

# Key Highlights Of The Digital, Electronic, Online Or Non-Traditional Consumer Lending Regulations 2025

OALP Technology, Innovation and Fintech Newsletter

## INTRODUCTION

In a bid to enhance accountability and strengthen consumer protection within the digital lending ecosystem, the Federal Competition and Consumer Protection Commission (the **FCCPC** or **Commission**) has issued the Digital, Electronic, Online, or Non-Traditional Consumer Lending Regulations, 2025 (the **Lending Regulations**), which came into effect on 21 July 2025. This follows the Commission's prior measures to address unethical and predatory practices within the digital lending ecosystem, particularly through the issuance of the Limited Interim Regulatory/Registration Framework and Guidelines for Digital Lending 2022 (the **Interim Guidelines**).

The Lending Regulations establish a definitive legal framework for the provision of Consumer Lending Services<sup>1</sup> in Nigeria including in relation to the registration, compliance obligations, consumer protection and competition safeguards to be adopted, and the applicable penalties for contravention of any provisions thereof.

In this Newsletter, we provide an overview of the notable changes introduced by the Lending Regulations and assess their likely impact on the digital lending industry in Nigeria.

## KEY PROVISIONS OF THE LENDING REGULATIONS

### Implied Repeal of The Interim Guidelines

It seems that the FCCPC has impliedly revoked the Interim Guidelines through the issuance of the Lending Regulations, which contain several provisions that directly contradict and are largely inconsistent with the Interim Guidelines.<sup>2</sup>

### Broad Scope of Application

The Lending Regulations apply to the provision of Consumer Lending Services through a digital, electronic, online, or other non-traditional means,<sup>3</sup> with an expectation of repayment or return, whether that return is monetary or otherwise. This includes provision of unsecured loans, whether the value is given in cash, airtime, data, cashback, services, barter in exchange for monetary value.<sup>4</sup> Beyond the actual Lenders,<sup>5</sup> the Lending Regulations also apply to any vendors, service providers, partners, or collaborators who are involved in the lending process and derive any benefit or share in the revenue generated from it.<sup>6</sup> Consequently, telecommunications companies, mobile money operators, agricultural technology platforms, real estate platforms, issuers of non-cash credit arrangements, and barter-based lending schemes targeted at Consumers<sup>7</sup> are now subject to the Lending Regulations.

1. Consumer Lending Service includes the lending to a consumer of cash and shall include cashback service, barter in exchange for specific or verifiable monetary value regardless of how value or interest component is calculated or derived provided that such transaction occurs by digital, electronic, online or non-traditional means.
2. In *Akintokun v LPDC* [2014] 13 NWLR (Pt. 1423) 1 at p.85, paras. F-G, the Supreme Court held that "where a later enactment does not expressly amend (whether textually or indirectly) an earlier enactment, but the provisions of the later enactment are inconsistent with those of the earlier, the later, by implication, amends the earlier so far as is necessary to remove the inconsistency between them..."
3. Regulation 30 of the Lending Regulations define consumer lending service as the lending to a consumer of cash and shall include cashback service, barter in exchange for specific or verifiable monetary value regardless of how value or interest component is calculated or derived.
4. Regulation 3(a) of the Lending Regulations.
5. Lender/Service Provider means any undertaking licenced by a Sector Regulator or such other regulatory body to provide the Consumer Lending services contemplated in the Lending Regulations and where applicable the Regulated Undertaking may serve as the Lender/Service Provider but shall not include a bank or financial institution licensed pursuant to the Banks and Other Financial Institution Act, 2020.
6. Regulation 3(b) of the Lending Regulations.
7. Consumer includes any person: (a) who purchases or offers to purchase goods otherwise than for the purpose of resale but does not include a person who purchases any goods for the purpose of using them in the production or manufacture of any other goods or articles for sale; or (b) to whom a service is rendered.

This expanded scope effectively closes significant regulatory loopholes that previously allowed third-party vendors, such as marketing firms, debt collectors, and technology providers to operate outside the regulatory framework despite deriving value from lending transactions. By bringing these entities under the purview of the Lending Regulations, the FCCPC ensures that all participants in the digital consumer lending value chain are subject to oversight and accountability.

Furthermore, considering the inherently cross-jurisdictional nature for digital lending vis-à-vis the fragmented legal framework, the Lending Regulations also extend to (i) persons operating solely within a state in Nigeria;<sup>8</sup> and (ii) persons whose prospective or actual business or operations span multiple states, or whose operations are hosted on technology intended to extend beyond the boundaries of any one state within Nigeria.<sup>9</sup>

### Impact on CBN-Regulated Entities

Banks and financial institutions licensed under the Banks and Other Financial Institutions Act, 2020 are exempted from the registration requirements and the scope of the Lending Regulations.<sup>10</sup> However, if any Lender is looking to provide Consumer Lending Services by piggybacking on the licences of finance companies and microfinance banks through a joint venture or partnership arrangement, they must obtain an approval from the FCCPC and enter into a Consumer Lending Services Agreement<sup>11</sup> which is to be submitted to the FCCPC.<sup>12</sup>



### Approval to Provide Consumer Lending Services

The Lending Regulations establish a mandatory approval regime for all entities providing Consumer Lending Services. Every Lender/Service Provider seeking to provide or contribute towards the provision of Consumer Lending Services is required to apply for, pay for<sup>13</sup> and obtain the prior approval of the FCCPC.<sup>14</sup>

Existing operators are also required to regularise their status through an application for the approval of the Commission within 90 (ninety) days from the commencement of the Lending Regulations, that is by 19 October 2025, in order to continue providing their service.<sup>15</sup> In addition, they are required to enter into new Consumer Lending Services Agreements which align with the Lending Regulations within the 90-day window.<sup>16</sup>

The Lending Regulations provide a timeline of 30 (thirty) days for the Commission to review applications, with the possibility of an extension,<sup>17</sup> where necessary. Once granted, FCCPC approvals are valid for a three-year period following the date of issuance and applications for renewal of expired approvals must be done by 31st March upon expiration.<sup>18</sup> Any approval that is not renewed after the expiration date is deemed expired, automatically removing non-compliant entities from the market.<sup>19</sup>

### Scrutiny on Partnerships

The Lending Regulations introduces strict oversight of partnerships and agreements within the Consumer Lending Services ecosystem. Any entity partnering with another for the purpose of providing Consumer Lending Services must submit a Consumer Lending Services Agreement as part of the application to the Commission for approval.<sup>20</sup> This requirement allows the FCCPC to scrutinise the entire lending value chain and ensures that all participants are fully compliant with regulatory standards. Further, to the extent that the Consumer Lending Service or any ancillary service is already regulated by another regulator, the relevant permit, licence or approval must be obtained before the Consumer Lending Services Agreement can be entered into.<sup>21</sup>

8. Regulation 4(b) of the Lending Regulations.

9. Regulation 4(b) & (c) of the Lending Regulations.

10. Section 65 of the Banks and Other Financial Institutions Act, 2020.

11. Consumer Lending Services Agreement means the agreement entered between and among Lender/Service Provider and/or other intermediaries for the purpose of providing Consumer Lending Services to consumers.

12. Regulation 11 of the Lending Regulations.

13. A non-refundable application fee of ₦100,000, a registration/approval fee of ₦1,000,000, which covers up to two software applications, and an additional fee of ₦500,000 for each extra application beyond the initial two, apply. These fees also apply to Mobile Money Operators that provide consumer lending services, such as airtime or data advances.

14. Regulation 12(1) of the Lending Regulations. Any person or entity desirous of providing consumer lending services is required to submit a formal application accompanied by the prescribed forms, a copy of the consumer lending services agreement, and the applicant's operating licence issued by the relevant sector regulator. Applicants must also provide their certificate of incorporation, constitutional documents, and detailed profiles of their board members, along with a list of shareholders and ultimate beneficial owners. In addition, the application must include the standard terms and conditions governing the lending services, as well as evidence of the applicant's financial capacity to support the lending operations which may be demonstrated through its audited financial statements or lending arrangements with third-party financiers. Proof of payment of the applicable registration fees must also be provided, and any additional supporting documents as may be requested by the Commission.

15. Regulation 7 of the Lending Regulations.

16. Regulation 29 of the Lending Regulations.

17. Regulation 14(4) of the Lending Regulations.

18. Regulation 16(3) of the Lending Regulations.

19. Regulation 16(4) of the Lending Regulations.

20. Regulation 10 of the Lending Regulations.

21. Regulation 8 of the Lending Regulations.

Notably, the FCCPC is empowered to treat an application by distinct parties to a proposed consumer lending arrangement as part of a single and joint application,<sup>22</sup> such that if any party fails to meet the FCCPC's requirements, the Commission may deny the application, without severing or separating the non-compliant partner. We anticipate, however, that the FCCPC will, in applicable circumstances, exercise its discretion to permit Lenders/Service Providers replace non-compliant partners, rather than reject the entire application.

Crucially, once the Commission's approval is obtained, any future modifications, amendments, or novation of a Consumer Lending Services Agreement must be submitted to the Commission for its approval.<sup>23</sup> Also, a Lender/Service Provider cannot simply change partners or alter contractual terms without the Commission's approval.

While the Commission's scrutiny on partnerships in the lending ecosystem enhances accountability and improves consumer protection, it also introduces a risk of operational delays and reduced flexibility in business operations, which may stifle innovation.

### Disclosure and Reporting Obligations

To promote transparency and enhance consumer protection, the Lending Regulations impose mandatory disclosure and reporting obligations on all Lenders/Service Providers including:

- i. displaying clear, accurate and up-to-date information on lending rates, fees, costs and associated charges.<sup>24</sup>
- ii. disclosure of terms of lending service in simple English Language.<sup>25</sup>
- iii. notifying consumers of the terms and conditions for consumer lending service.
- iv. submitting reports to the FCCPC every 6 (six) months.<sup>26</sup>
- v. filing annual returns by 31st March each year (or as otherwise directed by the Commission).<sup>27</sup>
- vi. maintaining accurate records of all lending transactions, customer interactions, and complaints for a minimum of 5 (five) years .

### Data Sharing With Credit Bureau

If required by the Commission or a Sector Regulator,<sup>28</sup> a Lender/Service Provider shall be required to share relevant service data with recognised credit bureaus, thereby contributing to a more responsible and transparent credit ecosystem.<sup>29</sup> By enabling possible sharing of such data, the Lending Regulations seek to build a more comprehensive credit history for Nigerians. This data can be impactful for borrowers, especially those in the informal sector that need to build a positive credit profile.



### Impact on Telecommunication Companies

The Lending Regulations also impose key competition safeguards on Regulated Undertakings<sup>30</sup> involved in airtime and data lending, that is, telecommunication companies.<sup>31</sup> By 19 September 2025, being 60 (sixty) days from the commencement of Lending Regulations, such entities must engage at least 2 (two) intermediaries or service providers for service activation, one of which must be wholly Nigerian owned.

### Stricter Sanctions For Non-Compliance

Non-compliance with the Lending Regulations carries severe consequences designed to strongly deter violations and ensure robust compliance across the digital lending sector. For a natural person, the fine can be as high as ₦50,000,000,<sup>32</sup> and for a body corporate, the penalty is a fine of up to ₦100,000,000 or 1% of its annual turnover, whichever is greater.<sup>33</sup> Notably, the Lending Regulations introduce the personal liability for directors who may be fined or disqualified from holding a directorship for up to 5 (five) years if their companies are found to be in breach.<sup>34</sup>

22. Regulation 12(2) of the Lending Regulations.

23. Regulation 12(4) of the Lending Regulations. The Commission may deny, prohibit or terminate any agreement where amendments have been made without prior approval.

24. Regulation 17(b) of the Lending Regulations.

25. Regulation 17(a) of the Lending Regulations.

26. Regulation 25(1)(a) of the Lending Regulations. These reports are expected to include key data such as the number of consumer lending transactions, total loan values, interest and fees charged, and a summary of consumer complaints along with how they were resolved.

27. Regulation 25(2) of the Lending Regulations. These annual returns contain audited financial statements, a full breakdown of lending activities, transaction volumes and values, as well as a comprehensive report on consumer complaints and their resolutions.

28. Sector Regulators means ministries, departments or agencies of a State or Federation vested with regulatory jurisdiction over identified sectors, industries or markets.

29. Regulation 25(c) of the Lending Regulations.

30. Regulated Undertakings means undertaking under the regulatory jurisdiction of a Sector Regulator.

31. Regulation 24 of the Lending Regulations.

32. Regulation 27(2)(a) of the Lending Regulations.

33. Regulation 27(2)(b) of the Lending Regulations.

34. Regulation 27(2)(c) of the Lending Regulations.

## CONCLUSION

The Lending Regulations represent a significant shift in Nigeria's digital consumer lending ecosystem, introducing a new era of accountability, transparency and consumer protection. While the heightened compliance and diligence obligations may pose operational hurdles for Lenders/Service Providers, this proactive regulatory approach is a necessary step to curb the predatory and unethical practices that characterise consumer lending services in Nigeria.

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