



للاقتصاد الإسلامي
ALBARAKA FORUM



قاعدة بيانات صالح كامل للاقتصاد الإسلامي
Saleh Kamel Islamic Economy Database

Nigeria Country Focus

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Saleh Kamel Islamic Economy Database



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01 Economic Sector Overview

Nigeria's macroeconomic reforms since **2023** have contributed to improved economic stability and resilience. In **2025**, economic activity strengthened, with real GDP growth remaining at approximately **4%**, supported primarily by the services sector, particularly information and communication technology (ICT), finance, and real estate, alongside stronger activity in agriculture and construction. Inflation, although still elevated, declined from **33.2%** in **2024** to **23.0%** in **2025**, reflecting tighter monetary conditions, reduced exchange-rate volatility, and improvements in agricultural production. At the same time, the country's external and fiscal positions became less dependent on oil-price dynamics.

In **2025**, Nigeria's GDP reached approximately **US\$290.79 billion**, while GDP per capita stood at around **US\$1,224.25**. Despite the improvement in economic growth, the economy continued to face significant macroeconomic challenges. The World Bank notes that recent fiscal, monetary, and foreign-exchange reforms have contributed to improved macroeconomic stability, including stronger foreign-exchange reserves and fiscal revenues. Nevertheless, high living costs, poverty, infrastructure constraints, and structural weaknesses continue to limit the extent to which economic growth translates into improvements in household welfare.¹

02 Islamic Finance in Nigeria: Overview

Nigeria has developed a growing Islamic finance sector, although it remains relatively small compared with the conventional financial system. In Nigeria, Islamic finance is generally referred to as “non-interest finance” and includes Islamic banking, Sukuk, Takaful, investment funds, and other Shariah-compliant financial products. Islamic banking provides an alternative form of financial intermediation based on Shariah principles, including the prohibition of riba, risk and profit-and-loss sharing, avoidance of excessive uncertainty, and investment in permissible economic activities. Financial services are provided through Shariah-compliant contracts such as Musharakah, Ijarah, and Murabahah. The Central Bank of Nigeria (CBN) has established the regulatory framework for non-interest banking and defined the requirements for institutions offering these services. The development of Islamic banking in Nigeria reflects the broader global expansion of Islamic finance and is influenced by regulatory development, public awareness, institutional capacity, and the ability to address operational challenges.



Population

237.5
million people



Capital

Abuja



Currency

Nigerian Naira NGN



GDP 2025
(Current US\$)

290.79
billion



GDP growth
(annual %)

4.0%



GDP per capita
2025 (current US\$)

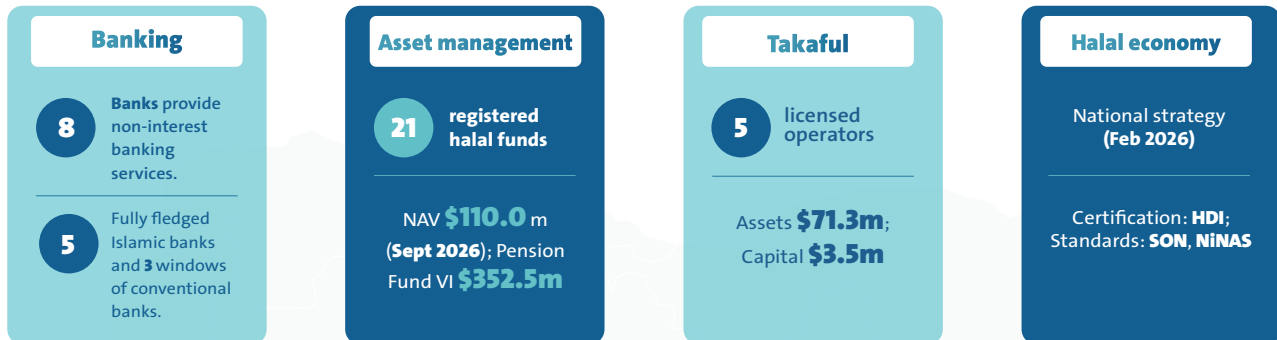
1,224.25 US\$



Inflation, consumer
prices (annual %)

23.0%

Structure of the industry



03 Timeline of Key Milestones

The development of Islamic finance in Nigeria has progressed through a series of important regulatory, institutional, and market-based milestones. The following timeline summarizes the key developments that contributed to the establishment and expansion of non-interest finance in Nigeria.

BOFID No. 25 enacted

1991

The Banks and Other Financial Institutions Decree gave the first legal basis for a banking system deviating from conventional banking in Nigeria. It empowered the President (on the CBN's recommendation) to set minimum paid-up capital by bank category and created "Profit and Loss Sharing" as a distinct bank category, with an initial minimum paid-up capital of ₦ **50,000,000**.

Nigeria joins Islamic Development Bank (IDB)

2005

Membership secured to enable Nigeria to benefit from the IDB's interest-free loans to member countries.²

First Non-Interest Mutual Fund

2008

Introduction of the first non-interest mutual fund, expanding Islamic finance into collective investment schemes.³

CBN releases draft regulatory/supervisory framework

2009

First draft released in **March 2009** under then-CBN Governor Professor Chukwuma Charles Soludo, the first formal regulatory and supervisory framework specifically for Islamic (non-interest) banking in Nigeria.

CBN Non-Interest Banking Framework; Jaiz Bank and Stanbic IBTC licensed

2011

In June 2011, the CBN issued the Guidelines for the Regulation and Supervision of Institutions Offering Non-Interest Financial Services in Nigeria, alongside Guidelines on Shariah Governance for Non-Interest Financial Institutions, addressing licensing, supervision, corporate governance, and Shariah governance. This provided greater regulatory certainty and marked a significant turning point toward the formal institutionalization of Islamic banking. At the end of December 2011, Jaiz Bank Plc was licensed as a fully-fledged non-interest bank with regional authorization, and Stanbic IBTC Bank Plc was granted approval to offer non-interest (Islamic) banking products.⁴

NGX Lotus Islamic Index introduced

Introduction of the Lotus Islamic Index, providing an avenue for Shariah-compliant investment in the Nigerian capital market.⁵

2012

Launch of the Sovereign Sukuk Programme

Nigeria's non-interest finance industry expanded beyond banking with the launch of the sovereign sukuk programme, marking an important development in the country's Islamic capital market.

2017

Revised Capital Market Master Plan (SEC)

The SEC's revised Master Plan set targets for increasing Shariah-compliant products, investor participation, and Sukuk market capitalization.⁶

2021

04 Regulatory and Institutional Strategy

4.1 A Broad, Coexistence-Based Framework

The CBN established a regulatory framework recognizing non-interest banking as Islamic financial intermediation and allowing various institutional models, including fully-fledged banks, subsidiaries, branches, and windows of conventional banks. This framework enabled conventional banks to offer Shariah-compliant services alongside conventional operations, subject to CBN approval and requirements for separate accounting and segregation of funds. Stanbic IBTC Bank Plc, approved in **2011**, was among the early conventional banks to provide non-interest banking services under this framework.⁷

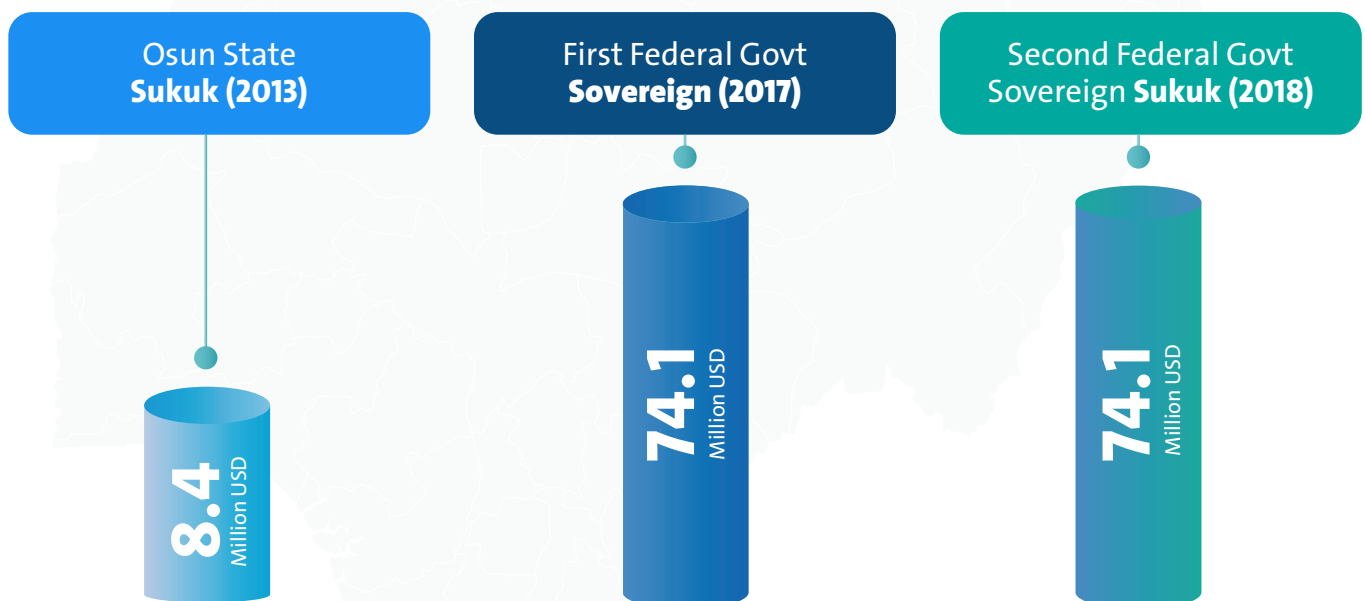
4.2 Shariah Governance

Since ensuring compliance with Shariah principles is a defining characteristic of Islamic finance, the regulatory framework requires non-interest financial institutions to establish an Advisory Committee of Experts/Shariah Advisory Committee. The committee provides Shariah guidance on products, services, contracts, and transactions. The CBN's Shariah-governance guidelines emphasize that the advisory body should operate independently and that its responsibilities include Shariah review and audit. The purpose of this governance structure is not only to ensure compliance but also to strengthen public confidence in non-interest financial institutions and support the sustainable development of the industry.⁸

4.3 Development of Islamic Capital-Market Instruments (Sukuk)

Nigeria's Sukuk Journey: From Osun State to the Global Stage. Sukuk development in Nigeria began with the **USD 8.4 million** Osun State Sukuk in **2013**, the country's first sub-national Sukuk, issued to finance educational infrastructure. This was followed by the first Federal Government sovereign Sukuk of **USD 74.1 million** in **2017**, and a second **USD 74.1 million** sovereign Sukuk in **2018**, with proceeds allocated to **28** road projects across Nigeria. By **2022**, the Sukuk market had expanded further to include corporate and Green Sukuk, reflecting the diversification of non-interest capital-market instruments in Nigeria. The IIFM Sukuk Report **2026**, which depicts Nigeria as an emerging player in the global sukuk market, reflects this growth. As of the end of **2025**, the nation had issued **17 sukuk** cumulatively since the first issuance in **2013**, totaling about **USD 3.09 billion**, or just **0.12%** of the total value of sukuk worldwide, the majority of which, 16 issues worth **USD 2.94 billion**, were raised domestically.

Nigeria's outstanding sukuk stood at roughly **USD 2.2 billion**, or **0.22%** of global outstanding sukuk, as of **31 December 2025**, underpinned in part by a **2020** sovereign issuance of **USD 120.4 million**, **7-year** Sukuk Al Ijarah maturing in **June 2027**. Beyond issuance activity, Nigeria also has an institutional presence in the broader Islamic liquidity infrastructure: its central bank sits on the board of the International Islamic Liquidity Management Corporation (IILM), and Jaiz Bank was named among the recent primary dealers added to that body's growing global distribution network.



05 Islamic Finance Industry in Nigeria

The Islamic finance industry in Nigeria comprises a variety of financial institutions that provide Shariah-compliant financial products and services. These institutions can be broadly classified into three main categories: Islamic banking institutions, takaful, and other Islamic financial institutions. Islamic banking institutions include fully-fledged Islamic banks and Islamic windows operated by conventional banks. Islamic non-bank financial institutions, on the other hand, include Islamic fintech companies, Islamic microfinance institutions, and other Islamic financial companies. This classification provides a clear framework for examining the structure and development of the Islamic finance industry in Nigeria.

5.1 Islamic Banking in Nigeria

By **2026** Nigeria had five fully-fledged non-interest banks: Jaiz Bank, TAJBank, Lotus Bank, The Alternative Bank, and Summit Bank Limited. The sector was initiated with Jaiz Bank, the country's pioneer fully-fledged non-interest bank, which commenced operations in **2012**, followed by TAJBank in **2019** and Lotus Bank in **2021**. The sector expanded further in **2023** with the establishment of The Alternative Bank, which evolved from Sterling Bank's non-interest banking operations into a separate fully-fledged non-interest bank. More recently, Summit Bank Limited was incorporated in **2024**, received a Central Bank of Nigeria (CBN) licence in February **2025**, and commenced operations in November **2025**. These five institutions operate under the CBN's non-interest banking framework and provide banking services based on Shariah-compliant, non-interest principles.

In addition to fully-fledged non-interest banks, Nigeria has developed non-interest banking windows within conventional financial institutions. There are three identified non-interest banking windows licensed or approved in Nigeria: Stanbic IBTC Bank, SunTrust Bank and the Bank of Industry. Stanbic IBTC Bank was licensed to operate a non-interest banking window in **2011**, SunTrust Bank received a final window licence on **18 February 2019**, while the Central Bank of Nigeria approved a similar window for the Bank of Industry in **February 2026**.

Islamic Banking Timeline



5.2 Takaful in Nigeria

The National Insurance Commission (NAICOM) issued Takaful Operational Guidelines in **2013** and licensed the first two full operators in **2016**. Five operators were active at the end of **2025**, with a combined capital base of **US\$3.5 million** and total assets of **US\$71.3 million**⁹. The market remains small relative to both the Nigerian insurance industry and the non-interest banking sector, and there is no licensed retakaful operator in Nigeria; operators cede risk to retakaful providers outside the country. In parallel, NAICOM renewed its push to expand Takaful insurance as a tool for deepening financial inclusion, hosting a diagnostic assessment mission by the Islamic Financial Services Board (IFSB).¹⁰

Nigeria's takaful sector comprises five identified operators licensed by the National Insurance Commission (NAICOM): Hilal Takaful Nigeria Limited (Cornerstone Takaful), Jaiz Takaful Insurance, Salam Takaful Insurance, Noor Takaful Plc, and Crown Takaful Insurance. Hilal Takaful Nigeria Limited (Cornerstone Takaful) was established in **2010** and provides General and Family Takaful services, followed by Jaiz Takaful Insurance, established in **2013**, which also offers General and Family Takaful. Salam Takaful Insurance and Noor Takaful Plc were both established in **2016**. Salam Takaful Insurance provides selected Family (Life) and General (Non-Life) Takaful products, including retail Takaful products, while Noor Takaful Plc offers General and Family Takaful services. Crown Takaful Insurance, established in **2022**, provides General and Family Takaful services. Overall, these five operators represent the identified takaful sector in Nigeria and provide both Family and General Takaful services.



5.3 Other Islamic Financial Institutions

Islamic Fintech

Islamic fintech in Nigeria remains an emerging but increasingly diverse segment of the country's non-interest financial-services market. The fintech firms identified are grouped into four primary service categories. Enabling technology is the largest group, with ten firms: Wahed Nigeria, Cowrywise Halal, Stecs, Haqpay, KoloSquare, HalalWallet Nigeria, MizanCore, Halcore, Amana and Barakah Suite. Crowdfunding follows with five firms: Halvest, MosquePay, Enricher Fintech, Yahshud and Paysabil. Payments account for three firms: ZamzamPay, Open Space Finance and Apay (Amqey Pay). The remaining category, alternative finance, is represented by one firm, Crust MFB, formerly Tanadi.

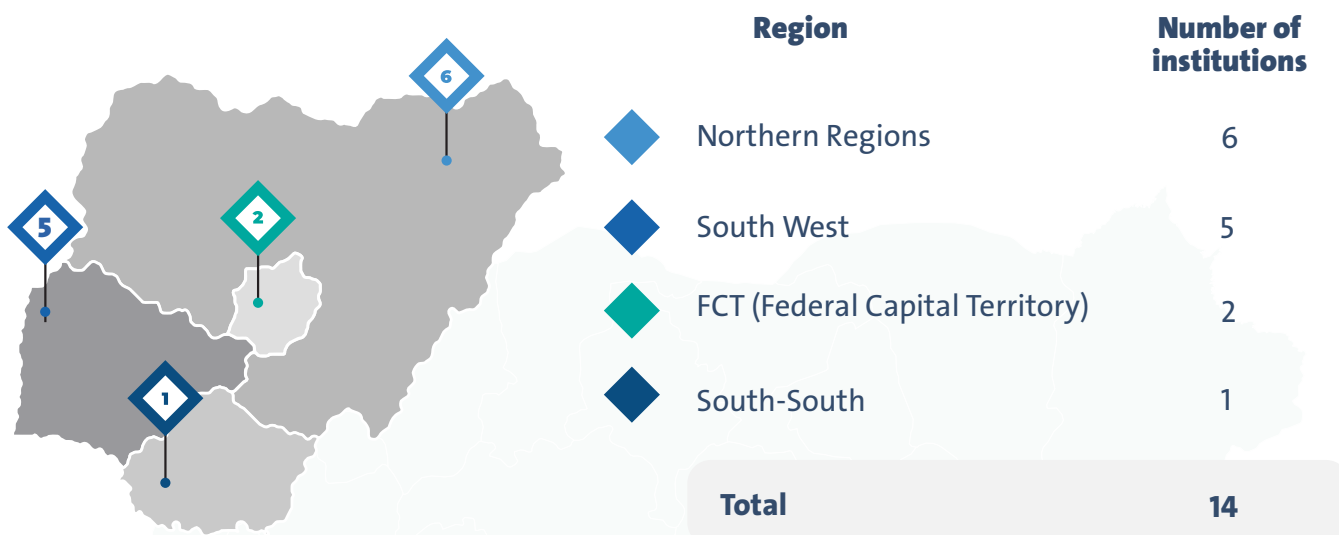
The enabling-technology firms provide infrastructure, product-discovery tools, digital operating systems and access channels, and include digital investment, savings, cooperative-finance and financing platforms. Crowdfunding platforms cover investment, real-estate, community and donation-based models, including Sadaqah and Zakat collection. Payments provide an important supporting layer, whereas alternative finance remains a small and specialized segment. Several firms combine more than one activity, but each has been assigned one principal classification for analytical clarity.



Islamic Microfinance Institutions

Nigeria's Islamic microfinance sector has developed gradually since **2016**. Fourteen institutions are currently identified: twelve licensed non-interest microfinance banks, one unit microfinance bank that offers interest-free products, and one non-interest finance company. The microfinance banks are Albarka, YUMSUK, Halal Credit, Rayyan, MEDEF, Quantum, MaaL, Eminence, Hayat Trust, Ethica, Mahfuz, Farid and Al-Barakah Microfinance Bank Limited, while Amaanah Finance Company is the only identified non-interest finance company. Six institutions are in the northern zones, two in the Federal Capital Territory, five in the South West and one in the South South. Quantum, the newest entrant, has received final approval. Al-Barakah Microfinance Bank Limited holds a unit microfinance license in its own right and offers interest-free products, and is distinct from Albarka in Kano. The microfinance banks are the principal channel through which non-interest finance reaches micro-enterprises, traders, smallholder farmers, women entrepreneurs and artisans, chiefly through Murabaha working capital, Ijarah asset leasing and Qard Hasan facilities, and they are not included in the CBN's non-interest banking aggregates.

Regional Distribution of Islamic Microfinance Institutions in Nigeria*



*Data and information are current as of September 2026, unless otherwise stated.

Islamic Asset Management Institutions in Nigeria

Nigeria's Islamic asset-management market is developing around two complementary segments. The first comprises specialist non-interest and Shariah-compliant investment firms. The second consists of conventional asset managers that have introduced dedicated halal funds or Shariah-compliant investment mandates.

Specialist Islamic asset managers. Nigeria's specialist Islamic asset managers focus exclusively, or primarily, on non-interest and Shariah-compliant investment activities. Lotus Capital is generally regarded as the pioneer of Nigeria's non-interest investment industry. Established in **2004**, it is registered with the Securities and Exchange Commission (SEC) as a fund manager and offers a range of Shariah-compliant investment products, including the Lotus Halal Investment Fund, Lotus Halal Fixed Income Fund and Lotus Halal Equity ETF. Other specialist firms include Buraq Capital and Arthur Capital, both of which combine investment-management activities with advisory work in the sukuk market. Buraq Capital and Lotus Financial Services were listed among the technical advisers to Nigeria's Series VII sovereign sukuk issuance. Arthur Capital also publishes the Arthur Islamic Finance Market Index, which monitors the development of Nigeria's Islamic-finance market across sovereign sukuk, corporate sukuk, sub-national sukuk, non-interest banking and Shariah-compliant equities.

Conventional managers with halal mandates. Conventional asset managers are increasingly adding dedicated halal funds to their broader product offerings. These products include balanced, equity, fixed-income and multi-asset funds designed to comply with Shariah principles and appeal to both faith-based investors and investors seeking ethical or socially responsible investment options. This expansion is helping to integrate Islamic investment into Nigeria's mainstream asset-management industry, although further growth will depend on stronger disclosure, effective Shariah governance, a wider range of investable assets and improved market liquidity.

Arthur Capital Limited



Buraq Capital Limited



Lotus Capital Limited



One17 Capital Limited



Marble Capital Limited



D'Namaz Capital Limited



Ascent Capital



Rasml Capital Limited



06 The Halal Economy

Nigeria's halal economy is moving from a fragmented private market towards a structured national development framework. Its scope runs well beyond food certification to pharmaceuticals and cosmetics, halal-friendly tourism, modest fashion, media and recreation, Islamic finance, logistics, trade facilitation, conformity assessment, professional services and export development.

The first quantitative baseline was provided in April **2023** by Dar Al Halal Nigeria and DinarStandard in the Nigeria Halal Markets Opportunity and Prospects Report. It estimated domestic spending on halal products and services at **US\$107 billion** in **2022**, projected to reach about **US\$180 billion** by **2027**, and estimated that additional exports and import substitution could contribute approximately **US\$1.49 billion** to GDP. Nigeria was identified as the world's eighth-largest domestic halal market and Africa's second-largest after Egypt, while capturing only a small share of international halal trade.¹¹

On 5 February **2026**, the Federal Government launched the Nigeria National Halal Economy Strategy at the Presidential Villa in Abuja. Developed with Saudi Arabia's Halal Products Development Company following a bilateral agreement at the Makkah Halal Forum in February **2025**, the strategy targets approximately **US\$ 1.5 billion** in GDP contribution by **2027**. By **2030**, it targets about **US\$ 4.99 billion** in halal food exports, **US\$ 39 million** in pharmaceutical and cosmetics exports, **US\$125 million** in halal-friendly tourism receipts, and **US\$7.5 billion** in Islamic finance assets. It also addresses halal governance, certification credibility, quality infrastructure, SME readiness, logistics, sector financing and national branding.¹²

Nigeria's halal standards, accreditation, and certification landscape comprises several institutions and organisations, including Standards Organisation of Nigeria (SON), Nigeria National Accreditation System (NiNAS), Dar Al Halal Certification Limited, Halal and Haram Distinction Development Initiative (HDI), and Halal Promotion Foundation (HPF).

07 Challenges and Prospects for the Development of Non-Interest Finance in Nigeria

7.1 Challenges

Category	Description
Institutional	Monetary-system integration: Difficulty integrating non-interest institutions into the predominantly interest-based monetary system.
Institutional	Difficulties in Interbank operations, clearing and other dealings with conventional and microfinance institutions.
Institutional	Liquidity management: Limited availability of Shariah-compliant instruments for managing surplus and shortage of liquidity.
Institutional	Generally manageable, but all transactions must comply with Shariah requirements.
Human Capital	Shortage of professionals with specialized knowledge of Islamic finance and Shariah requirements.
Operational	Risks arising from weak transparency, accountability, fraud and governance.

7.2 Prospects

Area	Details
Regulatory framework	Banks and Other Financial Institutions Decree No. 25 of 1991 (BOFID), BOFID 2020, together with the 2009 regulatory and supervisory framework was seen as a “giant stride” enabling smoother adoption.
Investor interest	The launch of Al-Barakah Microfinance Bank, were cited as evidence of strong Nigerian investor appetite, a pattern echoed later by the oversubscription and steady growth of sovereign Sukuk issuances.
Human capital development	A CBN–Bank Negara Malaysia MOU to share expertise in banking supervision, monetary policy, Islamic finance, SMEs and microfinance; attendance at the 16th IFSB meeting in Khartoum, Sudan; and locally hosted training workshops and seminars.
Market size and demand	Earlier research (Gusau and Bawa, 1993) found that most Muslim respondents would move their deposits to an Islamic bank once one existed, for religious reasons.
Institutional ecosystem	Bank PHB Nigeria Plc, the promoters of Jaiz International Plc, Lotus Capital Limited, academics and experienced bankers were named as key drivers of Islamic banking’s development in Nigeria. ²

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