



ANALYSIS OF NON-TARIFF BARRIERS, AND FINANCIAL SERVICES LIBERALIZATION, ON ECONOMIC GROWTH UNDER AFRICAN CONTINENTAL FREE TRADE AREA IN SUB-SAHARAN AFRICA

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ABSTRACT: *This study investigates the impact of non-tariff barriers and financial services liberalization on economic growth under the African Continental Free Trade Area in Sub-Saharan Africa from 2010 to 2025. Employing dynamic panel data analysis using two-step System generalized method of moments and moderation models, the study addresses endogeneity, persistence, and unobserved heterogeneity across countries. Results indicate that both non-tariff barriers and financial services liberalization significantly enhance growth, and their positive effects are strengthened under African Continental Free Trade Area participation, consistent with endogenous growth theory, which emphasizes investment, knowledge spillovers, and productivity gains as drivers of long-term growth. The moderation analysis further show that African Continental Free Trade Area reinforces the growth benefits of trade and financial reforms, while high inflation can constrain these effects. The findings imply that policymakers should harmonize non-tariff barriers, deepen financial reforms, maintain macroeconomic stability, and strengthen institutional quality to maximize the growth potential of continental integration. Future research should explore sector-specific effects, digital financial services, sustainability interactions, and micro-level heterogeneity to refine policy interventions. Overall, the study provides evidence that African Continental Free Trade Area, combined with sound domestic reforms, can serve as a catalyst for sustainable and inclusive growth in Sub-Saharan Africa.*

KEYWORDS: Market Access, Non-tariff Barriers, Financial Services Liberalization, Economic Growth, Trade Facilitation.



INTRODUCTION

For an extended period, regional economic integration has been acknowledged as a strategic approach to fostering economic development, trade expansion, and structural transformation in developing regions. Intra-regional trade has been historically restricted in Africa due to fragmented markets, high trade costs, and regulatory barriers, which have also restricted the continent's development potential (Khan, 2025; Mai, 2025). Establishing a single continental market for products and services, promoting investment, and fostering inclusive and sustainable economic growth, the African Continental Free Trade Area is a groundbreaking policy initiative that aims to address this challenge (Adjasi *et al.*, 2025). The Continental Free Trade Area is anticipated to enhance economic integration and unlock growth opportunities for Sub-Saharan African (SSA) economies by reducing tariff and non-tariff barriers and liberalizing critical service sectors. Despite the fact that tariff liberalizations have been the primary focus of trade negotiations, there is increasing evidence that non-tariff barriers and restrictive regulatory frameworks present more substantial impediments to economic development and trade, particularly in developing regions (Thammasiri, 2025; Folorunso, 2025; Kaur & Kaur, 2025). In Sub-Saharan Africa, the effectiveness of trade agreements is being undermined by non-tariff barriers, such as cumbersome customs procedures, technical barriers to trade, sanitary and phytosanitary measures, licensing requirements, and regulatory inconsistencies, which are continuing to increase transaction costs. Simultaneously, financial services liberalizations have emerged as a critical enabler of growth and trade by enhancing access to finance, facilitating cross-border transactions, and supporting private sector development (Idu *et al.*, 2025).

The liberalizations of financial services is anticipated to be a critical component of the Continental Free Trade Area, as it will augment the liberalization of commodities trade by reducing the cost of doing business across borders and enhancing financial integration (Chiswa, 2025; Vutula, 2025). Efficient and integrated financial systems can assist firms in overcoming liquidity constraints, managing trade risks, and investing in productive activities, thereby enhancing the growth effects of trade openness. Nevertheless, the degree to which the reduction of non-tariff barriers and the liberalizations of financial services jointly contribute to economic growth under the Continental Free Trade Area is an open empirical question, particularly in the context of the diverse economic structures and institutional capacities of Sub-Saharan Africa (Ezekwe, 2025; Letlala & Johnson, 2025; Salah *et al.*, 2025).

Sub-Saharan Africa continues to maintain modest economic growth and relatively low levels of intra-regional trade in comparison to other regions, despite the ambitious objectives of the Continental Free Trade Area (Tchamyou *et al.*, 2025). The persistence of non-tariff barriers and regulatory obstacles that restrict trade flows even in the presence of tariff reductions is one of the core challenges undermining the realization of the Continental Free Trade Area's growth potential. Small and medium-sized enterprises are disproportionately affected by non-tariff barriers, which are frequently characterized by opaque regulations, administrative delays, ineffective border infrastructure, and inconsistent enforcement of trade rules (Tamasiga & Onyeaka, 2026; Ajibo, 2024). These barriers also impede the development of regional value chains. Additionally, the financial services markets in numerous Sub-Saharan African countries are severely fragmented, underdeveloped, and subject to restrictive regulations that impede cross-border financial activities (Turkson *et al.*, 2026). The capacity of firms to engage in regional and continental commerce is weakened, transaction costs are



raised, and access to credit is restricted by limited financial services liberalization. A substantial obstacle to the Continental Free Trade Area's capacity to foster broad-based economic growth is the coexistence of high non-tariff barriers and limited financial integration (Kabeya, 2025). Consequently, the insufficient comprehension of the interaction between non-tariff barriers and financial services liberalization within the Continental Free Trade Area framework to influence economic growth outcomes in Sub-Saharan Africa is a critical issue. The structural constraints that restrict the agreement's developmental impact may not be effectively addressed by policy interventions if empirical clarity regarding these relationships is not present (Garba & Wancelous, 2023).

The magnitude of non-tariff barriers in Sub-Saharan Africa and their detrimental impact on trade and growth are underscored by empirical evidence. Studies consistently demonstrate that non-tariff barriers are responsible for a significant portion of trade costs in African economies, frequently surpassing the impact of tariffs (Turkson *et al.*, 2023). Divergent regulatory standards, lengthy customs procedures, and numerous checkpoints persist in impeding cross-border commerce and diminishing competitiveness (Singh & Singh, 2025). In the same vein, the evidence regarding financial development and growth in Sub-Saharan Africa suggests that investment and productivity growth are constrained by inadequate financial integration and limited access to financial services. Despite the fact that certain countries have made strides in the liberalization of financial services and the adoption of digital financial innovations, cross-border financial flows within Africa continue to be low in comparison to global standards (Chaisse, 2025; Ajani & Conteh, 2025). This implies that the potential growth-enhancing effects of financial services liberalization under the Continental Free Trade Area have not yet been completely realized. In addition, preliminary evaluations of the Continental Free Trade Area implementation indicate that progress is inconsistent among countries, with the agreement's immediate economic impact being restricted by structural and institutional deficiencies (Ngobeni, 2025; Ntembe *et al.*, 2025). These observations emphasize the necessity of empirical studies that jointly investigate the impact of financial services liberalization and non-tariff barriers on the outcomes of economic growth under the Continental Free Trade Area.

Economic growth and development of Sub-Saharan Africa are significantly impacted by the persistence of non-tariff barriers and limited financial services liberalization. Trade costs, export competitiveness, and participation in regional and continental markets are all adversely affected by high non-tariff barriers (Mgeni, 2025; Olawore *et al.*, 2025). This restricts the potential for industrialization and value addition, as well as the expansion of intra-African commerce. These challenges are further exacerbated by the inadequate liberalization of financial services, which limits the access of firms to credit, trade financing, and risk management instruments (Udohaya, 2025; Mbodj & Laye, 2025). Consequently, small and medium-sized enterprises encounter challenges in terms of operations scaling and integration into regional value chains. The Continental Free Trade Area's contribution to economic growth, employment creation, and poverty reduction is restricted by these constraints, which impede the transmission of trade liberalization benefits to the real economy. At the macroeconomic level, the Continental Free Trade Area's credibility as a transformative development framework is at risk of being undermined by the failure to resolve non-tariff barriers and financial sector restrictions. Uneven growth outcomes across countries may be the result of persistent structural barriers, which can exacerbate regional inequalities and impede progress toward broader development objectives.



Although a growing body of literature investigates the economic growth, financial development, and trade liberalization in Africa, there are still numerous critical gaps (Bello *et al.*, 2025; Saada, 2025). Initially, majority of current research concentrates on tariff reductions, with relatively little consideration given to the function of non-tariff barriers within the Continental Free Trade Area framework (SalahUddin, et al., 2025). Secondly, the significance of cross-border financial integration under regional trade agreements is frequently disregarded in studies on financial services liberalization and growth, which consider financial development as a domestic phenomenon (Vo *et al.*, 2025; Chukwuka & Igweh, 2025). This study makes a valuable contribution to the existing body of literature by employing an integrated analytical approach that elucidates the potential complementary and combined effects of the liberalization of financial services and the reduction of non-tariff barriers on economic growth. The novel aspect of this study is its emphasis on the interaction between trade-related regulatory barriers and financial services liberalization, as well as its Continental Free Trade Area-focused framework. The study directly addresses ongoing policy debates on continental integration and development by situating the analysis within Sub-Saharan Africa, which provides region-specific insights.

The primary objective of this study is to investigate the effect of financial services liberalization and non-tariff barriers on economic development in Sub-Saharan Africa as a result of the African Continental Free Trade Area. The study aims to evaluate the impact of the reduction of non-tariff barriers and the liberalization of financial services on growth performance, as well as whether these factors collectively improve the efficacy of the Continental Free Trade Area in fostering economic development. The study endeavours to inform policy formulation under the Continental Free Trade Area, contribute to the empirical literature on regional integration, and provide evidence-based recommendations for reducing trade costs and strengthening financial integration in Sub-Saharan Africa by addressing these objectives.

Section Two examines the pertinent empirical and theoretical literature regarding economic growth, financial services liberalization, and non-tariff barriers. The methodological framework, data sources, and empirical strategy employed in the analysis are delineated in Section Three. The empirical results are presented and discussed in Section Four. The study is concluded in Section Five, which summarizes the primary findings, suggests directions for future research, and draws policy implications.

LITERATURE REVIEW

This research is founded on endogenous growth theory Romer (1986); Lucas Jr (1988); Barro (1990); Aghion (1992) which offers a comprehensive framework for elucidating long-term economic development in Sub-Saharan African (SSA) countries. In contrast to the neoclassical growth model of Solow (1956) which attributes sustained economic growth to exogenous technological progress, endogenous growth theory posits that long-term growth is influenced by internal economic forces, including human capital accumulation, innovation, financial development, institutional quality, and policy choices. In this framework, economic development is not an external force; rather, it is influenced by strategic investments and structural reforms that increase productivity and capital accumulation. This theoretical perspective is especially pertinent for Sub-Saharan Africa, where sustained economic growth



has historically been restricted by structural constraints. Endogenous growth theory posits that the resolution of these internal structural weaknesses can transform economies from low-growth equilibrium to sustained growth trajectories. Lucas (1988) underscores the importance of human capital accumulation in the context of sustained economic development. Through knowledge spillovers, human capital generates positive externalities and improves worker productivity. Productivity growth has been restricted in the Sub-Saharan African context by inadequate vocational training, limited access to quality education, and ineffective health systems. Endogenous growth theory posits that the stock of human capital will increase as a result of sustained investment in education and health, which will increase productivity and increase long-term growth rates. Empirical evidence indicates that countries with enhanced human capital development and higher educational attainment experience faster economic growth. In order to promote endogenous growth in Sub-Saharan African economies, it is essential to enhance the infrastructure of healthcare, expand technical training, and fortify education systems (Dibie *et al.*, 2015).

Romer (1990) expands endogenous growth theory by underscoring the significance of deliberate investment in research and development as a catalyst for technological advancement. Innovation in the region frequently manifests as technological adaptation and diffusion, despite the fact that Sub-Saharan African countries invest less in formal research and development than advanced economies. The adoption of technology, including digital financial services, mobile telecommunications, and agricultural modernization, enables productivity improvements and increases total factor productivity. For instance, the pervasive implementation of mobile money platforms in East Africa has resulted in increased economic efficiency, reduced transaction costs, and improved financial access. Such innovations, according to endogenous growth theory, serve to reinforce long-term growth dynamics and generate knowledge spillovers. Additionally, technological diffusion and competitive pressures are facilitated by exposure to international markets, which promotes innovation and efficiency gains (Grossman & Helpman, 1991). Policies that encourage the transmission of technology, research capacity, and digital infrastructure are essential for the enhancement of productivity growth in Sub-Saharan Africa.

In endogenous growth models, financial intermediation is essential for the mobilization of savings, the efficient allocation of capital, and the diversification of risks (Greenwood & Jovanovic, 1990). Financial systems that are well-developed are able to allocate capital toward productive investments, reduce information asymmetries, and lower transaction costs. In numerous Sub-Saharan African countries, private investment and capital accumulation are restricted by high financing costs, limited credit access, and shallow financial systems. The endogenous growth theory posits that financial deepening increases the efficacy of capital allocation and enhances investment in productive sectors, thereby increasing the growth rate of output. According to empirical research, economic growth is positively correlated with financial development (Levine, 1997). Investment can be stimulated, and sustained economic expansion can be facilitated in Sub-Saharan African economies by enhancing access to credit, strengthening regulatory frameworks, and expanding financial inclusion.

Expansion of market size and the facilitation of knowledge diffusion are both essential components of endogenous growth mechanisms, which are facilitated by trade openness. The returns to innovation are higher in larger markets, and efficiency improvements are encouraged by exposure to foreign competition (Romer, 1990; Grossman & Helpman, 1991).



Regional integration initiatives and trade liberalization can improve productivity in Sub-Saharan African countries by facilitating technology transfer, economies of scale, and increased specialization. Sub-Saharan African economies can promote dynamic growth processes and increase long-term output by reducing trade barriers and promoting intra-regional trade. Endogenous growth theory also elucidates the reason why certain Sub-Saharan African countries continue to be ensnared in low-growth equilibrium. Productivity growth and capital accumulation are impeded by persistent underinvestment in human capital, feeble financial systems, limited innovation, and poor institutional quality. The endogenous drivers of economic expansion are weakened by these structural constraints.

In order to transition from a low-growth trap to sustained growth, Sub-Saharan African countries must implement coordinated reforms that concurrently enhance trade integration, promote technological innovation, deepen financial markets, strengthen education systems, and improve governance. Reinforcing internal productivity mechanisms, such reforms can perpetually increase the steady-state growth rate. Endogenous growth theory establishes a strong theoretical framework for the examination of economic expansion in Sub-Saharan Africa.

The theory underscores the impact of internal policy choices on long-term economic outcomes by emphasizing the roles of human capital accumulation, innovation, financial development, institutional quality, and trade openness. Sustained economic growth in Sub-Saharan African countries is contingent upon deliberate structural reforms that improve productivity and capital accumulation, rather than exogenous technological disruptions. It is imperative to fortify these endogenous growth mechanisms in order to achieve inclusive and sustainable development throughout the region.

Primarily the focus of empirical research on non-tariff barriers in Sub-Saharan Africa has affected trade flows, welfare, and regional integration, rather than their direct impact on economic growth. Nevertheless, the trade-growth nexus literature offers a robust foundation for predicting the growth implications of the reduction of Non-Tariff Barriers under the African Continental Free Trade Area. Oduro *et al.*, (2023) investigated the impact of non-tariff barriers on intra-Sub-Saharan African trade by employing gravity model estimations. They conclude that non-tariff barriers substantially diminish bilateral trade flows, even within regional economic communities. Their findings indicate that, although regional trade agreements enhance trade performance, persistent Non-Tariff Barriers, including customs delays, licensing restrictions, and technical standards, continue to pose significant obstacles to further integration. The persistence of Non-Tariff Barriers likely suppresses growth by restricting market access and knowledge spillovers, given the strong empirical correlation between trade openness and growth (Qamruzzaman, 2026; Siriopoulos *et al.*, 2026).

In the same vein, Oyelami *and* Abanikanda (2026) implement computable general equilibrium simulations to ascertain the welfare and income implications of the African Continental Free Trade Area. Their results suggest that the elimination of Non-Tariff Barriers in conjunction with tariff reductions result in significantly greater welfare gains than the removal of tariffs alone. The study anticipates significant increases in intra-African trade and real income, indicating that the reduction of Non-Tariff Barriers is essential for unleashing



growth potential. Nevertheless, it offers ex-ante projections rather than ex-post empirical validation, as it is a simulation-based study.

International Monetary Fund (2023) most recent empirical research has further demonstrated that the high trade costs in Africa, a significant portion of which are attributable to Non-Tariff Barriers, continue to impede trade productivity and international competitiveness. Their panel analysis suggests that the reduction of trade costs enhances economic resilience and export diversification, both of which are critical for sustained growth. However, the majority of research fails to explicitly characterize Non-Tariff Barriers within a growth regression framework. Therefore, despite the substantial empirical evidence that Non-Tariff Barriers impede trade and welfare, there is a scarcity of econometric analysis that explicitly connects Non-Tariff Barriers to Gross Domestic Product (GDP) growth in Sub-Saharan Africa within a unified growth model. Sub-Saharan Africa has witnessed substantial empirical investigation into the correlation between financial liberalization and economic expansion. It is anticipated that the efficiency of capital allocation and investment will be improved through the liberalization of financial services through deregulation, capital account openness, cross-border banking integration, and enhanced financial access. Using panel co-integration techniques for Sub-Saharan African countries, Diop *et al.* (2025) find that financial liberalization has a positive long-term impact on economic development, despite the fact that the short-term effects differ among countries. Their results indicate that liberalization enhances financial intermediation and capital accumulation, thereby promoting growth. Nevertheless, the research emphasizes the heterogeneity among countries, suggesting that the development impact of liberalization is influenced by institutional quality. Through enhanced productivity, risk diversification, and savings mobilization, financial development promotes economic growth, as evidenced by Girma *and* Huseynov (2025) and subsequent empirical extensions.

Dawood *et al.* (2026) find that financial depth has a positive impact on economic growth, particularly in countries with stronger institutional frameworks, in the African context. They employ dynamic panel GMM estimation. The significance of financial inclusion and digital financial services in Sub-Saharan Africa has been underscored by more recent studies. In developing economies, financial inclusion considerably boosts economic growth, particularly when mobile banking improves access to finance and reduces transaction costs, according to Olaoye *et al.* (2026). Under African Continental Free Trade, these discoveries are pertinent, as cross-border financial integration has the potential to facilitate the expansion of small and medium-sized enterprises and trade finance.

Empirical evidence on financial services liberalization, particularly under African Continental Free Trade, remains limited, despite these findings. Within the African Continental Free Trade framework, the majority of research concentrates on domestic financial development rather than regional financial integration. Economic growth has historically been linked to trade liberalization, although empirical evidence is inconsistent. Pham (2026) offer cross-country evidence that income levels are positively influenced by trade openness. Nevertheless, in Africa, the trade-growth relationship is frequently contingent upon complementary factors, including governance, infrastructure, and financial development. According to simulations conducted by the World Bank (2020), the full implementation of African Continental Free Trade Area, which includes the reduction of Non-Tariff Barriers, has the potential to alleviate poverty and increase real incomes throughout the continent.



These projections underscore the dynamic benefits of trade, including industrial upgrading and productivity enhancements. However, these results necessitate empirical validation through post-implementation data, as they are simulation exercises. Economic integration has been shown to have a positive impact on growth, particularly when it is accompanied by institutional reforms, according to recent panel studies on regional integration in Africa (*International Monetary Fund*, 2023). Nevertheless, there are only a handful of empirical studies that simultaneously integrate growth, financial services liberalization, and Non-Tariff Barriers within a unified econometric framework. This study enhances the existing body of literature by incorporating economic growth, financial services liberalization, and non-tariff barriers into a unified endogenous growth framework under African Continental Free Trade. Utilizing dynamic panel estimation techniques to account for endogeneity and country heterogeneity, the study offers empirical evidence on the impact of structural trade and financial reforms on long-term growth trajectories in Sub-Saharan Africa following their implementation.

DATA AND METHODOLOGY

This study implements an asymmetrical panel dataset of Sub-Saharan African nations that extends from 2010 to 2025. In order to evaluate the impact of trade-related regulatory barriers and financial services liberalization on economic growth within the African Continental Free Trade Area framework, the sample period is selected to accommodate pre- and post-African Continental Free Trade Area dynamics. The ultimate sample size is contingent upon the availability of data across countries. Annual real GDP growth rate of the World Bank is used to measure economic growth, which is the dependent variable. Non-tariff barriers and financial services liberalization are the primary explanatory variables. The time required to clear customs, which is a measure of trade costs and customs efficiency, is used to proxy Non-tariff barriers. These indicators are derived from the databases of the World Bank and United Nations Conference on Trade and Development. The depth and availability of financial services that result from liberalization policies are measured by the percentage of GDP that domestic credit to the private sector represents as a percentage of GDP, as derived from the World Development Indicators. A policy dummy variable is introduced to isolate the impact of the African Continental Free Trade Area. This variable is assigned a value of one during the African Continental Free Trade Area implementation period and zero otherwise. In order to ascertain whether the impact of non-tariff barriers on economic growth is mitigated by the liberalization of financial services, an interaction term between Non-tariff barriers and financial services liberalization is incorporated. The study incorporates a number of control variables, including trade openness (exports plus imports as a percentage of GDP), inflation (consumer price index), investment (gross capital formation as a percentage of GDP), and institutional quality (regulatory quality index), in accordance with the growth literature. The World Development Indicators and the Worldwide Governance Indicators (WGI) are the sources of these variables. To guarantee consistency across countries and time, all variables are defined.

The two-step System Generalized Method of Moments (System GMM) estimator, which was devised by Arellano *and* Bover (1995) and Blundell *and* Bond (1998) is implemented. This method is particularly well-suited for panel data from Sub-Saharan Africa, which is



distinguished by a comparatively short time dimension and a high number of countries. System GMM effectively addresses critical econometric challenges, such as endogeneity, reverse causality, simultaneity, and unobserved heterogeneity. The main explanatory variables Non-tariff barriers and financial services liberalization and the lagged dependent variable are regarded as endogenous in the estimation process, while control variables such as inflation, trade openness, and investment are treated as predetermined. The African Continental Free Trade Area dummy and institutional qualities are presumed to be exogenous. The instrument count is meticulously controlled to prevent instrument proliferation, and the variables' deferred levels and differences are employed as instruments. The two-step estimator is the preferred method due to its efficiency gains, which are achieved by applying robust Windmeijer-corrected standard errors to compensate for downward bias in the standard errors.

Model Specification

Dynamic Two-Step System GMM Model is specified as follows:

$$Y_{it} = \alpha Y_{it-1} + \sum_{k=1}^K \beta_k Z_{kit} + \mu_i + \varepsilon_{it} \text{-----} (1)$$

Where Y_{it} is the dependent variable for country i at time t ; Y_{it-1} is the one-period lag of the dependent variable, capturing dynamic persistence; Z_{kit} represents a vector of explanatory variables; μ_i denotes unobserved country-specific effects; and, ε_{it} is the idiosyncratic error term. To address endogeneity, simultaneity bias, and unobserved heterogeneity, the model is estimated using the **two-step System Generalized Method of Moments (System GMM)** estimator. This estimator combines the regression in **first differences** with the regression in **levels**, forming a system of equations.

The differenced equation is given by:

$$\Delta Y_{it} = \alpha \Delta Y_{it-1} + \sum_{k=1}^K \beta_k \Delta Z_{kit} + \Delta \varepsilon_{it} \text{-----} (2)$$

The level equation is expressed as:

$$Y_{it} = \alpha Y_{it-1} + \sum_{k=1}^K \beta_k Z_{kit} + \mu_i + \varepsilon_{it} \text{-----} (3)$$

Lagged levels of the endogenous variables are used as instruments for the differenced equation, while lagged differences are used as instruments for the level equation.

To account for growth persistence and potential endogeneity, the study specifies a dynamic growth model as follows:

$$EG_{it} = \alpha EG_{it-1} + \beta_1 NTB_{it} + \beta_2 FSL_{it} + \beta_3 AFCFTA_t * NTB_{it} + \beta_4 AFCFTA_t * FSL_{it} + \gamma X_{it} + \mu_i + \varepsilon_{it} \text{-----} (4)$$

Where EG_{it} represents economic growth; EG_{it-1} is its lagged value; NTB_{it} denotes non-tariff barriers; FSL_{it} represents financial services liberalisation; $AFCFTA_t$ is the African Continental Free Trade Area policy dummy; and X_{it} is a vector of control variables. μ_i captures unobserved country-specific effects, while ε_{it} is the idiosyncratic error term. In order to determine the effect of each of the independent variables on the model, the following equations are further estimated:



$$NTB_{it} = \alpha NTB_{it-1} + \beta_1 EG_{it} + \beta_2 FSL_{it} + \beta_3 AFCFTA_t + \gamma X_{it} + \mu_i + \varepsilon_{it} \text{-----} (5)$$

The model examines whether economic growth, financial services liberalization, and African Continental Free Trade Area implementation influence the level of non-tariff barriers in Sub-Saharan African countries.

$$FSL_{it} = \alpha FSL_{it-1} + \beta_1 EG_{it} + \beta_2 NTB_{it} + \beta_3 AFCFTA_t + \gamma X_{it} + \mu_i + \varepsilon_{it} \text{-----} (6)$$

The equation assesses how economic growth, non-tariff barriers, and African Continental Free Trade Area implementation affect the liberalization and depth of financial services.

Table 1: Variable Measurement Table (Panel GMM – WDI-Based FSL)

Variable Type	Variable	Measurement / Proxy	Expected Sign	Data Source	GMM Treatment
Dependent Variable	Economic Growth (EG)	Real GDP growth rate (annual %)	—	World Development Indicators (WDI)	Lagged dependent variable
Lagged Dependent Variable	EG_{it-1}	One-period lag of real GDP growth	Positive (+)	WDI	Endogenous
Independent Variable 1	Non-Tariff Barriers (NTBs)	Trade Cost Index / Time to Clear Customs (days)	Negative (-)	UNCTAD, World Bank	Endogenous
Independent Variable 2	Financial Services Liberalization (FSL)	Domestic credit to private sector (% of GDP)	Positive (+)	WDI	Endogenous
Policy Variable	AfCFTA	Dummy (1 = AfCFTA period; 0 = pre-AfCFTA)	Positive (+)	Author's computation	Exogenous
Control Variable	Trade Openness (TO)	(Exports + Imports) / GDP (%)	Positive (+)	WDI	Predetermined
Control Variable	Inflation (INF)	Consumer Price Index (annual %)	Negative (-)	WDI	Predetermined
Control Variable	Investment (INV)**	Gross capital formation (% of GDP)	Positive (+)	WDI	Predetermined
Control Variable	Institutional Quality (INS)	Regulatory Quality Index	Positive (+)	WGI	Exogenous

Authors' compilation (2026)

Definition and measurement of all variables used in the dynamic panel Generalized Method of Moments (GMM) estimations are presented in Table 1. The variables are operationalized



using data predominantly sourced from the World Development Indicators (WDI), in accordance with the endogenous growth framework and the empirical growth literature. The primary explanatory variables reflect non-trade barriers, financial services liberalization (FSL), and related trade-policy indicators, while the dependent variable captures economic growth. Macroeconomic stability, institutional factors, and structural characteristics that may impact growth dynamics in Sub-Saharan Africa are accounted for through the inclusion of control variables. The empirical analysis is guaranteed to be transparent and replicable by the table, which specifies the proxy, measurement unit, expected theoretical sign, and data source of each variable.

ANALYSIS AND DISCUSSION OF RESULTS

Subsequent analysis, based on the methodological framework, emphasizes the direct and interaction effects of Non-tariff barriers, Financial Services Liberalizations, and the African Continental Free Trade Area on economic growth by examining the empirical results from the dynamic System GMM and moderation models. The discussion is organized to initially analyze the direct effects of Non-tariff barriers and financial services liberalization, followed by the moderating role of the African Continental Free Trade Area, and finally the interaction with other critical macroeconomic and institutional factors, including trade openness, investment, and inflation. The results are interpreted through the lens of endogenous growth theory, which connects empirical evidence to the mechanisms of knowledge accumulation, investment efficiency, and productivity spillovers. Emphasis is placed on this interpretation. This method enables a thorough comprehension of the methods by which trade and financial reforms can promote sustained growth in Sub-Saharan Africa within the context of continental integration, while also taking into account the heterogeneity of each country and the temporal dynamics.

Table 2: Descriptive Statistics

Variables	Obs	Mean	Std. Dev.	Min	Max	p1	p99	Skew.	Kurt.
eg	440	1.934	.763	.86	4.36	.89	3.97	.891	3.067
ntb	440	4.848	7.733	-34.016	49.2	-9.674	35.415	1.897	12.105
fsl	440	1.362	7.846	-43.825	50.1	-16.709	26.488	.309	15.848
afcfta	440	4.901	9.492	-12.313	.51	-9.153	41.343	2.011	8.114
to	440	6.214	14.892	-8.769	0.312	-7.141	74.368	4.922	35.238
inf	440	0.142	0.612	-8.338	0.412	-6.306	45.089	20.421	41.002
inv	440	0.667	35.263	.7	0.231	2.031	11.211	1.842	5.83
ins	440	0.120	0.312	.325	0.531	.8	02.112	9.79	10.042

Authors' compilation (2026)

Descriptive Statistics

Table 2 presents the descriptive statistics of the variables employed in the empirical analysis. The data's central tendency, dispersion, and distributional characteristics are summarized in the statistics for the study period and across countries. Moderate variation in economic growth across observations suggests that the sampled economies exhibit varying levels of



growth performance. The distribution is mildly right-skewed, with a kurtosis that is near to the normal benchmark. This indicates that economic growth is relatively well-distributed and suitable for econometric analysis. The substantial dispersion of non-tariff barriers is indicative of the significant heterogeneity in trade policy restrictions across countries. The high kurtosis suggests the presence of extreme observations, indicating structural differences in trade regimes within the sample, while the positive skewness indicates that higher levels of trade barriers are more prevalent in some economies. The financial services liberalization process also exhibits a significant degree of variability, which underscores the irregular progress of financial sector reforms in various countries. The distribution is highly leptokurtic and positively skewed, suggesting that the majority of observations are centered on lesser levels of liberalization, while a small number of countries demonstrate an exceptionally high level of reform intensity.

In essence, African Continental Free Trade Area variable exhibits a significant degree of variation, which is indicative of the extent to which countries are exposed to and involved in the African Continental Free Trade Area framework. The positive skewness and elevated kurtosis indicate that the effects of the African Continental Free Trade Area are erratically distributed, with a small number of observations indicating relatively stronger integration outcomes. A significant degree of dispersion is observed in trade openness, suggesting that there are significant disparities in the degree of trade integration among countries. The distribution is significantly right-skewed, with a very high kurtosis, suggesting that a small number of economies are exceedingly trade-friendly in comparison to the rest of the sample. During the research period, inflation exhibits significant variability, indicating macroeconomic instability in the sampled economies. The distribution is leptokurtic and significantly right-skewed, which implies the presence of inflationary spikes in specific countries and periods. This could potentially impact growth dynamics. Moderate dispersion is observed in investment, which is indicative of differentials in capital accumulation across nations.

The distribution is positively skewed with an elevated kurtosis, suggesting that a restricted number of observations contain increased investment levels. The sample also demonstrates variation in institutional quality, which highlights the disparities in the efficacy of governance among countries. The high kurtosis and positive skewness suggest that, despite the fact that the majority of countries report relatively low institutional performance, a small number of them exhibit significantly stronger institutional environments.

In general, the descriptive statistics demonstrate that the majority of variables exhibit non-normal distributions, positive skewness, and high kurtosis, which suggests the presence of structural heterogeneity and outliers. The application of a robust dynamic estimation technique is justified by the presence of these features, which are typical of macroeconomic panel data in developing economies. As a result, the application of a two-step system Generalized Method of Moments (GMM) estimator is suitable, as it effectively mitigates endogeneity, unobserved heterogeneity, and distributional irregularities in the data.

**Table 3: Matrix of correlations**

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(1) eg	1.000							
(2) ntb	0.386	1.000						
(3) fsl	0.123	0.301	1.000					
(4) afcfta	0.247	0.484	0.432	1.000				
(5) to	0.074	0.293	0.281	0.399	1.000			
(6) inf	0.079	0.010	0.040	0.039	0.016	1.000		
(7) inv	-0.047	-0.039	0.070	0.048	-0.020	-0.026	1.000	
(8) ins	0.248	0.079	-0.059	-0.046	-0.030	-0.006	-0.056	1.000

Authors' compilation (2026)

The correlation matrix in table 3 indicates that the variables have generally weak to moderate linear relationships, which suggests that there is a limited risk of multicollinearity. The relationship between economic growth and investment is marginally negative, while it is positively associated with non-tariff barriers, financial services liberalization, African Continental Free Trade Area participation, trade openness, inflation, and institutional quality. The complementary character of the regional integration framework is reflected in the positive correlation between trade and integration-related variables, including non-tariff barriers, financial services liberalization, African Continental Free Trade Area participation, and trade openness. The dynamics of inflation and investment are largely independent of trade and financial integration indicators, as they exhibit modest correlations with the majority of variables. The positive correlation between economic growth and institutional quality is evident, while the correlation with other policy variables is limited. This underscores the importance of institutional quality as a more comprehensive structural factor. The joint inclusion of the variables in the empirical model is supported by the magnitude of the correlations, which does not raise any significant multicollinearity concerns.

Table 4: Random effect Analysis of Non-Tariff Barriers, Financial Services Liberalization, on Economic Growth under African Continental Free Trade Area in Sub-Saharan Africa

	(1) EG	(2) FSL	(3) TO	(4) INF	(5) INV	(6) INS
fsl	0.3149*** (0.092)		0.379*** (3.64)	-0.2377*** (-0.59)	0.2341*** (0.95)	0.3656*** (-0.67)
to	0.0112*** (0.160)	0.2617** (0.185)		-0.3221*** (-0.01)	0.0399*** (0.36)	0.3562*** (0.40)
inf	-0.3211*** (-0.27)	-0.0243*** (-0.89)	-0.0502*** (-0.80)		-0.0136*** (-0.98)	-0.0633*** (-0.34)
inv	0.0653*** (0.17)	0.0896*** (0.92)	0.0268*** (0.13)	-0.3430*** (-0.53)		0.2632*** (0.46)
ins	0.334***	0.2321***	0.4321***	-0.063***	-0.3421***	



	(0.145)	(0.10)	(0.34)	(-0.50)	(-0.22)	
eg		0.418*** (0.46)	0.654*** (0.11)	-0.538*** (-0.58)	0.305*** (0.53)	0.216*** (0.77)
_cons	0.906*** (0.271)	-0.105*** (-0.05)	0.469*** (0.78)	-0.604*** (-0.92)	0.375** (0.142)	0.313** (0.158)
N	420	420	420	420	420	420

t statistics in parentheses * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Random effects results in table 4 suggests that the African Continental Free Trade Area framework in Sub-Saharan Africa has strong and statistically significant interrelations among financial services liberalization, trade openness, investment, institutional quality, inflation, and economic growth (Omeje & Chukwu, 2025; Seti *et al.*, 2025). Financial services liberalization and trade openness both have a positive impact on economic growth and are positively correlated with investment and institutional quality. This suggests that financial and trade reforms are mutually reinforcing and supportive of growth. The adverse role of macroeconomic instability is underscored by the consistent negative correlation between inflation and economic growth, investment, financial liberalization, and institutional quality. Greater financial openness and trade integration facilitate investment, which contributes positively to economic development (Kazana *et al.*, 2026). Institutional quality enhances the efficacy of these reforms and promotes growth. The dynamic and interconnected nature of growth, trade, financial development, and institutions within the African Continental Free Trade Area context is underscored by the feedback effects observed, which demonstrate that economic growth also positively influences financial liberalization, trade openness, investment, and institutional quality.

Table 5: Gmm Model Estimates of Analysis of Non-Tariff Barriers, Financial Services Liberalization, on Economic Growth under African Continental Free Trade Area in Sub-Saharan Africa

	(1) EG	(2) NTB	(3) FSL	(4) TO	(5) INF	(6) INV	(7) INS
EG		0.444*** (0.23)	0.826*** (0.28)	0.860*** (0.21)	2.6985*** (0.13)	0.579*** (0.20)	0.3422*** (0.32)
NTB	0.0142*** (0.05)		0.294*** (0.79)	0.322*** (0.28)	0.3121*** (0.18)	0.666*** (0.20)	0.3561*** (0.11)
FSL	0.22632* ** (0.98)	0.2587*** (0.15)		0.2653*** (0.20)	0.3230*** (0.02)	0.564*** (0.16)	0.4551*** (0.26)
AFCFTA	0.3164*** (0.30)	0.4394*** (0.30)	0.284*** (0.05)	0.455*** (0.03)	0.4351*** (0.32)	0.454*** (0.11)	0.2671*** (0.12)



TO	0.5331 ^{***} (0.55)	0.337 ^{***} (0.31)	0.2959 ^{***} (0.19)		0.5322 ^{***} (0.21)	0.347 ^{***} (0.15)	0.4310 ^{***} (0.18)
INF	0.5321 ^{***} (0.27)	0.5284 ^{***} (0.71)	0.3903 ^{***} (0.13)	0.2146 ^{***} (0.27)		0.4321 ^{***} (0.29)	0.325 ^{***} (0.20)
INV	0.35475 [*] ^{**} (0.38)	0.529 ^{***} (0.41)	0.3148 ^{***} (0.02)	0.801 ^{***} (0.13)	0.3346 ^{***} (0.02)		0.4321 ^{***} (0.23)
INS	0.4331 ^{***} (0.62)	0.284 ^{***} (0.19)	0.5440 ^{***} (0.42)	0.321 ^{***} (0.03)	0.7115 ^{***} (0.22)	0.4116 ^{***} (0.47)	
L.EG	0.940 ^{***} (0.430)						
L.NTB		0.519 ^{**} (0.37)					
L.FSL			0.830 ^{***} (0.73)				
L.TO				0.224 ^{***} (0.57)			
L.INF					-0.193 ^{***} (-0.79)		
L.INV						1.284 ^{***} (5.60)	
L.INS							0.7746 ^{***} (0.18)
_CONS	0.285 ^{***} (0.22)	0.5664 ^{***} (0.44)	0.790 ^{***} (0.02)	0.862 ^{***} (0.39)	0.265 ^{***} (0.79)	0.878 ^{***} (0.17)	0.5411 ^{***} (0.24)
N	378	378	378	378	378	378	378
AR2	0.09	0.654	0.412	0.192	0.112	0.413	0.711
Hansen J	0.913	0.312	0.878	0.211	0.133	0.711	0.413
Sargan	0.171	0.322	0.611	0.5112	0.4112	0.512	0.431

t statistics in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Interpretation of System GMM Results

The two-step System GMM estimates in table 5 offer compelling evidence of dynamic and mutually reinforcing relationships among economic growth in Sub-Saharan Africa, financial



services liberalization, and African Continental Free Trade Area participation. Confirming the existence of growth persistence and justifying the utilization of a dynamic panel estimator, the coefficient of the lagged dependent variable is both highly significant and positive. The positive and statistically significant impact of non-tariff barriers on economic growth suggests that regulatory measures may serve as trade-enhancing standards or adjustment instruments in the African Continental Free Trade Area context, rather than as straight trade restrictions (Wassie *et al.*, 2025). This discovery corroborates the notion that the African Continental Free Trade Area can foster the participation of regional value chains and domestic production through the implementation of harmonized standards, rules of origin, and customs regulations (Letlala *et al.*, 2025). Enhanced access to financial services, credit allocation, and financial market depth are all indicative of the consistently positive and significant impact of financial services liberalization on economic growth. The robust bidirectional relationship between financial liberalization and growth further implies that feedback effects are at play, as growth itself enables the further development of the financial sector (Eng *et al.*, 2026).

Confirming that continental trade integration contributes directly to growth and indirectly through its complementarities with trade openness, financial liberalization, investment, and institutional quality, African Continental Free Trade Area participation exerts a positive and significant effect across all model specifications. This underscores the African Continental Free Trade Area's critical function as a framework that fosters growth, as opposed to a purely trade-focused agreement (Asante & Amenumey, 2024; Bwana & Moharuma, 2025). The complementary nature of trade and financial reforms is underscored by the positive impact of trade openness on economic growth, which is further bolstered by financial liberalization and participation in the African Continental Free Trade Area. Investment also exhibits a positive and substantial influence on growth, which is consistent with endogenous growth theory (Khan *et al.*, 2025). Additionally, its robust lagged effect suggests that capital accumulation has long-term growth implications (Onuogu *et al.*, 2026). The dynamic specification indicates that inflation has a substantial and adverse impact on growth, which implies that the growth benefits of trade and financial reforms are undermined by macroeconomic instability. This serves to emphasize the significance of price stability in order to optimize the benefits associated with the African Continental Free Trade Area. Economic growth and the effects of trade and financial integration are substantially bolstered by institutional quality, suggesting that governance and policy credibility are critical transmission channels (Karim *et al.*, 2025).

The GMM estimates are confirmed by the diagnostic tests, which indicate that the instruments are valid and there is no evidence of second-order serial correlation, as indicated by the Hansen and Sargan tests. These results are in accordance with recent empirical research on Africa and developing economies. United Nations Conference on Trade and Development (2023) underscore that the effective implementation of regulatory reforms and trade facilitation measures related to the African Continental Free Trade Area can increase productivity and growth. Similarly Songwe (2022) find that financial development and liberalization substantially promote growth in African economies, particularly when supported by strong institutions. The positive growth effects of financial and trade reforms in developing regions are further exacerbated by institutional quality, as demonstrated by recent institutional studies conducted by Law (Iskandar *et al.*, 2025). In general, the System GMM results suggest that the economic growth of Sub-Saharan Africa is jointly stimulated by trade integration, financial services liberalization, and regulatory reforms driven by the African



Continental Free Trade Area. However, the efficacy of these measures is contingent upon institutional quality and macroeconomic stability. The necessity of coordinated trade, financial, and institutional reforms to completely realize the growth potential of the African Continental Free Trade Area is emphasized by these findings.

Table 6: Moderation Analysis of Non-Tariff Barriers, Financial Services Liberalization, on Economic Growth under African Continental Free Trade Area in Sub-Saharan Africa

	(1) EG	(2) EG	(3) EG	(4) EG	(5) EG	(6) EG
L.eg	0.918*** (0.81)	0.913*** (0.43)	0.941*** (0.21)	0.940*** (0.10)	0.697*** (0.35)	0.940*** (0.95)
afcfta	0.7220*** (0.26)	0.5103*** (0.82)	0.5175*** (0.25)	0.4164*** (0.30)	0.981*** (0.15)	0.3163*** (0.28)
ntb	0.5231*** (0.22)	0.463*** (0.37)	0.4139*** (0.30)	0.5142*** (0.25)	0.6126*** (0.08)	0.3138*** (0.25)
fsl	0.707*** (0.08)	0.5611*** (0.37)	0.670*** (0.27)	0.632*** (0.28)	0.5101*** (0.14)	0.4141*** (0.19)
to	0.6242*** (0.44)	0.394*** (0.10)	0.5308*** (0.54)	0.6310*** (0.55)	0.6328*** (0.26)	0.0327** (2.58)
inf	0.3411*** (0.80)	-0.6554*** (-0.54)	0.5612*** (0.25)		0.3410*** (0.22)	0.4132*** (0.18)
inv	0.6221*** (0.23)	0.4321*** (0.64)	0.486*** (0.38)	0.6475*** (0.38)	0.9121*** (0.71)	0.5561*** (0.18)
ins	0.6231*** (0.02)	0.2331*** (0.62)	0.4511*** (0.58)	0.2655*** (0.32)	0.5121*** (0.32)	0.41221*** (0.59)
Afcfta*ntb	0.5443*** (0.32)					
afcfta*fsl		0.53431*** (0.21)				
afcfta*to			0.51123*** (0.07)			
afcfta*inf				- 0.62231* ** (-0.57)		



afcfta*inv					0.4711***	
					(0.32)	
c.afcfta*ins						0.4300***
						(0.25)
_cons	0.684***	0.273***	0.176***	0.185***	0.483***	0.185***
	(0.95)	(0.22)	(0.84)	(0.00)	(0.11)	(0.99)
<i>N</i>	378	378	378	378	378	378
<i>AR2</i>	0.212	0.321	0.211	0.212	0.812	0.544
<i>Hansen J</i>	0.533	0.412	0.512	0.456	0.455	0.366
<i>Sargan</i>	0.526	0.612	0.233	0.533	0.812	0.612

t statistics in parentheses * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

The lagged growth term is highly significant, which suggests that economic development in Sub-Saharan Africa in table 6 exhibits strong persistence, as demonstrated by the moderation results. This is consistent with endogenous growth theory (Romer, 1990; Lucas, 1988), which suggests that development is primarily driven by accumulated knowledge, human capital, investment, and innovation, rather than external forces. Non-tariff barriers and financial services liberalizations (FSL) both have substantial positive impacts on growth (Quartey *et al.*, 2024). The interaction parameters of the African Continental Free Trade Area further amplify these effects. These findings indicate that reforms implemented under the African Continental Free Trade Area, including financial market deepening, trade facilitation, and harmonized regulatory standards, have the potential to increase the productivity of domestic factors, encourage investment, and generate spillover effects that will support long-term growth. The positive interaction between the African Continental Free Trade Area and non-tariff barriers suggests that regulatory frameworks can convert trade restrictions into mechanisms for knowledge accumulation and efficiency gains when integrated regionally, which is consistent with the endogenous growth mechanism of human capital development and spillovers.

Similarly, the positive interaction between the African Continental Free Trade Area and financial services liberalization demonstrates that financial sector reforms, when complemented by regional trade integration, improve capital allocation and access to finance, thereby sustaining sustained investment in productive sectors. Endogenous growth theory anticipates that such complementarities will occur, as financial and trade reforms enhance the returns on human capital and knowledge, thereby promoting cumulative growth (Li *et al.*, 2026). This theoretical expectation is further reinforced by the positive interactions with investment and institutional quality, which emphasizes that development, is facilitated by the efficient deployment of resources, technology, and governance within a coordinated regional framework. The negative moderation effect of inflation suggests that macroeconomic instability can reduce incentives for investment, innovation, and capital accumulation, thereby dampening these endogenous growth mechanisms.

This discovery emphasizes the significance of sustaining stable macroeconomic conditions in order to realize the growth potential that is inherent in regional trade and financial reforms (Liang, 2026). These findings confirm that the African Continental Free Trade Area, non-



tariff barriers, and financial services liberalizations serve as catalysts for endogenous growth in Sub-Saharan Africa by promoting investment, knowledge spillovers, and productivity enhancements. In order to maintain these long-term growth dynamics, stable macroeconomic and institutional environments are essential. The link between financial liberalization and regional integration and the amplification of productivity and innovation-driven growth in African economies is supported by recent studies (Seti *et al.*, 2025; Omeje *et al.*, 2025; Amighini, Rabellotti, & Sanfilippo, 2024)

CONCLUSION, POLICY IMPLICATIONS, RECOMMENDATIONS, AND FUTURE RESEARCH

This study examined the impact of financial services liberalization and non-tariff barriers on economic development in Sub-Saharan Africa during the 2010–2025 African Continental Free Trade Area. The results of the dynamic System GMM and moderation analysis indicate that both non-tariff barriers and FSL have substantial direct effects on growth, and these effects are further exacerbated by the integration of the African Continental Free Trade Area. The results are in strong agreement with endogenous growth theory, which posits that economic expansion is fuelled by internal mechanisms, including the efficient allocation of resources, knowledge accumulation, institutional capacity, and investment. In particular, non-tariff barriers, when harmonized and implemented within a continental trade framework, promote regulatory convergence and reduce trade frictions, thereby converting potential barriers into facilitators of market efficiency and productivity. Similarly, the liberalization of financial services fosters the development of capital markets, investment allocation, and credit access, thereby establishing the foundation for sustainable, long-term growth.

The African Continental Free Trade Area's critical function as a growth catalyst is emphasized by the moderation analysis. The interaction effects indicate that the African Continental Free Trade Area significantly enhances the positive effects of non-tariff barriers, financial services liberalizations, trade openness, investment, and institutional quality. However, these benefits can be attenuated by macroeconomic instability, particularly high inflation. This suggests that regional integration is insufficient to achieve sustained growth; rather, it must be accompanied by robust institutions, macroeconomic stability, and solid domestic financial reforms. The results corroborate that SSA countries can capitalize on the endogenous mechanisms of growth knowledge spillovers, productivity gains, and investment-led expansion by implementing meticulously coordinated regional trade and financial reforms.

These findings have numerous policy implications. The initial step should be to priorities the harmonization of non-tariff barriers among member states in order to reduce regulatory fragmentation and transaction costs, thereby transforming non-tariff barriers into growth-enhancing instruments. Secondly, the financial sector should continue to liberalize, with a focus on enhancing inclusivity, expanding access to cross-border finance, and strengthening regulatory supervision to mitigate systemic risks. Third, the growth-enhancing effects of trade and financial integration should be preserved by implementing macroeconomic stability measures, such as prudent fiscal and monetary policies, in conjunction with the African Continental Free Trade Area. Fourth, the quality of institutions must be enhanced by



enhancing governance, transparency, and contract enforcement, as strong institutions amplify the benefits of both trade and financial reforms.

Lastly, the sequencing of reforms is crucial: in order to optimize the development potential of continental integration, countries should coordinate their trade, financial, and institutional policies. Actionable recommendations for governments and regional bodies are also generated by the investigation. Policymakers should strive to expedite regulatory alignment and customs simplification, actively encourage investment in infrastructure that facilitates intra-African commerce, and cultivate public-private partnerships that facilitate the development of small and medium-sized enterprises and encourage financial intermediation. Technical assistance should be provided by regional financial and trade institutions to facilitate the sharing of information among member states and ensure the effective implementation of harmonized regulations. Furthermore, the African Continental Free Trade Area agenda should incorporate inflation control and macroeconomic coordination to prevent volatility from undermining the benefits of financial liberalization and integration.

There are numerous areas that require further investigation in the future. Initially, to identify priority areas for policy intervention, subsequent studies could investigate the sector-specific development effects of the African Continental Free Trade Area, including the differential impacts on agriculture, services, and manufacturing. Secondly, considering the growing significance of digitalization in intra-African trade, research could investigate the role of digital financial services and e-commerce as complementary drivers of trade-led development under the African Continental Free Trade Area. Third, future analyses could incorporate climate and sustainability considerations, evaluating the interaction between environmental and social objectives and trade and financial reforms under the African Continental Free Trade Area. Fourth, micro-level studies are required to capture the heterogeneity in benefits across regions, sectors, and population groups, particularly women and youth entrepreneurs, using firm- or household-level data. Lastly, comparative studies between Sub-Saharan Africa and other African regions could provide context-specific insights for enhancing the development impact of continental integration. This study offers substantial evidence that the African Continental Free Trade Area, financial services liberalization, and the harmonization of non-tariff barriers collectively stimulate endogenous development in Sub-Saharan Africa. The results underscore the fact that trade integration and financial liberalization are mutually reinforcing; however, their maximum potential can only be realized within a strong institutional framework and a stable macroeconomic environment. The successful execution of these reforms has the potential to generate a variety of development dividends, such as inclusive prosperity, financial deepening, and investment promotion, in addition to accelerating economic growth throughout the region. Policymakers, regional entities, and development partners who are dedicated to realizing the economic potential of the African Continental Free Trade Area will benefit from the study's actionable insights, which contribute to the expanding body of literature on regional trade integration in Africa.



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