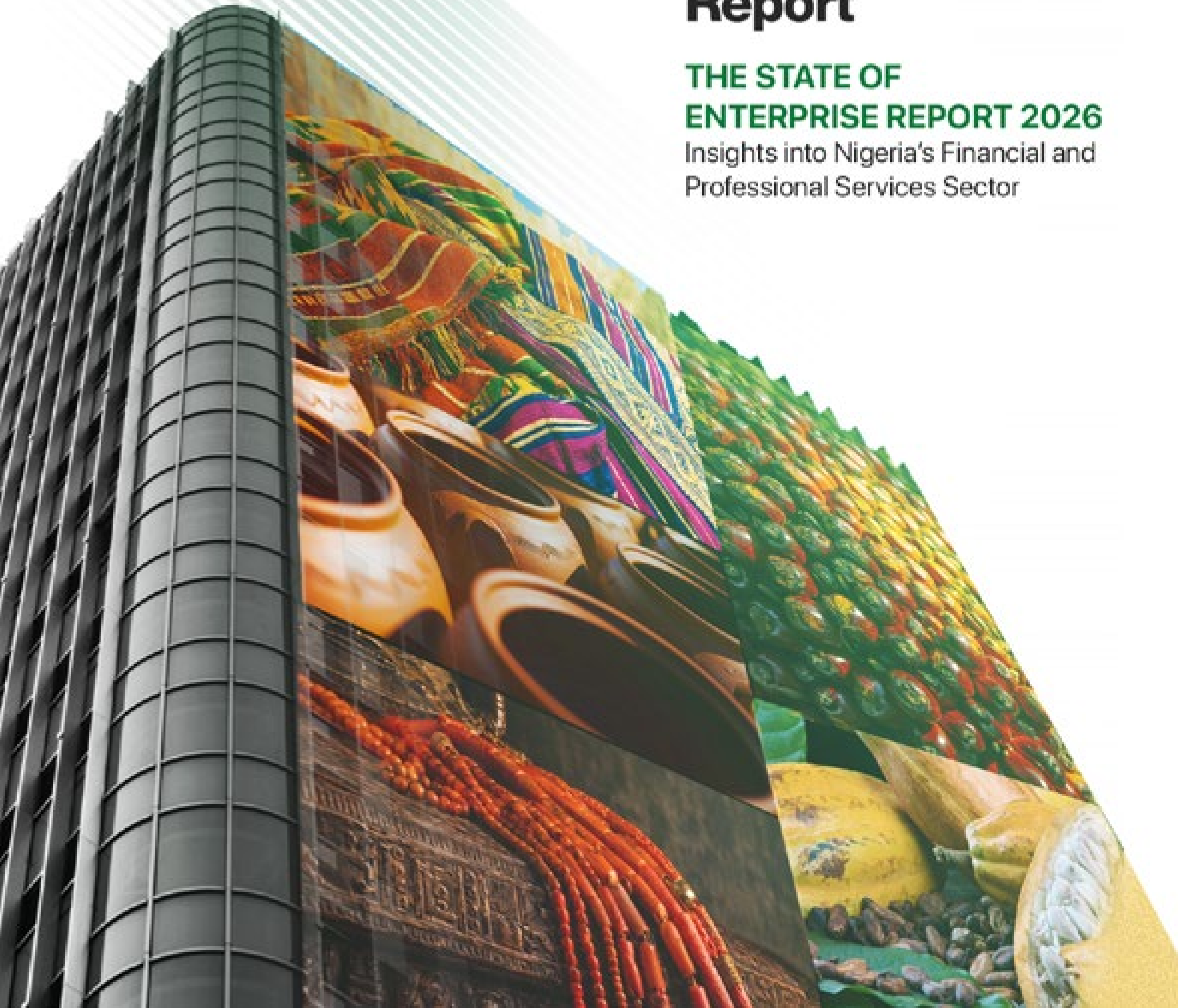
EnterpriseNGR

The SOE 2026 Report

THE STATE OF ENTERPRISE REPORT 2026

Insights into Nigeria's Financial and Professional Services Sector



The SOE 2026 Report

Insights into Nigeria's Financial and Professional Services Sector

Contents

Handcrafted Clay Pottery: Traditional Nigerian earthenware crafted by local artisans, showcasing the country's rich heritage of indigenous craftsmanship and locally made products.

About EnterpriseNGR

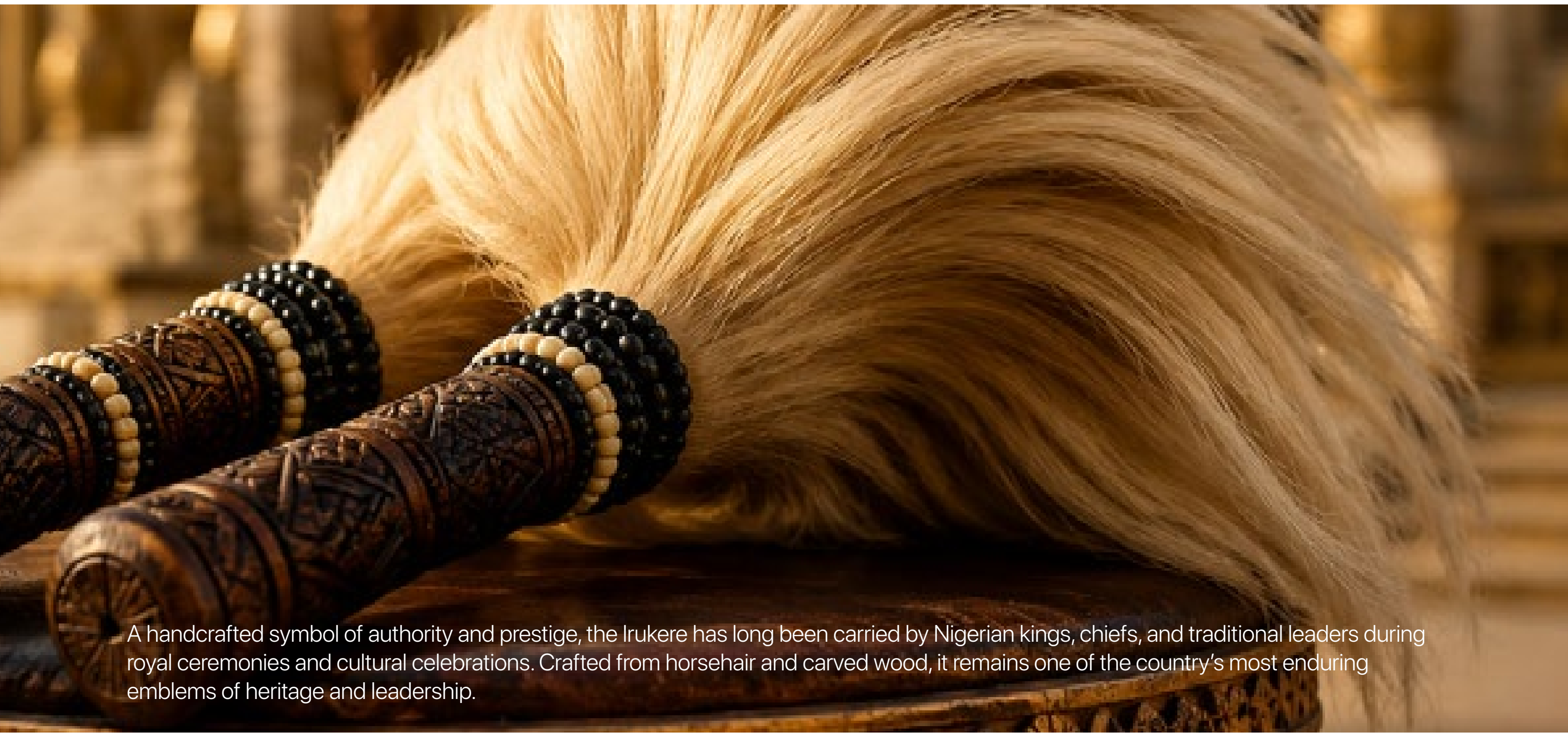
EnterpriseNGR is a professional policy and advocacy group, established to promote and advocate for the development of the Financial and Professional Services (FPS) sector of Nigeria, and thereby advance the transformation of Nigeria into Africa's premier financial services centre. We are an independent, private sector non-profit initiative, member-led and member-funded, focused on advocating for the improvement of the business environment for the FPS sector in Nigeria while promoting the value of the sector to the wider economy. EnterpriseNGR operates as a catalyst for advancing Nigeria's economic landscape through the strategic development of its FPS sector. We classify the FPS sector into the following sub-sectors:

- Banking
- Insurance
- Capital Markets
- Asset Management
- Pensions
- Non-interest Finance
- FinTech
- Professional Services (Legal Services, Accounting, and Management Consulting)
- Sustainable Finance

We actively engage with policymakers and spearhead resilient advocacy efforts on behalf of the FPS sector, both within the country and on the global stage. By doing so, we seek to drive competitiveness, foster sustainable economic growth, facilitate market openness, and establish an environment conducive to the flourishing of financial market participants. Working hand-in-hand with the government and key stakeholders, our collaborative initiatives encourage local and foreign

investments across the FPS sector. This collaborative approach is instrumental in optimising the sector's capacity and positioning Nigeria as a formidable player in global finance. We firmly believe that Nigeria's potential to emerge as one of the world's developed nations hinges on the successful transformation and global competitiveness of its FPS sector. EnterpriseNGR is unwavering in its commitment to this transformative journey, striving tirelessly to unite the FPS sector. Our ultimate aim is to propel Nigeria to the forefront as the premier financial centre in Africa. To realise this ambitious vision, EnterpriseNGR is driving a deliberate effort to contribute significantly to the development of a stable and enabling policy environment specifically tailored to the FPS sector in Nigeria.

Through the Lagos International Financial Centre (LIFC) initiative, EnterpriseNGR is making commendable strides in positioning Nigeria as a globally competitive financial hub. With the launch of the LIFC Council—co-chaired by the Governor of Lagos State, Mr. Babajide Sanwo-Olu, and EnterpriseNGR Chairman, Mr. Aigboje Aig-Imoukhuede—significant milestones have been achieved toward the establishment of the LIFC. These include the completion of a strategy and roadmap report developed through extensive consultations with a broad range of stakeholders, including key federal ministries and agencies, private sector organisations, and both local and international leaders. By working to create an enabling environment that attracts international investors and financial institutions, this strategic move not only supports growth across the FPS sub-sectors but also lays the foundation for sustainable economic development.



A handcrafted symbol of authority and prestige, the Irukere has long been carried by Nigerian kings, chiefs, and traditional leaders during royal ceremonies and cultural celebrations. Crafted from horsehair and carved wood, it remains one of the country's most enduring emblems of heritage and leadership.

> **Working hand-in-hand with the government and key stakeholders, our collaborative initiatives encourage local and foreign investments across the FPS sector. This collaborative approach is instrumental in optimising the sector's capacity and positioning Nigeria as a formidable player in global finance.**

EnterpriseNGR is also investing in the future of the workforce through its Youth of Enterprise (YOE) programme. This flagship talent development initiative is actively nurturing young professionals by equipping them with the skills and exposure needed to thrive in the modern workplace, thereby creating a strong pipeline of talent for the FPS sector. To date, the YOE programme has attracted over 89,000 applications and placed more than 2,000 young graduates in paid internships.

Acknowledgements

EnterpriseNGR sincerely appreciates the invaluable contributions of its member organisations to the development of this report. We are particularly grateful to Chapel Hill Denham, Coronation Merchant Bank Ltd, Custodian Investment Plc, Lotus Bank Ltd, Meristem Securities Ltd, Udo Udoma & Belo-Osagie, and Wigwe & Partners for their support and insights.

We also acknowledge the institutions that provided critical data and information that informed the analysis contained in this report. Our gratitude goes to the National Bureau of Statistics, Central Bank of Nigeria, Securities and Exchange Commission, Nigerian Exchange Group, FMDQ Group, National Insurance Commission, and National Pension Commission for their continued commitment to data availability and transparency.

Akwete Cloth: A handwoven Nigerian textile renowned for its vibrant patterns and rich cultural heritage.

Foreword

State of Enterprise Report 2026 arrives at a defining moment in Nigeria's economic journey.

After one of the most intensive reform cycles in recent memory — spanning monetary policy, fiscal restructuring, foreign exchange liberalisation, capital market modernisation, and tax reform — the country is beginning to see early but tangible evidence that sustained, well-sequenced reform can restore confidence and reshape economic outcomes. Growth is strengthening, inflation is easing, the currency has found greater stability, and investor confidence is returning. Nigeria is not yet where it needs to be, but the direction of travel is clearer than it has been in years.

The Financial and Professional Services sector has been central to this progress, and its performance in 2025 reflects that. Banking institutions strengthened their balance sheets and attracted substantial foreign capital, with total assets reaching ₦180 trillion. Capital markets reached new highs, with the NGX All Share Index rising more than 50% over the year. Insurance premiums grew by 47%, pension assets surpassed ₦27 trillion, and non-interest finance continued to deepen as a channel for ethical investment. FinTech continued to redefine access to financial services, reinforcing Nigeria's position as Africa's leading hub, while professional services firms increasingly served as trusted partners helping enterprises navigate complexity and seize emerging opportunities. Collectively, the sector has served as both a stabilising force and a growth engine for the wider economy.

This progress, however, should not obscure what remains unfinished. Financial inclusion is still limited, capital markets remain comparatively shallow, insurance penetration is low, and pension coverage in the informal sector is weak. This report does not look away from these gaps; it sets them alongside the gains, because a credible account of the sector's health requires both.

Obi Ibekwe
Chief Executive Officer
EnterpriseNGR

At EnterpriseNGR, we remain convinced that Nigeria possesses the talent, scale, and market potential

Nigeria's iconic indigo-dyed textile is handcrafted using age-old resist-dyeing techniques, producing distinctive patterns that celebrate Yoruba artistry and cultural heritage.

required to become Africa's leading financial centre. Realising that ambition will require persistence, policy consistency, and a shared commitment by government, regulators, and the private sector to see this reform agenda through to completion.

The State of Enterprise Report 2026 is intended not merely as a record of the year past, but as a tool for action — to inform policymakers, sharpen the thinking of investors, and equip every institution in this sector with the evidence needed to make its next decision well. We hope it informs, challenges, and ultimately moves stakeholders to act.

We invite you to engage with the insights in this report and join us in building the Nigeria we are working toward.

Thank you
Obi Ibekwe
Chief Executive Officer
EnterpriseNGR

Methodology

EnterpriseNGR defines the Financial and Professional Services sector ecosystem to include nine sub-sectors: Banking, Insurance, Capital Markets, Asset Management, Non-interest Finance, Pensions, FinTech (financial technology), Professional Services (Legal Services, Accounting, and Management Consulting), and Sustainable Finance. We analysed each of these sub-sectors individually, assessing their performance and identifying their impact on key economic variables, such as their contribution to GDP, tax, and sustainable development goals (SDGs).

The approach adopted involves:

Secondary research

This was done in two stages:

- **Literature review**

A review of existing reports, newspaper articles, regulatory guidelines, published books, websites, and other publicly available information was conducted. Over 100 different information sources were consulted.

- **Data analysis**

We undertook in-depth data analysis of existing quantitative and qualitative information. Primary sources of quantitative information include the National Bureau of Statistics, Central Bank of Nigeria, National Pension Commission, Securities and Exchange Commission, Nigerian Exchange Group, FMDQ Group, National Insurance Commission, Nigerian Bar Association, Institute of Chartered Accountants of Nigeria, World Bank, and a number of other sources.

References for all materials reviewed are provided as footnotes. This report was constrained by a lack of disaggregated data for the FPS sector and its sub-sectors. A large amount of relevant data were lumped together with other economic sectors or did not exist at all. Data that were not available include up-to-date disaggregated FPS employment data per sub-sector, tax data broken down per sub-sector, GDP contribution per sub-sector, FPS export data, and a few others.

"We analysed each of these sub-sectors individually, assessing their performance and identifying their impact on key economic variables, such as their contribution to GDP, tax, and sustainable development goals (SDGs).

Summary of findings

In 2025, Nigeria's financial and professional services landscape continued to operate in a challenging macroeconomic environment characterised by tight monetary conditions, exchange rate adjustments, inflationary pressures, and ongoing structural reforms. Despite these headwinds, the sector demonstrated remarkable resilience, recording strong growth across banking, insurance, capital markets, asset management, pensions, non-interest finance, fintech, professional services, and sustainable finance.

Banking

Nigeria's banking sector remained a cornerstone of economic activity in 2025, demonstrating resilience through a tight monetary environment and a landmark recapitalisation exercise that has significantly strengthened the industry's financial foundations. Collective financial institutions contributed 2.65% to GDP, with output rising 14.4% year-on-year to ₦5.87 trillion, and by Q1 2026 the contribution to GDP increased to 3.41%, affirming the sector's position as one of the most consequential pillars of Nigeria's broader economic architecture. The total assets of Deposit Money Banks expanded to ₦180.37 trillion, representing 41.8% of nominal GDP, reflecting both balance sheet strengthening and the deepening of financial intermediation across the economy. Financial and insurance activities, including banks and other financial institutions, also played a vital role in government revenue generation, emerging as the largest contributor to company income tax at ₦1.50 trillion and generating a further ₦421 billion in VAT. On the external financing front, banking was central to attracting foreign capital, accounting for approximately 58.3% of total capital inflows at $13.53 billion in 2025 and increasing to 72.8% in Q1 2026 — underpinned by stronger investor confidence and recapitalisation-related investments. Ongoing digital transformation continues to enhance operational efficiency and extend financial access to underserved segments, positioning the sector well to sustain lending growth, support enterprise, and drive broader economic development in the years ahead.

Insurance

The insurance sub-sector sustained strong growth in 2025, driven by ongoing reforms and expanding market activity, reinforcing its role in risk protection and economic development. Gross Premiums Written (GPW) rose significantly to ₦2.30 trillion, reflecting a 47.3% increase from ₦1.56 trillion in 2024, supported by strong performance in life insurance, particularly individual life and annuity products, as well as the Oil & Gas segment. Gross claims reached ₦724.70 billion, while net claims paid stood at ₦528.31 billion, indicating rising claims costs amid inflationary pressures. The sector's total assets expanded by 24.2% to ₦4.79 trillion, strengthening its capacity to mobilise long-term capital for the economy. The NGX Insurance Index recorded a notable 65.64% year-to-date growth, highlighting improved investor confidence and market performance. With the implementation of the Nigerian Insurance Industry Reform Act (NIIRA) 2025, the sector is expected to become more resilient, digitally driven, and consumer-focused, helping more Nigerians access insurance protection.

Capital Markets

Nigeria's capital market maintained strong momentum in 2025 as investor confidence continued to improve, with the NGX All Share Index rising by 51.19% to 155,613 points in 2025 and climbing further by 29.35% to 201,287.78 points by Q1 2026. Market capitalisation also grew significantly, increasing by 58.3% to ₦99.38 trillion and reaching ₦129.21 trillion in Q1 2026. Trading activity expanded sharply, more than doubling year on year to ₦11.92 trillion, driven mainly by domestic investors who accounted for 77.8% of transactions, while foreign investors recorded net inflows of about ₦161.1 billion. Sector performance was largely positive, led by Consumer Goods and Insurance with gains of 129.6% and 65.6%, although Oil and Gas saw a slight decline. This momentum continued into early 2026, with Q1 transactions at ₦4.15 trillion, while the debt market also grew, with federal and corporate securities reaching ₦279.26 trillion and ₦13.18 trillion, respectively. At the same time, total capital inflows surged to $23.22 billion in 2025, with the capital market accounting for 29.5% or $6.84 billion, reinforcing its growing role as a major channel for investment into Nigeria's economy. By Q1 2026, the capital market accounted for 33.7% of the $10.37 billion capital inflows.

Asset Management

The asset management industry recorded strong growth in 2025 as investors shifted toward liquid and yield-generating instruments despite challenging economic conditions. The Net Asset Value of Collective Investment Schemes more than doubled to ₦7.86 trillion, driven mainly by mutual funds, while domestic retail participation rose to ₦3.65 trillion. As of April 30, 2026, CIS NAV had increased by 15.3% to ₦9.06 trillion, with the number of registered mutual funds increasing to 202 from 195 in 2025, reflecting stronger investor engagement. Exchange-Traded-Funds and infrastructure funds also recorded modest gains, and the sector continued to support government and corporate financing. Private equity activity remained resilient, supported by steady deal flow and investor confidence, while recent regulatory reforms strengthened oversight and market development.

Pensions

Nigeria's pension industry continued to play an important role in helping workers build financial security for retirement while also providing long-term funding for the economy. In 2025, the number of Retirement Savings Account (RSA) holders grew to 11.04 million, while pension assets rose by 21.9% to ₦27.45 trillion, about 6.4% of GDP, and increased further to ₦29.52 trillion by Q1 2026. Contributions from both public and private sector workers increased steadily, reflecting growing participation in the system. At the same time, pension funds continued to support Nigerians beyond retirement, with over ₦448.29 billion paid out as retirement benefits, ₦260.98 billion provided to more than 52,000 contributors under the mortgage scheme, and about ₦41 billion accessed by unemployed contributors as temporary support. Even with this growth, most pension investments remain concentrated in government securities, showing the need for broader investment diversification.

Non-interest Finance

Reflecting its growing role in expanding financial inclusion and promoting ethical investment, Nigeria's non-interest finance industry expanded from over ₦4.40 trillion in 2024 to more than ₦5.77 trillion in 2025. Non-interest banking remained the largest segment, with assets rising from ₦2.85 trillion to ₦3.78 trillion, while Sukuk outstanding increased from ₦992.56 billion to approximately ₦1.19 trillion, underscoring continued use of asset-backed instruments for infrastructure financing. For this banking segment, deposits and loans also recorded strong growth, reaching ₦2.73 trillion and ₦1.15 trillion respectively, indicating deeper financial intermediation. Sharia-compliant mutual funds expanded in both size and participation, growing to 20 funds valued at about ₦80.12 billion with increasing unitholders, reflecting broader investor engagement. By April 2026, the net asset value increased to ₦133.93 billion, while the number of unitholders rose to 51,724, compared to 29,571 in December 2024. The Debt Management Office sustained strong Sukuk issuance activity, including a ₦300 billion Series VII offer that was oversubscribed at ₦2.205 trillion, highlighting sustained investor confidence and the sector's increasing contribution to ethical investment and economic development.

Fintech

Nigeria's fintech sector continued to gain momentum in 2025, supported by rapid digital adoption across the financial system. Startup funding across Africa rose to $1.64 billion, with fintech attracting $693.9 million, while Nigerian startups accounted for $464.81 million across 25 deals, representing a 28.4% share of total funding on the continent. The country maintained its position as Africa's leading fintech hub, hosting over 500 companies with a combined valuation exceeding $10.6 billion, reflecting its depth and scale. Digital financial services expanded further, with electronic payments reaching ₦384 trillion across 4.12 billion transactions by July 2025. POS transactions increased by 79.0% to ₦18.78 trillion in Q1 2026, highlighting growing usage. The ecosystem also benefited from a vibrant innovation environment, particularly in Lagos, alongside regulatory reforms in areas such as foreign exchange and digital assets, all of which continue to support investor confidence, financial inclusion, and the sector's broader contribution to economic growth.

Professional Services

The professional services sector remained a key driver of business resilience, governance, and economic competitiveness in Nigeria, supporting regulatory compliance and advisory services across industries. The sector is classified under the Professional, Scientific and Technical Services sector that contributed about ₦5.28 trillion to GDP (2.38%) in 2025, alongside ₦90.92 billion in Company Income Tax and ₦70.18 billion in VAT. By Q1 2026, the sector contribution to GDP increased to 2.44%. All this reflects its growing economic importance. Supported by a large professional base and strengthened by ongoing reforms and increased adoption of digital technologies, the sector continues to enhance service delivery, although challenges such as fragmentation and talent loss persist.

Sustainable Finance

Sustainable finance gained further traction globally and in Nigeria during 2025, with assets under management (AUM) reaching $4.13 trillion, up from $3.56 trillion in 2024; and broader sustainability-focused funds surpassing $10 trillion, reflecting sustained investor appetite despite a slight decline in overall market share. Global sustainable debt issuance remained robust at about $1.55 trillion, supported by growth in green bonds, sustainability bonds, social bonds, green loans, and sustainability-linked loans. In Nigeria, the

Textile Weaving: Traditional handloom weaving that preserves Nigeria's rich textile heritage through locally crafted fabrics.

green bond outstanding expanded significantly to about ₦94.05 billion, compared to ₦31.83 billion in 2024, driven by increased sovereign and subnational issuances, including a ₦62.36 billion FGN green bond and Lagos State's ₦14.82 billion issuance. Sustainable project financing also strengthened, with key initiatives such as the $500 million SPIN project, a $200 million Special Agro-Industrial Processing Zones (SAPZ) programme, and a $188 million renewable energy facility, highlighting growing momentum in climate-aligned investments despite persistent funding gaps and structural challenges.

Conclusion

Despite sustaining strong growth in 2025 and deepening its contribution to the economy, the Financial and Professional Services sector continues to face significant challenges, including limited financial inclusion, regulatory and enforcement gaps, low insurance penetration and awareness, shallow capital market liquidity, weak pension coverage in the informal sector, and the need for stronger governance, skills development, and innovation across its subsectors.

Macroeconomic Review 2025 and Q1 2026

Nigeria's economy demonstrated resilient momentum in 2025, with real GDP growing 3.9% year-on-year — a 14.7% improvement on the 3.4% recorded in 2024.[1] Growth was primarily driven by the services sector, notably Trade, Real Estate, Telecommunications & Information Services, Transportation & Storage, and Financial Institutions. While services remained the dominant engine of growth, expansion in the sector moderated from 4.75% in 2024 to 4.15% in 2025, reflecting softer performance in trade and real estate.

The non-oil sector continued to underpin economic activity, accounting for 96.5% of GDP and growing 3.7% during the year. The oil sector posted stronger growth of 8.05% — up from 5.5% in 2024 — largely attributable to increased crude oil production driven by the Dangote Refinery and upstream expansion activities. Manufacturing grew modestly at 1.4%, supported by food, beverage, tobacco, and cement output, though structural constraints, including foreign exchange pressures, unreliable power supply, and elevated input costs, continued to weigh on the sector. Agriculture expanded by 2.9%, up from 1.7% in 2024, buoyed by improved crop production and livestock performance. This growth trajectory carried into 2026, with real GDP expanding 3.89% year-on-year in Q1 — up from 3.13% in the same period of 2025. Growth was uneven, with information and communication rising 10.98%, financial and insurance 8.54%, manufacturing 3.29%, agriculture 3.15%, trade 2.08%, and the oil sector posting 2.57% growth.

A significant shift in Nigeria's inflation landscape emerged following the adoption of 2024 as the new base year, replacing 2009. Headline inflation declined to 15.15% — a substantial moderation from the 34.80% recorded under the old methodology[2] — while food inflation fell to 10.84%, reflecting lower agricultural commodity prices. Energy prices also eased, with the average petrol price declining 11.8% to ₦1,048.63 per litre by December 2025,[3] reflecting the Dangote Refinery's growing contribution to domestic fuel supply. The Central Bank of Nigeria maintained the Monetary Policy Rate at 27.5% through most of the year before easing to 27.0% in November 2025, and further to 26.5% in Q1 2026 — a measured shift signalling cautious optimism about inflation stabilisation. Price trends in Q1 2026 remained broadly contained, with headline inflation moving within a narrow band between 15.06% and 15.69% across the first four months of the year.

Government revenue recorded a landmark year, with the Nigeria Revenue Service collecting ₦28.3 trillion in 2025 — a 30.4% increase from ₦21.7 trillion in 2024 and 12% above target.[4] Non-oil tax revenue drove the bulk of this performance at ₦21.5 trillion, reflecting improved tax administration, stronger compliance, and continued digitalisation of revenue collection. Oil revenues contributed ₦6.8 trillion.

Despite this revenue strength, high debt servicing obligations continued to constrain fiscal space. Total

1 National Bureau of Statistics, 'Gross Domestic Product', (May 5, 2026), available at: https://microdata.nigerianstat.gov.ng/index.php/catalog/147

2 National Bureau of Statistics, 'Consumer Price Index and Inflation CPI', (May 6, 2026), available at: https://microdata.nigerianstat.gov.ng/index.php/catalog/154

3 National Bureau of Statistics, 'Premium Motor Spirit (Petrol) Price Watch', (May 6, 2025), available at: https://microdata.nigerianstat.gov.ng/index.php/catalog/157

4 Business Day, 'Nigeria Revenue Service grew income by 30% to N28.3trn in 2025', (May 6, 2026), available at: https://businessday.ng/news/article/nigeria-revenue-service-grew-income-by-30-to-n28-3trn-in-2025/

public debt rose to ₦159.28 trillion from ₦144.67 trillion, driven by sustained domestic borrowing.[5] The Federal Government has signalled expectations of easing debt pressures in 2026, underpinned by continued revenue growth. Nigeria's tax revenue reached ₦7.44 trillion in Q1 2026 — a 23.2% year-on-year increase — though this represented only 76.87% of the ₦9.68 trillion target, with underperformance concentrated in company income tax and petroleum royalties.[6]

Nigeria maintained a trade surplus for most of 2025, though the position weakened in Q4 due to a decline in crude oil exports. The full-year trade surplus stood at ₦1.71 trillion, down from ₦3.42 trillion in 2024.[7] This position improved markedly in 2026, with the trade surplus surging to ₦7.55 trillion in Q1, driven largely by a significant reduction in refined petroleum product imports — a development that reflects the growing impact of domestic refining capacity on Nigeria's external trade balance. Capital importation grew 88.4% year-on-year to $23.22 billion,[8] driven predominantly by a surge in portfolio investment as foreign investors targeted attractive returns in Nigerian bonds, equities, and money market instruments. Foreign direct investment increased by 36.8% to $868.29 million—representing 3.97% of the total inflows and suggesting a continued preference among foreign investors for short-term, liquid instruments over real sector commitments. This momentum strengthened further into 2026, with capital inflows reaching $10.37 billion in Q1 — a 61.0% increase from the previous quarter and an 83.8% rise from the same period in 2025 — signalling sustained and growing international confidence in the Nigerian market.

The naira experienced notable volatility during 2025 but recorded a modest appreciation across the year, moving from ₦1,533 per dollar in Q1 to ₦1,435 in Q4.[9] This stabilisation continued into Q1 2026, with the naira trading at an average of ₦1,385.19 to the dollar — reflecting the cumulative impact of foreign exchange reforms and improved market confidence.

Nigeria enters 2026 with a more stable macroeconomic foundation than at the start of the reform cycle. Real GDP growth is projected between 4.1% and 4.9%, supported by structural reforms, improved oil production — forecast at 1.71 million barrels per day — and greater foreign exchange sustainability.[10] Headline inflation is expected to moderate further to approximately 12.94%, while foreign exchange reserves are projected to grow 13.4% to $51.04 billion.[11] Structural reform priorities for 2026 centre on foreign exchange management, tax administration, bank recapitalisation, and energy sector development — reforms collectively designed to reduce uncertainty, improve price signals, and create a more competitive and business-friendly environment.

5 Debt Management Office, 'Total Public Debts', (May 7, 2026), available at: https://www.dmo.gov.ng/debt-profile/total-public-debt

6 Nairametrics, 'Nigeria's tax revenue hits N7.44 trillion, misses target despite new laws', (June 1, 2026), available at: https://nairametrics.com/2026/05/20/nigerias-tax-revenue-hits-n7-44-trillion-misses-target-despite-new-laws/

7 Central Bank of Nigeria, 'Statistics Database', (May 7, 2026), available at: https://statistics.cbn.gov.ng/data-browser

8 National Bureau of Statistics, 'Nigeria Capital Importation', (April 17, 2025), available at: https://microdata.nigerianstat.gov.ng/index.php/catalog/143

9 Exchange Rates Org Uk, 'US Dollar to Nigerian History: 2025', (May 7, 2026), available at: https://www.exchangerates.org.uk/USD-NGN-spot-exchange-rates-history-2025

10 Business Day, 'CBN projects economy to grow by 4.49% in 2026 on reform gains', (May 12, 2026), available at: https://businessday.ng/news/article/cbn

11 Central Bank of Nigeria, 'Macroeconomic Outlook for Nigeria, 2026', (May 12, 2026), available at:https://www.cbn.gov.ng/Out/2025/CCD/CBN%20Macroeconomic%20Outlook%20for%20Nigeria%20Report

For centuries, master artisans in the Benin Kingdom have transformed coral into ceremonial regalia worn by kings and chiefs. Today, Benin coral beads remain among Nigeria's most iconic symbols of heritage, craftsmanship and royal legacy.

Banking

Banks remained central to Nigeria's economic growth in 2025, serving as the primary channels for monetary policy transmission, credit allocation, and liquidity provision. Operating against a backdrop of sustained monetary tightening and a landmark recapitalisation exercise, the banking sector demonstrated considerable resilience — reinforcing its role as a key enabler of economic activity across sectors of the economy.

BANKING KEY FACTS

LEGEND
Million - mn   Billion - bn   Trillion - tn
Quadrillion - qn

Total banking sector assets

₦170.02tn 2024 | **₦180.37tn** 2025

↑ **+6.1%** INCREASE

Total banking sector assets rose from ₦170.02 trillion in 2024 to ₦180.37 trillion in 2025, representing a 6.1% increase.

Contribution of financial institutions to GDP

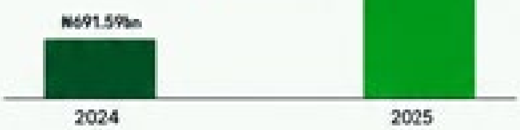
2024	2025	Q1 2026
₦4.58tn	₦5.87tn	₦7.74tn
2.4% of GDP	2.6% of GDP	3.4% of GDP

The financial institutions contributed ₦5.87 trillion (2.6% of GDP) in 2025, up from ₦4.58 trillion (2.4%) in 2024.
By Q1 2026, the contributions increased to 3.4%.

Company Income Tax (CIT) contribution by banks, other financial institutions and insurance companies

₦691.59bn 2024 | **₦1.50tn** 2025

↑ +16.7% YOY INCREASE



₦1.50 trillion was contributed in Company Income Tax in 2025, up from ₦691.59 billion in 2024, representing a 116.7% year-on-year increase.

Financial and insurance activities remained the largest contributor to Company Income Tax

2025: Ranked 1st among twenty sectors

Q1 2026: Ranked 1st among twenty sectors

Financial and insurance activities accounted for 30.0% of total CIT in 2025 and 24.7% in Q1 2026.

Capital importation through the banking sector

US$7.00bn 2024 ↑ +93.3% INCREASE **US$13.53bn** 2025

Capital importation through the banking sector reached **US$13.53 billion** in 2025, accounting for 58.3% of total inflows and representing a 93.3% increase from 2024. In Q1 2026, the share of banking in capital importation increased to 72.8%.

Remittance inflows

US$19.55bn 2023 | Over **US$21bn** 2025

↑ +8% INCREASE

Remittance inflows reached over US$21 billion in 2025, up from US$19.55 billion in 2023, reflecting an increase of more than 8%.

33 banks met the CBN's revised capital requirements by March 2026

₦4.65tn
RAISED

A time-honoured Nigerian craft, calabash carving transforms dried gourds into beautifully engraved works of art used for decoration, storage, and traditional ceremonies.

How the Banking Sector supported growth and the economy

Contributing to national output

Nigeria's banking sector maintained its role as a key driver of the non-oil economy in 2025, with collective financial institutions[12] accounting for 2.6% of GDP — up from 2.4% in 2024 (Figure 1) — and growing 14.4% year-on-year (Figure 2) from ₦4.58 trillion to ₦5.87 trillion.[13] This follows the National Bureau of Statistics' GDP rebasing exercise, which adopted 2019 as the new base year and revised the sector's contribution downward.

The sector navigated a mixed operating environment. Tighter monetary conditions weighed on lending activity in Q2 and Q3, slowing risk asset creation, before a strong rebound in the latter part of the year — supported by improved liquidity conditions and the lagged effect of the CBN's measured rate cut in September 2025. Total assets of Deposit Money Banks[14] rose 6.1% to ₦180.37 trillion by December 2025,[15] a more modest pace compared to the 39.6% growth recorded in 2024 (Figure 3), though still representing a compound annual growth rate of 20.4% over the decade from 2015 to 2025. While the sector's asset base as a share of nominal GDP moderated to an estimated 41.8% from 46.6% in 2024 (Figure 4) — reflecting the impact of GDP rebasing rather than any underlying decline — it nonetheless underscores the sector's continued structural relevance to the Nigerian economy.

With the recapitalisation exercise completed and 33 banks holding stronger balance sheets, the sector enters 2026 well-positioned to deepen its economic contribution. Early indicators are encouraging — the sector recorded a 3.41% GDP contribution in Q1 2026. Key growth drivers include loan book expansion as the CBN continues to ease rates — the Monetary Policy Rate was reduced from 27.0% to 26.5% in February 2026 — alongside growth in digital non-interest revenues and expanded trade finance activity. The principal downside risk remains credit concentration in the oil and gas sector, as well as the broader challenge of converting higher capital levels into productive real economy lending, rather than continued allocation toward government securities.

Enhancing tax contributions

Nigeria's financial sector cemented its position as the leading contributor to government tax revenues in 2025. Financial and insurance activities — encompassing banks and other financial institutions — contributed ₦1.50 trillion to total national Company Income Tax collections of ₦4.99 trillion, accounting for 30.0% of the total.[16] This represents a 116.7% increase from ₦691.59 billion in 2024, and comfortably surpasses all other sectors — nearly doubling the 17.7% share contributed by the manufacturing sector, which ranked second. The

12 According to the National Bureau of Statistics framework, Financial Institutions are Deposit and Other Banks, Finance Companies, Discount Houses, Central Bank of Nigeria, Bureau de Change, Microfinance Banks, Mortgage Banks, Money Lenders, Exchanges and Financial Brokers.

13 See Footnote 1.

14 Based on the Central Bank of Nigeria's adoption of IMF's Standardized Report Form, beginning 2007.

15 Central Bank of Nigeria, 'Quarterly Statistical Bulletin', (May 29, 2026), available at: https://www.cbn.gov.ng/documents/QuarterlyStatbulletin.html

16 National Bureau of Statistics, 'Company Income Tax (CIT)', (May 12, 2026), available at: https://microdata.nigerianstat.gov.ng/index.php/catalog/145

Figure 1

Financial institutions' contribution to GDP, 2019-Q12026
Source: National Bureau of Statistics, EnterpriseNGR, and Coronation Merchant Bank analysis

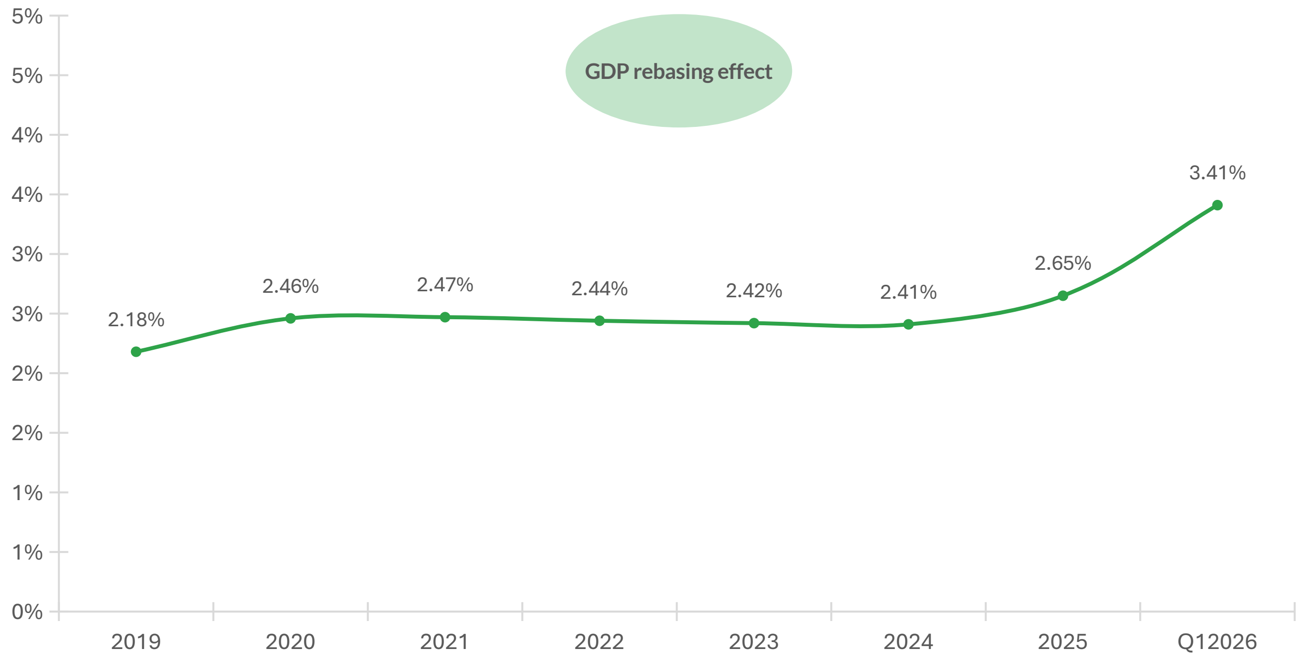


Figure 2

GDP growth rate and Financial Services growth rate, 2016-Q12026
Source: National Bureau of Statistics, EnterpriseNGR, and Coronation Merchant Bank analysis

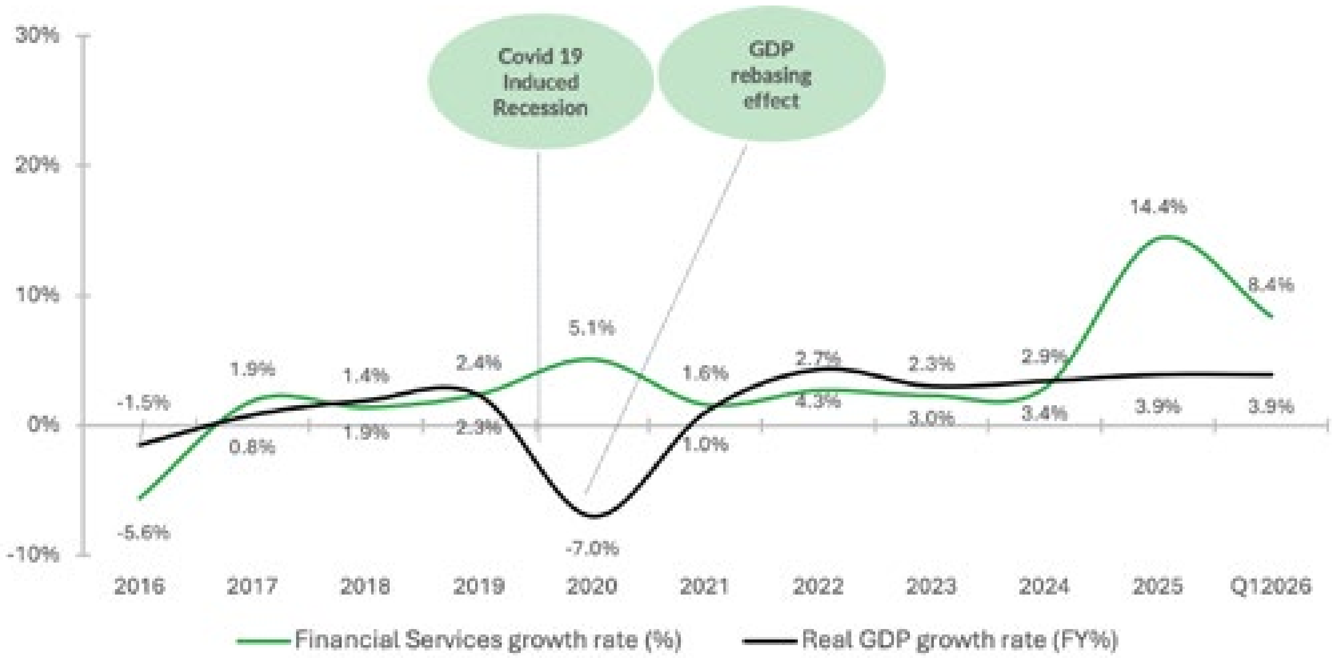
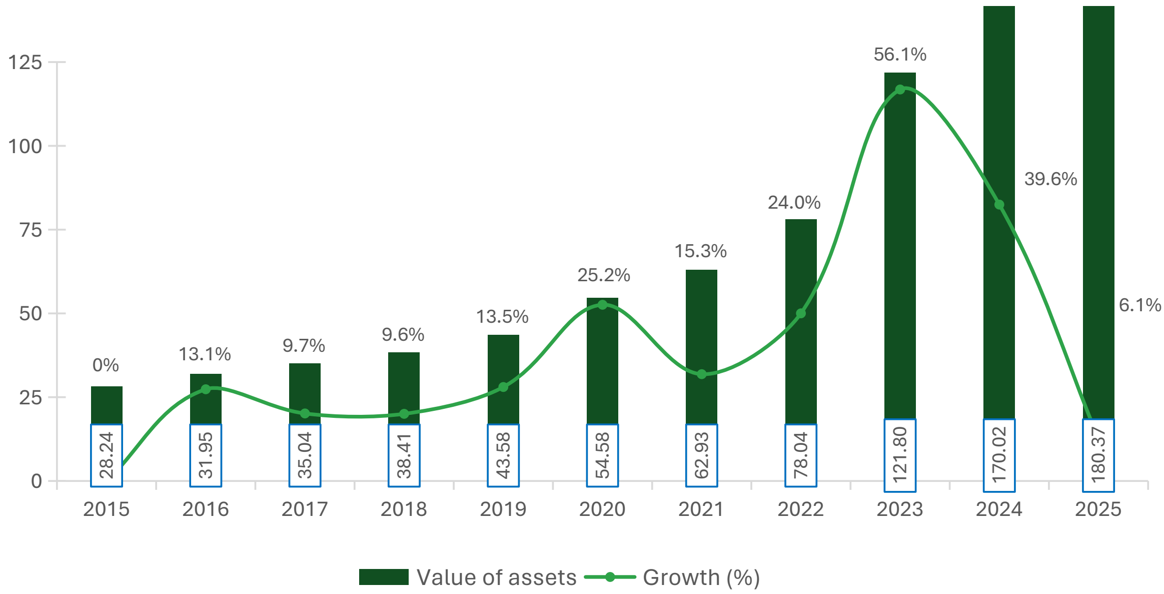


Figure 3

Asset value of Deposit Money Banks, 2015-2025
Source: Central Bank of Nigeria, EnterpriseNGR, and Coronation Merchant Bank analysis



picture moderated in Q1 2026, with total national CIT revenue declining 31.0% year-on-year to ₦1.37 trillion. Financial and insurance activities nonetheless retained their leading position, contributing 24.7% of total CIT collections during the quarter.

Beyond corporate income tax, the financial sector also contributes meaningfully to government revenues through the collection and remittance of Value Added Tax on eligible services — including account maintenance, fund transfers, and other banking transactions. In 2025, these activities generated ₦421.01 billion in VAT,[17] a 38.8% increase from the prior year, representing 9.4% of total national VAT collections. The sector retained its position as the fifth-largest VAT contributor in the country, reflecting its broad transactional footprint across the Nigerian economy. This standing strengthened further in Q1 2026, as total national VAT revenue grew 17.1% year-on-year to ₦2.42 trillion. Financial and insurance activities rose to become the fourth-largest VAT contributor during the quarter: a progression that underscores the sector's expanding role in Nigeria's revenue base.

In aggregate, financial and insurance activities ranked as the second-largest contributor to overall tax revenue in 2025, generating ₦1.92 trillion and overtaking both Mining and Quarrying and Information and Communication in the process. Manufacturing retained the top position with ₦2.05 trillion in total tax contributions, growing 39.7% year-on-year — though the financial sector's rapid rise signals a meaningful shift in the composition of Nigeria's tax base.

Attracting capital inflows

Nigeria's return to pre-pandemic capital importation levels in 2025 was driven in significant part by the banking sector. Of the $23.22 billion in total capital inflows recorded during the year, approximately 58.3% — or $13.53 billion — was attracted by banking (Figure 7),[18] representing a 93.3% increase from 2024 and

17 National Bureau of Statistics, 'Sectorial Distribution of Value Added Tax (VAT)', (May 12, 2026), available at: https://microdata.nigerianstat.gov.ng/index.php/catalog/144
18 See Footnote 8

Figure 4

Asset value of Deposit Money Banks and share of GDP(current), 2015- 2025
Source: Central Bank of Nigeria, EnterpriseNGR, and Coronation Merchant Bank analysis

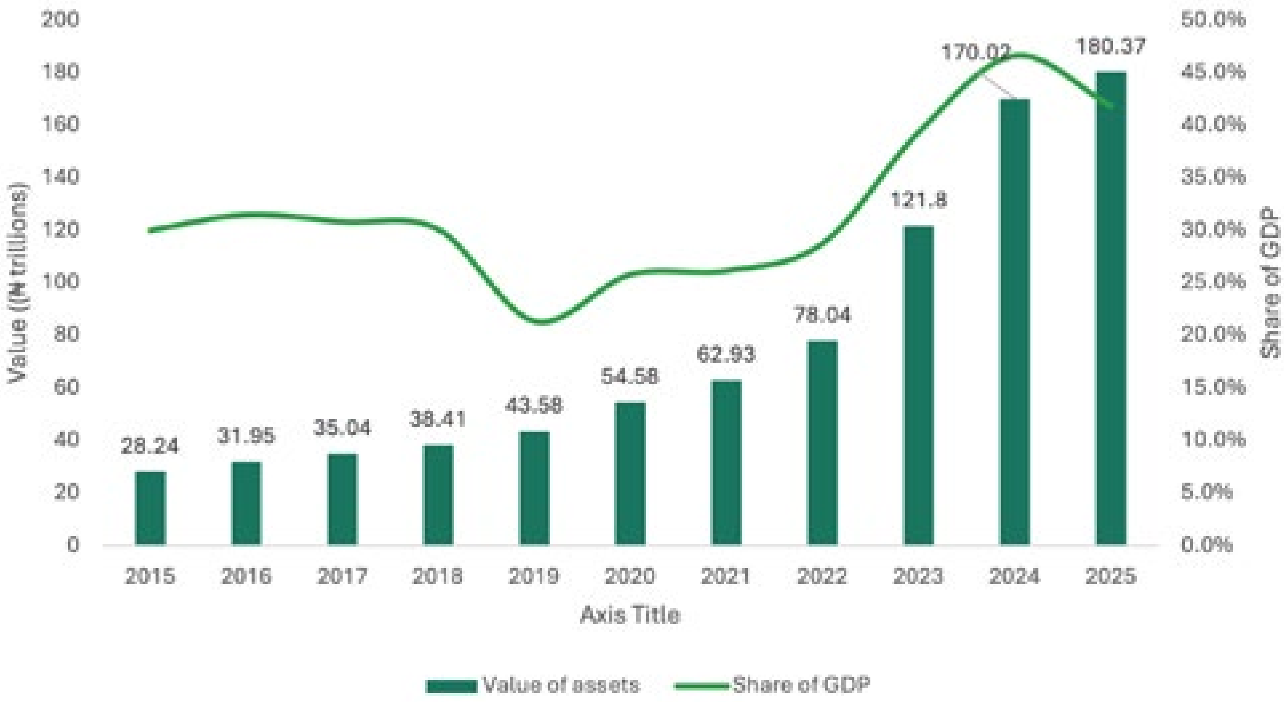


Figure 5

Financial and Insurance Services' contribution to company income tax, 2025
Source: National Bureau of Statistics, EnterpriseNGR, and Coronation Merchant Bank analysis

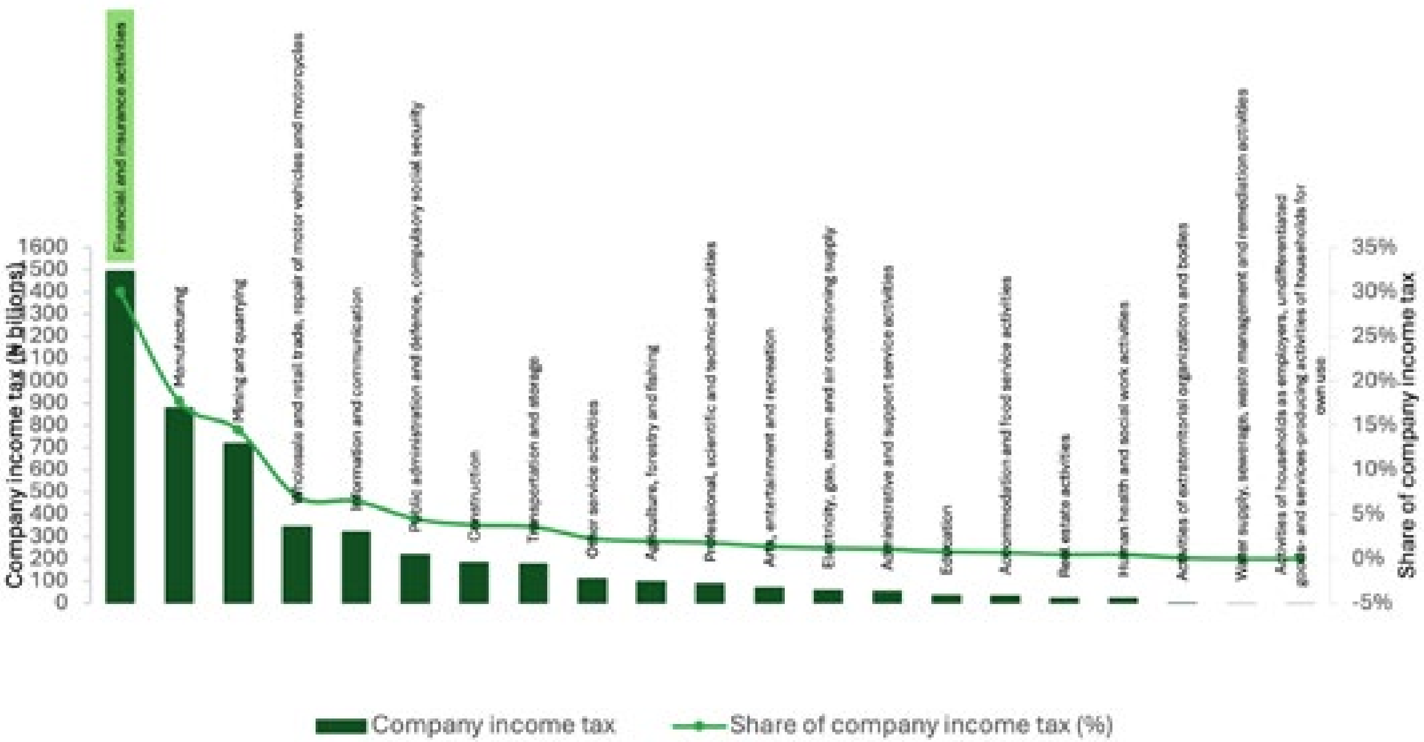


Figure 6

Financial and Insurance Services' contribution to value-added tax, 2025.
Source: National Bureau of Statistics, EnterpriseNGR, and Coronation Merchant Bank analysis

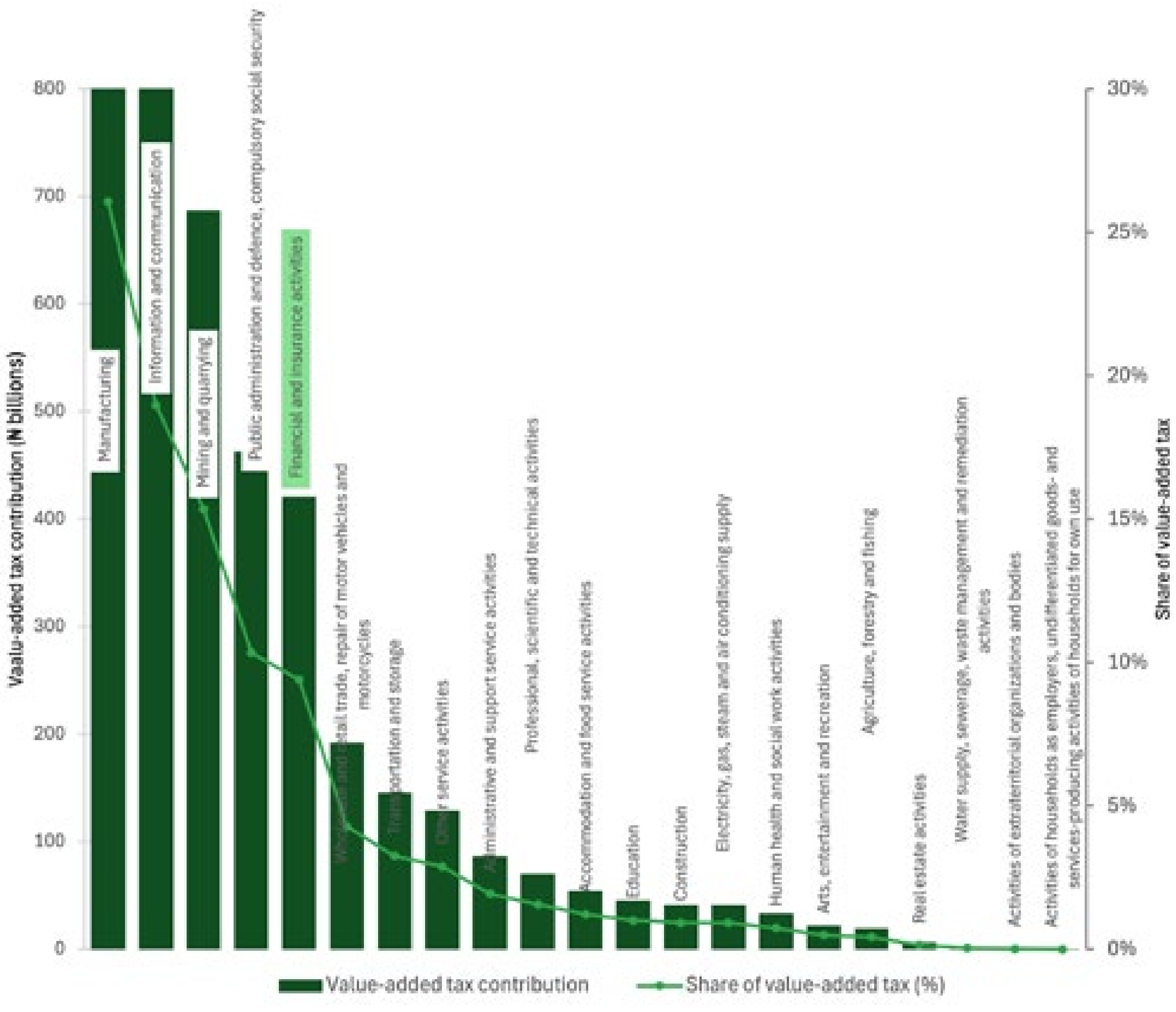


Figure 7

Capital importation by sector, 2025
Source: National Bureau of Statistics, EnterpriseNGR, and Coronation Merchant Bank analysis

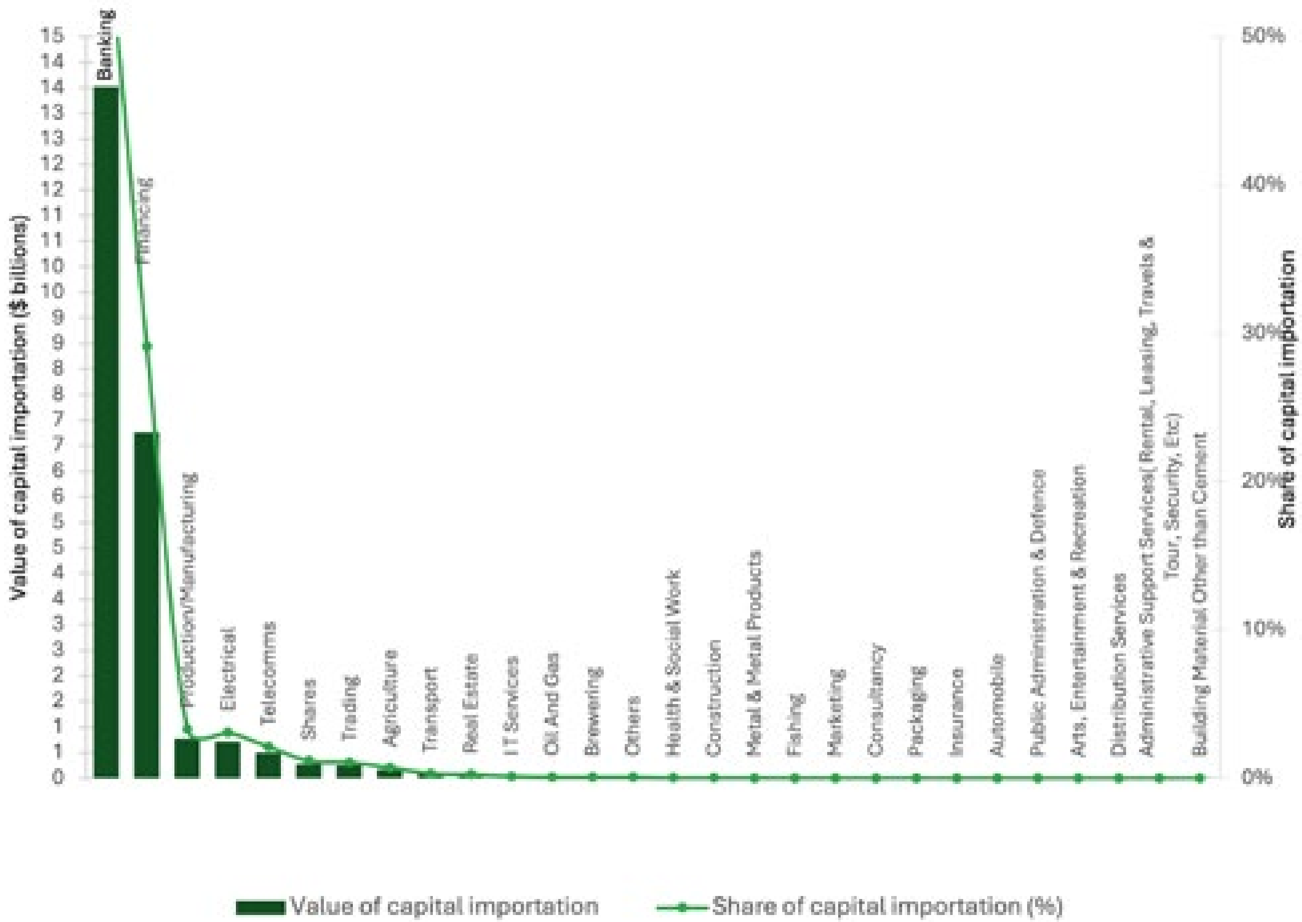
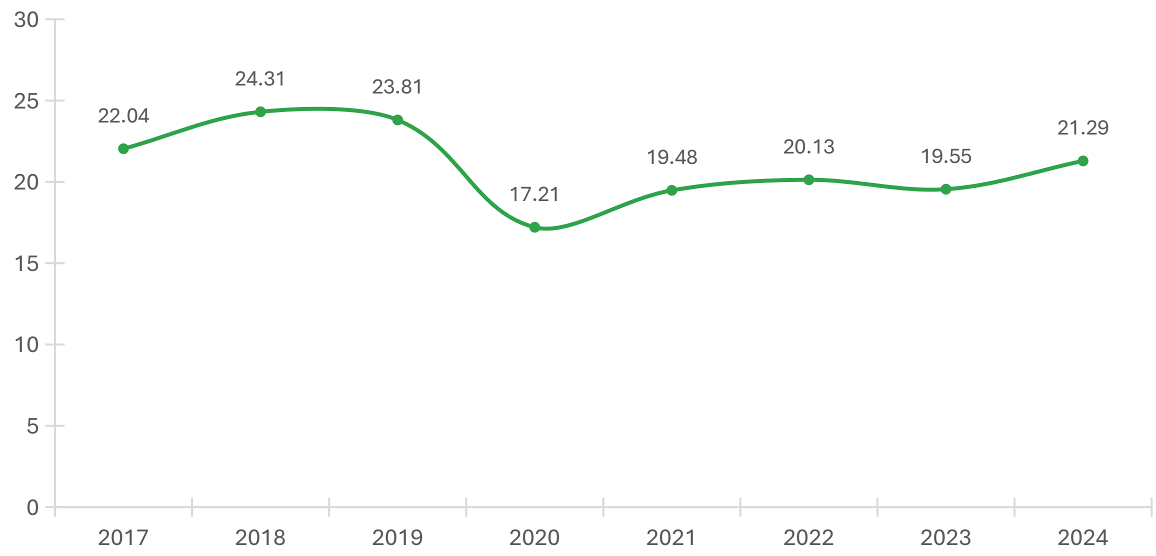


Figure 8

Remittances inflow, 2017-2024 ($ billions)
Source: World Bank, EnterpriseNGR, and Coronation Merchant Bank analysis



underscoring the sector's growing role as a gateway for foreign capital into the Nigerian economy. Contributing to this surge was the recapitalisation exercise, with banks relying on equity raises, private placements, and strategic investments by foreign investors to meet the new CBN minimum capital thresholds. This momentum carried into 2026. In Q1 2026, Nigeria attracted $10.37 billion in capital importation[19], an 83.8% increase from $5.64 billion in Q1 2025 and a 61.0% rise from $6.44 billion in Q4 2025; banking absorbed 72.8% of the inflows. The banking sector's ability to facilitate cross-border transactions, trade finance, and investment positions it as a critical enabler of Nigeria's global economic engagement. Sustaining this momentum will require continued prioritisation of macroeconomic stability and monetary policy credibility — the foundations upon which investor confidence and Nigeria's international financial standing are built.

Optimising diaspora remittances

Diaspora remittances remain one of Nigeria's most significant sources of foreign exchange. Total remittance inflows increased from $19.55 billion in 2023 to $21.29 billion in 2024,[20] and there are indications that the 2025 estimate will reach $21.80 billion,[21] reinforcing Nigeria's position as the largest remittance recipient in Sub-Saharan Africa. Alongside this performance, remittance flows through formal channels strengthened significantly, with monthly formal remittance inflows reaching up to $600 million in 2025.[22] Key policy

19 See Footnote 8

20 World Bank, 'World Bank Development Indicators', (June 10, 2026), available at: https://databank.worldbank.org/source/world-development-indicators/Series/PX.REX.REER

21 Vanguard News, 'Diaspora remittances into Nigeria stabilised at $21.806 billion in 2025, almost unchanged from the $21.811 billion recorded in 2024', (June 10, 2026), available at: https://www.vanguardngr.com/2026/05/diaspora-remittances-stabilises-at-21-8bn-in-2025-amid-global-pressures/

22 APA News, ' Nigeria's diaspora inflows hit $600m monthly – CBN', (June 10, 2026), available at: https://apanews.net/nigerias-diaspora-inflows-hit-600m-monthly-cbn/

Figure 9

Top remittance recipient in select sub-saharan Africa 2024 ($ Billions)
Source: World Bank and EnterpriseNGR analysis

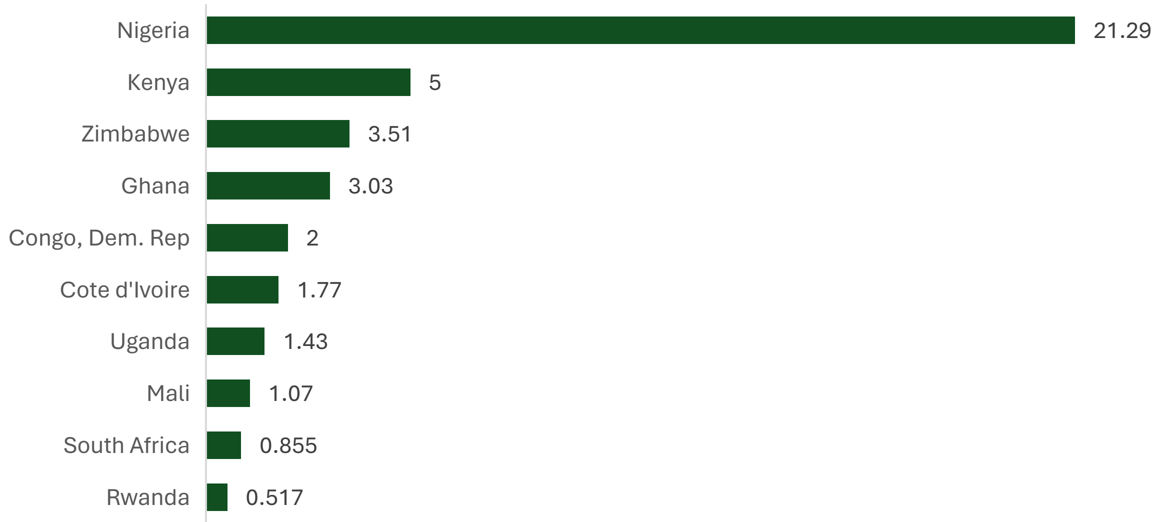
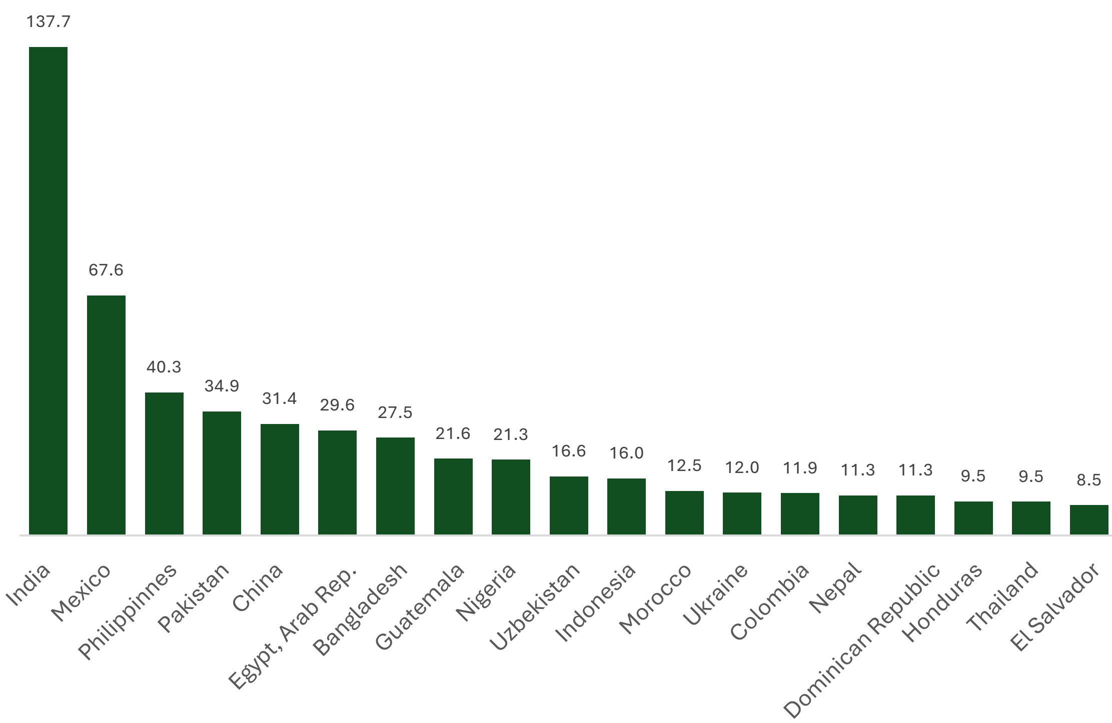


Figure 10

Top Recipients of remittances among Low- and Middle-Income Countries in volume, 2024
Source: World Bank and EnterpriseNGR analysis



interventions driving this improvement included the January 2025 launch of the Non-Resident Nigerian Ordinary Account (NRNOA) and Non-Resident Nigerian Investment Account (NRNIA), the introduction of a Non-Resident BVN (NRBVN) platform enabling remote registration, the granting of 14 new International Money Transfer Operator licences, and the establishment of a CBN-led Collaborative Task Force reporting directly to Governor Cardoso.

Achieving the CBN's target of $1 billion in monthly formal remittances by 2026 will require sustained and coordinated policy execution. The NRNOA, NRNIA, and NRBVN platforms must be more actively promoted within diaspora communities to convert awareness into meaningful adoption. There is also a compelling case for a new diaspora bond issuance — building on prior Eurobond success — to channel diaspora savings into productive investment opportunities within Nigeria.
Complementing the foreign inflow efforts, the Nigerian Foreign Exchange Code and the Electronic Foreign Exchange Matching System continue to reinforce ethical conduct, professionalism, and risk management in the FX market — supporting stability and strengthening confidence among participants.

The Nigerian Foreign Exchange (FX) Code—a framework promoting ethical conduct, professionalism, and risk management and the Electronic Foreign Exchange Matching System (EFEMS) continue to support stability and improve confidence in the market.

Achieving the CBN's target of $1 billion in monthly formal remittances by 2026 will require sustained and coordinated policy execution.

How the Banking Sector supported businesses and livelihoods

Expanding access with tech-enabled innovation

Tech-enabled innovation is increasingly expanding access to financial services in Nigeria, with mobile banking and AI-driven solutions playing a central role in deepening inclusion and improving efficiency. Fintech adoption has significantly improved operational efficiency and customer service delivery among Nigerian banks, while also extending financial services to previously underserved populations. In practice, this is reflected in the rapid growth of mobile-led platforms and agency networks, where fintechs are embedding banking services into everyday transactions, enabling real-time access to payments, savings, and credit. At the same time, the integration of artificial intelligence is enhancing the quality and scalability of these services. AI is increasingly being deployed for fraud detection, automated customer support, and credit risk assessment, enabling faster decision-making and more personalized financial services. Collectively, these innovations are not only improving efficiency within the banking system but are also lowering barriers to entry, thereby accelerating financial inclusion and reshaping how individuals and businesses interact with financial services.

A significant share of Nigeria's recent progress in digital financial services has been driven by fintech-led platforms, particularly OPay, Moniepoint, and Kuda, which have scaled rapidly across payments and agency banking. Moniepoint alone processed over 14 billion transactions with a total payment volume of approximately ₦412 trillion in 2025 across all channels — including transfers, business banking, and POS — while serving more than 6mn businesses and 16mn individuals. The platform also accounted for around 80% of in-person (POS) transactions by volume nationwide.

Key policy developments

The 2025 policy environment for Nigerian banking was defined by the conclusion of a landmark recapitalisation programme, a major overhaul of the national tax framework, and a series of FX market and digital infrastructure reforms. Together, these developments represent the most consequential reform cycle in over a decade, inviting comparison with the 2005–2006 Soludo banking consolidation that reduced the number of licensed banks from 89 to 25 and the 2009–2014 Sanusi-era overhaul, which rescued eight distressed banks, established AMCON, and reoriented supervisory philosophy around risk-based oversight. The 2025 recapitalisation differs in mechanism — it raises the floor rather than reducing the count — and its full structural impact will play out in the post-deadline merger and acquisition cycle in 2026 and beyond.

Policy / Reform	Summary & Implications
Bank Recapitalisation Completion (March 2026)	The CBN's 24-month recapitalisation programme concluded with 33 banks raising a combined N4.65[23] trillion in new capital. The remaining four banks, supposedly Unity Bank, Union Bank, Polaris Bank, and Keystone Bank, remain subject to ongoing regulatory and judicial processes, according to the CBN. Capital adequacy ratios now exceed Basel benchmarks. Nigeria also exited the Financial Action Task Force (FATF) grey list in October 2025, and sovereign ratings were upgraded by Fitch and Moody's.
Nigeria Tax Act 2025 (Effective January 2026)	Four landmark tax reform bills signed by President Tinubu in June 2025 consolidate CIT, PIT, VAT, CGT, and Stamp Duties into a unified statute. For banks: new 4% Development Levy replaces multiple sectoral levies; mandatory quarterly transaction reporting for customers; e-invoicing obligations; and TIN enforcement requirements. Small companies (≤N50m turnover) are exempt from CIT, creating a wider formal economy base for banking.

23 Central Bank of Nigeria, 'CBN Concludes Banking Sector Recapitalisation Programme: ₦4.65 Trillion Raised to Strengthen Financial System Resilience ', (June 10, 2026), available at: https://www.cbn.gov.ng/Out/2026/CCD/CBN%20Press%20Release%20Recapitalisation%20April%201%202.pdf

Non-Resident Nigerian Account Products (January 2025)	The CBN launched the NRNOA and NRNIA to enable diaspora Nigerians to remit earnings and invest in Nigerian assets in foreign and local currencies. Combined with the NRBVN remote registration platform, these products are designed to channel a greater share of diaspora flows — estimated at $20–25bn annually — through formal banking infrastructure.
Nigerian FX Code Launch (January 2025)	The CBN formally launched the Nigerian FX Code on January 28, 2025 — binding on all authorised dealer banks, covering Ethics, Governance, Execution, Information Sharing, Risk Management, Compliance, and Confirmation & Settlement processes. Builds on the 2024 EFEMS infrastructure to embed international best practice in the interbank FX market.
ATM Fee Revision (February 2025)	Revised ATM charges: N100/N20,000 for Not-On-Us on-site ATMs; N100 + up to N500 surcharge for off-site terminals (disclosed at point of withdrawal). The revision addressed rising ATM operating costs and was accompanied by service reliability requirements as the network transitions amid the broader digital payments shift.
ISO 20022 Migration & POS Geo-Identification	All licensed payment operators mandated to migrate to ISO 20022 messaging standards, aligning Nigeria's payments infrastructure with global settlement systems. All POS terminals required to register GPS coordinates with the National Central Switch for continuous location monitoring — a fraud-reduction measure targeting the rapidly expanding POS agent network.
PAPSS Documentation Simplification (April 2025)	CBN simplified documentation requirements for Pan-African Payment & Settlement System (PAPSS) transactions, reducing compliance burden on banks executing intra-African cross-border trade finance. Designed to boost Nigeria's position as a regional trade finance hub and support the AfCFTA trade agenda.
Regulatory Forbearance Wind-Down (June 2025)	CBN reviewed capital and provisioning adequacy of banks under forbearance, directing them to suspend shareholder dividends, defer director/senior management bonuses, and halt investments in foreign subsidiaries. The orderly exit improved asset quality and reinforced balance sheet transparency across the sector.

Conclusion and recommendations

Nigeria's banking sector delivered a year of significant structural achievement in 2025, anchored by the successful recapitalization drive, record capital inflows, and continued digital payment expansion. However, translating structural strength into broad economic impact remains the defining challenge for 2026 and beyond. The six recommendations below identify the sector's most critical unresolved pressure points and the policy actions needed to address them:

Translate Recapitalisation into Real Sector Credit.

Despite ₦4.65 trillion in new capital, Nigerian banks have historically preferred low-risk government securities over productive real sector lending. There is a real risk that expanded balance sheets simply become larger repositories of Treasury Bills rather than engines of economic transformation. The CBN should pair its post-recapitalisation risk governance reforms with targeted credit incentive frameworks, risk-sharing instruments, first-loss guarantees, and co-investments with the Bank of Industry and Nigerian Export-Import Bank (NEXIM), to redirect capital toward manufacturing, agriculture, infrastructure, and SMEs. CBN should develop a credit growth monitoring framework to track sectoral credit deployment as a performance accountability measure. Banks should also be incentivized to improve their credit risk internal capacities, so they are better able to manage expanded lending. The Government should seek to work with the judiciary to improve the speed that commercial cases are handled in the courts so that enforcement processes on credit-related issues can be handled more efficiently.

Improve the Quality of Capital Inflows.

Portfolio investment (primarily short-term money market instruments) dominated capital importation in 2025 at 85% of inflows. FDI into the real sector remained low, creating structural vulnerability to sudden hot money reversal during global risk-off episodes. Leverage the improved macro environment — sub-2% parallel market premium target, FATF grey list exit, sovereign rating upgrades — to actively market Nigeria to long-term strategic investors. Sector-specific investment protection frameworks, streamlined investor repatriation processes, and a stable regulatory environment are prerequisites.

Manage Cybersecurity and Digital Risk.

Nigeria's quadrillion-naira digital payment ecosystem presents an expanding attack pathway for fraud, data breaches, and system outages. Network glitches highlight growing infrastructure stress. Sector-wide cybersecurity standards should be developed jointly by the Office of the National Security Adviser (ONSA) and Committee of Chief Information Security Officers of Nigerian Financial Institutions (CCISONFI), with specific resilience benchmarks for shared payment infrastructure. Banks should invest in AI and machine learning tools to improve real-time fraud detection. The NIBSS National Payment Stack transition must be accompanied by a robust security architecture. A mandatory incident reporting and public disclosure framework would strengthen systemic risk visibility.

Deepen Financial Inclusion: From Coverage to Depth.

Over 320 million active accounts and a near-95%

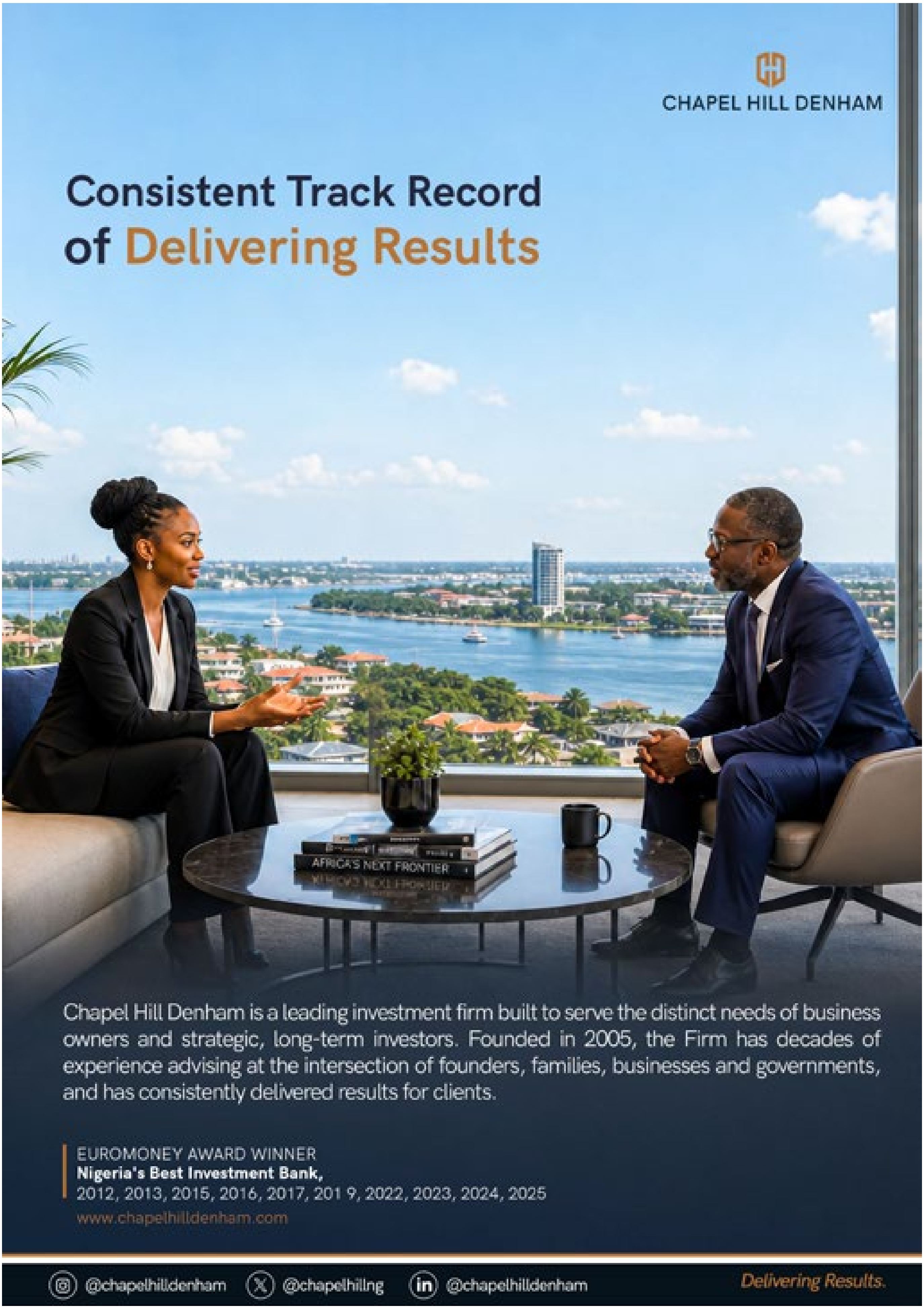
headline inclusion rate mask a quality gap: over 30 million dormant accounts signal that millions of Nigerians remain, in practice, excluded despite formal onboarding. Access without active usage limits financial inclusion efforts. The CBN should reframe financial inclusion metrics to track active usage, credit access, and financial resilience outcomes, not just account ownership. Targeted programmes to convert dormant accounts into active financial relationships, combined with community-based financial literacy campaigns and affordable digital credit products for micro-borrowers, will deepen inclusion meaningfully. Gender-disaggregated reporting through the Women's Financial Inclusion Dashboard should be expanded to all Tier 1 banks.

Deepen FX Stability and Diversify Reserve Sources.

While gross external reserves rose to $50.12 billion by February 2026, the dominance of short-term portfolio flows in Nigeria's capital importation base and the volatile global oil market raise questions about reserve durability. The sustainability of FX stability depends on diversifying inflow sources beyond speculative, money market-focused capital and oil. Accelerate the CBN's Gold Integration and reserve diversification strategies to reduce over-reliance on volatile portfolio inflows. Non-oil export promotion, diaspora bonds, and export credit facilities should progressively diversify FX inflow sources. Maintaining the credibility of the willing-buyer, willing-seller FX framework and the transparency of the Nigerian FX Code will be essential to retaining investor confidence in 2026 and beyond.

Prepare for the Nigeria Tax Act 2026 Compliance Cycle.

The Nigeria Tax Act 2025 — effective January 2026 — introduces material new compliance requirements for banks: quarterly transaction reporting, mandatory e-invoicing, the new Development Levy, TIN enforcement, and enhanced VAT administration. Early evidence of implementation complexity is already emerging across large corporates. The CBN and Nigeria Revenue Service should jointly coordinate an industry readiness programme for banks, with clear guidance on e-invoicing integration, customer transaction reporting thresholds, and the new Development Levy treatment. Banks should urgently audit their ERP systems, tax provisioning models, and compliance frameworks against NTA 2025 requirements. The first full-year NTA 2025 filing cycle in 2026 will be closely watched by regulators, investors, and rating agencies.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Insurance

In 2025, the insurance subsector sustained its growth momentum, underscoring its expanding role in protecting individuals and businesses from losses and assets-related risks. The sector also continued to mobilise investable funds, thereby contributing to broader economic developments. The key performance areas for 2025 are outlined below.

INSURANCE KEY FACTS

LEGEND

Million - mn   Billion - bn   Trillion - tn

Quadrillion - qn

Insurance sub-sector's contribution to GDP

2024	2025
0.29% of GDP	0.32% of GDP

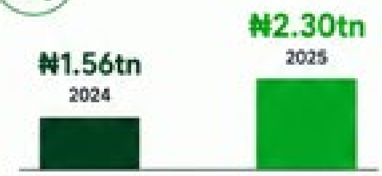
The insurance sub-sector's contribution to GDP rose to 0.32% in 2025, from 0.29% in 2024.

Total assets

+24.2%
GROWTH
2024/2025

The industry's total assets rose to ₦4.79 trillion in 2025, from ₦3.86 trillion in 2024, representing a 24.2% increase.

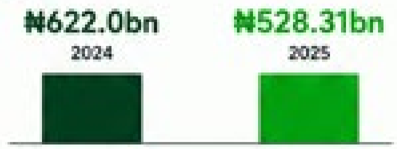
Gross premiums written



+47.3%
GROWTH
2024/2025

Gross premiums written increased to ₦2.30 trillion in 2025, from ₦1.56 trillion in 2024, representing a 47.3% increase.

Net claims paid



-15.1%
CHANGE
2024/2025

Net claims paid out declined to ₦528.31 billion in 2025, compared to ₦622.0 billion in 2024, a 15.1% decrease.

Claim ratio

Claim ratio improved to 31.5% in 2025, below the 49.9% recorded in 2024.

Total health insurance enrollees

Total health insurance enrollees rose from 6.0 million in 2021 to 21.7 million in 2025 with a 2026 target of 25.0 million beneficiaries and projected penetration rate of about 11%.

Accredited Health Maintenance Organisations (HMOs)

2024		2025
83	+13.3% INCREASE	94

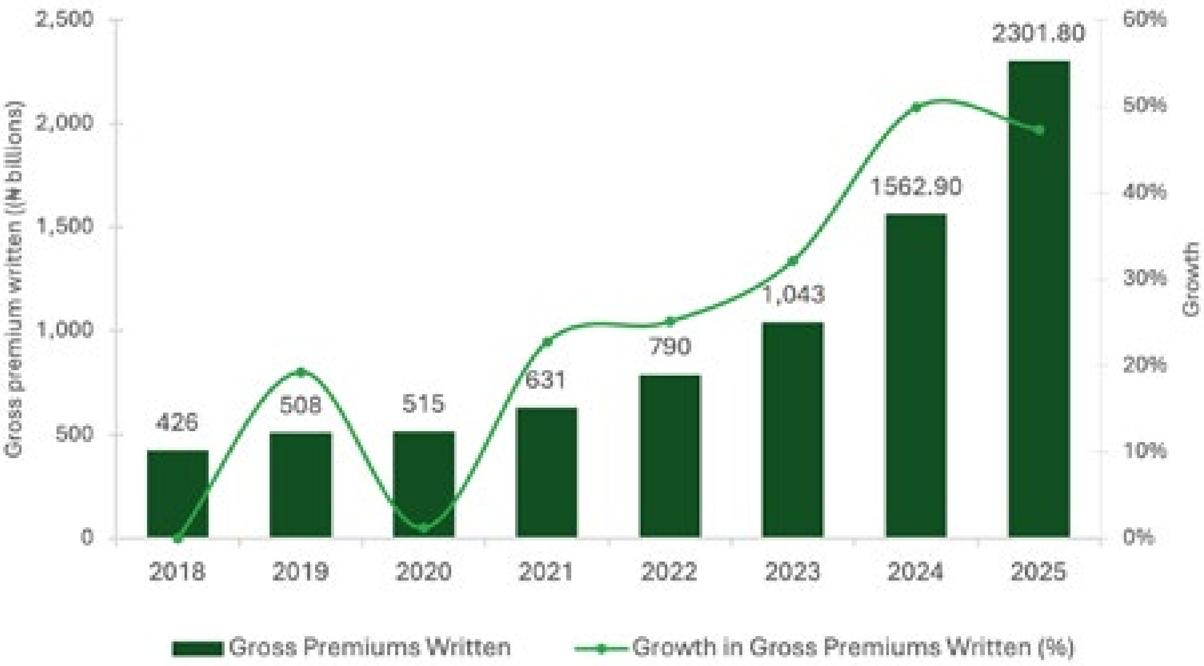
The number of accredited Health Maintenance Organisations (HMOs) stood at 94 as of 2025 versus 83 in 2024.

Source: NAICOM, NBS, NHIA

The talking drum (gángan) is one of Nigeria's most distinctive musical instruments, originating among the Yoruba people of southwestern Nigeria. Renowned for its ability to mimic the tones and rhythms of human speech, it has long served as a medium for storytelling, ceremonies and cultural expression.

Figure 11

Gross premiums written/income and growth, 2018-2025
Source: National Insurance Commission, EnterpriseNGR, and Custodian Investment Plc analysis



Providing protection against losses

Providing protection against damage and loss of assets

Gross Premium Written (GPW) reached N2.30 trillion in 2025[24], representing a 47.3% growth from N1.56 trillion in 2024[25], reflecting a structurally deeper risk-transfer function in the economy. NAICOM attributed the strong 2025 premium growth to ongoing regulatory measures aimed at market deepening, stronger Oil & Gas business in the non-life segment, and expanding annuity funds in the life segment. The surge also reflects inflation-adjusted asset valuations, stricter enforcement of compulsory insurance classes, and

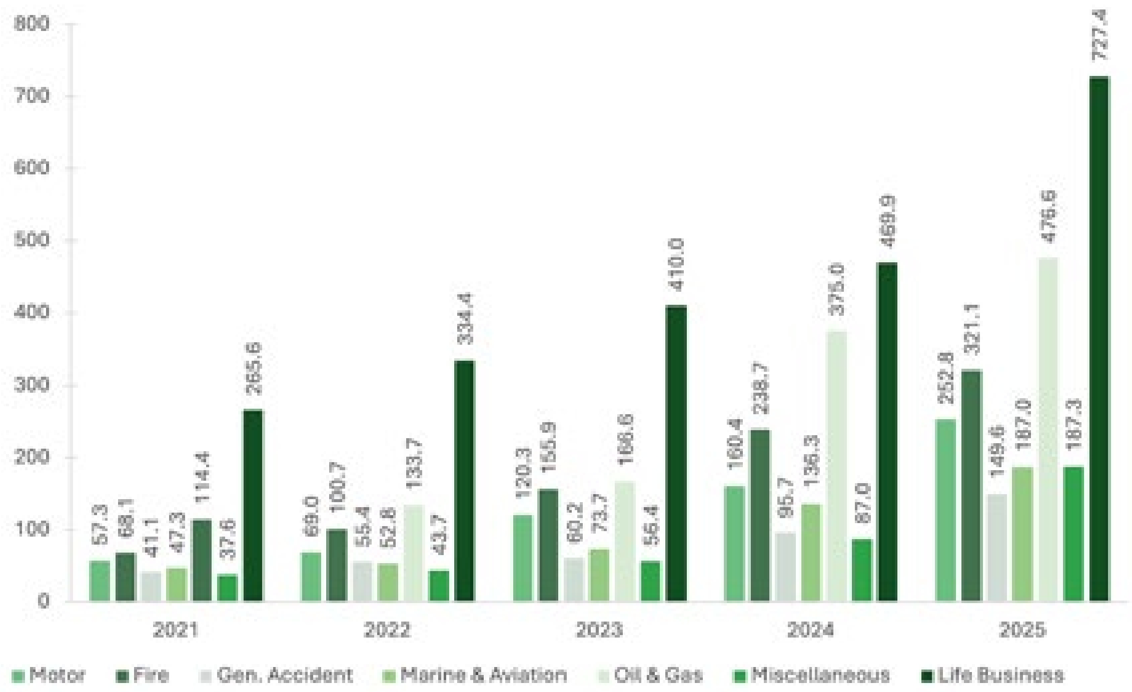
In 2025, gross claims amounted to ₦724.70 billion, a modest decline from ₦779.50 billion in 2024, while net claims paid totalled ₦528.31 billion — reflecting a 15.1% decrease from ₦622.0 billion the prior year

24 National Insurance Commission, 'Bulletin of the Insurance Market Performance, Fourth Quarter 2025', (May 6, 2026), available at: https://naicom.gov.ng/wp-content/uploads/2026/04/Bulletin-of-the-Insurance-Market-Performance-Q4-2025.pdf

25 National Insurance Commission, '2024 Annual Statistical Market Report', (May 10, 2026), available at: https://naicom.gov.ng/wp-content/uploads/2026/04/Annual-Statistical-Market-Report-2024.pdf

Figure 12

Gross premiums written/income across insurance businesses, 2021-2025 (₦ billions)
Source: National Insurance Commission, EnterpriseNGR, and Custodian Investment Plc analysis



widening penetration across retail and corporate segments.

Nigeria's insurance sector recorded steady premium growth across both life and non-life segments in 2024 and 2025. Non-life categories — including Oil & Gas, Fire, Motor, Marine, and General Accident — benefited from improved regulatory compliance and heightened risk awareness, while life insurance emerged as the primary driver of premium income, surging 54.8% to ₦727.4 billion, largely on the strength of Individual Life and Annuity products. Oil & Gas ranked as the second largest segment, with premiums rising 27.1% from ₦375.0 billion to ₦476.60 billion.

Despite this progress, significant untapped potential remains across both segments — in expanding coverage, enhancing product value, and deepening the sector's broader economic contribution. Insurers are gradually responding, deploying advanced risk assessment tools and digital platforms to improve pricing accuracy and broaden asset coverage, laying the groundwork for a more competitive and inclusive industry.

In 2025, gross claims amounted to ₦724.70 billion, a modest decline from ₦779.50 billion in 2024, while net claims paid totalled ₦528.31 billion — reflecting a 15.1% decrease from ₦622.0 billion the prior year (Figure 13). The decline in net claims paid may partly reflect improved risk management and underwriting discipline; it also underscores the importance of sustained regulatory oversight to ensure that settlement commitments remain timely and transparent for policyholders

By the end of 2025, the industry's claim ratio (the percentage of gross claim to gross premium) stood at 31.5% (Figure 14), and significant payout gaps exist in Annuity, Oil and Gas, Fire, and Motor insurance (Figure 15). The decline in the claims ratio since 2024 implies that premium growth has been outpacing claims growth. While the decline in the claim ratio may indicate stronger underwriting and pricing discipline, it still justifies the need for transparent claims settlement and to intensify claims payments to sustain policyholder confidence. Significant payout gaps exist in Annuity, Oil and Gas, Fire, and Motor insurance (Figure 21).

Figure 13

Claims paid and growth, 2019-2025
Source: National Insurance Commission, EnterpriseNGR, and Custodian Investment Plc analysis

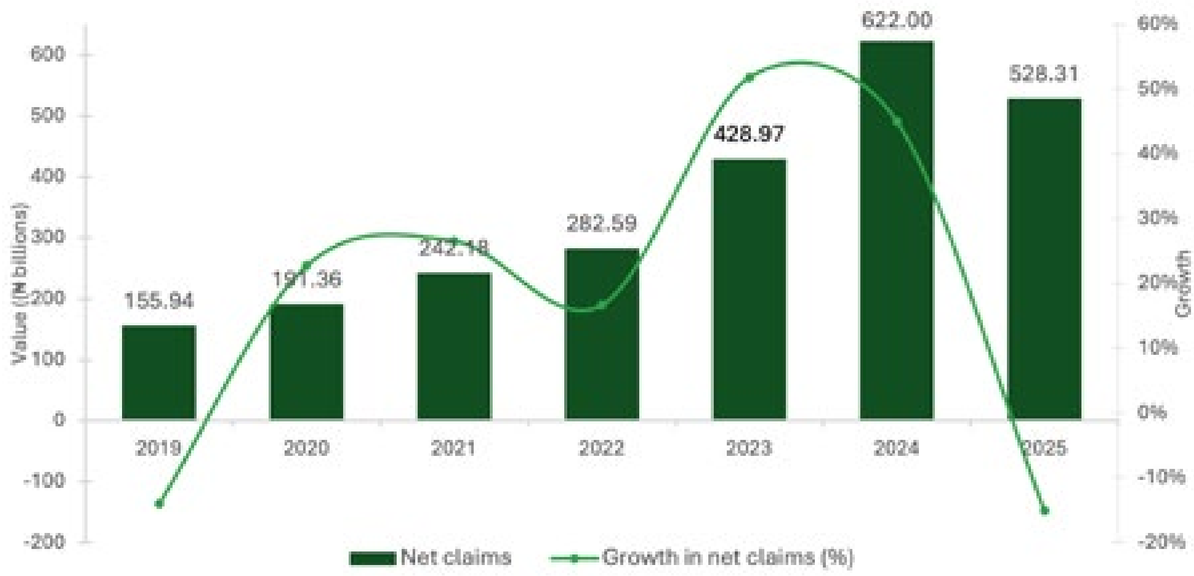


Figure 14

Claim ratios, 2019-2025 (%)
Source: National Insurance Commission, EnterpriseNGR, and Custodian Investment Plc analysis

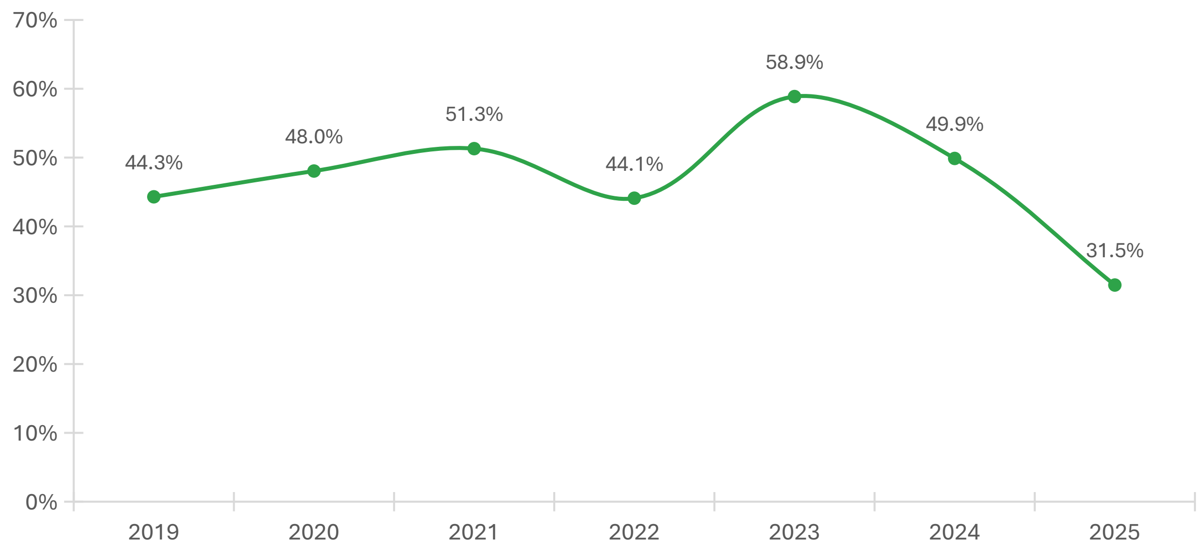
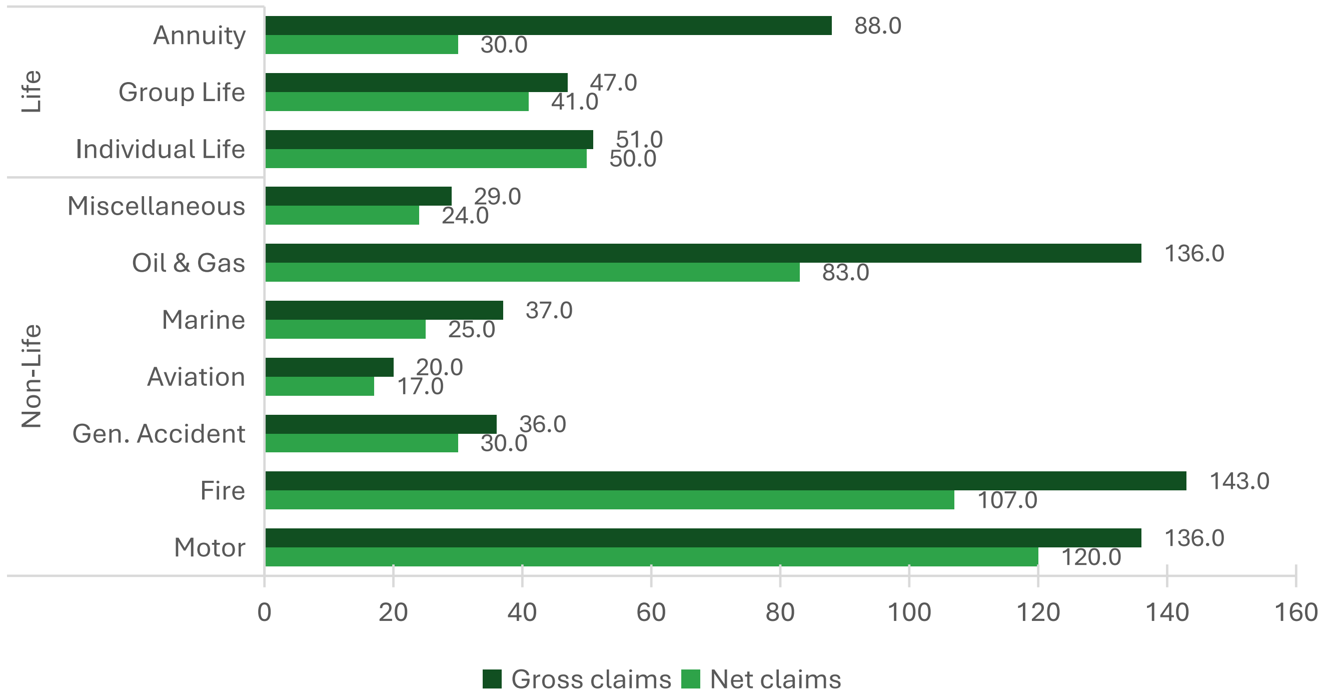


Figure 15

Claims settlement in non-life and life business, 2025 (₦ billions)
Source: National Insurance Commission, EnterpriseNGR, and Custodian Investment Plc analysis



Providing health insurance solutions

Health insurance has evolved into a critical mechanism for reducing out-of-pocket (OOP) healthcare expenditure and improving access to essential health services. Under the National Health Insurance Authority (NHIA) framework, total health insurance enrollees rose from 6.0 million in 2021 to 21.7 million in 2025,[26] with a 2026 target of 25.0 million beneficiaries and a projected penetration rate of about 11%. This expansion is supported by technology-enabled health management systems, digital claims processing, and bundled primary healthcare plans designed for low-income and informal sector workers. Although there has been progress, more action is needed to expand coverage, especially in the informal sector with low awareness. Employer-sponsored plans dominate uptake, leaving many underinsured. Government support is necessary to keep insurance affordable amid inflation.

26 National Health Insurance Authority, 'HI Coverage as of Q4 2025 Presentation', Available at: https://www.nhia.gov.ng/other-resources/#

Table 1: Health insurance enrollees and penetration, 2021–2026P

Source: National Health Insurance Authority (NHIA), including NHIS/NHIA policy and coverage reports, public enrolment disclosures (2023–2025), and 2026 projections based on NHIA targets and sector trends.

Period	Enrollees (million)	Penetration (%)	Annual growth (%)
2021	6	3	—
2022	9.5	4.7	58.3
2023	16.7	8	75.8
2024	19.18	8.42	14.9
2025	21.7	9.5	13.1
2026 Target	25	≈11	≈15

Figure 16

Number of health management organisations, 2021-2025
Source: NHIA, EnterpriseNGR, and Custodian Investment Plc analysis

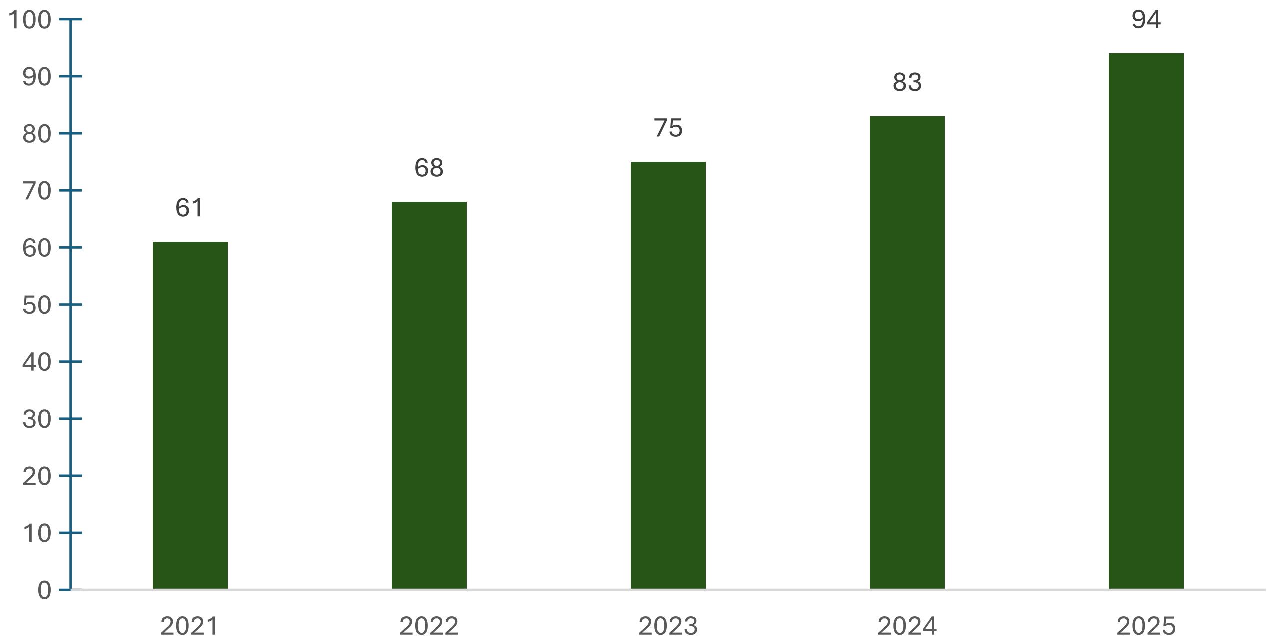
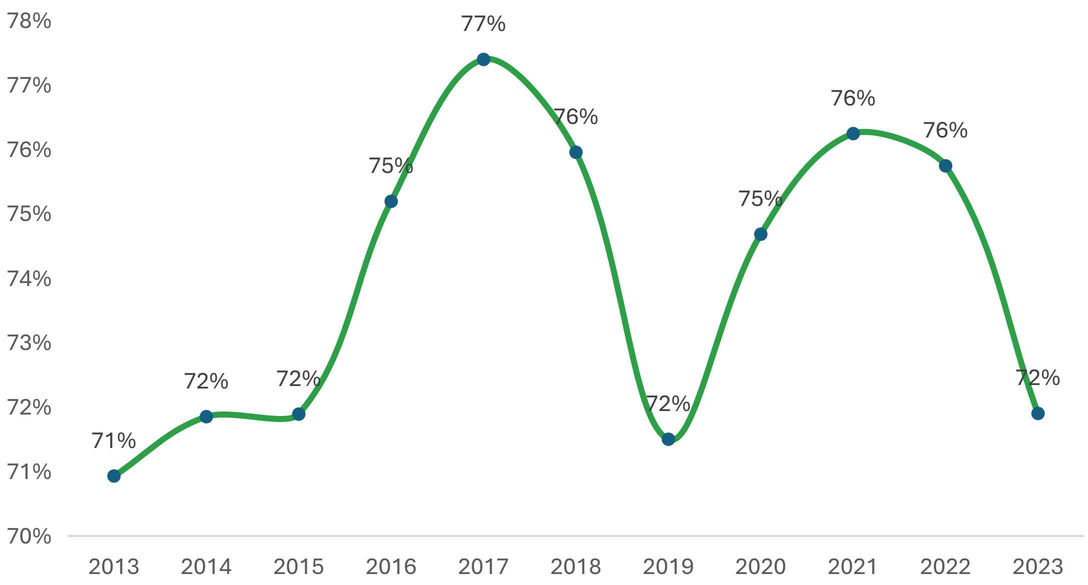


Figure 17

Out-of-pocket expenditure (% current health expenditure), 2013-2023
Source: World Bank, EnterpriseNGR, and Custodian Investment Plc analysis



Driving economic growth and employment through strategic investments.

Mobilizing capital for productive sectors

The insurance sector's total assets reached ₦4.79 trillion in 2025,[27] reflecting a 24.2% increase from ₦3.86 trillion in 2024 (Figure 18), and a 7.4% rise from the prior quarter. Beyond balance sheet growth, this expanding asset base carries broader economic significance — as insurers channel capital into long-term instruments, including government and corporate securities, they play a meaningful role in financing national development and supporting the long-term stability of Nigeria's financial system.

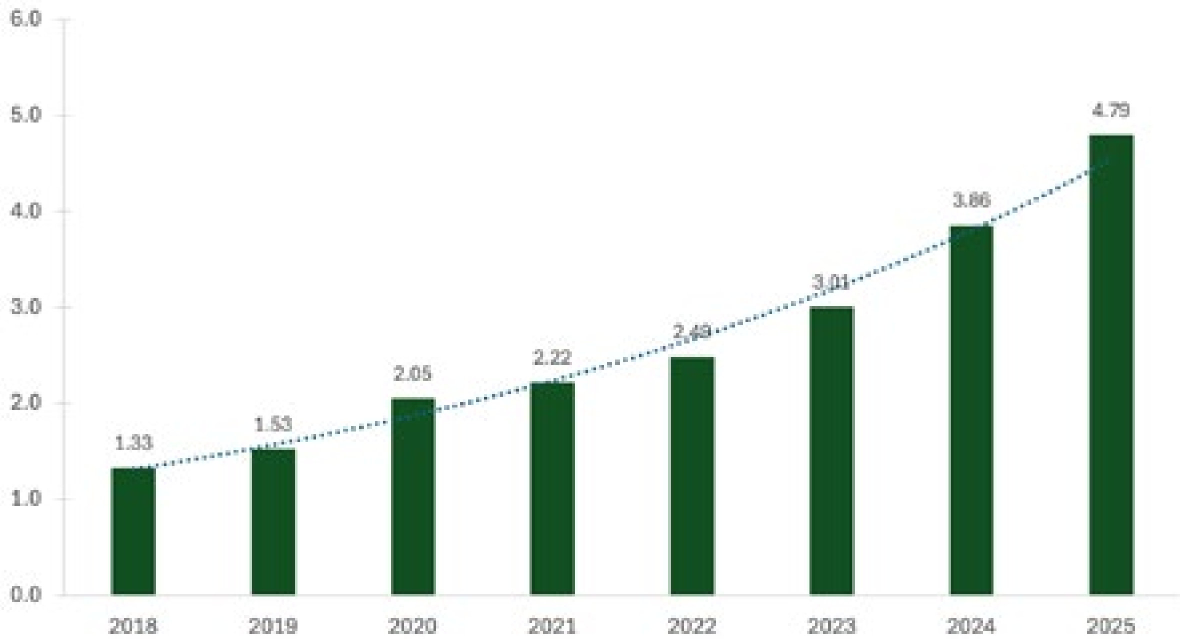
Supporting the national output

The insurance sector delivered strong capital market performance in 2025, buoyed by the introduction of the Nigerian Insurance Industry Reform Act (NIIRA) 2025. The NGX Insurance Index (NGXINS) — which

27 See Footnote 24

Figure 18

Total assets, 2018-2025 (₦ trillions)
Source: National Insurance Commission, EnterpriseNGR, and Custodian Investment Plc analysis



The insurance sector delivered strong capital market performance in 2025, buoyed by the introduction of the Nigerian Insurance Industry Reform Act (NIIRA) 2025.

tracks listed insurance companies — posted a 65.64% gain. [28] This performance translated into substantial value for investors and reinforced the sector's potential to contribute meaningfully to broader economic development. Recent moderation in index performance, however, underscores the importance of the full and effective implementation of NIIRA 2025 as a catalyst for sustaining investor confidence and securing the sector's long-term growth trajectory.

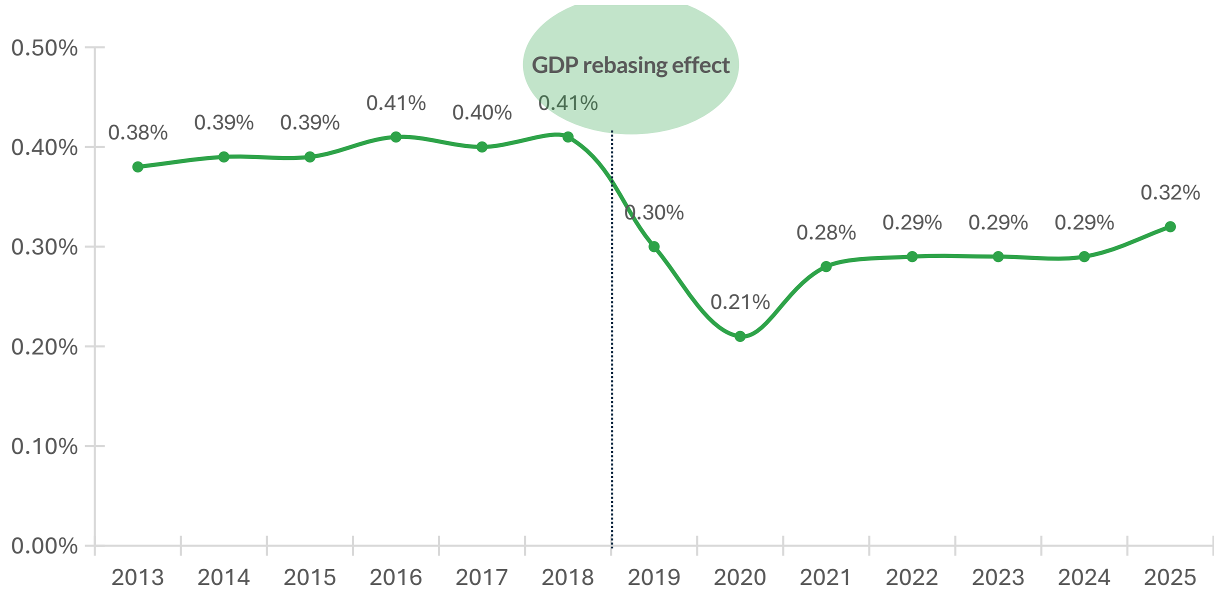
Nigeria's insurance sector contributed ₦710.6 billion to GDP in 2025, equivalent to 0.32% of national output[29] (Figure 19). While this represents a decline from the 0.44% recorded in 2024 prior to rebasing, it marks the sector's highest contribution in three years — reflecting a positive underlying growth trajectory that the headline ratio alone does not fully capture. With the full implementation of the Nigerian Insurance Industry Reform Act 2025, insurance penetration is expected to deepen considerably, positioning the sector to play a more substantial role in the broader economy in the years ahead.

28 Compiled from NGX Daily official lists: 31 December 2024 and 31 December 2025

29 See Footnote 1

Figure 19

Insurance sub-sector's contribution to GDP, 2013-2025
Source: National Bureau of Statistics, EnterpriseNGR, and Custodian Investment Plc analysis



Key policy developments

The Nigerian Insurance Industry Reform Act (NIIRA) 2025,[30] signed into law on July 31, 2025, marks the most consequential overhaul of Nigeria's insurance regulatory framework in recent memory. The Act introduces risk-based capital supervision, raises minimum capital requirements, strengthens governance standards, and enhances consumer protection — with a compliance deadline of July 30, 2026, that has already accelerated recapitalisation efforts across the insurance industry and is expected to drive increased merger, acquisition, and strategic investment activity as operators position themselves to meet the new requirements.

Table 2: NIIRA 2025 minimum capital requirements

Company type	Current minimum capital (₦bn)	New minimum capital (₦bn)	Implementation deadline
Life	2	10	30-Jul-26
Non-Life	3	15	30-Jul-26
Composite	5	25	30-Jul-26
Reinsurance	10	35	30-Jul-26

30 National Insurance Commission (NAICOM), 'Nigerian Insurance Industry Reform Act, 2025', (May 22, 2026), available at: https://naicom.gov.ng/wp-content/uploads/2025/08/NIIRA-2025.pdf

Nigeria's insurance subsector is undergoing major transformation, driven by strong premium growth, expanding assets, and a stronger regulatory framework under NIIRA 2025.

On consumer protection, the Act mandates that admitted claims be settled within 60 days, with monthly compound interest applied on delayed payments — a provision designed to instil greater accountability and restore policyholder confidence. Additional measures include stricter disclosure requirements, independent director mandates, fit-and-proper standards for senior management, and enforced use of NAICOM's dispute resolution framework. Composite insurers are also required to separate their life and non-life operations within five years, bringing Nigeria's practices in line with global risk management standards.

The reforms extend beyond structural compliance to address longstanding gaps in inclusion and accessibility. NIIRA 2025 actively promotes the expansion of microinsurance and Takaful products to reach low-income and faith-sensitive populations, while embedding digitalisation at the heart of the industry's evolution — with new guidelines covering InsurTech partnerships, data protection, and cybersecurity. Together, these measures are designed to lower distribution costs, broaden coverage, and accelerate product innovation for underserved segments. NIIRA 2025 lays the foundation for a more resilient, inclusive, and globally competitive insurance sector — one better positioned to deepen market penetration, strengthen policyholder trust, and sustain growth well into 2026 and beyond.

Conclusion and recommendations

Its role in risk protection, capital mobilisation, and financial inclusion is growing, but structural and macroeconomic challenges still constrain its potential.

Nigeria's insurance subsector is undergoing major transformation, driven by strong premium growth, expanding assets, and a stronger regulatory framework under NIIRA 2025. Its role in risk protection, capital mobilisation, and financial inclusion is growing, but structural and macroeconomic challenges still constrain its potential. High inflation, exchange-rate instability, and weak income growth are weighing on investment performance and limiting demand for voluntary insurance. Recapitalisation pressures, particularly on smaller firms, pose significant execution challenges and increase the likelihood of market exits. At the same time, enforcing NIIRA's broad provisions alongside the shift to a Risk-Based Capital (RBC) framework creates significant implementation challenges. The following recommendations are proposed to address these issues and support sustainable sector growth:

Strengthen enforcement of compulsory insurance.

The Regulator and associations should deploy integrated digital monitoring systems and enhance inter-agency data sharing to improve compliance with compulsory insurance requirements, particularly for motor, public buildings, and professional indemnity coverage. This will help close the significant enforcement gap that continues to undermine market penetration and premium collection.

Drive sustained public education campaigns.

Targeted public education initiatives should reposition insurance as a core financial planning tool, with messaging designed for youth, MSMEs, and informal sector participants. Increased awareness is essential to shifting cultural perceptions and expanding voluntary uptake, particularly among underserved demographic segments.

Prioritise the development of microinsurance frameworks.

Policymakers and industry stakeholders should develop simplified product structures with flexible payment options tailored to the cash-flow patterns of low-income households. A well-designed microinsurance framework will broaden financial inclusion and unlock demand across Nigeria's large informal economy.

Leverage government participation at the federal and state levels.

Embedding insurance premiums into budgetary allocations for public assets, infrastructure, and employee benefits can establish a compliance benchmark for the private sector. Government-led participation would catalyse broader market development and reinforce the institutional credibility of the insurance system.

Expand Takaful and faith-aligned insurance offerings.

Developing Takaful and other faith-aligned insurance products can unlock underserved segments and build trust among religiously-sensitive consumers. This is particularly relevant given Nigeria's demographic composition and the significant population that currently lacks access to conventional insurance products.

In addition, the industry should prioritise the recommendations from the Insurance Sector Transformation Consultative Forum (ISTCF) held in March 2026. These recommendations and their proposed implementation timeline are provided below:

Table 3: Insurance Sector Transformation Consultative Forum (ISTCF) Recommendations and Implementation Timeline. Source: EnterpriseNGR

Timeline	Recommendation / Action	Lead stakeholders
Immediate (0–6 months)	Publish the NIIRA 2025 Service Charter; begin preparations for risk-based supervision; establish an industry framework for technology integration and digital collaboration; conduct a sector-wide skills gap assessment; introduce structured post-sale engagement programmes; and launch a national insurance awareness campaign funded by the Insurance Industry Publicity Fund (IIPF).	NAICOM, the Senate Committee on Banking, Insurance and Other Financial Institutions, insurance operators, industry associations.
Medium term (6–18 months)	Deploy digital onboarding and application platforms across the insurance value chain; develop shared digital infrastructure and interoperability standards; strengthen inter-agency collaboration to enforce compulsory insurance; promote the Insurance Ombudsman as a consumer dispute-resolution mechanism; and develop industry training curricula to close critical skills gaps.	Insurance operators, NAICOM, relevant government agencies, including the Police, CBN, and the Ministry of Justice, and professional/industry bodies
Long term (18–36 months)	Fully digitalise insurance operating environments and agent workflows; establish advanced certification frameworks and professional standards; operationalise the Insurance Tribunal; create an industry-wide capital pooling vehicle for long-term development finance; and introduce targeted tax incentives to support insurance investment in national development projects.	NAICOM, Ministry of Finance, Central Bank of Nigeria, Economic Policy bodies, industry bodies including NIA, CIIN and NCRIB, and operators

Originating among the Yoruba people of southwestern Nigeria, Aṣọ Òkè is a handwoven textile celebrated for its intricate patterns and enduring craftsmanship. Woven on traditional narrow-strip looms, it remains a timeless expression of cultural identity and artisanal excellence.

Capital Markets

Nigeria's capital market serves as a critical platform for allocating capital across the economy — supporting public and private sector financing through equities, bonds, and derivatives, while enhancing liquidity and broadening investment activity.

CAPITAL MARKETS KEY FACTS

LEGEND
Million - mn Billion - bn Trillion - tn
Quadrillion - qn

Domestic transactions on the NGX

₦4.73tn
2024

₦9.27tn
2025

+96.0%
GROWTH 2024/2025

₦9.27 trillion of Domestic transactions on the NGX in 2025, compared to ₦4.73 trillion in 2024.

Increase in foreign participation

2024
126.8%
increase

2025
211.8%
increase

211.8% increase in foreign participation in 2025, compared to 126.8% increase in 2024.

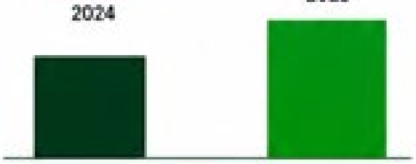
Companies, fixed-income securities and ETFs

146
companies listed on NGX as of 2025

All-Share Index

102,926.40
2024

155,613
2025



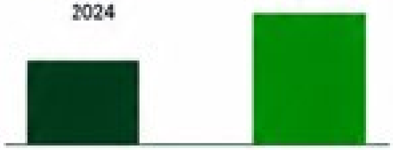
+51.19%
GROWTH 2024/2025

All-Share Index: 155,613 in 2025, compared to 102,926.40 in 2024.

NGX total equity market capitalization

₦62.76tn
2024

₦99.38tn
2025



+58.3%
GROWTH 2024/2025

₦99.38 trillion, NGX total equity market capitalization in 2025 and ₦62.76 trillion in 2024.

Market performance by mid-May 2026

₦160.44tn
Market Capitalisation

60.87%
Return

By mid-May 2026, the market had delivered a remarkable 60.87% return, with market capitalisation reaching ₦160.44 trillion.

Source: NGX, SEC, NBS, CBN

CAPITAL MARKETS KEY FACTS

LEGEND
Million - mn Billion - bn Trillion - tn
Quadrillion - qn

PAGE 2 OF 2

Value of listed/quoted FGN debt securities on FMDQ

₦180.91tn 2024

₦279.26tn 2025

+54.4% GROWTH 2024/2025

₦279.26 trillion, as the value of listed/quoted FGN debt securities on FMDQ in 2025, compared to ₦180.91 trillion in 2024.

Value of listed/quoted/noted corporate debt securities on FMDQ

₦9.47tn 2024

₦13.18tn 2025

+39.1% GROWTH 2024/2025

₦13.18 trillion, as the value of listed/quoted/noted corporate debt securities on FMDQ in 2025, compared to ₦9.47 trillion in 2024.

Infrastructure fund investments

Asset Under Management (AUM)

₦338.23bn 2024

₦380.85bn 2025 (Projected)

12.6% GROWTH 2024/2025

Number of Infrastructure Funds

13 2024

14 2025

+7.7% GROWTH 2024/2025

Capital inflows

$12.32bn 2024

$23.22bn 2025

+88.5% GROWTH 2024/2025

$23.22 billion in capital inflows in 2025, versus $12.32 billion in 2024.

Capital Market's share of capital inflows

2025: **29.5%** of capital inflows

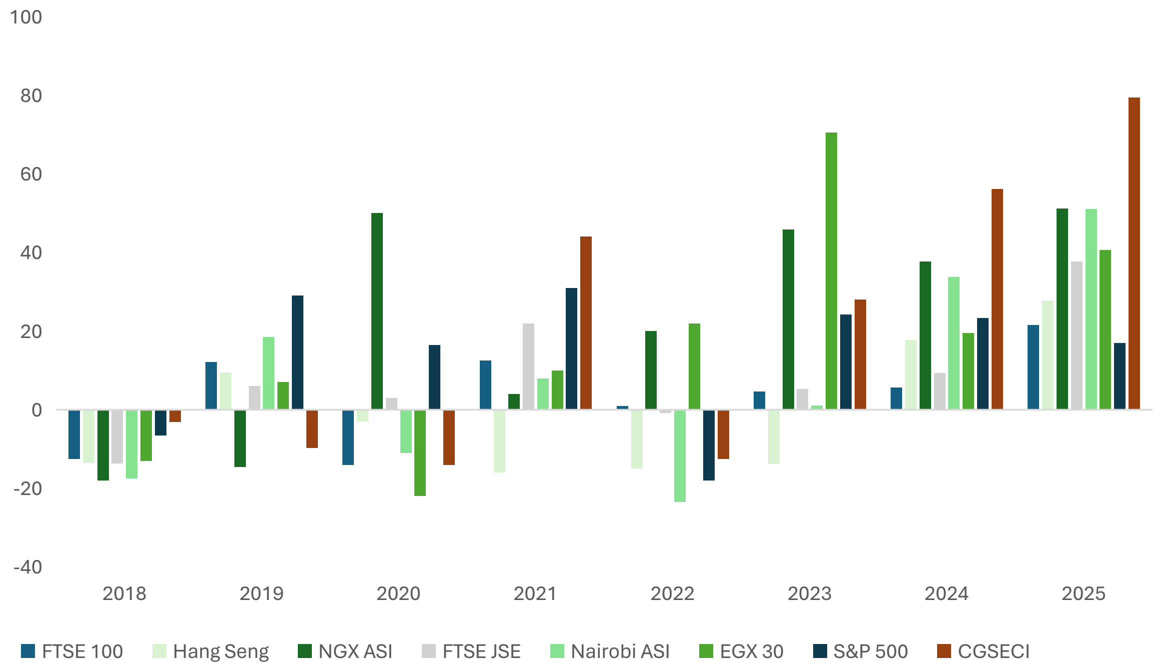
Q1 2026: **33.7%** of capital inflows

Capital Market facilitated 29.5% of capital inflows in 2025 and 33.7% of the inflows in Q1 2026.

Source: NGX, FMDQ, SEC, NBS, CBN

Figure 20

NGX ASI versus global indices, 2018-2025
Source: EnterpriseNGR, and Meristem analysis



In 2025, the Nigerian Exchange (NGX) delivered an exceptional performance, broadly outpacing most frontier markets globally. The NGX All-Share Index (NGXASI) surged 51.19% to close at 155,613 points, up from 102,926 points at the start of the year, building on the 37.65% gain recorded in 2024 and marking the highest annual return since 2007. Nigeria's capital market stood among the top performers globally in 2025. This momentum carried firmly into 2026, with the NGX All-Share Index appreciating a further 29.35% in Q1 to close at 201,287.78 points.[31] By mid-May 2026, the market had delivered a remarkable 60.9% return, with market capitalisation reaching ₦160.44 trillion.[32] This sustained rally was underpinned by broad-based improvements in investor sentiment across key sectors, supported by a more stable macroeconomic environment and ample system liquidity (Figure 20).

The Nigerian Exchange (NGX) continued to serve as a vital platform for capital formation in 2025, facilitating equity and debt financing for both corporate and individual investors.

31 NGN Market, 'NGX All Share Index', (June 24, 2026), available at: https://ngnmarket.com/indices/ASI

32 Nigerian Exchange Group, 'Weekly Market Summary Reports', (May 19, 2026), available at: https://ngxgroup.com/exchange/data/market-report/

Sectoral performance in 2025 was broadly positive, with all indices recording gains except Oil & Gas. Consumer Goods led the market with a remarkable 129.6% annual return, driven by a strong earnings recovery that triggered aggressive repricing across major companies. Insurance followed closely with a 65.6% return, buoyed by the passage of the Nigerian Insurance Industry Reform Act (NIIRA 2025). Oil & Gas was the sole sector to post a negative return, declining 1.5% — a sharp reversal from its 160.0% gain in 2024. The retreat reflected weakening downstream activity, partly attributed to the emergence of the Dangote Refinery and the volume shifts it introduced across the sector. This narrative reversed course in Q1 2026, with Oil & Gas emerging as the leading sector. Company expansion announcements and elevated crude oil prices — driven in part by ongoing Middle East tensions — improved revenue prospects and strengthened earnings expectations, particularly among upstream operators.

Table 4: Yearly returns across sectors, 2013-Q1 2026 (%)
Source: Bloomberg, EnterpriseNGR, and Meristem analysis

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Q1:2026
NGX-ASI	47.19%	-16.14%	-17.36%	-6.17%	42.30%	-17.81%	-14.60%	50.03%	6.07%	19.98%	45.90%	37.65%	51.19%	29.35%
NGXBNK	31.94%	-21.53%	-23.59%	2.17%	73.32%	-16.09%	-10.55%	10.14%	3.32%	2.81%	114.90%	20.90%	39.77%	22.75%
NGXCNS-MRGDS	31.14%	-17.88%	-17.41%	-4.49%	36.97%	-23.28%	-20.83%	-3.29%	2.78%	-0.06%	90.39%	54.44%	129.57%	9.67%
NGXOIL-GAS	122.25%	11.84%	-6.20%	-12.31%	5.76%	-8.61%	-13.13%	-13.84%	52.52%	34.05%	125.54%	160.01%	-1.54%	64.22%
NGXINS	29.80%	-2.11%	-4.70%	-11.44%	10.36%	-9.25%	-0.52%	50.61%	4.54%	-11.99%	84.48%	123.22%	65.64%	3.54%
NGXIN-DUSTR	N/A	-15.98%	1.27%	-26.37%	23.84%	-37.34%	-13.11%	90.81%	-2.15%	19.67%	12.86%	31.70%	58.91%	54.60%

NGX-ASI: Nigerian Exchange All Share Index; NGXBNK: Nigerian Exchange Banking Sector Index
NGXCNSMRGDS: Nigerian Exchange Consumer Goods Sector Index; NGXOILGAS: Nigerian Exchange Oil and Gas Sector Index
NGXINS: Nigerian Exchange Insurance Sector Index; NGXINDUSTR: Nigerian Exchange Industrial Sector Index

Facilitating growth through a supportive securities market

Promoting debt/equity finance

The Nigerian Exchange (NGX) continued to serve as a vital platform for capital formation in 2025, facilitating equity and debt financing for both corporate and individual investors. The ongoing banking sector recapitalisation exercise was a significant catalyst for primary market activity, contributing an estimated ₦2.55 trillion in new share listings. Across the year, the exchange recorded approximately 146 equity listings,[33] REITs, and funds, alongside fixed-income securities and exchange-traded funds (ETFs). A number of companies were also delisted during the period, including Notore Chemical Industries, MRS Oil Nigeria, Smart Products Nigeria Plc, Capital Oil Plc, Goldlink Insurance Plc, Medview Airline Plc, Union Homes Savings & Loans Plc, and Tourist Company of Nigeria Plc, reflecting continued market rationalisation. Market performance was further bolstered by key policy reforms, notably the National Pension Commission's upward revision of the minimum equity investment threshold for Pension Fund Administrators and the market transition to T+2 settlement — measures that broadened institutional participation and enhanced market efficiency. Market capitalisation surged 58.3% to ₦99.38 trillion from ₦62.76 trillion at the start of the year, rising further to ₦129.21 trillion by Q1 2026. Taken together, the combination of macroeconomic stabilisation, corporate balance sheet strengthening, and structural market reforms points to an exchange transitioning from recovery to expansion — and growing in relevance as a long-term platform for capital formation in Nigeria.

Total transactions on the Nigerian Exchange reached ₦11.92 trillion in 2025, more than doubling the ₦5.59 trillion recorded in 2024.[34] Domestic investors remained the backbone of market activity, contributing ₦9.27 trillion or 77.8% of total transactions while foreign participation rose to ₦2.65 trillion, the highest level since 2007. Foreign portfolio inflows of ₦1.40 trillion outpaced outflows of ₦1.24 trillion, yielding a net inflow of approximately ₦161.05 billion, driven by improved investor sentiment, foreign exchange reforms, and attractive market valuations. Within the domestic segment, institutional investors led with ₦5.62 trillion in transactions compared to ₦3.65 trillion from retail investors, reflecting the market's growing institutional depth. Domestic investors nonetheless remain the primary engine of market growth and a critical source of resilience, while renewed net foreign inflows signal strengthening international confidence in Nigerian equities.

This momentum extended into Q1 2026, with total transactions reaching ₦4.15 trillion for the quarter, with March 2026 alone accounting for ₦1.74 trillion. Domestic investors accounted for 86.9% of Q1 2026 activity, up from 63.5% in the same period of 2025, underscoring their growing dominance. Sustaining and broadening this trajectory will require targeted financial products, regulatory incentives, and continued investment in investor education.

Promoting finance for capital projects

Infrastructure finance gained meaningful momentum in 2025, supported by regulatory reform and growing institutional appetite for structured, long-term investment. The number of infrastructure funds came to 14 by the end of the year. The enactment of the Investment and Securities Act (ISA) 2025 provided a pivotal regulatory foundation, formally recognising public-private partnerships and infrastructure contracts as securities, and expanding sub-national governments' access to long-term capital market funding. Performance across the segment was encouraging. The Nigeria Infrastructure Debt Fund, the segment's largest vehicle, posted a profit of ₦23.63 billion and grew total assets to ₦137.70 billion in FY2025.[35] Among mid-tier funds, the Coronation Infrastructure Fund reported assets under management

33 Nigerian Exchange Group, 'All NGX Listed Companies' (May 21, 2026), available at: https://ngxpulse.ng/ngx-listed-companies

34 Nigerian Exchange Group, 'Market Report- Foreign Portfolio Investment Report', (June 22, 2026), available at https://ngxgroup.com/exchange/data/foreign-portfolio-investment-report/

35 Chapel Hill Denham, 'Nigeria Infrastructure Debt Fund Impact Report', (May 11, 2026), available at; https://nidf.ng/2026/04/15/the-chapel-hill-denham-nigeria-infrastructure-debt-fund-nidf-delivers-%e2%82%a623-46-billion-pbt-for-fy-2025/

Figure 21

NGX market capitalisation, 2015-Q12026 (₦ trillions)
Source: Nigerian Exchange Group, EnterpriseNGR, and Meristem analysis

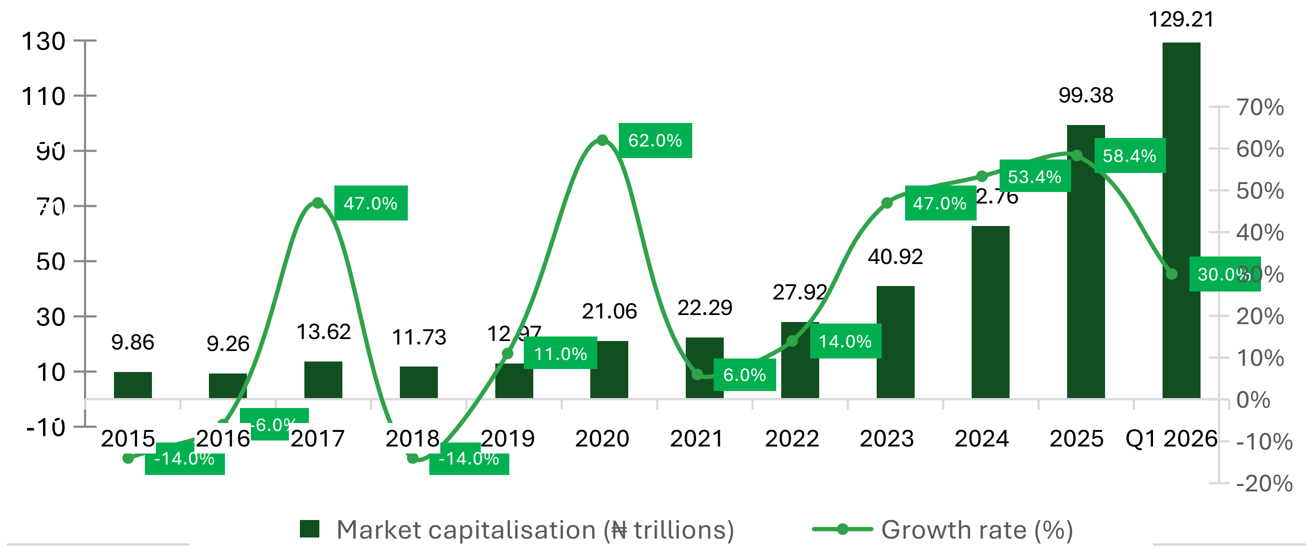


Figure 22

Breakdown of equity transactions, 2025
Source: Nigerian Exchange Group, EnterpriseNGR, and Meristem analysis

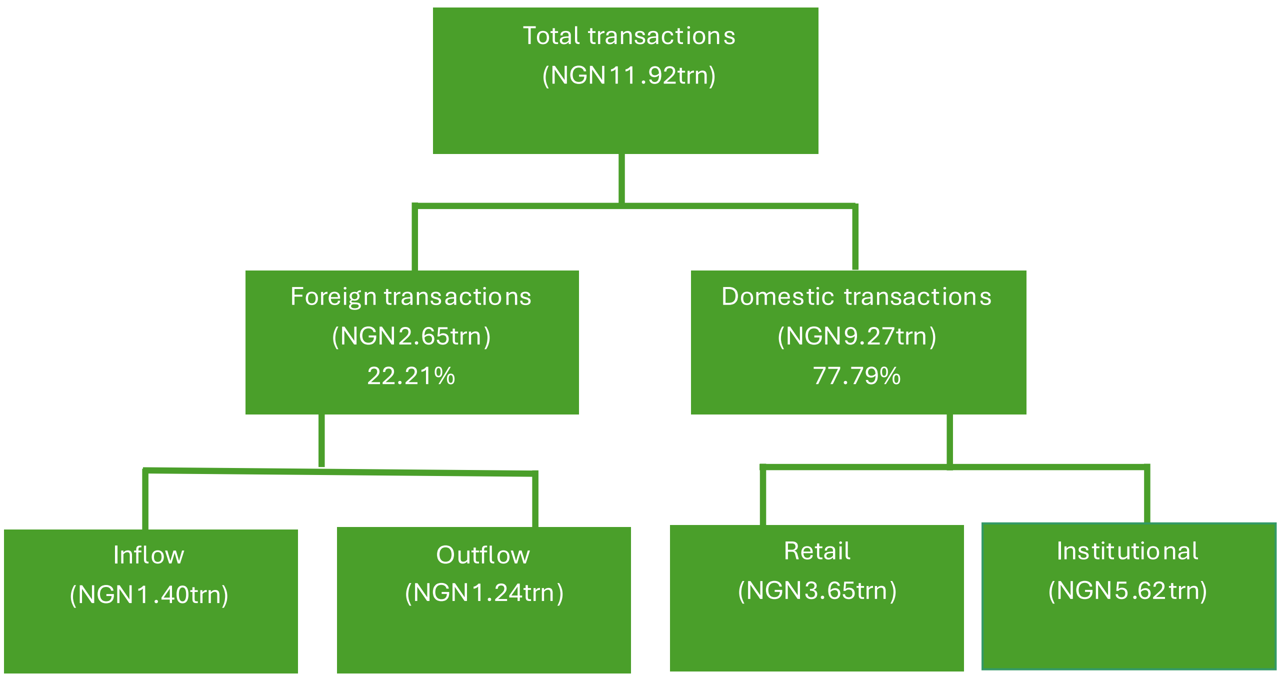
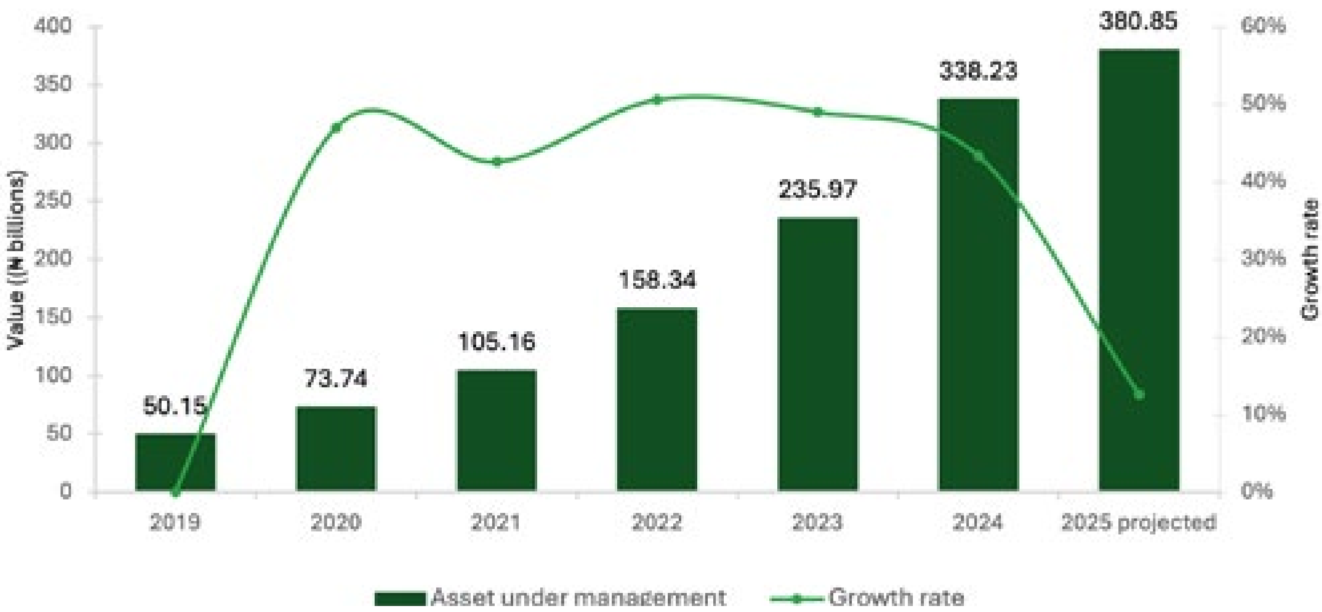


Figure 23

Infrastructure fund assets under management 2019-2025 estimate
Source: Securities and Exchange Commission, EnterpriseNGR, and Meristem analysis



of ₦9.8 billion,[36] while Stanbic IBTC Infrastructure Fund reported ₦75.66 billion.[37] The United Capital Infrastructure Fund generated ₦3.06 billion in total income with estimated AUM of approximately ₦15 billion.[38] On an aggregate basis, infrastructure fund assets are projected to reach over ₦380.85 billion in 2025, up from ₦338.23 billion in 2024, representing 12.6% year-on-year growth and reflecting the continued deepening of Nigeria's infrastructure finance ecosystem.

Nigeria's debt capital market continued its upward trajectory in 2025, reflecting growing investor confidence and deepening financial market activity. FMDQ Exchange facilitated a significant expansion in debt securities listings, with 661 Federal Government of Nigeria (FGN) instruments valued at ₦279.26 trillion, listed or quoted during the year, a 23.6% increase from the 535 securities worth ₦180.91 trillion recorded in 2024. Corporate debt activity mirrored this momentum, with 1,216 corporate securities valued at ₦13.18 trillion listed or quoted, representing a 23.0% year-on-year rise from 1,026 securities worth ₦9.47 trillion the prior year (Table 5).[39] Collectively, the market sustained an average annual turnover of ₦242.67 trillion, underscoring its role as a critical pillar of Nigeria's broader enterprise and investment ecosystem.

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36 Coronation, 'Quarterly Investor Report: building Nigeria's infrastructure future, one investment at a time', (June 3, 2026), available at: https://eu-assets.contentstack.com/v3/assets/bltacf39601912ccb86/bltdaa7e94b4895675d/6a0370b8714d3f5d6830dda8/CIF_Quarterly_Report_-_March_2026_.pdf

37 Stanbic IBTC Infrastructure Fund, 'Summary of Audited Financial Statements for the year ended 31 December 2025', (June 22,2025), available at: https://www.stanbicibtcassetmanagement.com/static_file/Nigeria/nigeriaassetmanagement/SIAML/FileDownloads/PDF%20Files/FinReport/Stanbic+IBTC+Infrastructure+Fund+and+Stanbic+IBTC+Bond+FUND+AFS+31+December+2025.pdf

38 United Capital, 'United Capital Infrastructure Fund Delivers 24.62% Gross Return in FY-2025', (May 20,2026), available at; https://unitedcapitalplcgroup.com/united-capital-infrastructure-fund-delivers-24-62percent-gross-return-in-fy-2025/

39 FMDQ Group, 'FMDQ FMI FACT SHEET', (May 19, 2025), available at: https://fmdqgroup.com/wp-content/uploads/2026/03/FMDQ-Group-Fact-Sheet-February-2026-Edition.pdf

Table 5: FMDQ listed/quoted debt securities 2024-2025 (₦ trillion)

Source: FMDQ, EnterpriseNGR, and Meristem analysis

	Volume		Value (₦ trillions)	
	2024	2025	2024	2025
Listed/quoted FGN debt securities	535	661	180.91	279.26
Listed/quoted/noted corporate debt securities	1,026	1,216	9.47	13.18

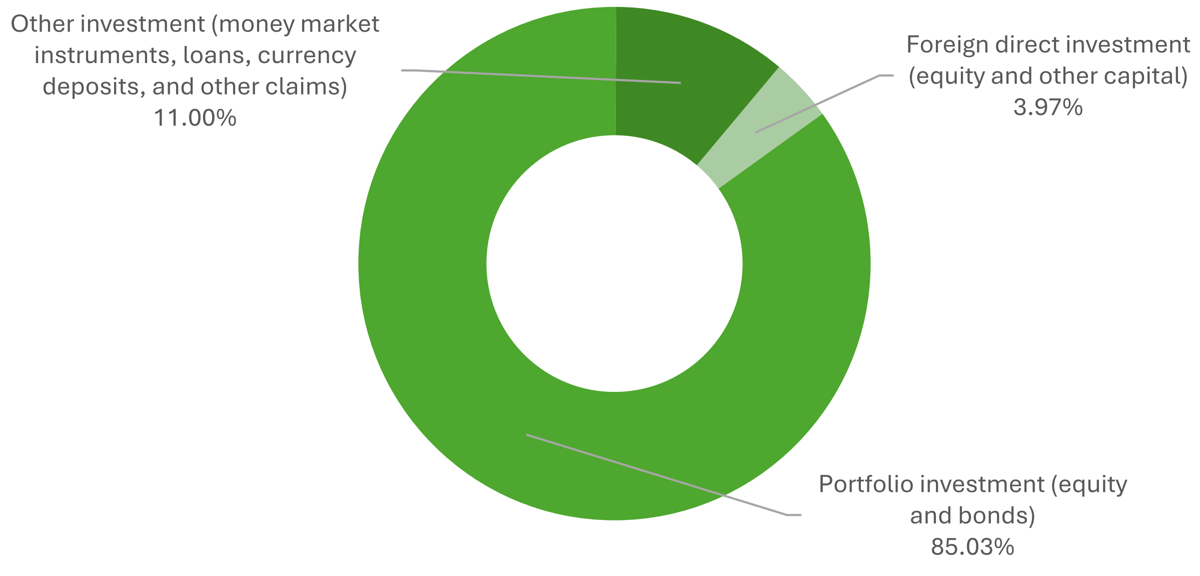
Facilitating (foreign) capital inflows

Nigeria recorded a marked improvement in foreign capital attraction in 2025, with total capital inflows reaching $23.22 billion, an 88.4% increase from 12.32 billion in 2024.[40] The recovery was largely portfolio-driven, with foreign portfolio investment (FPI) accounting for 85.0% of total inflows at $19.74 billion. This was underpinned by improved macroeconomic stability and the relative attractiveness of domestic yields, which compared favourably to those in many emerging and developed markets — drawing notable interest toward Treasury bills and open market operation (OMO) instruments. Foreign direct investment (FDI) recorded moderate growth of 36.8%, while other investment categories — including trade credits, loans, currency deposits, and related instruments — declined by 21.9% to $2.55

Figure 24

Nigeria's capital importation in 2025

Source: National Bureau of Statistics, EnterpriseNGR, and Meristem analysis



40 National Bureau of Statistics, 'Nigeria Capital Importation Q4 2025', (May 11, 2026), available at: https://microdata.nigerianstat.gov.ng/index.php/catalog/143

billion, reflecting a softer flow of capital into the real economy. Nigeria's capital markets played a meaningful role in intermediating these inflows, facilitating 29.5% — equivalent to $6.84 billion — through FDI (equities and other capital) and portfolio placements in bonds and equities. This represents a significant step up from the 17.1% ($2.10 billion) channelled through the markets in 2024, demonstrating the growing importance of organised financial markets as a gateway for foreign capital into the Nigerian economy. By Q1 2026, the contribution of the capital markets increased to 33.7% of the $10.37 billion capital inflows.[41] Overall, 2025/Q12026 marked a strong rebound in Nigeria's foreign capital receipts, albeit one concentrated in portfolio flows, a trend that points to both the opportunity and the imperative to deepen structural investment attraction over the medium term (Figure 24).

The growing importance of foreign investment to Nigeria's financial markets underscores the strategic relevance of the Lagos International Financial Centre (LIFC), a joint initiative of the Lagos State Government and EnterpriseNGR. By enhancing Nigeria's financial market infrastructure, improving the ease of doing business, strengthening the financial ecosystem, and building international investor confidence, the LIFC is designed to position Lagos as a preferred destination for global capital. Its success will be integral to sustaining and deepening both portfolio and long-term investment inflows into Nigeria, translating the country's reform momentum into durable global financial relevance.

Key policy developments

Nigeria's capital market underwent a significant wave of regulatory reform in 2025, with measures designed to strengthen market integrity, close structural gaps, and better position the market for long-term growth:
Investments and Securities Act 2025 (ISA 2025): The most consequential of these reforms was the enactment of the Investments and Securities Act (ISA) 2025, which repealed the ISA 2007 and modernised the legal foundation of Nigeria's capital market. Key provisions include the formal recognition of digital assets as securities, expanded enforcement powers for the Securities and Exchange Commission (SEC), new commodity exchange provisions, and mandatory Legal Entity Identifiers for market participants.

Revised Minimum Capital Requirements for Capital Market Operators:

Pursuant to ISA 2025, the SEC revised capital thresholds across all regulated entities.[42] The most significant increases were recorded for Issuing Houses (up to ₦7 billion), Tier 1 Fund Managers (up to ₦10 billion), Registrars (₦2.5 billion), Underwriters (₦5 billion), Broker-Dealers (₦2 billion), and Market Infrastructure Institutions (up to ₦10 billion), indicating the SEC's focus on strengthening market resilience, investor protection, and institutional capacity. Full compliance is required by June 2027, a timeline expected to drive consolidation as smaller operators recapitalise or restructure.

41 National Bureau of Statistics, 'Nigeria Capital Importation Q1 2026' (June 6, 2026), available at: https://microdata.nigerianstat.gov.ng/index.php/catalog/143/download/1417

42 The Securities and Exchange Commission Nigeria, 'Guidelines on Revised Minimum Capital for Regulated Entities', (May, 22 2026), available at: https://sec.gov.ng/documents/1445/Guidelines_on_New_Capital_Base_CMOS_2026.pdf

Transition to T+2 Settlement:

Nigeria's capital market migrated from a T+3 to a T+2 settlement cycle in November 2025 across the Nigerian Exchange Group, NASD OTC Securities Exchange, and Lagos Commodities and Futures Exchange — with a further transition to T+1 in June 2026. The shift is expected to reduce settlement risk, accelerate investor access to trade proceeds, and strengthen Nigeria's competitiveness as an investment destination.

Commercial Paper (CP) Market Reform:

New SEC rules for the commercial paper (CP) market, issued in December 2024, came into effect in July 2025 — with ISA 2025 subsequently mandating SEC approval for all CP issuances alongside enhanced disclosure and credit rating requirements. The market responded strongly, with new listings— reflecting improved market discipline and growing corporate appetite for short-term debt financing.

Nigeria Tax Reform Acts:

Four Tax Reform Acts signed in June 2025 and effective January 2026 consolidated over a dozen existing tax statutes. Capital market-specific provisions include a capital gains tax exemption on indirect share transfers and the inclusion of digital asset transactions within the tax framework, and the introduction of a unified 4% Development Levy to replace multiple fragmented levies. The Act retains a 0.125% ad valorem tax on loan capital, payable by borrowers. On capital gains, the Act raises the exemption threshold for share disposals to ₦150 million within a 12-month period, with gains above ₦10 million subject to a 30% CGT, thereby providing relief for small to mid-sized investors while tightening taxation on larger gains.

SEC–SMEDAN Partnership on MSME Financing.

In October 2025, the SEC and the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) formalised a Memorandum of Understanding to improve capital market access for Nigeria's approximately 40 million micro, small, and medium enterprises — a collaboration aligned with the government's broader ambition of achieving a $1 trillion GDP.

Conclusion and recommendations

Despite these gains, structural challenges, limited retail participation, infrastructure gaps, and macroeconomic volatility remain and must be addressed through sustained implementation. The following recommendations address strategic areas requiring attention:

Fast-track the establishment of the Lagos International Financial Centre (LIFC):

Nigeria's sustained upward trend in foreign capital inflows in 2025/Q12026 demonstrates renewed investor interest, but the dominance of portfolio flows highlights the need to attract more stable and diversified sources of foreign capital. To strengthen Nigeria's position as a destination for global investment, the Federal Government, in collaboration with the Lagos State Government and EnterpriseNGR, should accelerate the implementation of the LIFC. The initiative will focus on enhancing the regulatory and business environment, improving investor services, and strengthening connectivity with international capital pools, while supporting the mobilisation of long-term investment into priority sectors of the economy.

Strengthen retail investor participation.

Despite strong market performance, retail participation remains relatively low, limiting market depth and stability. This is driven by low financial literacy, weak investor confidence, and limited access to simplified investment platforms. The SEC, NGX, and market operators should scale nationwide investor education campaigns while leveraging digital platforms to simplify onboarding and trading processes. Introducing tax incentives for long-term retail investments and expanding fractional investing opportunities can also encourage broader participation.

Address shallow market liquidity and concentration risks.

Market liquidity remains concentrated in a few large-cap stocks, with limited depth across other segments. To improve liquidity, the SEC should expand market-making frameworks and provide incentives, such as lower transaction fees for liquidity providers across equities, bonds, and derivatives. Regulators and exchanges should enforce free-float requirements. In addition, the introduction and promotion of new instruments such as derivatives, commodities, and green bonds will diversify the product base and attract a broader range of investors.

Reduce dependence on volatile portfolio inflows.

The dominance of foreign portfolio investments exposes the market to sudden reversals driven by global shocks and exchange rate volatility. To mitigate this risk, policymakers should prioritise attracting long-term capital by incentivising foreign direct investment flows and promoting infrastructure-focused instruments. Strengthening macroeconomic stability and ensuring FX market transparency will also enhance investor confidence and reduce volatility.

Strengthen regulatory coordination and reduce overlap.

Coordination among regulators has improved. However, SEC, CBN, PenCom, and others still need to eliminate fragmentation that creates compliance complexity and inefficiencies for market participants. A coordinated regulatory framework should be established to harmonise rules, streamline reporting requirements, and eliminate duplications. Creating a joint regulatory coordination committee will improve policy alignment and support a more predictable operating environment. Improve market infrastructure and digital integration. While progress has been made, gaps remain in post-trade infrastructure, data transparency, and digital integration, including persistent issues such as unclaimed dividends. Regulators and market infrastructure providers should accelerate the full digitisation of market processes, including the expansion of the e-Dividend Mandate Management System (e-DMMS) and real-time market data systems. Investments in cybersecurity infrastructure will also be critical as the market becomes increasingly digital.

Expand access to capital for MSMEs and emerging firms.

Many MSMEs remain excluded from the capital market due to stringent listing requirements, high costs, and limited awareness. To address this, the SEC and NGX should further develop alternative boards with simplified disclosure requirements and lower listing costs. Strengthening the SEC–SMEDAN collaboration and introducing credit enhancement mechanisms will improve MSME access to long-term financing.

Enhance investor protection and market transparency.

Concerns around corporate governance, disclosure quality, and enforcement continue to affect investor confidence. The SEC should intensify enforcement of disclosure standards and corporate governance codes while adopting technology-driven surveillance systems to detect market abuse. Strengthening whistleblower frameworks and investor protection funds will further boost confidence.

Clarify and stabilise tax policies affecting investments.

Uncertainty around taxation, including capital gains tax, digital asset taxation, and new levies, can deter investment and reduce market participation. The government should provide clear, consistent, and timely guidance on all capital market-related tax policies while ensuring that implementation does not create unintended disincentives. Targeted tax relief for long-term investments should also be considered to deepen the market.

Promote innovation and responsible fintech integration.

Regulatory uncertainty and slow approval processes can constrain innovation in areas such as digital assets and fintech-driven investment platforms. The SEC should expand regulatory sandboxes and fast-track licensing for credible operators, while considering full implementation of ISA 2025. Collaboration with other regulators will also be essential to ensure balanced oversight while enabling innovation.

Mobilise government and public assets into the market. A significant portion of government assets remains outside the capital market, limiting investment opportunities and market depth. The government should accelerate the unbundling and listing of viable state-owned enterprises and infrastructure assets. This will deepen the market while improving transparency and efficiency in public asset management.

Harvested from the indigenous shea tree of Nigeria's savannah belt, shea butter is produced through traditional methods passed down across generations. It remains an important source of income, particularly for women-led rural communities.

Asset Management

The asset management industry represents a cornerstone of the financial services sector, tasked with the dual mandate of preserving and growing wealth while carefully navigating the balance between risk and return. On a global scale, the industry reached a record $147 trillion[43] in assets under management (AUM) by the close of 2025, up from $128 trillion in 2024 — continuing a recovery trajectory amid shifting market dynamics and evolving investor expectations. In Nigeria, the asset management landscape made meaningful strides in 2025, even as investors navigated a challenging operating environment marked by persistent inflationary pressures, naira volatility, and tighter monetary policy conditions. This section examines the performance of Nigeria's asset management industry across key indicators in 2025, offering insight into how the sector responded to both domestic constraints and global market shifts.

43 Boston Consulting Group, 'An Imperative for Growth: Global Asset Management Report 2026', (May 26, 2025), available at: https://www.bcg.com/publications/2026/an-imperative-for-growth-and-the-new-economics-of-asset-management

ASSET MANAGEMENT
KEY FACTS

LEGEND
Million - mn Billion - bn Trillion - tn
Quadrillion - qn

Exchange-Traded Funds (ETFs)
Net asset value of 12 exchange-traded funds listed on the Nigerian bourse

+41.6%
GROWTH
2024/2025

₦18.08 billion, net asset value of 12 exchange-traded funds listed on the Nigerian bourse as of 2025, compared to ₦12.77 billion as of 2024.

Collective Investment Schemes
Net asset value

+103.5%
GROWTH
2024/2025

₦9.06tn
April 30, 2026
(15.3% increase)

Collective Investment Schemes Net asset value ₦7.86 trillion as of 2025 versus ₦3.98 trillion as of 2024. Rising by 15.3% to ₦9.06 trillion as of April 30, 2026.

Registered Mutual Funds

Number

172
2024

195
2025

202
Q1 2026

+13.4%
GROWTH
2024/2025

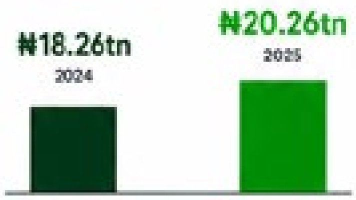
Net Asset Value (NAV)

+100.3%
GROWTH
2024/2025

₦8.86tn
April 30, 2026
(15.5% increase)

Registered mutual funds: Number = 195 as of 2025 versus 172 as of 2024: Q1 2026 = 202 (13.4% growth);
Net asset value (NAV) ₦7.67 trillion as of 2025 versus ₦3.83 trillion as of 2024. NAV rising by 15.5% to ₦8.86 trillion as of April 30, 2026.

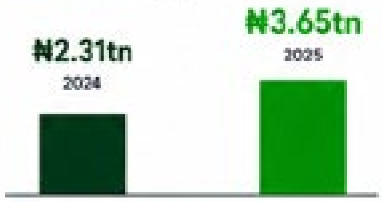
Funds raised by the FGN
Raised by the FGN through a mix of financial instruments



+11.0%
INCREASE
2024/2025

₦20.26 trillion raised by the FGN through a mix of financial instruments — up 11.0% from ₦18.26 trillion in 2024.

Domestic retail investment
Value of domestic retail investment in the Nigerian equities market



+58.3%
GROWTH
2024/2025

₦3.65 trillion, value of domestic retail investment in the Nigerian equities market in 2025 and ₦2.31 trillion in 2024.

Source: NGX, SEC, FMDQ, NBS, CBN

Promoting and supporting investment through a diversified market

Promoting varieties of investment activities in a diversified market

Nigeria's Collective Investment Schemes (CIS) delivered exceptional growth in 2025, with total Net Asset Value (NAV) more than doubling — rising 103.5% year-on-year to a record ₦7.86 trillion[44] from ₦3.98 trillion in 2024[45] (Figure 25). This performance reflects both favourable market conditions and a discernible shift in investor behaviour toward liquid, yield-generating instruments amid a high-interest-rate environment. Money Market Funds were the primary engine of this growth, surging 182.1% to ₦4.74 trillion and commanding 60.3% of total CIS assets — a concentration that speaks to the overriding investor priority of capital preservation and short-term returns.

The number of registered mutual funds expanded from 172 to 195, with NAV growing by 100.3% to ₦7.67 trillion[46] from ₦3.83 trillion in 2024, accounting for approximately 97.6% of total CIS assets. Exchange Traded Funds posted a 41.6% NAV gain to ₦18.08 billion across 12 listed products, and infrastructure funds grew modestly by 12.2% to ₦148 billion. This momentum carried into 2026, with CIS NAV rising by 15.3% to ₦9.06 trillion, mutual funds NAV increasing by 15.5% to ₦8.86 trillion, and registered funds reaching 202, as of April 30.[47] Within the mutual fund landscape, Money Market Funds led with 60.3% of total NAV, followed by Dollar Funds at 25.1% — a notable decline from 44.6% in 2024, signalling a moderation in appetite for foreign currency-denominated assets. Real Estate Funds gained ground, rising to 6.2% from 2.6%, while Bond and Fixed Income Funds retreated to 3.0% from 5.1%, as investors rotated away from longer-duration instruments. Balanced, Equity-Based, Shari'ah Compliant, and Ethical Funds each contributed marginally to the overall mix.[48]

Supporting business and government

In 2025, Mutual funds continued to play a vital role in providing liquidity for the government. The Federal Government maintained an active domestic borrowing programme during the year, raising funds through a mix of treasury bills, FGN bonds, savings bonds, and green bonds. Total treasury bills issuances rose to ₦15.27 trillion in 2025[49] from ₦12.33 trillion in 2024, representing a 23.8% year-on-year increase; while issuances through FGN bonds, including savings bonds and green bonds, declined to ₦4.99 trillion from ₦5.84 trillion in 2024, reflecting a 14.6% decrease year-on-year. The sustained reliance on domestic debt markets was driven by refinancing obligations, fiscal funding needs, and liquidity management considerations. Despite relatively tight monetary conditions, demand for government securities remained resilient, with

44 Securities Exchange Commission, '2025 Weekly Net Asset Value for Collective Investment Schemes Reports (NAV as at week ended December 24th, 2025)', (June 8, 2026), available at: https://home.sec.gov.ng/for-operators/keep-track-of-capital-market-data/net-asset-value-data/weekly-net-asset-value-for-cis/2025-weekly-nav-for-cis/

45 As at December 27, 2024.

46 See Footnote 44

47 Securities and Exchange Commission, '2026 Weekly Net Asset Value for Collective Investment Schemes Reports', (June 14, 2026), available at: https://sec.gov.ng/for-operators/keep-track-of-capital-market-data/net-asset-value-data/weekly-net-asset-value-for-cis/2026-weekly-nav-for-cis/

48 See Footnote 44

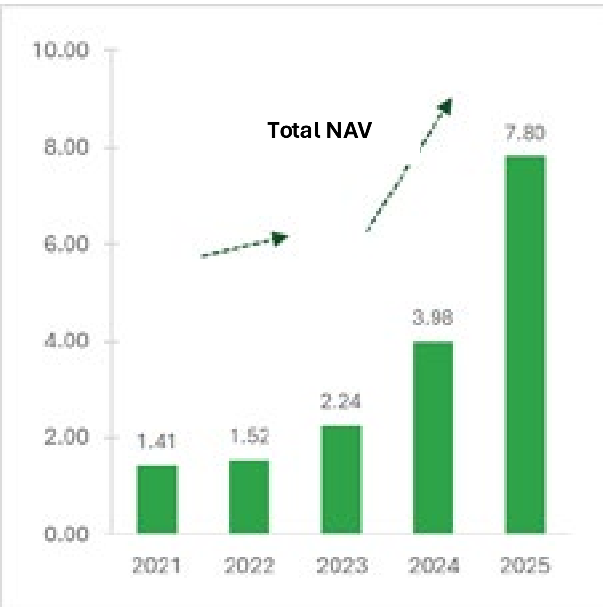
49 FMDQ, 'Financial Market Monthly Report December 2025', (May 25, 2026), available at; https://fmdqgroup.com/wpfd_file/fmdq-markets-monthly-report-december-2025/

treasury bills and FGN bonds oversubscribed by 84.8% and 93.6%, respectively, in December 2025.

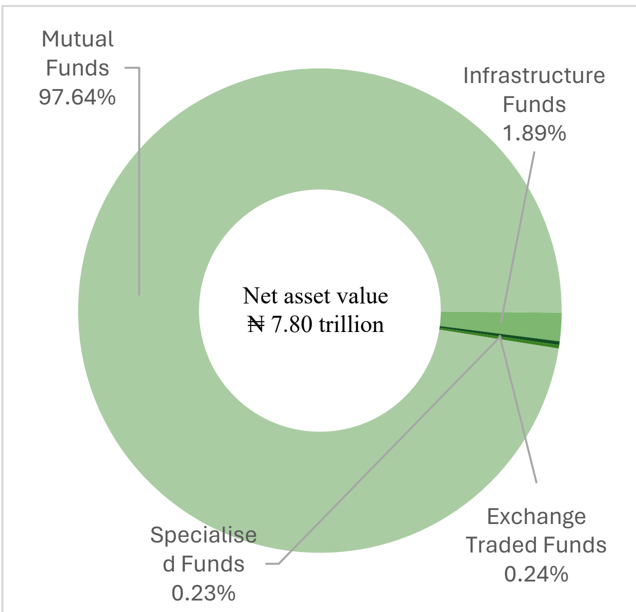
Despite elevated interest rates and tighter liquidity conditions, activity in the corporate debt market remained relatively robust. Commercial paper activity strengthened significantly during the year, with quoted

Figure 25
Total funds' net asset value and market share by class of funds, 2025
Source: Securities and Exchange Commission, EnterpriseNGR, and Meristem analysis

Total net asset value, 2021-2025 (₦ trillions)



Market share by class of funds, 2025



CP issuances rising to approximately ₦1.77 trillion in 2025[50] from ₦1.15 trillion in 2024, indicating continued corporate preference for short-term financing instruments in response to high borrowing costs and the need for greater liquidity flexibility. On the other hand, corporate bond issuances, while still modest relative to CP activity, increased to ₦134.92 billion from ₦74.87 billion in 2024 as some issuers selectively accessed longer-term funding despite prevailing market constraints.

Figure 26
Treasuries and corporate bonds issued, 2024- 2025 (₦ trillions)[51]
Source: FMDQ, Debt Management Office, EnterpriseNGR, and Meristem analysis

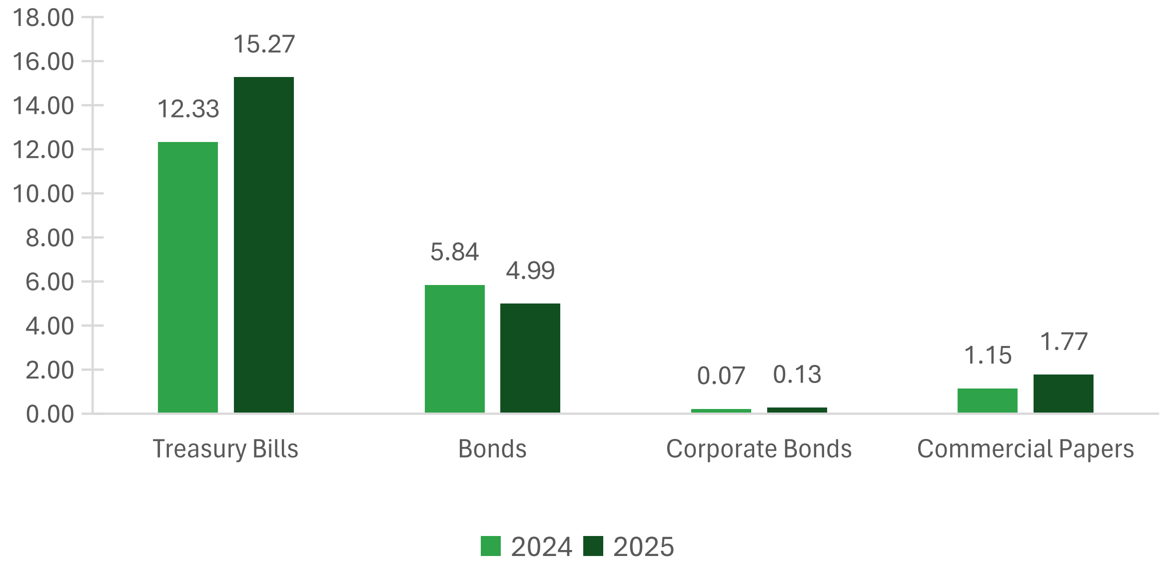
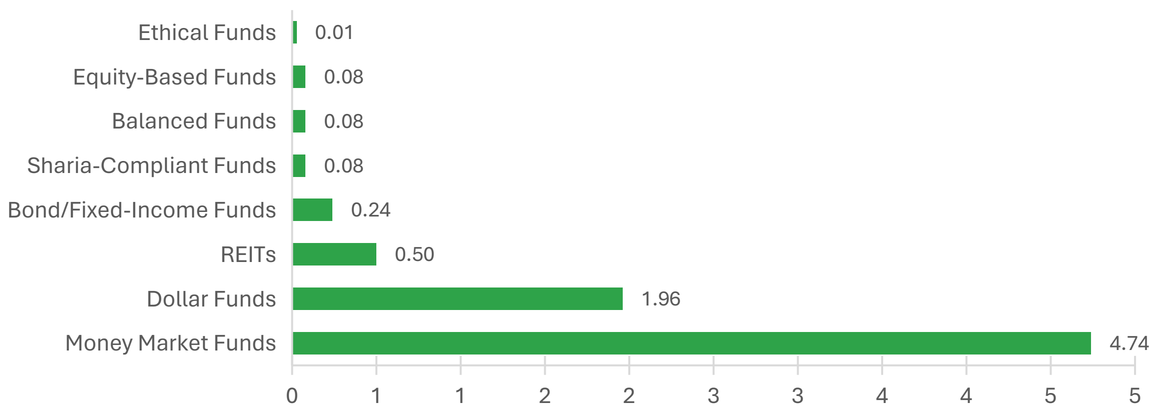


Figure 27
Mutual funds by class of funds, 2025 (₦ trillions)
Source: Securities and Exchange Commission, EnterpriseNGR, and Meristem analysis



50 See Footnote 49

51 Calculated using FMDQ Markets Monthly Reports (Jan-dec 2025 - Jan to dec 2024), (June 8, 2026), available at; https://fmdqgroup.com/insights/fic/

Supporting retail players' investment in securities

Nigeria's equities market sustained strong momentum in 2025, with total investor transactions surging 113.4% year-on-year to ₦11.92 trillion, from ₦5.59 trillion in 2024. Domestic participation was the primary driver, growing 95.9% to ₦9.27 trillion and accounting for 77.8% of total market turnover — reaffirming the dominance of local capital in sustaining market activity. Retail investors contributed ₦3.65 trillion, representing 39.4% of domestic transactions — a 58.3% year-on-year increase. While this growth rate is lower than the 105.9% recorded in 2024, it reflects a maturing retail base expanding from a higher base. This trajectory continued into 2026, with retail domestic transactions reaching ₦0.68 trillion, or 47.9% of total domestic transactions, in Q1 alone.

Mutual funds have played a meaningful structural role in broadening retail participation. Unitholder numbers grew to over 1.1 million in 2025, up from 809,264 in 2024, alongside a total mutual fund NAV of ₦7.67 trillion.[52] By April 30, 2026, unitholders had risen further to approximately 1.33 million, with NAV expanding to ₦8.86 trillion — reflecting continued momentum in investor engagement. The steady growth in both metrics underscores how mutual funds are democratising access to capital markets, enabling more Nigerians to gain diversified, professionally managed investment exposure beyond the reach of traditional institutional participation.

Facilitating private equity investments

Inflation was a key pressure point for private equity valuations in 2024 but eased in 2025. Headline inflation, which began the year above 30%[53], declined to 18.02% by September, while the CBN held the Monetary Policy Rate at 27.0% through most of 2025, keeping borrowing costs tight and pushing managers toward equity-funded transactions. A more stable naira and strengthened external reserves improved investor confidence around capital repatriation and exit certainty, supporting continued inflows into the market. Notably, DPI's Series C investment in Moniepoint consolidated fintech as the dominant recipient of growth capital, while Goodwell Investments and Alitheia Capital's investment in Hinckley E-Waste Recycling marked Nigeria's first PE-backed waste management transaction, signalling growing appetite for ESG-aligned opportunities.

As of Q3 2025, approximately 23 private market deals were recorded across 13 sectors. Large-ticket capital defined overall value concentration across the year. A $1.35 billion additional financing for Dangote refinery anchored capital flows within industrial infrastructure, while a ₦360 billion acquisition of a controlling stake in Eko Electricity Distribution Company reflected continued consolidation of critical power assets and long-term infrastructure investment strategies [54]. The ISA 2025 and Nigeria Tax Act 2025 replaced the 2007 framework, formally classifying PE and venture capital funds as Collective Investment Schemes under SEC supervision, introducing mandatory registration, broader investment scope, and expanded fund structuring options. Foreign funds must now obtain SEC approval before marketing to Nigerian investors, and misuse of client assets is now a criminal offence. In January 2026, the SEC introduced a tiered capital adequacy framework: fund managers with NAV and AUM between ₦40 billion and ₦250 billion must hold ₦5 billion in minimum capital, with firms above ₦250 billion required to hold ₦10 billion in minimum capital.[55]

52 See Footnote 44

53 For December 2024

54 Nairametrics, 'The largest corporate deals in Nigeria in 2025', (May 20, 2026), available at: https://nairametrics.com/2026/01/04/see-10-mega-deals-in-nigerias-corporate-space-in-2025/

55 See Footnote 42

Figure 28
Domestic retail participation on the NGX and mutual funds NAV (₦ billions)
Source: Securities and Exchange Commission, Nigerian Exchange Group, EnterpriseNGR, and Meristem analysis

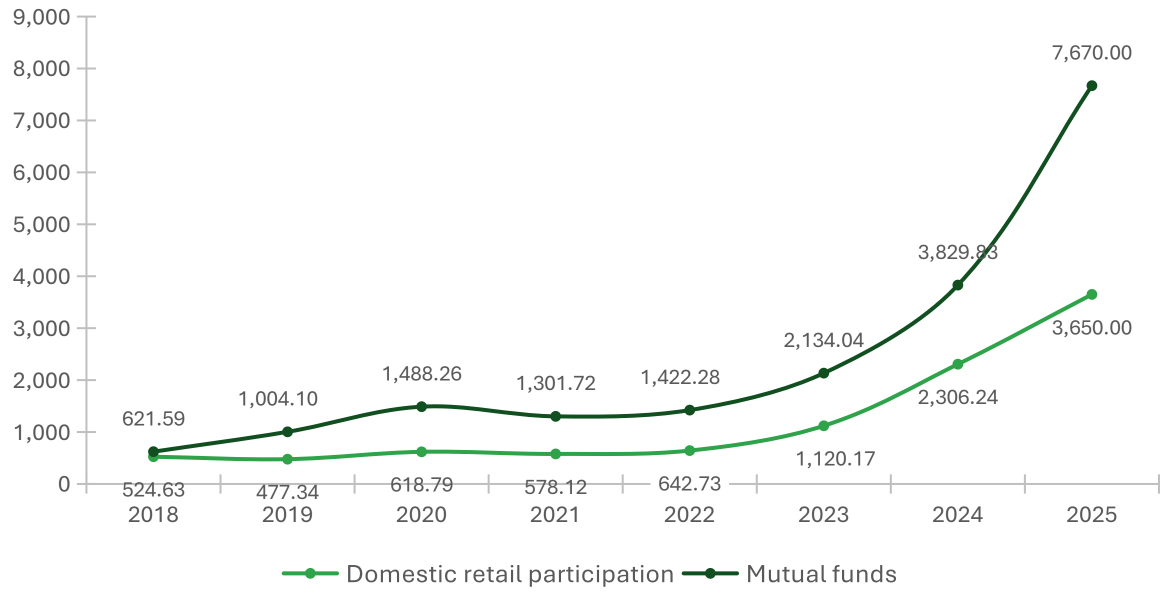


Figure 29
Growth in domestic retail and institutional transactions, 2018-2025
Source: Nigerian Exchange Group, EnterpriseNGR, and Meristem analysis

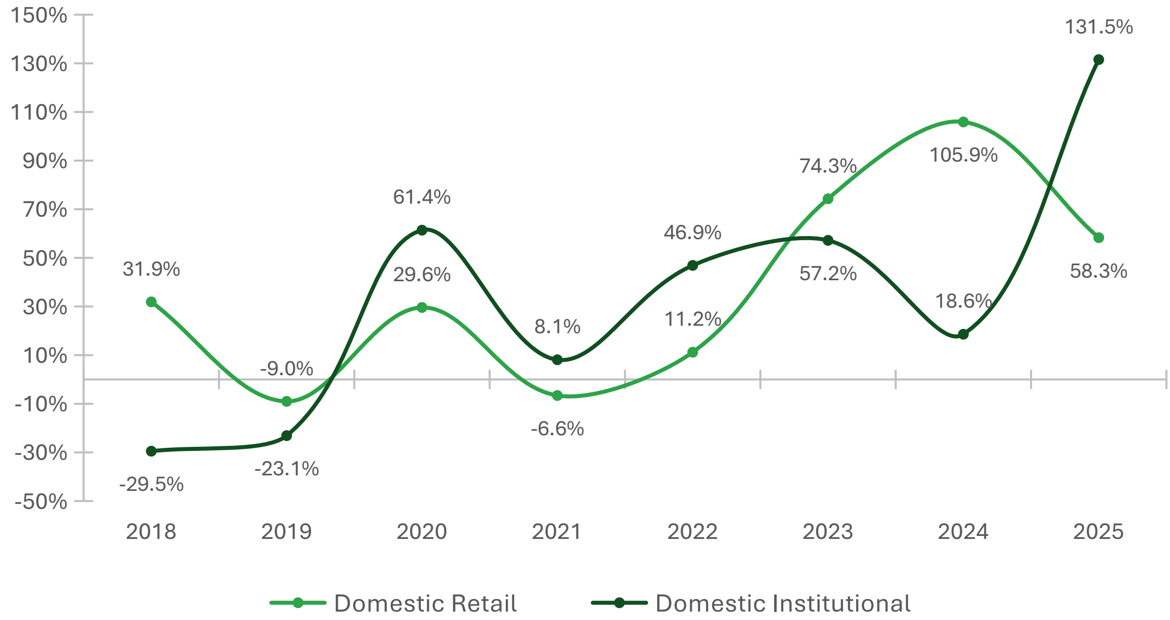
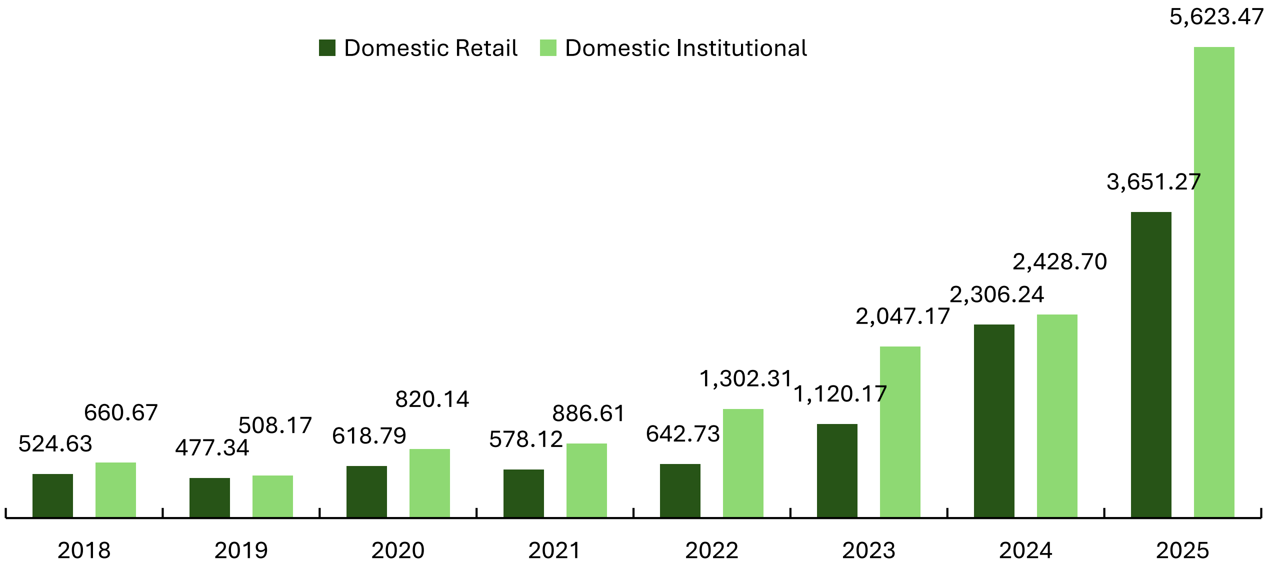


Figure 30
Values of domestic retail and institutional transactions, 2018-2025 (₦ billions)
Source: Nigerian Exchange Group, EnterpriseNGR, and Meristem analysis



Africa's private capital market demonstrated notable resilience in 2025, navigating a challenging global environment. While total deal value edged down 7.3% to $5.1 billion, deal volume rose 9.3% year-on-year to 530 transactions — making Africa the only region globally to record growth in deal activity during the period.[56] The continent attracted $3.9 billion in venture capital across 506 deals, split between equity ($2.1 billion) and debt ($1.8 billion).[57] West Africa retained its position as the continent's leading destination for startup funding, recording the highest number of deal (121), valued at $547 million, with financial services accounting for 30% of total deal activity in the region. Nigeria ranked second on the continent by deal volume, recording 68 transactions valued at $287 million — affirming its standing as one of Africa's most active private capital markets and a preferred destination for investors seeking emerging market exposure.

Key policy developments

Regulatory Strengthening ISA 2025

The Investments and Securities Act (ISA) 2025, signed into law in March 2025, represents the most significant update to Nigeria's capital market legislation in nearly two decades, replacing ISA 2007. The Act expands the SEC's regulatory scope to cover digital assets, derivatives, commodities exchanges, and virtual asset service providers, while strengthening enforcement powers to manage systemic risk. It also expressly criminalises Ponzi and pyramid schemes, reinforcing

56 The African Private Capital Association, '2025 African Private Capital Activity Report', (May 20, 2026), available at: https://www.avca.africa/media/giqpzbh2/avca25-16-apca-annual-report_public_2.pdf

57 The African Private Capital Association, '2025 African Venture Capital Activity Report', (May 20, 2026), available at: https://www.avca.africa/media/umlh132j/avca25-15-vc-annual-report_4.pdf

Figure 31
African private capital investments, 2016-2025
Source: African Private Capital Association, EnterpriseNGR, and Meristem analysis

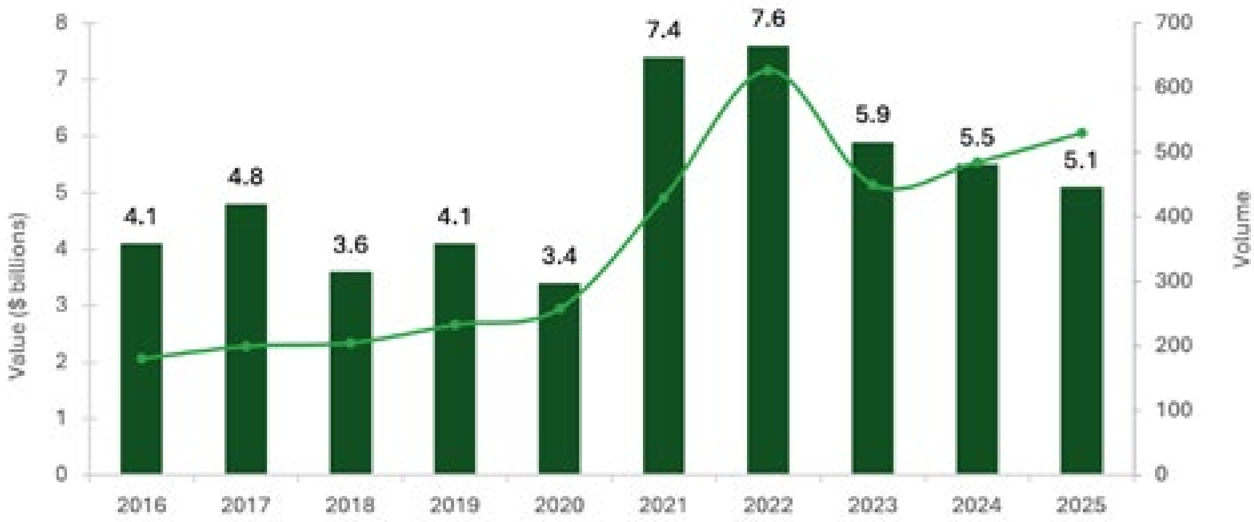
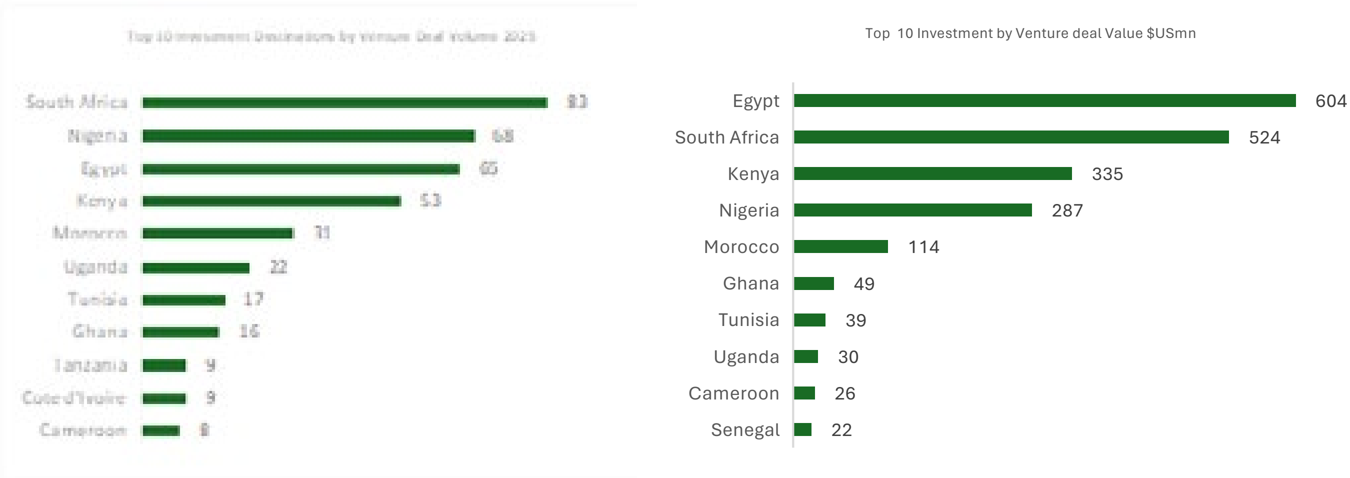
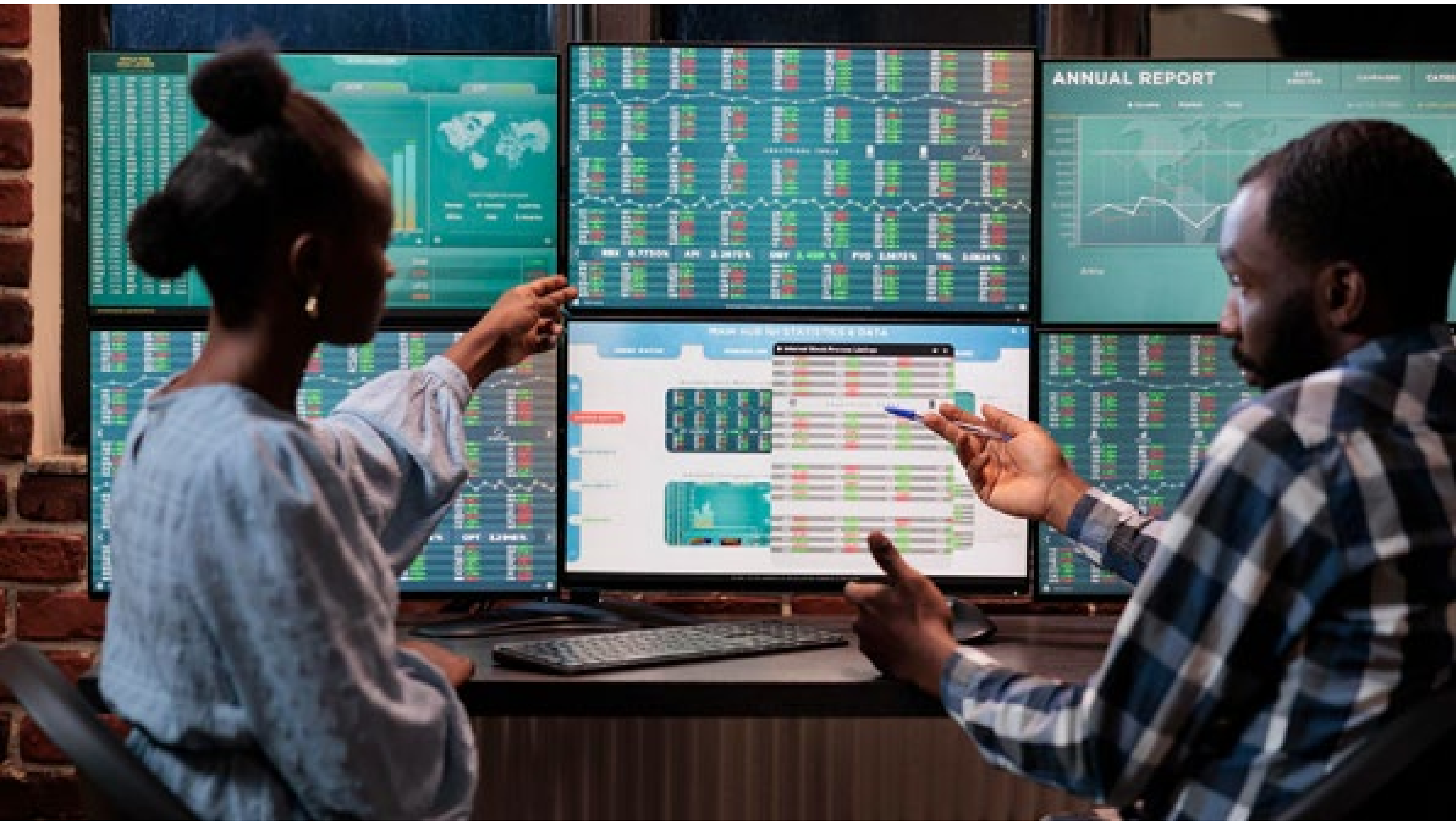


Figure 32
African venture capital investments, 2025
Source: African Private Capital Association, EnterpriseNGR, and Meristem analysis





investor protection and supporting Nigeria's continued alignment with global regulatory standards under the international Organisation of Securities Commissions (IOSCO).

Regulation of Private Equity and Venture Capital (PE/VC)

ISA 2025 formally recognises private equity and venture capital funds as Collective Investment Schemes (CISs), providing legal clarity for fund structuring and oversight. The Act raises the SEC registration threshold for PE funds to ₦5 billion, introduces minimum sponsor commitment requirements for General Partners, strengthens investor protection through stricter penalties for fund mismanagement, and broadens permissible investments to include infrastructure, private debt, derivatives, commodities, and digital assets.

Revised Minimum Capital Requirements

The SEC revised minimum capital thresholds for regulated capital market operators, with compliance required by 30 June 2027. Fund managers are now subject to higher capital requirements, up to ₦10 billion for managers with NAV and AUM exceeding ₦250 billion, aimed at strengthening market resilience and investor confidence.

ESG Framework and Green Finance

Nigeria advanced sustainable finance reforms in 2025 through the SEC's alignment with IFRS S1 and S2 sustainability disclosure standards, which become mandatory for listed firms from 2027. Investor appetite for green finance remained strong, evidenced by the 183% oversubscription of Nigeria's ₦50 billion Sovereign Green Bond Series III, while subnational green financing initiatives continued to gain traction.

Nigeria Tax Act (NTA) 2025

Effective 1 January 2026, the NTA consolidates federal tax laws and introduces key reforms for capital markets. The Act exempts share transfers and government securities from stamp duty, raises the capital gains tax exemption threshold for share disposals to ₦150 million with gains below ₦10 million, and retains a 0.125% ad valorem tax on loan capital, reducing transaction frictions while supporting market liquidity.

Commercial Paper and Withholding Tax Reforms

The SEC strengthened oversight of the commercial paper market, bringing issuances fully under its regulatory framework to improve disclosure, issuer eligibility, and market transparency. At the same time, reforms to withholding tax (WHT) on short-term instruments aim to harmonise taxation across money market products, reduce tax arbitrage, and broaden the tax base.

Conclusion and recommendations

The Nigerian asset management industry sustained strong momentum in 2025, with total mutual fund NAV rising significantly and unitholder participation crossing the one-million mark. This reflects the growing relevance of collective investment schemes for capital preservation and wealth creation. However, sustaining this growth will require coordinated action from regulators, fund managers, and market operators, especially as the industry adjusts to new regulatory, tax, macroeconomic, and technological realities. Particular attention should be directed towards:

Managing macroeconomic risks and strengthening portfolio resilience.

Persistent inflation and high interest rates continue to increase portfolio volatility and reduce the short-term attractiveness of equities. Fund managers should strengthen active risk management and diversify asset allocation to protect downside while capturing yield opportunities.

Deepen private equity investment.

High fixed-income yields have drawn capital away from longer-term private equity commitments. Sustained progress on CBN foreign exchange reform, inflation control, and monetary policy credibility would improve the risk-return profile for private equity investors. Alongside this, building a stronger domestic investor base, including through pension fund and insurance fund allocations to private equity, would reduce reliance on volatile offshore capital. Strengthening corporate governance and business formalization among low-to-mid-market firms would also expand the pipeline of bankable, investment-ready businesses.

Expanding retail investor penetration and rebuilding trust.

Low financial literacy and lingering distrust from past market downturns continue to limit retail participation and AUM growth. Industry players should deepen investor education and retail outreach to build confidence and encourage long-term investment behaviour.

Deepening market liquidity and addressing concentration risks.

Large-cap concentration, limited free float, and uneven participation continue to constrain liquidity and efficient price discovery. Regulators and exchanges should enforce free-float requirements and introduce incentives such as lower transaction fees.

Navigating regulatory transitions and tax reforms.

The ISA 2025, NTA 2025, and new SEC capital requirements strengthen the sector but may create short-term compliance pressure for operators. Fund managers and regulators should engage proactively to ensure reforms are implemented in a way that supports stability and market development.

Democratising access to fixed income and debt markets.

Fixed income remains central to asset management activity, but high minimum investment thresholds limit broader retail participation. Exchanges and fund managers should leverage the ISA 2025 framework to structure sovereign and corporate debt products into smaller, more accessible units.

Attracting and sustaining foreign portfolio investment.

Foreign portfolio participation remains sensitive to exchange rate volatility. The CBN should sustain FX market reforms, thereby continuing to strengthen investor confidence in Nigeria's financial markets.

Low financial literacy and lingering distrust from past market downturns continue to limit retail participation and AUM growth. Industry players should deepen investor education and retail outreach to build confidence and encourage long-term investment behaviour.

Diversifying product offerings to meet evolving investor needs.

Fund managers should expand beyond traditional products by introducing ESG-aligned products, thematic equity funds, infrastructure vehicles, and other tailored products. This will help match shifting investor preferences and align the sector with global investment trends.

Continued acceleration of technology adoption and digital transformation.

Technology gaps continue to limit scalability, product innovation, and client engagement. Greater investment in digital platforms, fintech integration, AI-enabled portfolio tools, and cybersecurity will improve efficiency and strengthen investor protection.

For more than six centuries, bronze casters in Benin City, Edo State have preserved the ancient lost-wax casting tradition. Their masterfully crafted sculptures stand among Nigeria's most celebrated artistic achievements, reflecting a legacy of innovation, craftsmanship and royal heritage.

Pensions

Nigeria's pension industry continues to serve as a key driver of long-term capital mobilisation and retirement security, contributing meaningfully to financial system development and broader economic stability. Beyond its role in government and corporate financing, the sector enables contributors to build long-term wealth while reducing the retirement funding burden on employers.

In 2025, the industry recorded 459,050 new registrations, bringing total Retirement Savings Account (RSA) holders to 11.04 million[58] reflecting a penetration rate of 8.4%.[59] Assets under management grew 21.9% to ₦27.45 trillion, up from ₦22.51 trillion the prior year.[60] This momentum carried into 2026, with RSA holders rising to 11.18 million and AUM reaching ₦29.52 trillion by the close of Q1[61] pointing to sustained growth in both coverage and capital accumulation within the sector.

58 National Pension Commission, 'Pension Industry Performance Dashboard, as at 31 December 2025', (May 4, 2026), available at: https://www.pencom.gov.ng/wp-content/uploads/2025/06/Final-PenCom-Q4-2025-Dashboard.pdf

59 Computed using working population aged 15-64 years, 'UN World Population Prospects 2024 referenced data', (May 5, 2025), available at: https://statisticstimes.com/demographics/country/nigeria-demographics.php (adult population computed as 135,141,733 for 2025 using 2026 data)

60 National Pension Commission, 'Unaudited Report on Pension Funds Portfolio for the Period ended 31 December 2025'', (May 21, 2026), available at; https://www.pencom.gov.ng/wp-content/uploads/2026/01/Monthly-Industry-Summary-December-2025.pdf

61 National Pension Commission, 'Unaudited Report on Pension Funds Industry Portfolio for the Period Ended 31 March 2026', (May 4, 2026) available at: https://www.pencom.gov.ng/wp-content/uploads/2026/04/Monthly-Industry-Summary-March-2026.pdf

PENSIONS KEY FACTS

LEGEND

Million - mn   Billion - bn   Trillion - tn
Quadrillion - qn

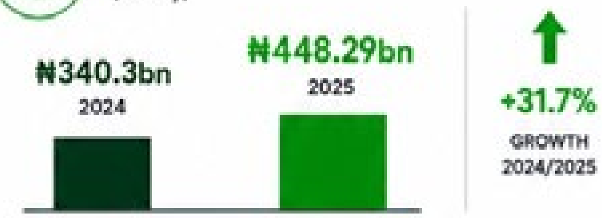
Retirement Savings Accounts (RSA) (Number of Accounts)

11.04 million Retirement Savings Accounts (RSA) as of 2025 and 10.58 million in 2024. Q1 2026 = 11.18 million.

Pension assets under management (AUM)

₦27.45 trillion in pension assets under management as of 2025 and ₦22.51 trillion in 2024. Q1 2026 = ₦29.52 trillion.

Retirement benefits paid (Yearly)



₦448.29 billion yearly paid out in retirement benefits in 2025, versus ₦340.3 billion in 2024.

Pension assets invested in FGN securities

₦16.93 trillion of pension assets have been invested in FGN securities as of 2025, versus ₦14.11 trillion as of 2024.

Micro Pensions Scheme rebranded to Personal Pension Plan

Micro Pensions Scheme rebranded to Personal Pension Plan.
Asset Under Management = ₦1.76 billion as of 2025 versus ₦1.1 billion as of 2024.
Contributors = 215,412 as of 2025 versus 172,936 as of 2024.

Out-of-work contributors accessed (Yearly)

31,000 out-of-work contributors accessed ₦41 billion in 2025,

Equity contribution for mortgages (Since Launch in 2022)

₦260.98bn

52,174 beneficiaries

Disbursed a ₦260.98 billion equity contribution for mortgages to 52,174 beneficiaries since its

INVESTMENT ONE
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Supporting lives

Helping employees save for old age and reducing the retirement burden on the state

Since its introduction in 2006, the Retirement Savings Account (RSA) framework has played a significant role in reducing the retirement funding burden on the government. In 2025, total RSA registrations — spanning micro and contributory pension schemes — grew 4.3% year-on-year, reflecting a compound annual growth rate (CAGR) of 5.58% between 2011 and March 2026. This expansion contributed to a 21.9% rise in total pension assets under management in 2025. The sector's continued growth is underpinned by Nigeria's expanding population, ongoing reform initiatives — including broader portfolio allocations to equities and alternative assets — and the sustained enforcement of the Pension Reform Act 2014.

Total pension contributions rose significantly to ₦13.54 trillion in 2025, compared to ₦11.31 trillion in the prior year, marking a substantial expansion from the ₦15.6 billion recorded at the inception of the contributory pension scheme in 2004. The public sector remained the dominant contributor, accounting for 51.8% (₦7.01 trillion) of total assets under management as of Q4 2025, while the private sector accounted for the remaining 48.2%. In aggregate, total contributions grew by 19.7% year-on-year. The pension industry has grown not only in scale, but in structural resilience and long-term relevance to Nigeria's financial landscape.

Total pension contributions rose significantly to ₦13.54 trillion in 2025, compared to ₦11.31 trillion in the prior year, marking a substantial expansion from the ₦15.6 billion recorded at the inception of the contributory pension scheme in 2004.

Figure 33

Growth in Number of Retirement Savings Accounts, 2011-Q12026 (millions)
Source: National Pension Commission, EnterpriseNGR, and Chapel Hill Denham analysis

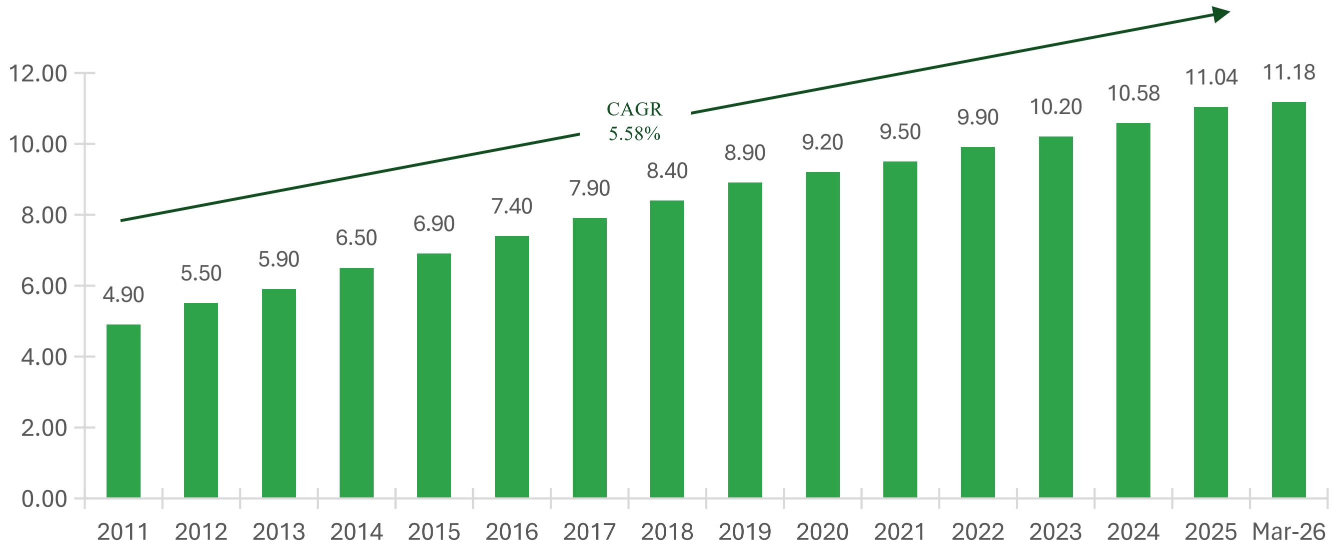
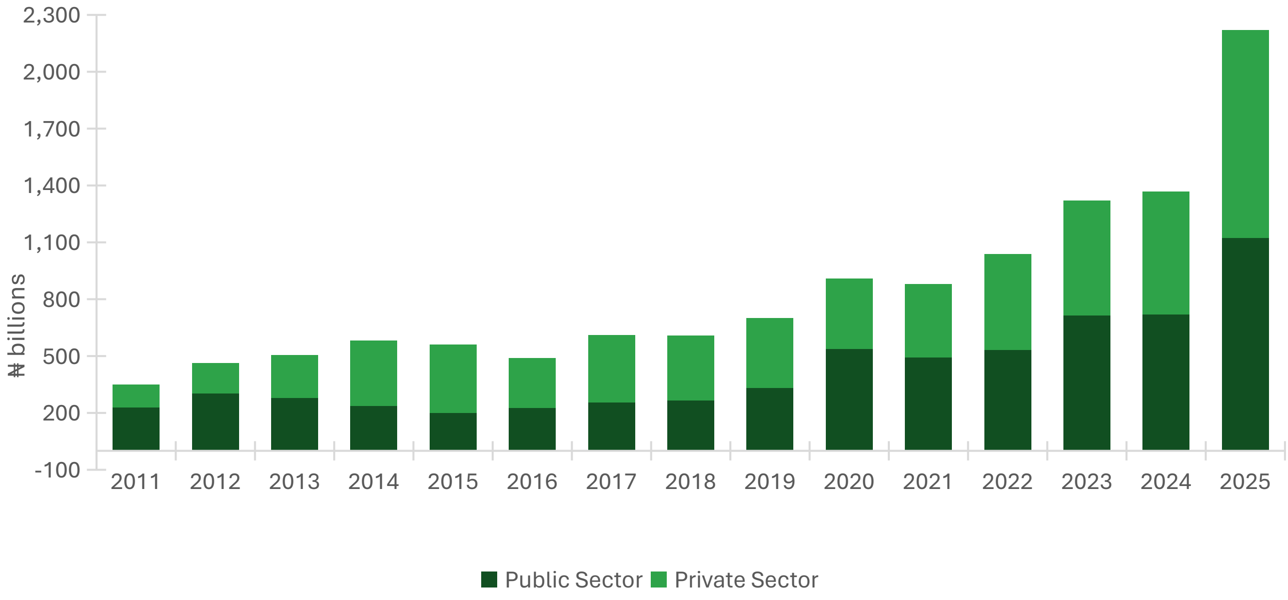


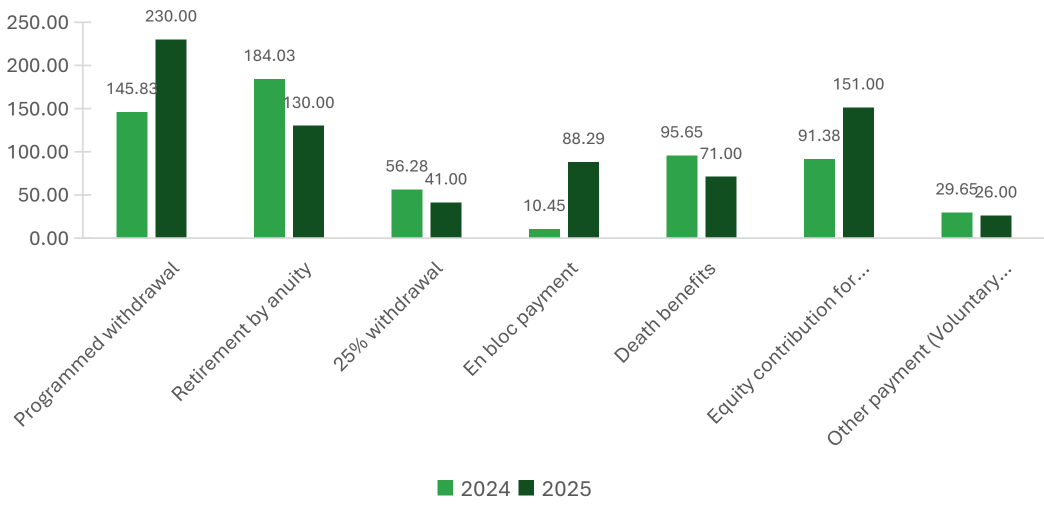
Figure 34

Trend in total pension contributions, 2011- 2025 (₦ billions) [62]
Source: National Pension Commission, EnterpriseNGR, and Chapel Hill Denham analysis



62 Computed using data from PENCOM. See Footnote 58 and other reports available at: https://www.pencom.gov.ng/category/publications/

Figure 35
Figure 35:Yearly payment of retirement benefits, 2024 and 2025 (₦ billions)
Source: National Pension Commission, EnterpriseNGR, and Chapel Hill Denham analysis



The pension sub-sector sits at the heart of Nigeria's social protection agenda, providing a reliable source of retirement income and offering a financial cushion for individuals who have experienced a job loss. In doing so, it also reduces the burden on informal support networks and contributes to stability at both the household and broader economic level. Total yearly retirement benefits, made up of programmed withdrawal, retiree life annuity, and en-bloc payment) recorded a 31.7% increase from ₦340.3 billion in 2024 to ₦448.29 billion in 2025 (Figure 35).[63] For retirees navigating the pressures of inflationary headwinds, these payments go beyond statutory obligation; they provide real, day-to-day financial relief, helping beneficiaries cover basic needs and maintain a reasonable standard of living after leaving the workforce. Beyond retirement payout, the equity contribution scheme for mortgages, which enables contributors to use up to 25% of their RSA balance to acquire residential property, has, since inception, provided N260.98 billion to 52,174 beneficiaries as of 2025; ₦151 billion to 36,000 beneficiaries in 2025 alone.

Helping people who are temporarily out of work stay afloat

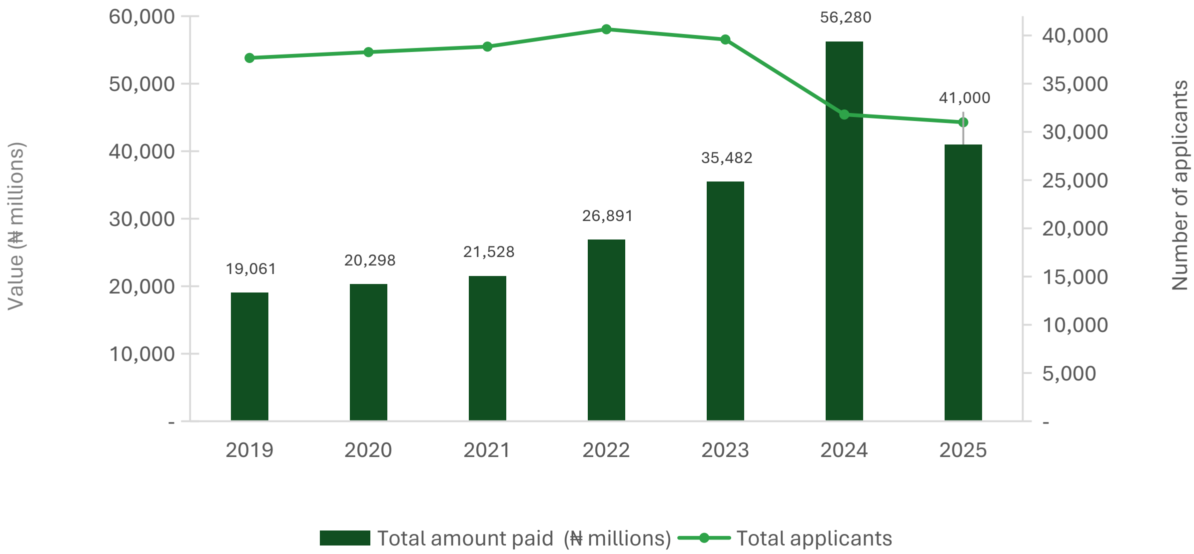
Beyond retirement, Nigeria's pension system doubles as a financial safety net for unemployed workers. In 2025, approximately 31,000 contributors accessed 25% of their RSA balance, with total disbursements amounting to ₦41 billion. While this represents a decline from the ₦56.28 billion paid out in 2024, it nonetheless underscores the pension system's broader role as a buffer against financial hardship — extending its value well beyond retirement to support contributors at critical points in their working lives. (Figure 36).[64]

Section 13 of the Pension Reform Act 2014 allows an RSA holder to move their account from one PFA to another, free of charge, once per year and over the years the sub-sector has seen a rising trend in contributors switching Pension Fund Administrators (PFAs) with a sharp acceleration in 2025 to ₦863.08 billion surpassing the 2024 figures by 53.1% in value terms (Figure 37), reflecting growing awareness and

63 See Footnote 58

64 See Footnote 62.

Figure 36
Trends in payment to out-of-job contributors, 2019-2025
Source: National Pension Commission, EnterpriseNGR, and Chapel Hill Denham analysis



acceptance of the right to change providers, it also points to intensifying competition among PFAs for higher-balance contributors and raising important questions around retention strategies - PFAs that underperform now face the real prospect of contributors' choice. By 2025, a total of 465,185 Retirement Savings Account (RSA) holders had switched PFAs, transferring a cumulative of over ₦2.40 trillion.

Figure 37

Trends in transfer to preferred PFAs[65]
Source: National Pension Commission, EnterpriseNGR, and Chapel Hill Denham analysis

Providing a safety net for low-income earners and people in the informal sector

In a bid to address persistently low adoption since its 2019 launch, the Micro Pension Plan was restructured and rebranded as the Personal Pension Plan (PPP) by the National Pension Commission (PenCom). The redesigned framework introduces a more flexible contribution structure aimed at lowering barriers to voluntary participation and broadening access to pension coverage across underserved segments of the workforce. Total contributions surged 251.3% to ₦1.51 billion in 2025, up from ₦429.8 million in 2024, while assets under management rose 60% to ₦1.76 billion. The number of registered contributors grew to 215,412[66] from 172,936 the prior year (Figure 38)— a steady upward trend that points to growing awareness and confidence in the scheme. Yet the scale of the opportunity ahead remains significant. Pension coverage among informal sector workers who constitute over 90% of Nigeria's workforce still stands below 1%. It is expected that the rebranding effort will extend the pension system's reach to those who need it most and will contribute to increased penetration in the industry.

While pension fund allocations to infrastructure are gradually increasing, they remain modest relative to the scale of Nigeria's investment needs.

Supporting growth and the economy

Contributing to the national economy through pension fund assets and investments

Nigeria's pension industry remains a vital and growing source of long-term domestic capital. In 2025, assets under management reached ₦27.45 trillion, equivalent to 6.4% of nominal GDP — a modest but meaningful increase from 6.2% on a comparable basis in 2024 (Figure 39).[67] It is worth noting that the previously reported 2024 ratio of 8.0% was revised downward following the National Bureau of Statistics' mid-2025 GDP rebasing exercise, which expanded the nominal GDP denominator by approximately 34%.[68]

While pension fund allocations to infrastructure are gradually increasing, they remain modest relative to the scale of Nigeria's investment needs. Infrastructure funds held a 1.0% allocation in 2025, while exposure to corporate infrastructure bonds stayed limited at 0.1% — largely unchanged since 2023 and a slight decline from 0.2% in 2021 (Figure 40). These figures point to considerable untapped potential. With ₦16.33 trillion[69] still concentrated in Federal Government securities, there is meaningful scope to rebalance pension portfolios toward infrastructure-focused investments, which currently account for just ₦0.28 trillion of total assets under management. Realising this potential, however, will require addressing structural constraints on both sides of the market. On the supply side, the pipeline of bankable infrastructure projects remains shallow — with many opportunities lacking the

66 See Footnote 62.

67 Computed using pensions industry AUM and nominal gross domestic product (GDP).

68 Agusto & Co, 'Nigeria's Rebased GDP: New Numbers, Old Problems', (May 4, 2026), available at :https://www.agusto.com/publications/nigerias-rebased-gdp-new-numbers-old-problems/

69 See Footnote 60

Figure 38
Growth in the Personal Pension Plan, 2019-2025
Source: National Pension Commission, EnterpriseNGR, and Chapel Hill Denham analysis

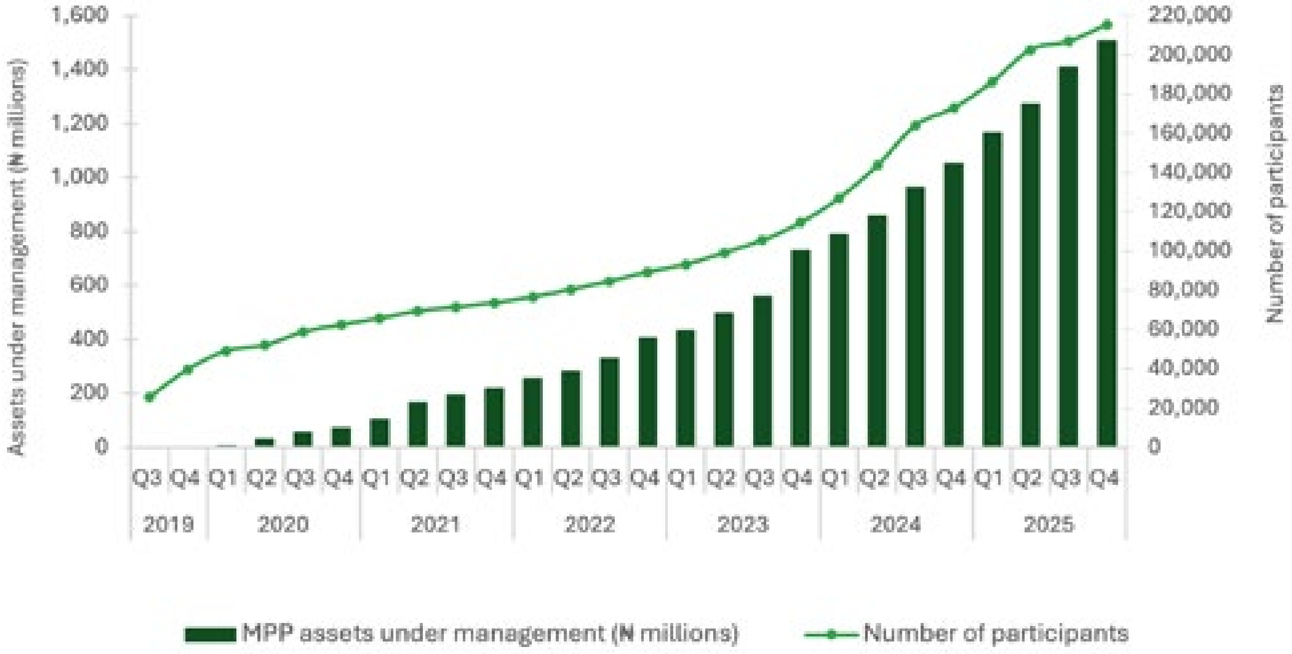


Figure 39
Pension AUM as a percentage of Nigeria's GDP, 2013-2025
Source: National Pension Commission, EnterpriseNGR, and Chapel Hill Denham analysis

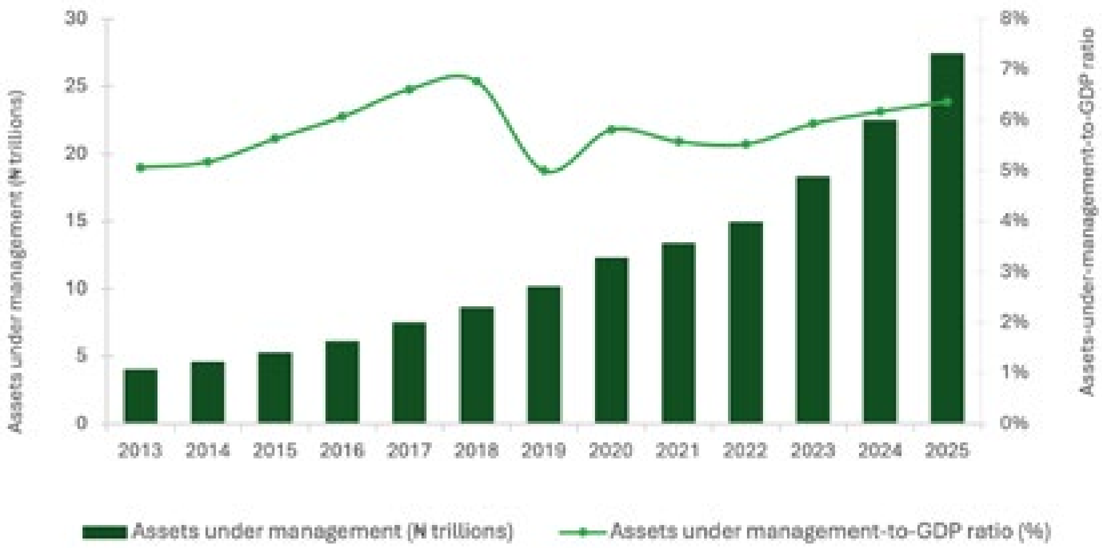
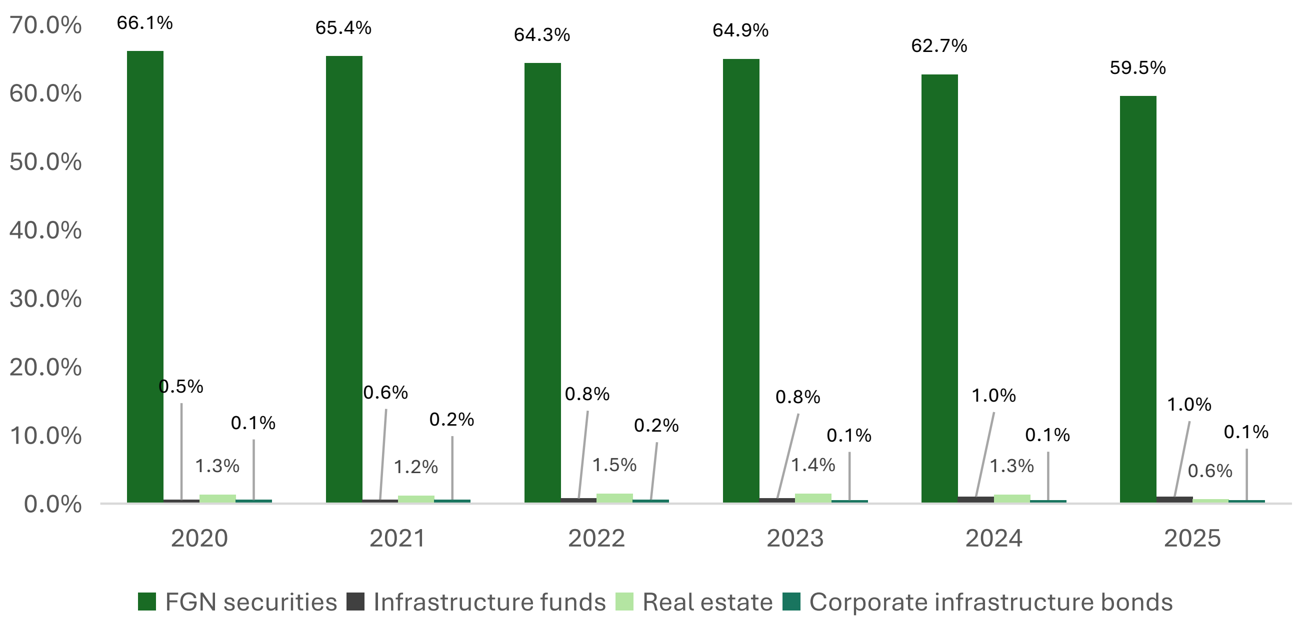


Figure 40
Composition of pension investment allocations
Source: National Pension Commission, EnterpriseNGR, and Chapel Hill Denham analysis



feasibility frameworks, cash-flow structures, and credit enhancements that institutional investors require. On the regulatory side, existing allocation limits, though well-intentioned, continue to restrict the flexibility needed to pursue alternative assets at meaningful scale. Bridging these gaps will be essential to unlocking pension capital as a genuine driver of long-term infrastructure development in Nigeria.

Strong growth in assets under management notwithstanding, Nigeria's pension penetration rate stood at 8.1% in 2024, a modest improvement from 7.8% in 2023. This remains below the levels recorded in comparable emerging and developing economies (Figure 41),[70] highlighting the significant headroom that exists to deepen participation and strengthen the sector's contribution to long-term economic growth.

Contributing to the accumulation of long-term capital in the economy

At year-end 2025, total pension assets reached ₦27.45 trillion, with 70% (₦19.2 trillion) held in active Retirement Savings Account (RSA) funds — spanning individuals in active employment, Personal Pension Plan contributors, and Fund VI Active, which operates under a non-interest investment mandate. A further 8.2% (₦2.25 trillion), up from 7.2%, was held in RSA Retiree funds, reflecting the growing share of contributors transitioning into the drawdown phase of their retirement journey (Figure 42).[71]

Nigeria's pension system is attracting a predominantly young contributor base, with 78.6% of the 459,050

70 The Organisation for Economic Cooperation and Development, 'Pension Markets in Focus: preliminary 2024 data – June 2025', (May 4, 2026), available at; https://www.oecd.org/content/dam/oecd/en/topics/policy-sub-issues/asset-backed-pensions/PMF%202025%20-%20Preliminary%202024.pdf

71 See Footnote 60

Figure 41
Nigeria's pension penetration relative to peer countries, 2024(latest data)
Source: OECD, EnterpriseNGR, and Chapel Hill Denham analysis

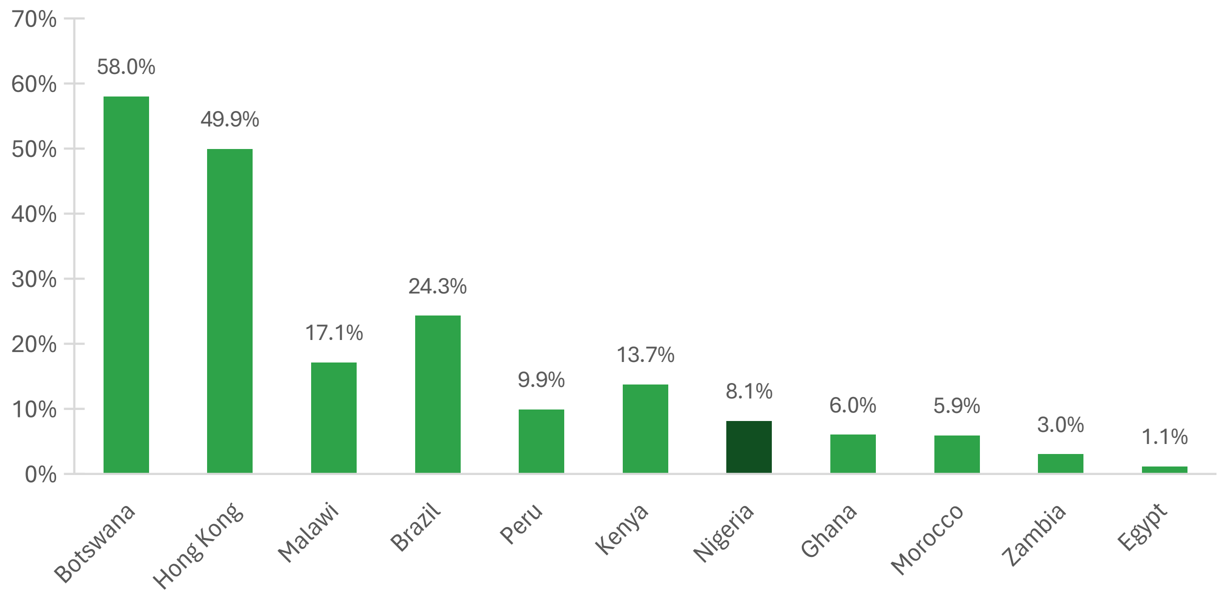


Figure 42
Pension funds composition, 2025
Source: National Pension Commission and EnterpriseNGR analysis

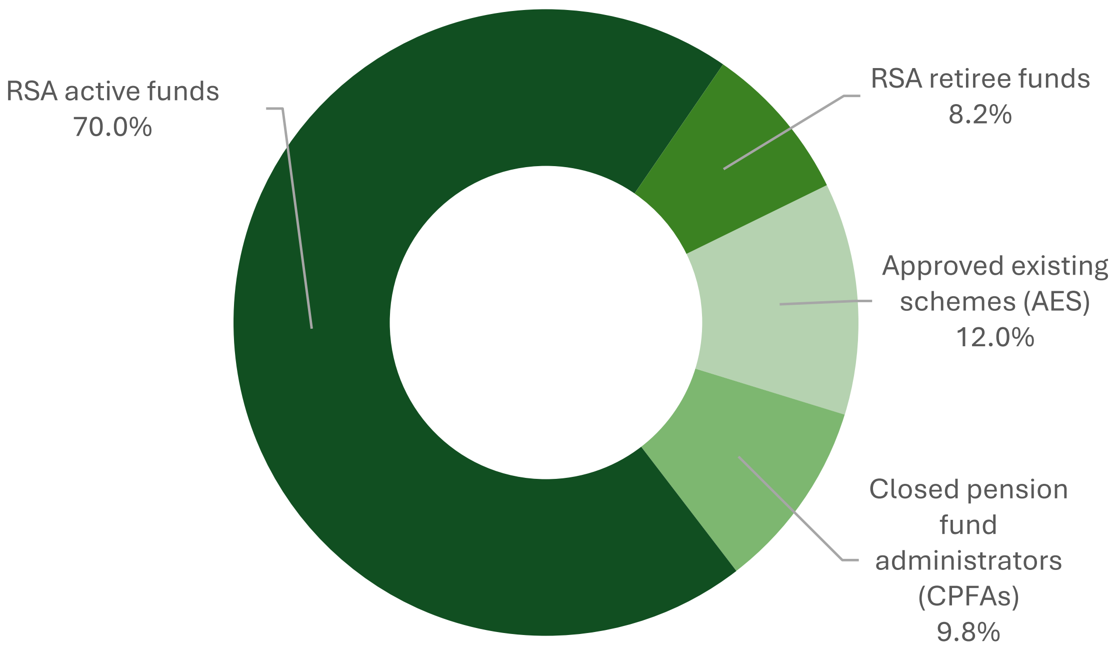
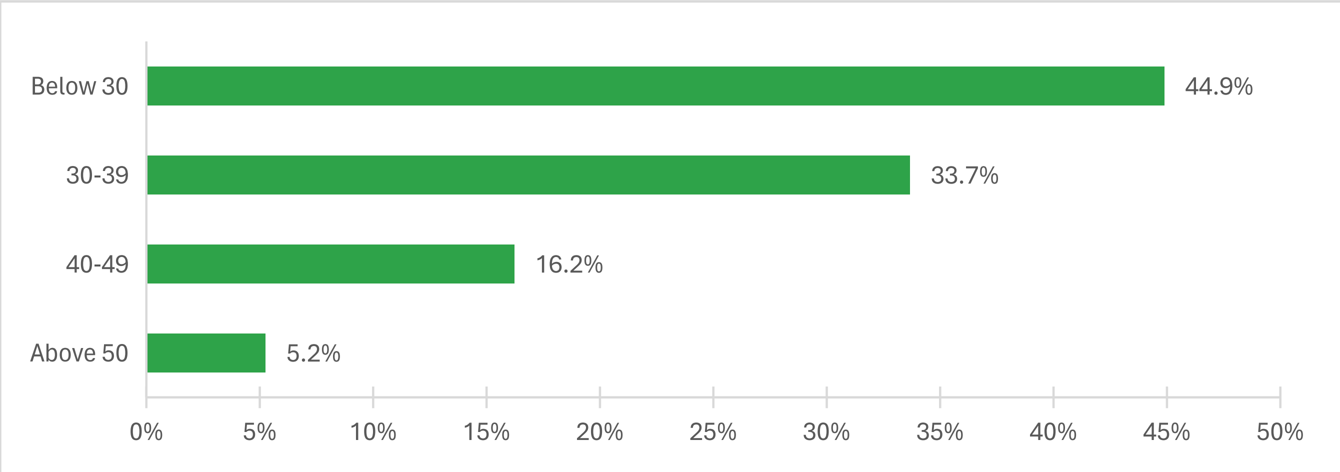


Figure 43
Compulsory pension scheme (RSAs) registration by age
Source: National Pension Commission, EnterpriseNGR, and Chapel Hill Denham analysis



new RSA registrants recorded between Q1 and Q4 2025 falling below the age of 40 (Figure 43).[72] This demographic pattern has remained consistent over the years, pointing to strong long-term growth prospects for the Contributory Pension Scheme and an expanding pool of contributors with extended investment horizons. Equity assets within the pensions sub-sector rose 68.1% to ₦4.22 trillion in 2025[73], driven by combined growth in domestic ordinary shares (₦3.96 trillion) and foreign equity holdings (₦263.94 billion), up from ₦2.51 trillion in 2024 — reflecting a deliberate strategy to pursue higher long-term returns and build more robust retirement outcomes for younger participants.

RSA Fund II remains the largest active fund within Nigeria's pension system, growing to ₦11.52 trillion in 2025 from ₦9.24 trillion in 2024 and accounting for approximately 60% of total active RSA assets (Table 6). Designed for contributors with longer investment horizons, Fund II is structurally positioned as the sector's primary long-term capital pool — making it a critical instrument for financing infrastructure, development projects, and other long-duration assets central to Nigeria's broader economic growth agenda.

RSA Fund II remains the largest active fund within Nigeria's pension system, growing to ₦11.52 trillion in 2025 from ₦9.24 trillion in 2024 and accounting for approximately 60% of total active RSA assets

72 Computed using PENCOM quarterly reports Q1-Q4, available at: https://www.pencom.gov.ng/category/publications/quarterly-reports/

73 See Footnote 60

Table 6: Composition of the RSA active fund as of 31 December 2025 (₦ billion)
Source: National Pension Commission, EnterpriseNGR, and Chapel Hill Denham analysis

Fund	2024 AUM	2025 AUM	Contribution	YOY growth
RSA FUND I	250.122	448.09	2.33%	79.15%
RSA FUND II	9,235.02	11,518.17	59.98%	27.72%
RSA FUND III	5,919.07	7,016.89	36.54%	18.55%
RSA FUND V	1.13	1.75	0.01%	54.87%
RSA FUND VI Active	90.09	218.84	1.14%	142.91%
Total active funds	15,495.43	19,203.74		

Key policy developments

The 2025 reform cycle was one of the most active in the sector's history, spanning investment regulation, operator capital requirements, state compliance, informal sector inclusion, and industry governance. In total, the Commission issued 26 circulars and 3 guidelines during the period and completed the full automation of the pension process.

Revised Regulation on Investment of Pension Fund Assets

The most pivotal update to the pensions sector in 2025, revising authorised markets, allowable instruments, and quality requirements for investment instruments.

The regulation extended the scope of the multi-fund structure while increasing maximum exposures to variable income instruments. Funds V and VI were each divided into two sub-categories with distinct exposure requirements, and a new dollar-denominated Fund VII was introduced at 30% maximum exposure.

The regulation further provides exposure limits for each asset class across the different fund categories, segmented into global limits, per issuer limits, and per issue limits.

Exposure to instruments such as private equity and infrastructure funds was also notably expanded, with private equity allocations raised and twelve rigorous qualifying criteria introduced to protect contributors while encouraging long-term investment in productive sectors.

Table 7: Revised Exposure to Variable Income Instruments for Multi-fund Structure

Fund Type	New Max Exp	Old Max Exp
Fund I	95% of PV	75% of PV
Fund II	75% of PV	55% of PV
Fund III	20% of PV	20% of PV
Fund IV	10% of PV	10% of PV
Fund V (Conservative)	5% of PV	5% of PV
Fund V (Growth)	45% of PV	5% of PV
Fund VI (Active)	75% of PV	55% of PV
Fund VI (Retiree)	10% of PV	55% of PV
Fund VII (Dollar DF)	30% of PV	N/A

Source:*PV – portfolio value, National Pension Commission, The Revised Regulation on Investment of Pension Fund Assets

In September 2025, PenCom released a circular revising the minimum capital requirements for licensed PFAs and PFCs, the first such review since 2021, when the threshold had been set at ₦5 billion, itself an increase from the original ₦2 billion established at the industry's inception in 2004.

Circular on Revised Minimum Capital Requirements for PFAs and PFCs

In September 2025, PenCom released a circular revising the minimum capital requirements for licensed PFAs and PFCs, the first such review since 2021, when the threshold had been set at ₦5 billion, itself an increase from the original ₦2 billion established at the industry's inception in 2004.

Capital requirements are now tiered and linked to Asset under Management (AUM) and Asset under Custody (AUC) for PFAs and PFCs, respectively. PFAs with AUM below ₦500 billion are required to maintain a minimum of ₦20 billion, while those with AUM above ₦500 billion must hold ₦20 billion plus 1% of the excess AUM beyond that threshold. Special Purpose PFAs, such as NPF Pensions Limited, are separately required to maintain ₦30 billion.

The redesignation of the MPP to the Personal Pension Plan (PPP) forms a central pillar of PenCom's Pension Revolution 2.0 initiative, representing a comprehensive overhaul of the scheme originally launched in 2019.

For PFCs, the revised requirement is ₦25 billion plus 0.1% of AUC for existing licenses, and ₦25 billion for new licenses, with immediate effect.

The original compliance deadline of 31 December 2026 was subsequently extended to 30 June 2027 via an addendum issued in November 2025, providing operators additional time to meet the new thresholds.

Circular on Revised Model State Law

Released in June 2025 to enforce standardised implementation of the CPS and CDBS for all public servants, with states required to legally establish Pension Bureaus for both State and Local Governments. A key feature is the Irrevocable Standing Payment Order (ISPO), which ensures pension contributions are deducted directly at source before funds reach state accounts. Non-compliant states are barred from securitising pension funds for debt instruments, and state entities without Pension Clearance Certificates are prohibited from winning federal contracts.

The ISPO allows pension contributions to be deducted directly at source before funds reach state government accounts, ensuring prompt remittance of pension obligations.

Implementation across states remains limited. As of Q4 2025, only 8 states had fully implemented the Contributory Pension Scheme framework, while 17 states had enacted the law but were yet to operationalise it — underscoring that a significant number of states remain outside full implementation.

Approval of Benefits to Holders of Retirement Savings Accounts by Licensed Pension Fund Operators

PFAs can now process most retirement benefits within two days, with Pension Fund Custodians paying out within 24 hours, covering retirement & terminal benefits, voluntary contributions, RSA mortgages, additional benefits, and pension enhancements. Death benefits and depleted RSAs still require PenCom approval.
This change significantly shortens turnaround times for retirees accessing funds and grants PFAs greater autonomy, reducing delays caused by central approvals. Under the revised process, PFAs are required to process and approve qualifying requests within two working days once documentation requirements have been completed.
PenCom will focus on high-risk or exceptional cases, improving resource efficiency.

Restructuring the Micro Pension Plan (MPP) to the Personal Pension Plan (PPP)

The redesignation of the MPP to the Personal Pension Plan (PPP) forms a central pillar of PenCom's Pension Revolution 2.0 initiative, representing a comprehensive overhaul of the scheme originally launched in 2019. Since its launch, the MPP had recorded only modest uptake, approximately 200,000 contributors and around ₦1 billion in assets, well below the scale of the challenge it was designed to address.

The PPP now accommodates both formal and informal sector workers, with all Voluntary Contributions consolidated under its umbrella. The redesign was driven by the need to address onboarding barriers, irregular income patterns, and the widespread misconception that pensions are exclusively for formal sector workers.

New features include diaspora inclusion, minor pension accounts managed by parents or guardians until the child turns 18, and access to HMO plans and specialised financial products. Contributions under the PPP are managed through a dedicated investment structure with conservative and growth options tailored to contributors' preferences, making the PPP a more holistic financial security tool.

Establishment of the Pension Industry Leadership Council

Established in Q3 2025 to foster dialogue, policy advocacy, and coordination between operators and the Commission, with quarterly meetings of compliance officers from all licensed operators to align regulatory matters and develop practical solutions to operational challenges.

Governance & Regulatory Oversight

As of Q3 2025, the Commission issued a total of 26 circulars and three guidelines centred on the newly structured Personal Pension Plan, RSA registration, and ICT. The pension process also became fully automated, allowing benefits that include allowing retirees access to funds when due and not months or years later.

Conclusion and recommendations

Nigeria's pension sub-sector remains one of the country's most notable reform successes, underpinned by consistent and supportive regulation. However, several challenges continue to hinder deeper penetration and accelerated growth. The following recommendations aim to address these issues:

Deepen Informal Sector Penetration.

Despite the redesignation of the MPP to the PPP, coverage of Nigeria's informal workforce remains critically low. PenCom should complement digital onboarding with a "Physical-First" sensitisation strategy, deploying face-to-face engagement through trusted community channels.

Incentivize Voluntary Contributions.

Participation beyond mandatory contributions remains limited. Stronger incentives are needed, including government matching schemes, tax exemptions on voluntary contributions held for over five years, and full withdrawal eligibility after five years for critical life events such as a first home purchase or medical emergencies.

Accelerate State-Level CPS Compliance.

With only 8 states fully compliant as of 2025, inconsistencies between Section 210 of the Constitution and the PRA 2014 continue to fragment the system. Resolving this misalignment and ensuring consistent contribution remittances across all jurisdictions remains critical to achieving meaningful nationwide coverage.

Expand the Investment Universe and Leverage Shareholder Influence.

Concentration in government securities continues to limit returns and reduce the sector's broader economic impact. PenCom should widen allowable asset classes to include more equities, real assets, and productive sectors, while using the sector's growing shareholding footprint to drive improvements in corporate governance and board practices across investee entities.

Integrate ESG and Direct Capital Toward Human Development.

The sector's scale presents an opportunity to contribute to Nigeria's broader development challenges. ESG principles and climate risk should be embedded into pension fund mandates, while a deliberate investment strategy prioritising healthcare, education, and affordable housing would move the sector beyond its current concentration in government securities and secure long-term inflation-protected returns for contributors.

Strengthen Transparency and Reporting.

Delayed publications and limited public-facing information undermine contributor confidence and industry accountability. PenCom should enforce timely release of quarterly and annual reports, with clear submission deadlines for all industry participants, and improve its communications infrastructure to keep contributors informed and engaged.

Prioritise Diaspora Participation.

The foreign currency pension contribution guidelines represent an important but as yet unrealised opportunity. Effective implementation must be prioritised to bring Nigeria's large diaspora population into the pension system, unlocking a significant and currently untapped source of long-term contributions.

Rooted in the ancient trade routes of northern Nigeria, leatherworking remains an enduring craft that supports local enterprise and showcases generations of artisanal skill. Kano leather continues to be recognised across West Africa for its exceptional quality.

Non-interest Finance

Non-interest finance continues to play a significant and growing role in expanding access to financial services, advancing financial inclusion, and supporting Nigeria's broader sustainability and ESG agenda.

By 2025, Nigeria's Islamic finance industry was estimated at over ₦5.77 trillion, up from ₦4.4 trillion in 2024, with Islamic banking commanding the largest share at 65.6%, followed by Sukuk outstanding at 20.7%, and the remainder comprising Sharia-compliant funds, 13.7%, and Takaful. This section explores how the sector is driving ethical investment growth, promoting responsible finance, and providing meaningful asset protection for a widening base of participants.

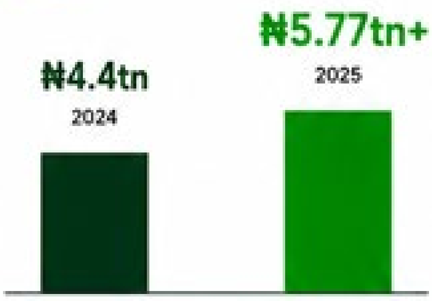
NON-INTEREST FINANCE
KEY FACTS

LEGEND

Million - mn   Billion - bn   Trillion - tn

Quadrillion - qn

Size of Nigeria's Islamic Finance Sector
(Estimate)



+31.1%
GROWTH
2024/2025

Sukuk
(2017–2025)
₦1.19tn

Non-interest Banking
(2025)
₦3.78tn

Over ₦5.77 trillion – the estimate of the size of Nigeria's Islamic Finance sector as of 2025, versus ₦4.4 trillion in 2024.

Sharia-compliant mutual funds

Number of funds

2024	2025	Apr 30, 2026
15	20	–

+33.3%
GROWTH
2024/2025

Net asset value (NAV)

+51.4%
GROWTH
2024/2025

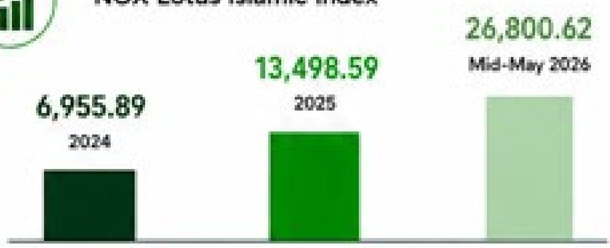
Unitholders

2024	2025	Apr 30, 2026
29,571	40,679	51,724

33.3%
GROWTH
2024/2025

Sharia-compliant mutual funds: Number of funds: 20 as of 2025, versus 15 as of 2024.
Net asset value: ₦79.28 billion as of 2025, versus ₦52.35 billion as of 2024. Increased to ₦133.93 billion as of April 30, 2026.
Unitholders: 39,396 as of 2025, versus 29,571 as of 2024. Increased to 51,724 as of April 30, 2026.

NGX Lotus Islamic Index



+94.1%
GROWTH
2024/2025

NGX Lotus Islamic Index:
13,498.59 in 2025 versus
6,955.89 in 2024.

Mid-May 2026 = 26,800.62.

Source: NGX, SEC, FMDQ, PenCom, CBN

The colorful dye pits of Abeokuta are central to Nigeria's Adire tradition, where skilled artisans create distinctive hand-dyed fabrics renowned for their bold patterns, deep indigo hues and enduring cultural significance.

Contributing to national ethical investment growth

Strengthening Nigeria's investment pool and expanding financial inclusion

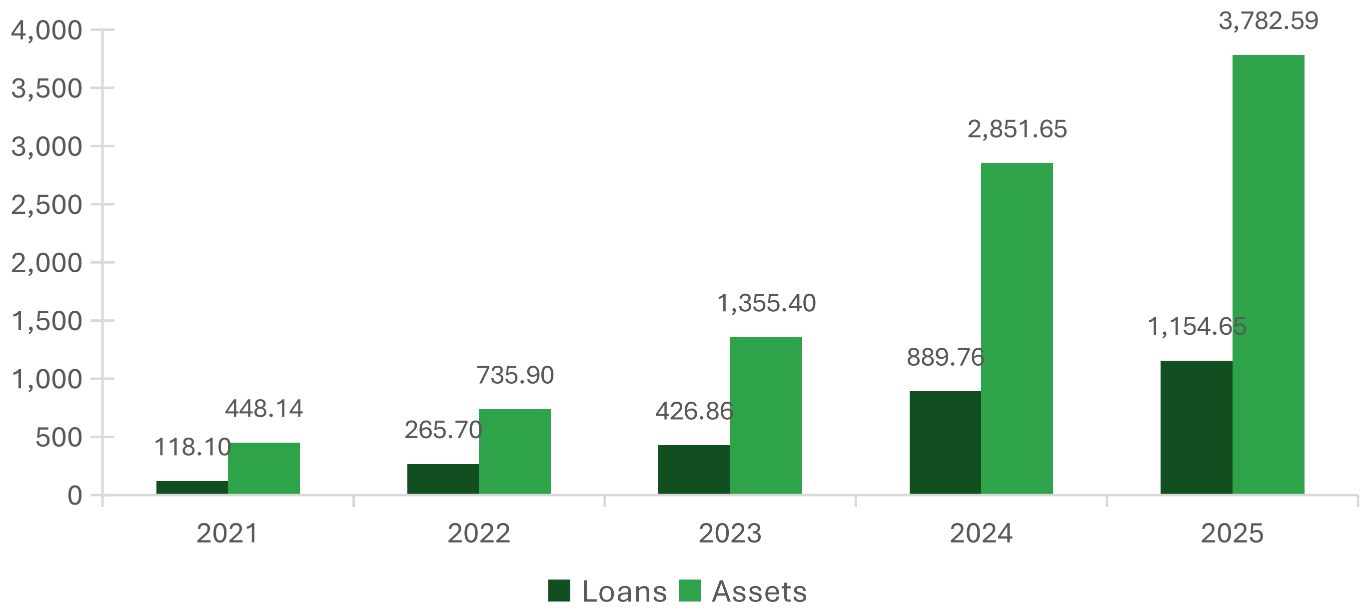
Nigeria's non-interest banking sector expanded from four to five licensed institutions in 2025, with the CBN granting a licence to Summit Bank Limited in February, joining Jaiz Bank, Lotus Bank, TAJ Bank, and the Alternative Bank. The entry of Summit Bank[74] signals an active licensing pipeline and intensifies competition across the sector.

The sector's financial performance reflected this expanding footprint. Total assets grew 32.6% to ₦3.78 trillion, up from ₦2.85 trillion in 2024[75] — a notably slower pace than the 110.4% growth recorded the prior year. Deposits rose 37.9% to ₦2.73 trillion from ₦1.98 trillion, while total loans grew approximately 30% to ₦1.15 trillion, consolidating the strong 108.4% expansion recorded in 2024. The assets represent approximately

74 Summit Bank, 'Press Release', (May 24, 2026), available at; https://businesspost.ng/banking/summit-bank-meets-cbn-capital-requirement-as-march-deadline-looms/#google_vignette

75 See Footnote 15

Figure 44
Assets and loans of non-interest banks, 2021-2025 (₦ billions)
Source: Central Bank of Nigeria, EnterpriseNGR, and Lotus Bank analysis



2.1% of the total assets in the banking system.

Nigeria's non-interest finance industry continues to make meaningful strides in advancing financial inclusion and promoting ethical investment. The Debt Management Office completed six Sukuk issuances by 2023 and fully repaid the pioneer Series I Sukuk of ₦100 billion in 2024. The programme reached a new milestone with the launch of Series VII — a seven-year Ijarah Sukuk[76] targeting ₦300 billion[77], the largest planned offer size since inception. The market response was extraordinary, with total subscriptions of ₦2.205 trillion— more than seven times the target amount — reflecting deepening investor confidence in government-backed ethical instruments. Proceeds from the earlier Sukuk programmes have been deployed toward the construction and rehabilitation of road infrastructure across the country, and the same would be done with the Series VII.

At the sub-national level, Kogi State's announcement of a ₦50 billion Ijarah Sukuk — structured at ₦1,000 per unit with a five-to-seven-year tenure — establishes a credible precedent for non-interest financing beyond the federal level. Proceeds are ring-fenced for the Kogi State International Airport at Zariagi and the Lokoja International Market. The transaction signals the growing acceptability of Sukuk as a viable financing tool for state governments, and could open the door for other states to replicate the model in funding critical infra

76 An Ijarah Sukuk is an Islamic financial instrument structured around a lease agreement. Rather than paying or receiving interest, the issuer sells an asset to investors and simultaneously leases it back, paying regular rental income to investors in place of interest. At the end of the lease term, ownership of the asset is transferred back to the issuer.

77 Debt Management Office, Press Release 'Series VII Sukuk Offer attracts N2.205 Trillion Subscription', (May 6, 2025), available at: https://www.dmo.gov.ng/news-and-events/circulars-releases/5311-press-release-sukuk-series-vii-offer-attracts-n2-205-trillion-subscription/file

Table 8: Federal government domestic debt stock, 2016-2025 (₦ billions)78
Source: Debt Management Office, EnterpriseNGR, and Lotus Bank analysis

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
FGN bonds	7,564.90	8,715.80	9,334.74	10,524.16	11,830.27	13,963.22	16,421.56	44,260.22	55,436.13	63,633.75
Nigeria treasury bills	3,277.28	3,579.80	2,735.97	2,651.51	2,720.43	3,786.14	4,422.72	6,522.00	12,351.12	13,852.00
Treasury bonds	215.99	175.99	150.99	125.99	100.98	75.99	50.99	-	-	–
FGN savings bonds	-	7.20	10.8	12.67	12.29	16.42	27.51	39.20	72.89	104.32
FGN Sukuk	-	100.00	200.00	200.00	362.56	612.56	742.56	1,093.00	992.56	1,192.56
FGN green bonds	-	10.69	10.69	25.69	25.69	25.69	15.00	15.00	15.00	62.35
Promissory notes	-	-	331.27	-	971.66	762.54	530.03	1,329.00	1,542.19	1,543.88
UFTF FGN Security	-	-	-	-	-	-	-	-	-	100.00
Total	11,058.21	12,589.49	12,774.41	14,272.64	16,023.89	19,242.56	22,210.36	53,258.01	70,409.86	80,488.86

Accelerating ethical investments

Nigeria's Sharia-compliant equity market delivered exceptional performance in 2025. The NGX Lotus Islamic Index, which tracks Sharia-compliant equities listed on the Nigerian Exchange, surged 94.1% to close at 13,498.59 points, up from 6,955.89 points in 2024,[79] driven by sustained interest in large-cap ethical equities. This momentum carried into 2026, with the index rising further to 26,800.62 points by mid-May, underscoring the growing appeal of Islamic capital market instruments among Nigerian investors.

Sharia-compliant mutual funds mirrored this trajectory. Net asset value grew from ₦52.35 billion in 2024 to approximately ₦80.12 billion in 2025,[80] while the number of funds expanded from 15 to 20 and unitholder accounts rose from 29,571 to 40,679 — reflecting a broadening and deepening of ethical investment participation. By April 2026, net asset value had increased to ₦133.93 billion, with unitholder accounts increased to approximately 51,724[81] (Figure 45), pointing to continued momentum in the segment well into the new year.

The NGX Lotus Islamic Index which tracks Sharia-compliant equities listed on the Nigerian Exchange surged 94.1% to close at 13,498.59 points, up from 6,955.89 points in 2024, driven by sustained interest in large-cap ethical equities.

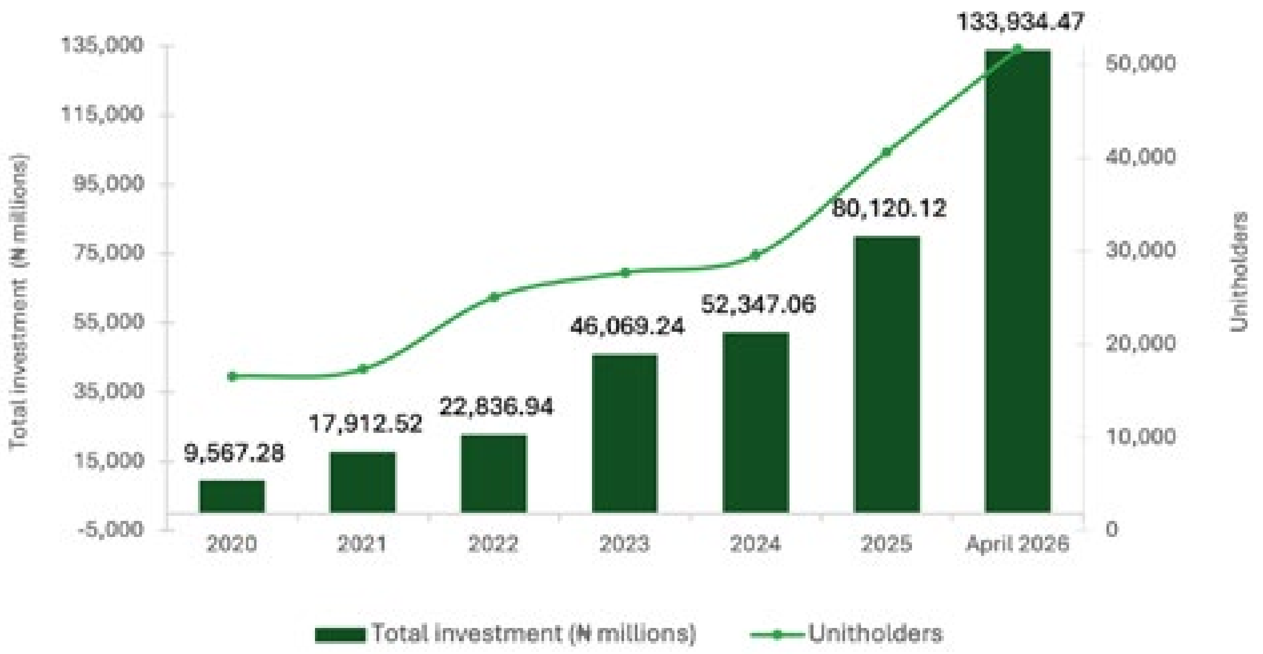
78 Debt Management Office, 'Debt Stock', (May 24, 2026), available at: https://www.dmo.gov.ng/debt-profile/domestic-debts/debt-stock

79 NGN Market, 'NGX Lotus Islamic', (June 24, 2026), available at;Ngx Lotus Islamic (NGXLOTUSISLM) Index |Live Chart, Components, & Analysis | NGN Market

80 See Footnote 44

81 See Footnote 47

Figure 45
Sharia-compliant mutual funds, 2019 – April 2026
Source: Securities and Exchange Commission, EnterpriseNGR, and Lotus Bank analysis



Offering protection from the loss of assets

Nigeria's Takaful insurance sector remains a niche but steadily developing segment of the broader insurance industry, operating under a Sharia-compliant risk-sharing model and regulated by NAICOM. The market currently comprises five active operators — Jaiz Takaful Insurance, Noor Takaful Insurance, Hilal Takaful Nigeria Limited, Crown Takaful Insurance Limited, and Salam Takaful Insurance Company Limited—reflecting gradual expansion of licensed participation in the sector. Despite this emerging participation base, overall penetration is grossly low, indicating that Takaful participation is still in early-stage development relative to the country's large, underinsured population.

Key policy developments

In 2025, regulatory authorities, particularly the Central Bank of Nigeria (CBN) and the National Insurance Commission (NAICOM), introduced several impactful reforms aimed at enhancing the growth and sustainability of Nigeria's non-interest finance sector. Key developments include:

CBN Approves Non-Interest Banking Window for Bank of Industry

The CBN's approval of a Non-Interest Banking window for the Bank of Industry with formal approval granted in February 2026. The entry of BoI has broadened the scope of non-interest financing beyond dedicated Islamic banks, positioning development finance institutions as active participants and enabling BOI

to introduce Shariah-compliant financing windows targeted at MSMEs and industrial enterprises. The move creates a replicable template for other development finance institutions and signals that the CBN's appetite for broadening non-interest finance participation extends well beyond the dedicated banking segment.

Nigeria Lays Groundwork for Participation in the $7.7 Trillion Global Halal Market

Nigeria signed a bilateral cooperation agreement with Saudi Arabia's Halal Products Development Company, a subsidiary of the Saudi Public Investment commissioning the development of a National Halal Economy Strategy. The Strategy spans food and beverages, pharmaceuticals, cosmetics, logistics, tourism, and ethical finance, projecting $1.5 billion in GDP contribution by 2027. The government deliberately framed halal as a quality assurance and standards framework rather than a religious construct — a positioning that broadens its political acceptability and commercial appeal to non-Muslim investors, trading partners, and export markets across the UK, EU, and North America.

FG repays first N100bn Sukuk

The timely redemption of Nigeria's inaugural ₦100 billion Sukuk in 2025, eight years after its September 2017 issuance closes the programme's first full cycle and delivers a credibility dividend. Full and on-schedule repayment removes the residual investor question about whether the Nigerian sovereign will honour Shariah-compliant obligations, validates the asset-backed structure, and directly underpins the record subscription seen in Series VII. For a market still building its institutional track record, a clean redemption history is a foundational asset that compounds in value with each subsequent issuance. The repayment reinforces the asset-backed architecture of Sukuk: proceeds tied to identifiable infrastructure assets and returns linked to project performance.

CBN's New Short Liquidity Instruments Bridge Over a Decade Structural Gap

The CBN's launch of three Shariah-compliant liquidity management instruments resolves the most persistent structural disadvantage facing Nigeria's non-interest banks. Prior to this, Islamic banks had no Shariah-compliant options for managing short-term liquidity, a constraint that limited balance sheet efficiency, restricted interbank participation, and placed non-interest banks at a structural disadvantage relative to conventional peers. The Nigerian Non-Interest Financial Institutions' Master Repurchase Agreement (NNMRA), CBN Non-Interest Asset-Backed Securities (CNI-ABS), and CBN Non-Interest Note (CNIN) collectively integrate non-interest banks into mainstream CBN monetary operations for the first time, enabling Shariah-compliant reserve management, interbank funding access, and surplus liquidity deployment.

Conclusion and recommendations

Nigeria's non-interest banking sector has delivered another year of remarkable growth, underpinned by rising investor appetite for ethical finance and a supportive regulatory environment. To sustain this momentum and broaden the sector's impact, the following recommendations are proposed:

Reframe Market Positioning and Expand National Awareness.

Despite strong growth metrics, non-interest finance remains poorly understood beyond its core investor base, with widespread perception as a religious product limiting uptake across southern Nigeria and among non-Muslim populations. This has constrained demand for key segments such as Takaful, which still accounts for less than 1% of industry assets. Addressing this requires a coordinated national reframing effort led by regulators (CBN, SEC, NAICOM) to position non-interest finance as an ethical, asset-backed and commercially viable alternative for all Nigerians. A sustained awareness campaign, aligned with the National Halal Economy Strategy's quality-based framing, should be deployed to expand adoption across demographics and unlock the sector's full addressable market.

Increase Corporate Sukuk Issuance.

Despite the expansion of Nigeria's non-interest financial sector, the corporate Sukuk market remains largely untapped, with issuance concentrated almost entirely in sovereign entities. This has left non-interest banks with a limited pool of Shariah-compliant instruments for liquidity management and long-term investment, while private sector firms continue to rely predominantly on conventional debt markets for capital raising. Addressing this gap requires regulators to expand the range of eligible corporate issuers, streamline the SEC's Sukuk approval process, and fully harmonise the tax and stamp duty treatment of Sukuk with that of conventional bonds. Deepening the corporate Sukuk market would diversify non-interest banks' investment options, open ethical financing channels for infrastructure and corporate expansion, and position Nigeria as a credible hub for Islamic capital markets across West Africa.

Build a Formal Talent Development Pipeline.

The sector's expansion is outpacing the availability of qualified professionals with expertise across both conventional and Shariah-compliant finance. This capacity gap affects product innovation, regulatory oversight, and transaction execution. Addressing this structural constraint requires deliberate investment in human capital, including the establishment of university-level Non-Interest or Faith Based finance faculties, domestically accredited certification programmes, and mandatory competency standards for practitioners. Strengthening the talent pipeline will ensure that execution capacity keeps pace with regulatory and market ambitions.

Increase Sukuk Issuance Frequency and Diversify Structures.

The current pace of sovereign Sukuk issuance—typically once per year—is insufficient to meet investor demand or support the development of a liquid secondary market and yield curve. This supply constraint limits market depth and restricts broader participation. The DMO should transition to more frequent (ideally quarterly) issuances, introduce retail-friendly low-denomination instruments, and expand tenor diversity beyond the current 7-year benchmark. In parallel, state governments should be incentivised to issue Sukuk through standardised frameworks, federal technical support, and credit enhancement mechanisms to accelerate subnational market development.

Leverage BoI's Non-Interest Window at Scale.

Non-interest financial institutions currently lack the scale to fully serve Nigeria's large base of faith-sensitive and underserved MSMEs. The Bank of Industry's non-interest banking window presents a significant opportunity to close this gap, given its scale, development finance mandate, and nationwide reach. To maximise impact, BoI should deploy tailored Shariah-compliant products aligned with MSME cash flow cycles, integrate non-interest offerings into its existing programmes, and track performance through inclusion-focused metrics. Strategic co-financing partnerships with non-interest banks will further enhance reach and balance sheet capacity, positioning the window as a primary driver of inclusive growth.

Non-interest financial institutions currently lack the scale to fully serve Nigeria's large base of faith-sensitive and underserved MSMEs. The Bank of Industry's non-interest banking window presents a significant opportunity to close this gap, given its scale, development finance mandate, and nationwide reach.

Accelerate Takaful Market Development.

Takaful remains the least developed segment of Nigeria's non-interest finance ecosystem, with minimal market share despite strong potential. Limited operator scale, low consumer awareness, and weak distribution networks continue to constrain growth. NAICOM should lead the development of a structured Takaful roadmap with clear penetration targets and coordinated industry-backed awareness campaigns. Strengthening regulatory direction alongside investment in digital distribution, accessibility, and awareness will be critical to scaling adoption and positioning Nigeria as a high-growth Takaful market in line with global trends.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Backed by new ownership, strengthened leadership, and a stronger capital base, we move forward with an unwavering commitment to the success of our clients.
Quest
MERCHANT BANK

Native to West Africa, the oil palm has shaped Nigeria's economy for centuries. From the forests of the South to modern processing facilities, palm oil remains one of the country's most important agricultural commodities and a cornerstone of rural enterprise.

Fintech

African technology startup funding staged a notable recovery in 2025, with total capital raised jumping 46.3% to $1.64 billion[82] from $1.12 billion in 2024 — marking a decisive turning point after two consecutive years of decline. While the number of funded ventures fell 11% from 200 to 178 startups, this reflects a maturing investment landscape in which capital is increasingly concentrated in higher-quality, more established businesses rather than a broad retreat from the continent.

African fintech continued to attract significant investor interest, with startups collectively securing $693.9 million in 2025. Nigerian fintechs led the charge, accounting for 28.4% of all African startup funding and 64.2% of total Nigerian startup capital raised — with standout funding rounds from Moniepoint and LemFi reinforcing Nigeria's position at the forefront of the continent's digital finance ecosystem.

82 Disrupt Africa, 'The African Tech Startups Funding Report 2025', (May 29, 2026), available at: https://disruptafrica.com/sdm_downloads/the-african-tech-startups-funding-report-2025/

FINTECH KEY FACTS

LEGEND

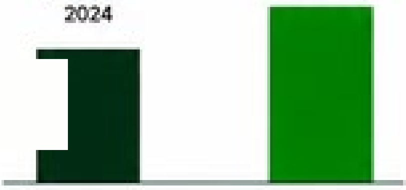
Million - mn   Billion - bn   Trillion - tn

Quadrillion - qn

Total African tech startup funding

$1.12bn
2024

$1.64bn
2025



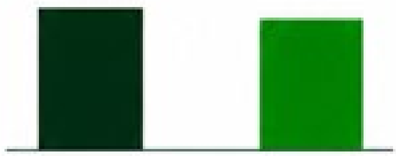
+46.4%
GROWTH
2024/2025

$1.64 billion total African tech startup funding in 2025, compared to $1.12 billion in 2024.

Number of startups funded

200
2024

178
2025



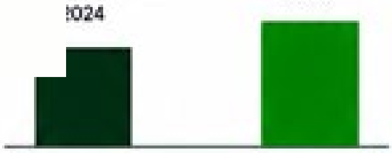
-11.0%
CHANGE
2024/2025

178 startups funded in 2025, compared to 200 startups in 2024.

Funding raised by Nigerian startups

$331.64mn
2024

$464.81mn
2025



+40.2%
GROWTH
2024/2025

$464.81 million raised by Nigerian startups in 2025, compared to $331.64 million in 2024.

of Nigeria's total startup funding was secured by fintech companies in 2025

Buy Now Pay Later (BNPL) market size in Nigeria

$1.55bn
2025

$1.55 billion Buy Now Pay Later (BNPL) market size in Nigeria in 2025.

Value of e-payment transactions recorded

₦284.99tn
Q1 2025

₦284.99 trillion value of e-payment transactions recorded in Q1 2025 alone.

Source: Partech Africa, Briter Bridges, VC4A, NITDA, CBN, TechCabal, Statista

A cornerstone of West African food production, cassava is traditionally peeled, grated, fermented, and roasted into staples such as garri and fufu.

Beyond funding, the Nigerian fintech sector experienced growth across different verticals — from blockchain adoption and rising cryptocurrency usage to the continued expansion of digital payments infrastructure. Regulatory frameworks governing remittances, cryptocurrencies, foreign exchange, and digital financial services continued to evolve in parallel, shaping an operating environment that is gradually maturing to match the sector's ambition.[83]

Supporting a thriving business ecosystem

Supporting the business ecosystem

Nigeria's fintech sector has evolved well beyond payments, emerging as a broad-based enabler of business growth and financial access across the economy. Fintech firms are enhancing productivity through automated payroll, SME invoicing, embedded finance in commerce platforms, merchant infrastructure, cross-border settlement, fraud detection, and digital bookkeeping — tools that are meaningfully reducing operational friction for businesses of all sizes.

Consumer finance has also advanced considerably. Buy Now, Pay Later services reached a market value of $1.55 billion in 2025.[84] Agency banking has extended financial access to rural communities through a growing network of POS agents, with 5.56 million terminals deployed as of 2024.[85] The impact is increasingly visible in transaction volumes — the value of POS transactions surged 79.0% year-on-year to approximately ₦18.78 trillion in Q1 2026, underscoring the channel's expanding role in Nigeria's financial inclusion drive. Digital lending has expanded in parallel, with over 400 licensed digital lenders now offering collateral-free credit based on alternative scoring models — drawing on transaction data and mobile usage patterns to serve individuals and businesses that traditional banks have historically underserved.

Today, Nigeria's fintech ecosystem spans Fintech infrastructure, consumer payment, mobile money, wealth management, lending, insurance, pensions, and health technology, blockchain and cryptocurrency, crowdfunding, payment processing, and cross-border and remittances (Figure 46)[86] — representing one of the most diverse and dynamic financial innovation landscapes on the continent.

Building innovation hubs and communities of innovators

Nigeria's innovation hub ecosystem continued to expand in 2025, with activity spreading beyond Lagos and Abuja into emerging technology clusters across the country. Nigeria retained its position as Africa's largest fintech ecosystem, with over 500

83 Udo Udoma & Belo-Osagie, 'Nigeria's Fintech Regulatory Framework: Key 2025 Developments and Outlook for 2026', (June 5, 2026), available at: https://uubo.org/wp-content/uploads/2026/02/FINTECH-2025-REVIEW-AND-OUTLOOK-FOR-2026-.pdf

84 Research and Markets, 'Nigeria Buy Now Pay Later Business and Investment Opportunities Databook 2025: Market Size and Forecast (2021–2030)', (May 29, 2026), available at: https://www.researchandmarkets.com/report/nigeria-buy-now-pay-later-market-intelligence-and-future-growth-dynamics-databook

85 Nigeria Inter-Bank Settlement System (NIBSS), 'Value of POS Transactions Surged 79.03% to ₦18.78 trillion in Q1 2026', (June 1, 2026), available at: https://nibss-plc.com.ng/value-of-pos-transactions-surged-79-03-to-n18-78trn-in-q1-2026/

86 Fintech Map, 'Nigeria Fintech Map 2025', (June 15, 2026), available at: https://www.nigeriafintechmap.com/

fintech companies and $6 billion in startup funding[87] — and a sector valuation exceeding $10.6 billion.[88] Innovation hubs, accelerators, venture studios, and co-working spaces remained vital infrastructure for the ecosystem, supporting startups through incubation, funding access, mentorship, product development, and regulatory guidance.

Lagos remained the undisputed centre of Nigeria's innovation activity, earning recognition as the world's fastest-growing tech city for 2025 by the Global Tech Ecosystem Index — topping the list ahead of Istanbul and Pune. The city has achieved an 11.6-fold increase in ecosystem valuation since 2017 and produced five tech unicorns.[89] Leading hubs including, Co-Creation Hub, Lagos Innovates, Ventures Platform, Idea Hub, and Blue Sapphire Hub, continue to provide critical early-stage support through mentorship, funding pathways, infrastructure, and strategic partnerships.

The Lagos State Government reinforced its commitment to the ecosystem by proposing a ₦31 billion research and development innovation fund in 2025, designed to finance innovation hubs, tech parks, and provide risk capital to early-stage businesses.[90]

Beyond Lagos, Nigerian fintech companies continued to extend their footprint across the continent. The Central Bank of Nigeria's Fintech Report 2025 highlighted plans to explore a Regulatory Passporting

87 Startuplist.africa, 'Top Fintech Cities in Africa 2025 Ranking', (June 5, 2026), available at: https://blog.startuplist.africa/articles/top-fintech-cities-in-africa-2025

88 Nigeria Communications Week, 'Nigeria's 9 Top FinTech Firms Valued at $10.6Bn in January 2026', (June 22, 2026), available at: https://www.nigeriacommunicationsweek.com.ng/nigerias-9-top-fintech-firms-valued-at-10-6bn-in-january-2026/

89 Dealroom.co, 'Global Tech Ecosystem Index 2025' (May 29, 2026). Available at; https://dealroom.co/uploaded/2025/05/Dealroom-Global-Tech-Ecosystem-Index-2025.pdf

90 Techcabal, 'Lagos plans ₦31 billion innovation fund to back startups, hubs', (June 22, 2026), available at: https://techcabal.com/2025/08/20/lagos-31bn-startup-innovation-fund/

Figure 46
Nigeria FinTech Map, 2025


CONSUMER PAYMENT / DIGITAL WALLET / SUPER APP
CROWDFUNDING, AGRITECH & PROPTECH
CRYPTO & WEB3
DIGITAL LENDERS & CREDIT INFRASTRUCTURE
DIGITAL BANKS (CONSUMER & BUSINESS)
FX / B2B & CROSS BORDER PAYMENTS / REMITTANCES

Programme with peer African central banks, aimed at enabling mutual licence recognition and streamlining cross-border expansion — with priority markets including Ghana, Kenya, Senegal, and South Africa.[91] This outward momentum is underpinned by a strong domestic ICT sector, which contributed about 9.4% to GDP (nominal) at an estimated value of $40.5 billion in 2025,[92] reinforcing Nigeria's standing as one of Africa's foremost digital economies.

Improving lives

Improving lives and livelihoods

Nigeria's financial services landscape has undergone a profound transformation, enabling millions of individuals and businesses to save, invest, borrow, and transact with greater ease than ever before. Digital lending platforms have expanded access to quick, collateral-free credit for individuals and SMEs — significantly outpacing traditional banks in reach and speed — while broader fintech innovations are reducing financial barriers, supporting entrepreneurship, and strengthening economic resilience across underserved communities. This momentum showed no signs of slowing in 2025. Electronic payment transactions reached ₦284.99 trillion in Q1 alone,[93] reflecting the sustained growth of digital financial activity and the deepening shift toward a cashless economy across Nigeria. Transaction volumes further increased to 4.12 billion valued at ₦384 trillion by July 2025[94], underscoring the growing adoption of digital payment channels across retail trade, transportation, logistics, e-commerce, hospitality, and professional services. Complementing this growth, POS terminals, mobile money platforms, and instant payment infrastructure continued their rapid expansion, propelled by increasing smartphone penetration, widening financial inclusion, and a discernible shift in consumer preference toward faster, more seamless transaction experiences.[95]

Attracting foreign investment

African tech startup funding rebounded strongly in 2025, rising 46.2% to $1.64 billion and reversing two consecutive years of decline.[96] Nigeria once again led the continent by funding value, attracting $464.81 million — equivalent to 28.4% of total African startup capital raised — distributed across 25 funded startups. By deal volume, Nigeria ranked third behind Egypt (43 deals) and South Africa (42 deals), reflecting the concentration of larger, high-value rounds within the Nigerian market. FinTech dominated Nigeria's startup funding landscape, with approximately 40% of funded startups operating in the sector and securing 64.2% of total Nigerian capital raised. Standout rounds included Moniepoint ($100 million), LemFi ($53 million), Kredete ($22 million), and Raenest ($11 million) — underscoring the continued investor conviction in Nigeria's digital finance sector as a continental leader.

91 Central Bank of Nigeria, 'Shaping the Future of Fintech in Nigeria: Innovation, Inclusion and Integrity', (May 30, 2026), available at: https://www.cbn.gov.ng/Out/2026/CCD/CBN_FINTECH_REPORT_.pdf.

92 See Footnote 1

93 Nairametrics, 'E-payment transactions in Nigeria hit ₦284.9 trillion in Q1 2025', (May 29, 2026). Available at: https://nairametrics.com/2025/07/26/e-payment-transactions-in-nigeria-hit-n284-9-trillion-in-q1-2025/

94 Nairametrics, 'E-payments in Nigeria hit ₦384 trillion in July 2025 – CBN', (May 29, 2025), available at: https://nairametrics.com/2025/10/08/e-payments-in-nigeria-hit-n384-trillion-in-july-cbn/

95 FinDev Gateway, 'Pocket Banks: Nigeria's Mobile Money Journey to Financial Inclusion', (June 6, 2025), available at: https://www.findevgateway.org/blog/2026/01/pocket-banks-nigerias-mobile-money-journey-to-financial-inclusion

96 See Footnote 82

Figure 47
African tech startup funding by country, 2025 ($ millions)
Source: Disrupt Africa and EnterpriseNGR analysis

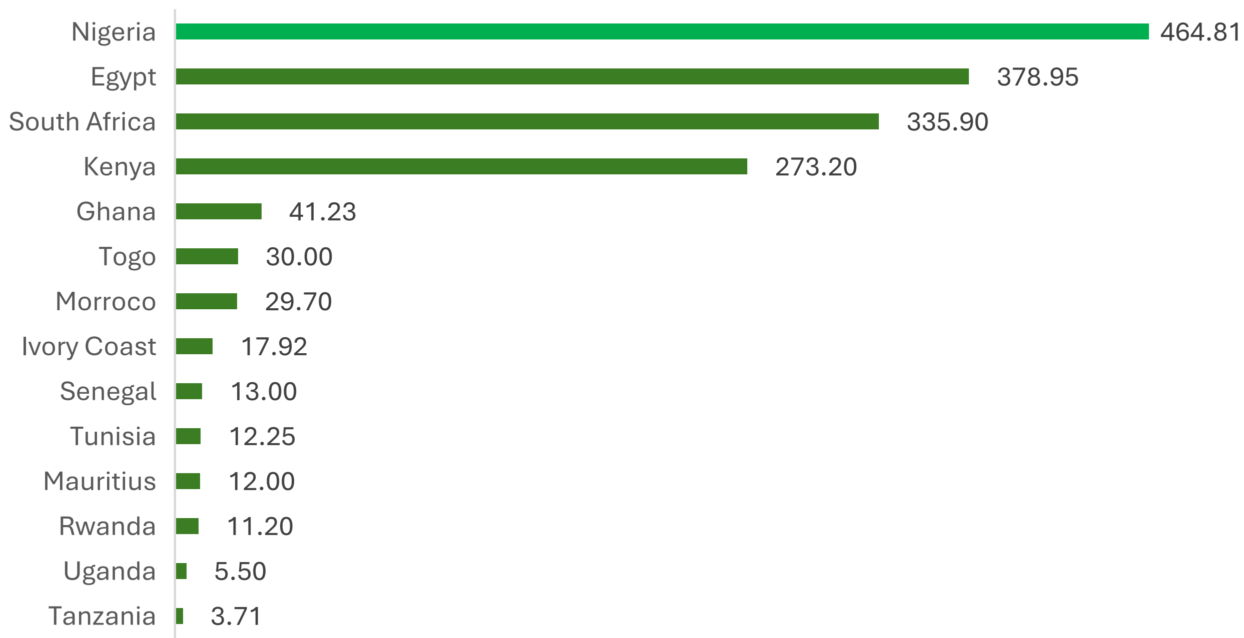


Figure 48
Number of African tech startups funded by country, 2025
Source: Disrupt Africa and EnterpriseNGR analysis

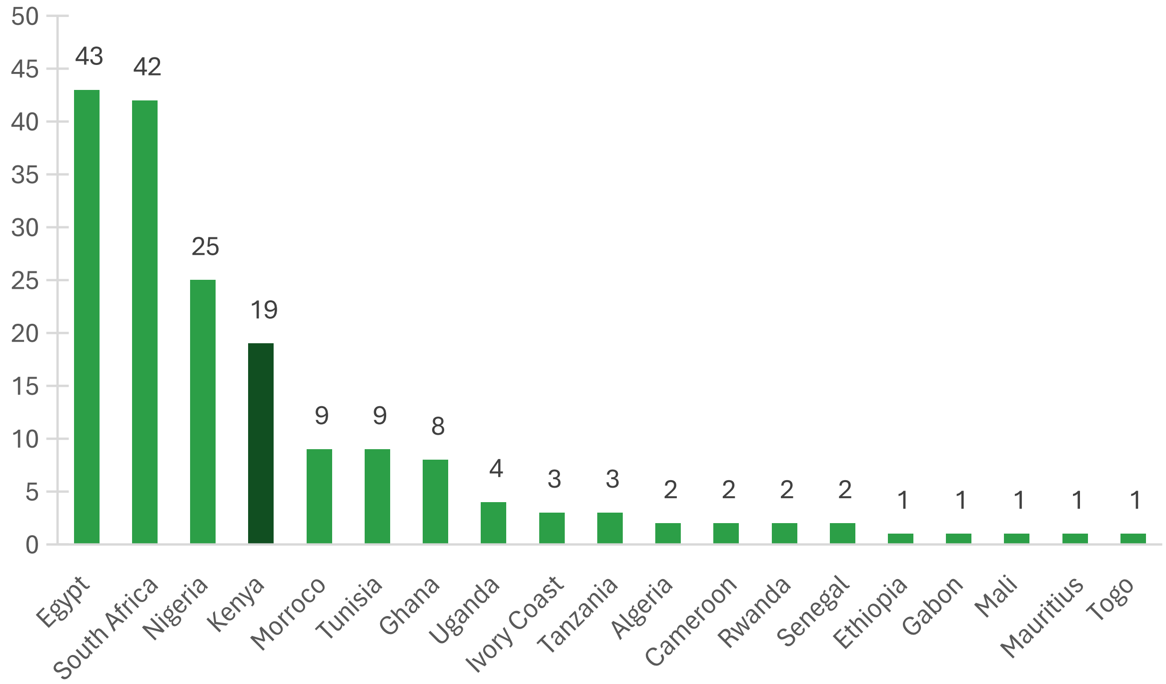
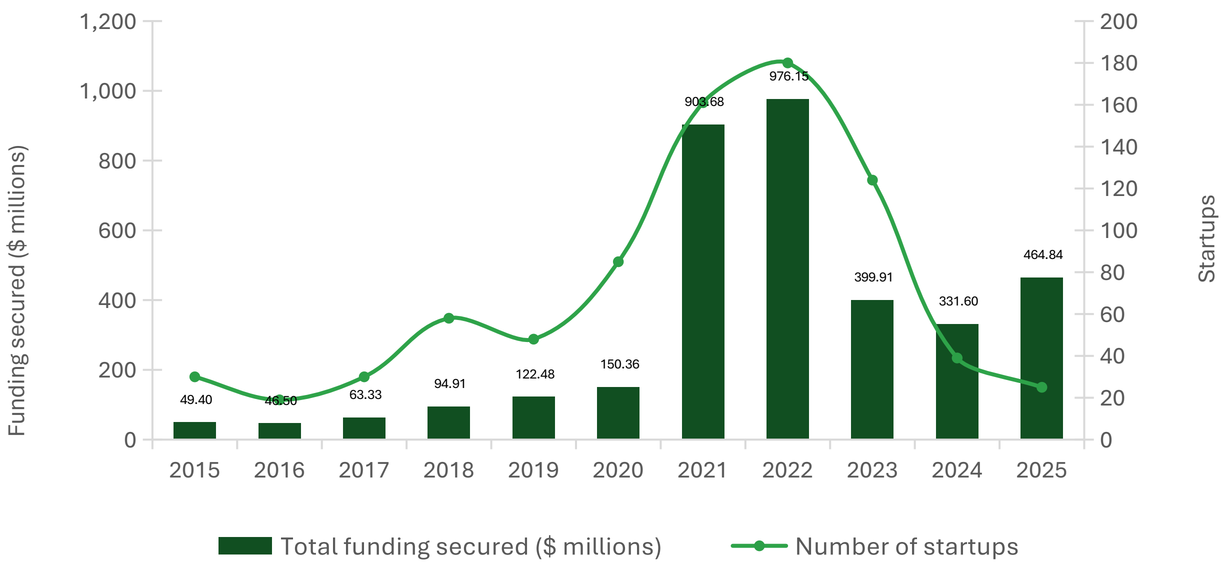


Figure 49
Nigeria tech startup funding and number of startups funded, 2015-2025
Source: Disrupt Africa and EnterpriseNGR analysis



Key policy developments

Some of the major policies that impacted the FinTech sector include:

Nigerian Foreign Exchange (FX) Code and Electronic Foreign Exchange Matching System (EFEMS)

Building on the launch of the Electronic Foreign Exchange Matching System (EFEMS) in December 2024, the Central Bank of Nigeria formally introduced the Nigerian Foreign Exchange Code on January 28, 2025. The FX Code establishes an enforceable framework of principles and standards governing the conduct and governance of all participants in Nigeria's foreign exchange market — structured around six core pillars: ethics, governance,

Nigeria formally integrated digital assets into its tax framework in 2025 through the Nigeria Tax Administration Act and the Investment and Securities Act 2025 — bringing clarity to an area that had long been subject to regulatory ambiguity.

execution, information sharing, risk management, and compliance. The Code applies to all authorised dealer banks and licensed wholesale FX market participants, who are required to conduct self-assessments, submit quarterly compliance reports to the CBN's Financial Markets Department, and secure Board-level approval for their compliance implementation plans. EFEMS and the FX Code represent a meaningful step toward a more transparent, stable, and accountable foreign exchange environment — with direct benefits for fintech firms engaged in cross-border payments and currency exchange services.

Open Banking

In April 2025, the Central Bank of Nigeria approved an open banking framework, initially targeting a go-live date of August 1, 2025. The framework enables banks and licensed financial institutions to securely share customer financial data — including account balances, transaction histories, and spending patterns — through standardised application programming interfaces, subject to explicit customer consent. The rollout was deferred with phased implementation now expected in 2026. By reinforcing customer data ownership and consent rights, the framework is anticipated to improve interoperability across the financial system, deepen financial inclusion, and unlock a new wave of innovation in financial services.

Taxation of Digital Assets

Nigeria formally integrated digital assets into its tax framework in 2025 through the Nigeria Tax Administration Act and the Investment and Securities Act 2025 — bringing clarity to an area that had long been subject to regulatory ambiguity. The new framework establishes clear rules for taxing income derived from trading, transfers, mining, staking, and related digital asset activities. Gains from the disposal of digital assets are now subject to capital gains tax, while services provided by virtual asset service providers attract value-added tax unless specifically exempted. The Investment and Securities Act 2025 further reinforced the Securities and Exchange Commission's oversight of digital asset entities, while the SEC continued to advance its Accelerated Regulatory Incubation Programme for virtual asset service providers — balancing the need for structure with the imperative to encourage innovation and protect investors. Collectively, these reforms reduce uncertainty for businesses and individuals operating in the digital economy, align Nigeria's treatment of digital assets with global standards, and support fiscal sustainability while encouraging responsible participation in an expanding and increasingly mainstream asset class.

Nigerian FinTech Regulatory Commission Bill 2025

The proposed Nigerian FinTech Regulatory Commission Bill remained a subject of significant industry debate in 2025. The Bill proposes the establishment of a dedicated regulatory body to oversee licensing, supervision, and enforcement across the fintech sector, supported by a national coordination council — an initiative aimed at bringing greater coherence to what has been a fragmented regulatory landscape. However, the proposal has attracted considerable concern from industry stakeholders. Key objections centre on the risk of regulatory overlap with the existing mandates of the CBN, SEC, FCCPC, NCC, NITDA, and the Nigeria Data Protection Commission — raising the prospect of duplicated oversight, higher compliance costs, and unclear institutional boundaries. While the underlying intent to improve coordination is broadly supported, many industry voices have argued that strengthening specialist departments within existing regulatory institutions may offer a more efficient and less disruptive path to the same objective.

Guidelines on Banking Operations for Virtual Asset Service Providers

The Central Bank of Nigeria's guidelines governing banking operations for SEC-licensed virtual asset service providers continued to be implemented throughout 2025, reinforcing Nigeria's commitment to integrating digital finance into the formal economy. The framework permits licensed providers to operate designated bank accounts — including settlement and foreign exchange accounts — while mandating strict compliance with know-your-customer procedures, enhanced due diligence, and anti-money laundering and counter-terrorism financing measures. These requirements ensure that digital asset transactions meet international standards of transparency and accountability. By 2025, this framework had become a foundational pillar of Nigeria's fintech growth story. The ability of licensed providers to access formal banking services has meaningfully expanded opportunities across digital payments, blockchain adoption, and cross-border transactions — embedding virtual asset activity more firmly within the regulated financial system.

Reviewed Guidelines for International Money Transfer Services

The CBN's revised International Money Transfer Operator guidelines continued to strengthen Nigeria's remittance services in 2025. The framework introduced enhanced licensing requirements, improved operational standards, and stricter oversight of inbound remittance flows.[97]

- The guidelines introduce a two-phase licensing procedure: Approval-in-Principle (AIP) followed by

97 Central Bank of Nigeria, 'Reviewed Guidelines for International Money Transfer Services in Nigeria', (March 10, 2025), available at: https://www.cbn.gov.ng/Out/2024/TED/Revised%20IMTO%20Guidelines%20-%20January,%202024.pdf

Final Approval. A non-refundable application fee of ₦10 million is required.

- Foreign IMTOs are now required to have a minimum share capital of $1 million, and equivalent for indigenous IMTOs.
- IMTOs are authorized for inbound money transfers, with prohibitions on outbound transfers.
- All inbound remittances must be disbursed in Naira, either through bank accounts or cash payments, with certain conditions.
- IMTO licenses are subject to annual renewal, with a deadline of January 31st each year, accompanied by a renewal fee of ₦10 million.

Conclusion and recommendations

Nigeria's fintech sector sustained strong momentum in 2025, with growth spanning payments, credit, remittances, and digital assets. Regulatory reforms improved transparency and market structure, yet key gaps remain that limit the sector's efficiency, inclusivity, and scale. The following recommendations are proposed to address these challenges and support the sector's continued development:

Deepen financial inclusion through digital infrastructure expansion.

Despite impressive fintech adoption, a significant share of Nigeria's population — particularly in rural and underserved communities — remains outside the formal financial system. Limited digital literacy, poor connectivity, and the cost of devices and data continue to act as structural barriers. Expanding broadband infrastructure, strengthening agent banking networks, and scaling digital identity systems would meaningfully improve access. Complementary efforts to build SME credit infrastructure and reduce the cost of digital onboarding would further close the inclusion gap.

Strengthen cybersecurity and consumer protection frameworks.

The rapid expansion of digital financial services has been accompanied by growing risks — including fraud, data breaches, and identity theft. The rise of digital lending has also raised concerns around opaque pricing, aggressive debt recovery practices, and misuse of personal data. Stronger enforcement of cybersecurity standards — covering encryption, real-time monitoring, and incident reporting — is essential. Regulators should reinforce consumer protection rules, improve dispute resolution mechanisms, and shorten response timelines to rebuild and sustain trust in digital financial services.

Support innovation and improve cross-border competitiveness.

Fintech innovation continues to be constrained by regulatory uncertainty and the limited scalability of experimental frameworks such as regulatory sandboxes. Cross-border payments remain limited by high costs, foreign exchange volatility, and settlement inefficiencies. Scaling sandbox frameworks, improving payment system interoperability, and deepening regional regulatory cooperation would strengthen innovation outcomes. Greater integration of African payment systems — alongside emerging technologies such as blockchain-based settlement — could significantly reduce transaction friction and sharpen Nigeria's competitive positioning in the broader continental digital economy.

Across Nigeria, pottery making continues to sustain artisanal communities while preserving one of the nation's oldest creative traditions. From the celebrated potters of Kwali to village workshops across the Middle Belt and northern Nigeria, each vessel reflects the timeless relationship between craft, culture and community.

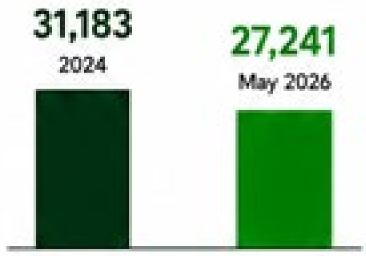
Professional Services

The professional services sector occupies a distinctive position at the intersection of regulation, innovation, enterprise, and investment, making it an indispensable enabler of business resilience and economic competitiveness. This section examines the sector's contribution to business growth, national output, and tax revenue, while exploring how it has responded to the policy and institutional reforms reshaping Nigeria's economic landscape.

PROFESSIONAL SERVICES KEY FACTS

LEGEND
Million - mn Billion - bn Trillion - tn
Quadrillion - qn

ICAN Active Financial Members / Registered Chartered Accountants in Nigeria



-12.6%
CHANGE 2024/May 2026

27,241 active financial members of ICAN/registered chartered accountants in Nigeria as of May 2026, versus 31,183 in 2024.

Association of National Accountants of Nigeria (ANAN)

OVER
58,000
members

Registered Legal Practitioners in Nigeria

OVER
140,000
registered legal practitioners

Professional, Scientific and Technical Services (PSTS) Sector Contribution to GDP

2024	2025	Q1 2026
₦5.13tn	**₦5.28tn**	**₦1.25tn**
(2.41% of GDP)	(2.38% of GDP)	(2.44% of GDP)
₦5.13 trillion in 2024 (2.41% of GDP in 2024)	₦5.28 trillion in 2025 (2.38% of GDP in 2025 – edged down due to the GDP rebasing)	₦1.25 trillion in Q1 2026 (2.44% of GDP)

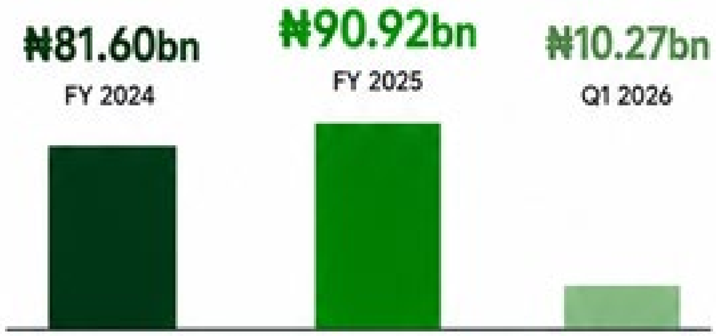
Source: ICAN, ANAN, NBA, NBS, PwC Nigeria

Professional Services (only) sector contribution to GDP in 2025

₦2.11tn

1% of GDP

Professional, Scientific and Technical Services (PSTS) sector contribution to company income tax (CIT)



+11.4%
GROWTH 2024/2025

RANKING
11
Top 11 out of 21 sectors

₦90.92 billion as of FY 2025, versus ₦81.60 billion in the same period in 2024. Q1 2026 = ₦10.27 billion.

Professional Services (only) sector contribution to CIT in 2025

₦36.37bn

0.7% of CIT

Enabling business growth and competitiveness

Nigeria's professional services sector spans legal practice, accounting and auditing, tax advisory, and management consulting. Collectively, these activities support both public and private enterprise, strengthen financial reporting, and facilitate dispute resolution across the economy. In 2025, the sector's relevance extended well beyond its direct contribution to national output, enabling business growth and shaping how effectively fiscal, regulatory, and governance reforms were evaluated, interpreted, and executed at the enterprise level.

Accounting, Auditing, and Tax Advisory

The accounting profession is anchored by two well-established regulatory bodies: the Institute of Chartered Accountants of Nigeria (ICAN), which has certified over 70,000 members and associates[98] and recorded 27,241[99] active financial members-chartered accountants as of May 29, 2026; and the Association of National Accountants of Nigeria (ANAN), which has over 58,000 members.[100] Together, they represent a substantial pool of professionals supporting auditing, financial reporting, and corporate advisory services across sectors. The adoption of International Financial Reporting Standards (IFRS) has meaningfully enhanced the quality and comparability of financial disclosures, with professional firms playing a central role in driving compliance and reinforcing confidence in Nigeria's financial reporting ecosystem. The introduction of the Nigeria Tax Act 2025 has further expanded the sector's advisory remit, with firms deepening their offerings across tax planning, compliance, and regulatory guidance to help organisations meet their obligations while maintaining operational efficiency.

Management Consulting Services

Nigeria's management consulting industry has grown in parallel with the expansion of key sectors such as banking, telecommunications, energy, and fintech, as organisations increasingly turn to consulting expertise to navigate transformation and sharpen competitive positioning. The scope of consulting services has broadened considerably, now encompassing data analytics, digital transformation, cloud computing, and enterprise technology implementation, enabling firms to drive innovation and improve operational performance across the economy.

Legal Services

The legal profession remains a significant pillar of Nigeria's professional services landscape, governed by the Legal Practitioners Act 2004 and overseen by the Nigerian Bar Association and the Body of Benchers. The profession comprises over 140,000 registered practitioners across 129 branches,[101] with more than 10,000 new lawyers called to the Bar in 2025[102] — reflecting sustained growth in the country's legal capacity. Legal practice in Nigeria spans a wide range of specialisations, from litigation and alternative dispute

98 Institute of Chartered Accountants of Nigeria, 'Home', (May 21, 2026), available at: https://icanig.org/ican/

99 Institute of Chartered Accountants of Nigeria, ' Financial Members List As At May 29 2026 ', (June 10, 2026), available at: https://icanig.org/documents/FINANCIAL_MEMBERS_LIST_AS_AT_MAY_29_2026.pdf

100 Association of National Accountants of Nigeria, (May 21, 2026). Available at: https://anan.org.ng/

101 'Nigerian Bar Association, 'Home', (May 21, 2026), available at: https://www.nigerianbar.org.ng/

102 1stattorneys, 'The 2025 Call to Bar in Nigeria: A Comprehensive Analysis of Developments, Challenges, and Implications', (May 21, 2026), available at: https://1stattorneys.com/2025/10/19/the-2025-call-to-bar-in-nigeria-a-comprehensive-analysis-of-developments-challenges-and-implications/

resolution to capital markets, project finance, maritime law, and regulatory advisory. While most practitioners operate as sole practitioners or within smaller firms serving high-volume, everyday legal needs, leading commercial law firms in Lagos and Abuja focus on complex, high-value transactions — ensuring broad access to legal services across business types and scales. The adoption of legal technology continues to expand the market, improving the efficiency, accuracy, and quality of service delivery while encouraging greater engagement with regulatory compliance and structured transactions.[103]

Globally, the professional services market size reached an estimated $6.37 trillion in 2025, up from $6.10 trillion in 2024, growing at a compound annual rate of 4.5% — driven by digital transformation, increased outsourcing of specialised services, and rising demand for advisory expertise.[104] Nigeria's sector is well-positioned to capture a growing share of this opportunity as reform momentum deepens and enterprise complexity increases.

Enhancing ease of doing business

Professional services firms play a meaningful role in simplifying regulatory compliance and reducing the administrative burden on businesses. The launch of the Rev306 platform by the Nigerian Revenue Service in April 2026 — replacing the legacy TaxPro Max system — has further digitised tax filing and payment processes, with accounting and tax advisory firms helping businesses navigate the transition effectively. By improving filing accuracy and reducing compliance risks, these firms contribute to a more predictable business environment, freeing enterprises to direct resources toward growth, expansion, and innovation.

Leveraging technology and innovation

Technology is fundamentally reshaping how professional services are delivered in Nigeria. Automation, artificial intelligence, and advanced digital platforms are being adopted across the sector and while uptake remains uneven, the impact among early movers is already measurable. In audit and financial reporting, AI and data analytics are enabling more precise analysis, stronger fraud detection, and improved reporting accuracy. Within legal practice, digital tools are accelerating document review, contract analysis, due diligence, and case strategy development. Management consulting firms, meanwhile, are deploying predictive analytics, Enterprise Resource Planning systems, and cloud computing solutions to guide organisational strategy and improve operational efficiency across their client base. A clear adoption gap nonetheless persists. Many firms acknowledge the transformative potential of these tools but continue to underinvest in implementation, a dynamic that presents both an opportunity and a competitive risk as the pace of digital change accelerates.

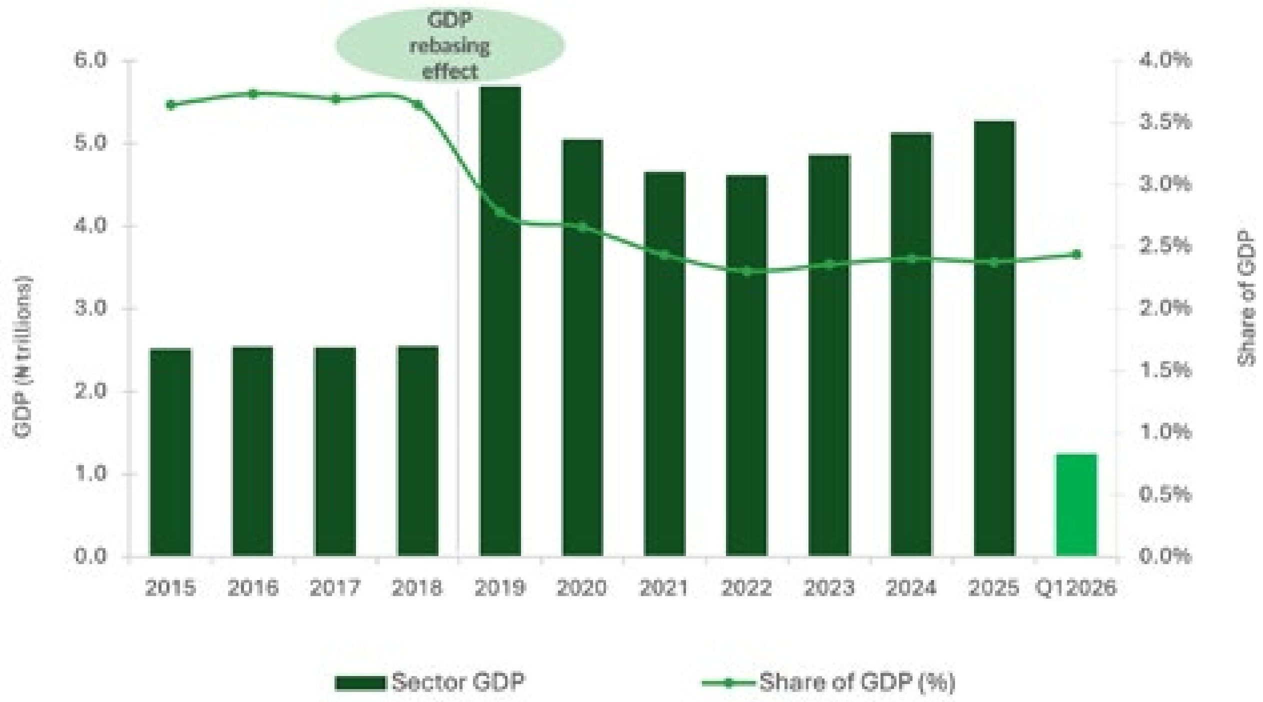
Strengthening governance, ethics, and compliance

Sound governance, ethical standards, and regulatory compliance have become strategic imperatives for Nigerian enterprises, and professional services firms sit at the heart of this agenda. Legal and accounting professionals support organisations across company structuring, regulatory filings, tax compliance, corporate governance, and transaction due diligence, reducing administrative complexity and enhancing operational certainty. Accounting and auditing firms play a particularly important role in ensuring compliance with Financial Reporting Council standards, producing

103 Nneoma Grace Agwu-Okoro, 'Legal Technology in Nigeria', (6 December 2024) available at: https://legalbytes.substack.com/p/legal-technology-in-nigeria

104 The business research company 'Professional Services Market Report 2026', accessed on May, 22, 2026. Available at: https://www.thebusinessresearchcompany.com/report/professional-services-global-market-report?utm_source=EINPresswire&utm_medium=Paid&utm_campaign=Mar_PR

Figure 50
The Professional, Scientific and Technical Services sector's contribution to GDP, 2015-2025
Source: National Bureau of Statistics, EnterpriseNGR, Udo Udoma & Belo Osagie, and Wigwe & Partners analysis



accurate and transparent disclosures that strengthen investor confidence and support capital market development. The growing use of digital compliance tools, including cloud-based accounting platforms and governance management such as AlsecSmartGov, Sage Business Cloud Accounting, Xero, QuickBooks, TaxStreem, and Zoho Books, is enabling real-time reporting and more efficient oversight, reinforcing governance as a driver of trust, reputation, and long-term business resilience.

Automation, artificial intelligence, and advanced digital platforms are being adopted across the sector and while uptake remains uneven, the impact among early movers is already measurable.

Contributing to the economy

Contributing to national output

Professional services are captured under the Professional, Scientific, and Technical Services (PSTS)[105] category in the National Bureau of Statistics'

105 PSTS include accounting, auditing, advertisement, architectural services and engineering, etc.

data framework. The sector maintained a stable contribution to national output in 2025, growing from ₦5.13 trillion in 2024 to approximately ₦5.28 trillion[106] — though its share of GDP edged down marginally to 2.38% from 2.41%, reflecting the impact of the NBS's GDP rebasing exercise rather than any underlying weakening in sector performance. Professional Services is estimated to contribute approximately 1.0% of GDP — equivalent to ₦2.11 trillion.[107]

Early indicators suggest this upward trajectory is likely to continue into 2026, supported by sustained demand for professional, advisory, and technical services — particularly across finance, telecommunications, and infrastructure-related industries. This is already reflected in Q1 2026 data, with the PSTS sector contributing ₦1.25 trillion; equivalent to 2.44% of GDP, pointing to a strengthening performance in the year ahead.

Contributing to tax revenue

Company Income Tax (CIT)

Total local Company Income Tax (CIT) collections across the Nigerian economy reached approximately ₦4.99 trillion in 2025. The Professional, Scientific, and Technical Services sector contributed ₦90.92 billion[108] — an 11.4% increase from ₦81.60 billion in 2024 — reflecting the sector's steady growth in taxable activity. Applying the 40% estimation methodology,[109] Professional Services is estimated to have contributed approximately ₦36.37 billion in CIT, equivalent to 0.7% of total CIT collections. Despite this improvement, the sector ranked 11th among 21 classified sectors by CIT contribution, positioning it in the mid-tier of Nigeria's broader tax revenue landscape and pointing to considerable room for further growth in its fiscal footprint.[110] Of the ₦538.91 billion CIT generated locally in Q1 2026, the PSTS sector contributed ₦10.27 billion.

Value Added Tax (VAT)

Total local VAT collections in Nigeria reached approximately ₦4.48 trillion in 2025, a 35.86% increase from ₦3.30 trillion in 2024. The Professional, Scientific, and Technical Services sector contributed ₦70.18 billion[111] — up from ₦46.58 billion the prior year — reflecting a significant strengthening of transactional activity within the sector. This placed PSTS at approximately 1.57% of total local VAT collections, ranking 10th among 21 classified sectors and reinforcing its position as a consistent contributor to Nigeria's tax revenue base. Applying the same estimation methodology to VAT, Professional Services is estimated to have contributed approximately ₦28.07 billion, equivalent to 0.6% of total VAT collections. In Q1 2026, the PSTS sector contributed ₦15.34 billion of the ₦1.11 trillion VAT generated locally.

At the broader sectoral level, Manufacturing (26.1%), Information and Communication (approximately 19%), and Mining and Quarrying (approximately 15.3%) remained the dominant VAT contributors in 2025, reflecting the continued weight of industrial and digital economy activities in Nigeria's tax base. While PSTS represents a relatively smaller share, its contribution is growing steadily — a reflection of the increasing

106 See Footnote 1

107 Based on our estimation, Professional Services accounts for approximately 40% of the broader PSTS sector — a reasonable approximation given that, within the Nigerian context, professional services dominate business activity, generate greater economic value, and attract significantly higher demand than scientific research and related technical services. This is consistent with patterns observed in more mature markets, where professional services typically represent up to 50% of the broader professional and technical services sector in OECD economies.

108 See Footnote 16

109 See Footnote 107

110 It is important to note that this amount is not reflective of the actual contribution of PSTS to income tax receipts, because most PSFs (e.g., law firms and audit firms), operate as partnerships, as a result, do not pay company income tax; taxes paid by their partners are not captured in the estimate stated above because they are recorded as personal income tax.

111 See Footnote 17

Figure 51
The Professional, Scientific and Technical Services sector's contribution to company income tax, 2025
Source: National Bureau of Statistics, EnterpriseNGR, Udo Udoma & Belo Osagie, and Wigwe & Partners analysis

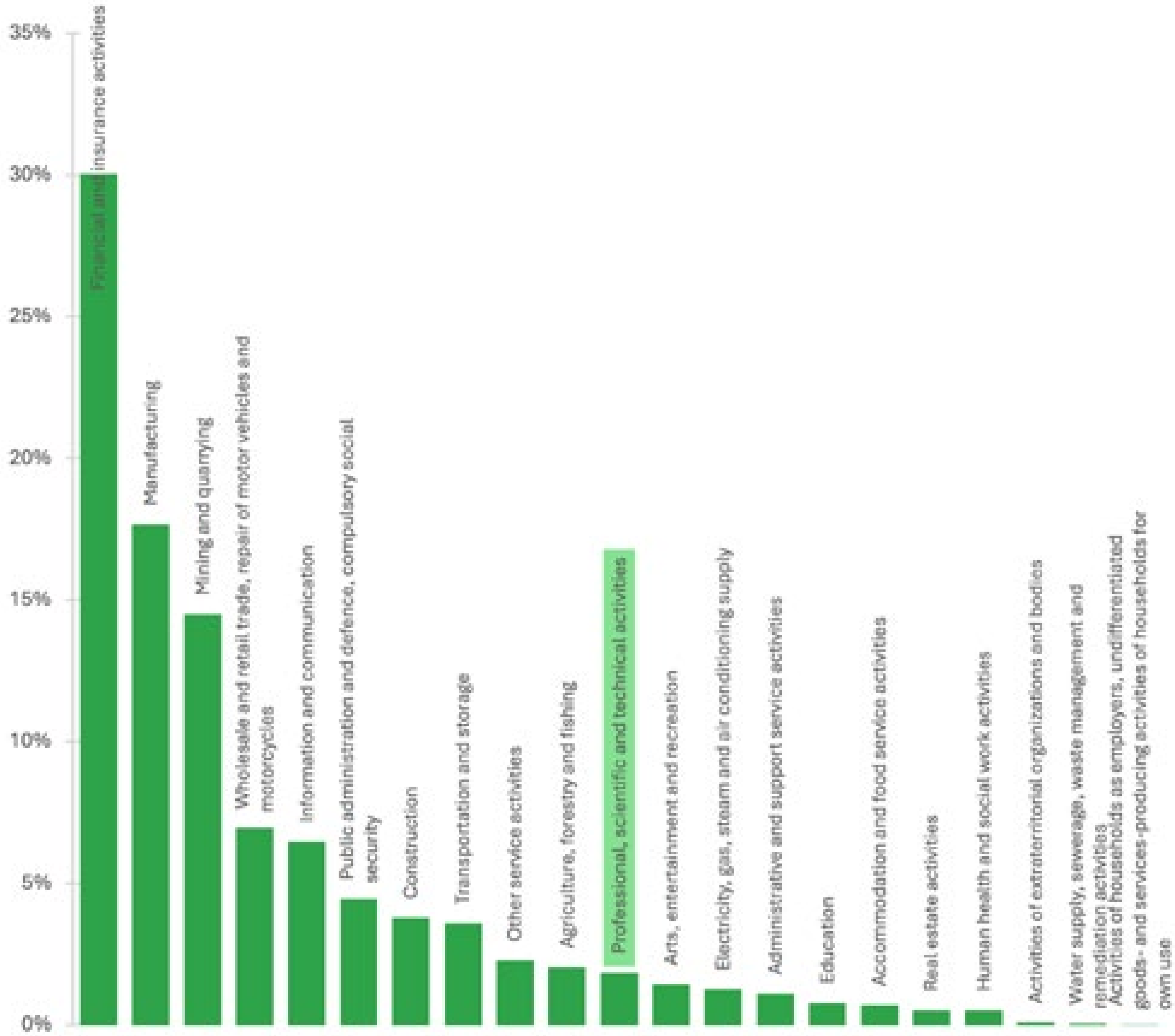
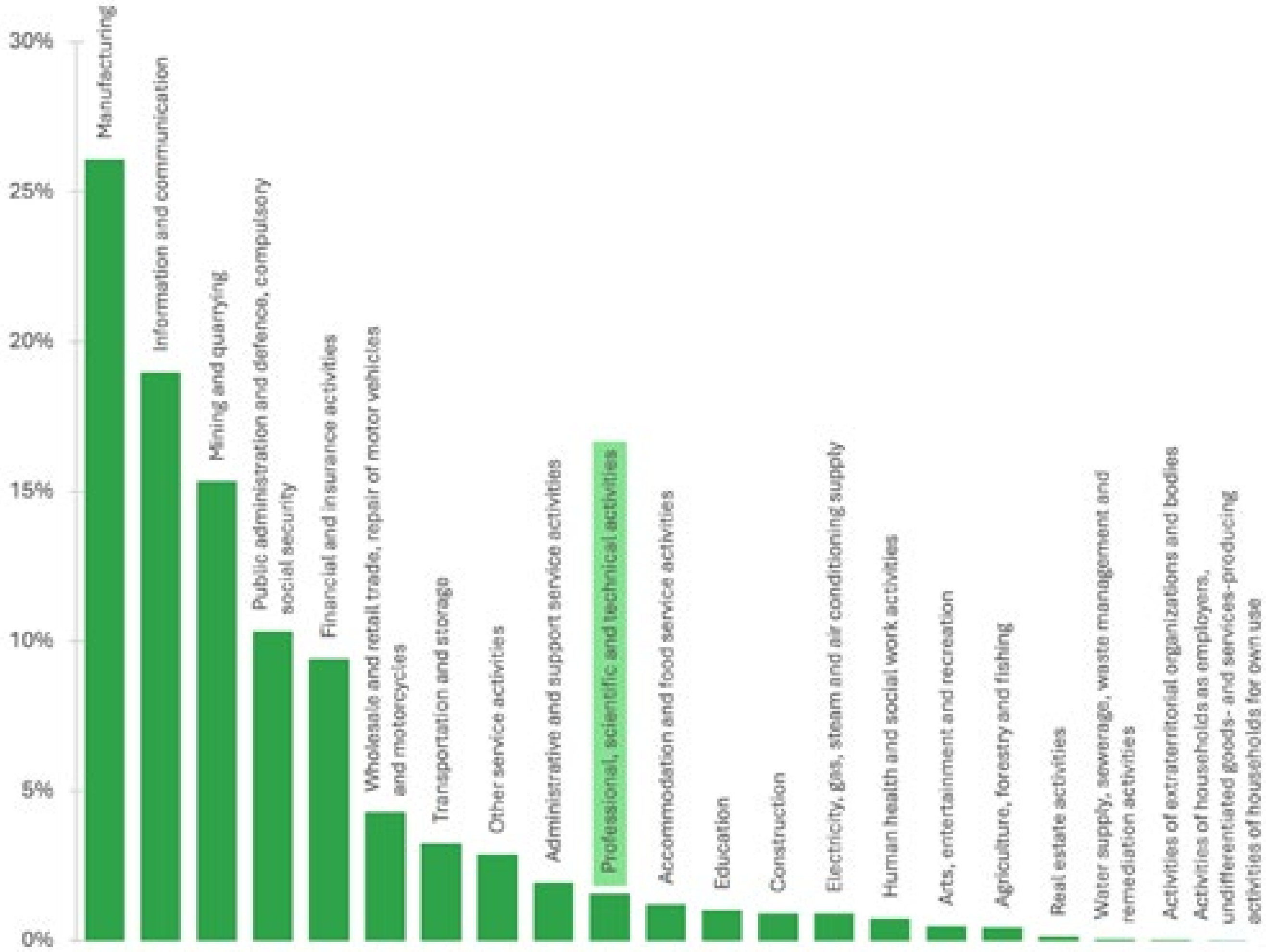


Figure 52

The Professional, Scientific and Technical Services sector's contribution to value added tax, 2025
Source: National Bureau of Statistics, EnterpriseNGR, Udo Udoma & Belo Osagie, and Wigwe & Partners analysis



economic relevance of professional services in Nigeria's evolving economy.

Key policy developments

Nigeria's professional services sector navigated a significant wave of regulatory reform in 2025, spanning legal practice, audit and reporting oversight, tax administration, and capital market compliance. Collectively, these developments deepened the role of lawyers, accountants, tax advisers, and consultants in helping enterprises strengthen governance, manage compliance, and adapt to an increasingly technology-driven operating environment.

Policy reforms by subsector

Legal Services

The Nigerian Bar Association introduced Mandatory Continuing Professional Development Rules in 2025, requiring legal practitioners to complete at least five CPD hours annually through accredited programmes — with non-compliance affecting practising licence renewal. [112] The NBA also strengthened its anti-money laundering and counter-terrorist financing framework, introducing express obligations for lawyers to implement customer due diligence measures, maintain transaction records, and report suspicious activities[113],[114] — aligning Nigeria's legal practice with Financial Action Task Force standards. The Legal Practitioners (Repeal and Enactment) Bill, 2025, received its first reading in the House of Representatives in December, signalling renewed momentum toward modernising the profession's statutory foundation.[115]

Accounting and Audit Services

The Financial Reporting Council of Nigeria (FRC) rolled out a series of measures to strengthen audit and reporting oversight. [116] These included new guidance on auditor responsibilities in cases of regulatory non-compliance,[117] the adoption of the International Standard on Auditing for Less Complex Entities — effective December 2025[118] — and a structured framework for sustainability and climate-related disclosures aligned with IFRS S1 and S2.[119] The latter significantly expands the remit of professional services firms beyond traditional financial reporting into ESG advisory and assurance services. The FRC also issued SME Corporate Governance Guidelines, creating expanded opportunities for governance advisory, compliance structuring, and board support services among smaller enterprises. Separately, ICAN updated its professional examination syllabus to incorporate information technology, data analytics, and strategic advisory competencies — reflecting a deliberate shift toward equipping accountants for a technology-driven

112 Businessday, 'Nigeria bar moves to tie 2026 licences, seals to CPD compliance', (May, 22, 2026), available at: https://businessday.ng/news/article/nigerian-bar-moves-to-tie-2026-licences-seals-to-cpd-compliance/

113 Rule 73, Rules of Professional Conduct for Legal Practitioners, 2023.

114 Nigerian Bar Association, Constitution of the NBA Anti-Money Laundering Committee (2024)

115 House of Representatives, 'Hose of Representatives Federal Republic of Nigeria Order Paper, Tuesday, 9 December, 2025', (May 22, 2026), available at: https://nass.gov.ng/documents/download/11231

116 Sections 7, 8, and 33, Financial Reporting Council of Nigeria Act, 2011.

117 Financial Reporting Council of Nigeria, 'FRC Releases Rule 14 on Non-Compliance with Laws and Regulations', (May 22, 2026), available at: https://frcnigeria.gov.ng/2025/01/22/frc-releases-rule-14-on-non-compliance-with-laws-and-regulations-2/

118 Financial Reporting Council of Nigeria, 'Adoption and Implementation of International Standards on Auditing for Less Complex Entities (ISA for LCE)', (May 22, 2026), available at: https://frcnigeria.gov.ng/2025/07/28/public-notice-adoption-and-implementation-of-international-standards-on-auditing-for-less-complex-entities-isa-for-lce/

119 Financial Reporting Council of Nigeria, 'Roadmap for the Adoption of IFRS Sustainability Disclosure Standards in Nigeria (2024)', (May 22, 2026), available at: https://frcnigeria.gov.ng/wp-content/uploads/2024/07/FINAL-COPY-OF-SUSTAINABILITY-ROADMAP1.pdf

business landscape. [120]

Tax, Advisory, and Consulting Services

The signing of four tax reform bills into law in June 2025 — covering ease of doing business, tax administration, revenue service establishment, and the joint revenue board — represented the most consequential restructuring of Nigeria's tax framework in recent years. Supported by evolving digital tax platforms and a national e-invoicing architecture, these reforms are enhancing transparency and improving the efficiency of revenue collection. For professional services firms, the practical impact is a meaningful expansion in demand for tax advisory, systems integration, internal controls, and digital compliance support — reinforcing the indispensable role of tax professionals in navigating an increasingly complex regulatory environment.

Cross-cutting regulatory developments

Investments and Securities Act 2025

The Investments and Securities Act 2025 introduced important compliance obligations for professional services, requiring public companies to maintain robust internal controls and mandating that auditors report on their effectiveness. The Act also restricts audit engagements for public companies to firms registered with the Securities and Exchange Commission — materially elevating the importance of auditors, reporting accountants, and capital market advisers in

120 Institute of Chartered Accountants of Nigeria (ICAN), Revised Professional Examination Syllabus (Effective November 2025 Diet).

supporting listed and regulated entities.

Regulatory Enhancements under the Companies and Allied Matters Act (CAMA) 2020

The Corporate Affairs Commission continued to enhance its digital company registration and electronic filing systems under CAMA 2020,[121] significantly reducing the time and cost of business formalisation. This is improving Nigeria's broader business environment and generating increased demand for professional advisory services in company structuring, regulatory compliance, and corporate governance.

Conclusion and recommendations

Nigeria's professional services sector continues to play a vital role in supporting enterprise growth and economic development, yet several structural challenges constrain its full potential. The market remains highly fragmented, particularly in legal services, where sole practitioners dominate and specialised advisory capacity is limited. The consulting segment remains relatively under-regulated, resulting in uneven service quality. Perhaps most critically, a persistent talent drain with over 4,500 professionals reportedly leaving Nigeria each month, a trend sustained across consecutive years[122] continues to deplete the sector's

121 Sections 18 - 40, Companies and Allied Matters Act, 2020; Corporate Affairs Commission (CAC) Digital Registration Framework

122 Chartered Institute of Personnel Management of Nigeria, 'Navigating the effect of JAPA on Nigeria's HR Environment', (May 22, 2026), available at: https://cipmnigeria.

human capital, driven by poor remuneration, economic volatility, and the growing pull of technology and AI careers among young professionals. To address these challenges and position the sector for sustainable growth, the following recommendations are proposed:

Encourage consolidation and collaboration.

Professional services firms, particularly in legal services, should be encouraged to consolidate and collaborate, enabling them to scale operations, deepen expertise, and deliver more sophisticated advisory services to clients with complex needs.

Invest in digital transformation and AI adoption.

Firms must accelerate investment in artificial intelligence and integrated digital platforms to close the technology gap and enhance service delivery. This should be accompanied by structured staff training and regular upskilling initiatives to ensure consistent, high-quality outcomes.

Strengthen regulatory frameworks for advisory services.

Clearer regulatory standards for the advisory and consulting segment are needed to improve accountability and service quality. This includes building professional capacity in high-growth areas such as fintech, data privacy, cross-border commerce, and ESG advisory.

Introduce targeted incentives to retain talent.

Government-led measures — including tax reliefs, research funding, and competitive compensation frameworks developed in partnership with professional bodies — are needed to stem brain drain and sustain local capacity across the sector.

Promote international-standard work environments.

Firms should invest in continuous staff development, competitive remuneration, career advancement pathways, and flexible work arrangements — building environments that retain top talent and strengthen the sector's reputation on a global stage.

Explore market expansion opportunities.

As domestic competition intensifies, firms should pursue growth beyond Nigeria's borders through strategic partnerships with resident entities in foreign jurisdictions — unlocking economies of scale, broader client bases, and opportunities for revenue diversification.

Prioritise professional development and ethics.

Professional bodies must rigorously enforce continuing professional development requirements and ethical standards. Clear disciplinary frameworks and zero tolerance for misconduct are essential to maintaining public trust and long-term professional credibility.

org/wp-content/uploads/2025/07/Research-Article-on-Professional-Development-Trends.pdf

Wood Carving: A centuries old craft practiced across Nigeria, particularly in the South West and South East, where skilled artisans transform indigenous hardwood into intricate sculptures, furniture, masks, and decorative works.

Sustainable Finance

Sustainable finance continues to play an increasingly structural role in advancing social, environmental, and economic outcomes aligned with the Sustainable Development Goals. Globally, the momentum behind sustainability-focused investing strengthened considerably in 2025. Assets under management in funds classified under the European Union's Sustainable Finance Disclosure Regulation, which span across environmental, social, and dedicated sustainable investing mandates, surged 23% to surpass the $10.20 trillion mark by year-end.[123]

123 ESGtoday, 'AUM in Article 8 and 9 Funds Pass $10 Trillion: Morgan Stanley Report', (April 11, 2026), available at: https://www.esgtoday.com/aum-in-article-8-and-9-funds-

SUSTAINABLE FINANCE KEY FACTS

Global sustainability funds in 2025

AUM

$3.56tn
2024

$4.13tn
2025

GROWTH

16.3%
2024/2025

SHARE OF GLOBAL ASSET UNDER MANAGEMENT (AUM)

7.2%
2023

6.5%
2025

Down from 7.2% peak in 2023

Nigeria's green bond stock, valued at

₦94.05bn

FGN green bonds
₦62.36bn

Lagos state government
₦14.82bn

2026 Climate Change Performance Index (CCPI)

Nigeria rose
Nine places
to rank
17th

Source: Morningstar, Climate Bonds Initiative, CCPI 2026

Figure 53
Sustainable funds' assets under management, June 2019-December 2025
Source: Morgan Stanley Institute for Sustainable Investing analysis of Morningstar data and EnterpriseNGR analysis

Global sustainable funds AUM grew from $3.56 trillion in 2024 to a record $4.13 trillion by December 2025, representing a 16.3% year-on-year expansion and reflecting sustained investor appetite for sustainability-aligned strategies.[124] Despite this record nominal valuation, which was driven largely by equity market performance, sustainable funds saw their share of the total global fund universe ease to 6.5% by end-2025, a continued moderation from the 7.2% peak recorded in June 2023.[125] This divergence between absolute growth and relative market share points to the broader fund market expanding at an even faster pace, rather than any retreat in sustainable investing itself.

Global sustainable debt issuance totalled $1.55 trillion in 2025, a modest decline from the $1.67 trillion recorded in 2024, though the pace of contraction was less pronounced than the pullback seen in 2023 (Figure 54). Activity remained broad-based across instrument types, with green bonds, sustainability bonds, social bonds, green loans, and sustainability-linked loans all recording increased uptake during the year.

Nigeria's sustainable finance landscape

Sustainable debt remains nascent, accounting for just 2.60% of total debt, in emerging economies[126] — a figure that underscores the significant growth potential

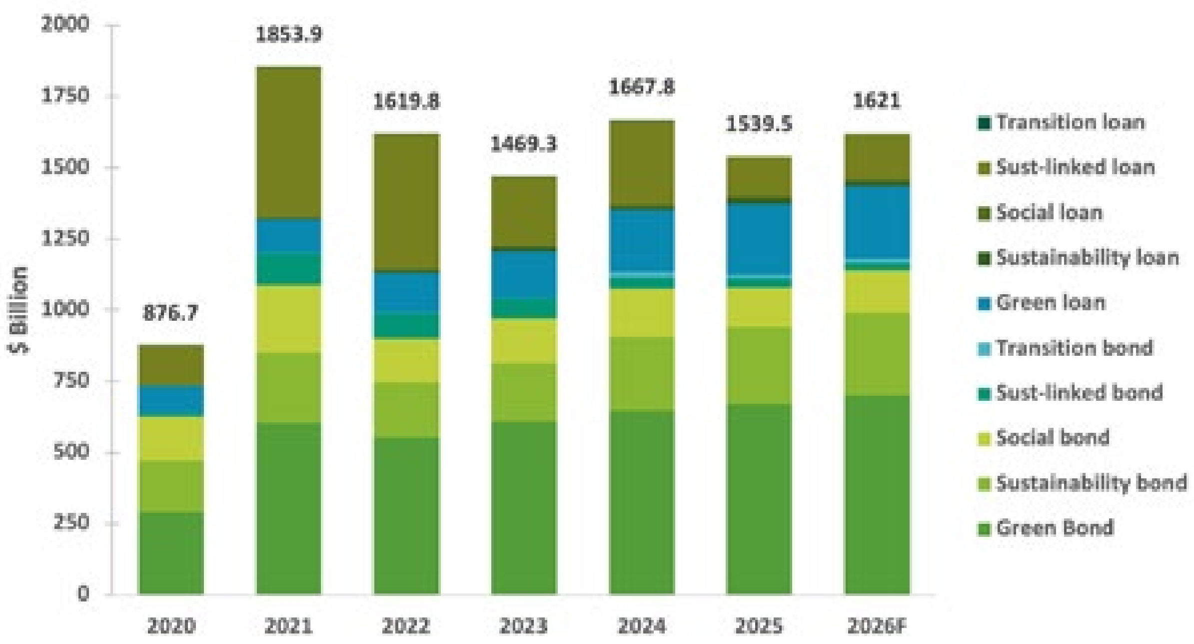
pass-10-trillion-morgan-stanley-report/

124 Morgan Stanley Institute for Sustainable Investing, 'Sustainable Fund Returns Slightly Below Traditional Peers in the Second Half of 2025', (April 11, 2026), available at: https://www.morganstanley.com/insights/articles/sustainable-fund-performance-second-half-2025

125 See Footnote 124

126 BloombergNEF 'Sustainable Debt Plays Key Role in Scaling Climate Finance for Emerging Markets', (April 13, 2026), available at: https://about.bnef.com/insights/finance/sustainable-debt-plays-key-role-in-scaling-climate-finance-for-emerging-markets/

Figure 54
Global issuance of sustainable finance products, 2020-2026F
Source: ING Research, BNEF, and EnterpriseNGR analysis



yet to be unlocked. At the same time, reduced global issuance and outflows from ESG equity funds signal growing investor caution due to recent political backlash and intensified anti-ESG sentiments, coupled with heightened sensitivity to market volatility, presenting a more complex environment for mobilising sustainability-aligned capital.[127]

For Nigeria, attracting climate finance is both an urgent priority and a structural imperative.[128] Climate-related capital flows into and within the country remain far below the estimated $27.2 billion annual requirement needed to adequately address its environmental, social, and economic challenges.[129] Against this backdrop, Nigeria's rise of nine places to 17th (also ranking first amongst other African countries) in the Climate Change Performance Index (CCPI) 2026 is an encouraging signal. The improvement reflects the country's Nationally Determined Contribution (NDC) 3.0 commitments and relatively low per-capita energy consumption. Sustaining and building on this progress, however, will require a decisive reduction in fossil fuel dependence and an accelerated push toward renewable energy deployment.[130]

Global sustainable funds AUM grew from $3.56 trillion in 2024 to a record $4.13 trillion by December 2025, representing a 16.3% year-on-year expansion and reflecting sustained investor appetite for sustainability-aligned strategies.

127 Morningstar, 'ESG Funds: 2025 closes with continued outflows amid persistent headwinds', (June 4, 2026), available at: https://global.morningstar.com/en-nd/sustainable-investing/esg-funds-2025-closes-with-continued-outflows-amid-persistent-headwinds

128 Climate Policy Initiative, 'Landscape of Climate Finance in Nigeria 2025', (April 13, 2026). Available at https://www.climatepolicyinitiative.org/publication/landscape-of-climate-finance-in-nigeria-2025/

129 See Footnote 128

130 Germanwatch, New Climate Institute & Climate Action Network, & Barthel Stiftung, '2026 CCPI Climate

Table 9: Climate Change Performance Index (CCPI) country rankings
Source: Germanwatch, NewClimate Institute & Climate Action Network, & Barthel Stiftung, and EnterpriseNGR analysis

Country	Rank	Rank Change	Score**	Note
Denmark	4	0	80.52	High
United Kingdom	5	+1	70.80	High
Morocco	6	+2	70.75	High
Chile	7	+5	70.63	High
Luxembourg	8	+5	70.45	High
Lithuania	9	+9	70.30	High
Netherlands	10	-5	67.27	High
Norway	11	-2	66.83	High
Portugal	12	+3	66.05	High
Sweden	13	-2	64.91	High
Spain	14	+5	64.62	High
Pakistan	15	+16	64.43	High
Romania	16	+16	64.33	High
Nigeria	17	+9	63.33	Medium
Estonia	18	-4	63.08	Medium
Philippines	19	-12	62.78	Medium
European Union (27)	20	-3	62.69	Medium
France	21	+4	62.42	Medium
Germany	22	-6	61.51	Medium
India	23	-13	61.31	Medium
Viet Nam	24	-3	60.65	Medium

While the CCPI measures mitigation efforts and policy ambition, the Notre-Dame Global Adaptation Initiative (ND-GAIN) Country Index takes a broader view, as it assesses a country's physical exposure to climate disruptions alongside its institutional capacity to absorb and act on adaptation investments.[131] On this measure, Nigeria ranks 155th globally, with a score of 38.6, a vulnerability rating of 0.481, and a readiness score of 0.253. This places Nigeria in the high vulnerability, low readiness quadrant of the ND-GAIN Matrix — a positioning that underscores the urgent need to strengthen both climate resilience infrastructure and the institutional frameworks required to attract and deploy adaptation capital effectively.[132]

Change Performance Index', (April 13, 2026), available at: https://ccpi.org/wp-content/uploads/CCPI-2026-Results-1.pdf

131 Notre-Dame Global Adaptation Initiative, 'Notre Dame Global Adaptation Initiative (scores for 2023)', (April 13, 2026), available on: https://gain.nd.edu/our-work/country-index/rankings/

132 See Footnote 131

Providing green capital access for sustainable development

With limited traditional public revenue, sustainable debt via domestic capital markets is one of Nigeria's most practical ways to fund infrastructure. Between 2024 and 2026, the green bond market expanded with more sovereign issuances, increased subnational participation, and further corporate sector integration.

Sovereign green bonds

Nigeria reaffirmed its commitment to sustainable finance in June 2025 with the issuance of its Series III Sovereign Green Bond[133], [134] — and the market response was emphatic. Against a target of ₦50 billion, subscriptions reached ₦91.42 billion, representing an oversubscription of 183%. However, only ₦47.36 billion was ultimately allotted over a five-year tenor at an 18.95% coupon. The strong demand signals growing domestic appetite for ESG-focused sovereign instruments.
Building on this momentum, the Federal Government signals a more ambitious pivot in its debt strategy. In 2026, Nigeria plans to issue a ₦1.5 trillion (approximately $1 billion) domestic green bond.[135]

Table 10: Green bond stocks, 2017 – 2025 (₦ billions)
Source: EnterpriseNGR analysis

Issuer	2017	2018	2019	2020	2021	2022	2023	2024	2025
FGN Green Bond	10.69	10.69	25.69	25.69	25.69	15.00	15.00	15.00	62.36
North South Power Company Ltd	-	-	8.50	8.50	14.83	14.83	14.83	14.83	14.83
Access Bank plc (matured)	-	-	15.00	15.00	15.00	15.00	15.00	-	-
One Watt Solar Ltd[136]	-	-	-	-	2.00	2.00	2.00	2.00	2.00
Lagos State Government	-	-	-	-	-	-	-	-	14.82
Total	10.69	10.69	49.19	49.19	57.52	46.83	46.83	31.83	94.05

Subnational green market entry

Lagos State made history in late 2025 with the issuance of Nigeria's first subnational green bond — a ₦14.82

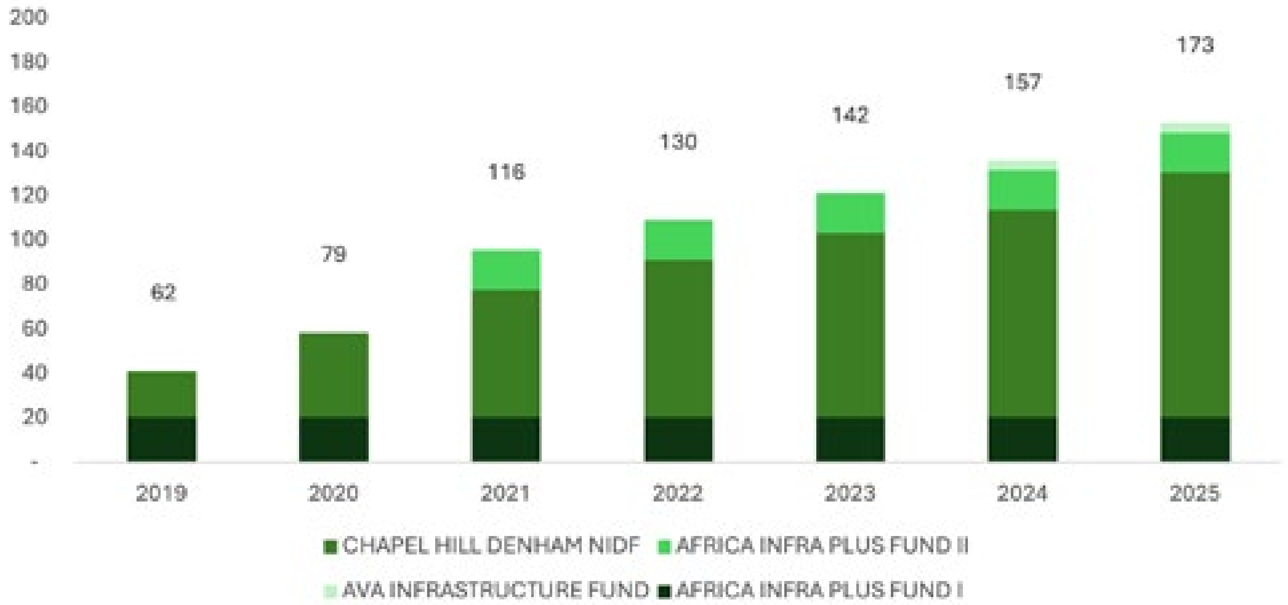
133 Udo Udoma & Belo-Osagie, 'Green Finance in Nigeria: 2025 in Review and Outlook for 2026', (April 15, 2026), available at: https://uubo.org/wp-content/uploads/2026/01/Green-Finance-in-Nigeria-2025-in-Review-and-Outlook-for-2026.pdf

134 Debt Management Office, 'Sovereign Green Bond Offer Closes with ₦91.42 Billion in Total Subscriptions', (June 11, 2026), available at: https://dmo.gov.ng/news-and-events/circulars-releases/5348-press-release-sovereign-green-bond-offer-closes-with-91-42-billion/file

135 POLITICO Pro, 'Nigeria looking to raise $1B via domestic green bond in 2026 ', (April 15, 2026), available at: https://subscriber.politicopro.com/article/eenews/2026/01/15/nigeria-looking-to-raise-1b-via-domestic-green-bond-in-2026-00729289

136 A ₦3 billion debt instrument comprised a ₦2 billion Green Bond (Tranche I) 7-year tenue and a ₦1 billion Green Sukuk Issue (Tranche II) 7-year tenue

Figure 55
Total investment of ESG-focused infrastructure funds, 2019- 2025(estimate) (₦ billions)
Source: Securities and Exchange Commission and EnterpriseNGR analysis



billion offering that was nearly 98% oversubscribed,[137] reflecting strong market confidence in state-level sustainable finance. Proceeds are earmarked for sustainable urban infrastructure, climate-resilient transport systems, and environmental management projects. The success of the Lagos issuance has catalysed broader subnational ambition. Gombe State is reported to be exploring a ₦30 billion green bond — a development that, if realised, would mark a significant step toward mainstreaming sustainable capital market financing at the sub-national level across Nigeria.[138]

ESG-focused Infrastructure funds

Within Nigeria's capital markets, four infrastructure funds — Africa Infra Plus Fund I & II, the Chapel Hill Denham Nigeria Infrastructure Debt Fund, and the AVA Infrastructure Fund — demonstrate an explicit commitment to ESG principles. By 2025, their cumulative investment is projected to reach ₦173 04billion,[139] up from ₦157 billion in 2024.[140] The steady growth of ESG-focused fund offerings reflects rising investor confidence in sustainable investing as a credible and competitive approach.

Sustainable Project Loans/ Funding Initiatives

Nigeria's domestic institutions have continued to scale climate-aligned lending. The Bank of Industry (BOI) reported total disbursements of ₦636 billion in

137 See Footnote 133

138 See Footnote 133

139 Computed and estimated using available reports

140 Securities and Exchange Commission, 'Quarterly Update on Private Equity and Infrastructure Funds', (April 23, 2026). Available at: https://sec.gov.ng/for-operators/keep-track-of-capital-market-data/quarterly-update-on-private-equity-and-infrastructure-funds/

2025 under its 2025–2027 transformation agenda, supporting businesses and priority sectors such as power, infrastructure, and agribusiness. In collaboration with local and international partners, BOI contributed to an estimated reduction of over 20,000 tonnes of CO2 emissions.[141]

To address climate-related challenges in agriculture and water systems, the Federal Government launched the US$500 million World Bank-supported SPIN project. Managed by the Federal Ministries of Water Resources and Sanitation and Power, with a joint Project Steering Committee, SPIN aims to strengthen dam safety, modernize irrigation, and improve water management for hydropower and irrigation. The project targets expanding irrigated agriculture by 500,000 hectares and enhancing flood and drought resilience, while empowering over 950,000 people. [142]

Complementing these efforts, the Special Agro-Industrial Processing Zones (SAPZ) programme is advancing agro-industrialisation at scale. The African Development Bank approved $200 million for the first phase of SAPZ II, focused on developing agro-industrial hubs and strengthening value-chain infrastructure, and attracting private investment across 10 states. The programme is designed around principles of inclusive, climate-smart, and gender-responsive development, supported by significant co-financing and counterpart contributions.[143]

In May 2026, the Green Finance Investment Facility (GFiF), a blended-finance platform, was launched to mobilise large-scale private and institutional capital for distributed renewable energy infrastructure. Led by Barton Heyman Limited in partnership with the Rural Electrification Agency, UK PACT, First City Monument Bank, and ARMHIIL, the facility is targeting an initial raise of $188 million to finance 191 megawatts of distributed solar capacity for households, communities, and businesses across Nigeria.[144] The initial raise is conceived as a pilot for a far more ambitious undertaking — mobilising $40 billion to finance 20 gigawatts of distributed renewable energy nationwide. If realised, the GFiF would represent one of the most significant clean energy financing initiatives in Nigeria's history, with meaningful implications for energy access, climate resilience, and the broader green finance ecosystem.

Among the most impactful ESG-aligned initiatives currently underway in Nigeria is the Distributed Access through Renewable Energy Scale-up (DARES) project, a $750 million World Bank-funded programme designed to provide clean, distributed electricity to over 17.5 million Nigerians through solar mini-grids and standalone solar home systems.[145] Approximately 9% of total financing had been disbursed, as of March 2026, with over $422 million fully committed to the project. The early results are already tangible: over 3.6 million people have gained new or improved access to clean electricity, primarily through standalone solar systems.[146]

Beyond its direct impact, the World Bank's $750 million commitment is serving as a powerful catalyst for additional financing. The Rural Electrification Agency successfully leveraged the DARES framework to unlock two separate ₦100 billion credit facilities from domestic lenders — a loan facility with First City Monument Bank

141 Bank of Industry, 'Bank of Industry Records unprecedented lending to enterprises in 2025', (April 23, 2026). Available at https://www.boi.ng/bank-of-industry-records-unprecedented-lending-to-enterprises-in-2025/

142 FMINO, 'FG, World Bank Launch SPIN Project to Boost Irrigation, Power, and Food Security in Nigeria', (April 23, 2026), available at https://fmino.gov.ng/fg-world-bank-launch-spin-project-to-boost-irrigation-power-and-food-security-in-nigeria/

143 SAPZ , 'African Development Bank Commits Extra $200 Million To Advance Sapz Phase 2', (April 23, 2026), available at https://sapz.gov.ng/african-development-bank-commits-extra-200-million-to-advance-sapz-phase-2/

144 Nairametrics 'REA, FCMB, Others Launch $188 million Fund to Finance 191mw Solar Capacity' (May 16, 2026), available at: https://nairametrics.com/2026/05/15/rea-fcmb-others-launch-188-million-fund-to-finance-191mw-solar-capacity/

145 World Bank, 'Nigeria to Expand Access to Clean Energy for 17.5 Million People', (June 4, 2026), available at: https://www.worldbank.org/en/news/press-release/2023/12/15/nigeria-to-expand-access-to-clean-energy-for-17-5-million-people

146 APA News, 'Nigerian govt eyes 5.2m electricity connections under $750m W/Bank loan', (June 04, 2026), available at: https://apanews.net/nigerian-govt-eyes-5-2m-electricity-connections-under-750m-w-bank-loan/

signed in June 2025,[147] followed by a revolving credit facility with Lotus Bank in February 2026.[148] These domestic financing arrangements provide critical bridge funding for local solar developers, helping to mitigate the foreign exchange risks that have historically constrained off-grid energy investment. In April 2026, Nigerian off-grid energy firms secured a further $83 million in IFC-supported financing on the sidelines of the World Bank Group and IMF Spring Meetings,[149] cementing decentralised solar as an increasingly bankable and commercially viable asset class within Nigeria's sustainable finance landscape.

Key policy developments

Mandatory ESG Reporting

In a significant regulatory step, the Financial Reporting Council of Nigeria issued an amended roadmap for the mandatory adoption of the International Sustainability Standards Board (ISSB) frameworks — specifically IFRS S1 on sustainability-related disclosures and IFRS S2 on climate-related disclosures — aligning domestic reporting standards with global baselines. The banking sector has led the way in implementation, driven by longstanding oversight from the Central Bank of Nigeria and the Nigerian Exchange, with major banks already integrating these disclosures alongside their traditional financial reporting.[150]

The Climate and Green Industrialisation Investment Playbook

At the forefront of Nigeria's emerging sustainable finance strategy is the Climate and Green Industrialisation Investment Playbook, officially launched by President Tinubu at the Abu Dhabi Sustainability Week in January 2026.[151] The Playbook represents a deliberate departure from siloed environmental policy, explicitly linking climate action with industrial growth, energy access, and job creation within a unified framework. Its central macroeconomic ambition is to unlock between $25 billion and $30 billion annually in climate finance from global institutional investors — achieved by providing both foreign and domestic capital allocators with clarity on Nigeria's project pipelines, incentives, regulatory environments, risk allocation models, and expected commercial returns. Accompanying the Playbook is the newly launched Climate Investment Platform, an institutional mechanism designed to package bankable projects and crowd in private capital, with an initial mobilisation target of $500 million for climate-resilient infrastructure.[152]

147 Daily Post Nigeria, 'REA partners with FCMB to launch ₦100 billion financing facility to accelerate electricity access for two million households', (June 04, 2026), available at: https://dailypost.ng/2025/06/20/rea-partners-with-fcmb-to-launch-%E2%82%A6100-billion-financing-facility-to-accelerate-electricity-access-for-two-million-households/

148 Nairametrics, 'REA, Lotus Bank sign N100bn facility to expand renewable energy access', (June 4, 2026), available at: https://nairametrics.com/2026/02/25/rea-lotus-bank-sign-n100bn-facility-to-expand-renewable-energy-access/

149 Daily Trust, 'DARES off-grid developers secure $83m IFC financing as investor confidence rises', (June 04, 2026), available at: https://dailytrust.com/dares-off-grid-developers-secure-83m-ifc-financing-as-investor-confidence-rises/

150 Nairametrics, 'Banks step up ESG Compliance ahead of 2028 deadline, Insurers lag', (April 15, 2026), available at: https://nairametrics.com/2026/03/30/banks-step-up-esg-compliance-ahead-of-2028-deadline-insurers-lag/

151 State House, 'National Statement by President Tinubu at the Abu Dhabi Sustainability Week 2026', (June 24, 2026), available at: https://statehouse.gov.ng/national-statement-by-president-tinubu-at-the-abu-dhabi-sustainability-week-adsw-2026/?utm_source=chatgpt.com

152 Federal Ministry of Finance, 'FG Unveils Climate Investment Platform to Unlock $500m In Green Finance', available at: https://finance.gov.ng/fg-unveils-climate-investment-platform-to-unlock-500m-in-green-finance/

The Nigerian Carbon Market Activation Policy (NCMAP)

Among the most innovative elements of Nigeria's evolving sustainable finance strategy is its deliberate pursuit of carbon monetisation. In late 2025, the Federal Government approved the National Carbon Market Framework — establishing the rules, institutions, and infrastructure needed to generate, validate, register, and trade carbon credits at scale. Reporting indicates the framework could generate \$2.5–\$3.0 billion annually over the next decade if fully operationalized, positioning carbon markets as a potentially transformative source of climate finance for Nigeria.[153]

The 2026 Green Tax Rollout

As part of the broader fiscal reforms initiated under the tax reform laws signed by President Bola Tinubu in June 2025, the Federal Government introduced a Green Tax effective July 1, 2026. Designed to align fiscal policy with environmental objectives and broaden the government's revenue base, the policy imposes a 2% surcharge on vehicles with engine capacities between 2,000cc and 3,999cc, and a 4% surcharge on vehicles with capacities of 4,000cc and above. To incentivise cleaner transportation, locally manufactured vehicles, mass transit buses, vehicles with engine capacities below 2,000cc, and electric vehicles are fully exempt from the levy.[154]

Conclusion and recommendations

Nigeria is at a pivotal moment in its sustainable economic transition. Landmark developments across 2025 and 2026, ranging from the submission of its absolute-emissions-based Nationally Determined Contribution 3.0 to the 183% oversubscription of the ₦50 billion Sovereign Green Bond, the first participation of subnational governments in green debt issuance, and the scaling of multibillionnaira ESG infrastructure funds. All this underscores a deepening and durable national commitment to climate aligned industrial development. However, translating sustainable finance ambitious policy momentum into deliverable infrastructure will require disciplined execution. In addition, the following recommendations are proposed to accelerate and strengthen Nigeria's position as a leading destination for sustainable investment:

Scale local currency de-risking mechanisms.

The government and international partners should create expanded local currency guarantee mechanisms, building models such as InfraCredit. By absorbing initial financial risk and shielding projects from unpredictable exchange rate fluctuations, these instruments can make local green projects safe enough for large-scale investors, including Pension Fund Administrators (PFAs), to confidently deploy their substantial naira-denominated savings.

Prioritise adaptation within sovereign climate funds.

The newly operationalised \$2 billion National Climate Change Fund must allocate a majority share of its

153 Punch, 'FG approves national carbon market framework to unlock \$3bn annually ', (May 11, 2026), vailable at: https://punchng.com/fg-approves-national-carbon-market-framework-to-unlock-3bn-annually/

154 Nairametrics, 'World Environment Day: Green Tax sparks debate ahead of July 1 rollout', (June 7, 2026). Available at: https://nairametrics.com/2026/06/05/world-environment-day-green-tax-sparks-debate-ahead-of-july-1-rollout/

capital specifically to subsidise and de-risk adaptation and resilience projects—including flood defences and resilient agriculture—correcting the historical funding imbalance that has favoured profitable green energy over survival-based infrastructure.

Establish dedicated project preparation facilities.

The government and development finance institutions should create dedicated funds to finance early-stage project research, including feasibility studies and environmental assessments. These facilities could be financed using early revenues from Nigeria's carbon market, ensuring a steady pipeline of investment-ready projects fully prepared for institutional funding.

Mandate standardised ESG disclosures and taxonomy.

The Securities and Exchange Commission (SEC) and the Financial Reporting Council (FRC) should accelerate the implementation of ISSB frameworks across all listed entities and enforce a rigorous, localised Green Taxonomy. This will reduce investor due diligence costs and combat greenwashing.

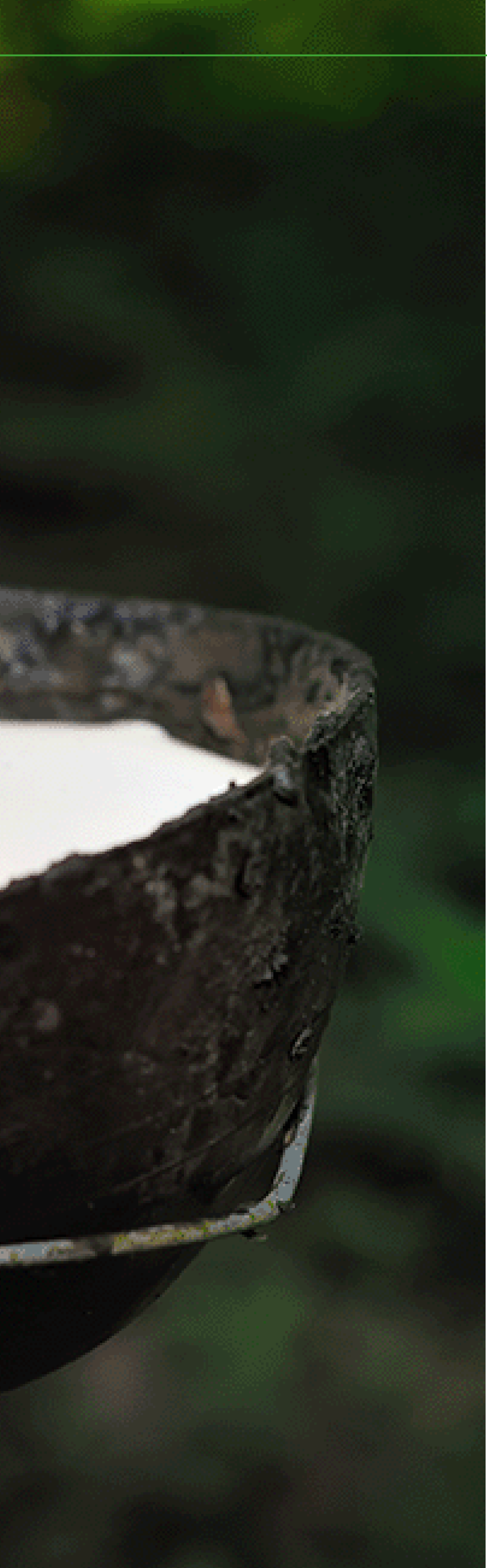
Mandate strict subnational post-issuance audits.

The Debt Management Office (DMO) and SEC must implement mandatory, independent post-issuance assurance audits for state-level green bonds. Strict governance will guarantee that state proceeds are exclusively ring-fenced for genuine climate-aligned infrastructure, sustaining investor confidence in subnational issuances.

Establish a green finance project structuring academy:

Relevant stakeholders, including the Securities and Exchange Commission, development finance institutions, and financial sector associations, should collaborate to create a dedicated capacity-building platform focused on green finance transaction design. A critical knowledge gap in project structuring remains one of the most persistent barriers preventing viable Nigerian green projects from reaching the market and attracting capital at scale.

Rubber cultivation has been a cornerstone of southern Nigeria's agricultural economy since the early 20th century, with Edo, Delta, Ondo and Cross River among the country's leading producing states. The natural latex harvested from rubber trees continues to support local industries and global manufacturing supply chains.



Conclusion

The data assembled in this report point to a financial and professional services sector that is growing faster, reforming more ambitiously, and absorbing more risk than at any point in the past decade, yet one whose structural depth still lags behind its headline momentum. Across asset management, banking, capital markets, insurance, pensions, non-interest finance, fintech, sustainable finance, and professional services, 2025 delivered record nominal gains: collective investment scheme assets more than doubled to ₦7.80 trillion, the NGX All-Share Index posted its strongest annual return since 2007, insurance gross premiums surged 47% to ₦2.30 trillion, and pension assets under management crossed ₦27 trillion for the first time. These figures confirm that the sector is capturing the benefits of a gradually stabilising macroeconomic environment, including easing inflation, a more predictable exchange rate, and tighter but more credible monetary policy, even as it absorbs the short-term costs of an extraordinarily dense reform cycle.

What distinguishes 2025, however, is not growth alone but the simultaneous recapitalisation of nearly every segment of the sector. The Nigerian Insurance Industry Reform Act, the Investments and Securities Act 2025, the revised PenCom minimum capital thresholds, and the SEC's new tiered requirements for fund managers are collectively compelling operators to raise fresh equity, consolidate, or exit, a process that will reshape the competitive landscape well into 2027 and beyond. The banking recapitalisation exercise has already catalysed ₦2.55 trillion in new share listings, while the insurance industry's July 2026 compliance deadline is accelerating capital raise at a pace not seen since the last consolidation round.

These parallel recapitalisations carry genuine promise: better-capitalised institutions are more resilient, more capable of underwriting larger risks, and more attractive to foreign partners. But they also concentrate execution risk. Smaller operators face real pressure, compliance timelines overlap, and the absorptive capacity of regulators is being tested across multiple fronts at once.

Beneath the growth figures, several structural tensions demand candid acknowledgement. The sector remains heavily concentrated: in money market instruments within asset management, in Federal Government securities within pensions, in portfolio flows within foreign capital inflows, and in a handful of large-cap stocks within equity trading. This concentration limits the depth of risk transfer, constrains the development of a genuine yield curve, and leaves the system exposed to rapid reversals when global sentiment shifts. At the same time, the sector's expansion continues to outpace the supply of qualified professionals. With over 4,500 skilled workers reportedly leaving Nigeria each month, human capital depletion threatens to become the binding constraint on institutional capacity, particularly in insurance, actuarial science, Shariah-compliant finance, and ESG advisory, where specialist expertise is already scarce.

The inclusion agenda, meanwhile, remains largely aspirational. Pension penetration stands at just 8.4%, with 21 states still outside full compliance with the Contributory Pension Scheme. Insurance penetration hovers at 0.32% of GDP. The Personal Pension Plan, though a welcome redesign, has yet to demonstrate that it can reach the more than 90% of the labour force working in the informal economy. Non-interest finance, despite record asset growth and a landmark Sukuk oversubscription, still serves a narrow base. Sustainable finance instruments are expanding, from the first subnational green bond to a 183% oversubscription of the sovereign Series III and the approval of a national carbon market framework, but actual climate finance flows remain a fraction of the estimated $27.2 billion annual requirement.

Closing these gaps will demand not only regulatory ambition but also sustained investment in distribution infrastructure, digital platforms, public awareness, localised product design, and other recommendations offered at various subsectors in this report. What the findings collectively signal is that Nigeria's financial services sector has entered a decisive period of institutional upgrading, one in which the quality of implementation of reforms agenda will matter more. Regulators need to coordinate more deliberately to avoid compliance overload and sequencing conflicts. Operators must invest in the human and technological capabilities that convert regulatory compliance into competitive advantage. Policymakers need to resist the temptation to treat headline growth as proof of structural transformation and instead focus on the harder work of institutionalizing policies that deepen markets, diversify instruments, enforce standards at the subnational level, and channel capital towards productive infrastructure.

The sector's trajectory over the next three to five years will be determined less by the reforms already enacted than by the discipline, coordination, and institutional seriousness with which they are carried. EnterpriseNGR remains committed to providing the evidence base and convening power needed to ensure that this moment of reform translates into durable, broadly shared economic progress.

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