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The Main Development Trends of Sub-Saharan Africa Financial System

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ABSTRACT
The financial system of sub-Saharan Africa is heavily dependent on foreign and international capital. The external debt of Sub-Saharan Africa is more than 60% of the total GDP, in some countries, that is about 95%. In the last decades, there has been an expansion of the influence of pan-African financial groups and central/national banks in the monetary policy of African states. Sub-Saharan Africa shows exponential growth in electronic mobile payments and the digital currency of central banks and crypto assets depends on distributed ledger technology. Regional financial centers have emerged, shaping the growth and development of African finance. The structure, specifics and main trends in the development of the financial system of sub-Saharan Africa are described in the context of the challenges facing the global financial system. The need for integration processes for the countries of the continent, the role of central banks and Pan-African financial institutions are substantiated. The possibility of implementing the concept of leapfrogging in the transition of the monetary and credit system of the African continent to national digital currencies and the use of distributed register technology are considered. The author considers the credit and monetary system of Sub-Saharan Africa as a place of financial innovations that can identify the development of the global financial system for decades to come.
Keywords: financial system of Sub-Saharan Africa; African financial centers; financial integration in Africa; African financial leapfrogging; fintech; crypto assets; Central Bank Digital Currency; DCCB; DeFi

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INTRODUCTION

The financial system (FS), which is fundamentally based on money in the broadest sense, is the main infrastructural component of the economy. The financial system reflects the state and determines the prospects for the development of the economy of the state, as well as the standard of living and welfare of its citizens.

Institutionally, the financial system consists of central/national/reserve banks, investment/specialized development banks, commercial banks, non-banking credit and financial organizations (microfinance organizations, credit cooperatives, leasing companies, etc.), securities market entities (exchanges, investment and broking companies), investment and non-state funds, insurance companies, payment systems and their operators. An important component of the financial system — state finances and the related subject relations — are not considered in this study.

Currently, the African continent is at the epicenter of a historical acceleration that is lifting millions of people out of poverty, creating a new consumer class, and driving rapid economic growth not only in Africa but also worldwide. The need to study the financial system of Sub-Saharan Africa (FSSA), its directions, and development trends is dictated by Africa's increasingly significant role in the global economy. First of all, this is related to the enormous untapped resource potential of the continent, the shift of the global vector of economic development from West to South [1, p. 3], and the increasing share of Sub-Saharan Africa in the world's young labor force. According to experts and the scientific community, by 2030, approximately half of the world's workforce will be represented by people from Sub-Saharan African countries, which corresponds to an annual increase in jobs by 10–15 million people. The financial system of Sub-Saharan Africa is a global outsider in terms of its quantitative and qualitative indicators, but at the same time, it is one of the world leaders in the development of decentralized financial assets, central bank digital currencies, electronic payment systems, and fintech as a whole. Sub-Saharan Africa can become a testing ground for financial innovations, ensuring a technological breakthrough in the global digital asset market.

SIZES, SPECIFICS, AND STRUCTURE OF THE FINANCIAL SYSTEM OF AFRICA

The level of development of any financial system is primarily reflected in the indicators of the banking sector, which in monetary terms usually accounts for 60–75% of the entire national financial system. A telling example is the TOP-100 African Banks ranking by the British magazine African Business (Table).[1]

To understand the scale of the banking sector in Africa: the total assets of the banks in Africa and Russia are approximately the same, amounting to about 1.5 trillion USD (according to the Central Bank of Russia, as of January 2024, the assets of the Russian banking sector are 166 816 billion rubles at an assumed exchange rate of 90 rubles per 1 dollar). Sberbank, with assets of approximately $ 530 billion, is just over three times larger than Africa's largest bank, Standard Bank, whose assets amount to around $ 167 billion.

The Table shows that the top ten banks on the continent are consistently held by banks from North Africa and three banks from South Africa. Of the top twenty banks, nine represent the AU, with only Nigeria joining the Republic of South Africa. The top twenty account for about 75% of the total assets of the African banking system.

The specificity of the financial system of the African continent lies primarily in its non-integrated diversity and the differences in the level of development. As in the rest of the world, Africa has its own regional financial centers. There is no single African financial center that represents the continent in the global market. According to the frequently used Global Financial Centers Index (GFCI), published by the British analytical company Z/Yen, the following cities in Africa are included: Casablanca (Morocco), Mauritius, Kigali (Rwanda), Johannesburg (South Africa), Cape Town (South Africa), Lagos (Nigeria), and Nairobi (Kenya).[2] This ranking does not provide a complete picture of the current structure of the financial system of the black continent.

In terms of institutional, currency-monetary, and financial legislation, the African continent is very diverse; each financial conglomerate has its own specifics and characteristics due to national, historical development, and colonial heritage [2]. The African continent can be divided into 8 financial conglomerates due to their unifying factors, geography, and significance for the African economy (Fig.).

1. North Africa with three main players: Morocco, Egypt, and Algeria. It is the only regional financial conglomerate in Africa that is associated with the global financial center of Bahrain. The Western academic school classifies North Africa as a separate region — Middle East and North Africa (MENA), which is not unfounded. The financial system of North Africa is developing mainly within the framework of global trends and is more integrated with the East and Asia. This article examines in more detail the financial system of Sub-Saharan Africa, which represents an interesting and relevant subject for applied research.

Main centers: Casablanca (Morocco), Cairo (Egypt), Algiers (Algeria), Oran (Algeria). There is no unifying regional development institute.

2. The West African CFA franc zone (XOF)[3] with its Central Bank (BCEAO) of the West African Economic and Monetary Union (WAEMU) in Dakar (Senegal). Monetary protectorate of France. The management of the

[1] Pan-African, regional, and national development banks do not participate in the ranking.

[2] URL: https://www.longfinance.net/programmes/financial-centre-futures/global-financial-centres-index/gfci-37-explore-the-data/gfci-37-rank/ (accessed on 03.04.2025).

[3] International currency code.

Table

TOP-20 African Banks 2024 (Million US Dollars)

2024	2023	Name of the bank	Country	Capital	Assets	Net profit
1	1	Standard Bank Group	South Africa	12 547	166 562	2 733
2	2	National Bank of Egypt	Egypt	7 460	154 819	588
3	6	Attijariwafa Bank	Morocco	5 985	66 625	916
4	7	Absa Bank	South Africa	5 267	83 168	455
5	8	Banque Centrale Populaire	Morocco	5 165	52 597	418
6	3	Banque Misr	Egypt	5 091	104 194	1 047
7	5	FirstRand	South Africa	4 470	88 309	1 379
8	4	Nedbank	South Africa	4 585	66 856	641
9	9	Banque Extérieure d'Algérie	Algeria	3 519	34 329	318
10	**11**	**Bank of Africa — BMCE Group**	**Morocco**	**3 158**	**39 245**	**412**
11	10	Banque Nationale d'Algérie	Algeria	2 608	41 094	431
12	15	Investec Bank	South Africa	2 220	33 203	378
13	18	Arab African International Bank	Egypt	2 019	13 169	143
14	16	Commercial International Bank (CIB)	Egypt	1 973	27 000	959
15	14	FBN Holdings (First Bank of Nigeria)	Nigeria	1 948	18 886	346
16	13	Access Bank	Nigeria	1 904	29 500	720
17	12	Zenith bank	Nigeria	1 836	22 771	755
18	new	Crédit Populaire d'Algérie	Algeria	1 743	24 525	273
19	20	QNB Al Ahli	Egypt	1 630	20 334	525
20	22	United Bank of Africa (UBA)	Nigeria	1 597	23 028	678
		TOTAL		76 725	1 110 214	14 115

Source: Compiled by the author based on the TOP-100 banks in Africa ranking for 2024 by the magazine "African Business". URL: https://african.business/2024/09/finance-services/africas-top-100-banks-2024-going-global (accessed on 01.02.2025).

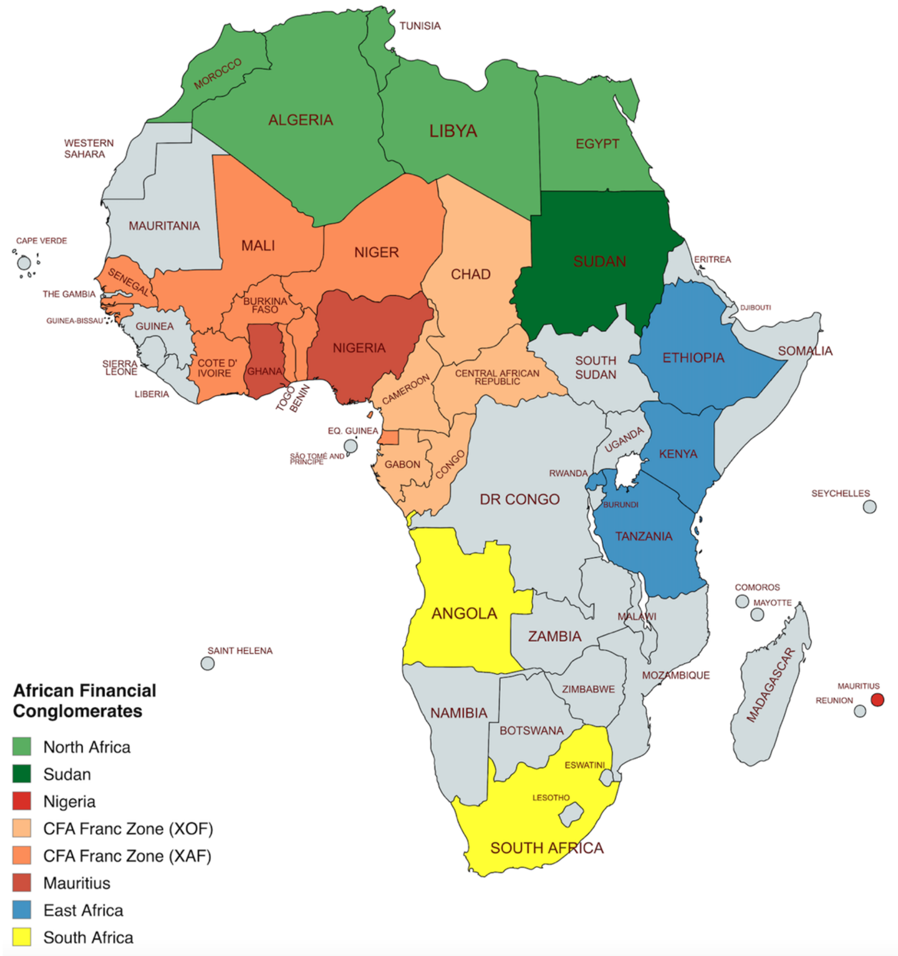

Fig. **African Financial Conglomerates**

Source: Compiled by the author.

monetary policy of the zone is carried out by the French government through the Treasury (part of the Ministry of Economy, Finance, and Industry), which guarantees the exchange rate of the CFA franc to the euro and has the right to veto all decisions of the BCEAO.

Main centers: Dakar, Abidjan (Côte d'Ivoire), Lomé (Togo). Development institution: West African Development Bank (WADB).

This is the most financially seismic zone in West Africa. For decades, it has been constantly shaken by intentions to break away from French protectorate status, the transition to the new Eco currency, protests against the XOF to euro exchange rate, and other events. The instability in the Sahel region adds fuel to the fire, particularly the exit of Mali, Niger, and Burkina Faso from the Economic Community of West African States (ECOWAS) and their formation of the Alliance of Sahel States (ASE) with the intention of issuing their own currency.

3. The Central African CFA franc zone (XAF) with its Bank (BEAC) of Central African States in Yaoundé (Cameroon). Monetary protectorate of France (similar to the West African CFA zone's management of monetary policy). It is a more stable zone compared to the Western financial conglomerate due to the fact that it includes less developed countries that are more in need of the monetary stability provided by the CFA franc.

Main centers: Yaoundé, Brazzaville (Republic of the Congo), Malabo (Equatorial Guinea).

Development institution: Development Bank of Central African States (BDEAC).

4. The East African regional financial center with key players: Ethiopia, Kenya, Tanzania, and Rwanda. It aspires to be the

"African Singapore" (due to its high economic dynamics and government reforms) with ambitions to become the main financial center of East Africa in the next decade [3].

Main centers: Addis Ababa (Ethiopia), Nairobi (Kenya), Dar es Salaam (Tanzania), Dodoma (Tanzania), Kigali (Rwanda).

The second largest financial conglomerate after South Africa, with a sufficiently developed financial infrastructure. One of its main achievements is the highest level of access to financial services for the population due to electronic payment systems. Kenya has the most developed fintech in Africa after Nigeria.

The development institution is the East African Development Bank (EADB).

5. South African financial center with key players: South Africa and Angola.

Main centers: Cape Town (South Africa), Johannesburg (South Africa), Durban and Umhlanga (South Africa), Pretoria (South Africa), Luanda (Angola).

This is Africa's number one financial conglomerate with the most developed banking system: approximately 40 percent of the continent's financial sector income is generated here, mainly due to South Africa. There is a high concentration of international credit and financial institutions. It is the birthplace of pan-African financial expansion: banking, non-banking,[4] electronic payment systems, and fintech. Noteworthy here is the issuance by the Reserve Bank of Zimbabwe in 2024 of the non-fiat currency ZIG, backed by gold, aimed at addressing the financial crisis and the devaluation of the national currency. Here, too, is the largest African borrower from China — Angola (43 billion dollars with the country's external debt of 67 billion dollars as of 2024).

Development Institute — Development Bank of Southern Africa (DBSA).

6. Nigeria and Ghana.

Main centers: Lagos (Nigeria), Abuja (Nigeria), Accra (Ghana).

Nigeria is the leading economy in Sub-Saharan Africa by GDP (tied for first place in all of Africa with Egypt). The largest financial market, leading in Central and West Africa, Nigeria is the most advanced country in Sub-Saharan Africa in terms of fintech, CBDCs, and cryptocurrency operations. The first country in Africa (one of the few in the world) to issue and use the central bank digital currency E-Naira in transactions. The model of Ghana's financial system (historically the second country in Africa, after South Africa, to gain access to international capital markets) is similar to Nigeria's, but economically significantly smaller.

The Development Institute — Nigerian Trust Fund (NTF), part of the African Development Bank Group (AfDB).

7. Sudan as the center of Islamic finance in Africa.

The only country in the world,[5] where the entire financial system is fully Islamized at the state level. At present, it would not be entirely correct to characterize this conglomerate due to the statehood and economy being destroyed by civil war. The topic of the development of Islamic financing in Sub-Saharan Africa is not considered here, as its share is insignificant. As of early 2025, this is approximately 1.7% of the global financial volume of Islamic finance and amounts to about $ 55 billion (around 3.7% of the assets of the African banking system). In our opinion, Islamic financing has great development potential in Sub-Saharan Africa, as it is in demand among African Muslims and is more humanitarian compared to conventional finance. It will be in demand after increasing the population's access to banking services and the development of Islamic fintech.

The Development Institute — Islamic Development Bank (IDB), an international financial organization headquartered in Jeddah (Saudi Arabia).

[4] Banks that do not have physical offices, serving their customers exclusively online.

[5] At the state level, financial systems are Islamized in Iran and Pakistan, but not 100%, as in the Republic of Sudan; their structure includes some products based not only on Sharia law, particularly in the insurance sector.

8. Mauritius as an African offshore center.

A financial, customs, and tax offshore for many countries around the world. As of the end of 2024, agreements on the absence of double taxation have been signed with 18 African countries. The Mauritians themselves call their country the "gateway to Africa", and it has the highest Human Development Index (HDI) on the continent — 0.796 as of 2023/2024.[6] For comparison, in Russia for the same period — 0.821. In the import structure of many countries in the Sub-Saharan Africa (especially East Africa), Mauritius with its agricultural economy can be found as a supplier of metals, equipment, and other products not produced on the island.

The Development Institute — the Central Bank of Mauritius (Bank of Mauritius) represented by its subsidiary, the Mauritius Investment Corporation (MIC).

FINANCIAL INTEGRATION IN AFRICA

Financial integration is manifested in multilateral development institutions and pan-African financial groups. Such institutions include the African Development Bank (AfDB) with assets of approximately $ 44 billion as of 1 January 2025, and the African Export-Import Bank (Afreximbank), with assets of $ 37 billion on the same date. The Russian Federation, represented by the Russian Export Centre (REC), has been a shareholder of Afreximbank since December 2017 [4]. Both credit organizations are affiliated with Western capital and are dependent on it. The largest regional multilateral development institutions are the Trade and Development Bank (TDB), which operates in East and Southern Africa (as of 1 January 2025, its assets are $ 10 billion), the public-private African Finance Corporation (AFC) with assets of $ 12.34 billion as of 1 January 2023, and the Arab Bank for African Economic Development (BADEA) with assets of approximately $ 5.5 billion.[7]

In terms of territorial coverage, the largest pan-African financial groups are Standard Bank Group (South Africa), United Bank for Africa (Nigeria), Ecobank Transnational (Togo), BCP Group (Morocco), Attijariwafa Bank (Morocco), Bank of Africa Group (Morocco), Absa Group (South Africa), Guarantee Trust Bank (Nigeria), Access Bank Group (Nigeria), Equity Bank (Kenya), FirstRand Group (South Africa), Nedbank Group (South Africa), and KCB Group (Kenya). The expert community considers Vista Group and Coris Bank International, with jurisdictions in Burkina Faso, as the new most dynamically developing financial groups, notable for their transactions with Societe Generale Group (France) for the acquisition of its African banks [5].

In Africa, multinational (MNC) and foreign capital are significantly represented. The main players here and now: Societe Generale Group (France), Crédit Lyonnais (France), BNP Paribas S. A. (France), Barclays PLC (United Kingdom), Standard Chartered PLC (United Kingdom), Barclays plc (United Kingdom), Citigroup Inc (USA), JPMorgan Chase (USA), HSBC Group (United Kingdom), China Construction Bank (China), Bank of China (China), Deutsche Bank AG (Germany), State Bank of India (India) [6].

Over the past decade, there has been a territorial expansion of pan-African financial corporations within the continent and a gradual displacement of multinational and foreign banks by them [7]. At the current moment, this is becoming a trend in the Sub-Saharan Africa, the main reason for which is the higher ability of local financial groups to adapt to the rapidly changing economic conditions in Africa and their determination to take on higher risks than those that Western financial institutions are accustomed.

The share of loans provided by pan-African credit institutions is constantly increasing in

[6] Human Development Report Office (HDRO) of the United Nations. URL: https://hdr.undp.org/system/files/documents/global-report-document/hdr2023–24reporten.pdf (accessed on 22.02.2025).

[7] The data on asset sizes is taken from the websites of the respective banks.

the overall structure of the credit portfolio of Sub-Saharan African countries, leading to intensified competition with foreign banks. One of the key points here is the struggle for the status of a preferred creditor (PCS), which has always been held by the IMF, the World Bank, and the International Monetary Fund by default, but now is actively being claimed by pan-African credit institutions and multilateral African development banks [8].

Currently, the **global financial system is facing a number of serious challenges,** caused both by deglobalization [9] and restructuring as objective factors, as well as by subjective moments in its development, primarily due to the consequences of financial globalization [10] and the advancement of information technologies. Globalization banking products include tools for the worldwide unification of capital and risk requirements for financial organizations (primarily banks), expressed in the tightening of supervisory requirements by the Basel Committee (Basel II and Basel III) and in the strengthening of control over client activities. One example is the "Know Your Customer" (KYC) system. Such prudential supervision measures reflect the needs of the European financial system with a stable euro, low rates, declining yields and profitability of operations, weak growth dynamics, and high financial integration. The West sees this as a means of protection against global economic crises.

For emerging markets, such as Sub-Saharan Africa, instability in inflation and exchange rate indicators and rates is characteristic, along with a high growth rate of liabilities, which forces management to take on more risks in conducting active operations; otherwise, competitiveness and profitability will decline. In particular, this explains that in Sub-Saharan African countries, against the backdrop of high stated supervisory requirements, there is a justified lenient attitude towards the use of Western regulatory standards. On the one hand, this certainly increases credit risks, but on the other hand, it provides opportunities for development and does not significantly affect the financial result, as actual and potential loan losses are compensated and will continue to cover losses through extensive revenue growth.[8]

The tightening of centralized global financial supervision requirements has been one of the main drivers for the development of the decentralized finance (DeFi) sector [11] and its payment surrogates — mobile money transaction systems (fintech). It must be acknowledged that a significant role in this was played by the reduction of client transaction privacy and the endowment of financial organizations with the function of combating money laundering and financing of terrorism (AML/CFT). Considering that fiscal and investigative activities are not the functions of financial organizations, AML/CFT is formalized within them in the form of provisions with signs and criteria of suspicious offences. Often, this slows down the movement of legal capital and hinders normal transactions and the development of legitimate businesses.

Traditional financial organizations are finding it increasingly difficult to compete with fintech. The main reason for this is the rapid pace of information technology development. Regulated and established banking and non-banking financial organizations find it significantly more challenging to restructure and adapt their automated systems to changing market conditions than it is for an entrepreneur to create a payment platform or crypto exchange from scratch in a nascent legal environment. Furthermore, the strengthening of supervisory requirements for capital adequacy constantly demands significant investments (capital increases) from the owners of traditional financial organizations, leading to a shortage of investments in fintech and digital financial assets.

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[8] A similar situation was observed in the early 2000s in the rapidly growing banking system of Russia.

HARACTERISTICS OF THE FINANCIAL SYSTEM OF SUB-SAHARAN AFRICA

Against the backdrop of current global problems and trends, a unique situation has developed in Sub-Saharan Africa. The influence of global financial markets is reflected to some extent in the development of the financial system of Sub-Saharan Africa. In particular, credit and financial institutions, in order to operate in global investment and payment markets (primarily correspondent relationships and payment information transfer systems), have to "adhere to Basel", follow common rules for combating terrorism and money laundering, comply with sanctions against countries unfriendly to the European Union and the United States, and so on. Also, financing public debt through sovereign bonds requires the country's budget policy to comply with the listing requirements of global stock exchanges. Demonstrating a high level of global integration of the Sub-Saharan financial system, it is necessary to note the challenges unique to Sub-Saharan Africa on the path of financial development, the main ones being four factors.

The first factor is the low coverage of banking services among the population of Sub-Saharan Africa (on average no more than 22%, for comparison — in North Africa approximately 42%). At the same time, according to various estimates, about 60% of the population in Sub-Saharan Africa use electronic money in their transactions in one form or another (in some countries, this figure is significantly higher). According to a McKinsey study [12], the volume of electronic transactions in Africa is growing by approximately 10% per year. According to the forecast by the analytical agency Statista, by 2027 the total value of transactions in the African electronic payments market will reach $ 303.10 billion. The opinion that Sub-Saharan Africa has already achieved financial leapfrogging[9] and skipped over traditional banking to digital futures is not entirely correct. One of the main reasons for the rapid development of non-bank electronic payment systems in Sub-Saharan Africa are the following:

- low income levels of the population, which are often outside the scope of government fiscal control;
- poorly developed telecommunications infrastructure and insufficient internet access in Sub-Saharan Africa;
- the emergence of inexpensive smartphones and cheap feature phones, which through USSD (Unstructured Supplementary Service Data) technology allow for payment transactions.

In other words, fintech has fallen on fertile African soil. The problem is that electronic money is exclusively a means of payment and does not possess such a fundamental function of money as a store of value. That is, from the perspective of the financial system, they do not serve as a resource base for forming long-term liabilities (in banking terminology, the funds of payment system operators in bank accounts are "demand deposits", the use of which in active operations is strictly regulated and limited by the regulator). In addition, the specifics of using the API (Application Programming Interface) require payment systems to distribute and reserve financial resources among several credit organizations, especially in cross-border transfers.

The entities of the financial system serve as instruments for financing the economy, mobilizing monetary resources from the population and SMEs, redistributing formed capital among economic sectors, and directing it towards priority industries. When faced with limited opportunities for mobilizing internal savings and the task of financing economic growth, there are only three paths: internal and external borrowing, which forms public debt, foreign investments, and state development financing. This is exactly what most Sub-Saharan African countries demonstrate to us: a large public debt comparable to GDP, dependence on foreign and international

[9] Literally "leapfrogging". A theory according to which the rapid implementation of innovations allows skipping the evolutionary stage of system development, jumping straight to the next one.

capital, and a high share of public funding in the economy.

The second factor is the high share of the shadow economy (estimated at around 50% of GDP) and the inefficient fiscal policy. This is a broad topic for a separate study, related to the public finance sector and its corrupt component, which are not addressed in this article.

The third factor is low industrialization: the African Development Bank's study "Africa Industrialization. Index 2022"[10] shows that countries with a higher industrialization index demonstrate greater resilience and opportunities in their financial systems, relying on industrial assets.

The fourth factor is the demographic factor influencing the population's engagement in financial operations: the median age of the African population in 2024 is 19.17416 years, with a forecast for 2030 being 20.1929 years. In Sub-Saharan Africa, this figure is significantly lower — approximately 42% of the population here are children under 15 years old.[11] North Africa does not significantly influence the median age of Africa, as its population share ranges from 23% to 25% of the entire continent. For comparison, in Russia, the median age in 2020 was 38.692 years.

The foundation of the concept of "self-reliance" (SR) and its modern adaptation — "collective self-reliance" (CSR) [13], which is beginning to return and transform in Africa, is the effective use of the country's internal potential. This fully applies to the financial system, the basis of which is internal savings, direct and portfolio investments, tax revenues, and treasury support for public financial operations.

The development of these areas is a strategic task facing the Sub-Saharan African countries. Solving these tasks will allow:

- reduce public debt;
- increase budget revenues;
- reduce the state's share in domestic investments, as state loans suppress private ones, which cannot compete with them in terms of rates and terms;
- expand lending to SMEs, corporate, and consumer sectors.

The most important factor in the development of the financial system of each conglomerate and all of Africa as a whole is financial integration, which is developing very slowly due to the opposition of the collective West, which has been using the old Roman rule "divide and conquer" in its economic activities on the continent for the past 400 years. Breakthrough steps in this direction included the establishment by the African Union in 2018 and the commencement of operations on 1 January 2021, of the African Continental Free Trade Area (AfCFTA), as well as the launch on 13 January 2022, of the Pan-African Payment and Settlement System (PAPSS) based on the African Export-Import Bank (Afreximbank).

A global trend is the development of digital financial assets (DFA) and digital currencies [14] issued by national central banks (NCB). And here, the financial system of Sub-Saharan Africa has significant advantages over the rest of the world, as demonstrated by the E-Naira, the digital currency of the Central Bank of Nigeria, one of three countries in the world (plus the Bahamas and Jamaica) that have introduced a CBDC into their national monetary circulation. The main problems of implementing digital national currencies lie in the realm of legal regulation, monetary policy, and financial stability. According to an analytical report by the Association of Russian Banks,[12] countries with emerging markets and developing countries show higher activity in promoting CBDC projects. Developed countries,

[10] African Development Bank. URL: https://www.afdb.org/en/documents/africa-industrialization-index-2022 (accessed on 01.12.2024).

[11] URL: https://database.earth/population/africa/median-age (accessed on 01.12.2024).

[12] Association of Banks of Russia "Central Bank Digital Currency (CBDC): Russia in the Context of Global Practice", Moscow, June 2021. URL: https://asros.ru/analytics/asros/doklad-assotsiatsii-bankov-rossii-tsifrovaya-valyuta-tsentralnogo-banka-tsvtsb-rossiya-v-kontekste-m/ (accessed on 18.04.2025).

on the contrary, have slowed down the pace of advancing CBDC projects in recent years. The number of requests to the IMF regarding CBDCs from 2020 to February 2023 accounted for 23% from Africa and only 2% from Europe of the total number of requests [14].

Countries whose currency is considered reserve or close to it (partially convertible) find the digitalization of the state financial system less advantageous than less developed and developing countries with their unstable economies, high public debt, and dependence on fluctuations in the exchange rates of reserve currencies and global prices for raw materials and food.

For example, in the USA, the development of CBDCs is suspended at the state level, as it poses a direct threat to the dollar as a reserve currency. But they are actively involved in studying CBDCs through the IMF and in the "field tests" of the digital currency JAM-DEX launched by the Central Bank of Jamaica in 2022. In Russia, this topic is developing according to the Roadmap of the Central Bank of the Russian Federation. As part of the implementation of the instruction from President V.V. Putin from 02.08.2024 No.1528, an experiment on the use of the digital ruble for payments made from the federal budget appropriations will begin in August 2025, and a wallet of the Federal Treasury (FT) in the form of the Interregional Operational Treasury (IOT) will be opened on the Bank of Russia's digital ruble platform.

According to the IMF's position [14], the issuance of digital currency by countries with low coverage of traditional banking services and high penetration of electronic payment systems can achieve leapfrogging with the help of CBDCs and quickly attract a large part of the population into the banking sector. Therefore, the issuance of central bank digital currencies in Sub-Saharan Africa could play a stabilizing role for their financial systems and solve the main problem —mobilizing savings that are currently in cash and electronic forms. The use of distributed ledger technology would allow for the future abandonment of the pegging of national currencies to the dollar and euro. The most promising regions in this regard are the CFA franc zones, where institutional monetary centralization and second-level currency functioning technologies already exist.

The stability and efficiency of any financial system is ensured by the central bank (CB) of the country, which determines the price (inflation) and monetary policy of the state. According to economic theory, methods of monetary regulation can be divided into two main groups — those that have quantitative and qualitative effects on monetary aggregates in the economy. The level and degree of the CB's involvement in state economic regulation is determined by the mandate[13] issued to it by the country's government. In developing economies, an important function of central banks is managing the exchange rate of the national currency against the dollar and euro, as this directly affects the structure of the foreign trade balance.

Until the beginning of the 21st century, the mandate and **regulation of monetary policy by the central banks of Sub-Saharan African** countries were mainly aimed at financing budget deficits and external debt, implementing selective financial policies focused on investments, and subsidizing interest rates on loans for selected government-designated sectors and companies. Inflation management was carried out through direct methods of influencing interest rates and regulating the money supply in the economy by restricting or issuing additional money. At the beginning of the 21st century, when progressive African economic growth occurred and the associated increase in the size of foreign and international investments in the Sub-Saharan Africa, the regulation of monetary policy shifted from direct methods to indirect ones based on inflation targeting [15].

At present, due to the ongoing growth of most Sub-Saharan African economies and

[13] Mandate refers to specific monetary regulatory measures authorised and provided for in existing legislation.

the processes of financial deglobalization, the role of central banks in Africa as the main tool for ensuring financial stability is constantly increasing [16]. The use of modern monetary management methods is beginning to prevail, including the transition to floating exchange rates of national currencies. Nevertheless, in Sub-Saharan Africa (especially in underdeveloped countries), the inflationary practice of financing government debt by central banks and fixing the exchange rate continues. This is explained by the difficult conditions in which the central banks of these countries are currently operating: a decrease in external financing, which in turn leads to a reduction in foreign exchange reserves, global price fluctuations, underdeveloped financial markets, a weak regulatory framework, and politicians' uncertainty in transferring independence to central banks in conducting monetary policy.

The Director of the African Department of the IMF, Abebe Aemro Selassie, in his speech on the occasion of the 60th anniversary of the National Bank of Rwanda on 7 June 2024, in Kigali, identified four key challenges for the central banks of Sub-Saharan African countries in the current conditions of uncertainty and volatility in the global environment: floating exchange rates, tackling high public debt, managing risks in the financial sector, and the growing importance of financial innovations (fintech, CBDCs, and stablecoins). In his opinion, to address these tasks, it is necessary to have a coordinated macroeconomic approach that takes into account the interrelationship between monetary, fiscal-budgetary policies, and exchange rate policy. These policies must strike a balance between exchange rate stability, inflation control, and external competitiveness, while simultaneously promoting sustainable growth, said Abebe Aemro Selassie. This truly reflects the state and requirement of regulation and supervision of the financial system in Sub-Saharan Africa.

CONCLUSION

The main trends in the development of the financial system of sub-Saharan Africa can be summarized as follows:

1. De-globalization (as a general global trend) [9], which primarily manifests in the restriction and slowdown of cross-border movement of foreign capital and the decrease in the activity of MNEs in Africa. According to R. V. Shkhagoshev and other authors of the article, "the key trend in changes in capital flows is … the overall slowdown in the growth rate of transnational investments, … globalization is being replaced by the division of the global market into large segments united by economic and political interests, which leads to the localization of capital flows within certain unions and associations" [17]. In Sub-Saharan Africa, this primarily leads to a concentration on internal and collective resources of economic growth.

2. Pan-African integration, further development of intergovernmental African payment banking, electronic, and digital systems. Increase in trade volumes and the number of transactions within the framework of the African Continental Free Trade Area (AfCFTA) and the Pan-African Payment and Settlement System (PAPSS).

3. Continuing work on the establishment of multilateral pan-African financial organizations, as provided for in Article 19 of the African Union Constitution and the continent's development program "Agenda 2063" — the African Central Bank (ACB), the African Investment Bank (AIB), and the African Monetary Fund (AMF) [18].

At the 46th session of the African Union in 2025, the year was declared as "Justice through Reparations for Africans and People of African Descent". The establishment of a Reparations Fund is planned, which in essence should become another development tool for the black continent.

4. A slow but consistently stable trend of the displacement of Western banks by pan-African financial institutions, replacing Western

beneficial owners of financial companies with national owners.

5. Further development of electronic payment systems and mobile banking. According to forecasts by the analytical agency McKinsey, by 2025, Ghana and Francophone West Africa are expected to demonstrate the fastest growth rates of 15% and 13% per year, respectively. Following them are Nigeria and Egypt, with an expected growth rate of 12% per year over the same period. McKinsey predicts the main growth of fintech in 11 key markets: Cameroon, Côte d'Ivoire, Egypt, Ghana, Kenya, Morocco, Nigeria, Senegal, South Africa, Tanzania, and Uganda, which together account for 70% of Africa's GDP and half of its population.

6. Development of the banking market and increased coverage of the population with banking services. Currently, the African banking market is the second fastest-growing and most profitable among all regions in the world after the Asian market, with enormous potential due to the unbanked population, cash savings, credit products, and fintech. There is a development of neobanking as an alternative to mobile banking and an increase in the number and quality of regional financial marketplaces.

7. Increasing the number of non-bank credit organizations, especially in rural areas, in the interests of low-income populations. Primarily, these are credit consumer cooperatives and microfinance organizations.

8. Digitization of finance, expansion of CFA issuance, including those operating on the use of distributed ledgers, and the introduction of central bank digital currencies (CBDCs), which can make a real leapfrog in creating technology for converting electronic money into digital currency.

9. Increasing financial literacy (especially among the youth) and growing trust in financial institutions. Many countries in Sub-Saharan Africa include the establishment of financial literacy institutions in their economic development strategies.

10. The transition of African central banks from quantitative easing policies to interest rate-based monetary policies and the management of floating exchange rates of national currencies.

11. Improving the efficiency of public debt management, including the abandonment of the detrimental practice of financing government expenditures by central banks in most underdeveloped economies of Africa.

The Russian Federation should not remain on the sidelines of these events, having long-standing economic and friendly relations with most African countries and being one of the main actors in the restructuring of the global financial system [19]. Financial cooperation between Africa and Russia is primarily developing institutionally along the lines of BRICS (South Africa, Egypt, Ethiopia — BRICS members; Algeria, Nigeria, Uganda, Zimbabwe, Morocco, Senegal, Chad, Equatorial Guinea, Eritrea, and South Sudan — candidates, invitees, and confirmed intentions). In the context of sanctions pressure on Russia, the participation of African banks in the BRICS Pay International Payment System, based on transactions in national currencies, including their digital forms, is important.

It is advisable to establish Russian private payment infrastructure (cryptocurrency exchanges, electronic money platforms, microfinance organizations) in Sub-Saharan African countries and to activate cooperation with African multilateral and national development financial institutions.

Russia could participate in the promotion and dissemination of Islamic finance; in Sub-Saharan Africa, about 63% of the population practices Islam. Russia already has three years of experience in developing Sharia-compliant finance (in a secular sense, "partnership financing") under Federal Law No. 417.[14]

[14] Federal Law 'On Conducting an Experiment to Establish Special Regulation for the Purpose of Creating the Necessary Conditions for Partnership Financing Activities in Certain Constituent Entities of the Russian Federation and on Amendments to Certain Legislative Acts of the Russian

In the field of interstate cooperation within the framework of bilateral intergovernmental commissions (IGCs) on economics, the transfer of Russian economic and financial technologies in the areas of budgetary relations, public debt management, information technologies in public services, tax administration, and information security is necessary [20]. Currently, Africa is collaborating in these areas with international financial institutions and the Government of France (CFA franc zone). It is necessary to develop scientific and expert cooperation on priority areas of economic and financial development in the countries of the African continent.

The development of the financial system of the black continent, as well as the socio-economic development of Africa as a whole, is primarily linked to the liberation from colonial thinking and the gaining of confidence in implementing the concept of "collective reliance on one's own strength". A strategic priority should be the implementation of the African Union's plans to create pan-African financial institutions independent of Western influence, in accordance with Article 19 of the Afro-Union Constitution and the economic realization of the theme of the African Union Summit 2025 — "Justice for Africans and people of African descent through reparations".

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