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Nigeria's Fintech Regulatory Framework:

Key 2025 Developments and Outlook for 2026

INTRODUCTION

Nigeria's fintech sector has entered a critical phase of regulatory maturation. Regulatory activities in Nigeria's financial technology ("**Fintech**") sector in 2025 reflected a deliberate policy approach centred on strengthening market integrity, improving governance and oversight and managing systemic risk while supporting innovation and facilitating development. Across open banking, electronic payments, digital lending, remittances, foreign exchange, data protection, blockchain and cryptocurrency, regulators focused on operational controls, conduct standards and enforcement readiness. This shift by the regulators in 2025 signalled that Fintech operators are no longer regarded solely as facilitators of financial inclusion; rather, they are increasingly recognised as systemically relevant participants whose operational or governance failures could have broader implications for the country's financial ecosystem stability. This newsletter examines these developments and considers how evolving regulatory priorities are expected to influence Fintech regulation and market conduct in 2026.

OPEN BANKING

Going into 2025, open banking was one area in the Fintech space where there was expected to be a lot of traction, building on four years of policy development, including the issuance of the Regulatory Framework for Open Banking in Nigeria in 2021[1] and the Operational Guidelines for Open Banking in Nigeria[2] released in 2023. In April 2025, the Central Bank of Nigeria ("**CBN**") announced that open banking would go live in Nigeria starting in August 2025. This was a significant and widely anticipated move, and the proposed implementation of the policy positioned Nigeria to become one of the African countries to have formally adopted and operationalised open banking at a national level. However, in the months following the announcement, the CBN paused the implementation and postponed its commencement to early 2026.

The CBN cited the need to establish a fully automated system that adequately protects customer data and strengthens consumer safeguards. In particular, it was noted that open banking must operate on the clear principle that customers retain ownership and control of their data – including who can access it, for how long, and the ability to withdraw consent at any time.[3]. This emphasis reflects a regulatory choice to balance innovation with trust in the regulatory system, particularly in light of Nigeria's rapidly expanding digital finance ecosystem.

PAYMENTS

In the payments space, 2025 saw a heightened focus on cross-border payments, agent banking controls and transaction traceability. Starting on the continent, the Pan-African Payment and Settlement System ("**PAPSS**"), of which Nigeria is a member, has made remarkable strides, successfully connecting approximately 19 (nineteen) African countries and approximately 160 (one hundred and sixty) commercial banks. This advancement underscores the PAPSS's crucial role in facilitating real-time settlement of cross-border transactions in local currency across diverse markets. In 2025, Nigeria played a leading role in the adoption of PAPSS with 22 (twenty-two) Nigerian commercial banks integrating into the PAPSS network while the CBN strengthened its support by issuing a circular in April 2025 that permitted individuals to send up to US$2,000 and corporates up to US$5,000 using only basic KYC and AML documentation.

2025 also marked the launch of PAPSSCARD, Africa's first Pan-African card scheme, designed to streamline retail transactions across the continent and reduce reliance on international card networks. In addition, PAPSS launched the PAPSS African Currency Marketplace to ease currency conversion challenges by facilitating the direct exchange of sovereign currencies for trade. These exciting developments reflect a bright future for Nigeria and Africa's financial landscape, fostering greater economic collaboration and empowerment.

In October 2025, the CBN issued the Guidelines for the Operations of Agent Banking in Nigeria (the "**Agent Banking Guidelines**") to strengthen the enabling environment for the provision of safe financial services to the underbanked and to improve financial inclusion, particularly in remote areas of the country. From a payment's perspective, the Agent Banking Guidelines introduced clearer

[1] https://www.cbn.gov.ng/out/2021/psmd/circular%20on%20the%20regulatory%20framework%20on%20open%20banking%20in%20nigeria.pdf
[2] https://www.cbn.gov.ng/Out/2023/CCD/Operational%20Guidelines%20for%20Open%20Banking%20in%20Nigeria.pdf

[4] https://www.cbn.gov.ng/Out/2025/STD/Q2%202025%20Bulletin.xlsx

operational standards governing cash-in, cash-out, bill payments and other agent-facilitated transactions. A key feature of the Agent Banking Guidelines is the mandatory geo-tagging of agent locations and devices, which should help the CBN better keep track of the activities of POS operators across the country.

Nigeria reached a major milestone in 2025 with the launch of the National Payment Stack ("**NPS**") by the Nigeria Inter-Bank Settlement System ("**NIBSS**"). The NPS, designed as a next-generation, ISO 20022-compliant digital payment infrastructure, recorded its first live transaction on 7th November 2025, executed by PalmPay in partnership with Wema Bank, completing in milliseconds with instant settlement. This inaugural transaction signalled the beginning of full-scale adoption of the NPS, which NIBSS envisions as the future replacement for the current NIBSS Instant Payment ("**NIP**") scheme.

The NPS represents a strategic shift towards a more unified, interoperable, and resilient national payments infrastructure, designed to support scale, reduce fragmentation, and strengthen transaction reliability across banks, fintechs, and payment service providers. The system subsequently recorded additional live transactions, demonstrating its robustness, scalability, interoperability across banks and fintechs, advanced security features such as multi-layer authentication, and the capability to support high-volume, real-time payments. For fintechs, this signals a future in which innovation must increasingly sit on shared infrastructure, with greater emphasis on interoperability, system resilience, and regulatory visibility rather than bespoke or siloed payment rails.

This infrastructure push was reinforced by the CBN Circular on Mandatory Dual Connectivity to Payment Terminal Service Aggregators, issued on 11th December 2025 (the "**Circular**"), a directive mandating dual connectivity for all acquirers, processors, Payment Terminal Service Providers, and Payment Terminal Service Aggregators to strengthen the resilience of Nigeria's PoS transaction infrastructure. The Circular requires industry operators to maintain active connections with both licensed aggregators, NIBSS and Unified Payment Services Limited ("**UPSL**"), and ensure automatic failover between them to reduce service disruptions. It further mandates periodic testing of redundancy measures, real-time incident notifications, and reporting obligations for system downtime, with all regulated financial institutions required to achieve full compliance within one month of issuance.

REMITTANCES

IMTO Remittance Inflows and Market Performance

In 2025, remittance inflows to Nigeria through licensed International Money Transfer Operators ("**IMTOs**") recorded a decline when compared with the corresponding period in 2024. According to data reported by the CBN, total IMTO inflows for the first half of 2025 amounted to approximately

US$2.07 billion, representing an 11.78% decrease from the US$2.34 billion recorded in the corresponding period of 2024.[4]

Continued Operation Under Revised Regulatory Framework

Throughout 2025, IMTOs operated under the revised regulatory guidelines issued by the CBN in 2024, including the removal of fixed exchange-rate caps and enhanced oversight of remittance

[4] https://www.cbn.gov.ng/Out/2025/STD/Q2%202025%20Bulletin.xlsx

settlement processes. Although no new standalone IMTO guidelines were issued in 2025, regulatory engagement remained active through supervisory monitoring, reporting requirements, and alignment with broader foreign exchange market reforms.

Please refer to our earlier publication on the IMTO Guidelines using the links here and here for more details.

FOREIGN EXCHANGE

Non-Resident Nigerian Ordinary Account and Non-Resident Nigerian Investment Account

In 2025, the CBN maintained its strategic focus on expanding remittance inflows and channelling foreign currency flows through formal banking channels. A significant development in this regard was the introduction of the Framework for the Operation of Non-Resident Nigerian Ordinary Account and Non-Resident Nigerian Investment Account, which took effect on January 1st, 2025 (the "**Framework**"). This established specialised account structures designed to facilitate diaspora engagement with, and remittances through, Nigeria's financial system. The Framework represents a targeted intervention to enable Non-Resident Nigerians to remit, manage, and deploy foreign earnings within Nigeria across both foreign and local currency denominations.

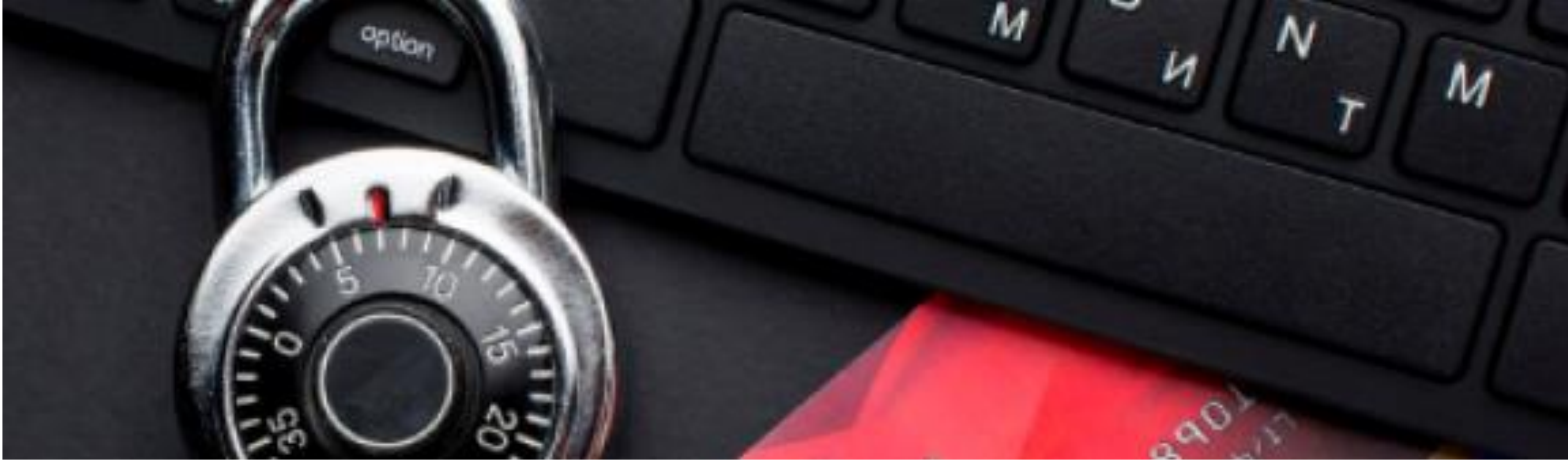
Looking ahead to 2026, the effectiveness of these account structures in attracting sustained remittance flows and investment capital will depend on operational implementation by deposit money banks, competitive pricing relative to informal channels, and the broader macroeconomic environment. Continued regulatory refinements may be necessary to address emerging challenges and optimise the Framework's impact on foreign exchange liquidity and diaspora economic engagement.

Please refer to our earlier publication on the Framework using the link here for more details.

Implementation of the Nigerian FX Code

The CBN released the Nigerian Foreign Exchange Code on 28th January 2025 ("**FX Code**") and continued its implementation throughout 2025. The FX Code provides a regulatory framework to promote accountability, transparency, integrity, governance and ethical conduct in foreign exchange transactions within the Nigerian Foreign Exchange Market ("**NFEM**"). Under the FX Code, market participants are expected to observe principles relating to governance, execution, information sharing, risk management, and settlement processes, thereby strengthening the foundations for orderly FX pricing and reducing opacity in FX trading.

In March 2025, the CBN issued a formal Statement of Commitment to the FX Code. This marked a significant step in the institutionalisation of market conduct standards within the domestic FX market. The Statement confirmed CBN's recognition of the FX Code as embodying principles widely accepted as good practice in foreign exchange markets. Through this commitment, the CBN affirmed its regulatory authority over market participants and pledged to supervise FX market activities in alignment with the prescribed principles. Please use the link here to access our recent publication on the FX Code.



DIGITAL LENDING

In 2025, the Federal Competition and Consumer Protection Commission (“**FCCPC**”) introduced the Digital, Electronic, Online, or Non-Traditional Consumer Lending Regulations 2025 (“**DEON Regulations**”). This was one of the most significant reforms to Nigeria’s digital lending ecosystem in the year. Designed to address long-standing concerns around predatory lending, opaque terms, data misuse, and abusive recovery practices, the DEON Regulations expand the FCCPC’s oversight powers to all commercial entities engaged in consumer lending across physical, digital, online and other non-traditional channels and impose mandatory registration requirements, comprehensive disclosure standards, competition safeguards, and stringent data protection obligations. Existing lenders were required to obtain FCCPC approval within 90 days of commencement, while new entrants must register with the FCCPC before offering services. The FCCPC designated 5th January 2026 as the deadline for compliance amongst stakeholders.

The DEON Regulations also require partnerships by digital lenders to be approved, mandate transparent lending terms, monitor interest-rate practices, and enforce strict timelines for complaint resolution. Together, these provisions aim to create a fairer and more predictable operating environment while raising the conduct and governance standards expected of digital lenders in Nigeria.

However, despite the FCCPC’s stated intention to strengthen consumer protection and enhance market discipline, the DEON Regulations have also drawn criticism from stakeholders for introducing regulatory overlap, heightened compliance burdens, and potential jurisdictional conflicts, particularly for lenders already regulated by the CBN or licensed under State moneylending regimes. Stakeholders warn that the FCCPC’s broad reach, purporting to regulate all digital lenders, partnerships, advertising practices, pricing disclosures, and contractual terms, could create a multi-layered and sometimes conflicting regulatory environment, increasing operational costs and complicating market entry for smaller Fintech entities. Some also fear that the dual-approval framework could stifle innovation and reduce credit availability, especially for underserved consumers who rely heavily on digital micro-lending. These concerns underscore the need for clearer inter-agency coordination and harmonised regulatory boundaries to ensure that the DEON Regulations achieve their consumer-protection goals without undermining competition or financial-inclusion efforts.

DATA PROTECTION AND ANTI MONEY LAUNDERING

Development of the Nigeria Data Protection General Application and Implementation Directive

A key regulatory development in 2025 that significantly impacted organisations involved in financial services, including Fintech operators, was the issuance of the General Application and Implementation Directives 2025 (the “**GAID**”). The GAID aims to provide detailed guidance on the implementation of the Nigeria Data Protection Act 2023 ("**NDPA**") and to create uniformity in the application of the NDPA. It replaced the Nigeria Data Protection Regulation 2019 and its Implementation Framework 2020. Some of the mandatory compliance measures for data controllers and processors under the GAID include:

i. Organisations classified as Data Controllers or Data Processors of Major Importance ("**DCPMI**") are required to register with the NDPC;

ii. All data controllers and processors are required to conduct a compliance audit within 15 months of business commencement and subsequently annually;

iii. DCPMIs categorised as Ultra-High or Extra-High Level must submit their Compliance Audit Returns ("**CAR**") to the NDPC by 31st March each year;

iv. Organisations must prepare and maintain detailed reports on their data processing activities every six months;

v. Organisations must develop data security policies to ensure the confidentiality, integrity, and availability of personal data they handle;

vi. DCPMIs are required to appoint a Data Protection Officer. Associate DPOs/Privacy Champions may be designated to support the DPO where the data controller or the data processor carries out data processing or interfaces with data subjects on multiple platforms and places.

vii. Organisations are required to draft or review their privacy policies to ensure alignment with the NDPA;

viii. Organisations must report personal data breaches to the NDPC within 72 hours of awareness. If a breach poses a high risk to data subjects, they must be informed immediately.

Compliance Audit Returns Filing

Data controllers and processors are required under the GAID to conduct periodic compliance audits of their data processing activities to ensure they have processes and systems in place and implement appropriate technical and organisational data protection measures to mitigate the risks of data breaches. These audits should follow a risk-based approach, considering the people, processes, and technologies involved in the data processing value chain.

For DCPMIs, filing the CAR is an annual obligation. DCPMIs who were incorporated before 12th June, 2023 must file their CAR to the NDPC by 31st March each year, while those incorporated after this date must file within 15 months of operation and continue to file the CAR annually by 31st March.

In addition, organisations classified as Ultra-High Level (UHL) DCPMIs and Extra-High Level (EHL) DCPMIs are generally required to file the CAR through a licensed Data Protection Compliance Organisation (DPCO) unless otherwise provided by the NDPC.

ARTIFICIAL INTELLIGENCE

Nigeria AI Landscape in 2025

Nigeria's digital economy recorded continued growth in 2025, with market estimates placing the size of Nigeria's AI sector at approximately US$1.4 billion[5] and AI-driven revenues within the digital economy at about US$18.3 billion[6]. At the same time, industry participants have remained attentive to developments surrounding the proposed National Digital Economy and E-Governance Bill, 2024 (the "**NDEE Bill**"), given its potential to significantly shape the Fintech and artificial intelligence landscape. Reports further

[5] https://www.mastercard.com/news/media/ue4fmcc5/mastercard-ai-in-africa-2025.pdf
[6] https://businessday.ng/technology/article/2026-marks-turning-point-for-nigerias-tech-ecosystem-on-regulation-innovation/

indicate that, in 2025, the adoption of generative artificial intelligence in Nigeria was widespread, with usage levels exceeding 70 per cent, significantly above the global average of approximately 48 per cent.[7]

Within the Fintech sector, major financial service providers have made notable progress in integrating artificial intelligence into their service offerings. For instance, in October 2025, Moniepoint, a leading payments and banking fintech, launched "M", Nigeria's first AI-powered chatbot designed for the informal economy. Built on a large language model, "M" provides conversational access to business and economic data, enabling small enterprises and policymakers to interrogate informal sector metrics.[8]

These developments illustrate how private Fintech operators are deploying AI for customer support, credit profiling, and data analytics to advance financial inclusion. Regulators have also taken note, with the NDEE Bill proposing the introduction of AI sandboxes to allow startups to test and deploy such systems under regulatory oversight.

BLOCKCHAIN AND CRYPTOCURRENCY

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The blockchain and cryptocurrency sector experienced notable changes in 2025, including significant regulatory developments and technological advancements. The following section provides an overview of the key events and trends that have influenced the industry's direction.

Recognition of Virtual and Digital Assets as Securities

On 29th March 2025, President Bola Ahmed Tinubu signed the Investments and Securities Act 2025 (the "**ISA 2025**") into law. The enactment of the ISA 2025, which repealed the Investment and Securities Act 2007 (as amended) ("**ISA 2007**"), marks a significant milestone in Nigeria's Fintech landscape in relation to digital and virtual assets. The ISA 2025 provides for the recognition of digital and virtual assets as securities under the regulatory powers of the Securities and Exchange Commission ("**SEC**"). Section 357 of the ISA 2025 defines securities to include virtual and digital assets. This classification places digital and virtual assets squarely within the regulatory purview of the SEC and imposes compliance obligations on all market participants dealing in such assets.

Prior to the ISA 2025, Fintech operators involved in digital and virtual asset services operated within an environment of legal and regulatory uncertainty. Apart from the Finance Act 2023, which imposed capital gains tax on gains realised from the disposal of digital assets, there was no substantive legislation specifically recognising and regulating digital or virtual assets prior to the ISA 2025. There were also longstanding debates on whether virtual and digital assets qualify as securities under the ISA 2007, a debate that was never really settled until the enactment of ISA 2025. In the absence of legislation, dealings and classification of virtual and digital assets were based on the applicable general laws and equitable principles, while the regulatory approach was largely based on circulars and rules issued by the SEC and the CBN.

Some of the key implications of the classification of virtual and digital assets as securities include:

(a) **Regulatory Oversight:** With the formal classification of digital and virtual assets as securities, the SEC has now become the primary regulatory authority over such assets. While collaboration with other relevant agencies may be necessary in issuing and implementing

[7] https://www.vanguardngr.com/2025/01/nigeria-surpasses-global-average-with-70-ai-adoption-rate-report/
[8] https://punchng.com/moniepoint-unveils-ai-chatbot-to-support-informal-businesses/

regulations relating to this class of assets, the SEC remains the lead regulator for digital and virtual asset services in Nigeria and has the responsibility to register and supervise entities operating as digital and virtual asset services providers.

(b) **Registration Requirements:** Entities engaging in digital and virtual asset-related services must now register with the SEC in accordance pursuant to the ISA 2025 and its implementing regulations. Such entities must obtain a certificate of registration from the SEC to lawfully operate (and target customers resident) in Nigeria.

(c) **Issuance and Transfer:** Public issuance, sale, or offering of digital and virtual assets to the public may now only be completed upon prior registration of such assets with the SEC and the SEC's approval. This has, thereby, aligned digital and virtual asset offerings with the traditional debt and equity securities regulatory framework.

Status of Implementation of the SEC Rules on Issuance, Offering Platforms and Custody of Digital Assets

Prior to the enactment of the ISA 2025, the SEC had exercised regulatory oversight over the offering, issuance, and custody of virtual and digital assets in Nigeria. In this regard, the SEC issued the Rules on Issuance, Offering Platforms and Custody of Digital Assets 2022 (the "**SEC Rules**"). Notwithstanding the issuance of the SEC Rules, however, the SEC had not commenced full implementation or licensing of eligible entities. To bridge this gap, the SEC released the Framework on the Accelerated Regulatory Incubation Program ("**ARIP**") for the Onboarding of Virtual Asset Service Providers ("**VASPs**") and other Digital Investment Service Providers ("**DISPs**") in June 2024. The ARIP Framework introduced a special onboarding window for entities proposing to carry on virtual asset activities, including applicants with pending filings before the SEC and new market participants.

Pursuant to the ARIP Framework, the SEC announced in August 2024 the grant of approval-in-principle to two digital asset exchanges as the first cryptocurrency exchanges in Nigeria to receive such approval under the ARIP. As of the date of this publication, a number of applications submitted under the ARIP Framework remain under review and are awaiting feedback from the SEC.

Treatment of Stablecoins

The SEC Rules do not specifically define or classify stablecoins, the SEC Rules define "digital assets" as a digital token that represents assets such as debt or equity claims on the issuer and define "virtual assets" as a digital representation of value that can be transferred, digitally traded, and can be used for payment or investment purposes, excluding digital representations of fiat currencies, securities, and other financial assets. The SEC Rules do not sufficiently clarify whether stablecoins fall under this exception or whether the exclusion only applies to central banks' digital currencies representing fiat currencies such as eNaira. The SEC has also not issued any guidance on the regulatory treatment of stablecoins under its current rules or regulations. We are, however, aware of media reports[9], where the Director General of the SEC has expressed intention to regulate stablecoins.

[9] https://nairametrics.com/2025/07/25/sec-nigeria-is-ready-for-stablecoins-that-empower-citizens-and-safeguard-markets/

Taxation of Gains of Cryptocurrency Transactions

On 26th June 2025, President Bola Ahmed Tinubu signed the Nigeria Tax Act 2025 ("**NTA**") into law as the principal law on taxation in Nigeria. One significant change the NTA introduced is that profits or gains realised from digital asset transactions in Nigeria are now regarded as taxable income. It reinstated the categorisation of digital assets as chargeable assets and provides a detailed definition of digital assets to encompass crypto assets, utility tokens, security tokens, NFTs, and similar digital representations. Unlike the Finance Act 2023, which only imposed capital gains tax on digital assets without defining them, the NTA has now provided the much-needed clarity on taxable digital assets.

OUTLOOK FOR 2026

Open Banking

Notwithstanding the delay in implementation, stakeholder interest, particularly among players in the banking and Fintech ecosystem, remains strong. This was reinforced at the start of this year by Flutterwave's acquisition of Mono, an open banking infrastructure provider, signalling a growing expectation that open banking will become a foundational layer of Nigeria's digital financial ecosystem. Looking ahead, it is expected that open banking in Nigeria will go live in 2026, following the completion of final internal readiness processes.

Payments

Looking ahead, Nigeria's payments sector is expected to focus more on stability, efficiency and compliance. In the cross-border payments space, it is anticipated that PAPSS will move from system expansion to becoming a part of everyday use across the country, with PAPSSCARD and the African Currency Marketplace helping to reduce delays and costs in intra-African payments. Within Nigeria, more vigorous enforcement of the Agent Banking Guidelines is expected to improve oversight of agent-based payments, primarily through geo-tagging, transaction limits and clearer responsibility for principals.

Remittances

In 2026, the CBN is expected to maintain a strengthened regulatory oversight on IMTOs, emphasising operational compliance with the IMTO Guidelines, timely settlement, and adherence to anti-money laundering and counter-terrorism financing standards. The market is likely to experience consolidation, with smaller operators exiting or merging while well-capitalised IMTOs continue expansion, particularly in digital remittance services. Diaspora participation is projected to grow, supported by the Non-Resident Nigerian Ordinary Account and Non-Resident Nigerian Investment Account introduced by the Framework, which will facilitate secure foreign currency inflows and investment in Nigerian financial markets in 2026.

Foreign Exchange

Nigeria's foreign exchange market in 2026 is expected to remain stable, underscored by policy continuity, regulatory oversight, and adherence to the Nigeria FX Code. Improved liquidity is anticipated through sustained diaspora remittances and enhanced FX allocation systems, which should reduce pressure on parallel markets. Authorised dealers and IMTOs will continue to be monitored for compliance with reporting, pricing and settlement obligations, supporting market transparency and confidence.

Lastly, the formal endorsement of the FX Code in the Statement signals the CBN's intention to anchor market oversight within a recognised framework of ethical conduct and operational transparency. As we move into 2026, implementation will be critical. The extent to which the CBN enforces the FX Code adherence, addresses
deviations from stated principles and harmonises existing regulatory instruments with the FX Code standards, will determine whether this commitment translates into tangible improvements in market integrity, participant behaviour, and investor confidence in Nigeria's FX ecosystem.

Digital Lending

Looking ahead, 2026 is shaping up to be a defining year for Nigeria's digital lending ecosystem as regulatory enforcement transitions from framework-building to active compliance monitoring. With the FCCPC's 5th January 2026 compliance deadline now closed, the Commission has begun withdrawing conditional approvals for non-compliant lenders, delisting operators from its public register, and coordinating with app stores and payment service providers to restrict the activities of violators. This signals a shift toward a more disciplined and transparent lending environment, one in which only properly registered and well-governed digital lenders can continue operating.

At the same time, operators provisionally deemed eligible have until April 2026 to complete their registration, suggesting that the year will be characterised by industry consolidation, increased due diligence requirements, and a more formalised compliance culture. While these measures are expected to strengthen consumer trust and stabilise the market, the heightened enforcement posture may also tighten market entry and increase costs for smaller or newer Fintech operators.

Data Protection

We expect regulatory oversight and enforcement to increase in 2026 following the issuance of the GAID. The GAID signals a shift towards more specific and enforcement-focused regulation, with higher standards for governance, audit filings, cross-border transfers, and accountability. This heightened scrutiny is already evident in the NDPC's recent enforcement actions, such as administrative fines against Multichoice, as well as the ongoing investigation into TikTok for alleged data protection breaches.

Since Fintech firms regularly handle large volumes of sensitive personal and financial data, they are likely to continue being top targets for regulatory scrutiny. Proactive compliance, enhanced internal controls, and early alignment with GAID requirements will therefore be essential to reduce enforcement risks in 2026 and beyond.

We also expect an increase in enforcement interventions on data protection by other regulators, such as the Nigeria Communications Commission, the Central Bank of Nigeria, and the Federal Competition and Consumer Protection Commission.

Artificial Intelligence

Looking ahead, 2026 is expected to be a pivotal year for the development and regulation of artificial intelligence in Nigeria. The NDEE Bill is anticipated to be enacted by mid-2026 and, if passed into law, would significantly expand the regulatory mandate of the National Information Technology Development Agency ("**NITDA**"). In particular, the Bill would empower NITDA to classify AI systems based on risk, require algorithmic transparency, accredit AI auditors, and issue binding regulatory directives.

Blockchain and Cryptocurrency

Building on the developments of 2025, 2026 is expected to be a transformative year for Nigeria's Fintech and digital asset landscape. With the ISA 2025 now in force, virtual and digital assets are formally recognised as securities, providing clarity for market participants and placing digital asset service providers firmly under the oversight of the SEC.

To set the regulatory tone for the year, the SEC issued Circular No. 26-1 on the Revised Minimum Capital for Regulated Capital Market Entities (the "**Circular**") on the 16th of January 2026, which provides for increased minimum capital requirements for VASPs, including Digital Assets Offering Platform, Digital Assets exchange, and Digital Asset Custodian, among other Capital Market Entities. Interestingly, the Circular introduces new minimum capital requirements for other new categories of VASPs; these VASPs include Ancillary Virtual Asset Service Providers (**AVASPs**), Digital Asset Intermediary (**DAI**), Digital Assets Platform Operator (**DAPO**), and Real-World Assets Tokenisation and Offering Platform (**RATOP**). All affected entities are required to comply with the revised minimum capital requirements on or before 30th June 2027.

In light of the revised minimum capital requirements, it is anticipated that the SEC will proceed to finalise and harmonise the rules implementing the ISA 2025, including through continued inter-agency engagement and alignment with other regulators. This is expected to result in a fully operational regulatory framework governing the registration, issuance, and transfer of digital and virtual assets, including the reopening of the SEC's ARIP portal to enable entities to operate in full compliance with the law. We also anticipate that these rules may prescribe the permissible activities, operational requirements and ongoing compliance obligations applicable to these entities.

Additionally, the increased capital thresholds are likely to drive industry consolidation, with market participants exploring mergers, acquisitions, and new capital investments to meet the revised requirements.

Finally, regarding stablecoins, it appears that the SEC is likely to categorise them as digital assets, since the definition of virtual assets specifically excludes digital representations of fiat currency. However, it remains to be seen how the CBN will approach this issue, especially considering that stablecoins are treated as money-like instruments in other jurisdictions. The SEC may also exercise its authority under the ISA 2025 to establish a unique classification for stablecoins.

SOME PROPOSED REFORMS RELEVANT TO FINTECH OPERATORS INTO 2026

Nigerian Fintech Regulatory Commission Bill, 2025

The Nigerian Fintech Regulatory Commission Bill, 2025, currently pending before the National Assembly, represents one of the most ambitious attempts yet to create a unified and modern

regulatory framework for Nigeria's fast-growing Fintech sector. The Bill proposed to establish the Nigerian Fintech Regulatory Commission, a central authority empowered to license, supervise, and regulate all Fintech activities across the country, with broad mandates ranging from consumer protection and competition oversight to licensing, dispute resolution, technical standards, and national fintech policy implementation. By consolidating regulatory oversight into a single specialist body with extensive powers (such as issuing and reviewing licences, enforcing compliance, resolving industry disputes, establishing technical specifications, and shaping Nigeria's inputs into global Fintech standards), if passed into law, the Bill positions itself as a transformative instrument designed to streamline regulatory processes, attract investment, promote innovation, and enhance the delivery of Fintech services nationwide.

However, despite its promise, the Bill has drawn criticism from analysts and industry stakeholders who fear that the creation of a powerful central regulator (operating alongside existing sector-specific regulators) may introduce regulatory overlap, increase compliance burdens, and potentially stifle innovation if not implemented with clear boundaries and operational safeguards. Concerns also centre on the wide discretionary powers granted to the proposed Commission, including the ability to issue directives, modify licence conditions, enforce economic regulation, and intervene in competition matters, all of which critics argue could lead to excessive bureaucracy or inconsistent regulation if not properly harmonised with existing frameworks. As Nigeria seeks to position itself as Africa's leading Fintech hub, the success of the Bill, if it becomes law, will ultimately depend on how effectively it balances oversight with innovation, protects consumers without impeding growth, and coordinates its mandate with other regulatory bodies to avoid fragmentation in an ecosystem that thrives on agility.

Exposure Draft on Baseline Standards for Automated AML Solutions

The Exposure Draft on Baseline Standards for Automated AML Solutions, released by the CBN in May 2025, reflects Nigeria's broader transition in 2025 from permissive Fintech growth to more structured, risk-focused supervision. It signals regulatory recognition that automated and technology-driven AML tools are now integral to Nigeria's financial system, particularly as Fintech operators scale transaction volumes and cross-border financial activities. The draft sets minimum expectations for governance, data integrity, model design, explainability, and oversight, emphasising that automation must complement, not replace, sound AML frameworks. Importantly, it reinforces that accountability for AML/CFT compliance remains squarely with regulated institutions, regardless of reliance on third-party vendors or advanced technologies.

Looking ahead to 2026, the draft foreshadows a more enforcement-driven approach to regulatory technology (**RegTech**) adoption, with heightened scrutiny of how automated AML systems are designed, tested, validated, and audited. Financial institutions and Fintech entities will be expected to demonstrate not only the deployment of automated solutions but also their effectiveness, adaptability to emerging risks, and alignment with evolving regulatory standards. In this context, automated AML systems are likely to move from being viewed as compliance enhancements to becoming supervisory focal points, reinforcing the expectation that Fintech entities embed transparency, governance, and regulatory readiness into their technology stack as Nigeria's AML and fintech regulatory regime continues to mature.

CONCLUSION

As activities accelerate in 2026, the Fintech landscape stands at a defining inflexion point, shaped by a year of strong regulatory recalibration across payments, open banking, remittances, foreign exchange, data protection, AI, and digital assets. The reforms introduced throughout 2025 signal a decisive shift toward structured oversight, strengthened governance, and clearer market rules reflecting regulators' recognition of Fintech entities as systemically significant actors within the financial ecosystem. While these developments are expected to enhance trust, stability, and investor confidence, they will also demand higher operational maturity and sustained compliance from industry players. Success in 2026 will, therefore, hinge on how effectively Fintech entities adapt to evolving supervisory expectations, embed resilience into their business models, and innovate responsibly within a more clearly defined regulatory architecture. In this environment, Fintech operators that proactively align with regulatory standards while leveraging emerging opportunities in open banking, digital assets, AI-driven solutions, and cross-border payments will be best positioned to thrive as Nigeria's digital economy continues its rapid ascent.