

# Executive **Summary.**

The Nigerian Online Trading Portals Ranking **Report** 2023

## An Eye on the **Capital Markets** **Digital Future; Matters Arising.**



# Your economic and financial information search ends here.



**Subscribe**

☎ 0700-PROSHARE  
✉ info@proshare.co  
🌐 www.proshare.co 🐦 @proshare 📺 proshare.co

**Proshare.**

# Contents



## Executive **Summary.**

|   |  |          |
|---|--|----------|
| ④ | What the <b>Report</b> Covered         | <b>2</b> |
| ④ | Executive <b>Summary</b>               | <b>3</b> |
| ④ | Previous Online Trading <b>Reports</b> | <b>5</b> |
| ④ | Advice To Users Of This Report         | <b>6</b> |
| ④ | Contacts                               | <b>7</b> |
| ④ | Recent Reports                         | <b>8</b> |

## What the **Report Covered.**

- ④ **Executive Summary**
- ④ **Online Trading Landscape**
  - ④ The Global Market Size, Growth, and Projections
  - ④ Current State and Trends in Nigeria
- ④ **Nigeria's Online Trading Market: The Rankings.**
- ④ **Technology and Innovation in Nigeria's Online Trading** – Role of AI, 65ML, and Blockchain in Online Trading.
- ④ **Regulatory Environment and Legal Considerations** of Nigeria's Capital Markets Digital Future.
- ④ **Conclusion and Recommendations**
  - ④ Implications of Survey Report on Capital Markets Digital Future.
  - ④ Outlook on Nigeria's Capital Markets Digital Future.
- ④ **Methodology**
- ④ **References/Related Reports and Videos.**
- ④ **Acknowledgements.**
- ④ **Advice To Users of this Report.**
- ④ **Contacts.**



 **Download.**





## Executive Summary.

Nigeria's capital market has been trapped in a time warp. Some aspects of regulatory reviews and operator activity have kept up with contemporary global developments, but several have been frozen in deep ice and require thawing. For example, digital transactions have been on the ascendancy. Investors have increasingly chosen mobile devices to execute market transactions as they assess their investment portfolios 'to-go' or while walking down rural or urban pathways or dirt roads. The new investor has no patience for bureaucracy, intolerance for slowness, and no desire for excuses. In the new investment world, the market continuously moves digital orders based on investor sentiments and analysis. The market's **state of play** aligns with investor expectations.

Investors have insisted that market regulators adopt agility and flexibility in meeting clients changing experiences. Younger investors, for example, are interested in cross-border equity purchases, but the framework is still at the sandbox stage with the likes of Chaka and Bamboo as registered digital sub-brokers (we note that Bamboo did not appear amongst Securities and Exchange Commission's (SEC's) most recently available list of approved operators).

The rise in digital platforms for capital market transaction settlements has meant a rapid review of regulatory guardrails for digital payment, settlements, and data governance systems. The markets are all up for regulatory revisions, from equities to bonds to commodities to digital assets. According to a **Proshare** market analyst, *'The regulatory environment needs to change with the generative AI realities and the emerging shifts in trading frameworks, the market is yet to develop the rules for high-frequency trading, cross border continental trading (within the context of the African Free Continental Trade Agreement (AfCFTA)) and a resolution of ownership rules of market infrastructure (MI) like the Central Securities and Clearing System (CSCS). We appear to be major in a minor league of global equity and debt markets, although the debt market has shown sizzle.'*

The analyst also noted that contrary to efforts at portraying capital markets as a platform for shared wealth or the '**democratisation**' of equity ownership. *'The markets are platforms for value exchange and not contraptions for financial equality or the spread of fiscal democracy'*. He noted, *'As artificial Intelligence (AI) spreads speed, predictiveness, and efficiency, those with digital awareness and skill will outperform those without it. The market, as always, will create winners and losers; the difference will be that the winners will be aided by predictive technology and superior information. The Rothschild's rumoured WW1 **red handkerchief trick**' still works, but only just.'*

The Nigerian capital market still needs to cope with the regulatory framework for the increasingly popular non-interest-based financial instruments such as **Sukuk**, **Mudaraba**, and **Musharaka**. For example, the framework for non-interest-based derivatives would initiate a floodgate of propositions to integrate the arrangements into a Western-style market mechanism. Is a Sukuk supposed to be a zero-coupon instrument, given that a coupon can be considered to have interest rate equivalence? The problem with Nigeria's Sukuk bonds is that the federal or state governments make bond repayments from general fiscal revenues rather than generating repayment cash flows from the projects constructed. The market may need to rethink the local Sukuk framework to restrict payment



of the bond to cash flows generated by the project or venture to ensure that the repayment structure does not fall under what may be considered under ethical financial rules as '*Riba*' or unlawful.

The capital market in 2024 will need to work fast at redefining and reshaping itself to fit emerging investor expectations. With the Nigerian economy stuck in a growth rut (Q3 GDP growth was 2.51%) and a rising headline inflation rate (28.20% in November 2023), the capital markets will see greater volatility as investors try to protect their returns from the adverse consequence of the country's declining economic fortunes. Higher inflation indicates lower real return on investor funds, and a slower growth rate suggests that corporate earnings will be depressed in months to come. These facts should typically lead to lower market returns, but in a queer twist of events, Nigeria's equity market is blistering ahead. The Nigeria Exchange Limited's (NGX's) All Shares Index (ASI) rose by 25.53% year-to-date (YTD) as of July 2023 despite the Q1 2023 cash withdrawal challenges and the massive supply chain and cash payment and settlement disruptions in the quarter. As of December 2023, the NGX Index has risen to 41%, the conglomerates sector has risen by 335.67% YTD, the Healthcare sector by 192.4%, the Power sector by 167.8%, the Services sector by 161.6%, and the ICT sector by 147.41%. Despite the popular notion that banks are the hottest property on the Exchange, the sector has only grown by 72.17% YTD. Proshare's Toni Index is over 254%, ahead of the Healthcare and Power Indexes.

The commodities market has been mixed, reflecting difficult global economic conditions, and falling international inflation rates in America and Europe. Gold was up 12.43% YTD, Brent was down 9.62% YTD, Silver was up 2.25% YTD, and Palladium was down by 33.95% YTD. The commodities market in 2023 has been fussy, with oil showing signs of volatility as global **political disruptions** and **economic fragmentation** build uncertainty across markets. By 2024, the trend will likely persist, with investors keeping a tidy sum in a 'safe haven' asset like gold or the dollar. However, there is a possibility of interest rate cuts in Europe and America in Q2 2024 as the governments of the various Western economies ease monetary policy tightening, leading to lower interest rates and a reallocation of investor portfolios in search of superior returns in riskier markets.

This edition of Proshare's Online Trading Report keeps faith with the old report format but represents the last of the Mohicans or the end of an era. The future Reports will take a broader approach to market trading by bringing in trading data and analysis from the equity markets, including the Over the Counter (OTC) Market (NASDAQ), the commodities market (AFEX and LCFE), and the Fixed Income Market (the NASD). The wider breadth of coverage would provide a deeper insight into online trading activities across the various asset classes and provide market participants with a birds-eye view of market size, growth, complexity, and relative rewards.

The 9th Edition of the **Proshare Online Trading Ranking Report** is segmented into five sections. **Section 1** takes a global view of the online trading landscape. It delves into the dynamic landscape of global online trading by providing an overview of the global market size, growth trajectory, and future projections. It also extends to Nigeria's current state and emerging trends, presenting a nuanced understanding of its online trading scenario. The section provides vital indicators and market dynamics to establish a foundation for subsequent discussions on Nigeria's position in the online trading ecosystem.

**Section 2** focuses on Nigeria's online trading market rankings by exploring users' experiences and investors' perspectives. It evaluates the user interface, accessibility, and overall experience of online trading platforms. Additionally, it delves into the viewpoints of key stakeholders by reviewing their



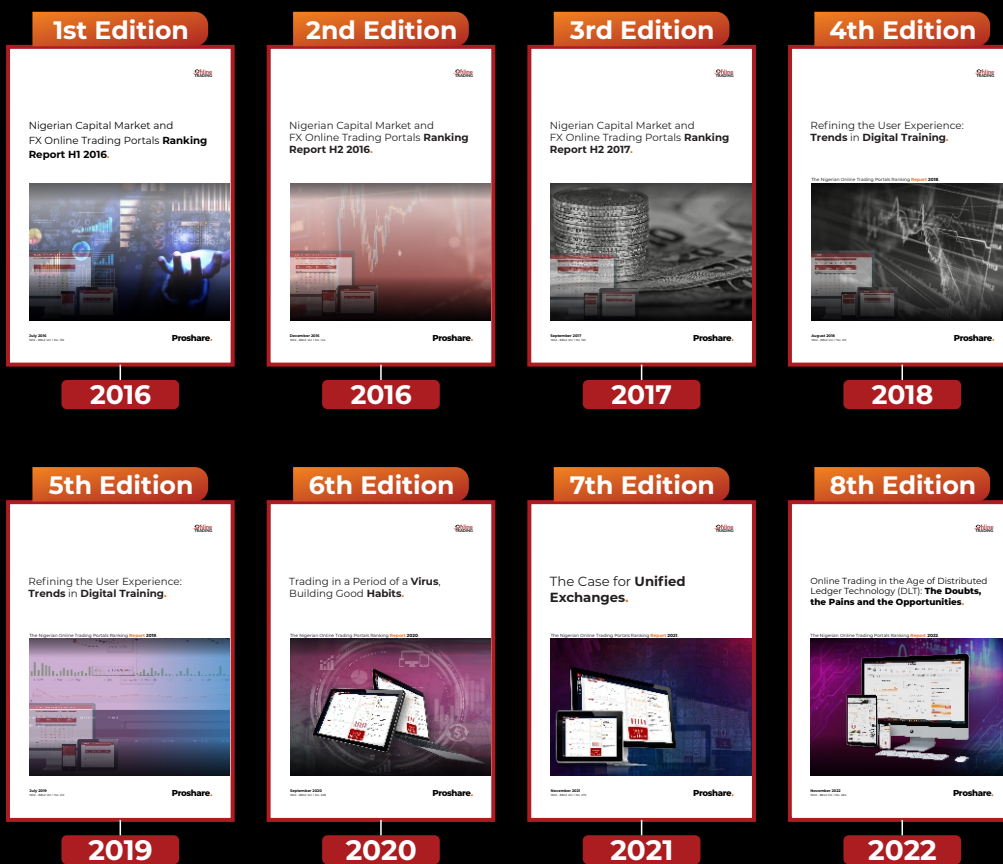
expectations, challenges, and the factors influencing their decision-making process.

**Section 3** turns towards the pivotal role of technology and innovation in shaping Nigeria's online trading landscape. The section reviews the impact of emerging disruptive technologies on artificial intelligence (AI), machine learning (ML), and blockchain technologies, among others, on online trading practices. The section provides a forward-looking perspective on how technological innovations contribute to Nigeria's online trading efficiency, security, and advancement.

**Section 4** explores the regulatory framework and legal considerations surrounding Nigeria's evolving digital future in the capital markets. It explores the potential impact of regulatory changes on market participants, ensuring an understanding of the legal framework that will govern Nigeria's capital markets' digital future.

**Section 5** concludes with the implications of the survey report for Nigeria's capital markets digital future. It provides insights into the outlook for the capital markets, considering the evolving digital landscape. Furthermore, the section offers recommendations based on the analysis to guide stakeholders and policymakers toward fostering a resilient and innovative digital future for the capital markets.

## Previous Online Trading Reports.





## Advice To Users of this Report.

Proshare, founded in 2006, is a trusted professional practice and financial information hub, dedicated to serving as a critical bridge between the market, investors, regulators, and stakeholders. Through the delivery of credible, reliable, and timely engagements, we assist the marketplace to shape thought-led conversations premised on evidence-based insights that hold the firm accountable in a collaborative manner.

### Practice Ethos and Disclaimer

Proshare does not guarantee any results or investment returns based on the information contained in its reports. Although we have used our best efforts to provide the most accurate information, we cannot promise the future profitability of your undertakings and do not promise verbally or in writing that you will earn a profit when or if you use the information contained therein; or take the actions that might have been prescribed here by the author, our analysts or information available on [www.proshare.co](http://www.proshare.co). Ultimately all decisions are made by you. There is the risk of loss in all trading and investing decisions, as past performance is not necessarily a guide to future performance, and all investments can go down as well as up.

### Copyright

The copyright in this work belongs to Proshare. Please direct permission request to the MD/CEO of Proshare Ltd. This work is licensed under the Proshare trademark and Copyrights Laws of the Federal Republic of Nigeria and is registered accordingly at the National Library and other relevant agencies. Proshare's Reports are a critical part of Proshare's education, empowerment, and enlightenment. It is designed to provide market impact commentary on economic, financial, and business developments. While the partners and acknowledged references are responsible for their work, the report issued is designed to document facts.

### Creation Date

This report was published on December 19, 2023 and is based on the best publicly available information at that time. This PDF version was created on December 19, 2023. To check for updates, kindly send us an e-mail via [content@proshare.co](mailto:content@proshare.co). Thank you.

Head, Research Services

Managing Editor/CE



## Contacts.

### Editorial Team:

This report was put together by Proshare Research led by Saheed **KIARIBE**, Director of Data, Content, and Stakeholder Engagement; and Teslim **SHITTA-BEY**, Director of Proshare Impact Research and Market Intelligence. Production of report put together by **Proshare** Graphics.

#### Team Leads

Tosin **IGE** - *Head, Research Services*

#### Team Members

Ademidun **SHOGO**, *Analyst*

Terver **AUDU**, *Analyst*

Busola **OLUFOWORA**, *Analyst*


#### For further details, **contact:**

Teslim **SHITTA-BEY**  
[teslim.bey@proshare.co](mailto:teslim.bey@proshare.co)

Saheed **KIARIBE**  
[saheed.kiaribe@proshare.co](mailto:saheed.kiaribe@proshare.co)

Oluwadara **ONIOSUN**  
[corporateservices@proshare.co](mailto:corporateservices@proshare.co)

Jumoke **ADEYEYE**  
[clientservice@proshare.co](mailto:clientservice@proshare.co)

 Plot 590b, Lekan Asuni Close,  
Off Toyin Omotosho Street,  
Omole Phase 2, Isheri Olowora  
Ikeja, Lagos, Nigeria **PC: 105102**  
Tel: **0700 – PROSHARE**  
E-mail: [info@proshare.co](mailto:info@proshare.co)

 [www.proshare.co](http://www.proshare.co)  
 +234 805 585 2156  
 +2349 024 075 284  
 @proshare  
 Proshare.co  
 proshare.co  
 Proshare.co



**Market  
Intelligence.**



**Impact  
Research.**



**Digital  
Media.**



**Strategic  
Advisory.**



**Stakeholder  
Relations.**



# Recent Reports.

**Reassessing Tier 1 Bank: The New Class of 2023.**



**Q2 2023: The Nigerian Capital Market Service Report.**



**2023 Macro Economic Outlook.**



**Nigeria's Capital Market at a Crossroads; Working Towards a New Normal.**



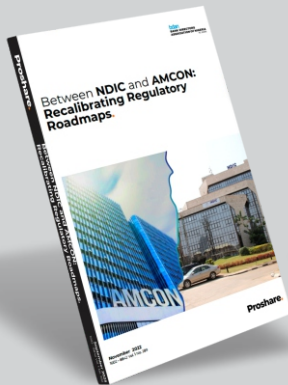
**CEO in a Post Covid Era - What Matters Most.**



**Online Trading in the Age of Distributed Ledger Technology (DLT): The Doubts, the Pains and the Opportunities.**



**Between NDIC and AMCON: Recalibrating Regulatory Roadmaps.**



**Anatomy of Crude Oil Theft in Nigeria: Understanding the Craft, Impact and Implications.**



**Nigeria's Banking Industry: The Case for Redefining Tier 1 Banks.**



# Proshare.

 **Market Intelligence.**

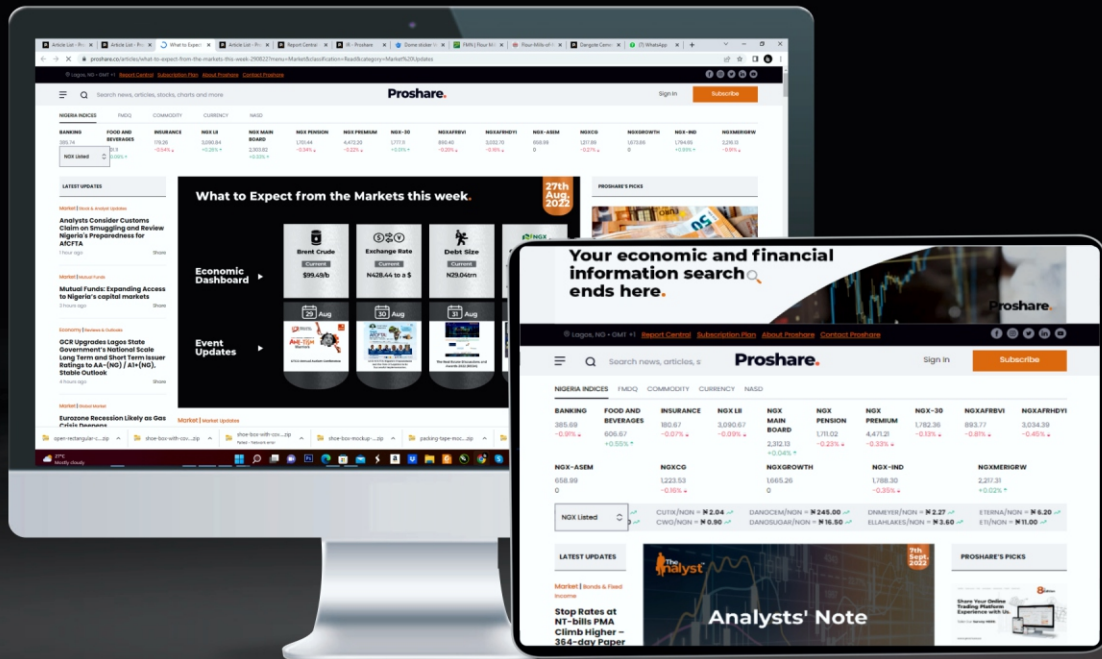
 **Impact Research.**

 **Digital Media.**

 **Strategic Advisory.**

 **Stakeholder Relations.**

From Highlights to *Insights.*



☎ 0700-PROSHARE  
 ✉ Info@proshare.co  
 🌐 www.proshare.co 🐦 @proshare 📺 proshare.co

**Proshare.**

