



January 2026

Arthur Islamic Finance Market (AIFM) Index



NIGERIA'S ISLAMIC FINANCE DEVELOPMENT INDICATOR

ARTHUR ISLAMIC FINANCE MARKET INDEX (AIFMI): Your gateway to over 5 Islamic market segments data

Arthur Group is one of Nigeria's leading platforms driving the growth and institutionalisation of non-interest finance. The Group plays an active role across the value chain, providing advisory services, product structuring, capacity building, and governance support to financial institutions, corporates, government agencies, and professionals.

As part of its market leadership role, Arthur Group curates a comprehensive Islamic finance database that encompasses five key market segments, over twenty non-interest financial instruments, and more than one hundred Islamic financial institutions. This capability is delivered through the Arthur Islamic Finance Market Index, which provides structured insights into market development and supports informed strategy, investment, and policy decision-making in Nigeria's non-interest finance ecosystem.

The database provides Islamic finance markets stakeholders with:



5+ years Islamic finance industry financial data



5+ Islamic banks profiles



30+ Weighted Stock Market/Equities data across more than 20 sectors



10+ Sovereign Sukuk issuances data from FGN and Sub-Nationals



3+ Corporate and Listed Sukuk data



5+ Non-interest bank data and asset performance



Islamic Finance Education Information



Islamic finance events information

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Arthur Group - an accredited member of the Securities and Exchange Commission (SEC) and one of Nigeria's leading providers of Islamic financial markets investment advisory, data, and infrastructure- partners with global leaders in Islamic finance. With more than \$1 million in revenue and over 500 customers nationwide, Arthur Group powers participants in the Nigerian Islamic financial marketplace. We deliver information, insights, and technology that enable confident investing, trading, and risk decisions. By blending a unique open platform with best-in-class data and expertise, we connect people to choice and opportunity, driving performance, innovation, and growth for customers and partners

Contents

NIGERIA'S ISLAMIC FINANCE DEVELOPMENT INDICATOR	i
AIFM INDEX FRAMEWORK	04
MARKET INSIGHTS: AIFM INDEX IN 2025	05
Overall Index Performance	06
Equities	07
FGN SUKUK	08
Corporate SUKUK	09
Sub-National SUKUK	10
Non-Interest Banking	11



AIFM INDEX FRAMEWORK

The Arthur Islamic Finance Market Index (AIFMI) provides Islamic finance stakeholders such as governments and financial institutions a detailed analysis of the key factors driving the development and growth of the industry in Nigeria.

The AIFMI provides a vital tool in guiding policy and growth within the industry by measuring changes in the indicator and its underlying components over time and across different market segments. The AIFMI also gives an indication of the strength of the ecosystem behind the industry's overall development as well as the size and growth of the different market segments.

Collation of Data

The AIFMI results are presented as aggregate values of performance of key segments of the Islamic Finance Market in Nigeria.

Grouped to create BCM leading indicators such as Production, Investment, Export, Demand Conditions, Prices, etc

Weighting Process

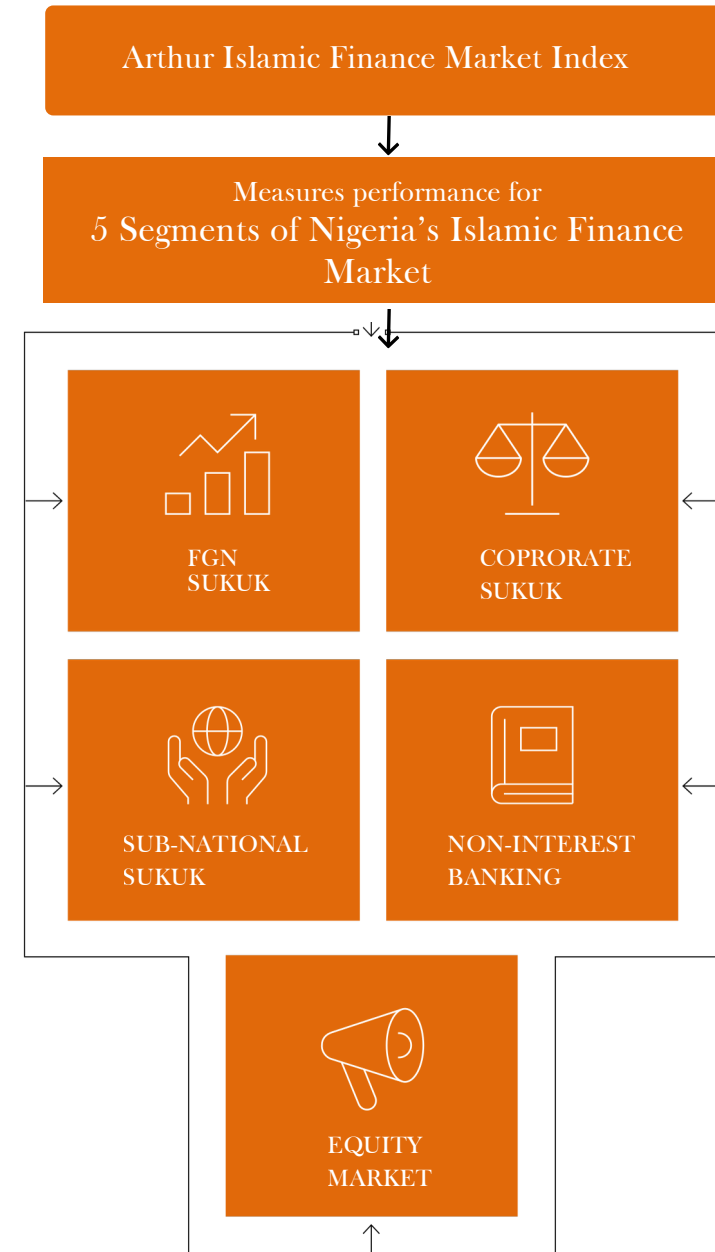
Each indicator is weighted across five (5) stages of the weighting system. Group metrics into four pillars with default pillar weights (can be policy-tuned):

Size & Activity (30%)	Liquidity (30%)	Breadth & Participation (20%)	Quality & Resilience (20%)
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Each indicator's weights are applied to derive a weighted average.

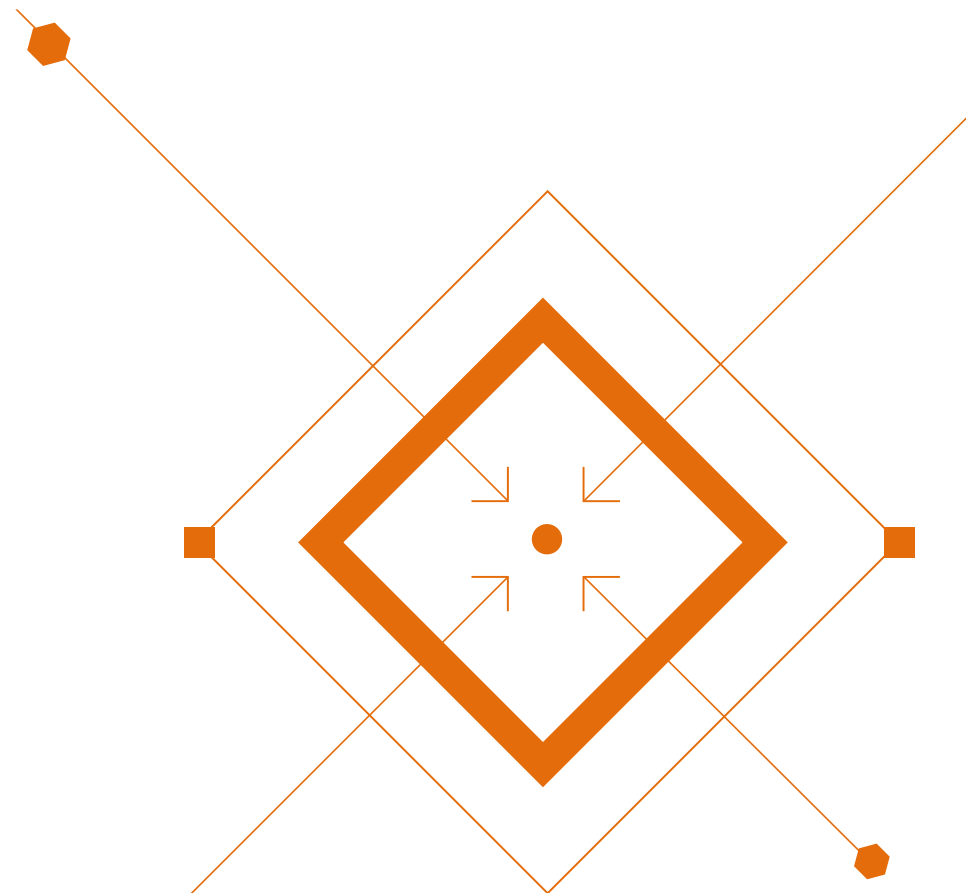
AIFM Index Results

- The products of the aggregate of each weighting system's results in Nigeria's Islamic finance market.
- AIFM Index and sub-indices range from 0 to +100.
 - 0-20: Nascent Stage
 - 21-40: Foundational Stage
 - 41-60: Emerging Stage
 - 61-80: Growth & Integration Stage
 - 81-100: Advanced & Mature Stage





Market Insights: AIFM Index in January 2026



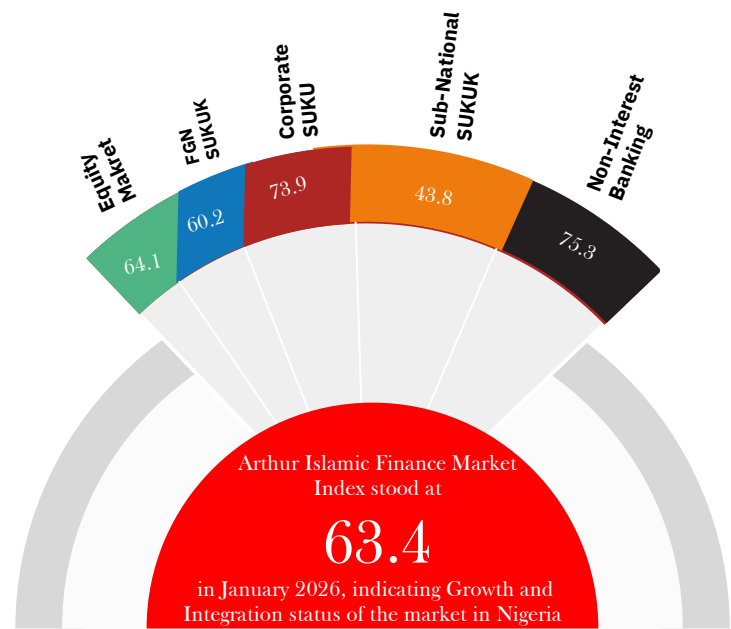
Nigeria's Islamic Finance Market in January 2026

Nigeria's Islamic finance market maintained its emerging status into January 2026, as shown by the Arthur Islamic Finance Market Index composite score of 63.4, up from 63.1 in December 2025, signalling continued deepening across segments amid stabilising macroeconomic conditions. Monthly data indicate a modest upward trend from prior months, with the index curve reflecting sustained activity post-2025's strong sovereign sukuk momentum and non-interest banking growth. This positions the market firmly in the "Growth & Integration" band (above 60), driven by policy maturity and investor confidence, though external pressures, such as global rate shifts, may test resilience early in the year.

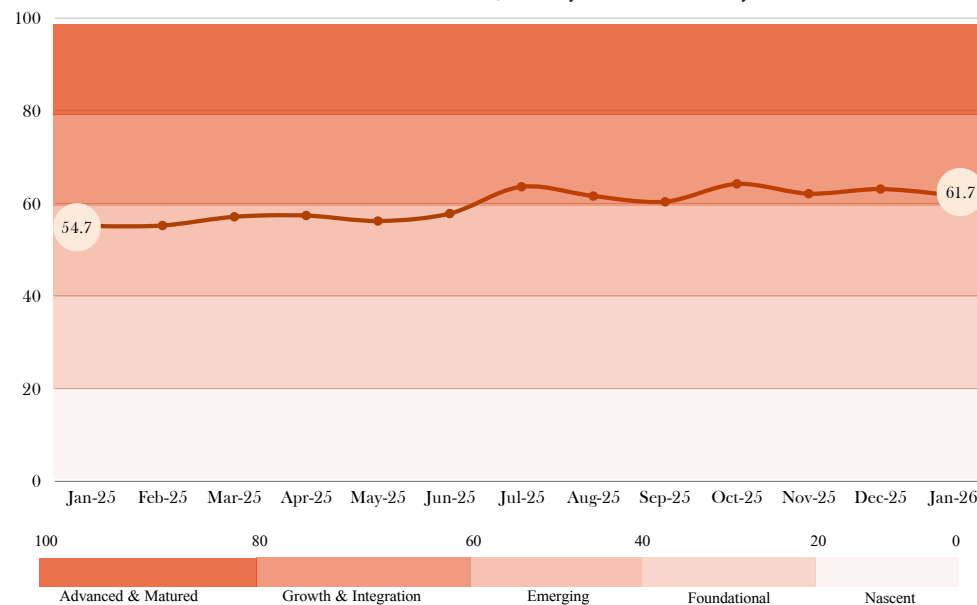
Component developments highlight balanced progress: non-interest banking (previously ~72.1) and corporate sukuk (prior 73.6) are likely to sustain leadership, while federal sovereign sukuk benefited from rental payments on outstanding Series VII issuances and anticipation of new tranches or the debut of the US\$500 million global sukuk. Equity (64.1) and sub-national segments (43.9) showed relative lags, but market performance improved (prior scores ~46 and 45.8), with trends pointing to potential state issuances if FAAC inflows improve. Overall, January's index stability underscores spillover from 2025 reforms, with sukuk outstandings and non-interest assets expanding to support infrastructure under the Renewed Hope Agenda of the Nigerian government.

Policy continuity shaped early 2026 dynamics: CBN's non-interest tools (NNMRA, CNI-ABS, CNIN) ensured liquidity parity, while FRC's rollout of AAOIFI standards enhanced transparency for issuers and investors. SEC's non-interest capital market initiatives targeted N2 trillion+ valuation, and DMO's sukuk pipeline signalled fiscal reliance on ethical debt. These actions, reflected in the index's January uptick, affirm Nigeria's strategic pivot toward Islamic finance for inclusion and diversification, with the 66.9 score validating a maturing ecosystem poised for accelerated growth.

Arthur Islamic Finance Market Index & Other Indices in January 2026



Arthur Islamic Finance Market Index in January 2026 (Monthly)



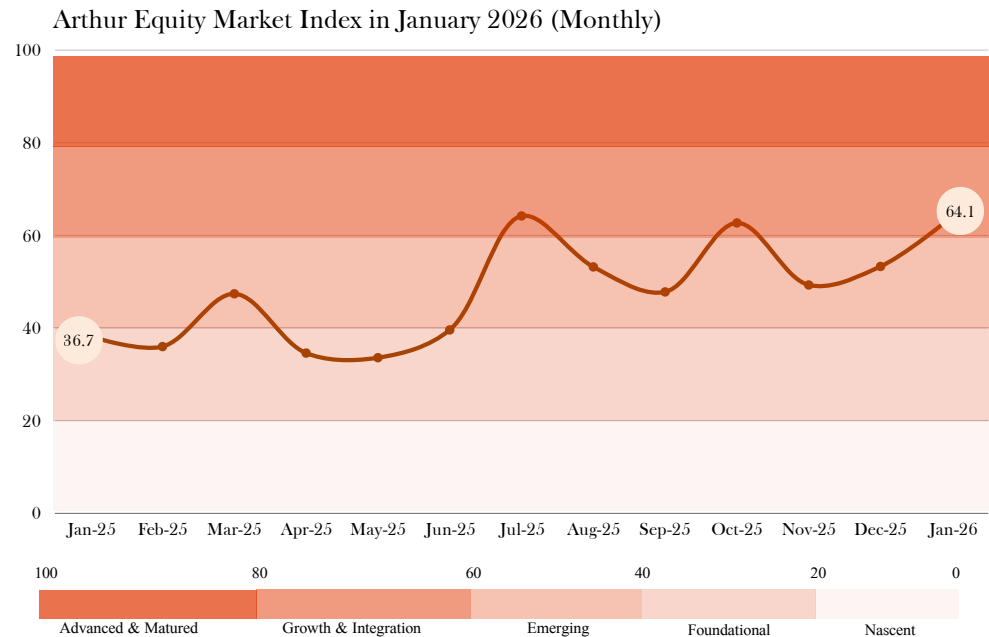
Equity Market Performance in January 2026

In January 2026, the Nigerian capital market reached a pivotal milestone, as reflected in the Arthur Equity Market Index, which climbed to 64.1. This represents a significant long-term recovery from its January 2025 foundational level of 36.7, effectively elevating Nigeria's market status to the "Growth & Integration" phase. This index score aligns with the broader NGX All-Share Index (ASI) performance, which surged to 165,370.40 points by month-end, delivering a robust 6.36% month-to-date gain.

A historic high was recorded during the second week of January, when market capitalisation decisively crossed the N100 trillion mark for the first time, eventually settling at N106.15 trillion. Sectoral trends within the Lotus Halal ASI and the wider NGX were characterised by intense "accumulation" and "markup" phases. Shariah-compliant assets saw sustained demand, with the Lotus Halal Equity ETF (LOTUS) maintaining a "Strong Buy" technical rating.

The market experienced extreme volatility and high-reward opportunities, particularly in penny stocks; for instance, DEAPCAP and SCOA recorded astronomical gains of 394% and 345%, respectively. However, the graph in the uploaded image highlights that this growth was not linear, showing several sharp dips throughout 2025 (notably in April and November) before the final January 2026 rally. This volatility suggests that while the market is integrating, it remains sensitive to short-term liquidity shifts and profit-taking cycles.

Policy actions and macroeconomic signals provided the necessary scaffolding for this expansion. The Securities and Exchange Commission (SEC) kicked off 2026 by enforcing revised minimum capital requirements and registration renewals for Capital Market Operators to ensure systemic stability.

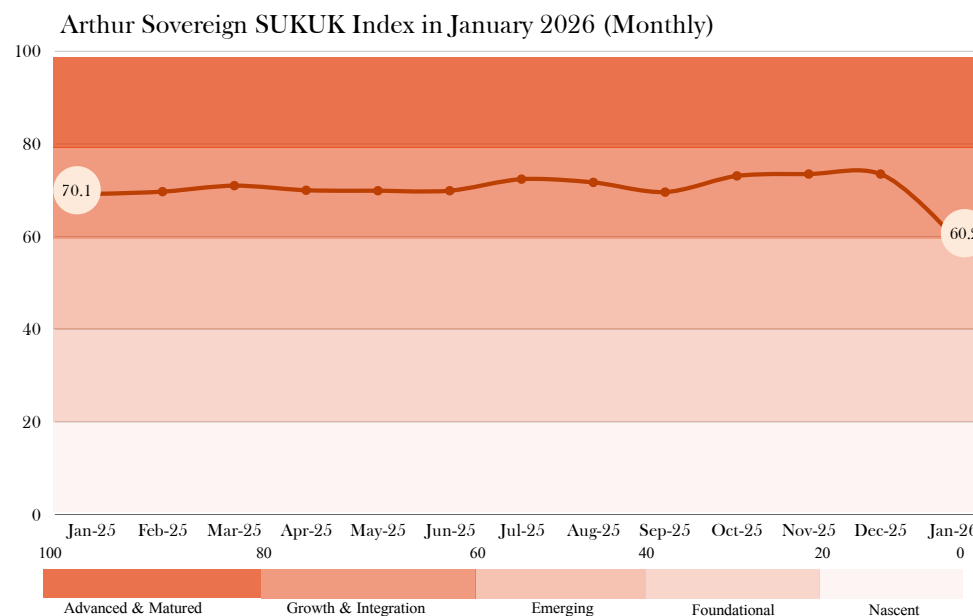
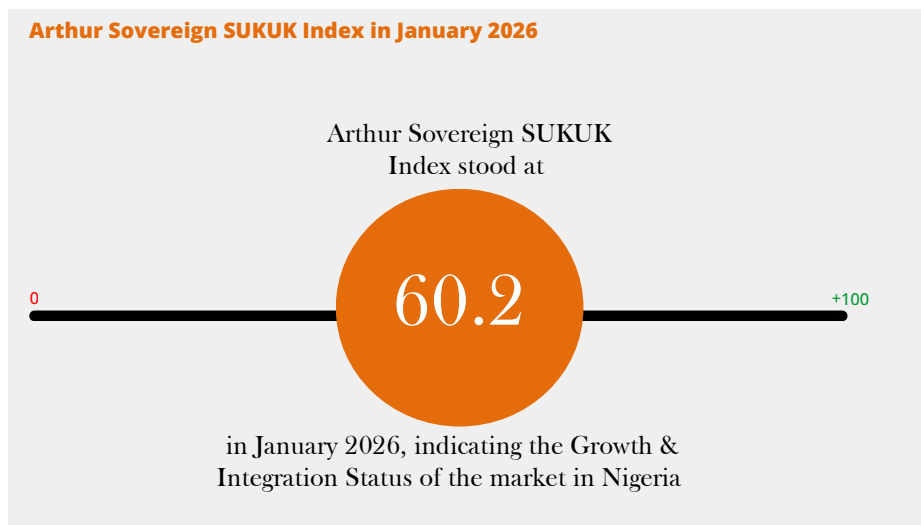


Sovereign SUKUK Market Performance in January 2026

In January 2026, the Federal Government (FG) Sukuk market mirrored the broader "Growth & Integration" phase of the Nigerian capital market, a status validated by the Arthur Islamic Finance Market Index, which reached a score of 60.4 during the month. This classification indicates that sovereign ethical instruments are successfully transitioning from a niche segment to a national pillar of the financial system. The market trend showed a steady alignment with the wider fixed-income landscape, where high investor appetite for sovereign debt remains the dominant theme, though Sukuk yields have had to remain competitive against conventional benchmarks that saw significant repricing in early 2026.

Significant market developments were driven by a major liquidity event: the maturity of approximately N1.03 trillion in FGN bonds on January 22, 2026. This massive inflow into the banking system forced investors to seek immediate reinvestment opportunities, boosting secondary-market activity for existing Ijarah (Lease) Sukuk instruments. However, the Sukuk segment faced yield competition from the conventional bond market, where the Debt Management Office (DMO) raised N1.54 trillion in an oversubscribed January auction. With 364-day Treasury Bill stop rates reaching as high as 18.47%, investors have become increasingly sensitive to the term premium, closely monitoring Sukuk yields—which previously reached 19.75% for 7-year tenors—to ensure ethical returns remain in sync with the current high-interest-rate environment.

Policy actions in January focused on managing Nigeria's N17.89 trillion budget deficit through aggressive domestic borrowing and structural reforms. Meanwhile, the DMO's strategic focus on long-term instruments and the anticipated launch of a new sovereign Sukuk series for 2026 suggest a policy shift toward locking in long-term infrastructure funding.

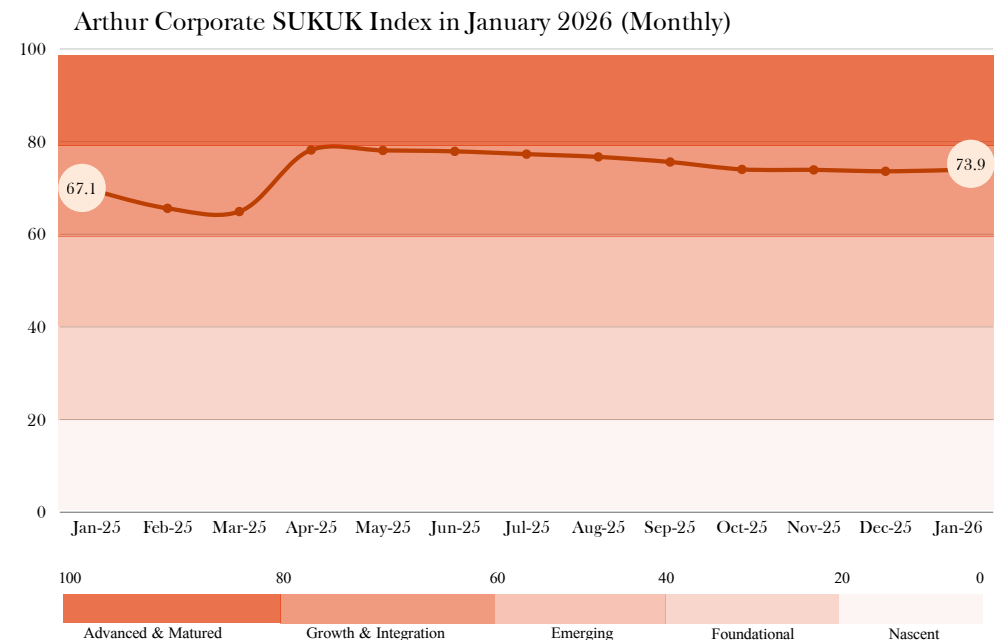
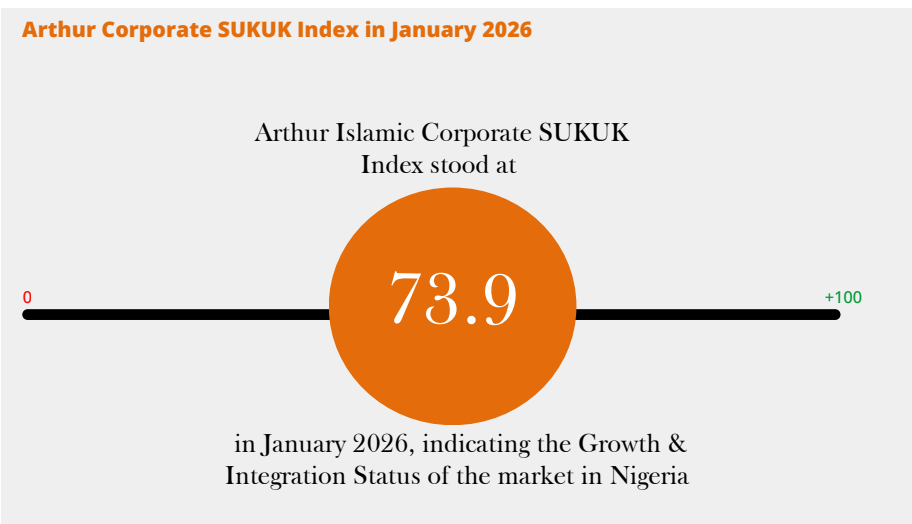


Corporate SUKUK Market Performance in January 2026

The Arthur Corporate SUKUK Index reached a robust score of 73.9 in January 2026, firmly positioning the segment within the "Growth & Integration" status. This performance represents a steady upward trajectory from its 67.1 score in January 2025, signalling that corporate ethical instruments are successfully shaking off their "niche" label to become a fundamental pillar of the Nigerian financial landscape. Notably, the corporate sector outperformed the sovereign Sukuk segment, which ended the month at 60.2, suggesting that private-sector issuers are currently leading the charge in market integration and investor engagement.

A primary driver for this growth has been the strategic shift of Islamic finance from a secondary market to a "national pillar". This development is bolstered by the rapid expansion of the market through innovative instruments, which are acting as a significant catalyst, helping the non-interest capital market reach a total value of approximately N1.6 trillion by the start of 2026.

Policy actions in January 2026 were defined by a final push toward the Central Bank of Nigeria's (CBN) Q1 2026 deadline for Islamic banks to meet revised minimum capital requirements. This regulatory pressure spurred a flurry of activity as institutions sought to bolster their balance sheets through Sharia-compliant issuances. Simultaneously, the Securities and Exchange Commission (SEC) continued its aggressive push toward a target of listing 50 Sharia-compliant products with a combined market capitalisation of N5 trillion, providing the structural scaffolding needed to move the Corporate SUKUK Index closer to the "Advanced & Matured" threshold (80+) in the coming months.

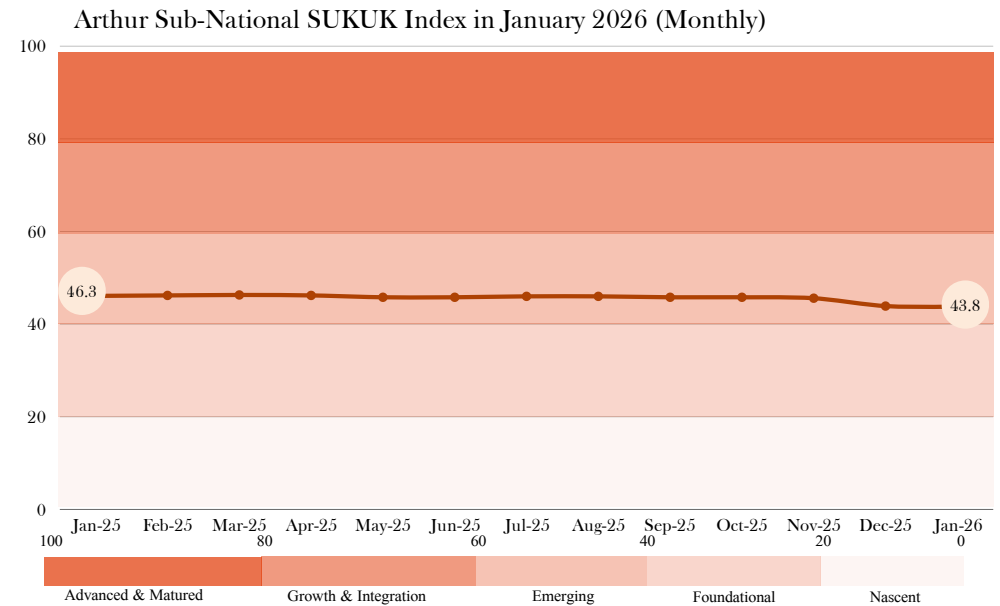
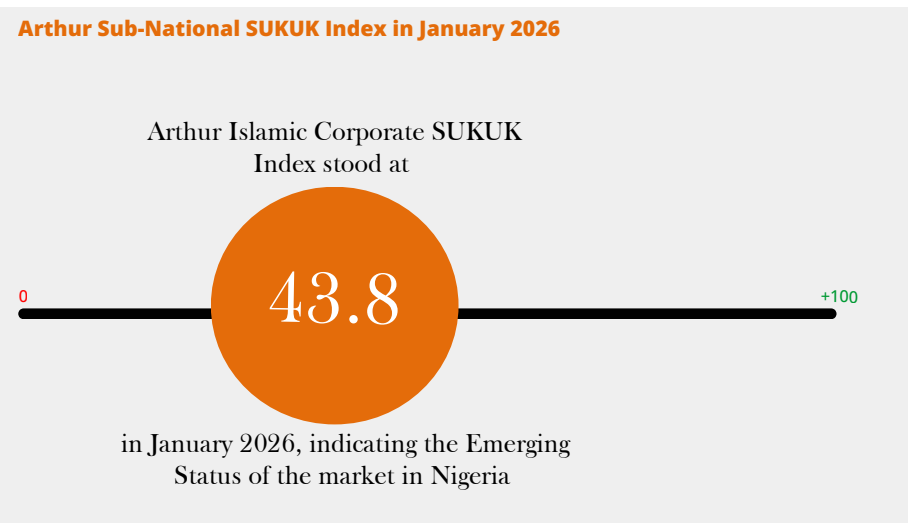


Sub-National SUKUK Market Performance in January 2026

The Arthur Sub-National SUKUK Index recorded a score of 43.8 in January 2026, categorising the segment as having an "Emerging" market status. This score indicates a subtle year-on-year contraction from the 46.3 foundation established in January 2025, suggesting that state-level participation in the ethical finance market is currently stagnating compared to other segments, such as Corporate Sukuk, which has already moved into the "Growth & Integration" phase. While the sub-national market remains above the "Foundational" threshold (40), the current index level reflects a period of consolidation where states are navigating high-interest benchmarks and the complexities of Shariah-compliant project selection.

The primary trend impacting the sub-national market is a cautious stance by state governments amid significant shifts in system liquidity. Consequently, while the Federal Government continues to leverage Sukuk for nationwide road and bridge infrastructure, individual states, such as Osun, which pioneered state-level Sukuk, are facing challenges related to Shariah governance standardisation and the need for more liquid secondary trading platforms to attract retail investors.

Policy actions at the start of 2026 are focused on creating a more enabling environment to transition the sub-national market from "Emerging" to "Growth." The States' Action on Business Enabling Reforms (SABER) workshop highlighted a strategic push to align state fiscal frameworks with the transparency and accountability requirements of ethical finance.

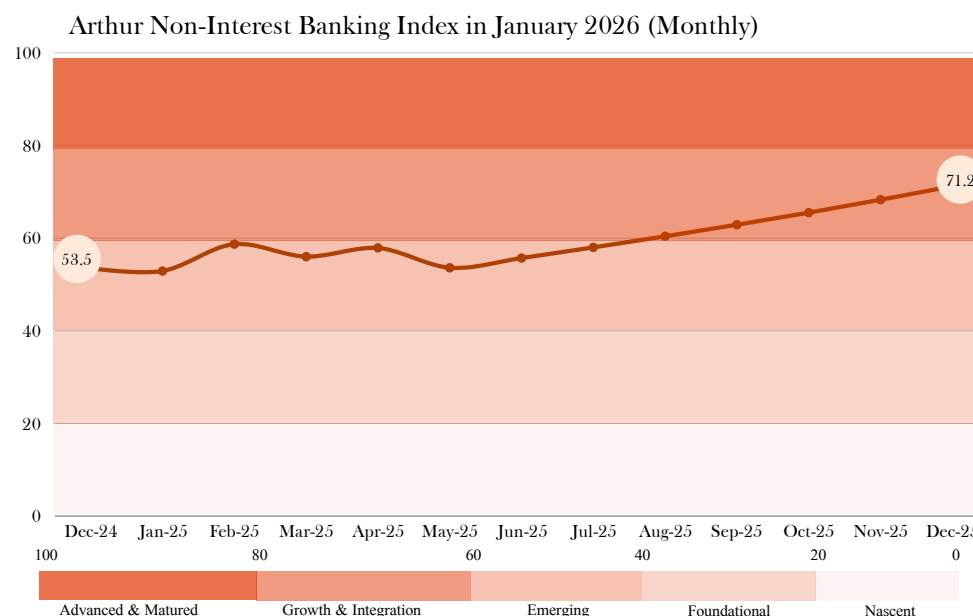


Non-Interest Banking Performance in January 2026

The Arthur Non-Interest Banking Index reached a significant milestone in January 2026, closing at 75.3 points and firmly maintaining its "Growth & Integration" status. This performance represents a consistent, robust upward trajectory from its foundational score of 53.5 in December 2024, highlighting a nationwide surge in the adoption of ethical financial services. As the market moves closer to the "Advanced & Matured" threshold of 80, this growth reflects the successful transition of Islamic finance from a niche segment to what industry leaders now define as a "National Pillar" of the Nigerian economy.

Developments in January were dominated by the final stretch of the Central Bank of Nigeria's (CBN) recapitalisation exercise, which carries a fast-approaching deadline of March 31, 2026. Leading non-interest institutions, including Jaiz Bank, Lotus Bank, and TAJBank, have proactively beefed up their capital bases to meet the revised minimum thresholds of N20 billion for national and N10 billion for regional licenses. Despite currently accounting for approximately 1.7% of Nigeria's total banking assets, the sector is seeing a trend toward "ethical banking for everyone," with institutions like The Alternative Bank (AltBank) signalling an aggressive growth push into sectors with high developmental impact, such as agriculture, healthcare, and renewable energy.

Policy actions at the start of the year have focused on deepening transparency and institutionalising non-interest finance within the broader regulatory framework. On January 29, 2026, the Financial Reporting Council (FRC) of Nigeria issued critical guidelines on the integration of non-interest finance reporting standards, aimed at harmonising the accounting treatments for profit-and-loss sharing and asset-backed arrangements. Furthermore, the market is being catalysed by the Central Bank of Nigeria (CBN)'s Payment Vision 2028, which seeks to leverage non-interest fintech solutions to expand financial inclusion among the unbanked and MSME segments.





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