



Successful ₦4.65 Trillion Banking Recapitalisation: A Test of Resilient Nigerian Capital Market

How the Nigerian Capital Market Mobilised, Absorbed and Amplified the Most Consequential Banking Reform Since 2005

₦4.65tn

Fresh Capital Raised — 24-Month Programme

33 Banks

Fully Compliant (of ~37 Licensed)

72.55%

Domestically Sourced Capital

201,287 pts

NGX ASI All-Time High — End Q1 2026

₦29.83tn

Equity Gains — Q1 2026 (Historic Single Quarter)

+49.17%

NGX ASI Return in 2025 — Among Africa's Best

A Policy Perspective from the Securities and Exchange Commission of Nigeria



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FOREWORD BY THE DIRECTOR GENERAL



When the Central Bank of Nigeria announced its revised minimum capital requirements in March 2024, Nigeria's financial community confronted an inflection point of historic proportions. For the capital market, this was not merely an external stimulus — it was a summons. A summons to demonstrate that the market infrastructure we have built, the investor community we have cultivated, and the regulatory architecture we have constructed are equal to the demands of genuine national transformation.

Two years on, the verdict is resoundingly affirmative. The Nigerian capital market mobilised ₦4.65 trillion in twenty-four months, onboarded hundreds of thousands of new investors through digital platforms, sustained secondary market performance at record-breaking levels, and maintained the integrity and transparency standards that underpin enduring investor confidence. This is not a modest achievement. It is a structural proof of concept — and its significance extends far beyond the banking sector.

This policy perspective represents the Securities and Exchange Commission's institutional assessment of the recapitalisation exercise: what it demanded, what the market delivered, what it signals for Nigeria's regulatory ambitions, and what must now follow. The analysis is grounded in the Commission's supervisory observations throughout the 24-month programme, informed by the principles of the Investments and Securities Act 2025 — the most comprehensive overhaul of Nigeria's securities legislation in two decades — and benchmarked against the standards of the International Organisation of Securities Commissions (IOSCO), of which Nigeria is an Ordinary Member. The Commission has consistently applied IOSCO's Objectives and Principles of Securities Regulation as the normative framework for its supervisory conduct throughout this exercise.

The narrative that follows is an honest one. Where the market performed superbly, that performance is named and commended. Where challenges persist, they are acknowledged with the candour that institutional credibility requires. The goal is not self-congratulation; it is shared understanding of what a resilient capital market looks like in practice — and what a transformative one must yet become.

Dr. Emomotimi Agama

Director General

Securities and Exchange Commission of Nigeria

I. Setting the Scene: Reform Architecture and the Capital Market's Central Role

Nigeria's banking sector recapitalisation history is a mirror of the country's broader economic ambitions, reflecting with uncommon fidelity both the aspirations and the institutional limitations of each era in which reform has been attempted. The 2005 consolidation exercise under CBN Governor Professor Charles Soludo is rightly celebrated as transformational: it reduced the country's banking population from 89 institutions to 25, raised minimum capital from ₦2 billion to ₦25 billion, and created a set of banks capable for the first time of credibly competing on the African continent. Yet that exercise was achieved at significant cost, characterised by bank failures, forced mergers, considerable market disruption, and a compressed timeline that afforded little room for orderly, market-mediated capital-raising.

The 2024–2026 recapitalisation was architecturally different in one critical and deliberate respect: it was explicitly market-mediated. The CBN's March 2024 circular, which announced sharply elevated minimum capital thresholds, simultaneously enumerated the permissible pathways to compliance public offers for subscription, rights issues to existing shareholders, private placements, mergers and acquisitions, and licence reclassifications. In every route to compliance through capital-raising, the capital market, and by extension the Securities and Exchange Commission, stood at the centre of the architecture.

"For the first time in Nigeria's financial history, a systemic banking reform was executed through the capital market rather than despite it."

The revised thresholds, displayed in Table 1 below, represented step-change increases: a tenfold increase for international commercial banks, an eightfold increase for national commercial banks, and proportionate scaling for regional and specialist institutions. These were not incremental adjustments; they were structural demands that required a capital market of genuine depth, liquidity, and institutional capacity to absorb.

Banking Licence Category	New Minimum Capital Requirement	Implied Multiple on Prior Requirement
International Commercial Bank	₦500 Billion	10× increase
National Commercial Bank	₦200 Billion	8× increase
Regional Commercial Bank	₦50 Billion	5× increase
National Merchant Bank	₦50 Billion	Significant uplift
Non-Interest Bank (National)	₦20 Billion	Significant uplift
Non-Interest Bank (Regional)	₦10 Billion	Significant uplift

Table 1: CBN Revised Minimum Capital Requirements (March 2024 Circular)

This architecture placed a profound responsibility on the SEC and on Nigerian capital market institutions. Banks were expected to access investors — millions of them, both domestic and international — through a market that would simultaneously manage unprecedented volumes of primary issuance while maintaining



secondary market liquidity, price discovery, and stability. The policy significance of this design choice cannot be overstated. A market-mediated recapitalisation is fundamentally different from a regulatory mandate enforced through supervisory coercion. It requires investors to agree to examine a bank's financial position, its strategy, its management, its risk profile, and its prospects, and to voluntarily commit their own capital. Investor participation is, by definition, a vote of confidence.

The fact that ₦4.65 trillion in such votes were cast with domestic investors accounting for 72.55 per cent represents a ringing endorsement of both the Nigerian banking sector and the capital market infrastructure that facilitated their participation. It is, moreover, a demonstration of market function that aligns precisely with the core principle articulated in IOSCO's Principle 2: that regulators should be operationally independent, accountable, and have adequate resources to fulfil their mandates conditions that Nigeria's capital market ecosystem increasingly meets.

II. The SEC's Regulatory Framework: Enabling Efficiency Without Compromising Standards

A. The Recapitalisation Framework — A Regulatory Innovation

In June 2024, the Securities and Exchange Commission published a dedicated Recapitalisation Framework for the Banking Sector, a comprehensive regulatory instrument designed specifically for the capital-raising requirements of the 2024–2026 programme. This Framework represented one of the most significant pieces of regulatory design produced by the Commission in recent years, and its architecture reflected a sophisticated balance between the imperatives of efficiency and the non-negotiable requirements of investor protection.

The Framework was conceived and executed within the normative architecture of the Investments and Securities Act 2025 (ISA 2025), which came into force following presidential assent and provides the most robust statutory basis for securities regulation in Nigeria's history. ISA 2025 significantly expanded the Commission's powers across several dimensions directly relevant to the recapitalisation exercise: enhanced oversight of capital-raising instruments, strengthened enforcement mechanisms against market manipulation and disclosure failures, and explicit provisions for regulatory cooperation between the SEC, the CBN, and other financial sector regulators. The Framework translated these statutory authorities into operational reality, establishing streamlined approval timelines for bank capital-raising applications calibrated to the 24-month compliance window while maintaining all substantive investor protection requirements without abatement.

The Commission also introduced provisions for coordination between its approval processes and those of the CBN and the Nigerian Exchange Limited. Joint working sessions between SEC, CBN Banking Supervision, and NGX Regulation teams enabled the resolution of novel regulatory questions such as the treatment of holding company structures in capital computations, and the classification of hybrid instruments in tier-capital calculations without creating processing delays that could compromise compliance timelines. This multi-agency coordination architecture is consistent with IOSCO Principle 6, which emphasises the importance of information-sharing and cooperation among regulatory authorities, both domestically and across borders.

SEC Recapitalisation Framework: Core Provisions

- ◆ **Streamlined approval timelines** calibrated to the March 2026 deadline without reducing substantive review standards
- ◆ **Full prospectus disclosure requirements**, including independent verification of all material financial information by registered reporting accountants
- ◆ **Digital subscription channels mandated** as the primary route to maximise retail investor access and demographic inclusion
- ◆ **Clear allotment protocols protecting investors** — particularly retail subscribers — in oversubscribed offers, consistent with ISA 2025 provisions on fair treatment
- ◆ **Escrow requirements** ensuring security of subscription proceeds during the subscription-to-allotment window

- ◆ **Cross-regulatory coordination mechanisms** with CBN, NGX Regulation, and PenCom, operationalising ISA 2025's inter-agency cooperation mandate
- ◆ **Enhanced secondary market surveillance** during active primary offer windows to detect and deter price manipulation
- ◆ **Post-offer compliance verification** confirming capital deployment in accordance with prospectus disclosures, aligned with IOSCO Principle 23 on issuer disclosure requirements

B. Digital Infrastructure: The NGX Invest Revolution

Among the most consequential enablers of the recapitalisation's success was the NGX Invest digital platform, which the Commission actively supported and promoted as the primary channel for retail investor participation. NGX Invest fundamentally transformed the mechanics of subscribing to a public offer: in place of the historically cumbersome process of obtaining physical application forms, queuing at bank branches, and awaiting postal allotment letters, investors could subscribe to bank offers from their mobile devices in minutes, with real-time confirmation of subscription receipt.

The demographic implications are profound and enduring. Nigeria's youth population estimated at approximately 70 per cent of the total population is digital-native. For many young Nigerians, the paper-based subscription processes that characterised earlier capital market eras were practically and psychologically inaccessible: the forms were unfamiliar, the processes opaque, and the intermediary relationships that facilitated participation were unavailable to those without established banking relationships. NGX Invest dissolved these barriers. Retail investors who had never participated in a public offer entered the market during the banking recapitalisation exercise, creating a generational expansion of the investor base whose compounding effects will yield dividends for decades.

The Commission's oversight role in this digital channel was comprehensive. The Commission worked closely with NGX and authorised intermediaries to validate that disclosures were accessible and intelligible on mobile interfaces, that subscription payment security met applicable standards, that the digital allotment process was transparent, and that investor data protection obligations under applicable law were observed. This approach reflects IOSCO's emerging guidance on FinTech and digital market access, which emphasises the importance of technology-neutral regulatory principles that promote innovation without sacrificing investor protection.

C. Investor Protection: An Uncompromised Mandate

The pressure to process applications expeditiously and meet compliance deadlines created a context in which regulatory standards might have been tempted to bend. The Commission's position throughout was unambiguous: no deadline justifies the compromise of investor protection. This position was not merely principled — it was strategically essential to the exercise's success. The oversubscription of multiple bank offers, including Fidelity Bank's public offer which attracted 237 per cent of the amount sought, reflects investor confidence in the integrity of the offering process. That confidence is earned through consistent, visible, and enforced protection standards.



The Commission also took an active role in public communication throughout the exercise. Social media misinformation about the recapitalisation false claims about bank closures, account freezes, and depositor losses circulated repeatedly during the 24-month period, threatening to undermine retail investor confidence and trigger destructive market dislocations. The Commission issued timely, factual counter-communications and collaborated with the CBN, FCCPC, and media organisations to ensure that the Nigerian public had access to accurate information. Protecting investors from misinformation is, the Commission maintains, as integral a part of the investor protection mandate as reviewing a prospectus a view consistent with IOSCO's Principle 11 on the protection of investors and the fair treatment of market participants.

III. The Market's Verdict: Quantifying an Historic Achievement

A. Primary Market Performance

The headline figures are unambiguous and require no embellishment. Thirty-three licensed banks raised a combined ₦4.65 trillion in fresh equity capital over the 24-month programme, comfortably exceeding the ₦4.05 trillion reported in mid-programme updates and demonstrating a strong closing acceleration as institutions finalised their compliance strategies ahead of the March 31, 2026 deadline. The structural composition of this capital 72.55 per cent domestic, 27.45 per cent international reveals a market of genuine depth and broad-based investor conviction.

Nigerian domestic investors — retail participants, pension funds operating under the expanded equity exposure mandates introduced by PenCom, insurance companies, and institutional asset managers committed approximately ₦3.37 trillion to the banking sector's recapitalisation. To contextualise the scale of this commitment: with Nigeria's GDP at approximately ₦200 trillion at current prices in 2024, the domestic recapitalisation commitment alone represented approximately 1.7 per cent of annual national output — a substantial voluntary reallocation of domestic savings into the banking sector, achieved through market mechanisms and investor choice rather than regulatory compulsion.

The Chart 1 below illustrates the progressive trajectory of primary capital-raising activity and corresponding NGX All-Share Index performance across the recapitalisation period, from the CBN's March 2024 circular through the programme's completion on March 31, 2026.

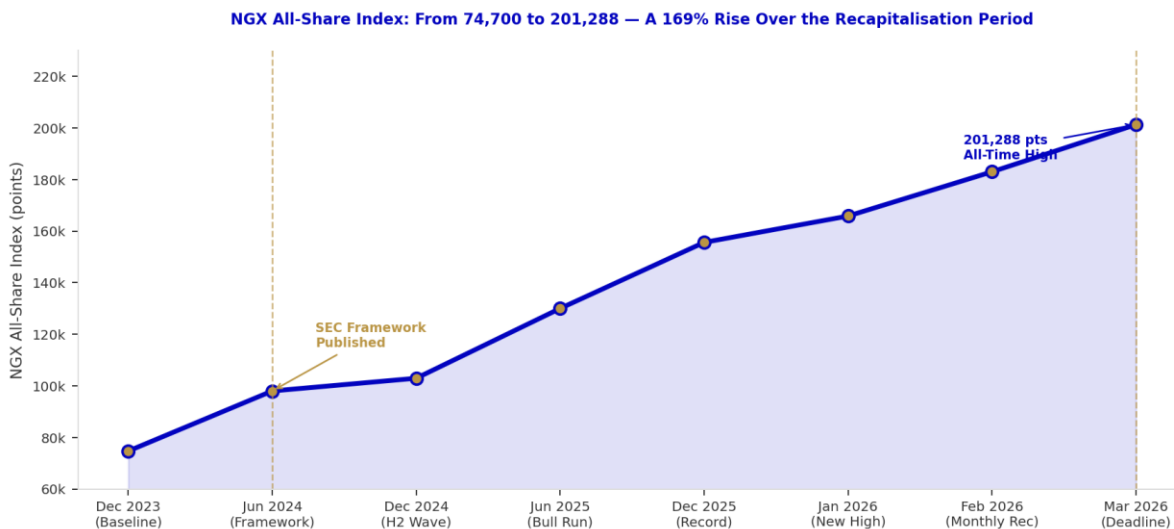


Chart 1: NGX All-Share Index Trajectory During the Recapitalisation Period (2024–2026)

The foreign capital dimension merits particular analytical attention. International investors contributed 27.45 per cent of total recapitalisation capital. Separately, data from the National Bureau of Statistics confirms that foreign capital inflows into the Nigerian banking sector rose by 93.25 per cent year-on-year to \$13.53 billion in 2025, accounting for 58.26 per cent of Nigeria's total foreign capital importation of \$23.22 billion in that year. This scale of international endorsement achieved during a period of global macroeconomic

volatility, elevated US interest rates, and intense competition for emerging market capital reflects a meaningful and measurable improvement in international assessments of Nigeria's regulatory credibility, legal framework robustness, and market infrastructure quality.

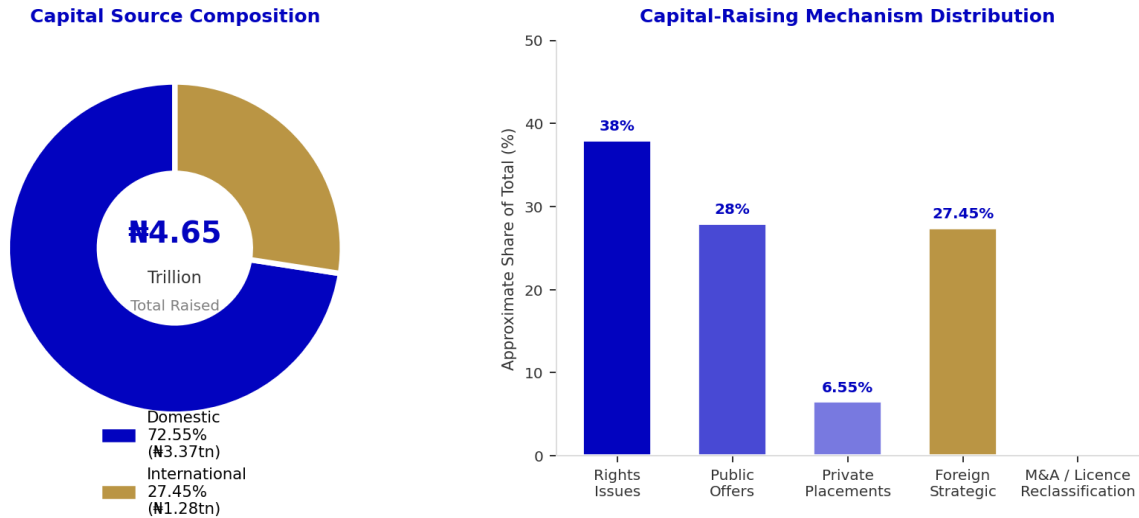


Chart 2: Capital Source Composition (Domestic vs International) and Mechanism Distribution

Capital-Raising Mechanism	Estimated Contribution	Key Participants
Rights Issues to Existing Shareholders	Largest single-bank contributor	Tier-1 and Tier-2 banks
Public Offers for Subscription	Significant primary retail channel	All tiers; mass retail participation
Private Placements (Domestic)	Mid-tier and specialist institutions	Institutional investors, HNWI's
Foreign Strategic/Portfolio Investment	27.45% (~₦1.28tn)	International pension funds, DFIs
Mergers, Acquisitions & Licence Reclassification	Smaller institutions	Regional banks, non-interest banks

Table 2: Estimated Capital-Raising Mechanism Breakdown

B. Secondary Market Amplification: The Bull Run of a Generation

The recapitalisation's effect on secondary market performance was not merely a coincidental parallel development. It was causally connected to the capital-raising exercise through multiple and reinforcing transmission channels: the influx of new equity holders who subsequently became active secondary market participants; the improved earnings visibility of better-capitalised banks with enlarged lending capacity; the institutional rotation from fixed-income instruments as declining yields on government securities rendered equities comparatively more attractive; and the broader signal of regulatory effectiveness and policy intent that the exercise conveyed to both domestic and international market participants.

The NGX All-Share Index entered 2025 at 102,926 points. It closed the year at 155,613 points a gain of 51.2 per cent, the strongest annual equity market performance in Nigeria in nearly two decades. Total

market capitalisation expanded from approximately ₦62.8 trillion to ₦100 trillion within twelve months, positioning the NGX among the world's best-performing equity exchanges by annual return — a distinction that attracted meaningful coverage from international financial media and further reinforced Nigeria's profile as an emerging market destination for portfolio capital.

The first quarter of 2026 extended this trajectory in dramatic fashion. As the recapitalisation approached its March 31 deadline, investor enthusiasm fuelled by the approaching certainty of a fully recapitalised banking system intensified. The NGX ASI climbed from 155,613 points at the close of 2025 to a historic high of 201,287.78 points by March 31, 2026 a 29.35 per cent gain in a single quarter. Equity market capitalisation rose from ₦99.38 trillion to ₦129.21 trillion in the same period, representing a wealth creation of ₦29.83 trillion in ninety days. February 2026 alone delivered a monthly capitalisation gain of ₦17.6 trillion the largest single-month equity market gain in the recorded history of the Nigerian stock market.

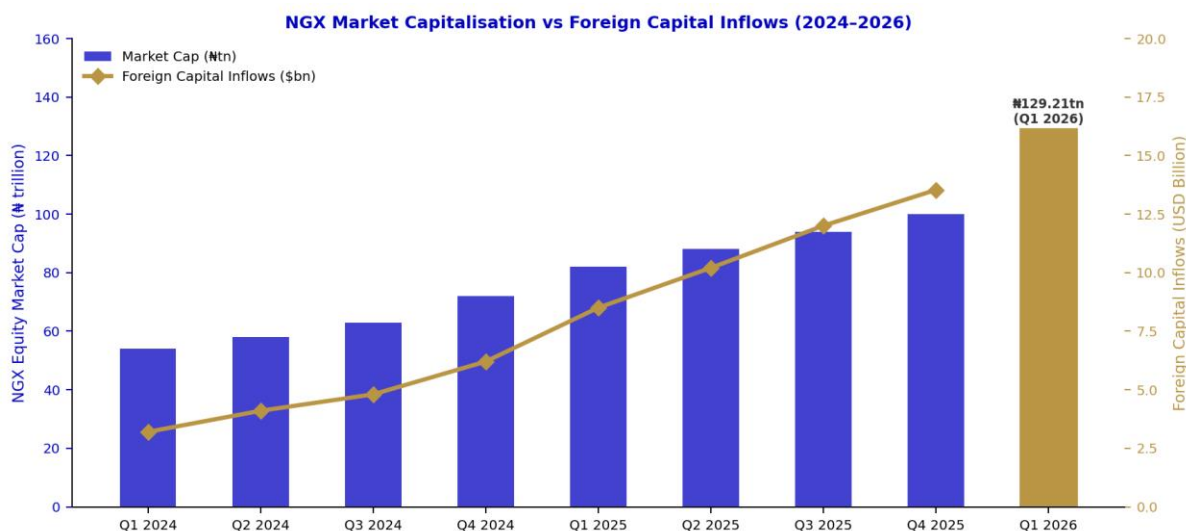


Chart 3:NGX Equity Market Capitalisation vs Foreign Capital Inflows — Quarterly (2024–Q1 2026)

Period	Capital Market Milestone	Significance
March 2024	CBN recapitalisation circular issued; SEC begins Framework design	Architecture established
June 2024	SEC Recapitalisation Framework published; NGX Invest launched	Operational launch
H2 2024	First wave of public offers and rights issues; initial NGX Banking Index volatility	Dilution pricing phase
Full Year 2025	NGX ASI +51.2%; market cap ₦62.8tn → ₦100tn; ₦2.5tn+ raised by banks	Historic bull run

Period	Capital Market Milestone	Significance
December 2025	Total NGX market cap reaches ₦149.88tn (equities + bonds + ETPs)	Breadth record
January 2026	NGX ASI hits 165,837; equity cap crosses ₦100tn	All-time high at time
February 2026	Single-month record: ₦17.6tn equity cap gain; ASI +16.6%	Unprecedented monthly record
March 31, 2026	Recapitalisation deadline: 33 banks compliant; ₦4.65tn raised	Programme completion
Q1 2026 (aggregate)	ASI +29.35% (historic quarterly record); equity gains of ₦29.83tn	Quarter for the record books

Table 3: Chronology of Capital Market Performance During the Recapitalisation Period

C. Investor Participation: Breadth and Depth

A market's resilience is measured not by peak performance alone, but by the breadth of participation underlying that performance the diversity of investor types, the geographic distribution of capital sources, and the depth of retail engagement that determines whether market momentum reflects genuine conviction or narrow speculation. On all three dimensions, the 2024–2026 recapitalisation demonstrated qualities that will shape the Nigerian capital market's structural character for years to come.

Domestic investors accounted for approximately 79–80 per cent of total NGX transaction value throughout 2025 the highest and most sustained level of domestic market dominance in recent memory. Within this aggregate, the composition shifted meaningfully during the recapitalisation period. Pension funds, emboldened by PenCom's regulatory adjustments expanding permissible equity exposure, became significant and consistent buyers of bank equities. Insurance companies, asset managers, and high-net-worth individuals participated actively across the full range of capital-raising instruments. And, critically, retail investors many accessing the capital market for the first time through NGX Invest contributed a meaningful and growing share of subscription volumes in bank public offers, representing a generational democratisation of market participation.

Foreign portfolio investment, while constrained during certain periods by exchange rate uncertainty and global risk-off sentiment, rose meaningfully year-on-year. Foreign portfolio inflows accounted for approximately 20–21 per cent of total NGX trading value in 2025, the highest foreign participation level since 2007. This rehabilitation of Nigeria's profile as an investable emerging market for international portfolio investors is a direct consequence of the regulatory improvements, macroeconomic stabilisation, and demonstrated market capacity that the recapitalisation exercise both required and produced. It is also consistent with the expectation embedded in IOSCO's market development principles: that jurisdictions demonstrating regulatory adherence and institutional quality attract and retain international capital on a sustained basis.

IV. A Stress Test Passed: What the Market Proved

Beyond the quantitative record, the recapitalisation served as an involuntary but comprehensive stress test of the Nigerian capital market's institutional capacities, a test conducted under conditions of genuine pressure: real deadlines, real capital requirements, real investor decisions, and real systemic consequences. The Commission's assessment identifies seven dimensions on which the market demonstrated qualities of institutional resilience and growing maturity.

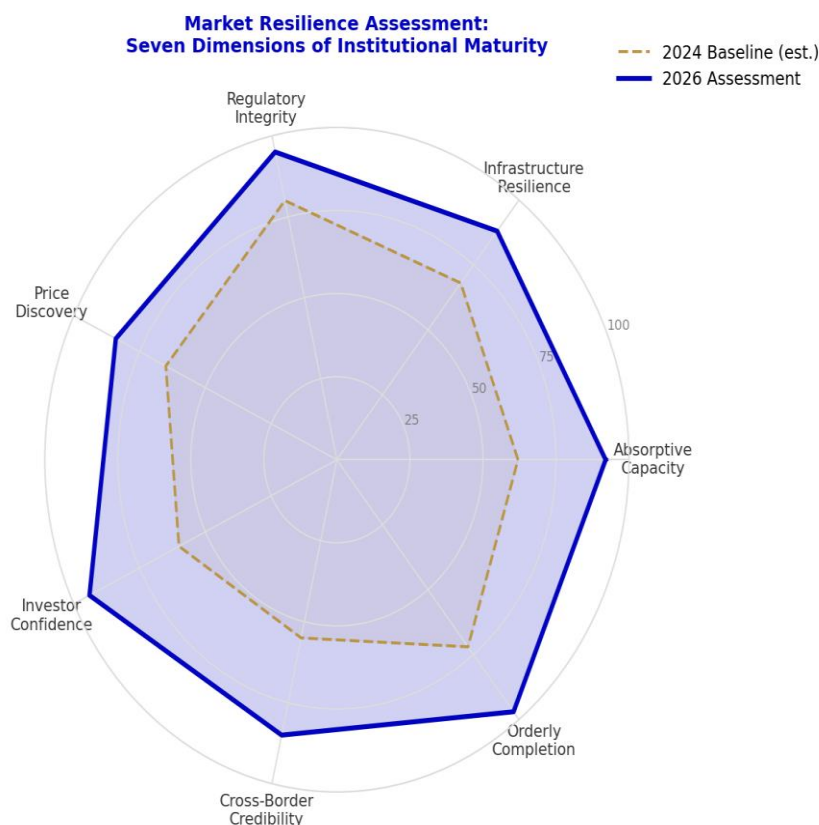


Chart 4: Market Resilience Assessment — Seven Dimensions of Institutional Maturity (Illustrative, 2024 Baseline vs 2026 Assessment)

1. Absorptive Capacity

The market absorbed ₦4.65 trillion in primary market supply over 24 months without triggering prolonged price distortions, secondary market liquidity crises, or subscription failures in any major bank offer. This absorptive capacity—the ability of a market to accept large volumes of new issuance without destabilising existing pricing or creating structural oversupply—is a foundational prerequisite for any capital market that aspires to finance large-scale infrastructure development, industrial investment, or sovereign and corporate debt issuance at meaningful scale. Nigeria's market has demonstrated this capacity at a quantum never previously tested.

2. Infrastructure Functionality at Scale

The Central Securities Clearing System, registrar networks, stockbroking intermediaries, investment banking units, and digital subscription platforms that collectively constitute Nigeria's capital market infrastructure were tested by volumes of primary and secondary market activity that were unprecedented in scale. They performed. Clearing cycles were maintained. Subscription proceeds were held securely in escrow. Allotment letters were issued. Secondary market trades settled within prescribed timelines. This operational performance often invisible when functioning correctly but catastrophic when it fails is a prerequisite for investor confidence that cannot be taken for granted and must be sustained through continued investment in market infrastructure.

3. Regulatory Integrity and Operational Independence

No offer during the recapitalisation period was approved by the Commission that did not meet substantive regulatory standards. No disclosure was accepted that was materially deficient. No allotment process was permitted that treated retail investors unfairly relative to institutional subscribers. The Commission operated under considerable pressure throughout from banks anxious to meet the deadline, from political actors concerned about particular institutions, and from commentators urging speed at the cost of standards. The Commission's consistent adherence to its mandate protected investors, sustained market credibility, and ultimately validated the market-mediated design of the exercise. This operational independence is precisely the quality that IOSCO Principle 2 identifies as essential for an effective securities regulator, and the Commission's conduct throughout the recapitalisation demonstrated that principle in action.

4. Price Discovery and Market Efficiency

Despite the extraordinary volume of new equity supply entering the market through bank public offers and rights issues, the Nigerian equity market demonstrated reasonable price discovery throughout the recapitalisation period. The NGX Banking Index experienced periods of volatility including an initial decline in mid-2024 as the market priced dilution risk from anticipated large rights issues but recovered strongly as recapitalisation capital was raised and investors reassessed the improved credit quality and enlarged lending capacity of better-capitalised institutions. The market's capacity to navigate this valuation complexity in real time reflects a growing analytical sophistication among institutional investors and a deepening of the information ecosystem broker research, analyst coverage, and real-time data provision that supports informed decision-making.

5. Investor Confidence Under Macroeconomic Pressure

The sustained oversubscription of bank equity offers throughout the 24-month period constitutes the most compelling single indicator of investor confidence. Investors who subscribed to a bank public offer were making a voluntary, informed decision to commit capital to a specific institution at a specific price in a specific macroeconomic environment one characterised by elevated inflation, residual naira depreciation pressure, and global uncertainty. The fact that multiple offers attracted subscriptions exceeding 200 per cent of the amount sought in these conditions speaks to the quality of the underlying investment case and the confidence investors had in the market's ability to execute their transactions fairly, transparently, and efficiently.

6. Cross-Border Credibility and IOSCO Alignment

The 27.45 per cent international capital contribution to Nigerian bank recapitalisation represents a meaningful and measurable international endorsement of Nigeria's market infrastructure, legal framework, and regulatory standards. International portfolio investors are acutely sensitive to regulatory risk: they avoid markets where their capital may be trapped, their returns manipulated, or their rights as shareholders compromised. The scale of international participation in Nigerian bank offers signals that Nigeria has crossed a credibility threshold one that will make it progressively easier to attract international capital for future issuances across asset classes and sectors. This credibility has been reinforced by Nigeria's active participation in IOSCO processes, including its engagement with IOSCO's Growth and Emerging Markets Committee, whose work programme on market development and regulatory capacity provides a framework within which Nigeria's recapitalisation experience constitutes a valuable practical case study.

7. Orderly Completion — A Contrast in Architectures

Unlike the 2005 consolidation, which was characterised by the failure of 14 banks, forced mergers conducted under regulatory duress, and significant disruption to customer accounts and banking services, the 2024–2026 exercise was completed with no major institutional failures, no disruption to banking services, and no depositor losses attributable to the recapitalisation process itself. The orderliness of completion reflects the fundamental architectural difference between regulatory imposition and market-mediated reform and validates the design choice, embedded in both the CBN circular and the SEC's Recapitalisation Framework, to channel recapitalisation through the capital market rather than through regulatory fiat.

"When ~~₦~~4.65 trillion votes of investor confidence are cast voluntarily — in a period of genuine macroeconomic uncertainty — the market has spoken. Nigeria's capital market is ready for the next chapter."

V. Implications for the Broader Capital Market Ecosystem

A. The Banking Sector as Capital Market Catalyst

The banking recapitalisation has generated spillover effects that extend well beyond the banking sector's own capital structure. The approximately half a million new investors estimated to have participated in bank public offers during the 2024–2026 period represent a permanent expansion of the Nigerian investor base. These individuals many of them first-time equity investors have experienced the capital market as a mechanism for growing their wealth and participating in the financial success of institutions they bank with. A meaningful proportion of them will remain active participants in the secondary market and future primary offers, deepening the liquidity and diversity of the investor base on which all subsequent capital-raising will draw.

The exercise has also rebuilt institutional relationships and operational capacities across the capital market ecosystem. Investment banks, stockbroking firms, registrars, custodians, and issuing houses managed volumes of offer activity that tested and expanded their operational capabilities. The professional expertise developed through this real-world exercise in large-scale equity capital-raising cannot be replicated through simulation or training programmes. Nigeria now has a deeper bench of capital market practitioners with directly relevant experience a human capital resource that will be drawn upon in every subsequent large-scale primary market exercise.

B. The Insurance Sector Recapitalisation: Passing the Baton

The National Insurance Commission's recapitalisation mandate under the Nigerian Insurance Industry Reform Act 2025 requires life and non-life insurers to raise substantially elevated minimum capital — in some categories representing increases of 500 per cent or greater. Analysts project that insurance sector recapitalisation will account for the dominant share of primary market activity in 2026 and into 2027, with a wave of rights issues and public offers expected from insurance companies seeking to close capital gaps before the prescribed compliance deadline.

This exercise will be built on the infrastructure, investor relationships, regulatory frameworks, intermediary capacity, and institutional knowledge that the banking recapitalisation created. The playbook has been written, tested under live conditions, and proven effective. The capital market ecosystem has demonstrated that it knows how to execute market-mediated recapitalisation at scale. The Commission is already engaged in designing the regulatory framework for insurance sector capital-raising, drawing directly and deliberately on the lessons both positive and cautionary of the banking exercise. The ISA 2025's enhanced provisions for issuer disclosure, investor protection, and cross-regulatory coordination will provide the statutory foundation for this next phase of market-driven sectoral reform.

C. Deepening the Fixed Income and Derivatives Markets

The recapitalisation demonstrated the Nigerian capital market's capacity to mobilise equity capital at unprecedented scale. The next frontier of market development one that better-capitalised banks will both demand and enable is deepening the fixed income market and launching a viable derivatives market. Better-capitalised banks carry larger balance sheets and greater appetite for structured financial products.

They are more likely to issue corporate bonds and commercial paper to fund long-term lending, creating supply for the fixed income market. They are also more likely to seek hedging instruments for their expanded currency, interest rate, and credit exposures creating the institutional demand for derivatives products that the Commission is actively working to introduce into the Nigerian market under the derivatives framework contemplated in ISA 2025.

The recapitalisation has, in this sense, created the institutional demand profile that justifies accelerating the regulatory development of these market segments. IOSCO's standards for derivatives market regulation particularly the work of the IOSCO Committee on Derivatives (Committee 1) provide the international normative framework within which Nigeria's derivatives market development will be structured, ensuring that new products are introduced with appropriate risk management, clearing, and disclosure requirements from inception.

D. Capital Market and the ₦1 Trillion Economy Agenda

President Bola Ahmed Tinubu's administration has committed Nigeria to achieving a one-trillion-dollar economy by 2030. Realising this ambition requires an annual investment rate in infrastructure, manufacturing, agriculture, housing, and human capital that Nigeria's current financial architecture cannot support through bank lending alone. Infrastructure investment at the required scale, industrial development, housing provision, and SME financing collectively represent capital requirements that can only be met through a combination of bank credit, domestic capital market instruments, foreign direct investment, and multilateral financing flows channelled through a capable and credible domestic financial system.

The Nigerian capital market's demonstrated capacity to mobilise ₦4.65 trillion in 24 months is a direct and quantified input into this calculus. A market that can mobilise capital at that scale for bank recapitalisation can mobilise equivalent sums for infrastructure bonds, development finance institution equity, sovereign sukuk, green bonds, and corporate securities from manufacturing, agribusiness, and technology companies provided that the regulatory framework, market infrastructure, and investor base continue to develop at the pace that the recapitalisation exercise demonstrated is achievable. The Commission's strategic priorities for 2026 and beyond are designed to ensure that this demonstration is not merely a high-water mark, but a foundation.

VI. Challenges Acknowledged: An Honest Assessment

The Commission's institutional commitment to transparent communication a value embedded in IOSCO Principle 3 on accountability and transparency of regulatory decision-making requires an honest acknowledgment of the challenges that accompanied, and that remain after, the recapitalisation exercise. A complete account of what the market demonstrated must also account for what the market has yet to prove, and what structural obstacles continue to constrain Nigeria's capital market from realising its full developmental potential.

A. Credit Transmission Remains the Unfinished Business

The most consequential question raised by the recapitalisation is whether larger capital bases will translate into larger and more productive loan books directed at the real economy. Nigeria's historical credit-to-GDP ratio has been chronically low by emerging market standards, reflecting a combination of structural factors: limited credit information infrastructure, weak contract enforcement mechanisms, concentrated bank risk appetite toward large corporates and government securities, and insufficient long-term funding instruments to support project finance and infrastructure lending.

Small and medium-sized enterprises which account for over 70 per cent of registered businesses and approximately 48 per cent of GDP have historically received only a marginal share of total bank credit. Industry data suggest that SME lending as a proportion of total bank credit remains below 5 per cent, lagging significantly behind sub-Saharan African comparators with similar banking system structures. A recapitalised banking sector that deploys its enlarged capital bases primarily into government securities, foreign exchange trading, and consumer credit while SMEs and manufacturers remain structurally credit-constrained would represent a significant missed opportunity, both for the banking sector's long-term return profile and for Nigeria's economic transformation agenda.

B. Foreign Exchange Risk and International Investor Sustainability

The naira's depreciation in 2023–2024, while partially reversed by subsequent monetary stabilisation measures, remains a structural concern for international portfolio investors evaluating Nigerian capital market assets. Currency risk is the single most frequently cited deterrent in investor surveys of emerging market participation. The 27.45 per cent international contribution to bank recapitalisation capital is an encouraging baseline, but sustaining and growing that participation requires continued exchange rate stability, further improvements in the predictability and ease of repatriating returns, transparent currency market operations, and the development of currency hedging instruments that reduce but do not eliminate the currency risk that is inherent in any cross-border investment.

C. Market Concentration and Structural Depth

Nigeria's secondary equity market remains structurally concentrated, with the ten largest listed companies accounting for a disproportionate share of total market capitalisation and daily turnover. The recapitalisation has reinforced the position of the largest banks as anchor stocks a development that is positive for liquidity and price discovery in those securities, but that does not of itself diversify the market's structural depth. Attracting new listings from technology companies, industrial conglomerates, agricultural



enterprises, real estate investment trusts, infrastructure funds, and international depositary receipts remains a strategic imperative for developing a market that can weather sector-specific shocks and provide investors with the diversification that institutional portfolio management requires.

VII. The Forward Agenda of the SEC: From Recapitalisation to Transformation

The Commission emerges from the recapitalisation period with clear and sequenced strategic priorities for the next phase of Nigerian capital market development priorities designed to consolidate the institutional gains of the exercise, address its identified limitations, and extend the market's capacity to serve as the primary mechanism for financing Nigeria's economic transformation. These priorities are grounded in the framework of ISA 2025, aligned with IOSCO's international standards, and calibrated to the investment needs of a country committed to quadrupling its economy within a generation.

SEC Strategic Priorities: Post-Recapitalisation Agenda 2026–2028

- ◆ **Retail Investor Deepening:** Scale financial literacy and investor education programmes to the estimated 500,000 new investors who entered during the recapitalisation; consolidate and expand digital access channels for all primary market activities under the digital infrastructure mandate of ISA 2025
- ◆ **New Product Development:** Accelerate regulatory frameworks for derivatives, commodity-linked instruments, green bonds, sustainability-linked bonds, infrastructure bonds, and Real Estate Investment Trusts — drawing on IOSCO's standards for each product category to ensure international best-practice compliance from launch
- ◆ **SME Capital Market Access:** Develop and promote the Growth Board and other SME-focused listing frameworks, channelling the underwriting capacity of better-capitalised banks into structured small business equity and debt instruments
- ◆ **Insurance Sector Recapitalisation:** Deploy the regulatory playbook developed for the banking exercise — refined by its lessons — to guide the insurance sector through its capital-raising mandate under the Insurance Industry Reform Act 2025
- ◆ **International Market Positioning:** Continue active IOSCO engagement, accelerate alignment with ISSB sustainability reporting standards, and deepen cross-border regulatory cooperation through memoranda of understanding with peer regulators, to sustain and grow Nigeria's profile as a credible destination for international portfolio capital
- ◆ **Market Infrastructure Modernisation:** Pursue regulatory and operational modernisation under ISA 2025, including enhanced real-time market surveillance systems, T+1 settlement cycle progression, clearing and settlement system upgrades, and structured FinTech integration through the Commission's regulatory sandbox programme
- ◆ **Corporate Governance Standards:** Strengthen governance, director accountability, and disclosure requirements for listed companies under the enhanced corporate governance provisions of ISA 2025, sustaining international investor confidence and protecting domestic retail investors who entered the market during the recapitalisation
- ◆ **Capital Market Master Plan Implementation:** Coordinate market-wide alignment on the updated Capital Market Master Plan targets for 2025–2029, using the institutional momentum and infrastructure achievements of the recapitalisation as the baseline from which accelerated progress is measured

VIII. Conclusion: Resilience Demonstrated, Transformation Awaited

On 1 April 2026, the Central Bank of Nigeria issued its formal statement confirming the conclusion of the banking sector recapitalisation programme. Thirty-three banks had met the new minimum capital requirements. ₦4.65 trillion had been raised. The programme was complete. The Nigerian capital market had done what it was summoned to do.

For the Securities and Exchange Commission of Nigeria, that statement represented the close of a chapter that the Commission helped to author through the regulatory framework that enabled market-mediated recapitalisation; through the investor protection standards that sustained trust when pressure to compromise was greatest; through the digital infrastructure facilitation that democratised access for a generation of first-time investors; and through the cross-agency coordination that resolved novel regulatory questions in real time without sacrificing standards or speed. The Commission played its role, and the market, by any objective assessment, played its role with distinction.

But the Commission is acutely aware that completion is not triumph. It is a transition. Triumph will come when the capital mobilised through Nigerian banks is deployed into the factories, farms, infrastructure projects, export corridors, and small businesses that create the jobs, incomes, and productive capacity of a genuinely transformed economy. Triumph will come when the half-million new investors who entered the market during the recapitalisation remain active participants, deepening their knowledge and growing their wealth alongside the market's depth. Triumph will come when the Nigerian capital market is not merely the mechanism for recapitalising banks and insurers, but the mechanism through which Nigeria finances its own future on its own terms, in its own currency, through its own institutions.

The Investments and Securities Act 2025 has given the Commission the statutory authority. IOSCO membership has given it the international normative framework. The recapitalisation has given it the institutional proof of concept. What remains is the sustained and disciplined work of building on these foundations developing new products, deepening the investor base, attracting new listings, strengthening governance standards, and ensuring that the infrastructure, transparency, and credibility of Nigeria's capital market are equal to the ambitions of a country determined to take its place among the world's significant economies.

The recapitalisation has demonstrated that the Nigerian capital market is resilient. It is the Commission's unwavering determination to ensure that resilience becomes transformation and that the story of ₦4.65 trillion raised in twenty-four months is remembered not as a peak achievement, but as the foundation of something far more consequential: a capital market that finances a nation's future.

"A resilient market has proven itself. A transformative market must now be built. The Securities and Exchange Commission of Nigeria is committed to that work — guided by the Investments and Securities Act 2025, the standards of IOSCO, and the confidence of millions of Nigerian investors."



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