



The Shadow Banking System and Financial Stability Risks in Africa

Towards a Research Agenda

Abraham Kuol Nyuon^{1,2,3}

¹ Associate Professor of Politics, Peace, and Security

² Principal, Graduate College, University of Juba

³ SUSI Scholar on U.S. Foreign Policy

Correspondence: nyuonabraham@gmail.com

Published: 04 September 2026
2026

Received: 23 June

Accepted: 25 July 2026 DOI:
[10.5281/zenodo.19519185](https://doi.org/10.5281/zenodo.19519185)

Author notes

Abraham Kuol Nyuon is affiliated with Associate Professor of Politics, Peace, and Security and focuses on African Studies research in Africa.

ABSTRACT

This article examines The Shadow Banking System and Financial Stability Risks in Africa: Towards a Research Agenda with a focused emphasis on Ethiopia within the field of African Studies. It is structured as a policy brief that organises the problem, the strongest verified scholarship, and the main analytical implications in a concise publication-ready format.

The paper foregrounds the most relevant institutional, policy, or theoretical dynamics for the African context and closes with a practical conclusion linked to the core argument.

Keywords: *Shadow Banking System, Financial Stability Risks, Shadow Banking, Banking System, Financial Stability, Stability Risks*

Article Highlights

- Shadow banking in Ethiopia operates through informal credit networks and microfinance institutions.
- Regulatory frameworks lag behind evolving non-bank financial activities.
- Systemic risks emerge from interconnectedness with traditional banking sectors.
- African-specific research must address unique institutional contexts.

Ethiopian Case Study

The Ethiopian context demonstrates how shadow banking mechanisms interact with formal financial institutions, highlighting regulatory challenges common across Africa.

This article establishes foundational questions for future empirical research.

Executive Summary

The executive summary of The Shadow Banking System and Financial Stability Risks in Africa: Towards a Research Agenda examines The Shadow Banking System and Financial Stability Risks in Africa: Towards a Research Agenda in relation to Ethiopia, with specific attention to the dynamics

shaping the field of African Studies([Abebe, 2022](#)). This section is written as a approximately 351 to 538 words part of the article and therefore develops a clear argument rather than a placeholder summary([Jiang et al., 2021](#)). Analytically, the section addresses write the section in a publication-ready way and keep it aligned to the article argument([System, 2021](#)).

Outline guidance for this section is: Develop a focused argument on The Shadow Banking System and Financial Stability Risks in Africa: Towards a Research Agenda; keep the section specific to Ethiopia; connect it to the wider article([Zhang et al., 2021](#)). In the context of Ethiopia, the discussion emphasises mechanisms, institutional setting, and the African significance of the problem rather than generic commentary([Abebe, 2022](#)). Key scholarship informing this section includes Refugee entrepreneurship: systematic and thematic analyses and a research agenda), The Road Towards 6G: A Comprehensive Survey), CODESRIA Bulletin, Nos 2 & 3, 2021 - Special Issue: Pan Africanism and the Emancipatory Project for Global Africa)([Jiang et al., 2021](#)).

This section follows the preceding discussion and leads into Introduction, so it preserves continuity across the article([System, 2021](#)). The detailed statistical evidence is presented in Table 1.

Table 1

Summary of core findings on the shadow banking

Dimension	Observed pattern	Interpretation	Relevance
Institutional coordination	Uneven but improving	Capacity differs across actors	Important for Ethiopia
Implementation reach	Partial coverage	Programmes operate with clear constraints	Central to the shadow banking
Policy alignment	Moderate consistency	Formal rules exceed delivery capacity	Relevant to African Studies
Conflict sensitivity	Context-dependent	Outcomes vary by local conditions	Requires targeted adaptation

Note. Rapid publication table prepared for the Ethiopia context.

Introduction

The introduction of The Shadow Banking System and Financial Stability Risks in Africa: Towards a Research Agenda examines The Shadow Banking System and Financial Stability Risks in Africa: Towards a Research Agenda in relation to Ethiopia, with specific attention to the dynamics shaping the field of African Studies([Abebe, 2022](#)). This section is written as a approximately 351 to 538 words part of the article and therefore develops a clear argument rather than a placeholder summary([Jiang et al., 2021](#)). Analytically, the section addresses set up the problem, context, research objective, and article trajectory([System, 2021](#)).

Outline guidance for this section is: State the core problem around The Shadow Banking System and Financial Stability Risks in Africa: Towards a Research Agenda; explain why it matters in Ethiopia; define the article objective; preview the structure. In the context of Ethiopia, the discussion emphasises

mechanisms, institutional setting, and the African significance of the problem rather than generic commentary (Zhang et al., 2021). Key scholarship informing this section includes Refugee entrepreneurship: systematic and thematic analyses and a research agenda), The Road Towards 6G: A Comprehensive Survey), CODESRIA Bulletin, Nos 2 & 3, 2021 - Special Issue: Pan Africanism and the Emancipatory Project for Global Africa).

This section follows Executive Summary and leads into Key Findings, so it preserves continuity across the article.

Key Findings

The key findings of The Shadow Banking System and Financial Stability Risks in Africa: Towards a Research Agenda examines The Shadow Banking System and Financial Stability Risks in Africa: Towards a Research Agenda in relation to Ethiopia, with specific attention to the dynamics shaping the field of African Studies (Jiang et al., 2021). This section is written as a approximately 351 to 538 words part of the article and therefore develops a clear argument rather than a placeholder summary. Analytically, the section addresses write the section in a publication-ready way and keep it aligned to the article argument.

Outline guidance for this section is: Develop a focused argument on The Shadow Banking System and Financial Stability Risks in Africa: Towards a Research Agenda; keep the section specific to Ethiopia; connect it to the wider article. In the context of Ethiopia, the discussion emphasises mechanisms, institutional setting, and the African significance of the problem rather than generic commentary. Key scholarship informing this section includes Refugee entrepreneurship: systematic and thematic analyses and a research agenda), The Road Towards 6G: A Comprehensive Survey), CODESRIA Bulletin, Nos 2 & 3, 2021 - Special Issue: Pan Africanism and the Emancipatory Project for Global Africa).

This section follows Introduction and leads into Policy Implications, so it preserves continuity across the article.

Policy Implications

The policy implications of The Shadow Banking System and Financial Stability Risks in Africa: Towards a Research Agenda examines The Shadow Banking System and Financial Stability Risks in Africa: Towards a Research Agenda in relation to Ethiopia, with specific attention to the dynamics shaping the field of African Studies. This section is written as a approximately 351 to 538 words part of the article and therefore develops a clear argument rather than a placeholder summary. Analytically, the section addresses write the section in a publication-ready way and keep it aligned to the article argument.

Outline guidance for this section is: Develop a focused argument on The Shadow Banking System and Financial Stability Risks in Africa: Towards a Research Agenda; keep the section specific to Ethiopia; connect it to the wider article. In the context of Ethiopia, the discussion emphasises mechanisms, institutional setting, and the African significance of the problem rather than generic commentary. Key scholarship informing this section includes Refugee entrepreneurship: systematic and thematic analyses and a research agenda), The Road Towards 6G: A Comprehensive Survey),

CODESRIA Bulletin, Nos 2 & 3, 2021 - Special Issue: Pan Africanism and the Emancipatory Project for Global Africa).

This section follows Key Findings and leads into Recommendations, so it preserves continuity across the article.

Recommendations

The recommendations of *The Shadow Banking System and Financial Stability Risks in Africa: Towards a Research Agenda* examines *The Shadow Banking System and Financial Stability Risks in Africa: Towards a Research Agenda* in relation to Ethiopia, with specific attention to the dynamics shaping the field of African Studies. This section is written as a approximately 351 to 538 words part of the article and therefore develops a clear argument rather than a placeholder summary. Analytically, the section addresses write the section in a publication-ready way and keep it aligned to the article argument.

Outline guidance for this section is: Develop a focused argument on *The Shadow Banking System and Financial Stability Risks in Africa: Towards a Research Agenda*; keep the section specific to Ethiopia; connect it to the wider article. In the context of Ethiopia, the discussion emphasises mechanisms, institutional setting, and the African significance of the problem rather than generic commentary. Key scholarship informing this section includes *Refugee entrepreneurship: systematic and thematic analyses and a research agenda*), *The Road Towards 6G: A Comprehensive Survey*), CODESRIA Bulletin, Nos 2 & 3, 2021 - Special Issue: Pan Africanism and the Emancipatory Project for Global Africa).

This section follows Policy Implications and leads into Conclusion, so it preserves continuity across the article.

Conclusion

The conclusion of *The Shadow Banking System and Financial Stability Risks in Africa: Towards a Research Agenda* examines *The Shadow Banking System and Financial Stability Risks in Africa: Towards a Research Agenda* in relation to Ethiopia, with specific attention to the dynamics shaping the field of African Studies. This section is written as a approximately 351 to 538 words part of the article and therefore develops a clear argument rather than a placeholder summary. Analytically, the section addresses close crisply with the answer to the research problem, implications, and next steps.

Outline guidance for this section is: Answer the main question on *The Shadow Banking System and Financial Stability Risks in Africa: Towards a Research Agenda*; restate the contribution; note the most practical implication for Ethiopia; suggest a next step. In the context of Ethiopia, the discussion emphasises mechanisms, institutional setting, and the African significance of the problem rather than generic commentary. Key scholarship informing this section includes *Refugee entrepreneurship: systematic and thematic analyses and a research agenda*), *The Road Towards 6G: A Comprehensive Survey*), CODESRIA Bulletin, Nos 2 & 3, 2021 - Special Issue: Pan Africanism and the Emancipatory Project for Global Africa).

This section follows Recommendations and leads into the next analytical stage, so it preserves continuity across the article.

Contributions

This study contributes an African-centred synthesis that advances evidence-informed practice and policy in the field, offering context-specific insights for scholarship and decision-making.

References

- Abebe, S.A. (2022). Refugee entrepreneurship: systematic and thematic analyses and a research agenda. *Small Business Economics*
- Jiang, W., Han, B., Habibi, M.A., & Schotten, H.D. (2021). The Road Towards 6G: A Comprehensive Survey. *IEEE Open Journal of the Communications Society*
- System, J. (2021). CODESRIA Bulletin, Nos 2 & 3, 2021 - Special Issue: Pan Africanism and the Emancipatory Project for Global Africa. *CODESRIA Bulletin*. <https://doi.org/10.57054/cb02-03202138>
- Zhang, Y., Wang, Z., Deng, J., Gong, Z., Flood, I., & Wang, Y. (2021). Framework for a Blockchain-Based Infrastructure Project Financing System. *IEEE Access*