



NON-TRADITIONAL LENDING IN NIGERIA: NAVIGATING THE FCCPC'S DIGITAL, ELECTRONIC AND ONLINE CONSUMER LENDING REGULATIONS 2025



The rapid expansion of digital lending platforms in Nigeria has significantly improved access to short-term consumer credit. However, it has also generated sustained regulatory concern regarding opaque pricing, aggressive debt recovery practices, data misuse and weak underwriting models.

In response to these developments, and pursuant to its mandate under the Federal Competition and Consumer Protection Act, 2018 (the “FCCPA”), the Federal Competition and Consumer Protection Commission (the “FCCPC”) issued the Digital, Electronic, Online or Non-Traditional Consumer Lending Regulations, 2025 (the “Regulations”).

The Regulations replace the earlier interim framework introduced in 2022, and represent a consolidated regime for non-traditional consumer lending activities in Nigeria including the inclusion of clear operational obligations on lenders and their collaborators.

Regulatory Scope and Applicability

The Regulations apply broadly to:

1. Unsecured digital, electronic or non-traditional loans granted in cash, airtime, data, services or barter for a verifiable monetary value;
2. Any person or undertaking offering credit or advances with an expectation of return (with or without interest);
3. Primary and secondary lenders, service providers, technical partners, vendors and collaborators that receive revenue or benefit from consumer lending activities;
4. Undertakings operating in Regulated Industries¹ as defined under the FCCPA.

This formulation is expansive and covers not only standalone digital lending applications, but also the wider ecosystem that enables and monetises consumer lending transactions.

As a result, technical infrastructure providers, embedded lending platforms, and revenue-sharing collaborators fall within the supervisory perimeter.

Mandatory Registration and Transition of Existing Arrangements

The Regulations introduce mandatory approval regimes. New entrants must obtain approval prior to commencing operations.

¹ Defined broadly to mean sectors, such as telecommunications, regulated by sector-specific regulators, under Nigerian law.

Existing operators involved in consumer lending services are required to have obtained FCCPC approval within ninety (90) days of commencement of the Regulations, with existing agreements between Regulated Undertakings² and Lenders/Service Providers³ terminated and replaced with FCCPC-approved agreements within the ninety (90) days transition window referenced above. However, by circular dated 13 November 2025 issued by the FCCPC, all compliance obligations were extended to 5 January 2026.

This compliance obligation is an important point to note for existing players operating multiple partnership structures, white-label arrangements or embedded lending models, as this effectively triggers a repapering exercise and a review of commercial documentation.

The approval process itself involves corporate filings, ownership disclosures, financial information, standard consumer contracts and other governance materials. The FCCPC is also empowered to review and approve amendments, novations or variations to approved agreements.

Consumer Lending Services Agreements

Where a Regulated Undertaking collaborates with a Lender/Service Provider for the purpose of providing Consumer Lending Services,⁴ the parties must execute a Consumer Lending Services Agreement⁵ and jointly submit the same to the FCCPC for its approval.

Such agreements must contain, at a minimum:

1. The roles and obligations of each party (including technical and financial responsibilities);
2. The interest rate and pricing structure;
3. Provisions on risk allocation;
4. Competition and consumer protection safeguards;
5. Provisions on data protection compliance;
6. Provisions on operational resilience and business continuity mechanisms.

It is assumed that the intention is to formalise governance standards for digital lending partnerships.

² Undertakings who operate in Regulated Industries.

³ Persons (other than Central bank of Nigeria-licensed financial institutions), engaged in the business of providing digital, electronic, online, or non-traditional consumer lending services.

⁴ The provision of unsecured loans or advances to individuals through digital, electronic, online or non-traditional means, with an expectation of return.

⁵ The formal agreement between a Regulated Undertaking and a Lender/Service Provider (or collaborating parties), for the purpose of providing Consumer Lending Services.

Core Operational Obligations

The Regulations impose substantive conduct obligations on lenders and service providers. These are discussed below:

- 1. Disclosure and Transparency:** Prior to contracting, operators must disclose interest rates, repayment terms, fees and other charges in terms that are clear and unambiguous. Rates and charges must also be conspicuously displayed, and consumers must be provided with accessible contract documentation.
- 2. Fair Treatment and Complaint Handling:** Consumers must be treated equitably, and without discrimination, exploitation, or bias. In addition, contract variations must be expressly permitted within the governing agreement. Notably, complaints are required to be resolved within twenty-four (24) hours, and where impracticable, within a communicated timeline not exceeding forty-eight (48) hours.
- 3. Responsible Lending Practices:** Lenders are required to conduct due diligence and proper credit assessments, maintain complaint channels and avoid unethical marketing practices.
- 4. Reporting and Record-Keeping:** Operators must maintain detailed transaction records, complaint logs and submit bi-annual reports to the FCCPC. In addition, annual returns for the preceding year are to be submitted not later than 31 March of the following year, and records must be retained for a minimum of five (5) years.

Competition Law Implications

Beyond consumer protection, the Regulations incorporate explicit competition safeguards. Regulated Undertakings and Lenders/Service Providers must comply with the FCCPA and subsidiary instruments addressing restrictive agreements and abuse of dominance.

Of particular note, a Regulated Undertaking may not, without prior written consent of the FCCPC, enter into a Consumer Lending Services Agreement with a Service Provider or intermediary that holds a dominant position in the relevant market. This requirement introduces a competition screening mechanism into lending partnerships and may affect exclusivity arrangements and embedded finance structures involving large platforms.

This means that digital lending collaborations must be assessed not only from a regulatory licensing perspective, but also through a competition law lens.

Data Protection and Consumer Access Rights

In addition to compliance with existing data protection legislations, including the Nigeria Data Protection Act 2023, the Regulations impose specific data-related obligations.

Consumers are entitled to request and receive their service utilisation history within twenty-four (24) hours. Operators must provide clear opt-out mechanisms for consent withdrawal and implement adequate data protection safeguards.

Given the history of data harvesting and recovery practices within the digital lending sector, this aspect of the Regulations is likely to attract enforcement attention.

Interaction with Central Bank of Nigeria-Regulated Entities

The definition of “Lender/Service Provider” excludes banks and financial institutions licensed under the Banks and Other Financial Institutions Act, 2020. However, this in itself does not eliminate potential regulatory interface issues.

Where banks collaborate with non-bank service providers in digital lending arrangements, the provisions relating to Regulated Undertakings and the requirement to execute and submit Consumer Lending Services Agreements may still be relevant.

Accordingly, hybrid bank-fintech lending models will require careful structuring to ensure regulatory alignment between sector-specific regulators and the FCCPC framework.

Enforcement and Penalties

The Regulations provide for administrative penalties of up to ₦50,000,000.00 (Fifty Million Naira) for individuals, and up to ₦100,000,000.00 (One Hundred Million Naira) or 1% of turnover (**whichever is greater**), for corporate entities. This is in addition to the potential suspension of approvals, and personal consequences for directors or officers in cases of managerial culpability.

Given the structured approval regime and reporting obligations, there is a huge risk arising from non-compliance or breach of the Regulations.

Conclusion

By expanding oversight beyond standalone lenders to encompass collaborators, embedding competition safeguards, and formalising governance and reporting standards, the FCCPC has signalled a clear expectation of professionalised market conduct.

For the market, the immediate implication is structural. Existing partnership arrangements must be reviewed and, in many cases, amended to comply with the approval and documentation requirements. Operational processes, particularly around complaint handling, credit assessment, disclosure, and data governance, may require a level of improvement or recalibration to meet the prescribed timelines and transparency thresholds.

For groups operating multiple applications or embedded lending models, the compliance exercise may be both legal and technological.

In the medium term, however, the Regulations may contribute to market stabilisation. Heightened entry thresholds, formal approval processes, and enforceable competition safeguards are likely to deter informal operators and reward better-governed platforms.

For institutional investors, regulated financial institutions and fintech operators, the clearer regulatory architecture may ultimately reduce reputational risk and provide greater certainty in structuring consumer credit products within Nigeria's evolving digital finance ecosystem.

Moroom Africa is a full-service commercial law firm advising international clients, investors, and institutions on cross-border transactions, and regulatory strategy across Africa. The content of this article is intended to provide a general guide. For further engagement or enquiries, please reach out to temitope.sowunmi@moroomafrica.com.

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