

FINANCE REGULATORY AND MARKET UPDATES

MAY 2026

This update examines recent regulatory and market developments in Nigeria's financial services sector and highlights their key implications for market participants.

REGULATORY UPDATES

CENTRAL BANK OF NIGERIA (CBN)

Circular on Revised Implementation Timeline and Enforcement of POS Geo-Fencing

By a circular dated 29 May 2026, the CBN revised the implementation timeline and certain operational requirements relating to Point of Sale (POS) terminal geo-fencing.

The circular follows stakeholder engagements regarding the operationalisation of the geo-fencing framework introduced under the CBN's earlier circular on migration to ISO 20022 standards and mandatory geo-tagging of payment terminals. Key provisions of the circular include:

- a. Increase in Geo-Fence Radius:** The permitted geo-fence radius for POS terminals has been increased from ten (10) metres to seventy (70) metres.
- b. Extension of Enforcement Timeline:** The commencement of enforcement of POS terminal geo-fencing requirements has been extended to 1 August 2026.

Affected institutions are required to submit evidence of compliance to the Director, Payments System Supervision Department via a designated email **not later than 31 July 2026** and to resolve all operational issues with the National Central Switch within the stipulated timeline.

SECURITIES AND EXCHANGE COMMISSION (SEC)

Circular on Mandatory Registration of Collateral Management Companies, Warehouse Operators and Warehouses

On 11 May 2026, the SEC issued a circular on the Mandatory Registration of Collateral Management Companies, Warehouse Operators and Warehouses pursuant to its expanded regulatory mandate under the Investments and Securities Act, 2025, which for the first time, expressly requires the registration of warehouse operators and collateral management companies.

The circular clarifies the registration requirements applicable to entities operating within Nigeria's commodities trading ecosystem and took effect from the date of its publication. Key provisions of the circular include:

- a. Scope of Application:** The circular applies to all existing and prospective collateral management companies, warehouse operators and warehouses linked to commodity exchanges or involved in the issuance of electronic warehouse receipts for trading on a commodity exchange.
- b. Mandatory Registration Requirement:** Entities currently operating under informal or transitional arrangements are required to apply for registration under existing SEC rules. Existing operations do not constitute automatic registration or exemption from this statutory registration requirement.
- c. Registration Deadline:** All existing entities operating within the scope of the Circular are required to submit complete registration applications within ninety (90) days from the date of the publication of the circular, being not later than 11 August 2026.

Affected entities are to engage with the SEC for further details.

FEDERAL COMPETITION AND CONSUMER PROTECTION COMMISSION (FCCPC)

FCCPC Suspends Implementation of the Digital, Electronic, Online or Non-Traditional Consumer Lending Regulations 2025

On 22 May 2026, the FCCPC announced the suspension of the implementation and enforcement of the Digital, Electronic, Online or Non-Traditional Consumer Lending Regulations 2025 (**the "DEON Regulations"**).

The DEON Regulations came into effect in July 2025, replaced the FCCPC's earlier Digital Lending Guidelines, and established a binding regulatory framework for digital and non-traditional consumer lending. The DEON Regulations also extended FCCPC oversight to lending partnerships and embedded credit models, giving the FCCPC broad powers to monitor, investigate, sanction, suspend, or revoke approvals for non-compliant operators.

The announcement follows an ex-parte order on 15 April 2026 restraining and suspending the implementation of the DEON Regulations further to the suit instituted by the Wireless Application Service Providers Association of Nigeria Limited challenging the validity of the DEON Regulations.

MARKET UPDATES

CBN Publishes the Decisions of the 305th Monetary Policy Committee Meeting

On 20 May 2026, the CBN released the Monetary Policy Communiqué following the 305th meeting of the Monetary Policy Committee (**the "MPC"**), held on 19 and 20 May 2026.

The MPC assessed global and domestic economic developments, noting inflation dynamics, exchange rate stability, external reserve accretion, and evolving geopolitical conditions. The Committee also highlighted continued macroeconomic resilience supported by ongoing policy reforms.

The key decisions of the MPC were as follows:

1. Monetary Policy Rate (MPR): retained at 26.5%;
2. Standing Facilities Corridor: retained at +50/-450 basis points around the MPR; and
3. Cash Reserve Ratio (CRR): retained at 45.0% for Deposit Money Banks, 16.0% for Merchant Banks, and 75% for non-Treasury Single Account public sector deposits.

The MPC attributed recent inflation pressures to both external and domestic drivers: geopolitical tensions in the Middle East raised energy, transport, and logistics costs, while back-to-back inflation increases in March and April 2026 underscored continued domestic price pressures. The MPC nonetheless noted continued economic resilience supported by exchange rate stability, strong external reserves, improved investor sentiment following a sovereign rating upgrade, and the successful banking recapitalisation exercise, which produced thirty-three stronger banks. The hold on the MPR at 26.5% signals continued tightening bias, borrowing costs and fixed-income yields are unlikely to ease materially in the near term.

CBN Unveils Fourth Edition of Foreign Exchange Manual

On 15 May 2026, the CBN launched the fourth edition of the Foreign Exchange Manual (FX Manual), effective 1 June 2026. The revised FX Manual forms part of the CBN's ongoing foreign exchange market reforms aimed at improving transparency, liquidity, operational efficiency, and market confidence.

Principal changes under the revised FX Manual include:

1. Harmonisation of the travel allowance disbursement structure for Authorised Dealer Banks with the revised Bureau De Change Guidelines, reintroducing a 25% cash disbursement option (75% electronic) that had been prohibited under a 2024 all-electronic directive.
2. Increase of the allowable advance payment for imports from 15% to 30%.
3. Free processing of Form NXP (Nigeria Export Proceeds Form);
4. Introduction of provisions relating to service exports, Pan-African Payment and Settlement System transactions, technology company remittances, and non-resident investment accounts.
5. Removal of the mandatory Form A requirement for remittances through ordinary domiciliary accounts.

These reforms are intended to reduce transaction bottlenecks, improve market efficiency, strengthen compliance, and support ease of doing business, while enhancing transparency and confidence in Nigeria's foreign exchange market.

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