

The franc zone: currency, parity and exchange-rate stability

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The French-speaking market of West and Central Africa has a monetary particularity of direct interest to the Geneva financial centre. Fourteen states share two common currencies, the CFA franc of the West African Economic and Monetary Union and that of the Economic and Monetary Community of Central Africa, both pegged to the euro at a fixed parity. The reform announced in Abidjan on 21 December 2019 renamed the West African currency the “Eco”, ended the centralisation of foreign-exchange reserves at the French Treasury and withdrew France from the governing bodies of the Central Bank of West African States, while maintaining the fixed parity with the euro and the convertibility guarantee provided by France.¹ Six years after that announcement, the parity with the euro remained in place, whereas the implementation of the change of name was still incomplete.²

For Geneva’s traders, banks and asset managers this architecture has three consequences. The first is the legibility of currency risk: a contract denominated in CFA francs is equivalent, for as long as the parity holds, to a contract in euros, which simplifies hedging and accounting. The second is dependence on European monetary policy: the European Central Bank indirectly sets the monetary conditions of fourteen African states, so that Geneva actors financing flows in the franc zone watch Frankfurt as much as Abidjan or Yaoundé. The third is political: contested in several countries, where it is perceived as a colonial vestige, the common currency is the subject of a debate on its future that feeds an uncertainty which long-term contracts must take into account.

This monetary architecture is accompanied by a legal framework that is likewise shared. The states of the WAEMU have unified banking regulation, a regional banking commission and a regional stock exchange in Abidjan.³ Business law is harmonised by OHADA, as the preceding

chapter recalled. A Geneva institution dealing with the franc zone thus benefits from a coherent body of rules, in French, whose provisions are accessible and whose institutions are identifiable. Few regions of the developing world offer such legal and monetary homogeneity to foreign partners.

Key point. Fourteen French-speaking African states share two common currencies at a fixed parity with the euro, regional banking regulation and harmonised business law. For Geneva, this homogeneity reduces currency risk and the cost of legal access, but exposes long-term contracts to the political debate on the future of the CFA franc.

1 Notes

1. Direction générale du Trésor, “Réforme des relations de coopération monétaire entre l’UEMOA et la France”, tresor.economie.gouv.fr, 23 December 2019; the eight WAEMU states are Benin, Burkina Faso, Côte d’Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo. ↩
2. Agence Ecofin, 22 July 2026, “Eco en 2027 : la CEDEAO maintient le cap de la monnaie unique sans lever les incertitudes”: at the summit of 19 July 2026 in Sierra Leone, ECOWAS confirmed the objective of launching the Eco in 2027 in stages, among only those states meeting the convergence criteria (inflation, deficit, debt, monetary stability); the list of the first participants and the position of the WAEMU members, notably Côte d’Ivoire, remain undetermined; a presidential task force is to settle governance before December 2026. ↩
3. Banking Commission of the WAMU instituted by the convention of 24 April 1990 signed in Ouagadougou, established in Abidjan (“Banking Commission of the West African Monetary Union”, en.wikipedia.org); Bourse régionale des valeurs mobilières (regional stock exchange) decided on 17 December 1993 by the WAMU Council of Ministers, operating since 16 September 1998 in Abidjan (BRVM, “Historique”, brvm.org; accessed September 2026). ↩

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