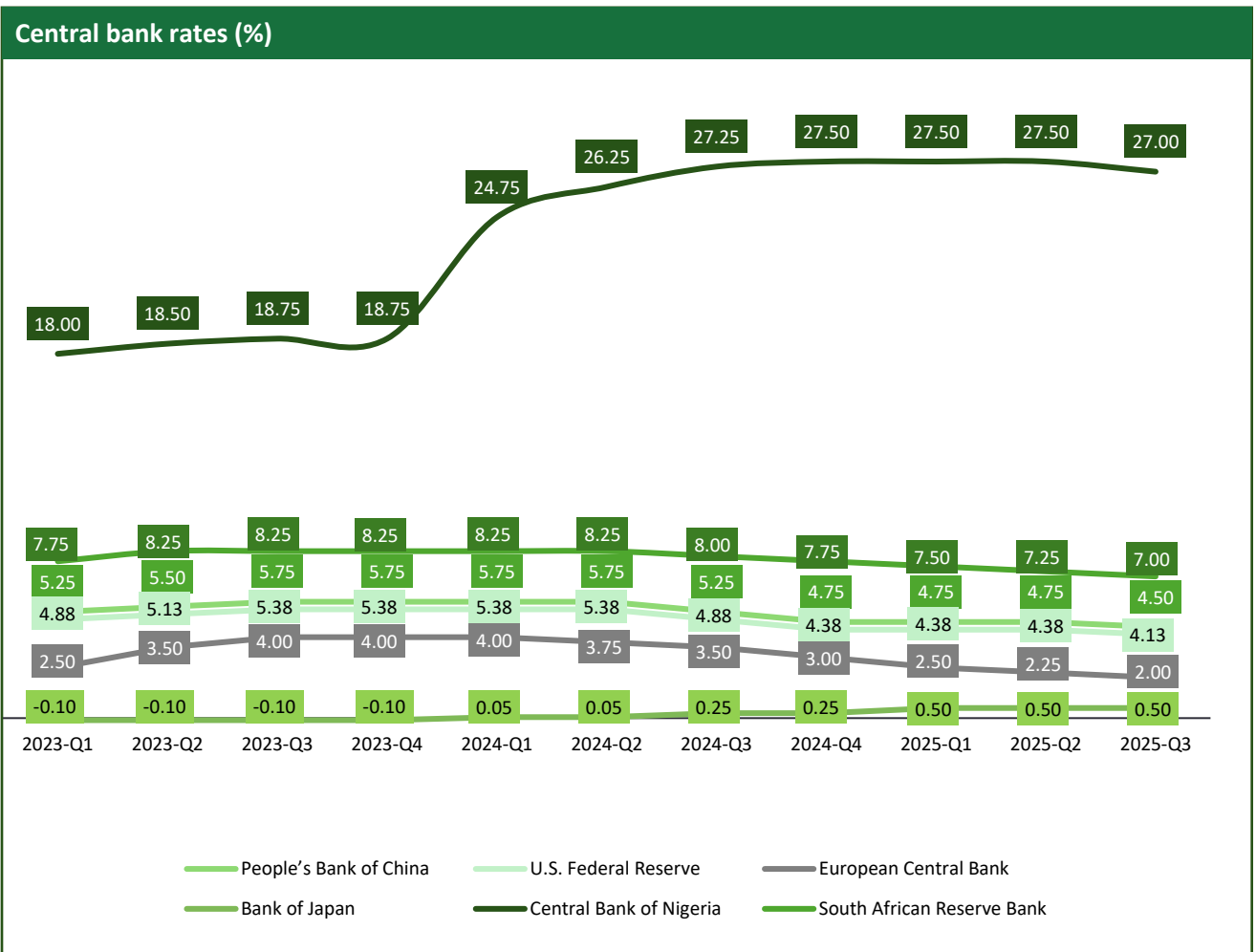


(1) Advanced Economies as defined by IMF (2) Emerging markets includes all economies apart from advanced economies as defined by the IMF (3) SSA (Sub-Saharan Africa) includes Angola, Botswana, Ghana, Kenya, Mauritius, Mozambique, Namibia, Nigeria, Seychelles, South Africa, Tanzania, Uganda, Zambia and Zimbabwe (4) Emerging Asia includes all emerging & developing economies in Asia region

Global rate cut will shift investors toward higher-yielding emerging market assets in 2026, benefiting Nigeria through lower financing costs, increased FDIs, better foreign exchange stability and liquidity, and greater support for ongoing reforms (1/2)

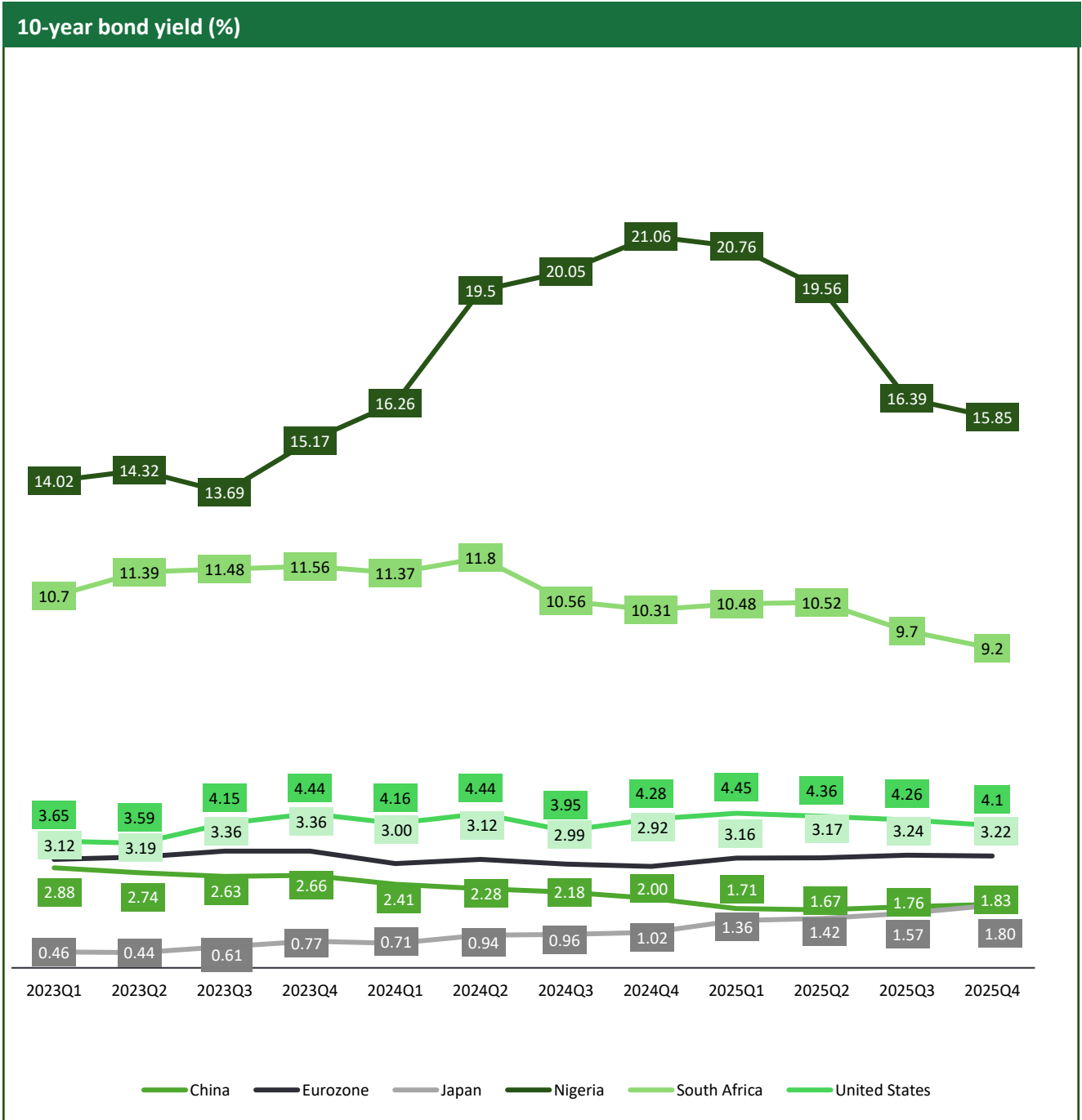
The reductions in policy rates have driven down 10-year government bond yields in advanced economies, compressing returns on traditionally risk-free assets and easing global financial conditions. This environment has encouraged investors to shift portfolios toward higher-yielding assets, such as equities, corporate credit, and emerging market securities, thereby enhancing global capital mobility and risk appetite.

For Nigeria, this creates an opportunity for policymakers and private institutions to strategically capitalize on favorable financing conditions, expand investment initiatives, and support sustainable economic growth.



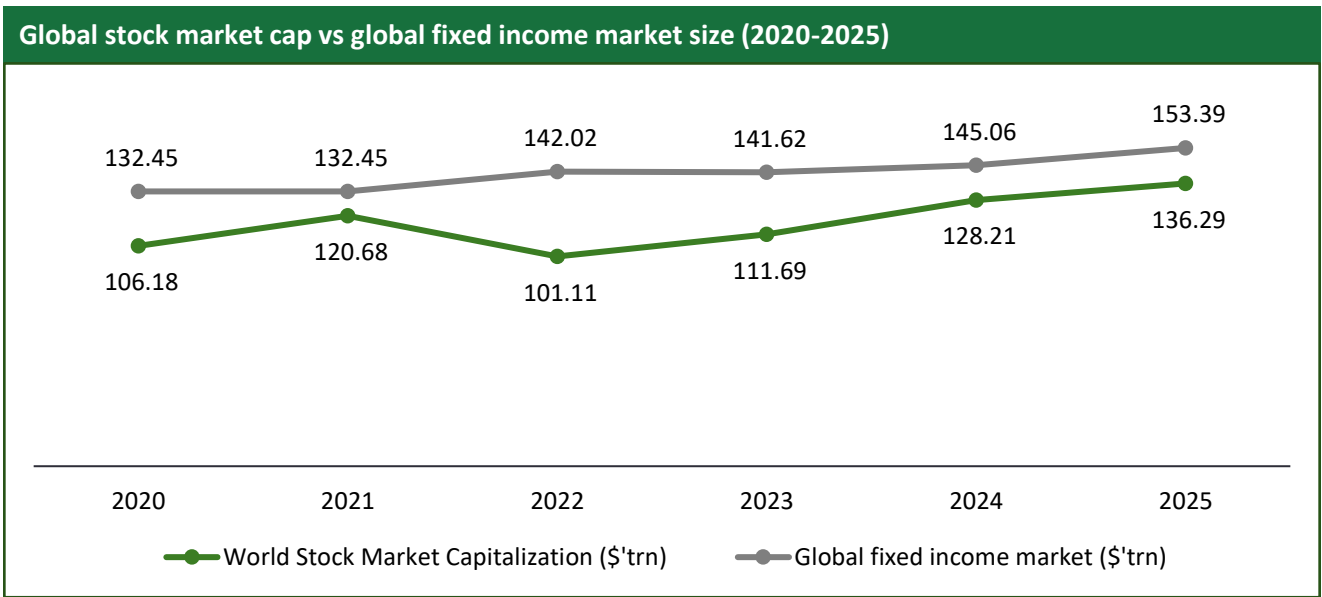
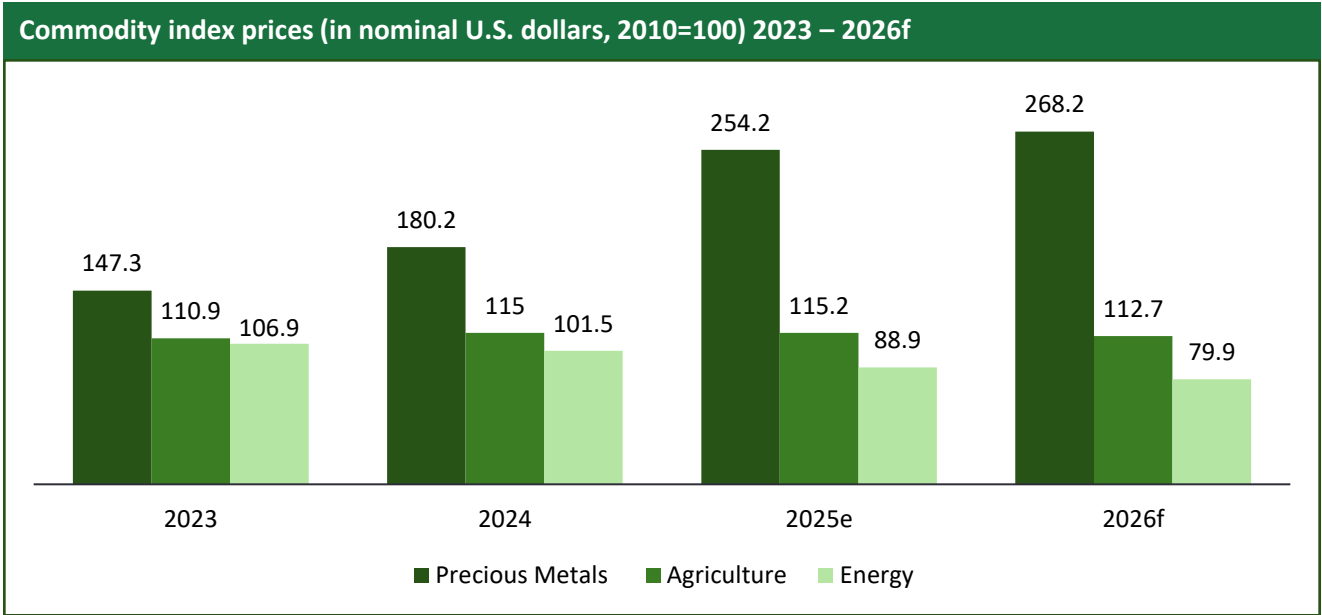
Sources – EY Analysis, IMF

Global rate cut will shift investors toward higher-yielding emerging market assets in 2026, benefiting Nigeria through lower financing costs, increased FDIs, better foreign exchange stability and liquidity, and greater support for ongoing reforms (2/2)



Sources – EY Analysis, IMF

Strengthened global markets, driven by higher commodity prices, equity market recoveries, and stable fixed-income performance, are supporting improved global liquidity and favorable financial conditions



Global markets are strengthening, with commodity prices rising across metals, agriculture, and a recovering energy segment reflecting firmer industrial demand and ongoing supply-chain normalization. Capital markets are also expanding as global equities rebound and fixed-income assets continue their steady growth, supported by improved liquidity and easing inflation.

For Nigeria, stronger commodity prices and improving global risk sentiment help to ease external financing pressures, support foreign exchange stability, attract capital inflows, and gradually rebuild investor confidence in ongoing domestic reforms.

Sources – EY Analysis, World Bank, SIFMA

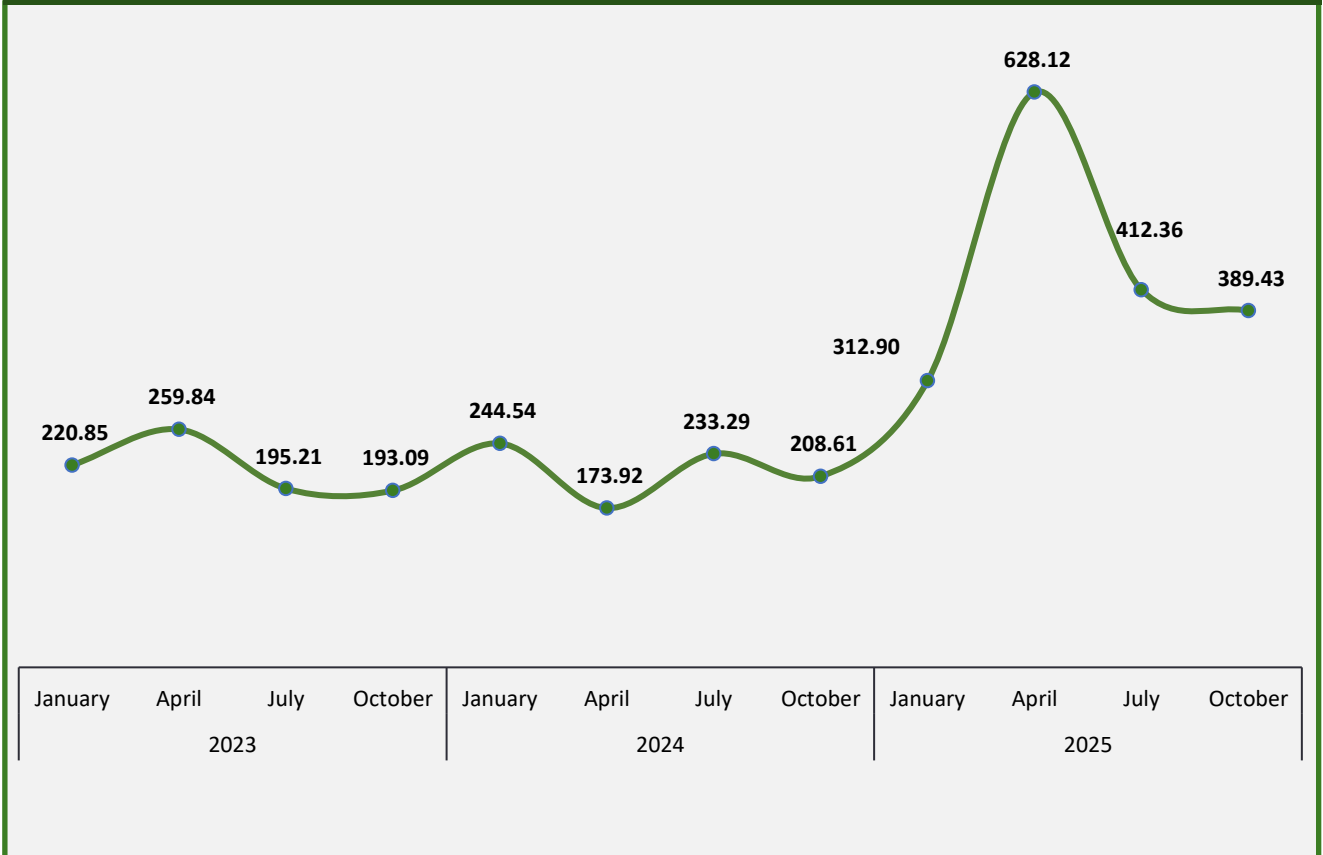
U.S. tariff actions and retaliatory measures were the single largest driver of the spike in global economic uncertainty, although subsequent cooperation and de-escalation led to a notable decline by the end of 2025 ^(1/2)

Year	Month	Event
2023	March	The collapse of Silicon Valley Bank, Signature Bank, and First Republic Bank triggered fear of broader financial instability and tighter global credit conditions, raising policy uncertainty.
	April	Escalating Russia–Ukraine geopolitical tensions increased risks to energy and grain supplies, adding volatility to inflation and policy decisions worldwide.
	October	Hamas' attack on Israel and the resulting Middle-East escalation heightened oil market risks and fueled uncertainty in the global economy.
2024	January	China's economic slowdown, coupled with ongoing geopolitical friction, softened global trade expectations and challenged policymakers managing both cooling demand and persistent inflation.
	July	High energy costs and renewed supply-chain strain intensified inflation pressures, complicating the timing of monetary easing and policy decisions.
	November	The U.S. presidential election introduced uncertainty around future trade, fiscal, and regulatory directions.
2025	January	A U.S. tariff hike announcement and rising tensions with China revived concerns over trade fragmentation, supply-chain adjustments, and higher business costs.
	April	Implementation of U.S. tariff hike. China and the EU responded with retaliatory tariffs, deepening trade disruptions and prompting businesses to reconsider investment and production plans.
	July	The U.S.–China tariff deal was finalized, easing some trade uncertainty but leaving questions about enforcement and long-term stability.
	October	Russia–Ukraine peace talks began, reducing immediate geopolitical risk and energy volatility, though outcomes remained uncertain.

Sources – EY Analysis, IMF, OECD, IEA, U.S. Federal Reserve

U.S. tariff actions and retaliatory measures were the single largest driver of the spike in global economic uncertainty, although subsequent cooperation and de-escalation led to a notable decline by the end of 2025 ^(2/2)

Global economic policy uncertainty index (2023-2025)



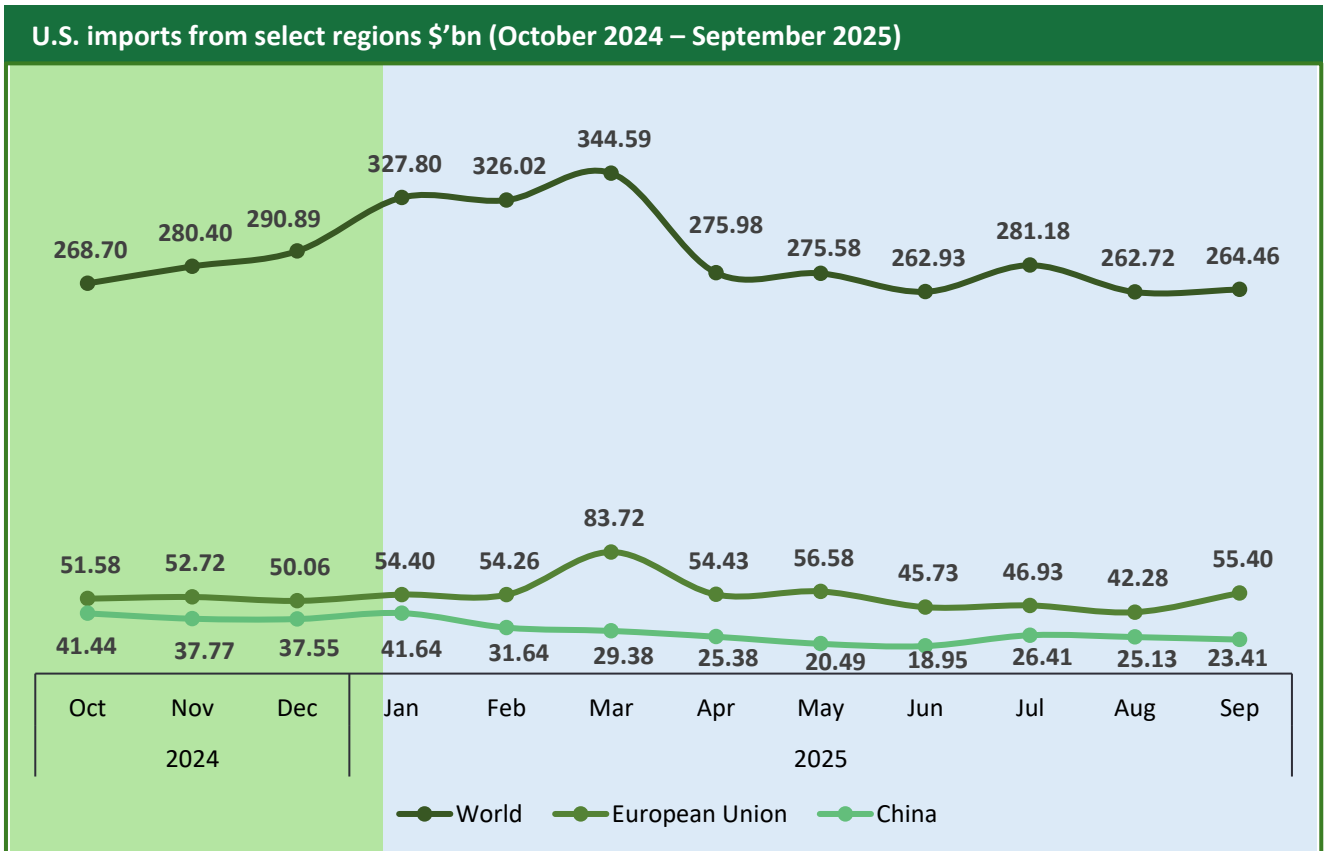
The Global Economic Policy Uncertainty (GEPU) Index is a GDP-weighted measure combining uncertainty indices from 20 major economies. It is based on the following core elements: how often policy-related uncertainty appears in major news sources, economic indicators such as market volatility and forecast dispersion, and significant political or policy events. Together, these inputs track shifts in global economic policy uncertainty over time.

Between 2023 and 2024, uncertainty rose in response to discrete shocks, notably the U.S. regional banking crisis, ongoing Russia-Ukraine and Middle East tensions, and the U.S. election, but eased after each event, indicating largely temporary disruptions.

In early 2025, uncertainty surged following US tariff actions and escalating U.S.-China trade tensions, peaking in Q2 2025. Although it moderated later in the year after the U.S.-China trade deal and Ukraine-Russia talks, uncertainty remained elevated, reflecting a more fragile global policy environment.

However, these tariff actions significantly distorted global trade flows, with normalcy gradually returning as de-escalation and diplomatic engagements continue

The U.S. tariff hike announcement in January 2025 (which took effect from April 2025) was aimed at reducing reliance on imports and protecting domestic industries by increasing duties on imported goods, particularly from China and other major trading partners.



Key: ■ Pre tariff hike announcement ■ Post tariff hike announcement

The announcement of the tariff hikes in January 2025 prompted firms to front-load shipments ahead of expected policy changes. This led to import volumes peaking in Q1 2025, reflecting accelerated ordering and inventory build-up.

As the tariffs took effect in April 2025, imports declined and businesses began drawing down inventories rather than placing new orders. Q2 and Q3 2025 saw partial stabilization, supported by tariff easing measures, but volumes remained below early-2025 peaks as supply chains adjusted to the new trade environment.

These tariffs may have wider global effects, including spillovers to emerging economies such as Nigeria. In the near term, higher production costs in tariff-affected countries and weaker demand in those markets may dampen Nigeria’s non-oil exports. This underscores the need for stronger domestic demand within Nigeria to drive growth even when exports are weak. Longer-term supply-chain shifts could create new export opportunities, but the gains will depend on Nigeria’s competitiveness and progress on key reforms.

Sources – EY Analysis, U.S. Census Bureau, WTO, IMF, U.S. Federal Reserve

The U.S. military intervention in Venezuela in January 2026 is expected to have major financial, economic, and geopolitical repercussions throughout the year, with notable implications for oil-producing Nigeria ^(1/2)

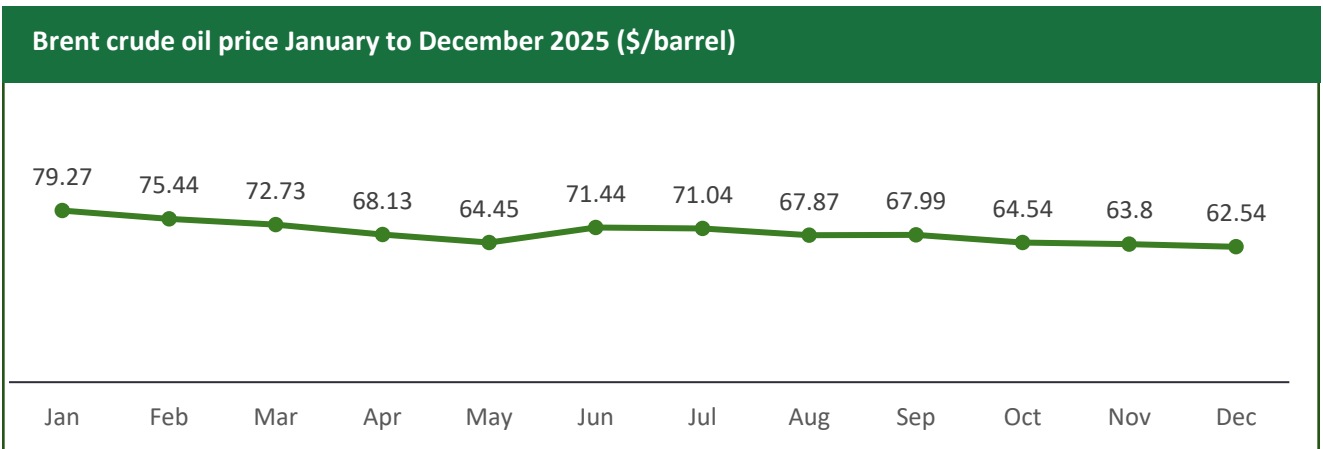


In January 2026, the United States launched a decisive military operation in Venezuela, resulting in the capture of President Nicolás Maduro, the disruption of alleged illicit drug-trafficking networks, and U.S. control over key Venezuelan oil assets.

The U.S. subsequently announced plans to seize and sell up to 50 million barrels of Venezuelan crude, citing long-standing concerns around sanctions evasion, regional security risks, and Venezuela’s ties to anti-U.S. actors.

The intervention has heightened geopolitical risks across energy markets, raising questions around sovereignty, precedence for resource control, and potential volatility in global oil supply, particularly given Venezuela’s vast proven reserves.

For Nigeria, the move adds uncertainty to oil earnings: geopolitical tensions may temporarily lift prices, but the release of seized Venezuelan crude could also pressure prices downward, creating potential volatility for fiscal and foreign exchange stability. It underscores the importance of Nigeria’s continuing efforts to strengthen non-oil foreign-exchange revenue in 2026 to reduce exposure to external oil-market shocks.



Sources – EY Analysis, IEA, IMF, U.S. EIA, CFR, Country Economy, IMF

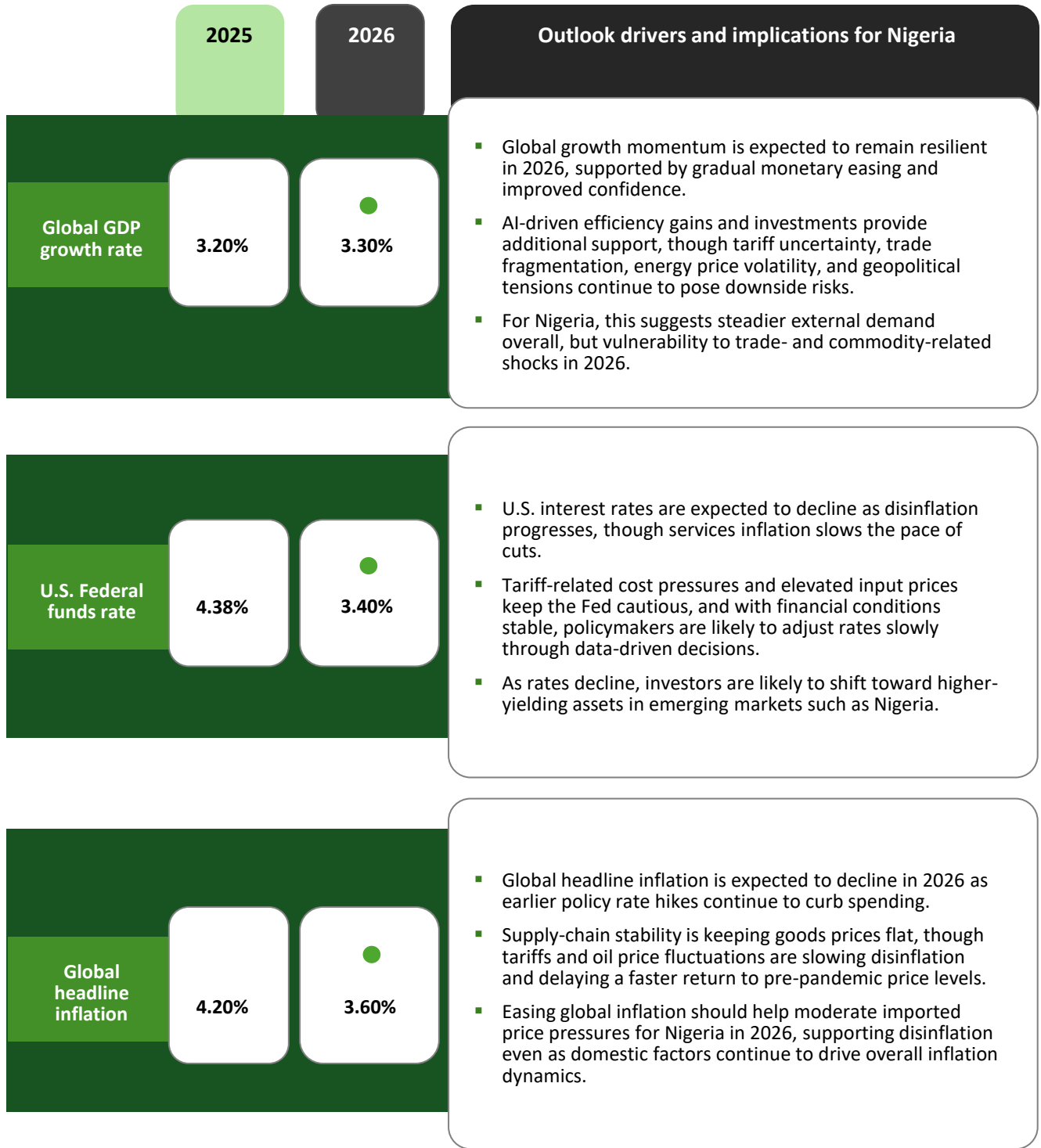
The U.S. military intervention in Venezuela in January 2026 is expected to have major financial, economic, and geopolitical repercussions throughout the year, with notable implications for oil-producing Nigeria ^(2/2)

Impact category	Global economic effect
Energy markets	U.S. control and expected sale of Venezuelan oil may provide a short-term supply boost. However, Venezuela's production constraints such as deteriorated infrastructure and operational disruptions limit the sustainability of this effect. This imbalance increases the risk of renewed price volatility and shifts in global energy dynamics .
Geopolitical tensions	Military action could escalate global tensions , especially with China, Russia, and regional allies , disrupting diplomatic relations and investment flows.
Trade flows	Trade disruptions and U.S. sanctions enforcement could affect global supply chains , especially in energy and commodities.
Investment risks	The operation may lead to reduced foreign investments in Latin America, particularly in energy and infrastructure sectors, due to the rising political instability .
Regional stability	The operation may destabilize Latin America , increasing migration and economic strain on neighboring countries.

Sources – EY Analysis, U.S. EIA, IEA, World Bank, IMF

The 2026 global economic outlook remains broadly stable, with lingering trade policies, supply chain, and geopolitical pressures from 2025 partly offset by continued resilience in technology-led initiatives ^(1/2)

Drivers of the 2026 global economic outlook



Sources – EY Analysis, U.S. Federal Reserve, IMF, OECD

Key: ● Negative impact on Nigeria

● Positive impact on Nigeria

The 2026 global economic outlook remains broadly stable, with lingering trade policies, supply chain, and geopolitical pressures from 2025 partly offset by continued resilience in technology-led initiatives ^(2/2)

Drivers of the 2026 global economic outlook



Sources – EY Analysis, IMF, UNCTAD, OECD, WTO

Key: ● Negative impact on Nigeria

● Positive impact on Nigeria

...which is expected to impact growth, technological advancement, trade dynamics, and policy priorities across emerging and frontier markets such as Nigeria

Implications of the 2026 global economic outlook on Emerging and Frontier markets



Growth would be supported by exports and domestic demand

- Exports remain vital in manufacturing-led Emerging & Frontier (E&F) markets.
- Domestic demand provides stability, cushioning growth during external slowdowns.
- Combining stronger exports with investments in consumption, services, and infrastructure will be critical in ensuring resilient, less volatile growth.



Balance macroeconomic stability with growth support

- Global interest rates pressure E&F markets to maintain fiscal discipline, as investor confidence and financing are sensitive.
- At the same time, governments must support growth through targeted spending.
- Countries that balance this trade-off will sustain credibility and domestic momentum in a tight financing environment.



Disinflation creates room for cautious policy easing

- Easing global inflation lowers import costs and creates room for policy easing in E&F markets, but energy prices and foreign exchange volatility keep inflation risks elevated.
- Gradual easing alongside stronger energy security supports growth without destabilization.



Labor and technological development

- Technology and labour-driven productivity gains are key drivers for E&F markets.
- Investment in digital infrastructure, skills, data, and AI can lift productivity and support growth without heavy capital expansion, while countries with poor adoption risk weaker competitiveness and slower long-term growth.



Trade fragmentation opportunities

- Slower global trade growth limits export expansion, but trade fragmentation and supply-chain realignment create opportunities.
- E&F markets, that are competitive in energy, agriculture, and manufacturing can benefit from strategic sourcing, especially where trade facilitation and logistics improve.

The E&F market outlook further translates into improved access to foreign capital, stronger demand for financial and transaction advisory services, and broader expansion across both the financial system and the real sector of the Nigerian economy ^(1/2)

Implications of the 2026 global economic outlook on Nigeria's financial and professional services sector



Improved credit profile fuels investment banking and capital markets activities

Nigeria's recent credit rating upgrades (e.g., Moody's to B3 and S&P revising its outlook to "Positive" in mid-to-late 2025) signal growing investor confidence in macro stability and reforms, narrowing spreads and attracting foreign capital. This improved profile boosts demand for debt issuance advisory, Eurobond structuring, equity raising, and research services within Nigeria's financial sector.



Rising investor appetite for emerging market assets

As global policy rates decline, lower returns in advanced markets increase investor appetite for higher-yielding emerging market assets, improving Nigeria's access to foreign capital and easing external financing conditions. This supports capital inflows and an expansion in lending, sustaining demand for credit risk assessment and restructuring advisory.



Attracting foreign capital inflows to meet new capital base requirements

Attracting foreign capital inflows will be critical to meeting the new capital base requirements across Nigeria's financial sector. As global inflation eases and advanced economies begin monetary easing, investors are increasingly reallocating capital toward higher-yielding emerging markets such as Nigeria. This shift creates opportunities for Nigerian banks and financial institutions to raise foreign funding to support recapitalization.

The E&F market outlook further translates into improved access to foreign capital, stronger demand for financial and transaction advisory services, and broader expansion across both the financial system and the real sector of the Nigerian economy ^(2/2)

Implications of the 2026 global economic outlook on Nigeria's financial and professional services sector



Trade finance evolves toward complex compliance services

Global trade growth is expected to slow in 2026, and regional fragmentation creates more complex cross-border compliance requirements. For banks and professional services in Nigeria, this translates into higher demand for trade compliance, foreign exchange risk mitigation solutions, sanctions screening, and supply chain finance structuring, even with reduced trade volumes.



Risk, controls, and transformation services gain traction

In a global environment of slower trade growth and higher volatility, institutions in Nigeria face tighter funding conditions and greater scrutiny from investors and regulators. This drives the need to strengthen internal controls and accelerate digital transformation, sustaining demand for audit, risk management, governance advisory, and technology integration services.



Infrastructure and energy transition developments

Nigeria's economic reforms and climate finance initiatives (e.g., national climate change funds) enhance prospects in infrastructure and green finance, creating opportunities for project finance advisory, ESG reporting, and blended finance structures. FPS firms with capacity in cross-border investment, regulatory navigation, and capital mobilization stand to benefit.



Nigeria's Macroeconomic Trends

03

Nigeria's reform-driven adjustment has restored macroeconomic stability, with 2025 marking the turning point and 2026 expected to deliver broader growth ^(1/2)

Nigeria's economic story over the past two years has been one of adjustments, resilience, and emerging recovery. Following years of structural distortions, macroeconomic imbalances intensified in early 2023; reflected in high inflation, foreign exchange dislocations, weak investment sentiment, and mounting fiscal pressures. These conditions necessitated bold reform agenda beginning in mid-2023, including exchange-rate unification & liberalization, fuel subsidy removal, tighter monetary policy, and improvements in fiscal coordination. While these reforms imposed significant short-term costs on households and businesses, they laid the foundation for macroeconomic rebalancing.

GDP rebasing and a clearer picture of economic structure

The rebasing of GDP to a 2019 base year provides a clearer and more accurate picture of this adjustment process. By expanding coverage to services, informal trade, digital activities, and real estate, the rebasing increased the measured size of the economy. Nominal GDP was revised upward by about 35% in both 2023 and 2024, reaching ₦309.5 trillion¹ and ₦364.6 trillion¹ respectively, reinforcing the scale and diversity of non-oil economic activities.

Growth resilience amid price and policy adjustments

Between 2023 and 2025, real GDP growth remained positive, rising from 2.3%¹ in Q1 2023 to 4.0%¹ by Q3 2025, while nominal GDP expanded more rapidly following price and FX adjustments triggered by the 2023 reforms. This divergence reflects inflation and price realignments triggered by policy reforms rather than a contraction in underlying economic activities. Growth was consistently driven by the non-oil sector, which accounted for about 95–96% of GDP¹ throughout the period, led by services, agriculture, and industry. Services remained the largest contributor to GDP, accounting for an average of 56%¹ over the period, followed by agriculture at 27%¹ and industry at 18%¹. Services growth was driven by trade, real estate, and financial services, while agriculture benefitted

from stabilizing crop production. Industry performance was underpinned by construction and manufacturing, highlighting the breadth of domestic economic activities beyond oil.

Inflation dynamics and the turning point in 2025

Inflation surged sharply following the 2023 reforms, as households and businesses absorbed higher energy costs, Naira depreciation, and supply disruptions. Headline inflation peaked above 34%² in Q2 2024 before moderating in 2025, reflecting tight monetary policy, improved fiscal-monetary coordination, easing supply pressures, and relative foreign exchange stability. The rebasing of the Consumer Price Index (CPI) in December 2024 further recalibrated inflation measurement, aligning it with updated consumption patterns. Consequently, headline inflation declined from 24.48%² in January 2025 to 15.15%² by December 2025, signaling a transition from reform-induced price shocks toward more manageable inflation dynamics.

Food inflation remained a key driver of overall price pressures due to Nigeria's high food weight in the CPI basket. This persistence stemmed largely from structural constraints, particularly security challenges in agriculture-heavy regions disrupting crop production, supply chains, and rural livelihoods, as well as poor transport and storage infrastructure amid high logistics costs. The partnership with the U.S. to strengthen security in key corridors and ongoing debates on State policing could improve stability and help to reduce inflationary pressures in 2026. Monetary tightening anchored expectations and stabilized the exchange rate but had limited impact on these structural drivers. A sustainable disinflation path, delivering tangible relief to households and businesses, will depend on continuous improvement in security, infrastructure, logistics efficiency, and agricultural productivity.

With inflation below the CBN's 16.5% (± 2.0) target for 2026 and continuing to ease, conditions are improving for greater macroeconomic stability in 2026.

Nigeria's reform-driven adjustment has restored macroeconomic stability, with 2025 marking the turning point and 2026 expected to deliver broader growth ^(2/2)

Monetary tightening and policy credibility

Throughout the adjustment period, the CBN maintained a restrictive monetary stance to anchor inflation expectations and stabilize the Naira. The MPR rose to 27.5%² by Q4 2024 and stood at 27.0%² at the end of 2025 as inflation eased. Elevated policy rates transmitted into money market and lending rates, tightening financial conditions. The 364-day treasury bill rate eased to 16.8%² by Q3 2025, prime lending rates rose to 18.9%², maximum lending rates stayed near 30%², and savings deposit rates increased to 7.4%², reflecting tight liquidity and elevated risk costs. Although this constrained borrowing and investment in the short term, it helped restore macroeconomic credibility. By late 2025, disinflation had gained traction, shifting the policy outlook toward gradual easing and a return to a more neutral stance in 2026.

Fiscal position, public debt, and sustainability trade-offs

Fiscal dynamics also reflect gradual improvement. Although public debt levels rose in nominal terms, increasing from ₦87.9 trillion³ in Q3 2023 to ₦152.4 trillion³ by Q2 2025, the Debt-to-GDP ratio moderated to an estimated 39.8%⁴ in 2025 from 42.9%⁴ in 2024, reflecting the impact of the rebased GDP and improving macroeconomic stability. However, debt servicing costs remain elevated, rising from 38%⁴ in 2024 to 44%⁴ by 2025, continuing to crowd out growth-enhancing expenditure and underscoring the urgency of sustained revenue mobilization and spending efficiency reforms.

External balances, oil dynamics, and capital flows

Externally, Nigeria's adjustment has been reinforced by a sustained current account surplus, supported by oil exports and foreign exchange inflows. While Brent oil prices softened in 2025, higher export volumes, foreign exchange reforms, and improved investor confidence helped stabilize external balances. Foreign reserves rebounded strongly to \$45.5 billion² in

December 2025 from \$40.9 billion² in December 2024, reflecting improved external financing conditions despite lower oil prices. Capital flows remained volatile in 2025, with Nigeria recording \$5.64 billion in total inflows in Q1 2025, up from \$5.09 billion² in Q4 2024. The banking (55%) and financing (37%) sectors captured most capital, while manufacturing, agriculture and others together accounted for the remaining 8% of inflows¹, highlighting the need to attract investment across other sectors.

Foreign exchange reforms and market stabilization

The foreign exchange market stands out as one of the clearest reform successes. Since mid-2023, foreign exchange unification, improved transparency through the electronic foreign exchange matching system, and the introduction of the foreign exchange code have driven convergence between official and parallel market rates, significantly narrowing the arbitrage opportunities and restoring confidence. The official exchange rate adjusted from ₦461/\$² in Q1 2023 to about ₦1,436/\$² by Q4 2025, while the parallel market premium narrowed sharply from around 63%⁵ in 2023 to between 0.7% and 3.8%⁵ by 2025. By 2025, exchange-rate stability and liquidity had improved markedly, reinforcing gains in inflation control and external balance management.

From stabilization to household and business levels impact

While the 2023–2024 reforms were costly and disruptive, 2025 marked a turning point. Macroeconomic stability has strengthened, growth drivers are broadening, and external buffers have improved. If policies remain consistent and structural issues are addressed, these gains are expected to translate into higher household welfare, stronger business profitability, lower inflation, credit expansion, and improved investment outcomes in 2026 and beyond.

Economic growth in Nigeria is gradually accelerating, driven by a resilient non-oil sector, even as rising public debt and pressures on external balances underscore ongoing fiscal constraints

	2023				2024				2025		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Output & Growth											
Real GDP (₦'trillion)	46.8	47.5	52.8	59.2	47.8	49.1	54.9	61.5	49.3	51.2	57.0
Real GDP growth rate (%)*	2.3	2.5	2.5	3.5	2.3	3.5	3.9	3.8	3.1	4.2	4.0
Sectoral contribution											
Oil sector contribution to GDP (%)*	6.2	5.3	5.5	4.7	4.0	3.5	3.4	2.8	4.0	4.1	3.4
Non-oil sector contribution to GDP (%)*	93.8	94.7	94.5	95.3	96.0	96.5	96.6	97.2	96.0	96.0	96.6
Agricultural contribution to GDP (%)*	21.7	23.0	29.3	26.1	24.0	26.5	31.3	28.7	23.3	26.2	31.2
Industry contribution to GDP (%)*	21.0	18.6	18.0	17.3	19.1	16.8	15.8	15.4	19.2	17.3	15.8
Services contribution to GDP (%)*	57.3	58.4	52.7	56.6	56.8	56.7	52.9	55.9	57.5	56.5	53.0
Crude oil domestic production (mbpd)	1.3	1.3	1.4	1.3	1.2	1.3	1.3	1.5	1.4	1.5	1.4
Prices & Monetary conditions											
Inflation rate (%)	22.0	22.8	26.7	28.9	33.2	34.2	32.7	34.8	24.2	22.2	18.0
Monetary policy rate (%)	18.0	18.5	18.8	18.8	24.8	26.3	27.3	27.5	27.5	27.5	27.0
364-day treasury bill rate (%)	14.7	6.2	11.4	12.2	21.1	20.7	20.0	22.9	19.6	18.8	16.8
Savings deposit rate (%)	4.6	5.2	5.3	5.3	6.3	6.7	6.8	7.5	7.5	7.5	7.4
Prime lending rate (%)	14.0	13.9	14.3	14.2	15.7	15.9	16.8	18.6	18.0	18.2	18.9
Maximum lending rate (%)	28.1	28.9	27.2	26.6	29.4	29.1	30.2	29.7	30.2	29.5	29.6
Debt & Fiscal											
Total public debt (₦'trillion)	49.9	87.4	87.9	97.3	121.7	134.3	142.3	144.7	149.4	152.4	155.4**
Total external debt (₦'trillion)	19.6	33.2	32.0	38.2	56.0	63.1	68.9	70.3	70.6	71.8	73.1**
Total domestic debt (₦'trillion)	30.2	54.1	55.9	59.1	65.6	71.2	73.4	74.4	78.8	80.6	82.4**
FX & External sector											
Exchange rate (₦/\$)	461	763	767	900	1,304	1,471	1,602	1,536	1,537	1,530	1,475
Current account bal. (\$'billion)	2.5	1.0	3.3	3.8	3.7	5.1	5.8	3.8	3.7	5.8	3.4
Capital account (\$'billion)	0.5	4.6	3.7	-7.1	5.3	2.8	-0.6	7.8	7.6	-6.9	0.3
Foreign reserves (\$'billion)	35.5	34.1	33.2	32.9	33.8	34.2	38.4	40.9	38.3	37.2	42.4
Crude oil export (mbpd)	0.8	0.8	0.9	0.9	0.8	0.8	0.9	1.0	1.0	1.1	0.9
Crude oil Brent price (\$/barrel)	82.3	78.1	86.0	82.9	82.0	85.0	78.7	74.0	75.0	67.0	69.0

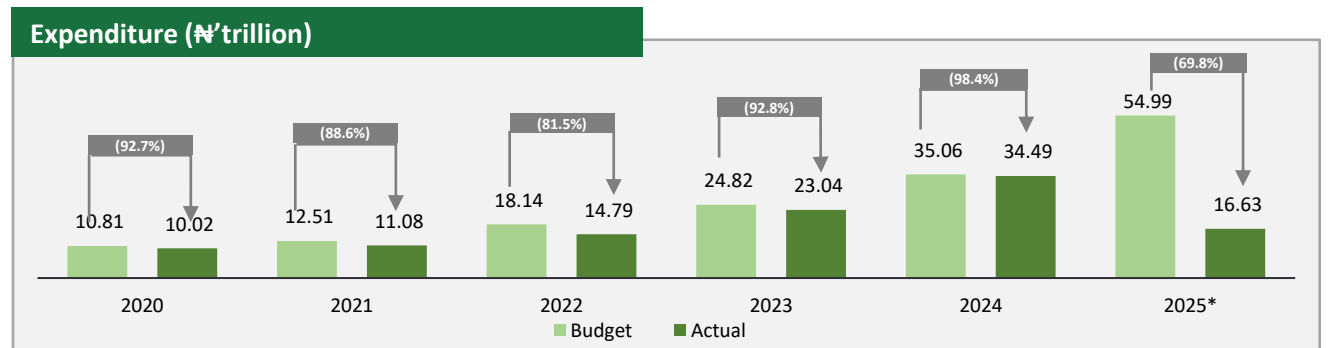
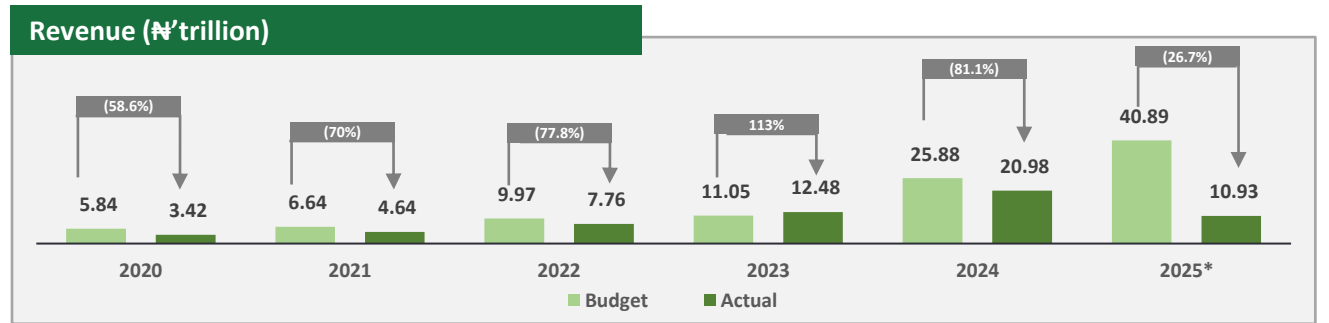
■ = Best/Strong
 ■ = Neutral/moderate
 ■ = Worst/Weak

The heat map reflects relative quarterly movements within each indicator only. For indicators where lower is better (e.g., inflation), green represents the lowest values.

* = Figures for 2023 are based on the pre-rebasing GDP framework

** = Q3 2025 total debt is projected using the Q1–Q2 2025 growth rate, with domestic and external shares maintained at Q2 2025 levels.

Budget to actual performance from 2020 to H1 2025 remained mixed, highlighting fiscal management challenges, as the proposed ₦58.47tn 2026 budget allocates 27% to debt servicing and 73% to other expenditures to balance debt obligations with growth priorities (1/2)

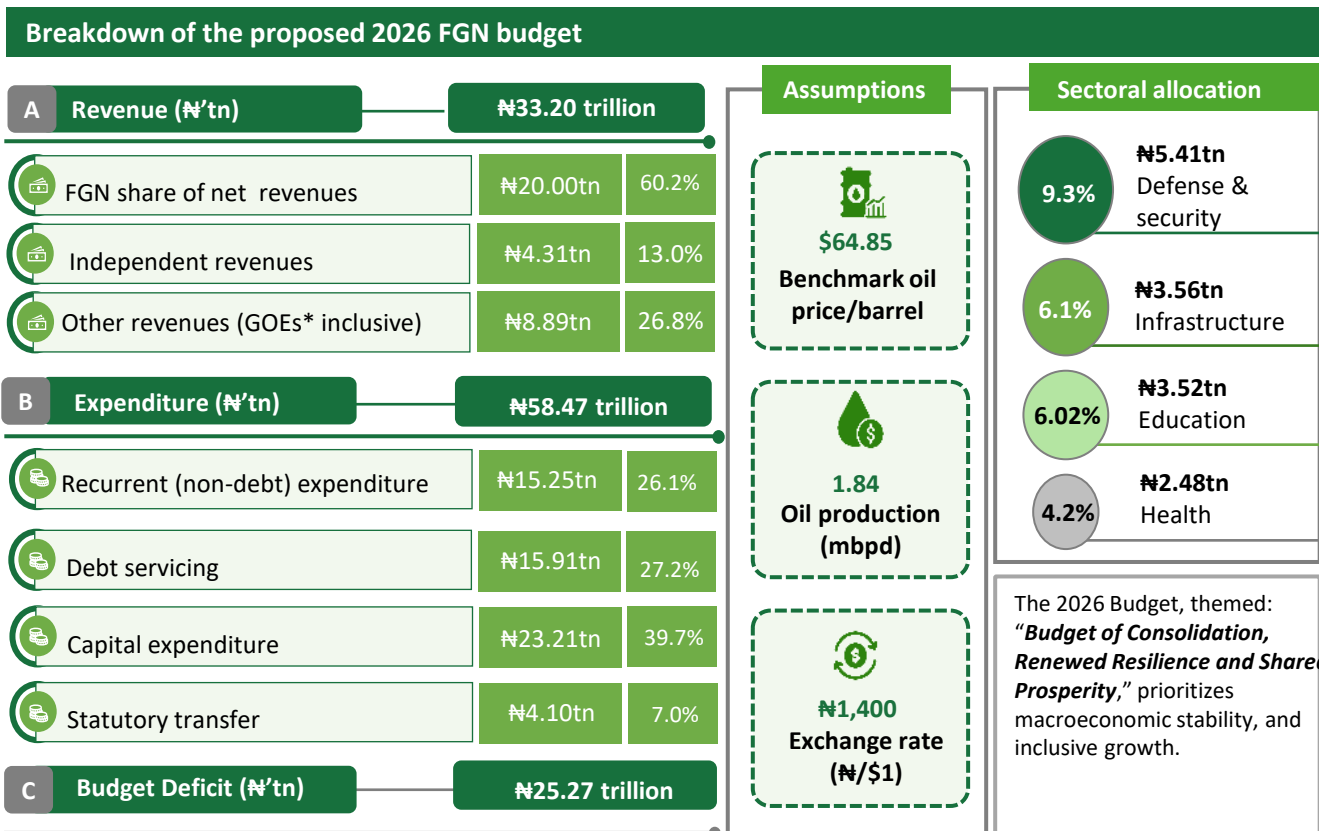


*2025 actual figures are as at half year. The full year performance report is yet to be released

Revenue improved following the 2023 policy changes, but collections lagged targets in 2024 and 2025 as economic conditions remained tight. On the expenditure side, stronger controls helped contain spending and narrow deficits, even amid persistent social and infrastructure needs. By mid-2025, improved budget discipline had become more evident, supporting a gradual return to fiscal stability.

Sources – EY Analysis, Budget office of the federation

Budget to actual performance from 2020 to H1 2025 remained mixed, highlighting fiscal management challenges, as the proposed ₦58.47tn 2026 budget allocates 27% to debt servicing and 73% to other expenditures to balance debt obligations with growth priorities (2/2)



Sources – EY Analysis, Budget office of the federation

*GOEs - Government-owned enterprises



Sector reforms in agriculture, manufacturing, and trade are driving Nigeria's structural diversification and improving non-oil competitiveness

Agricultural reforms

Agricultural reforms have increasingly focused on easing structural supply bottlenecks that have historically constrained output and amplified food price volatility. Policy has shifted from broad-based subsidies toward targeted investments in productivity, storage, processing, and logistics, led by the FGN in partnership with development institutions.

Central to this strategy is the Special Agro-Industrial Processing Zones (SAPZ) programme, which aims to cluster agro-processing facilities around high-production corridors to reduce post-harvest losses and strengthen market linkages. In December 2025, the African Development Bank committed over US\$200 million¹ to SAPZ implementation in Nigeria, with the programme expected to create jobs, improve incomes for smallholder farmers, Micro, Small, Medium-sized enterprises (MSMEs), and crowd in private agribusiness investment over time.

While the impact on food inflation is gradual, these reforms directly target the root causes of food supply shocks, poor rural infrastructure, limited processing capacity, and high logistics costs. Over the medium term, improved supply resilience is expected to dampen seasonal food price pressures, support rural incomes, and strengthen agriculture's contribution to non-oil GDP growth.

Industry and manufacturing

Nigeria's industrial strategy has been strengthened through a new Industrial Policy aimed at boosting manufacturing, deepening value chains, and expanding export competitiveness under the African Continental Free Trade Area (AfCFTA). The policy prioritises import substitution, local value addition, and formalisation of MSMEs into industrial value chains, with the goal of increasing manufacturing's contribution to GDP and generating jobs.

To drive implementation, the FGN launched the Industrial Revolution Work Group (IRWG) in 2025² to align policymakers, industry

stakeholders, and development partners around financing, infrastructure, and regulatory reforms that constrain manufacturing.

These reforms are expected to improve industrial competitiveness and capacity utilization over the medium term. By reducing structural constraints and strengthening value-chain linkages, the reforms should support higher manufacturing output, greater non-oil export potential, and deeper economic diversification.

Trade sector reforms

Nigeria's trade reform agenda has shifted toward trade facilitation and customs modernization to support non-oil growth and external sector resilience.

The rollout of the Nigeria Single Window (NSW), expected to be fully operational in 2026³, integrates trade documentation, approvals, and payments across border agencies, reducing procedural duplication, clearance times, and compliance costs while improving transparency. These reforms are reinforced by customs automation, including the deployment of the Nigeria Customs Service's indigenous B'Odogwu clearance system, which enables risk-based inspections, electronic payments, and automated valuation. Together, these measures are expected to improve revenue collection, reduce leakages, and ease trade bottlenecks at ports.

While the near-term impact is gradual, the medium-term significance is substantial. Improved trade logistics strengthen supply chains and regional integration, which should gradually boost non-oil exports, improve foreign exchange inflow, and reduce balance-of-payments vulnerability to oil price shocks, supporting the reform-led growth outlook.

CBN's bank recapitalization drive is strengthening Nigerian banks' resilience and expanding lending capacity to support Nigeria's path to a US\$1 trillion economy

Recapitalization of banks

The CBN initiated bank recapitalization programme in April 2024, with a March 2026 deadline, aimed at raising minimum capital requirements across all bank categories.

The initiative aims to strengthen financial system resilience, align banks with evolving macroeconomic risks, align with international standards, and expand banks' capacity to finance large-scale projects.

The significant uplift in capital bases is designed to strengthen solvency, enhance risk-absorption capacity, and support increased lending to productive sectors such as infrastructure, energy, and manufacturing.

Ultimately, this initiative supports deeper financial intermediation and underpins Nigeria's medium-term ambition to accelerate investment-led growth toward a US\$1 trillion economy.

Progress so far

Capital raising and market activities

- The recapitalization directive has catalyzed significant capital mobilization across the banking sector. Banks have raised fresh equity through rights issues, public offers, and capital injections from parent companies.

- Market activity has been strong, with several Tier-1 institutions surpassing the minimum capital thresholds by wide margins, signaling robust investor confidence and proactive strategic positioning ahead of the deadline.
- The wave of capital raising has also supported improved liquidity buffers and strengthened balance sheets, which is critical for sustained credit growth in a high-rate environment.

Steady progress toward compliance

- 21 licensed banks have met their recapitalization targets ahead of the March 2026 deadline. This includes six international banks (notably the FUGAZ banks and Fidelity Bank), eight national banks, four merchant banks, and three non-interest banks.
- The early compliance of these institutions indicates strong market readiness and suggests that the sector is gradually consolidating into a more resilient and well-capitalized banking system.

Categorization of Banks	Previous minimum capital base requirement	New minimum capital base requirement
Commercial Banks		
• International	₦50 billion	₦500 billion
• National	₦25 billion	₦200 billion
• Regional	₦10 billion	₦50 billion
Merchant Bank	₦15 billion	₦50 billion
Non-interest Bank		
• National	₦10 billion	₦20 billion
• Regional	₦5 billion	₦10 billion

Nigeria's 2025 tax overhaul introduces four key acts to broaden the tax base, improve compliance, and boost non-oil revenue for fiscal sustainability ^(1/2)



Overhaul of the tax system

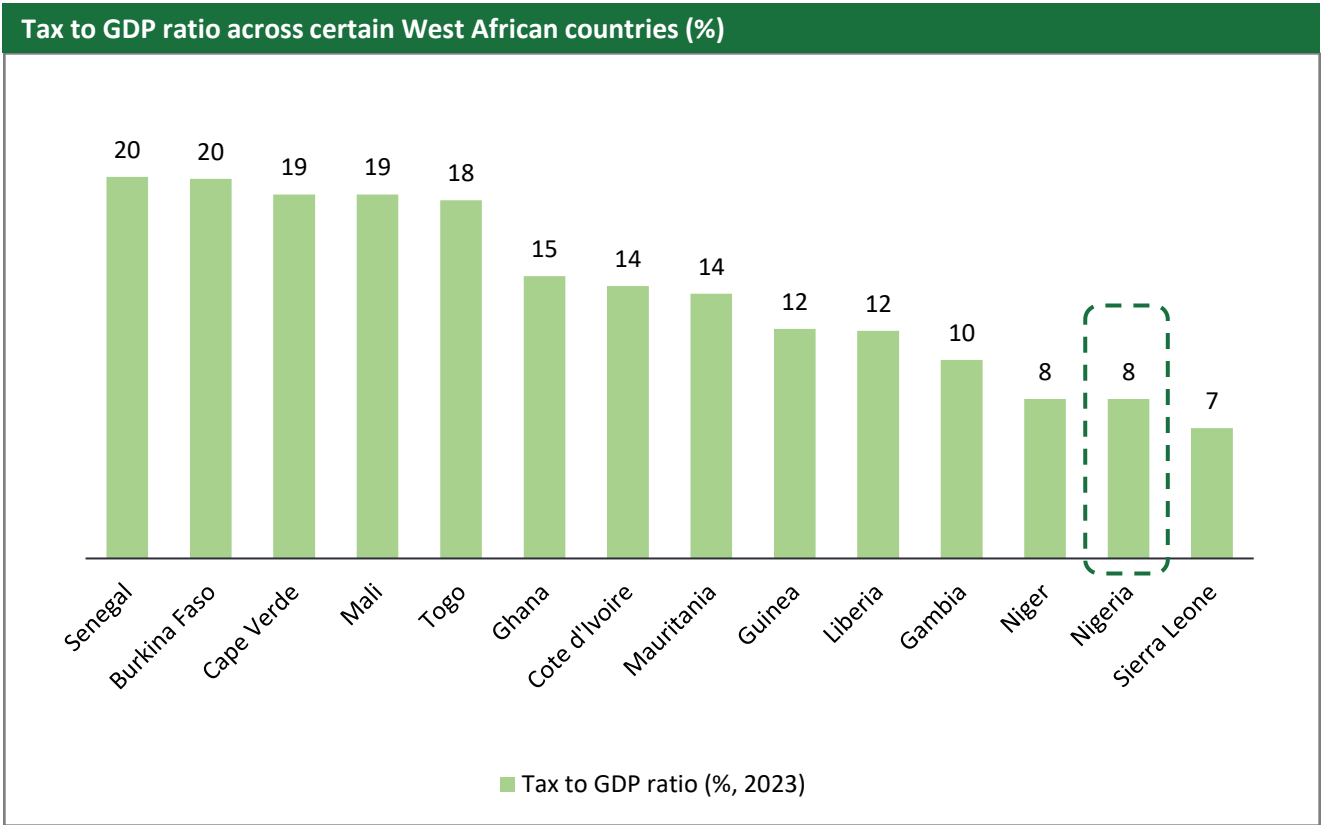
Nigeria enacted the most comprehensive overhaul of its tax framework in decades through four interlinked tax reform acts: ***Nigeria Tax Act (NTA), 2025; Nigeria Tax Administration Act (NTAA), 2025; Joint Revenue Board (Establishment) Act (JRBA), 2025; Nigeria Revenue Service (Establishment) Act (NRSA), 2025***

While the new regime took effect formally from January 1, 2026, it is expected to broaden the tax base, improve compliance, and bolster revenue mobilization.

The Tax Reforms are tied to:

- 1 Consolidation of over a dozen legacy tax laws, including Companies Income Tax, Personal Income Tax, Value Added Tax, Capital Gains Tax, Petroleum Profits Tax, and Stamp Duties, into a single modern unified framework that simplifies the law, reduces inconsistencies, and offers clearer, more predictable rules for individuals and businesses.
- 2 Enhanced tax administration and compliance through the establishment of the Nigeria Revenue Service (NRS) to replace the Federal Inland Revenue Service (FIRS). With a modernized structure, expanded enforcement powers, and digital tools, the NRS aims to strengthen tax administration, boost compliance, and enhance revenue mobilization.
- 3 Structural corporate taxation including introduction of minimum effective tax rates, clearer rules on profit and capital gains, and implementation of a 4% development levy to replace multiple levies. On the personal income tax front, reforms such as higher tax-free thresholds, more progressive rates, aim to reduce the burden on low and middle-income earners.
- 4 Expansion and clarification of tax treatment for modern and strategic sectors, including digital services, virtual assets, free trade zones, petroleum, and mining, ensuring that sector-specific rules are modernized and aligned with international standards.
- 5 The rationalization and enhancement of tax incentives, including investment-linked incentives and the Economic Development Tax Incentive (EDTI), are structured to encourage capital investment and economic growth.

Nigeria's 2025 tax overhaul introduces four key acts to broaden the tax base, improve compliance, and boost non-oil revenue for fiscal sustainability (2/2)



- With one of the lowest tax-to-GDP ratios in West Africa, improving revenue mobilization is critical for fiscal sustainability.
- Ongoing reforms aim to strengthen non-oil revenue, ease deficit financing pressures, and reduce reliance on borrowing, providing a key anchor for macroeconomic stability into 2026.

“

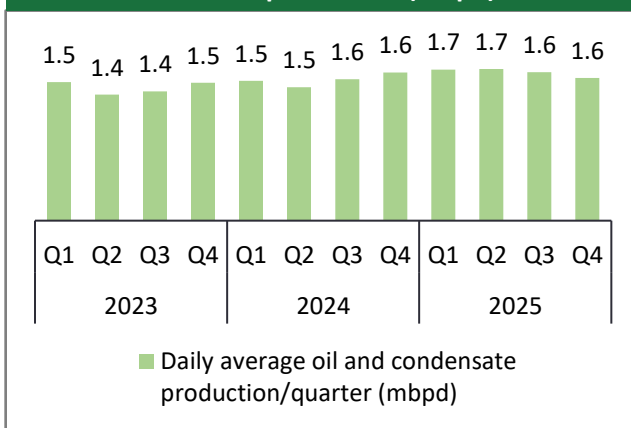
The FGN also advanced energy pricing reforms in the electricity sector by raising tariffs for heavy users and reducing subsidies by about 35%.

Energy and petroleum reforms, including fuel subsidy removal, electricity tariff adjustments, and the PIA cut fiscal burdens, attracted investments, and strengthened energy security

Petroleum Industry Act, 2021

- Although enacted in 2021, the economic impact of the Petroleum Industry Act (PIA) became more evident between 2023 and 2025 as implementation deepened. By consolidating petroleum legislation and clarifying regulatory oversight through Nigerian Upstream Petroleum Regulatory Commission (NUPRC) and Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA), the PIA strengthened governance, improved policy certainty, and helped reverse years of underinvestment in the sector.
- The most visible outcome has been a recovery in investment and upstream activity. Since implementation, Nigeria has attracted over US\$16 billion in oil & gas investment commitments, while approvals of Field Development Plans in 2024–2025 represent nearly US\$40 billion in potential investment. Crude oil production rose from about 1.65mbpd in January 2024 to 1.74mbpd in January 2025, supported by a sharp increase in drilling activity, with the rig counts rising from 8 rigs in 2021 to 71 rigs by October 2025.
- The PIA has also supported stronger sector revenues and governance. The NUPRC surpassed its revenue target by 18.3%, 14.65% and 84.2% in 2022, 2023 and 2024 respectively, reinforcing fiscal revenues and external balances. In parallel, the transition of NNPC Limited toward a commercially oriented entity and the shift to self-funding joint ventures have reduced implicit fiscal liabilities and improved transparency.
- By 2025, the PIA had begun translating legal reform into measurable gains in investment, production, and sector credibility. If sustained, the framework will position the petroleum sector to support fiscal stability, external balances, and energy security through 2026, while providing a more predictable platform for private investment.

Oil and condensate production (mbpd)



Fuel subsidy removal and market pricing

The removal of long-standing fuel subsidies marked one of Nigeria’s most significant fiscal reforms, eliminating a major drain on public finances and freeing resources for development priorities.

Transitioning to market-based pricing for Premium Motor Spirit (PMS) aimed to attract investment and improve efficiency; though it resulted in higher retail prices and short-term cost-of-living pressures. For the first time in decades, Nigeria did not experience the customary end-of-year fuel queues in 2025.

Electricity sector adjustments

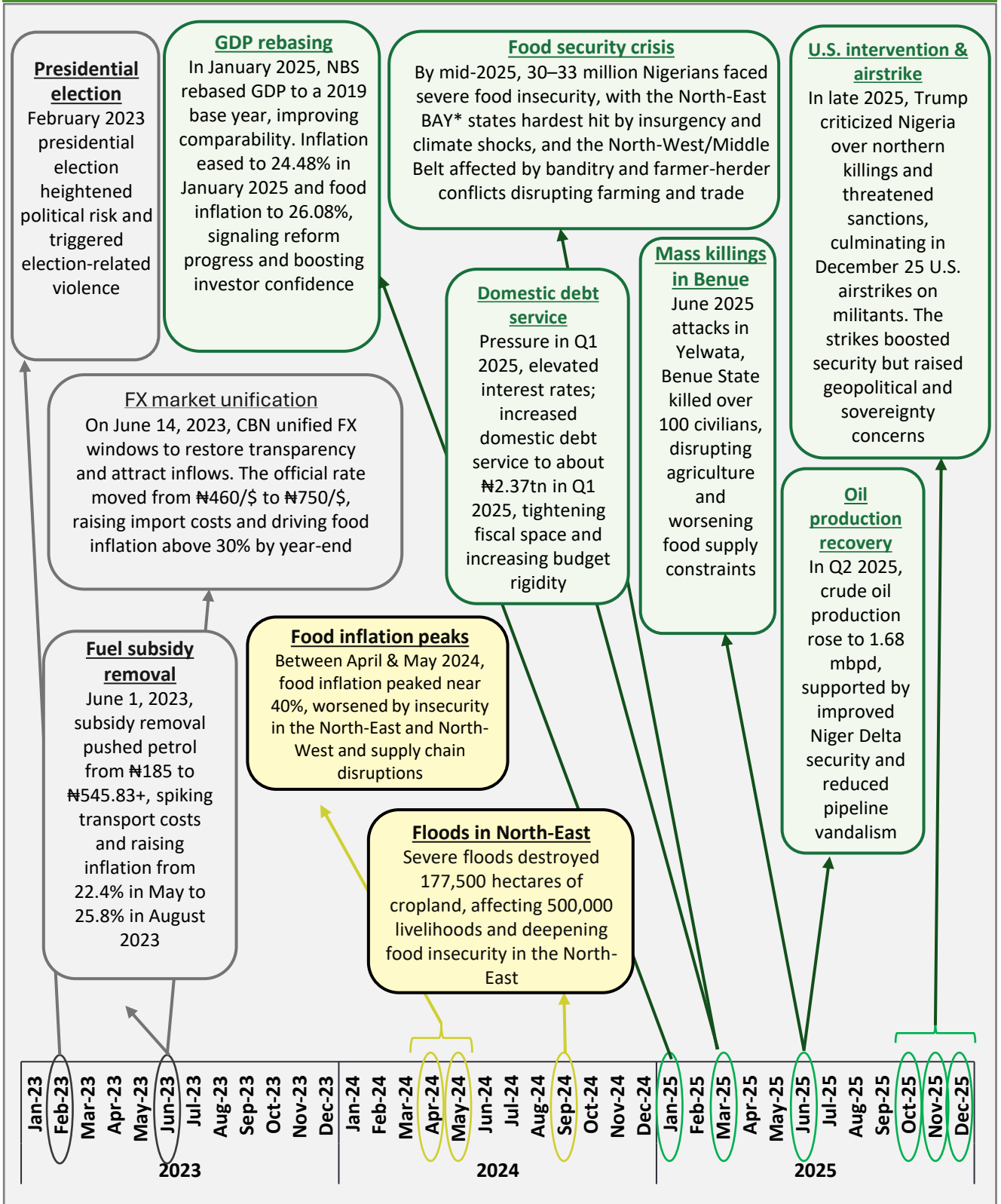
The FGN also advanced energy pricing reforms in the electricity sector by raising tariffs for heavy users and reducing subsidies by about 35%. This boosted revenue flows for distribution companies and lowered tariff shortfalls, easing fiscal pressures.

However, structural challenges, such as generation bottlenecks, high debts owed to power producers, and weak transmission infrastructure, continue to constrain performance and investment.

To address this, a substantial refinancing plan for electricity sector debts (~\$4 trillion), approved in 2025, aims to stabilize the industry and improve investor confidence.

While insecurity is a major issue, security cooperation between the U.S. is expected to enhance domestic security and strengthen investor confidence, if effectively managed

Major geopolitical events that shaped the Nigerian economy between 2023 and 2025



Sources – EY Analysis, Punch Newspaper

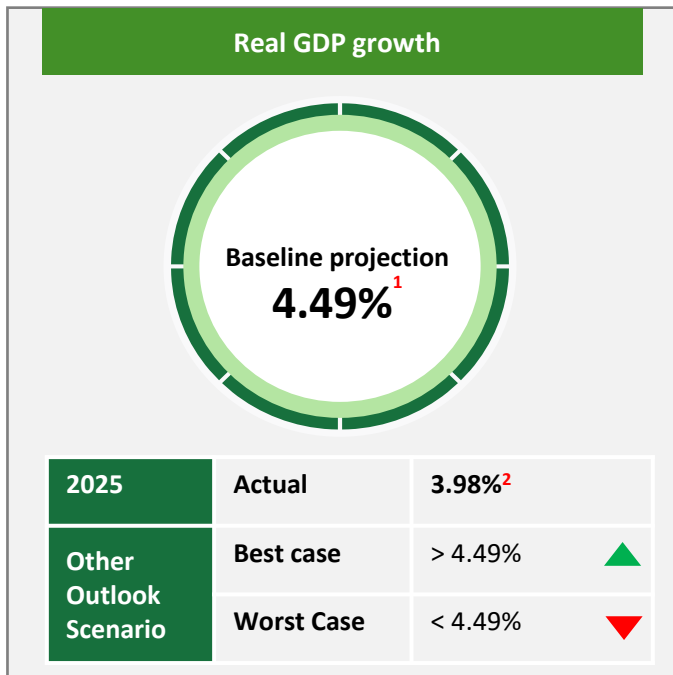
*BAY states - Borno, Adamawa, Yobe

Nigeria's Macroeconomic Outlook



04

Economic growth is expected to strengthen in 2026 as reform momentum, infrastructure spending, and services-sector expansion support broader economic activities



*It is expected that real GDP growth strengthens to **4.49%**¹ in 2026, reflecting a broad-based expansion across services, agriculture, trade, and telecommunications.*

The oil sector is also anticipated to make modest gains with improved security and operational stability.

This assumes continuity of recent reforms in fiscal management, foreign exchange liberalization, and infrastructure investment.

Key: Increase ▲ Decrease ▼ No Change ▬

Our rationale for base case



- ▶ Improved foreign exchange market efficiency that supports exchange rate stability
- ▶ Fiscal expansion under the 2025–2027 MTEF will boost aggregate demand
- ▶ Crude oil production is expected to remain stable around 1.50 mbpd
- ▶ Private sector investments, especially in refining, expected to strengthen output
- ▶ Services sector growth (ICT, trade, transport) is expected to remain resilient

Our rationale for best case



- ▶ Crude oil production stabilizes above 1.7 to 1.8 mbpd with reduced theft and downtime
- ▶ Stronger FX inflows from oil, remittances, and portfolio capital ease liquidity constraints
- ▶ Services led growth accelerates, particularly in finance, ICT, trade, and logistics
- ▶ Manufacturing benefits from improved energy availability and import input access
- ▶ Fiscal reforms deepen, with better revenue mobilization and capital expenditure execution

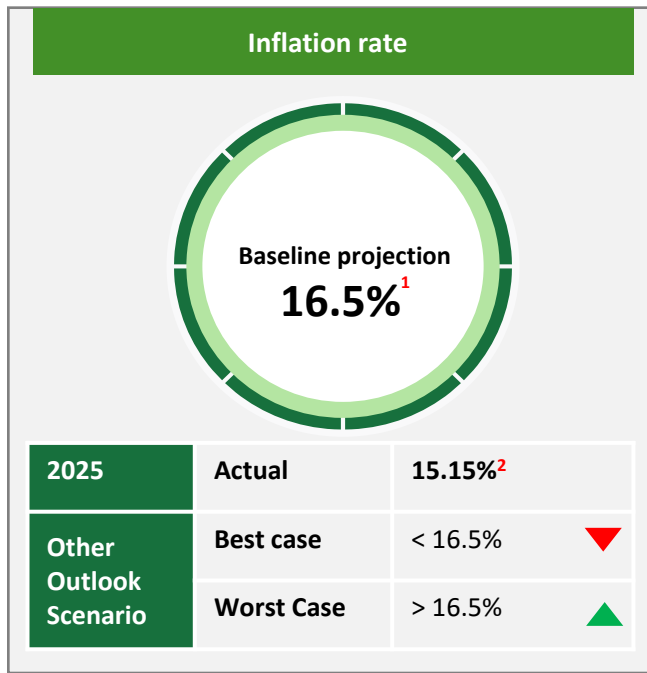
Our rationale for worst case



- ▶ Oil production underperforms due to security issues or operational disruptions
- ▶ Global growth slows, dampening commodity demand and capital flows
- ▶ Tight global policy rates persist, constraining investment and FX inflows
- ▶ Inflation remains elevated, suppressing household consumption
- ▶ Reform fatigue or policy reversals weaken private sector confidence

Sources – CBN¹, NBS², EY Analysis

Inflation is expected to ease in 2026 as food supply improves and exchange-rate pressures moderate, though price levels may remain elevated



Inflation is expected to rise moderately to 16.5% in 2026 from 15.15% in December 2025.

Price pressures in 2026 are likely to reflect a combination of supply-side improvements and persistent structural and demand-driven factors. Inflation dynamics will continue to be shaped primarily by food supply conditions, exchange rate stability and fiscal developments in the pre-election period.

Key: Increase ▲ Decrease ▼ No Change ▬

Our rationale for base case



- ▶ Agriculture sector will continue to support overall growth
- ▶ Sustained government interventions will boost farm productivity
- ▶ Private sector participation will increase across the value chain
- ▶ Postharvest losses will decline through structural reforms
- ▶ NiPHaST* implementation will unlock agricultural growth potential
- ▶ Election-related fiscal pressures are managed, preventing a major liquidity shock

Our rationale for best case



- ▶ Improved FX stability and external reserves are expected to reduce imported inflation
- ▶ Notable improvement in food security and harvest outcomes, easing the largest component of headline inflation
- ▶ Strict fiscal discipline ahead of elections, limiting monetization and excess demand
- ▶ Lower global energy and freight costs, reducing second-round inflationary effects
- ▶ Re-anchoring of inflation expectations, allowing broad-based core disinflation

Our rationale for worst case

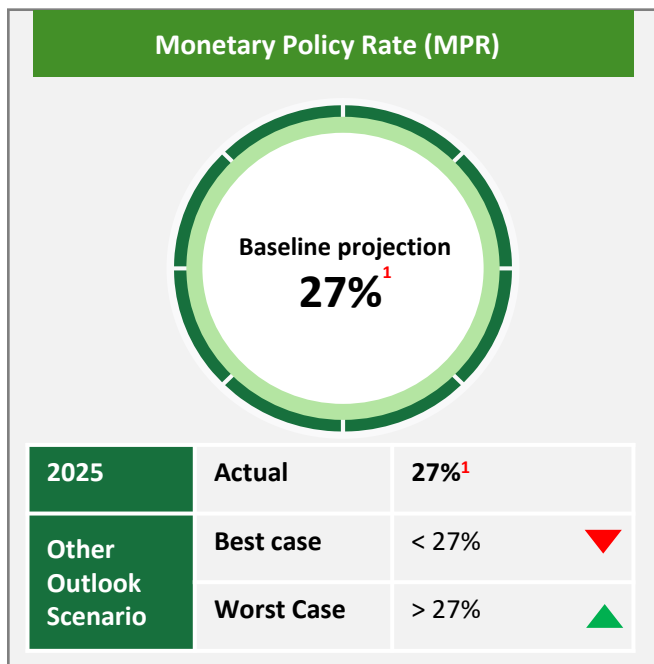


- ▶ Escalation in insecurity, especially in agricultural regions, re-accelerating food inflation
- ▶ Election-driven fiscal slippage, increasing liquidity and demand pressures
- ▶ Renewed foreign exchange volatility, reversing gains in imported inflation
- ▶ Higher energy and transportation costs, amplifying cost-push inflation
- ▶ De-anchoring of inflation expectations, weakening the effectiveness of monetary policy

Sources – CBN¹, NBS², EY Analysis

*NiPHaST -Nigeria Postharvest Systems Transformation Programme

Policy rates are likely to remain constant in 2026 as authorities tighten monetary stance to anchor inflation expectations and support foreign exchange stability

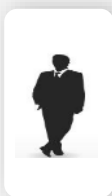


MPR is expected to remain at 27%¹ in 2026, reflecting a cautious monetary stance aimed at maintaining macroeconomic stability and anchoring inflation expectations.

The monetary authority is expected to prioritize inflation anchoring while providing selective support for growth.

Key: Increase ▲ Decrease ▼ No Change ▬

Our rationale for base case



- ▶ Inflation and exchange rate pressures will continue to moderate
- ▶ Monetary conditions will remain supportive of growth and stability
- ▶ CBN's interventions will anchor expectations and foster confidence
- ▶ Capital market reforms will enhance liquidity and investor participation
- ▶ Fiscal consolidation and higher revenue mobilization will strengthen macroeconomic stability

Our rationale for best case



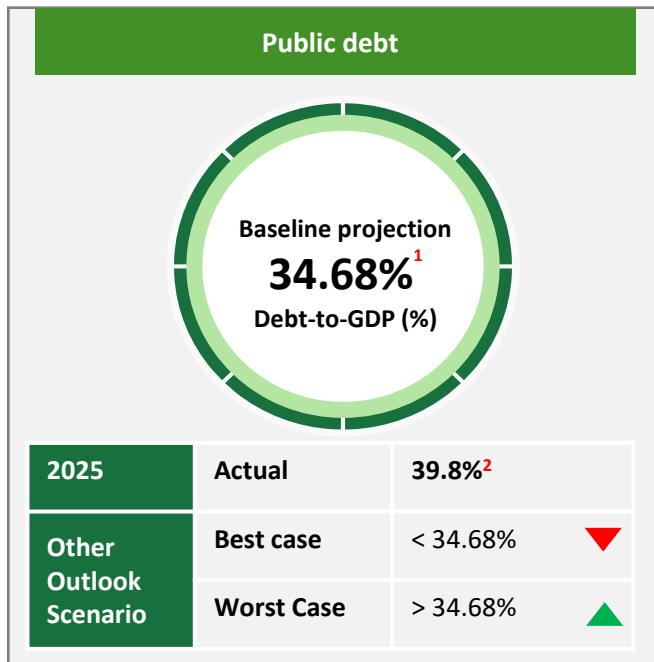
- ▶ Disinflation is faster and more sustainable, with headline inflation approaching lower double digits
- ▶ Foreign exchange stability is entrenched, supported by strong reserves, improved capital inflows and positive investor confidence
- ▶ Fiscal discipline holds firmly, limiting liquidity injections and demand-side risks
- ▶ Price expectations stabilizes, allowing for a more accommodative policy stance

Our rationale for worst case



- ▶ Inflation re-accelerates or remains stubbornly high, driven by food shocks, foreign exchange pressures or energy costs
- ▶ Election-related fiscal slippage increases liquidity, undermining monetary transmission.
- ▶ Renewed foreign exchange volatility or capital outflows, forcing tighter monetary conditions to defend stability
- ▶ CBN prioritizes stability over growth, even at the cost of weaker private-sector credit

Public debt levels are projected to remain manageable in 2026 on the back of controlled borrowing and revenue reforms



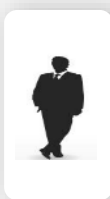
Nigeria's total public debt is projected to settle at 34.68%¹ of GDP by the end of 2026, reflecting a modest decline from 2025.

This reduction assumes a combination of economic growth, controlled borrowing, and improved revenue mobilization.

This assumes that the FGN will continue a mix of domestic and limited external borrowing to finance deficits.

Key: Increase ▲ Decrease ▼ No Change ▬

Our rationale for base case



- ▶ Exchange rate impacts on public debt will ease, reducing valuation pressures
- ▶ The Tax Act of 2025 will bolster revenue mobilization and fiscal sustainability
- ▶ Export earnings will rise with higher crude oil and gas output
- ▶ Remittances will continue to provide a steady inflow, supporting external stability
- ▶ Foreign investments will strengthen the external position and overall capital flows
- ▶ Debt growth will increasingly reflect the primary balance and real economic expansion

Our rationale for best case



- ▶ Stronger oil revenues from higher global prices and improved domestic production
- ▶ Effective tax reforms and better revenue administration boost non-oil income
- ▶ Exchange rate stability limits upward revaluation of external debt
- ▶ Better debt management, including refinancing and longer tenors
- ▶ Higher economic growth expands GDP, accelerating debt-to-GDP reduction with limited new borrowings

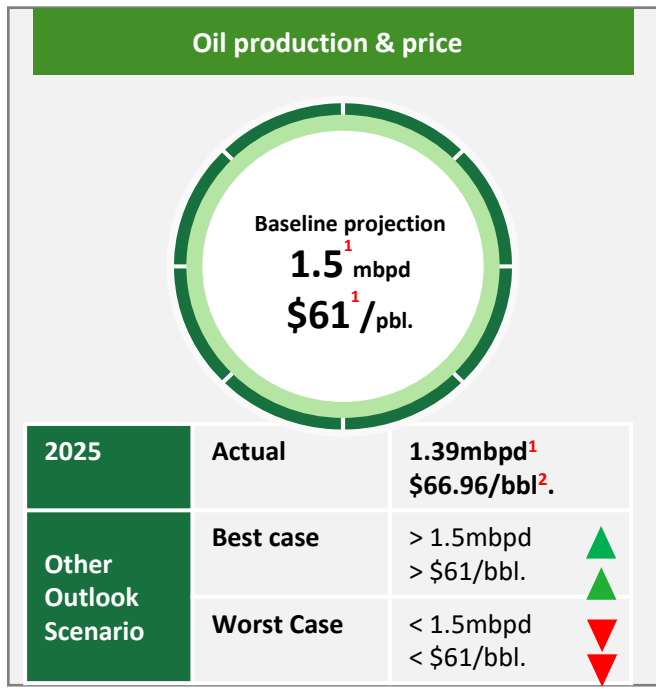
Our rationale for worst case



- ▶ Persistently high interest rates raise debt servicing costs
- ▶ Foreign exchange depreciation increases the Naira value of external debt
- ▶ Oil price shocks or production disruptions significantly weaken government revenues
- ▶ Underperforming revenue reforms widen fiscal deficits, increasing reliance on borrowing
- ▶ Delayed or inefficient budget execution, especially on capital projects, limits growth benefits while debt accumulates

Sources – CBN¹, World Bank², EY Analysis

Nigeria's oil sector is set for steadier performance in 2026, aided by domestic refining expansion and stable prices



Nigeria's crude oil production is expected to average 1.5 million barrels per day (bpd)¹ in 2026.

Brent crude prices are projected to remain in the \$61 per barrel range¹, with Nigerian Bonny Light crude typically trading at a slight premium due to its high quality.

This balances production capacity, security considerations, and global market trends, while also factoring in the impact of domestic refining and planned production expansion.

Key: Increase ▲ Decrease ▼ No Change ▬

Our rationale for base case



- ▶ Global oil markets remain balanced, keeping Brent prices within a moderate range
- ▶ Oil production stabilizes at historical averages, aided by modest security gains and operational improvements in the Niger Delta
- ▶ Upstream investment recovers gradually, lifting output but constrained by execution and infrastructure bottlenecks
- ▶ Dangote Refinery ramps up, reducing refined fuel imports and easing foreign exchange demand, though full capacity utilization is not yet achieved

Our rationale for best case



- ▶ Improved security and pipeline integrity reduce production losses, pushing output above trend
- ▶ Timely execution of upstream projects expands capacity and supports higher crude output
- ▶ Dangote Refinery reaches high utilization, absorbing more domestic crude and cutting fuel imports
- ▶ Stronger global demand or tighter supply from geopolitical disruptions
- ▶ Improved compliance and investment sentiment in the upstream sector

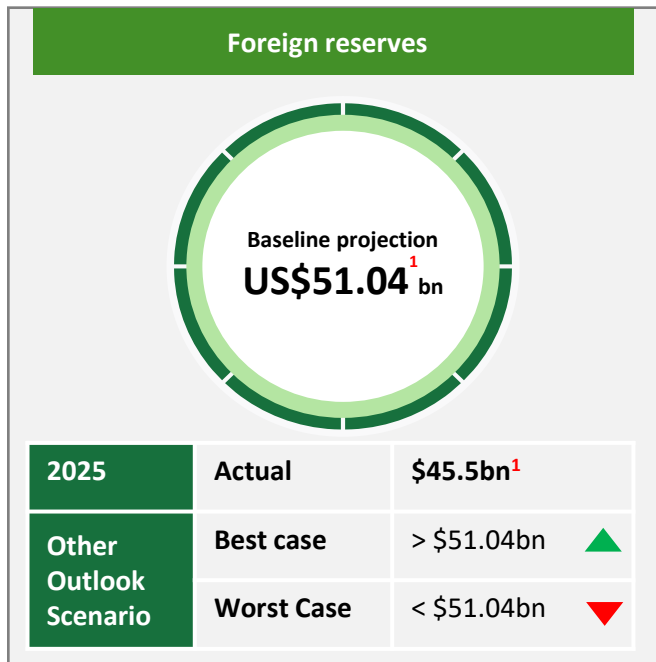
Our rationale for worst case



- ▶ Weak global growth dampening oil demand
- ▶ OPEC quota pressures limiting upside flexibility
- ▶ Delays in upstream investment hinder production recovery and worsen supply constraints
- ▶ Slow ramp-up of the Dangote Refinery sustains reliance on imported refined products
- ▶ A sharp downturn in global oil prices compresses export receipts, weakening foreign exchange inflows and exacerbating balance of payments and fiscal pressures

Sources – CBN¹, IMF via FRED², EY Analysis

External reserves are projected to strengthen steadily through 2026, supported by improving foreign exchange inflows and contained outflows



Gross external reserves is expected to reach US\$51.04b by end-2026, reflecting steady accumulation amid supportive external flows.

This assumes sustained foreign exchange interventions, stronger export receipts, remittances, and moderate capital inflows.

Potential volatility may arise from global interest rate shifts, oil price swings, and pre-election market reactions.

Key: Increase ▲ Decrease ▼ No Change ▬

Our rationale for base case



- ▶ Steady foreign exchange reserve accumulation supported by moderate export receipts and remittances
- ▶ CBN's interventions maintain exchange rate stability and smooth reserve drawdowns
- ▶ Moderate capital inflows (portfolio and FDIs) provide additional support
- ▶ Global oil prices remain stable, and pre-election foreign exchange demand is contained.

Our rationale for best case



- ▶ Higher-than-expected oil exports and production boost foreign exchange inflows
- ▶ Strong remittances, portfolio investment and FDIs, supported by improved policy credibility that reduces capital flight
- ▶ Dangote Refinery ramp-up reduces fuel import demand, lowering foreign exchange outflows
- ▶ Global interest rate environment remains benign, and geopolitical risks are limited; sustaining investor confidence

Our rationale for worst case



- ▶ Lower oil production or export disruptions reduce foreign exchange inflows
- ▶ Slower remittances and weaker capital inflows limit reserve accumulation
- ▶ Capital outflows intensify due to global policy rate tightening or risk aversion
- ▶ CBN forced to intervene to stabilize foreign exchange markets, draining reserves
- ▶ Exchange rate depreciation raises external debt service costs, further pressuring reserves
- ▶ Global shocks, oil price volatility, intensify external account pressures

Sources – CBN¹, EY Analysis

Stronger external balances, supported by export receipts, remittances, and portfolio inflows, are expected to reinforce exchange-rate stability and sustain manageable debt conditions

		Outlook	Rationale
Fiscal policy, public finance & debt sustainability	Debt sustainability	CBN expects debt servicing levels to remain manageable, with debt service-to-revenue ratios elevated but sustainable	Public debt is expected to remain sustainable in 2026, as exchange rate stability reduces valuation effects and debt dynamics are increasingly driven by stronger fiscal fundamentals. A positive external balance, supported by higher export earnings, remittances, and capital inflows, will further ease financing pressures.
External sector & foreign exchange market dynamics	Balance of payment	CBN projects a surplus range of US\$5.54b in 2026	The balance of payments is expected to stay in surplus in 2026, supported by higher exports, steady remittances, rising crude production, petroleum product exports, and strong capital inflows, offsetting higher imports and boosting reserves.
	Capital flows	The CBN expects the international investment position to remain in a net borrowing position of US\$69.58 billion in 2026, reflecting anticipated increases in capital inflows as ongoing reforms continue to enhance the domestic business environment.	Capital inflows are expected to remain dominated by portfolio investments driven by attractive yields and short-term investor preferences, with FDIs limited due to structural constraints and pre-election caution. The risk includes the potential for global and domestic conditions to influence overall flows.
	Foreign exchange	According to the CBN's estimate, the Naira is expected to trade near ₦1,400/USD, accompanied by reduced volatility.	This projected stability is supported by foreign exchange interventions, strong reserves, and steady capital inflows. Pre-election sentiment, oil price swings, or global shocks could however create short-term pressure.

Ongoing reforms are expected to enhance non-oil revenue mobilization, strengthen fiscal capacity, and provide a supportive backdrop for growth, investor confidence, and macroeconomic stability in 2026

		Outlook	Rationale
Structural & policy reforms	Tax reforms	The tax-to-GDP ratio could rise to roughly between the range of 10% - 10.5% by 2026.	Broader tax bases and improved compliance to the new tax laws, driven by VAT/digital tax implementation and stronger non-oil revenue enforcement at federal and State levels, are expected to boost fiscal receipts.
Security, geopolitics & political economy	Pre-election year dynamics	Pre-election year 2026 is likely to see heightened political activities and increased spending, which could temporarily boost growth but may also create fiscal slippage and market uncertainties.	Election-driven infrastructure and subsidy spending, combined with cautious investor behavior favoring short-term, liquid positions, shape the macroeconomic outlook.
	Insecurity and supply chain disruptions	Recent Nigeria–US security partnerships are expected to strengthen security stability and support improved growth outcomes in 2026, especially in agriculture, logistics, and energy infrastructure.	While insecurity in parts of Nigeria raised costs and disrupted supply chains in 2025, recent improvements in targeted regions and enhanced security measures are expected to ease these pressures.

Sources – CBN, EY Analysis

Financial and Professional Services Sector Outlook



05

In a fragmented global financial system, Nigeria's FPS sector is leveraging reforms, capital inflows and technology to build resilience, deepen markets, and support broader economic transformation (1/2)

Trends shaping the global Financial and Professional Services sector

The international financial and professional services landscape is being reshaped by the convergence of technological acceleration, regulatory fragmentation, and shifting geopolitical alliances. These global tides exert profound pressure on firms, influencing everything from business model adaptation to compliance costs. Geopolitical volatility has re-emerged as a driver of sector instability. Beyond the weakening of global regulatory convergence, firms must now navigate a landscape fractured by active disputes and resource competition, from unrest in Iran and shifting sanctions regimes in Venezuela, to strategic contention over territories like Greenland. These dynamics directly impact supply chains, energy markets, and the cost of cross-border capital. Security incidents and reputational classifications, such as the recent designation of nations as "Countries of Particular Concern" and the economic aftershocks of internal security crises (e.g., localized attacks or bombings) are part of global investors' risk evaluation.

In parallel, the global narrative around AI is decisively shifting from piloting and experimentation to enterprise-wide adoption. Data governance, data integrity, and human oversight are embedded directly into the technology stack to ensure accountability and trust. With the digitization of global financial infrastructure, cybersecurity has elevated from an operational risk to a top systemic concern. Financial institutions are under immense pressure to adopt global-standard cybersecurity protocols, driving significant investment in security infrastructure.

Drivers of Nigeria's financial professional services

Inflation and monetary policy direction

The high-interest-rate environment of 2024/2025 boosted banking interest income but limited credit growth to the real sector. As inflation moderates in 2026, the CBN is expected to maintain rate, however, a pivot to a slightly more accommodative stance, potentially reducing the MPR by up to 300 basis may stimulate credit demand, shift investor preference from risk-free fixed income assets to equities, and lower the cost of funds for real sector borrowers, thereby fueling business expansion.

Foreign exchange liquidity

Foreign exchange liquidity is driven by reserves and capital inflows. While macroeconomic stability and sectoral reforms are critical for capital inflows, external reserves depend largely on the crude oil production and shocks in global crude oil prices. This makes external sector's stability a critical anchor for the FPS industry. As of year-end 2025, Nigeria's gross external reserves grew to approximately \$45.5 billion, providing a substantial buffer against external shocks. Increased crude oil production to about 1.54 million bpd in December 2025 and operational ramp-up of domestic refining capacity significantly lowered the demand for FX to fund petroleum imports, allowing the CBN to accrete reserves rather than defending the currency against fuel-import demand.

In a fragmented global financial system, Nigeria's FPS sector is leveraging reforms, capital inflows and technology to build resilience, deepen markets, and support broader economic transformation (2/2)

Drivers of Nigeria's financial professional services

Capital inflows

A primary driver of the FPS sector has been the resurgence of foreign capital inflows, specifically Foreign Portfolio Investments (FPIs). Following the CBN's sustained tight monetary policy stance, with the MPR at 27.5%, Nigeria became highly attractive to global investors seeking high yields. The high domestic yields relative to global rates triggered a buy for Nigerian fixed-income securities. Gross inflows from FPIs surged to approximately \$21 billion in the first ten months of 2025, a significant leap from the \$12.3 billion recorded in the same period of 2024. This influx deepened liquidity, stabilizing the Naira and reducing the volatility that previously hampered financial planning for banks, asset managers and other institutions.

3

Institutional strengthening and global compliance

Strong institutional frameworks and robust regulatory oversight across key FPS sub-sectors, including banking, pensions, capital markets, non-interest finance, and FinTech, have reinforced the stability and resilience of Nigeria's financial system. These reforms have enhanced Nigeria's global credibility, culminating in the country's removal from the Financial Action Task Force (FATF) Grey List. The delisting has an immediate effect of lowering the compliance burden for Nigerian financial institutions in their relationships with international counterparties. The improved compliance framework also contributed to S&P Global Ratings revising Nigeria's outlook from stable to positive, affirming the country's creditworthiness and lowering the cost of capital for Nigerian financial institutions raising Eurobonds.

4

FPS reforms and infrastructure expansion

The ongoing bank recapitalization exercise (₦500bn for international, ₦200bn for national, ₦50bn for regional) is enhancing balance sheet resilience, expanding lending and risk-taking capacity, and accelerating the emergence of stronger institutions. In the Pension sub-sector, reforms are largely responsible for increased contribution of the sub-sector with Assets Under Management (AUM) growing from ₦4.06 trillion in 2013 to ₦26.09 trillion in Q3 2025. The Payments System Vision 2025 provides a clear framework for expanding electronic payments, strengthening system safety, and extending digital financial services across the economy. In parallel, the CBN has prioritized open banking frameworks, contactless payments, and an expanded regulatory sandbox for FinTech innovation in 2025, aimed at deepening financial inclusion and allowing both banks and FinTechs to test and scale new products safely.

5

Socio-political environment

While the next General Election is scheduled for 2027, the year 2026 represents a critical pre-election phase characterized by intensifying political activity. Already, there are two governorship elections booked for 2026: Ekiti in June and Osun in August. Historically, this pre-election window is associated with increased fiscal expansion as government spending accelerates, potentially exerting pressure on inflation and foreign exchange demand. For the FPS sector, this creates a dual dynamic: a likely spike in transaction volumes and short-term trade finance, counterbalanced by a "wait-and-see" approach from foreign investors who may pause long-term capital deployment until political clarity emerges in 2027.

6

The wave of regulatory reforms and institutional strengthening exercises will fundamentally alter the strategic dynamics of Nigerian FPS firms in 2026 ^(1/2)

Beyond the immediate compliance requirements, the wave of regulatory reforms and institutional strengthening exercises will fundamentally alter the strategic DNA of Nigerian FPS firms in 2026. The key reforms shaping FPS sector and their expected impacts, are discussed below.

Key reforms shaping the Financial and Professional Services sector

The banking sector

For the banking sector, regulatory reforms such as the completion of the CBN's recapitalization programme will see the era of fragmented, undercapitalized banks being over. Strategically, this will force banks to pivot from low-risk treasury play (investing in FGN bonds) to aggressive real-sector lending. We expect a race to finance big-ticket projects in energy (Dangote Refinery expansion, power plants, etc.) and transport infrastructure, which were previously syndicated to foreign banks. With the FATF grey list exit, Nigerian banks will also see a restoration of correspondent banking lines and lower risk premiums on Eurobond issuances. This will re-open the door for Tier-1 banks to aggressively pursue pan-African expansion strategies to rival South African and Moroccan lenders.



The insurance sector

In the insurance sector, the NIIRA 2025's risk-based capital requirements (₦15 billion for General Insurance, ₦10 billion for Life Insurance, and ₦35 billion for Reinsurance) and the establishment of the Policyholder Protection Fund could see the strategic focus shifts from "premium collection" to genuine "risk underwriting capacity." Previously, many insurers acted as mere brokers, passing the bulk of risks (and premiums) to foreign reinsurers due to low capital bases. In 2026, the new capital floors mean insurers would retain more risk locally. The sector will enforce strict timelines for claims settlement, directly addressing the deep-seated trust deficit that has plagued the industry for decades.

The wave of regulatory reforms and institutional strengthening exercises will fundamentally alter the strategic dynamics of Nigerian FPS firms in 2026 ^(2/2)

The capital markets, FinTech and the professional services sub-sectors

SEC digital asset rules and the digitization of the primary market via NGX Invest are modernizing Nigeria's capital markets by integrating cryptocurrencies into the formal economy, improving transparency and investor protection. Capital market operators must transition into hybrid players offering traditional securities and regulated digital assets, with early growth expected in tokenized real estate and corporate debt that enable fractional retail participation.

Within the FPS sector, tighter CBN Open Banking rules, enhanced Know Your Customers (KYC)/Anti-Money Laundering (AML) post-Financial Action Task Force (FATF) exit, the Nigeria Data Protection Act, and the NIN–BVN linkage are making compliance, data governance, and privacy board-level priorities while reducing identity fraud and improving credit outcomes. At the same time, the Nigeria Tax Act 2025 and automated tax administration are pushing professional services firms to move up the value chain into areas such as digital asset taxation, development levies, transfer pricing, and specialized tax dispute resolution.



The pension sub-sectors

In the pension sub-sectors, the revised investment guidelines encouraging real-sector investment (private equity, real estate, sustainable finance) has birthed ideas that Pension Fund Administrators (PFAs) become the primary financiers of Nigeria's infrastructure rebirth. The strategy for 2026 involves creating proprietary "Infrastructure Funds" and "Housing REITs" to channel pension assets into bankable projects (toll roads, power transmission) that offer inflation-adjusted returns, moving away from the lazy safety of FGN securities. The focus on Micro Pensions requires a retail strategy similar to Fast Moving Consumer Goods (FMCGs) (high volume, low margin). PFAs will strategically partner with Telcos and Agent Networks to collect micro-deposits from the informal sector, treating pension savings like airtime top-ups.

2026 will mark a strategic turning point for Nigeria's FPS sector, shifting from risk management to driving real economic growth (1/3)

A Banking and financial intermediation sector outlook (1/3)

1

Banking: Improved real sector impact

In 2026, Nigeria's banking sector is building on past gains, focusing on stronger capital, healthier balance sheets, and strategic consolidation. Banks have strengthened their capital through recent recapitalization efforts, adding approximately ₦2.5 trillion in fresh equity by mid-2025 (~₦1.7tn 2024 + ₦800bn H1 2025). In recent updates, the CBN has confirmed that a growing number of banks have met the recapitalization requirements well ahead of the 31 March 2026 deadline, and that key financial soundness indicators remain within regulatory benchmarks, affirming the resilience and stability of the Nigerian banking system. Following recapitalization reforms, sector assets rose from approximately ₦121.8 trillion in 2023 to about ₦170 trillion in 2024, and at least the top 10 banks held roughly ₦218.99 trillion in combined assets by early 2025.

Private-sector credit expanded from ₦62.5 trillion in December 2023 to approximately ₦74.64 trillion in November 2025. The stronger capital position allows banks to lend more, with loan growth expected to rise to around 13.4% in 2026, up from 9.8% in 2025. Even with a 300–400 basis-point reduction in the Monetary Policy Rate (MPR), banks are projected to sustain profitability through volume growth. As the cost of funds drops, net interest margins (NIMs) may compress slightly, but this will be offset by a surge in loan volumes to the real sector. Continued vigilance is required as credit expands into riskier retail and SME segments.

In 2026, Agency banking networks will continue to expand, bridging the financial inclusion gap in rural areas and serving as distribution points for insurance and pension products.

2026 will mark a strategic turning point for Nigeria's FPS sector, shifting from risk management to driving real economic growth (2/3)

A Banking and financial intermediation sector outlook (2/3)

2

Insurance: The great reset

Nigeria's insurance sector continued to expand in nominal terms, albeit from a low base. Insurance penetration stood at approximately 0.44% of GDP in 2024, significantly below the global average of 7%. Gross written premiums reached a record high of ₦1.2 trillion in Q2 2025, representing 49.3% year-on-year growth, driven primarily by oil & gas, life and motor insurance. For the insurance sector, 2026, will be a year of "Great Reset", driven by the implementation of NIIRA 2025. We expect a wave of Mergers & Acquisitions (M&A) activities in 2026 as players seek partners to meet capital requirements.

This will likely result in the emergence of 10-15 big insurers dominating the market, capable of retaining more risk locally rather than ceding it to foreign reinsurers. The enforcement of compulsory insurances (such as building, motor and group life) is stricter, backed by digital verification platforms that reduce the incidence of fake certificates. Technology is no longer optional. Partnerships with FinTechs and telcos to distribute micro-insurance products will drive volume growth in the retail segment, reaching the underserved mass market.

By our estimation the industry will reach the ₦2 trillion mark in GWP. The ongoing Insurance Sector Transformation project motivated by EnterpriseNGR, NIA and a number of other private and public sector collaborators is expected to deepen the subsector with positive outcomes that will lead to improved penetration.

2026 will mark a strategic turning point for Nigeria's FPS sector, shifting from risk management to driving real economic growth (3/3)

A Banking and financial intermediation sector outlook (3/3)

3

Pensions: Diversification and impact

Nigeria's pension sector remains a key part of the financial system. Pension assets, which reached ₦26.09 trillion in Q3 2025, are expected to keep growing on the back of strong contributions, better compliance, and solid returns. With over 10 million contributors, ongoing reforms like capital adequacy rules, the Pension Contribution Remittance System, and revised investment guidelines are helping maintain stronger momentum in the system and will support growth in 2026.

High inflation of 24.48% in early 2025 has materially eroded real returns, particularly on fixed-income holdings, but with low inflation (14.45% as at November 2025) and on-going sectoral reforms, performance should greatly improve in 2026 with the era of real returns arriving. We project Assets Under Management (AUM) to reach approximately N30 trillion by 2026. The year will see increased allocation to alternative assets, specifically infrastructure funds, private equity, and Real Estate Investment Trusts (REITs), seeking higher risk-adjusted returns.

4

Non-interest finance

Non-interest finance sector, valued at around US\$ 4 billion in 2025, is expected to grow further in 2026. The market has expanded through Islamic banking, sukuk issuance, and Sharia-compliant funds. The non-interest banks led the sector with ₦2.85 trillion in total assets, growing by 110%, in 2024 (year-on-year). Continued regulatory support, including updated capital requirements and liquidity instruments - CBN Non-Interest Asset-backed Securities (CNI-ABS), will help sustain growth in 2026. Non-interest finance would play an increasing role in infrastructure, SMEs, and social projects funding.

The sector's assets are estimated to exceed ₦5 trillion. The issuance of Sovereign Sukuk, which has been highly oversubscribed, has created a benchmark yield curve, successfully encouraging corporate Sukuk issuances for infrastructure and expansion projects. 2026 will see the listing of more Sharia-compliant products on the NGX, further driving the SEC's target of 50 listings of Shariah-compliant products.

Nigeria's capital and asset markets will evolve in 2026, with greater liquidity, innovation, and impact ^(1/2)

B Capital markets and investment management sector outlook ^(1/2)

1

Capital markets: Depth and liquidity

Nigeria's equities market delivered exceptional returns in 2025, with the NGX All-Share Index (ASI) surging 51.19% year-to-date, peaking at 155,613 points, reflecting robust investor confidence and broad market participation. Market capitalization increased to ₦99.38 trillion from ₦62.76 trillion in 2024, signaling enhanced market depth – a growth trajectory that culminated in a historic milestone in early January 2026 as the market crossed the ₦100 trillion mark. The market anticipates landmark listings, potentially including the NNPC Limited and the Dangote Refinery. These listings would radically alter the market capitalization relative to GDP and deepen market liquidity. Equity trading transactions hit record levels, reaching ₦10.45 trillion in November 2025, up from 4.91 trillion in the same period in the previous year. The market had increased foreign investor participation, rising by 20.77% from 15.98% in 2024. Successful initiatives such as Nigeria's \$2.25 billion Eurobond in late 2025 show that offshore investors continue to see the country as an attractive option for capital, supporting government financing and corporate growth. With sustained investor confidence, 2026 forecasts project 40 - 55% ASI returns supported by CBN monetary easing (MPR cut), moderating inflation below 14%, and enhanced FX liquidity.

2

Asset Management

As of November 2025, Nigeria's asset management industry managed Collective Investment Scheme (CIS) with net asset value of ₦7.4 trillion (versus ₦3.98 trillion in 2024), but only 1.03% of this value came through equity-based funds, with most money held in safer options like money market and foreign currency funds, reflecting a strong preference for stability. Growth accelerated through 2025, underpinned by pension assets hitting ₦26.66 trillion, as of October 2025, surging retail mutual fund participation, and enhanced SEC regulatory frameworks. Fund managers are also diversifying beyond traditional offerings, expanding into listed Exchange-Traded Funds (ETFs), Shariah-compliant products, ESG-aligned strategies, and alternative asset classes, including private equity and infrastructure funds. These forces will contribute to sustained momentum in 2026, with CIS net asset value approaching ₦10 trillion.

Nigeria's capital and asset markets will evolve in 2026, with greater liquidity, innovation, and impact ^(2/2)

B Capital markets and investment management sector outlook ^(2/2)

3

Sustainable finance

Available climate finance tracking indicates a significant gap between current funding flows and estimated investment requirements. According to the African Development Bank Group, Nigeria faces an estimated \$22.5 billion annual climate finance gap, which is critical to meeting its climate goals.

Following the FGN's ₦50 billion green bond issued in 2025, more public and private players are likely to use green and sustainability-linked financing for energy, transport, and infrastructure projects. Lagos State became the first sub-national to successfully issue green bond, valued at ₦14.815 billion, in November 2025, to support health, transportation, and other environmental issues.

The FGN plans to issue green bonds of up to ₦500 billion in 2026. Nigeria's carbon market framework launched early this year provides greenlight to the expected accelerated growth in the sustainable finance sector. This has been estimated to drive \$3 billion annually. As ESG reporting becomes more important, companies are increasingly seeing sustainability not just as a requirement but as a way to stay competitive and attract long-term investment.

Hence, in 2026, the total stock of green bonds is expected to grow significantly from the ₦32.83 billion as of 2024.

In 2026, Nigeria’s financial infrastructure and professional services will drive innovation, consolidation, and inclusive growth across the economy

C Financial services infrastructure and innovation sector outlook

1

FinTech

Nigeria remains the undisputed FinTech capital of Africa, and Fintech is the cornerstone of Nigeria’s digital economy just as platforms processed ₦1.08 quadrillion in transactions, representing 79% growth year-on-year, as of 2024. In 2026, payment is estimated to add US\$6 billion to Nigeria’s GDP. The sector is expected to continue to build on strong expansion in digital payments and lending, to grow other areas, including wealthtech and Insurtech.

With the operationalisation of CBN’s Open Banking guidelines which is expected to commence in 2026, a wave of innovation will unlock value not just in payments, but in credit scoring, personalised wealth management, and insurance. Trends point to 2026 as a definitive year for consolidation. We expect a surge in M&A as larger players seek to deepen their infrastructure and business. Prime examples of this trend are Flutterwave’s recent acquisition of Mono and Paystack’s acquisition of Ladder Microfinance Bank.

Continued regulatory coordination by the CBN and SEC is expected to support sustainable growth, particularly in the capital market. The Investments and Securities Act 2025 provides a clear legal basis for digital assets, categorizing them as securities where appropriate. RegTech solutions will play an increasingly important role in strengthening AML, KYC, and consumer protection frameworks, enabling FinTechs to scale securely. By 2026, the sector is poised to lead SME financing, enhance rural-urban financial integration, and support long-term GDP growth through more efficient financial infrastructure.

2

Professional services (legal, accounting, consulting)

Professional Services is a critical part of the Professional, Scientific, and Technical Services that contributed ₦2.49 trillion to the economy in 2024. The professional services sector is expected to grow steadily in 2026 as demand for accounting, legal, consulting, and advisory services increases, supported by ongoing economic reforms, particularly the implementation of the Nigeria Tax Act 2025, banking and Insurance sectors recapitalisation exercises, and continued enforcement of the Nigeria Data Protection Act (NDPA).

Companies require guidance to navigate the new tax compliance landscape. As consolidation accelerates across the financial services sectors, professional services firms will remain central to merger and post-merger integration, corporate governance, regulatory navigation, and investor confidence. Generative AI and technology adoption is increasingly becoming a critical part of organisations’ work system. Therefore, demand for professional services firms’ technical and advisory roles would greatly increase, all through 2026 and beyond.

Nigeria's financial services face a dynamic landscape of opportunities and risks in 2026, where proactive strategy and innovation will determine winners

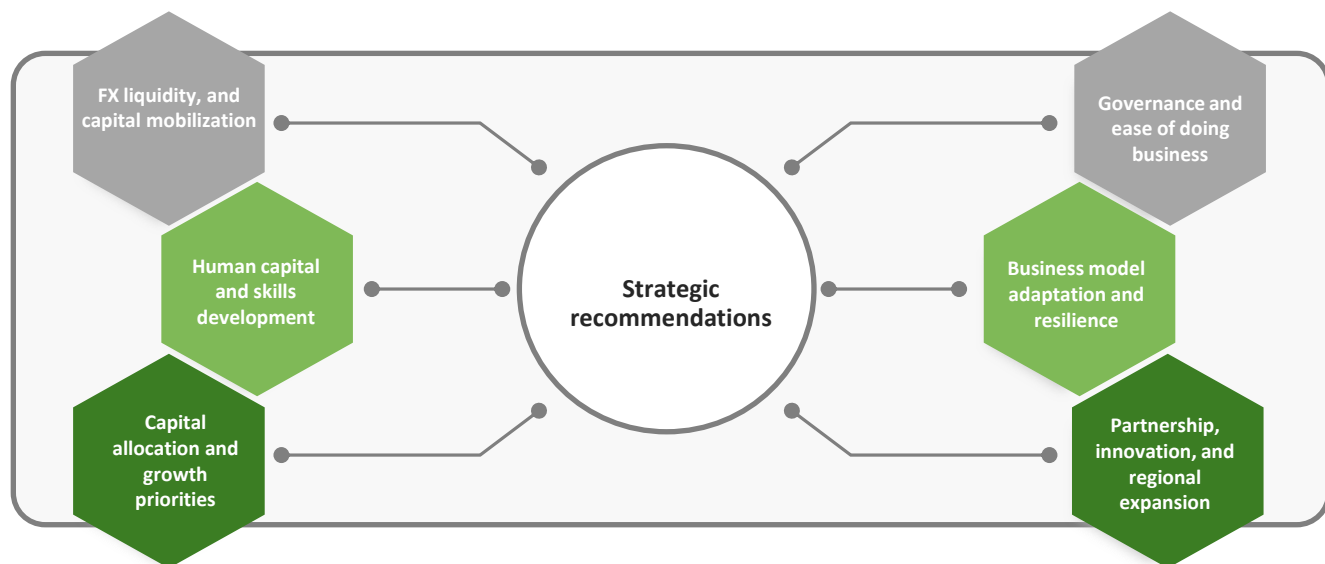
Opportunities, risks, and mitigation strategies

Area	Opportunities	Risks	Mitigation Strategies
Technology	AI-driven efficiency gains; hyper-personalisation of financial services; RegTech for compliance cost reduction.	Cyber-attacks causing systemic shock; bias in AI algorithms leading to regulatory fines and reputational damage.	Heavy investment in security; adoption of ethical AI governance frameworks; cyber-insurance coverage.
Macroeconomic	Interest rate cuts stimulating credit demand; AfCFTA opening African markets to Nigerian financial institutions.	Policy reversals due to political pressure; volatility in oil prices impacting FX liquidity.	Diversification of earnings (non-interest income); regional expansion to hedge country risks; use of hedging instruments.
Regulatory	Tax reforms creating new advisory revenue streams; recapitalisation creating stronger, more resilient banks.	Over-regulation stifling innovation; implementation lag/confusion regarding new tax laws.	Proactive engagement with regulators (EnterpriseNGR advocacy); investment in automated compliance technology.
Talent	Export of professional services (BPO); demographic dividend providing a youthful workforce.	"Japa" brain drains depleting mid-level management; skills gap in digital competencies.	Competitive retention packages; automated workflows to reduce reliance on manual labour; robust graduate training pipelines (YOE).
Infrastructure & real sector financing	Financing the ~N30 trillion annual infrastructure gap; Public-Private Partnerships (PPP); Ministry of Finance Incorporated Real Estate Investment Fund (MREIF).	Project abandonment due to political transitions; asset-liability mismatches for pension funds	Utilisation of credit enhancement facilities (such as guarantees from InfraCredit); blended finance models to de-risk projects; phased project financing.
Regional integration (AfCFTA)	Access to a \$3.4trillion continental market; Pan-African payment settlement system (PAPSS) reducing FX reliance; cross-border banking expansion.	Contagion from instability in other African markets; regulatory arbitrage and friction between national jurisdictions.	Robust cross-border risk management frameworks; harmonisation of regulatory standards via regional bodies; country-specific due diligence.
Sustainable Finance (ESG)	Accessing global climate funds via Green Bonds; financing the energy transition (gas as transition fuel); carbon trading.	Greenwashing accusations leading to reputational damage; stranded assets in the oil & gas sector due to global shifts.	Strict adherence to the Nigerian Sustainable Finance Taxonomy; third-party verification of green projects; transition finance frameworks.
Social inclusion & demographics	Tapping the unbanked informal sector (93% of workforce) via micro-insurance/pensions; agency banking expansion.	Social unrest driven by cost-of-living crisis affecting payment capacity; low digital literacy limiting product adoption.	Investment in financial literacy programs; agency banking networks for last-mile delivery; product sachetisation (micro-payments).

Source – EnterpriseNGR Analysis

Targeted capital, strong governance, and technology will position Nigeria’s FPS for regional leadership ^(1/2)

Strategic recommendations for the FPS sector



1

FX liquidity, confidence, and capital mobilization

To strengthen FX liquidity and market confidence, Nigeria should continue deepening recent foreign exchange reforms to improve access and reduce volatility. In Q1 2025, Nigeria recorded a net FX inflow of \$15.2 billion, reflecting better liquidity and increased confidence following a more transparent, market-driven FX system. Despite this progress, pressures remain from reserve drawdowns and global trade uncertainties.

Nigeria could explore bilateral currency swaps or regional reserve arrangements. Such tools, as seen in India’s swap with the Maldives, can help ease FX pressure and support investor and business confidence during tight market conditions.

2

Governance, institutions, and ease of doing business

Nigeria’s recent reforms, including fuel subsidy removal and changes to the foreign exchange market, have improved economic stability and restored some investor confidence, as seen in the country’s return to the Eurobond market. However, high compliance costs, slow approvals, and operational challenges still make doing business difficult for some investors.

Learning from Saudi Arabia’s experience, where market reforms led to its upgrade to emerging market status by improving independent custody models and trading standards, Nigeria can boost long-term investment by easing foreign investor rules and improving transparency.

Sources – CBN, IMF, Standard chartered, Economic Times, EnterpriseNGR Analysis

Targeted capital, strong governance, and technology will position Nigeria's FPS for regional leadership ^(2/2)

Strategic recommendations for the FPS sector

Human capital and skills development 3

A key driver of Nigeria's financial sector growth is skills development, but skill adoption has been uneven due to cost and expertise gaps. As digital services expand and technology drives growth, firms need employees trained in AI, data science, cybersecurity, and financial engineering. Nigeria could address this by partnering with universities and international certification bodies to provide tailored training and on-the-job programs. Singapore offers a useful example: its Global FinTech Institute (GFI), supported by the Monetary Authority of Singapore (MAS), works with universities and international partners to train professionals, creating a skilled workforce capable of driving innovation responsibly. Supporting industry-led initiatives like EnterpriseNGR Youth of Enterprise, which trains pipeline of entry-level workforce for the financial and professional services sector, will further close the skills gaps.

Business model adaptation and resilience 4

Nigeria cut interest rates for the first time in five years, in 2025. FPS firms need flexible strategies to handle challenges like inflation and slow credit growth. Firms can stay resilient by planning for risks and offering new products like digital and sustainability-linked services. Strengthening risk management and diversifying revenue can help maintain stability.

Capital allocation and growth priorities 5

Nigeria should direct capital to sectors that boost productivity and create jobs, including infrastructure, manufacturing, and exports. Pension funds and long-term investors would play a crucial role in this through infrastructure bonds or private equity in high-potential industries. For example, in Kenya, the Kenya Pension Funds Investment Consortium (KEPFIC), mobilized US\$113 million for projects like roads and housing. For Nigeria, such investments should be supported by strong project pipelines as well as risk management to protect returns and attract private participation.

Partnerships, innovation, and regional expansion 6

Nigeria should strengthen its engagement with regional markets and development institutions to attract more investment and share expertise. For example, the recent Comprehensive Economic Partnership Agreement (CEPA) between Nigeria and the United Arab Emirate will promote trade and services between the two countries. Building on Nigeria's participation in AfCFTA initiatives, FPS firms can leverage the Pan-African Payment System to make cross-border payments easier, support trade, and improve access to capital. They can also partner with global FinTech and investment firms to develop new products, drive capital inflows, and expand across Africa.

Conclusion and Recommendations







06

Nigeria's macroeconomic adjustment is starting to produce stability improvements, yet maintaining this progress will require ongoing policy consistency and structural reforms ^(1/2)



Key watchpoints

-  **Fiscal deficit:** Persistent fiscal deficits have driven the rise in Nigeria's debt-to-GDP ratio, and without a shift toward more productive borrowing, continued deficits will further weaken debt sustainability and constrain fiscal flexibility.
-  **Structural issues:** Worsening insecurity continues to disrupt food production, drive food inflation, and weaken investor confidence, while persistent gaps in energy and transport infrastructure limit productivity and raise business costs.
-  **Geopolitics:** Exposure to volatile oil prices and changing global trade dynamics leaves the Nigerian economy vulnerable to external shocks, with adverse effects on revenues, foreign exchange inflows, and overall stability.
-  **Ease of doing business:** Tight monetary conditions, reflected in a high MPR, combined with regulatory constraints and structural bottlenecks, have raised the cost of credit, dampened investment activities, and slowed improvements in the ease of doing business.

Source – EY Analysis

Nigeria’s macroeconomic adjustment is starting to produce stability improvements, yet maintaining this progress will require ongoing policy consistency and structural reforms ^(2/2)

Recommendations



Monetary and fiscal coherence

Enhanced coordination between fiscal and monetary policies is crucial, especially during election periods, to prevent expansionary spending from undermining recent stabilization efforts. Careful fiscal management and strict control over expenditures will be vital to support monetary tightening and maintain overall macroeconomic stability.



Sector-specific interventions

Well-targeted, sector-specific interventions are required to address structural bottlenecks, unlock productivity, and support stronger performance across key sectors. Such interventions should be designed to crowd in private investment and improve efficiency rather than create long-term fiscal dependencies.



Increase capital spending

Scaling up capital expenditure on infrastructure, security, and human capital development is critical to supporting inclusive growth and strengthening long-term economic resilience. Improved capital allocation and execution will be key to translating higher spending into tangible economic and social outcomes.



Enhance structural and regulatory reforms

Speeding up structural and regulatory changes will contribute to a better business environment and minimize operational challenges. Increased policy transparency and stability are essential to promote private investment and support long-term strategic planning.

As 2026 begins with a foundation of stability, Nigeria's financial and professional services industry is well-positioned to seize new growth prospects and contribute to the goal of achieving a \$1 trillion economy ^(1/2)

Key reforms and watchpoints for policymakers and sector players for 2026

Implementation of the Nigeria Tax Act 2025:

Monitor the efficacy of the new collection mechanisms and the impact on corporate profitability.

Basel III finalisation:

Watch for the full implementation of capital requirements and operational risks in the banking sector.

AfCFTA protocol on trade in services:

Drive and monitor the domestication of protocols that allow Nigerian lawyers, accountants, and bankers to practice freely across Africa.

Oil & gas divestments:

The conclusion of IOC divestments will test the capacity of local banks and capital markets to finance the indigenous energy sector.

Nigerian Insurance Reform Act (NIIRA) 2025 implementation:

Watch for the operational launch, which will be a critical litmus test for restoring public trust in the sector.

Nigeria Data Protection Act (NDPA) enforcement:

Watch for the first major high-profile sanctions against non-compliant financial institutions.

Investment and Securities Act (ISA) 2025:

Watch for the first licensed listing of a tokenized real estate asset or corporate debt on the NGX, which signals the formal integration of the crypto market into the mainstream.

Operationalization of open banking guidelines:

Watch for Tier-1 banks launching proprietary API Marketplace, shifting the dynamics from competition to collaboration with FinTechs.

Pension investment guideline revisions:

Watch for pension funds being linked to housing and infrastructure development, private equity, and sustainable finance projects.

As 2026 begins with a foundation of stability, Nigeria’s financial and professional services industry is well-positioned to seize new growth prospects and contribute to the goal of achieving a \$1 trillion economy ^(2/2)

Medium-term opportunities for Nigeria’s FPS sector

By 2026, Nigeria can scale service exports by emerging as Africa’s Business Process Outsourcing (BPO) hub, leveraging its youthful, English-speaking, and tech-enabled workforce. Strengthening the Lagos International Financial Centre can position Nigeria as West Africa’s hub for green bonds, carbon markets, FinTech, capital markets, and commodities trading. Insurance and pension providers can also unlock growth through micro-insurance and micro-pension products targeting the informal sector.

Concluding reflections and call to action

Our call to action for FPS sector players revolves around three pillars: *Innovate* - Not just in technology, but in business models; *Integrate* - Break down the silos between banking, insurance, pensions and other FPS sub-sectors to offer holistic financial services to Nigerians; and *Impact* - Players need to ensure that financial growth translates to real-sector development by channeling services to the productive sectors (manufacturing, agriculture, and infrastructure) and underserved segments of the population.



Source – EnterpriseNGR Analysis

EnterpriseNGR's Editorial team



Oyelami Adekola
Director, Policy and Public Affairs
EnterpriseNGR
Email:
oyelami.adekola@enterprisengr.com



Omotayo Muritala
Head of Research
EnterpriseNGR
Email:
omotayo.muritala@enterprisengr.com

Contributors

Amanda Egega
Henry Adedokun
Olabisi Aje

EY Editorial team



Olayinka Oyetunji, CFA
Associate Partner, Strategy and
Transactions, EY West Africa
Email:
olayinka.oyetunji@parthenon.ey.com



Kayode Oni, ACA
Manager, Strategy and
Transactions, EY West Africa
Email:
Kayode.Oni@parthenon.ey.com

Contributors

Waziri Adejare
Emmanuel Miti
Favour Giwa
Chinwuba Okafor

EnterpriseNGR



1061B Abagbon Close, Off
Adeola Odeku Victoria Island,
Lagos.



contactus@enterprisengr.com



enterprisengr.com

Ernst & Young (EY)



UBA House, 10th Floor, 57
Marina, P.O. Box 2442, Marina,
Lagos, Nigeria



Olayinka.Oyetunji@parthenon.ey.com



ey.com