



Technology Innovation & Fintech

2025
WRAP-UP

2026
OUTLOOK

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Foreword

2025 was a defining year for Nigeria's technology and fintech ecosystem. It was a year that demanded resilience, deliberate and more measured regulatory approaches, and tested the long-term viability of several business models. In this edition of our Report, we offer a panoramic view of the events, trends, and developments that shaped Nigeria's technology and fintech ecosystem in 2025, while considering what these reveal about the trajectory of the ecosystem in 2026.

Building on our Fintech 2024 Highlights and 2025 Outlook, we revisit the forecast we set for 2025 and assess how it aligned with the realities of the year. In doing so, our Report offers not just a record of events but a considered perspective on how Nigeria's fintech landscape is maturing amid global uncertainty and constrained capital flows.

Deal activity in 2025 revealed a more tempered, but increasingly strategic ecosystem. While Nigeria's fundraising levels trailed those of some African peers, our detailed deals round-up indicates that founders and investors were increasingly focused on consolidation, sustainability, and cross-border expansion as 2025 saw some notable acquisitions, including Lemfi's acquisition of Pillar, a UK-based credit-card company, which expanded its global credit and card offering.

Regulation remained a central theme in 2025 as regulators deepened oversight on payments, insurtech, data protection, and digital lending. These developments underscored an ongoing effort by key regulators to balance innovation with system stability and consumer protection in line with global best practices. We expect that these efforts will continue to shape market behaviour in 2026 and the years ahead. Further details on the regulatory developments for the year can be found in Part C of this Report.

Our Report also explores the trends that defined the technology landscape in 2025, including the remarkable surge in interest in AI solutions and the increasing experimentation with LLMs in Nigeria. Additionally, we observed the continuing digitisation of marketplaces, the growth of contactless payments, and advances in cross-border payments.

Our Report also confronts the more sobering realities of 2025, a year in which there was a handful of high-profile startup closures, highlighting the lingering effects of the funding winter that began in 2022. While closures continued, they occurred with slightly less frequency, pointing to early signs of ecosystem stabilisation. Part F explores this phenomenon in detail, analysing the pace of closures, underlying causes, and what these developments signal for Nigeria's and Africa's broader startup landscape.

As is our usual practice, this Report also captures our outlook for 2026, drawing from the domestic trajectories and global innovation trends. Having seen many of our 2025 projections materialise, we are confident that the insights and forward-looking analysis in this Report will be valuable to founders, investors, regulators, and ecosystem participants alike.

We trust that this edition will offer you both perspective and value as Nigeria's fintech ecosystem continues to evolve. We welcome your feedback, comments, and observations, and invite you to connect with us at TIF@olaniwunajayi.net.



Damilola Salawu
Partner, Olaniwun Ajayi LP



Glossary

Abbreviations	Meaning
3MTT	Three Million Technical Talent
ADB	Authorised Dealer Banks
AfCFTA	African Continental Free Trade Area
AI	Artificial Intelligence
AML/CFT/CPF	Anti-Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing
APP	Authorised Push Payment
AR	Augmented Reality
ARIP/RI	Accelerated Regulatory Incubation Program/ Regulatory Incubation
ATM	Automated Teller Machine
BNPL	Buy Now, Pay Later
BoG	Bank of Ghana
BOPIS	Buy Online, Pick Up In Store
BVN	Bank Verification Number
CAGR	Compound Annual Growth Rate
CBE	Central Bank of Egypt
CBN	Central Bank of Nigeria
CIT	Corporate Income Tax
CNG	Compressed Natural Gas
EFCC	Economic and Financial Crimes Commission
DAOP	Digital Asset Offering Platform
DAX	Digital Asset Exchange
DEON Regulation	Digital, Electronic, Online, or Non-Traditional Consumer Lending Regulations, 2025
DPIA	Data Privacy Impact Assessment
DPO	Data Protection Officer
Draft ATM Guidelines	Exposure Draft Guidelines on the Operations of ATMs in Nigeria
E2P	Entity-to-Person
EFCC	Economic and Financial Crimes Commission
ETML	Electronic Money Transfer Levy
FAAC	Federation Account Allocation Committee
FATF	Financial Action Task Force
FCCPA	Federal Competition and Consumer Protection Act, 2018
FCCPC	Federal Competition and Consumer Protection Commission
FMCIDE	Federal Ministry of Communications, Innovation & Digital Economy
GAID	Nigeria Data Protection Act - General Application and Implementation Directive, 2025
H1	1st Half
H2	2nd Half
H2	2nd Half
IMTO	International Money Transfer Operator
IPO	Initial Public Offering
ISA	Investments and Securities Act, 2025
IT	Information Technology
KYC	Know Your Customer
LASG	Lagos State Government
LLMs	Large Language Models
M&A	Mergers and Acquisitions
MfB	Microfinance Bank
ML	Machine Learning
MMO	Mobile Money Operator
₦	Naira
NAFEM	Nigerian Autonomous Foreign Exchange Market
NAICOM	National Insurance Commission
NAIRS	Nigeria Artificial Intelligence Research Scheme
NAIS	National Artificial Intelligence Strategy
NCAIR	National Centre for Artificial Intelligence
NCDF	Nigerian Capital Development Fund
NCS	National Central Switch
NDD	NIBSS Direct Debit
NDPA	Nigeria Data Protection Act, 2023
NDPC	Nigeria Data Protection Commission



NFIU	Nigerian Financial Intelligence Unit
NDPR	Nigeria Data Protection Regulation, 2019
NDPRIF	Nigeria Data Protection Regulation Implementation Framework, 2020
NIBSS	Nigeria Inter-bank Settlement System
NIIRA	Nigeria Industry Insurance Reform Act
NIP	NIBSS Instant Payment
NPS	National Payment Switch
NQR	Nigeria Quick Response
NRS	Nigeria Revenue Service
NSIA	Nigeria Sovereign Investment Authority
NTA	Nigeria Tax Act, 2025
NTAA	Nigeria Tax Administration Act, 2025
N-ATLAS	Nigerian Atlas for Languages & AI at Scale
ONSA	Office of the National Security Adviser
PAPSS	Pan-African Payment & Settlement System
PoS	Point-of-Sale
PSSP	Payment Solution Service Provider
PTSA	Payment Terminal Service Aggregator
P2P	Person-to-Person
Q1	1st Quarter
Q2	2nd Quarter
Q3	3rd Quarter
Q4	4th Quarter
QR	Quick Response
Report	Technology, Innovation, and Fintech Annual Report 2026
RNPL	Rent Now, Pay Later
\$	United States Dollars
SEC	Securities and Exchange Commission
SDK	Software Development Kit
SME	Small and Medium-Sized Enterprise
UPSL	Unified Payment Services Limited
VASP	Virtual Asset Service Provider
VC	Venture Capital
VR	Virtual Reality



PART
A

THE SCORECARD: LAST YEAR'S PREDICTIONS REVISITED

In our Fintech 2024 Highlights and 2025 Outlook, we projected several developments expected to shape Nigeria's technology ecosystem in 2025. One year later, we revisit some of those forecasts to evaluate their accuracy against the realities of 2025.

Our Prediction
Increase in digital and electronic payments as Nigerians increasingly rely on mobile apps and other fintech solutions

- Several Nigerian fintech apps surpassed the **10-million-download** milestone.¹
- In July, total **electronic** transaction value surged from ₦280 trillion (as of August 2024) to ₦384 trillion.²
- In July, the total number of transactions surged from 3.9 billion transactions (as of August 2024) to **4.12 billion** transactions.³



Our Prediction
Evolution of PSSPs to provide more comprehensive financial services

- In February, Nomba obtained an MfB licence to facilitate deposit taking & loan issuance.⁴
- Paga launched a business management platform.⁵
- Paystack introduced Zap, an app that allows instant transfers to any Nigerian bank account.⁶
- In October, Flutterwave partnered with Polygon to enable stablecoin usage for cross-border payments.⁷



Our Prediction
Continued Regulatory Development & Increased Enforcement by Regulators

- Several regulations and circulars were issued by the CBN, FCCPC, and NAICOM. There was also significant enforcement activity by regulators. More details can be found in part C of this Report.



Our Prediction
More solutions targeted at facilitating cross border payments

- In April, Moniepoint launched Monieworld, a remittance service that allows UK residents to send funds directly to Nigerian bank accounts.⁸
- Kuda relaunched its multi-currency wallet for remittances from users abroad to Nigerian accounts.⁹
- In October, Flutterwave introduced stablecoin-based merchant settlement.¹⁰



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 2. Samson Akintaro, 'E-payments in Nigeria hit N384 trillion in July – CBN' (Nairametrics, 8 October 2025) <<https://nairametrics.com/2025/10/08/e-payments-in-nigeria-hit-n384-trillion-in-july-cbn/>> accessed 24 November 2025.
 3. Ibid.
 4. Nombahq, 'Nomba is now a bank' (Instagram, 7 February 2025) <<https://www.instagram.com/p/DFxf8PwoX4e/>> accessed 24 November 2025.
 5. Justice Okamgba, 'Paga debuts retail platform to support businesses' (Punch, 20 June 2025) <<https://punchng.com/paga-debuts-retail-platform-to-support-businesses/>> accessed 24 November 2025.
 6. Muktar Oladunmade, 'Paystack welcomes consumers to its ecosystem with Zap, a transfer app' (TechCabal, 25 March 2025) <<https://techcabal.com/2025/03/25/zap-by-paystack/>> accessed 24 November 2025.
 7. Bolu Abiodun, 'Flutterwave to begin stablecoin payments on Polygon blockchain' (Techpoint, 30 October 2025) <<https://techpoint.africa/news/flutterwave-polygon-stablecoin-payments/>> accessed 24 November 2025.
 8. Boluwatife Omatayo, 'Moniepoint taps remittance market with MonieWorld' (Businessday, 16 April 2025) <<https://businessday.ng/technology/article/moniepoint-taps-remittance-market-with-monieworld/>> accessed 24 November 2025.
 9. Seyi John Salau, 'Kuda tap multicurrency wallet to bridge diaspora remittances' (Businessday, 20 July 2025) <<https://businessday.ng/life/article/kuda-tap-multicurrency-wallet-to-bridge-diaspora-remittances/>> accessed 24 November 2025.
 10. Bolu Abiodun, 'Flutterwave to begin stablecoin payments on Polygon blockchain' (Techpoint, 30 October 2025) <<https://techpoint.africa/news/flutterwave-polygon-stablecoin-payments/>> accessed 24 November 2025.



Our Prediction

Increased regulatory activity by the SEC and the issuance of new legislation to introduce major taxation changes to digital assets companies targeting Nigeria

Within the year, there has been news of the SEC delaying the issuance of provisional licenses as a result of additional due diligence.¹¹ Nevertheless, the issuance of the ISA and the NTA recognised virtual assets as securities and imposed clearer rules on taxation of virtual assets.



Our Prediction

Early regulation of AI by the NITDA in line with the policies developed by the regulator.

Within the year, NITDA took the lead on AI by issuing the NAIS, which provides a roadmap towards Nigeria’s adoption and leveraging of AI, and the AI Transformation Roadmap, which highlights the regulator’s integration of AI into its operations. Nevertheless, towards the end of the year, a different regulatory approach emerged with the introduction of the National Artificial Intelligence Commission (Establishment) Bill, 2025 by the House of Senate.



Our Prediction

Larger adoption of RNPL with the operationalisation of open banking

While the CBN, in April, approved the launch of open banking, there has not yet been any recorded significant increase in the adoption of RNPL products.¹² This may be attributed to the fact that, notwithstanding the regulatory approval, the Open Banking Registry has yet to be established.



Overall, the majority of our 2024 projections were validated in 2025. While opportunities for further growth remain, the Nigerian fintech ecosystem in 2025 was characterised by greater diversification, rising consumer digital adoption, and heightened regulatory involvement in the sector.

11. Emmanuel Nwosu, 'Nigeria's SEC cites due diligence delays in crypto licence freeze' (Techcabal, 14 April 2025) <<https://techcabal.com/2025/04/14/due-diligence-cause-delays-in-crypto-licence-freeze/>> accessed 25 November 2025.
 12. Muktar Oladunmade, 'Nigeria's open banking to launch in August after four-year wait' (Techcabal, 29 April 2025) <<https://techcabal.com/2025/04/29/cbn-launches-open-banking/>> accessed 25 November 2025.



DEALS TRENDS



HIGHLIGHTS OF EQUITY AND DEBT FUNDING IN 2025

The funding landscape for Nigerian fintechs in 2025 was shaped by a complex mix of macroeconomic pressures, investor caution, and a maturing ecosystem. Several key factors such as the adoption of hybrid financing models, fluctuating foreign exchanges, and changing investor behaviour contributed to the changes in both the volume and structure of funding.

In H1 2025, technology companies in Africa raised \$1.42 billion across 243 deals representing a 78.3% increase from last year. Of the \$1.42 billion funding, the fintech sector received \$638.8 million, representing nearly 45% of all the funding in H1.¹³ Equity funding reached \$947 million, up 79% year-on-year, while debt financing grew by 75% to \$448 million. Grants also rose to \$26 million, doubling the \$13 million raised in H1 2024. In H2 2025, technology companies raised \$1.78 billion across 257 deals, bringing the full-year total for the continent to \$3.2 billion, a 40% increase compared to 2024.¹⁴

In Nigeria specifically, startups raised approximately \$438 million in disclosed deals in 2025, making Nigeria rank fourth among Africa's "Big Four", behind South Africa (\$600 million), Egypt (\$614 million), and Kenya (\$984 million).¹⁵ While the total value of startup funding declined by 16.3% from the \$410 million raised in 2024, Nigeria still led with eighty-six (86) deals closed, in the category of the highest number of technology companies that raised \$100,000 or more in 2025, which indicates that the funding issue is one of scale (fewer mega-rounds), not activity.¹⁶

Some of the most notable deals closed in the year 2025 are as follows:

In a landmark non-equity financing raise, Payaza obtained the approval of the SEC to raise N20 billion under its N50 billion commercial paper programme.¹⁷

\$20b

Moniepoint raised a \$100 million strategic investment from African Development Partners III fund and other investors to complete its \$200 million Series C funding.¹⁸

\$90m

Lemfi secured the largest round of Q1 2025 with a **\$53 million** Series B led by London-based Highland Europe.¹⁹

\$53m

Kredete raised \$22 million in its Series A funding round to power credit access and stablecoin transfers across 40+ African countries.²⁰ The investment was led by AfricInvest and Partech, with participation from Polymorphic Capital.²¹

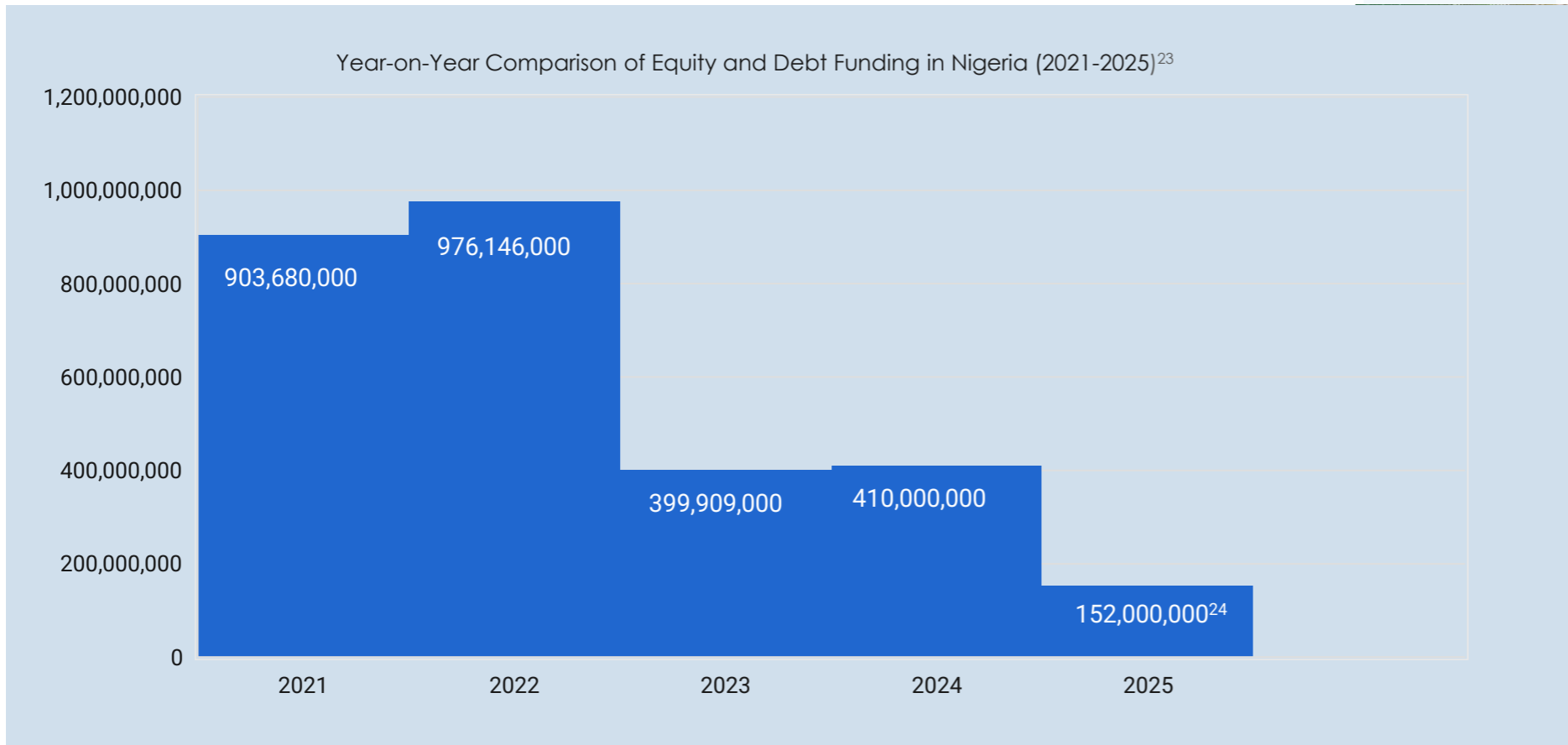
\$22m

Raenest raised \$11 million in Series A funding, led by QED Investors, to expand its reach across Africa.²²

\$11m

13. TechCabal Insights, 'The State of Tech in Africa H1 2025: \$1.42 billion Raised Amid Record M&A Activity' (TechCabal, 4 August 2025) <<https://techcabal.com/2025/08/04/the-state-of-tech-in-africa-h1-2025/>> accessed 8 October 2025.
 14. Paula Gilbert, 'African startups raised \$3.2B in 2025, 40% more than in 2024' (Connecting Africa, 7 January 2026) <<https://www.connectingafrica.com/investment/african-startups-raised-3-2b-in-2025-40-more-than-in-2024>> accessed 13 January 2026.
 15. TechCabal, 'Nigeria's startup ecosystem raised \$438 million across 80 deals in 2025' (TechCabal, 23 January 2026) <https://www.linkedin.com/posts/tc-insights_techcabalinsights-tcinsights-stateoftechinAfrica2025review-activity-7420194228263268352-kXef?utm_medium=ios_app&rcm=ACoAAzywSABut0r0lkXEX63DhM3m_MwQVlpug&utm_source=social_share_send&utm_campaign=whatsapp> accessed 26 January 2026.
 16. Ejike Kanife, 'Nigerian startups raised \$343 million in 2025 as venture funding declined by 16.3%' (Technext, 14 January 2026) <[http://technext24.com/2026/01/14/nigerian-startups-raise-343-million-2025/#:~:text=Nigerian%20startups%20raised%20\\$343%20million,funding%20declined%20by%2016.3%25%20-%20Technext](http://technext24.com/2026/01/14/nigerian-startups-raise-343-million-2025/#:~:text=Nigerian%20startups%20raised%20$343%20million,funding%20declined%20by%2016.3%25%20-%20Technext)> accessed 15 January 2026.
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 19. Nairametric Research Team, 'Nigeria's Startups Raised Over \$100 million in Q1 2025 - Here Are the Top 10 Deals' (Nairametric, 31 May 2025) <<https://www.nairametric.com/news/nigeria-startups-raised-over-100-million-in-q1-2025>> accessed 14 October 2025.
 20. Instagram <<https://www.instagram.com/p/DOoBuPCDDQo/>> accessed 14 October 2025.
 21. Ibid.
 22. Taje Kene-Okafor, 'QED leads \$11M investment in Nigerian fintech Raenest' (TechCrunch, 11 February 2025) <<https://techcrunch.com/2025/02/11/qed-leads-11m-investment-in-nigerian-fintech-raenest/>> accessed 14 October 2025.

Looking ahead to 2026, there is cautious optimism for a moderate rebound in fintech funding. While it is unlikely that funding levels will return to the 2021 – 2022 peak in the near term, we anticipate a gradual increase as global markets stabilise, and investor confidence rebuilds. Equity is expected to remain the dominant funding structure, but the role of debt is likely to grow, particularly in the form of venture debt financing and capital markets raises.



²³ This report was prepared in October 2025; therefore, figures related to funding for the year may be subject to change or may not reflect end-of-year outcomes.
²⁴ Figure represents the total number of equity funding in Nigerian Fintech Startups as July 2025.



FUND ESTABLISHMENTS

In 2025, a plethora of funds were established with a focus on technology and fintech sector investments in Nigeria and, more broadly, throughout Africa. Some of the notable examples include:



Ventures Platform GP Limited

Ventures Platform GP Limited launched the Fund II (**VP II**) in 2025. This is subsequent to the Ventures Platform Pan-African Fund I's²⁵ successful close at \$40 million in December 2021 and additional commitments pushing the funds up to \$46 million by the end of 2022.²⁶ The VP II has a total expected fund size of approximately \$55 million at first close, with a final close target of \$75 million.²⁷ The VP II will make equity and equity like investments between \$600,000 to \$3 million including follow on investments on designated startups.²⁸



NCDF

The NCDF in partnership with the National Board for Technology Incubation launched a \$150 Million NCDF Opportunity Growth Fund to support early-stage & mid-stage startups in Nigeria in sectors including fintech, Agritech, Cleantech, Healthtech, AI, and logistics.²⁹ The fund has a target impact of investing in one thousand (1,000) businesses with the potential to generate thousands of jobs.³⁰



NSIA

The NSIA, in partnership with the Japan International Cooperation Agency, launched a \$28 million Impact Innovation Fund in 2025 to finance Nigerian startups and innovators with scalable solutions across sectors including fintech, Healthtech, Agritech, and education.³¹



StarkWare

StarkWare launched a \$4 million Africa Blockchain Fund to support pre-seed and seed-stage blockchain startups across West, East and South Africa.³² The fund offers grants of up to \$150,000, with larger investments available for projects building on StarkNet, its Ethereum-based decentralised application platform.³³

25. Fund I built up a portfolio of over 90 companies with companies like Nomba (formerly Kudi), Reliance HMO, Piggyvest, PayHippo, Mono, SeamlessHR, and Tizeti benefitting from the early-stage fund support.
 26. Tapiwa Mutisi, 'IFC commits \$6 million to Ventures Platform Pan-African Fund II to boost early-stage tech startups in Africa' (Innovation Village, 4 March 2025) <https://innovation-village.com/ifc-commits-6-million-to-ventures-platform-pan-african-fund-ii-to-boost-early-stage-tech-startups-in-africa/> accessed 9 October 2025.
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 28. Ibid.
 29. Nigerian Capital Development Fund, 'NCDF Opportunity Growth Fund' (Nigerian Capital Development Fund, 2025) <https://ncdfgroup.com/ncdf-opportunity-growth-fund/> accessed 9 October 2025.
 30. Ibid.
 31. Admin, 'Nigeria Launches \$40M Fund to Boost Startup Growth Amid Funding Slowdown' (Fintech Magazine Africa, 23 March 2025) <https://fintechmagazine.africa/2025/03/23/nigeria-launches-40m-fund-to-boost-startup-growth-amid-funding-slowdown/> accessed 9 October 2025.
 32. Admin, 'StarkWare Launches \$4M Fund for African Blockchain Startups' (daba, 6 February 2025) <https://www.dabafinance.com/en/news/starkware-launches-4m-fund-for-african-blockchain-startups> accessed 9 October 2025.
 33. Ibid.



MERGERS AND ACQUISITIONS

In contrast to a relatively modest M&A activity seen in 2024 where the M&A scene in Africa made some notable achievements, 2025 saw an increase, such that even with some transactions remaining undisclosed, sixty-six (66) M&A deals were reported in 2025.³⁴ With this, the ecosystem reflects a more mature market, such that companies were willing to collaborate to enter new markets, acquire new technologies and licences.

moove kovi

Uber-backed Moove acquired Kovi, a Brazilian car rental start-up, to continue global expansion.³⁵

LemFi, a financial services platform, acquired Bureau Buttercrane, an Irish currency exchange platform.³⁶

78% Stake

Moniepoint Inc., a Nigerian fintech company, acquired a 78% stake in Kenya's Sumac Microfinance Bank.³⁷

dLocal, a Latin America fintech unicorn, acquired Aza Finance, a cross-border payments startup.³⁸

Chowdeck, a Nigerian demand delivery platform, acquired Mira, a point of sale founded by Flutterwave.³⁹

Investment firm C-One Ventures acquired Nigerian fintech startup and licensed microfinance bank, Bankly.⁴⁰

BAS group, a Nigerian investment company, acquired a majority stake in Zuvy Technologies, a Nigerian startup that provides short-term financing to small businesses through invoice discounting.⁴¹

60% Stake

First Ally Capital Limited acquired a 60% equity stake in Mines.io Nigeria (Migo), a fintech company focused on leveraging AI and ML to provide credit solutions to financially underserved communities.⁴²

Wakanow, a Nigerian online travel group, acquired Nairabox, a digital platform for entertainment and event ticketing.⁴³

Flutterwave, a Nigerian fintech unicorn, acquired Mono, a Nigerian open banking startup.⁴⁴

In 2026, we forecast that startups will be taking bolder steps to acquire competitors and other startups to strengthen their market presence. At the same time, early-stage startups that have faced funding constraints are likely to find new opportunities through partnerships, mergers, or acquisitions.

34. Opeyemi Kareem, 'The 60 Major M 7A Deals in Africa's tech Eco System in 2025' (Techcabal) <Every major African tech mergers and acquisitions deal in 2025 > accessed 20 January 2026.
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 41. Emmanuel Nwosu, 'BAS Group Targets \$236 billion credit Gap with Zuvy Acquisition' (Techcabal, 25 June 2025) <BAS Group acquires Zuvy to deepen SME lending in Nigeria> accessed 12 October 2025.
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 44. Taje Kene Okafor, 'Flutterwave Buys Nigeria's Mono in Rare African Fintech Exit' (Tech Crunch, January 5 2026) <Flutterwave buys Nigeria's Mono in rare African fintech exit | TechCrunch> accessed 20 January 2026.



PSSP DIVESTMENTS: STRATEGIC EXITS OR STRUCTURAL FAILURES?

There has been an apparent trend of PSSPs engaging in divestments in recent years. Divestment strategies have been deployed to achieve a wide range of objectives, including securing additional capital, avoiding service disruption, and accelerating market expansion.

In 2020, Paystack divested its parent company to foreign-based Stripe through an acquisition deal, with Paystack continuing to operate and expand under Stripe's ownership rather than winding down.⁴⁵ From Paystack's perspective, the transaction provided deeper capital to develop new products, support more businesses, consolidate the hyper-fragmented African payments market, and channel its focus towards the growth of the business.⁴⁶ Divestments have also served as strategic exit tools, enabling PSSPs to discontinue independent operations while maintaining service continuity. In 2024, Woven Finance, a CBN-licensed PSSP, ceased standalone operations and transferred its services to Hydrogen, Access Bank's fintech subsidiary.⁴⁷ The transaction was positioned as a measure to ensure uninterrupted services for users of Woven Finance's services.⁴⁸



Divestments within Nigeria's PSSP ecosystem increasingly reflect strategic adaptation rather than retreat, as companies respond to regulatory intensity, constrained access to capital, and broader macroeconomic pressures.

The divestment trend continued in 2025, when Rapyd acquired PayU's global payment organisation in Latin America and Africa.⁴⁹ This deal included the divestment of PayU Payments Nigeria, a CBN-licensed PSSP, and generated approximately US\$610 million for PayU.⁵⁰ According to PayU's parent company, Prosus, the deal supported its strategy to concentrate on markets with the highest growth potential.⁵¹

Overall, the rationale behind divestments within the Nigerian PSSP ecosystem varies across companies. For some PSSPs, divestments may be a practical response to tighter and more strenuous compliance requirements and limited access to growth capital, particularly following the funding slowdown in Africa.⁵² For these PSSPs, selling to a well-funded company may be a pragmatic response to the macroeconomic instability, tightening investor sentiment, and persistent operational challenges that hamper the growth of the Nigerian fintech ecosystem.⁵³ For others, divestments are driven by internal decisions to refocus on higher-growth markets, or even to streamline business portfolios, or consolidate technology and operations within stronger entities. In some cases, competitive pressures and sustainability concerns may influence the decision to divest rather than shut down completely.

Looking ahead to 2026, we anticipate that further PSSP divestments may emerge. However, if the CBN resumes issuing PSSP licences, the market pressure that has previously led some operators to divest may ease, with a corresponding decline in divestment-driven transactions. We also anticipate that the CBN may increase the capital requirement for PSSPs. As a result, we expect a steady flow of both acquisitions and divestments within the PSSP ecosystem, driven largely by the commercial realities and strategic considerations of both the buy side and the sell side.

45. 'Silicon Valley payments firm Stripe buys Nigerian startup Paystack' (Reuters, 15 October 2020) <<https://www.reuters.com/article/technology/silicon-valley-payments-firm-stripe-buys-nigerian-startup-paystack-idUSKBN27024G>> accessed 23 November 2025.

46. Ruth Okwumu-Imafidon, 'The courtship which led to the Stripe-Paystack acquisition' (Nairametrics, 25 April 2021) <<https://nairametrics.com/2021/04/25/the-courtship-which-led-to-the-stripe-paystack-acquisition/>> accessed 2 November 2025.

47. 'Access Bank Acquires Fintech Platform Woven Finance' (MarketForces Africa, 10 January 2024) <<https://dmarketforces.com/access-bank-acquires-fintech-platform-woven-finance/>> accessed 3 November 2025.

48. Ibid.

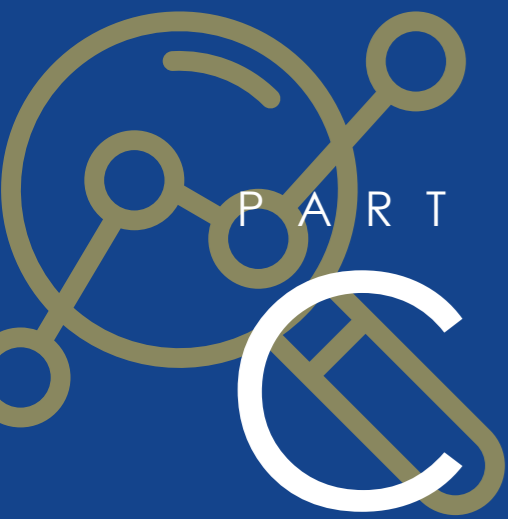
49. Gloria Methri, 'Rapyd acquires PayU for \$610m, expanding into LatAm & Africa' (IBS intelligence, 17 March 2025) <<https://ibsinelligence.com/ibsi-news/rapyd-acquires-payu-for-610m-expanding-into-latam-africa/>> accessed 29 October 2025.

50. Ibid.

51. Ibid.

52. Marketforces Africa 'The African Tech Startups Funding Report' (Disrupt Africa, January 2024) <<https://disruptafrica.com/wp-content/uploads/2025/03/The-African-Tech-Startups-Funding-Report-2024.pdf>> accessed 21 October 2025.

53. Justice Okamgba, 'More Nigerian startups shut down amid supportive policies' (Punch, 8 July 2025) <<https://punchng.com/more-nigerian-startups-shut-down-amid-supportive-policies/>> accessed 20 October 2025.



QUARTER-BY- QUARTER REGULATORY WRAP-UP



2025 / Q 1

GAID

On 20 March 2025, the NDPC issued the GAID pursuant to the NDPA. The GAID establishes a comprehensive operational framework for the application, interpretation, and enforcement of the NDPA, marking the formal transition from the former NDPR and the NDPRIF regime. The GAID elaborates on the general obligations of data controllers and processors, the designation and credentialing of DPOs, mandatory compliance audits, the conduct of DPIA, breach notification protocols, and cross-border data transfer requirements..

ISA

On 25 March 2025, the ISA was enacted into law. The ISA repeals the Investments and Securities Act, 2007 and introduces significant reforms in the Nigerian capital market ecosystem in a bid to boost investor confidence, reduce systemic risks, promote financial stability, strengthen regulatory oversight, and foster a fair, efficient, and transparent capital market. Among the significant innovations introduced by the ISA is the codification of the SEC's regulatory powers over digital and virtual assets.

In particular, the ISA explicitly designates virtual and digital assets as securities. It also broadens the scope of "securities exchanges" to include DAXs and DAOPs,⁵⁴ that is, facilities that match buyers and sellers of virtual assets or facilitate such transactions electronically. Consequently, these platforms are now deemed capital market operators and are subject to all associated obligations, including investor protection measures, systemic risk reporting, and compliance with SEC directives.

⁵⁴ DAX means an electronic platform which facilitates the trading of a virtual asset or digital asset, while DAOP means an electronic platform operated by a digital asset offering platform operator for offering digital assets. See part D, paragraph 3.0 and part B, paragraph 10.0 of the SEC Rules on Issuance, Offering Platforms and Custody of Digital Assets.

⁵⁵ Nigerian Financial Intelligence Unit, 'Update: Advisory on Ponzi Schemes and Other Unregulated Crowdfunding Schemes' (April 2025) https://www.nfiu.gov.ng/AdvisoryAndGuidance?filePath=C%3A%5Cinetpub%5Cwwwroot%5Cnfiu%5Cwwwroot%5Cdocuments%5CAoPSiN_Q7Z2TG&fileName=Advisory%20on%20Ponzi%20Schemes%20in%20Nigeria&handler=DownloadFile accessed 12 October 2025.

⁵⁶ Ibid.

2025 / Q 2

Digital Assets and AML/CFT/CPF Trends

In April 2025, the NFIU published indicators and advisories on crimes of money laundering and terrorist financing in an effort to guide reporting entities and competent authorities on observable trends and patterns to mitigate AML/CFT/CPF threats.⁵⁵ Indicators such as no independent audits or blockchain transparency, use of shell companies, fake partnerships and credentials, opaque business model, unrealistic or guaranteed returns, etc., were pinpointed by the NFIU as red flags on spotting digital asset related ponzi schemes.⁵⁶

CBN Exposure of the Draft Baseline Standards for Automated AML Solutions

On 20 May 2025, the CBN issued an exposure draft of the Baseline Standards for Automated AML Solutions. Developed following a comprehensive industry assessment, the Standards are aligned with global best practices and international regulatory frameworks, including the recommendations of the FATF. The framework sets out functional and technical requirements for AML systems, covering system functionality and integration, transaction monitoring and risk-based analysis, customer due diligence and KYC, sanctions screening and watchlist management, regulatory reporting and case management, data security and protection, vendor management, as well as system scalability and risk assessment.



2025 / Q3

DEON Regulation

The FCCPC, on 21 July 2025, introduced a regime that aims to comprehensively regulate electronic and other non-traditional forms of consumer lending in Nigeria. Notably, it requires all persons or entities that seek to provide or contribute to the provision of digital or non-traditional consumer lending services to obtain the prior approval of the FCCPC.

NIIRA

Enacted on 29 August 2025, this Act repeals the Insurance Act, 2003, and other statutes that previously governed the Nigerian insurance industry. The NIIRA establishes a comprehensive legal and regulatory framework for the conduct of insurance business and related matters in Nigeria. Of particular relevance to the technology ecosystem is that the NIIRA imposes compliance obligations on insurtech operators. These obligations include the mandatory adoption of AML/CFT/CPF and KYC policies, as well as the payment of prescribed contributions by every insurer into the Insurance Policyholders Protection Fund established under the NIIRA.

NAICOM Guidelines for Insurtech Operators in Nigeria

On 30 July 2025, the NAICOM, through the issuance of these Guidelines, introduced a pioneering licensing framework for all insurtech operators. The Guidelines recognise two categories of insurtechs and specify distinct registration and application requirements for each category. Furthermore, the Guidelines set out a range of non-permissible activities applicable to insurtechs. Notably, these include accepting premiums or settling claims in cryptocurrency without the NAICOM's prior approval, declining claims solely on the basis of AI assessments, engaging in cross-border insurance sales without requisite approval, and undertaking restricted insurance businesses such as oil and gas, maritime, aviation, and the insurance of government assets.

CBN Circular on Migration to ISO 20022 Standard for Payment Messaging and Mandatory Geo-Tagging of Payment Terminals

By a Circular dated 25 August 2025, the CBN directed all licensed operators within the Nigerian payments ecosystem to migrate to the ISO 20022 payment and settlement messaging standard, aimed at achieving enhanced data quality and standardisation across payment systems. The Circular further introduced a requirement for all PoS terminals to be geotagged, and for the NCS SDK to be embedded within PoS applications to facilitate geolocation monitoring and geofencing. In addition, the Circular stipulates that merchants and agents operating PoS terminals are prohibited from carrying out transactions beyond a radius of 10 meters from their registered business locations.

The NIIRA establishes a comprehensive legal and regulatory framework for the conduct of insurance business.



2025 / Q4

Guidelines for the Operations of Agent Banking in Nigeria

By Guidelines released on 6 October 2025, the CBN repealed the Guidelines for the Regulation of Agent Banking and Agent Banking Relationships in Nigeria, 2013. Key innovations under the revised Guidelines include the establishment of an exclusivity regime, under which each agent may operate only under a single principal and within the network of one super-agent at any given time.

Furthermore, the Guidelines expressly preclude individuals or entities with non-performing loans in any financial institution within the preceding twelve (12) months from being appointed as agents. In addition, the revised Guidelines prescribe defined transaction limits for agent banking operations and mandate the use of two-factor authentication for all customer transactions.

Exposure Draft Guidelines on the Operations of ATMs in Nigeria

On 9 October 2025, the CBN issued this Exposure Draft in response to evolving developments within the Nigerian payment ecosystem following the issuance of the 2020 Guidelines for the Operations of Electronic Payment Channels in Nigeria. Upon adoption, the Draft Guidelines will supersede all previous regulations governing ATM operations. Notably, the Draft Guidelines require independent ATM deployers, that is, non-bank entities, to obtain the CBN's written approval before deployment. In addition, the Draft Guidelines mandate card issuers to maintain a minimum ratio of one (1) ATM to every five thousand (5,000) payment cards issued and stipulate that no ATM may be decommissioned without the CBN's prior approval.

Exposure Draft Guidelines for Handling APP Fraud

These Guidelines were issued by the CBN on 26 November 2025 and are aimed at curbing APP fraud across electronic payment channels, including payment gateways. The Guidelines require financial institutions to implement robust APP fraud mitigation measures and reporting mechanisms that enable their customers to report APP fraud incidents no later than forty-eight (48) hours after the occurrence of the incident. The Guidelines further require financial institutions to implement a fair, timely, and transparent reimbursement process for victims of APP fraud.

CBN Letter on Compliance with Regulatory Provisions on Advertisement and Immediate Withdrawal of Non-Compliant Advertisements

On 27 November 2025, the CBN issued a letter to all financial institutions setting out directives on advertisements and promotional activities. The letter requires that all advertisements be factual, transparent, and non-comparative, and that they do not constitute inducements such as lotteries, prize draws or other chance-based incentives. By this letter, financial institutions are required to notify the CBN of the duration of proposed advertisements, the creative materials to be aired, and the target audience, as well as provide written confirmation of internal clearance by their compliance and legal departments and evidence that the underlying product or service has been approved by the CBN.

CBN Circular on Mandatory Dual Connectivity to the PTSA's

By a circular dated 11 December 2025, the CBN mandated all acquirers, processors, and payment terminal service providers to connect to, and route their transactions through, the two licensed PTSA's – NIBSS and UPSL. The objective of this dual connectivity is to ensure automatic failover in the event of downtime or service disruptions affecting either PTSA.



20

25

WRAPUP





PART

D

PAYMENTS & CRYPTOCURRENCY TRENDS



VALUE AND VOLUME OF ELECTRONIC PAYMENTS TRANSACTIONS RECORDED BY NIBSS

The value of electronic payment transactions in Nigeria reached ₦284.99 trillion in Q1 of 2025, reflecting a 17.7% year-on-year growth from the ₦234.49 trillion recorded in the same period of 2024.⁵⁷ Data from the NIBSS shows that transactions conducted through the NIP⁵⁸ platform grew by 22% compared to the ₦234.4 trillion recorded in Q1 2024.⁵⁹

NIBSS's data further indicated that the volume of electronic payments mirrored the value trend, with January recording the highest activity level. A total of 2,215 billion transactions were processed across all e-payment channels in Q1 of 2025.⁶⁰

We anticipate that the volume and value of electronic payments transactions will grow exponentially in 2026,⁶¹ especially with the launch of the NPS by NIBSS. In June 2025, NIBSS introduced the NPS to complement the NIP and to further enhance innovation within the country's payment ecosystem.⁶² The initiative aims to promote faster and more efficient payment processing across financial institutions.⁶³



VALUE AND VOLUME OF ATM AND POS TRANSACTIONS

The use of ATMs continued to decline sharply in Q1 2025, while PoS transactions surged to ₦10.51 trillion, representing a 301.67% jump from the ₦2.62 trillion recorded in the same quarter of 2024.⁶⁴ Transaction volumes also grew significantly, reaching ₦766.93 million compared to ₦314 million a year earlier. Spread across the ninety (90) days of the quarter, this translates to approximately ₦116.79 billion daily, ₦4.87 billion hourly, ₦81.11 million per minute, and ₦1.35 million every second. POS transaction values hit ₦147.20 trillion in H1 of 2025, and volumes rose to 7.72 billion transactions while ATM withdrawals reached ₦36 trillion, a 196% increase from the previous year.⁶⁵ This highlights the growing dominance of PoS as the preferred channel for cash-based transactions in Nigeria.

57. Samson Akintaro, 'E-payment transactions in Nigeria hit ₦284.9 trillion in Q1 2025' (Nairametrics, 26 July 2025) <https://nairametrics.com/2025/07/26/e-payment-transactions-in-nigeria-hit-n284-9-trillion-in-q1-2025/> accessed 13 October 2025.

58. The NIP is an account-based, real-time interbank payment system introduced in 2011 that supports transfers across multiple electronic channels such as internet banking, mobile applications, USSD, POS terminals, and ATMs.

59. Samson Akintaro, Nairametrics, op cit.

60. Ibid.

61. Nigeria Inter-Bank Settlement System, 'Media Updates: Enter NPS, NQR' (NIBSS, 3 August 2025) <https://nibss-plc.com.ng/how-nibss-innovation-drives-services-in-gdp-expansion/#:~:text=These%20areas%20rely%20significantly%20on,06%20billion%20in%20November%202024.> accessed 13 October 2025.

62. Ibid.

63. Temitayo Jaiyeola, 'PoS is king: Agents now handle ₦4.9 billion every hour' (techcabal, 7 August 2025) <https://techcabal.com/2025/08/07/nigerians-use-pos-more-than-atms-2025/> accessed 13 October 2025.

64. Ibid.

65. Ibid.

65. Tobi Tunji, 'ATM transactions surge to ₦36.34 trillion in six months despite fresh fees' (Nairametrics, 19 January 2026) <https://nairametrics.com/2026/01/19/atm-transactions-surge-to-n36-34trn-in-six-months-despite-fresh-fees/> accessed 21 January 2026.



The use of ATMs continued to decline sharply in Q1 2025, while PoS transactions surged to ₦10.51 trillion, representing a 301.67% jump from the ₦2.62 trillion recorded in the same quarter of 2024.



NQR PAYMENT

In early 2025, NIBSS upgraded its NQR platform, extending its functionality to include both P2P and E2P transactions.⁶⁶ The system's architecture was also upgraded to address previous inefficiencies such as delayed reversals, slow reconciliations, and transaction lags, thereby improving overall performance.⁶⁷ Adoption of the NQR continued to grow, with the LASG integrating the technology into its revenue collection processes with over 750,000 QR codes generated to enable payments for key public services like water bills and land duties.⁶⁸ Despite this growing adoption, the total value of NQR transactions in Q1 2025 declined by about 72% year-on-year, falling from ₦358.73 billion in Q1 2024 to ₦100.09 billion in Q1 2025.⁶⁹



OTHER PAYMENTS MODEL

MMOs had a strong performance in the first quarter of 2025, recording a 20.3% rise in transaction value to ₦20.7 trillion, compared to ₦17.2 trillion in the same period of 2024.⁷⁰ In contrast, NDD transactions declined sharply by 58.6%, dropping to ₦3.38 billion from ₦8.18 billion, while eBillsPay recorded an even steeper fall of 84.4%, decreasing from ₦501.8 billion to ₦78.27 billion.⁷¹

66. Rosalia Ozibo, 'NIBSS upgrades NQR payment to enhance digital transactions in Nigeria' (Naiametrics, 7 February 2025) <https://nairametrics.com/2025/02/07/nibss-upgrades-nqr-payment-to-enhance-digital-transactions-in-nigeria/>, accessed 13 October 2025.

67. Ibid.

68. Nume Ekeghe, 'Leveraging NQR to Drive Cashless Transactions, Financial Inclusion' (ThisDay, 26 February 2025) <https://www.thisdaylive.com/2025/02/26/leveraging-nqr-to-drive-cashless-transactions-financial-inclusion/>, accessed 13 October 2025.

69. 'Nigeria: Surge in E-Payment Value Hits ₦317.2 Trillion in Q1 2025, Signaling Shift from Cash Transactions' (Regtech Africa, 28 July 2025) <https://regtechafrika.com/nigeria-surge-in-e-payment-value-hits-%E2%82%A6317-2-trillion-in-q1-2025-signaling-shift-from-cash-transactions/>, accessed 13 October 2025.

70. Ibid.

71. Ibid.

REDUCING BARRIERS FOR CROSS-BORDER TRANSACTIONS IN NIGERIA

Cross-border transactions remained a critical frontier for fintech growth in Nigeria, with the primary indicator for transaction volumes being diaspora remittances. Monthly diaspora remittance inflows significantly hit \$23billion in 2025, largely due to economic conditions such as the competitive exchange rate and the ability for Nigerians in the diaspora to register using the non-resident BVN platform.⁷² This figure represents the highest level in the past five years and demonstrates the sustained strength of diaspora contributions despite global inflation and fluctuating economic conditions.⁷³

Generally, the increase in volumes of cross-border transactions in 2025 was primarily driven by regulatory reforms such as CBN's directive granting IMTOs direct access to the NAFEM,⁷⁴ relaxation of documentation requirements for accessing PAPSS,⁷⁵ and the competitive efforts of both traditional banks and fintech firms to lower barriers for cross-border payments.



Monthly diaspora remittance inflows significantly hit \$23billion in 2025, largely due to economic conditions such as the competitive exchange rate and the ability for Nigerians in the diaspora to register using the non-resident BVN platform.

72. Central Bank of Nigeria, 'Press Release' (9 April 2025). <https://www.cbn.gov.ng/Out/2025/CCD/CBN%20Release%20on%20BoP.pdf> accessed 12 October 2025

73. Olalekan Adigun, 'NIDCOM: \$600 million monthly diaspora remittances signal success of CBN reforms in Nigeria' (Nairametrics, 2 September 2025) <https://nairametrics.com/2025/09/02/nidcom-600-million-monthly-diaspora-remittances-signal-success-of-cbn-reforms-in-nigeria/> accessed 12 October 2025.

74. Central Bank of Nigeria, 'New Measures to Enhance Local Currency Liquidity for Settlement of Diaspora Remittances' (24 June 2024) <https://www.cbn.gov.ng/Out/2024/TED/Circular%20iro%20new%20measures%20for%20settlement%20of%20diaspora%20remittances.pdf> accessed 12 October 2025.

75. Central Bank of Nigeria, 'Central Bank of Nigeria Announces Revised Documentation Requirements for PAPSS Transactions in Nigeria' (Press Release, 28 April 2025) <https://www.cbn.gov.ng/Out/2025/CCD/CBN%20Press%20Release%20TED.pdf> accessed 12 October 2025.



REGULATING CRYPTOCURRENCY IN NIGERIA

In 2025, the cryptocurrency space was defined by legislative enactments, notably the ISA, the NTA and the NTAA. With the ISA, the sector received much needed clarity on the statutory and regulatory treatment of digital and virtual assets, as the ISA formally classifies both as securities, placing VASPs under the oversight of the SEC.⁷⁶

Further, the NTA and the NTAA, enacted on 26 June 2025 and effective from 1 January 2026, sets out key provisions in relation to the taxation of digital and virtual assets. The NTA explicitly classifies digital assets or virtual assets as chargeable assets⁷⁷ and subjects profits or gains from transactions in digital or virtual assets to income tax (chargeable gains).⁷⁸ Individual income on digital asset profit is subject to personal income tax on a sliding scale, capped at a maximum of 25% for individuals (for income over N50 million).⁷⁹ Lastly, the NTAA mandates VASPs to file monthly returns with the tax authority,⁸⁰ with accompanying penalties for non-compliance with the reporting requirements.⁸¹



76. Section 357 of the ISA.

77. Section 34 of the NTA.

78. Section 10 of the NTA.

79. Fourth Schedule of the NTA.

80. Section 25 of the NTAA.

81. Section 109 of the NTAA. An administrative penalty of ₦10 Million for the first month of default, ₦1 Million for each subsequent month, and potential license suspension/revocation by the SEC

DIGITAL LENDING TRENDS

The FCCPC issued the DEON Regulation in 2025 to eliminate unethical practices, register, monitor, and sanction digital lenders. The DEON Regulation has broad applicability as it applies to all forms of digital lending, including cash loans, credit in the form of airtime or services. The DEON Regulations notably extends to service providers, partners, and collaborators to digital lenders.⁸² It requires lenders to disclose loan terms, interest rates, fees, and penalties upfront to prevent hidden charges and misleading terms that were prevalent in earlier years.⁸³

The DEON Regulation bans predatory lending practices, including harassing customers or their contacts, defamatory messages, and unauthorised access to sensitive data like contact lists.⁸⁴ Furthermore, it introduces a defined penalty structure, with fines of up to ₦100 million or 1% of annual turnover for non-compliant companies, and potential 5-year ban for involved directors.⁸⁵ As of August 2025, the FCCPC had approved 399 lenders, a significant rise from 119 approved lenders in April 2023.⁸⁶ Conditional approvals dropped to 40 from 54, and 22 lenders operate with direct CBN licences.⁸⁷

Further, there was also a cautious move by digital lenders from traditional credit checks to leveraging AI and ML algorithms.⁸⁸ The automation by AI helps streamline the loan approval process, making decisions in minutes while improving the accuracy of default prediction.⁸⁹ The use of AI for advanced credit scoring will improve credit scoring, reduce default rates, and cut customer acquisition costs.⁹⁰



DEON Regulation introduces a defined penalty structure, with fines of up to ₦100 million or 1% of annual turnover for non-compliant companies, and potential 5-year ban for involved directors.

82. Regulation 3 of the DEON Regulations.

83. Regulation 17(a) of the DEON Regulations.

84. Regulation 17 & 21 of the DEON Regulations.

85. Regulation 27 of the DEON Regulations.

86. Temitayo Jaiyeola, 'From AI to credit bureaus: How Nigerian digital lenders are tackling rising defaults' (Techcabal, 11 August 2025) <https://techcabal.com/2025/08/11/how-nigerian-digital-lenders-are-tackling-rising-defaults/>, accessed 12 October 2025.

87. Ibid.

88. Novatia, 'AI Powered Lending Platforms Advisory' (NovatiaMedia, 18 August 2025) <https://novatiaconsulting.com/ai-powered-lending-platforms-advisory/#:~:text=Credit%20scoring%20innovations%20use%20non,provide%20insights%20into%20borrower%20reliability.>, accessed 12 October 2025.

89. Ibid.

90. Ibid.



THE EVOLUTION OF INSURTECH

Historically, the insurance business in Nigeria has not recorded deep market penetration and growth. Despite Nigeria's population, its market penetration remains below 1% of the GDP, one of the lowest in Africa.⁹¹ This low adoption level partially stems from the perception that insurance is a luxury reserved for the wealthy, as well as a low level of financial literacy among many Nigerians.⁹² As a result, most insurance revenue in Nigeria is generated from the formal sector.⁹³ This is reflected in the continuous outperformance of the non-life insurance segment over the life insurance segment.⁹⁴ Increasing the insurance footprint (particularly within the informal sector) remains a pressing objective. Like many other technology-driven sectors, insurtech emerged to address inefficiencies in traditional insurance and stimulate sector growth.⁹⁵ Access, simplicity, tailored solutions and trust are the focal points of insurtech as its players navigate some of the historical challenges insurers have faced, such as claims adjustment, customer relations and product delivery.⁹⁶

In Nigeria today, insurtechs are leveraging mobile-first, transparent and scalable products such as:



Although the global insurtech market size is expected to expand at a CAGR of 52.7% from 2023 to 2030,⁹⁸ in Nigeria, insurtech remains largely untapped, especially as investors have been hesitant to hedge their bets in a sector perceived as unregulated. However, following the issuance of the Guidelines for Insurtech Operators by NAICOM this year, we anticipate some progress in this regard.⁹⁹

However, in 2025, this progress was further reinforced with the enactment of the NIIRA, which prohibits any person from carrying on web, internet or electronic-based insurance or related business without a licence from the NAICOM.¹⁰⁰ Building on this, the NAICOM issued the Guidelines for Insurtech Operators to create a licensing regime for insurtechs, separating them into stand-alone insurtechs¹⁰¹ and partnering insurtechs.¹⁰² It also sets out corporate governance provisions, capital requirements, consumer protection provisions, rules for digital premium collection and data security and reporting obligations. This overhaul may turn the tide for investment in the insurtech industry, as the Guidelines aim to provide structure to the insurtech business in Nigeria, improve public trust and promote the growth of the insurtech business in Nigeria.

91. Adeyanju Mary, 'Leveraging technology to expand market reach in Nigeria's insurance sector'. (Business Day, 20 February 2025). Available at <https://businessday.ng/opinion/article/leveraging-technology-to-expand-market-reach-in-nigerias-insurance-sector/>

92. Charles, 'The Evolution of the Insurance Industry in Nigeria: Challenges, Opportunities and Innovations' (Curacel). Available at <https://www.curacel.co/fr/post/the-evolution-of-the-insurance-industry-in-nigeria-challenges-opportunities-and-innovations>

93. Ibid.

94. National Insurance Commission, '2020 Insurance Market Performance' (31 December 2020) Available at <https://naicom.gov.ng/wp-content/uploads/2025/07/Annual-Statistical-Market-Report-2011-2020.pdf>

95. EasySend, 'The evolution of InsurTech: from disruption to collaboration in the insurance ecosystem' (EasySend, 20 September 2025). Available at <https://www.easysend.io/blog/the-evolution-of-insurtech-from-disruption-to-collaboration-in-the-insurance-ecosystem>

96. Ibid.

97. Adeyanju (n5)

98. Grand View Research, 'Insurtech Market 2023 -2030'. (Grand View Research) Available at: <https://www.grandviewresearch.com/industry-analysis/insurtech-market>

99. We discussed the Insurtech Guidelines in our article linked here

100. Section 201 of NIIRA

101. A standalone Insurtech is one that operates independently, offering insurance products or services directly to consumers.

102. A Partnering Insurtech is one that collaborates with insurance institutions to improve or complement existing operations.

MARKETPLACES: THE MOVE FROM PHYSICAL TO DIGITAL

Nigeria's e-commerce sector has accelerated on the back of rising internet access, smartphone adoption, and improved digital payment systems. The sector is estimated to have reached \$8.5 billion in 2025 and is projected to grow at 11.8% annually through 2033.¹⁰³ Over 70% of Nigerian internet users have made at least one online purchase, signalling increased consumer trust and adoption.¹⁰⁴

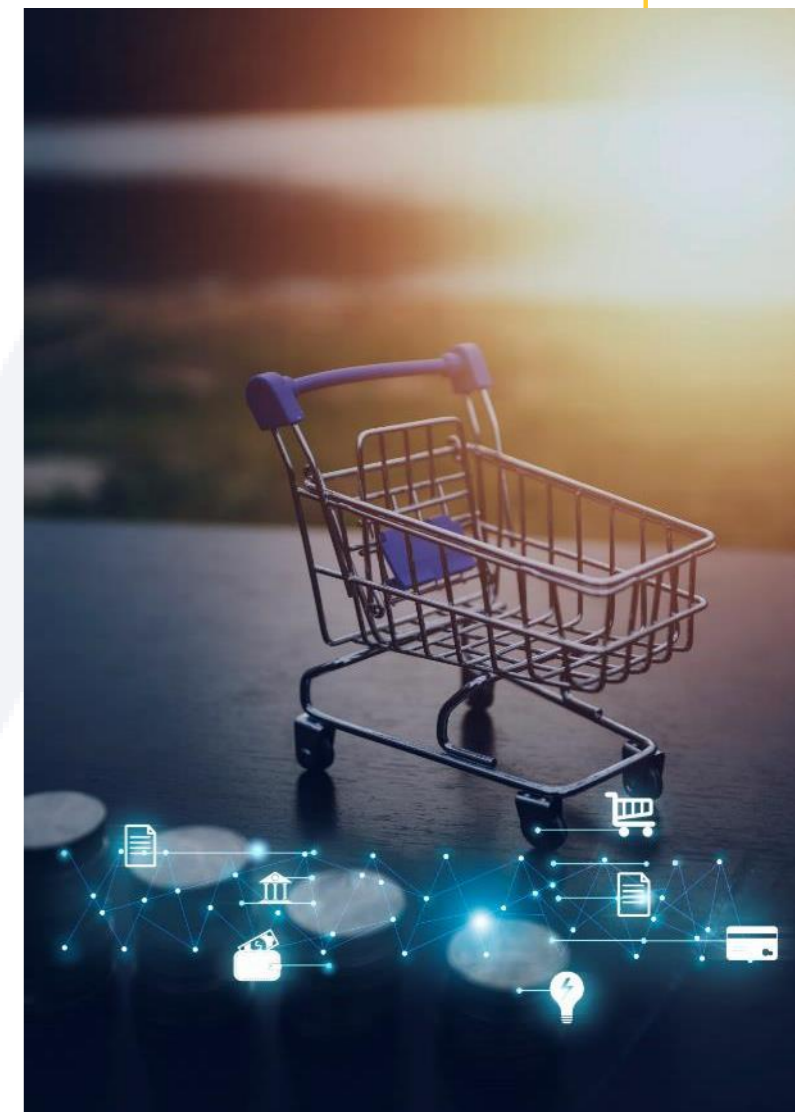
The sector is gradually transitioning from a fully online marketplace to a marketplace model that can be termed "phygital", a hybrid of physical and digital e-commerce.¹⁰⁵ Nigeria illustrates this progression. Jumia and Konga popularised web-first retail. Newer, on-demand platforms such as Chowdeck and Glovo (both multi-category delivery) partner with physical stores, including restaurants, grocery stores, and pharmacies. In this model, physical locations supply the pickup stations, the proximity to achieve short delivery windows, brand presence, and stock integrity. On the other hand, the digital platforms provide product aggregation, convenience, and effective customer support. A symbiotic relationship between physical marketplaces and digital marketplaces can also be seen through the BOPIS model, which enables users of digital marketplaces to conveniently make purchases online and pick up the products from physical stores.¹⁰⁶

Embedded payments sit at the centre of this hybrid or collaborative e-commerce system. Rather than diverting users to external payment gateways, these e-commerce platforms embed payment gateways or mobile money wallets, allowing for payment of products via payment cards or account-to-account transfers directly at checkout. Embedded payments give e-commerce providers more control over the payment flow and help with a more speedy and improved experience for users of e-commerce platforms, and simplify financial operations behind the scenes.¹⁰⁷

Credit is being embedded at checkout as well. BNPL has moved from pilot to being a regular option in many markets, and Nigeria is catching up through partnerships between platforms and specialist lenders. In 2024, Jumia partnered with Newedge (EasyBuy) and CredPal to launch BNPL in Nigeria to enable shoppers to split payments over time and to make purchases more accessible to middle-income earners.¹⁰⁸

AR and VR are also transforming e-commerce by creating interactive, real-world experiences. These tools allow consumers to virtually try products, explore spaces, and test items remotely.¹⁰⁹ A handful of e-commerce platforms have already integrated these tools, and it is expected that there will be wider adoption by 2026.

Conclusively, Nigeria's digital marketplaces are shifting towards collaboration with physical marketplaces, acting as an operating system layered upon it, rather than being a replacement for physical retail. This transition is one that enhances profitability, efficiency, and customer satisfaction.



103. DiMarket, 'Nigeria E-commerce Industry 2025-2033 Analysis: Trends, Competitor Dynamics, and Growth Opportunities' (DiMarket, 4 March 2025) <<https://www.datainsightsmarket.com/reports/nigeria-e-commerce-industry-14847>> accessed 13 October 2025.
 104. Samuel Okocha, 'Nigeria's e-commerce boom: who wins, who struggles, and what's next' (234Digest, 16 May 2025) <<https://www.234digest.com/p/nigeria-s-e-commerce-boom-who-wins-who-struggles-and-what-s-next-ac60>> accessed 13 October 2025.
 105. 'The Future is Phygital: Physical and Digital' (Maxicus, 2025) <<https://maxicus.com/the-future-is-phygital-physical-and-digital/>> accessed 13 October 2025
 106. *ibid*
 107. 'What Are Embedded Payments: Benefits & Best Practices' (Airwallex, 30 April 2025) <<https://www.airwallex.com/blog/what-are-embedded-payments>> accessed 13 October 2025
 108. Samuel Okocha, 'Nigeria's e-commerce boom: who wins, who struggles, and what's next' (234Digest, 16 May 2025) <<https://www.234digest.com/p/nigeria-s-e-commerce-boom-who-wins-who-struggles-and-what-s-next-ac60>> accessed 13 October 2025.
 109. Benjamin Bridson, 'Top Digital Marketing Trends for 2025: What Professionals Need to Know' (IE University, 19 August 2025) <<https://www.ie.edu/uncover-ie/master-in-digital-marketing-trends/>> accessed 13 October 2025



ARTIFICIAL INTELLIGENCE AND LARGE LANGUAGE MODELS ADOPTION IN NIGERIA

The global adoption of AI is driving innovation, improving efficiency, and reshaping how services are delivered around the world. In Nigeria, while the interest in AI is growing, the pace of adoption remains relatively slow compared to global trends. Several structural challenges contribute to this, including underdeveloped infrastructure, such as limited access to computational hardware and data storage, unimplemented and/or lack of regulatory and governance frameworks, underdeveloped data ecosystems and talent gap to navigate AI technical complexity.¹¹⁰

LLMs are at the heart of many AI applications. However, a major barrier to effective AI adoption in Africa, and Nigeria in particular, is that most LLMs are trained primarily on English or other non-African language data. This significantly limits their usability and relevance in Nigeria's multilingual society where languages such as Hausa, Igbo, Pidgin, Yoruba, and many others are widely spoken. As a result, there is a growing need for LLMs that reflect Nigeria's linguistic and cultural diversity to ensure meaningful and inclusive AI adoption in the country.

Following the release of the NAIS in August 2024, the government has begun taking concrete steps to promote the responsible adoption of AI across the country. For example, initiatives such as Federal Ministry of Communication and Digital Economy's 3MTT program, and the Microsoft AI Skill Navigator are gradually developing the next generation of AI talent and helping to bridge the existing skills gap. In addition to these efforts, the government has also established key institutions such as the NAIRS and the NCAIR, both of which provide funding, infrastructure, and technical support for AI-driven research and innovation across the country.

Recognising the need for LLMs that reflect Nigeria's linguistic and cultural diversity, in September 2025, the FMCIDE launched the N-ATLAS, an open-source multilingual LLM. N-ATLAS is designed to support multiple Nigerian languages and dialects, marking a significant step toward inclusive AI development and digital inclusion in the country.¹¹¹

Fostering the responsible adoption of AI and partnering with the government for the launch of N-ATLAS, Awarri, a Nigerian startup, focuses on creating multilingual large language models and data infrastructure tailored to Africa's diverse languages and contexts. Through platforms like LangEasy, Awarri crowdsources data directly from Nigerians, enabling communities to shape the AI that serves them.¹¹²

The path to effective AI adoption in Nigeria must go beyond simply curating and deploying ingenious LLMs. It requires a deliberate approach that addresses foundational challenges such as digital infrastructure, governance frameworks, and technical talent development. As Nigeria moves forward, a multi-stakeholder approach driven by collaboration between the government, private sector, academia, and local communities will be essential. Building the necessary infrastructure and institutions to support the safe, inclusive, and effective development of AI, alongside creating enabling policies, including updating laws such as the Cybercrimes Act to address emerging risks like adversarial attacks on AI systems and AI-driven cyber threats, will be critical. Through these efforts, Nigeria can not only close the AI adoption gap but also position itself as a leader in inclusive, African-centered AI innovation.



The FMCIDE launched the N-ATLAS, an open-source multilingual LLM, designed to support multiple Nigerian languages and dialects, marking a significant step toward inclusive AI development and digital inclusion in the country.

110. PwC Nigeria, *AI in Nigeria* (PwC Nigeria, May 2025) <https://www.pwc.com/ng/en/assets/pdf/ai-in-nigeria-%20.pdf> accessed 15 October 2025.

111. Federal Ministry of Communications, Innovation & Digital Economy, 'Nigeria Launches Landmark AI Model Powered by Awarri to Advance Languages and AI at Scale' (FMCIDE, 21 September 2025) <https://fmcide.gov.ng/nigeria-launches-landmark-ai-model-powered-by-awarri-to-advance-languages-and-ai-at-scale/> accessed 20 October 2025.

112. Technology Times, 'AI LangEasy: Nigeria's First Multilingual LLM Goes Live' (Technology Times, 2024) <https://technologytimes.ng/ai-langeasy-nigeria-first-multilingual-llm-live/> accessed 20 October 2025.

AML, CYBERSECURITY AND DATA PROTECTION IN PRACTICE: REGULATORY DRIVES SHAPING TECHNOLOGY

The regulatory environment of 2025 has marked a decisive shift for fintech in Nigeria. What began as a fragmented oversight in prior years has crystallised into a structured, enforcement-led framework. Key areas such as AML, cybersecurity, and data protection have evolved from policy aspirations into operational requirements, compelling technology companies and investors to reconceptualise compliance as a strategic and competitive function.

AML: EMBEDDING INTEGRITY INTO FINANCIAL TECHNOLOGY

Towards the end of 2024, the CBN imposed fines totalling approximately ₦15 billion on twenty-nine (29) banks for violation of AML/CFT/CPF obligations and directed them to address the underlying deficiencies in their compliance framework.¹¹³ This enforcement action established the tone for 2025, elevating AML compliance to a strategic priority point for financial institutions. In response, an increasing number of financial institutions, including fintech companies, sought to integrate automated AML systems capable of real-time risk scoring and suspicious-transaction monitoring.

In May 2025, the CBN issued the draft Baseline Standard for AML and CFT Solutions, recognising the growing digitalisation of AML compliance and encouraging the adoption of advanced technologies to detect and report suspicious transactions instantaneously.

As part of its broader financial stability mandate, the CBN released a circular in August 2025, requiring all financial institutions (including fintechs) to ensure that payment messages exchanged domestically or internationally comply with the ISO 20022 standard, and that all payment terminals incorporate geolocation functionality.

This was followed in October 2025 by the issuance of the Revised Agent Banking Guidelines, which imposed stricter KYC requirements and mandatory biometric verification for all agents, including the use of geo-tagging and geo-fencing features in payment terminals used by agents. Collectively, these provisions aim to mitigate systemic fraud and strengthen the integrity of the financial sector. The efforts of the CBN since 2021 appear to have yielded fruit as Nigeria exited the grey list in October 2025.¹¹⁴

In a bid to further strengthen the integrity of the ecosystem, the EFCC in December 2025 announced the arraignment of a company manager for failure to appoint a Compliance Desk Officer and to implement anti-money laundering measures, including the establishment of an internal audit function, as required under the Money Laundering (Prevention and Prohibition) Act 2022.¹¹⁵ This action underscores the exposure of companies and their officers to criminal liability for AML non-compliance, in addition to potential administrative sanctions. It remains to be seen whether the EFCC will, in 2026, adopt a more proactive approach to prosecuting AML non-compliance.



AML, cybersecurity, and data protection have evolved from policy aspirations into operational requirements.

113. Hope Moses-Ashike, '29 banks fined N15bn for anti-money laundering, counter-terrorism violations' (BusinessDay, 30 November 2024) <<https://businessday.ng/banking-finance/article/29-banks-fined-n15bn-for-anti-money-laundering-counter-terrorism-violations/>> accessed 26 November 2025

114. Federal Ministry of Finance, 'Nigeria Exits FATF Grey List – A Turning Point for Investor Confidence, Economic Growth' (26 October 2025) <<https://finance.gov.ng/nigeria-exits-fatf-grey-list-a-turning-point-for-investor-confidence-economic-growth/>> accessed 26 November 2025

115. Economic and Financial Crimes Commission, 'EFCC Arraigns Company Manager for Failure to Appoint Compliance Desk Officer' (EFCC, 3 December 2025) https://www.efcc.gov.ng/news/efcc-arraigns-company-manager-for-failure-to-appoint-compliance-desk-officer?utm_source=chatgpt.com accessed 20 November 2025.

CYBERSECURITY: A GROWING THREAT

Nigeria recorded a significant escalation in cyber threats in 2025. During Q1, businesses reportedly experienced an average of 4,388 cyberattacks per week, representing a 47% increase from the weekly figures in previous years. This surge positioned Nigeria as the fifth most targeted country globally, with an estimated annual economic loss of \$500 million.¹¹⁶

The majority of these attacks were directed at financial institutions and digital-banking platforms, prompting substantial investments in cybersecurity infrastructure. Fintech companies have adopted cloud-native security, zero-trust architectures,¹¹⁷ and AI-driven threat analytics to enhance resilience.¹¹⁸ For investors, this has created a clearer metric for operational maturity and sustainability as firms with formalised cyber-governance framework command greater confidence and stronger market valuations.

DATA PROTECTION: 2025 AS THE YEAR OF ENFORCEMENT

Following the issuance of the GAID in 2025 and with the growing public awareness of data protection rights, the NDPC shifted fully into the enforcement of the NDPA. This led to a number of high-profile sanctions this year, including the \$32.8 million fine against Meta Platforms for NDPA violations¹¹⁹ and the ₦766.2 million and ₦555.8 million penalties against Multichoice¹²⁰ and Fidelity Bank¹²¹ respectively, for non-compliance with data-governance obligations. In August 2025, the NDPC also published a public compliance list, identifying organisations that failed to meet NDPA requirements, an unprecedented step towards transparency and accountability in data regulation.¹²² These developments have transformed data protection from a declaratory policy commitment into an operational necessity. Fintech companies are redesigning their infrastructure around data minimisation, encryption, and automated consent management to maintain user trust and ensure ongoing regulatory compliance.

The regulatory activity witnessed in 2025 signifies a decisive evolution from policy formulation to direct enforcement. Collectively, these actions confirm the expected trend of stricter, more harmonised, and enforcement-oriented regulatory activity across Nigeria’s digital economy. Accordingly, for fintech firms, compliance is now inseparable from product design and operational architecture. For investors, these developments communicate the maturity of the Nigerian fintech market, where transparency, security, and governance will define long-term value.



116. Ladi Patrick-Okwoli, 'Nigeria records 4,388 weekly cyberattacks on businesses in Q1 2025 – Fagbemi' (BusinessDay, 14 October 2025) <<https://businessday.ng/news/article/nigeria-records-4388-weekly-cyberattacks-on-businesses-in-q1-2025-fagbemi/>> accessed 26 November 2025
 117. Chinmay Kalinkar, 'Cybersecurity in Fintech: The Rise of Zero Trust and Cloud-Native Security' (LinkedIn, 17 October 2025) <<https://www.linkedin.com/pulse/cybersecurity-fintech-rise-zero-trust-cloud-native-chinmay-kalinkar-chudc/>> accessed 26 November 2025
 118. S Kohli, 'Financial Resilience: Cloud Architecture & AI Risk Integration' (2025) 8(S9) Journal of International Crisis and Risk Communication Research 163-164
 119. 'NDPC, Meta Lock Horns Over \$32.8 Million Data Privacy Fine' (eWorld, 19 July 2025) <<https://eworldnews.com.ng/2025/07/19/ndpc-meta-lock-horns-over-32-8-million-data-privacy-fine/>> accessed 26 November 2025
 120. Samson Akintaro, 'NDPC fines Multichoice Nigeria ₦766.2 million for violating NDP Act' (Nairametrics, 6 July 2025) <<https://nairametrics.com/2025/07/06/ndpc-fines-multichoice-nigeria-n766-2-million-for-violating-ndp-act/>> accessed 26 November 2025
 121. NDPC Nigeria, 'PRESS RELEASE: NDPC Fines Fidelity Bank ₦555,800,000' (X, 21 August 2024 18:49) <<https://x.com/ndpcngr/status/1826315816314298720>> accessed 26 November 2025
 122. Samson Akintaro, 'NDPC launches probe into 1,369 Nigerian companies over data privacy violations' (Nairametrics, 25 August 2025) <<https://nairametrics.com/2025/08/25/ndpc-launches-probe-into-1369-nigerian-companies-over-data-privacy-violations/>> accessed 26 November 2025



EMERGING AREAS

The year 2025 showed steady evolution for Nigeria's technology ecosystem. While fintech continued to dominate investment flows and regulatory discourse, verticals like agricultural technology (Agritech), climate technology (Climatetech) and education technology (EdTech), emerged as focus areas for capital allocation and policy attention. These areas reflect Nigeria's desired shift toward technology for productive and social impact.¹²³

EdTech adoption remained modest in scale but showed momentum. The sector now ranks sixth among tech-enabled startups in Africa, contributing 5% to the annual increase in deal volume in the African tech ecosystem.¹²⁴ Market projections estimated that Africa's EdTech industry could exceed \$5 billion in 2025. Nigeria is expected to lead this growth trajectory, as its EdTech market alone projected at \$1.8 billion in 2024 and growing at approximately 22% annually.¹²⁵ Nigeria's projected market value of \$400 million in 2025 is buoyed by a 322% surge in private equity investments in Q1 2024,¹²⁶ as Nigeria accounts for nearly 28% of Africa's EdTech startups. Nonetheless, challenges persist. Edukoya, a promising EdTech that raised \$3.5 million before returning investor capital closed down its activities due to a combination of macroeconomic challenges, a lack of mass-market readiness for its specific model, and difficulties in converting its large free user base into paying customers.¹²⁷

Agritech continues to position itself as a solution to the long-standing challenges of Agriculture (one of Nigeria's largest employers and pillars of GDP) in Nigeria. Reports suggest Nigeria's Agritech ecosystem is now measured in the mid-hundreds of millions of US dollars.¹²⁸ Platform-level reach varies: some digital toolkits and programmes report reaching hundreds of thousands to a few million smallholders¹²⁹ (for example, a CGIAR-hosted toolkit reports reach in the order of 2.2 million farmers),¹³⁰ while broader national consolidation of digital financial services to farmers remains incomplete. Despite this progress, scaling remains limited by infrastructural gaps, low farmer digital literacy, and inconsistent rural connectivity.



123. Federal Ministry of Communications and Digital Economy, National Digital Economy Policy and Strategy 2020-2030; NITDA, Strategic Roadmap and Action Plan (2024-2027).

124. African Private Capital Association, Venture Capital in Africa Report, March 2024 https://www.avca.africa/media/o5makqy5/avca234-19-vc-report_4.pdf. In 2024, a rapidly growing EdTech startup, Klas, raised \$1 million in pre-seed funding and Lingawa, an EdTech platform seeking to promote learning native African language raised \$1.1million in pre-seed funding. See **Olaniwun Ajayi LP**, Technology Innovation and Fintech Wrap-Up 2024 and Outlook 2025 (January 2025), <https://www.olaniwunajayi.net/blog/wp-content/uploads/2025/01/Technology-Innovation-and-Fintech-Wrap-Up-2024-and-Outlook-2025.pdf>.

125. YourNotify, 'EdTech Startups in Africa and The Role of Marketing Platforms' (Yournotify, 17 March 2025) <https://yournotify.com/blog/edtech-startups-in-africa-and-the-role-of-marketing-platforms>.

126. Edutech.Global, 'Nigeria EdTech Market Forecast 2025-2030: Why the \$400M Milestone Matters' (EduTech Global, 20 June 2025) <https://edutech.global/nigeria-edtech-market-forecast/>; Bunmi Bailey, 'Nigeria's Private Equity Investments up 322% on Energy, EdTech' (Business Day NG, 9 July 2024) <https://businessday.ng/news/article/nigerias-private-equity-investments-up-322-on-energy-edtech/>.

127. Bunmi Bailey, 'How High Inflation, Low Income Stall Growth for Nigerian EdTech Startups' (TechCabal, 12 March 2025) <https://techcabal.com/2025/03/12/why-nigerian-edtech-startups-fail/>.

128. GITEX Nigeria, 'Market Overview' (GITEX Nigeria) <https://www.gitexnigeria.ng/marketoverview>.

129. Wade Owojori, 'Ensuring Food Security by Solving the Agricultural Information Gap' GSMA Mobile for Development Blog (30 August 2024) <https://www.gsma.com/solutions-and-impact/connectivity-for-good/mobile-for-development/blog/ensuring-food-security-by-solving-the-agricultural-information-gap/>.

130. CGIAR, Agronomy Solution Profile for Digital Toolkit for Optimum Maize, Cassava, Rice, Planting Window and Season Length in Nigeria (January 2025) <https://cgspace.cgiar.org/server/api/core/bitstreams/af1b9395-abb4-49ee-8117-48b2b1c18e3b/content>.



Nigeria's Climatedtech landscape has matured considerably in 2025, underpinned by sustained interest in off-grid renewable energy, waste-to-energy solutions, and emerging carbon-credit initiatives. Studies and industry reporting show rapid growth in distributed renewable capacity and project pipelines; however, open-source estimates of total market value differ by research provider.¹³¹ Separately, the federal government and the National Council on Climate Change advanced a National Carbon-Market Framework in late 2025, with official statements suggesting the framework could help unlock \$2.5–3.0 billion annually in climate finance if fully operationalised.¹³² Climatedtech funding remains smaller than fintech overall but continues to attract strategic private capital and development finance for energy-access and clean-tech projects.



Across these emerging sectors, data governance emerged as a key compliance theme in 2025. The NDPC's issuance of the GAID prompted startups to formalise their data-processing frameworks. In relation to EdTech, the issuance of the GAID clarified obligations on consent, cross-border transfers, and data-subject rights critical for EdTech firms managing student records and conducting learning analytics and other processing activities with emerging technologies like AI. Regarding Climatedtech, the National Council on Climate Change rolled out the National Carbon-Market Development Framework, providing a policy base for verified carbon-credit trading and investment mobilisation.

131. Mordor Intelligence, Nigeria Renewable Energy Market Analysis <https://www.mordorintelligence.com/industry-reports/nigeria-renewable-energy-market>.

132. Abdulkareem Mojeeb, 'Tinubu Approves National Carbon Market Framework, Operationalisation of Climate Fund' (Premium Times, 31 October 2025) <https://www.premiumtimesng.com/news/top-news/832062-tinubu-approves-national-carbon-market-framework-operationalisation-of-climate-fund.html>; 'FG Targets \$3bn Annual Revenue in Carbon Market Framework' (Radio Nigeria, 31 October 2025) <https://radionigeria.gov.ng/2025/10/31/fg-targets-3bn-annual-revenue-in-carbon-market-framework/>.

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OUTLOOK



FINTECH HORIZON



Electronic Payments

The increase in the volume and value of electronic payments in 2025, in comparison with 2024, reflects a sustained shift towards cashless transactions among Nigerians.¹³³ We expect this trend to continue in 2026, especially in light of the emergence of innovations that improve payment efficiency, such as the launch of NPS and wider adoption of QR codes. Additionally, advancements in fraud mitigation through the incorporation of biometric and facial recognition features are expected to increase customer trust in e-payments and further increase the current momentum in the adoption of mobile payments

From an infrastructure perspective, the unveiling of the NPS¹³⁴ is projected to expand the ecosystem for open banking, enabling more fintechs to integrate with the NIBSS platform. This will facilitate new services such as Request to Pay, Direct Debits, and smoother merchant settlements, amongst others.



International Money

Looking ahead, in 2026, the use of local currencies to facilitate and settle cross-border trade and transactions is projected to expand as the CBN advances its agenda for financial inclusion and operational efficiency.¹³⁵ In addition, we anticipate that commercial banks will deepen their participation in PAPSS, fostering smoother and faster transactions across Africa



133. Samson Akintaro, 'E-Payment Transactions in Nigeria hit N284.9 Trillion in Q1 2025' (Nairametrics, 26 July 2025) <https://nairametrics.com/2025/07/26/e-payment-transactions-in-nigeria-hit-n284-9-trillion-in-q1-2025/> > accessed 27 October 2025

134. NIBSS, 'NIBSS Unveils the National Payment Stack by Power the Future of Instant Payments in Nigeria' (NIBSS, 23 June 2025) <https://nibss-plc.com.ng/nibss-unveils-the-national-payment-stack-to-power-the-future-of-instant-payments-in-nigeria/> > accessed 27 October 2025

135. Central Bank of Nigeria, 'Central Bank of Nigeria Announces Revised Documentation Requirements for PAPSS Transactions in Nigeria' (CBN website, 28 April 2025) <https://www.cbn.gov.ng/Out/2025/CCD/CBN%20Press%20Release%20TED.pdf> > accessed 27 October 2025

Cryptocurrency

Following the recognition of virtual and digital assets as securities by the newly issued ISA;¹³⁶ a move that signals a maturing digital economy and institutional acceptance of cryptocurrency and tokenised assets, we forecast that 2026 will bring regulatory clarity and integration of digital assets into Nigeria’s mainstream payment systems. We expect that the SEC will resume licensing of VASPs once it updates its rules and regulations to align with the ISA, as prior to the ISA, the SEC’s significant strides in admitting companies under the ARIP/RI and sandbox pilots stalled. We forecast clearer guidelines for new applicants under the ISA, as well as a multi-agency review process involving agencies like the EFCC, NFIU, ONSA, etc., for vetting applicants for compliance and security risks



Taxation of Cryptocurrency

With the 2025 introduction of the cryptocurrency tax regime, the NRS is expected to begin active enforcement and compliance reviews in 2026. Exchanges and crypto traders will face stricter obligations on transaction reporting, income taxation and VAT deductions. A carefully calibrated approach, grounded in precise definitions and practical enforcement guidelines, is essential to ensure both compliance and fairness in implementation.



QR payments

In the world of QR payment systems, we expect steady but not sporadic growth in transaction volumes for 2026. With the increased use of QR codes during high-traffic event periods such as detty December, driven by younger, digitally inclined consumers who favour quick, stress-free payment options, we also predict that there will be an increase in electronic payment channels



Digital Lending

We expect increased clampdowns by the FCCPC on non-compliant digital lenders as well as a marked reduction in unethical lending practices that previously disrupted the digital lending ecosystem.



136. Section 357 of the ISA



MAPPING NIGERIA'S INSURTECH FUTURE

We anticipate an increase in activity within the insurtech sector in 2026. Much of this activity is likely to take the form of acquisitions, capital restructuring, and internal reorganisations as insurtechs align their operations with the NAICOM's evolving requirements. While the relatively high capital and licensing thresholds within the insurance industry may remain a barrier to direct market entry, we are unlikely to see a proliferation of standalone insurtechs. Instead, insurtechs will continue to operate mainly as technology enablers rather than underwriters.

We anticipate deeper collaborations between insurtechs and traditional insurance companies. These partnerships will support product innovation, expand distribution channels, increase public trust, and help deepen insurance penetration, particularly in underserved communities

Additionally, the upward trend in the adoption of Insurtech will continue as financial literacy increases amongst Nigeria's youth and insurtechs expand their verticals to provide customised insurance products tailored to meet the specific needs of different customer segments.¹³⁷ We also expect to see more innovations around long-standing issues like claims and customer administration¹³⁸ that have historically led to scepticism towards insurance.

Overall, 2026 is set to be a transformative year for Nigeria's insurance industry as there will be more innovation, collaboration, and a journey of winning consumer trust.

2026 is set to be a transformative year for Nigeria's insurance industry as there will be more innovation, collaboration, and a journey of winning consumer trust.

^{137.} Statista, 'Insurances- Nigeria' (Statista, September 2025) <Insurances - Nigeria | Statista Market Forecast> accessed 25 November 2025.

^{138.} Ibid

DATA PROTECTION

Following the NDPC's publication of non-compliant companies in August 2025, we expect the NDPC to take a more assertive approach to supervision in 2026.¹³⁹ This will likely include closer monitoring of organisations, stricter enforcement of the NDPA and the GAID, and firmer follow-up on remediation obligations. Companies whose processing activities are also likely to cause risk or operate in sectors with recurring compliance gaps may also face increased regulatory attention.

We anticipate that the NDPC will continue to build stronger cross-border relationships. This may involve signing additional memoranda of understanding with international organisations and third parties to create clearer structures for cross-border data transfers and cooperation on data protection matters. Such collaborations would help position Nigeria as a trusted jurisdiction within the global data protection landscape.

We also anticipate that as the data protection regulatory landscape matures, the NDPC will release sector-specific guidelines to expand compliance across the sectors and improve compliance culture across industries.

We expect the NDPC to take a more assertive approach to supervision in 2026.



¹³⁹. Technology Times Newsroom, 'Data Protection: Nigeria Flags 1,368 Companies over Non Compliance' (Technology Times, 26 August 2025) <https://technologytimes.ng/data-protection-nigeria-flags-1368-companies/> accessed 25 November 2025



MARKETPLACE: FROM PHYSICAL TO DIGITAL

Nigeria's e-commerce industry is expected to enter a new phase in 2026, characterised by deeper integration between digital platforms and physical retail networks. Building on the strong digital momentum of 2025, the sector is forecast to continue expanding on the back of rising consumer adoption, a rapidly maturing payments ecosystem, and the gradual convergence of online and offline retail.

The BOPIS model is expected to expand beyond major cities such as Lagos and Abuja into tier-two cities, as an alternative for pricy logistics and an improvement on broadband access to enable more regional coverage. At the same time, the competitive frontier of e-commerce will shift from product variety to delivery reliability and service efficiency. Logistics will become a defining differentiator in 2026, with players investing in micro-warehouses, pick-up hubs, and data-driven delivery routing.

Technological sophistication will also shape the sector's next chapter. As of 2025, AI and analytics tools are being deployed to power smarter vendor management systems, dynamic pricing, and personalised consumer experiences.¹⁴⁰ These developments will continue into 2026, as platforms integrate AI-assisted search, product recommendations, and AR product trials to reduce purchase hesitation and returns. While still in its infancy, AR/VR-enabled shopping is likely to see gradual adoption by leading platforms before wider mainstream rollout, which is expected to occur around 2027.

Nigeria's e-commerce sector is entering a new phase in which digital-physical integration, logistics efficiency, and AI-driven personalisation will define competitive advantage.

140. Victoria Owonipa, 'Smarter commerce: AI reshaping Nigeria's digital market hub' Vanguard (Lagos, 30 September 2025) <https://www.vanguardngr.com/2025/09/smarter-commerce-ai-reshaping-nigerias-digital-market-hub/>, accessed 6 November 2025



AI

By 2026, Nigeria is expected to experience substantial growth in AI adoption across finance, healthcare, energy, agriculture, and education. These sectors will leverage AI to improve efficiency, expand access, and drive innovation from smarter credit scoring and medical diagnostics to precision farming and adaptive learning systems.

The technical skill gap in AI will continue to narrow, supported by proposed capacity-building initiatives such as Wini University, Africa's first AI-focused higher institution,¹⁴¹ alongside new public and private training programs designed to cultivate homegrown data scientists, machine-learning engineers, and AI product leaders.

The N-ATLAS platform is expected to evolve beyond its initial four languages, broadening access to localised AI applications that better reflect Nigeria's linguistic and cultural diversity.

Meanwhile, the Nigerian government is set to strengthen AI governance frameworks, focusing on ethical standards, data privacy, algorithmic transparency, and equitable access.¹⁴²



The N-ATLAS platform is expected to evolve beyond its initial four languages, broadening access to localised AI applications that better reflect Nigeria's linguistic and cultural diversity

141. Umeh J, 'First AI University debuts in Nigeria' (Vanguard News, 23 January 2025) <https://www.vanguardngr.com/2025/01/first-ai-university-debuts-in-nigeria/> accessed 28 October 2025.
142. Nathaniel Dashe, 'Nigeria Unveils AI Code of Practice to Tackle Ethics, Bias, and Transparency' (AI Reports Africa, 31 August 2025) <https://aireports.africa/2025/08/31/nigeria-unveils-ai-code-of-practice-to-tackle-ethics-bias-and-transparency/> accessed 28 October 2025.



EMERGING AREAS



By 2026, we expect Nigeria's EdTech market to become a central component of the country's education landscape. Growth will be driven by mobile solutions, increasing smartphone penetration, rising demand across all education and training sectors, government support,¹⁴³ such as the National EdTech Strategy,¹⁴⁴ private sector innovation, and improved internet coverage, making digital learning more widely accessible. The market is also projected to surpass \$450 million, building on estimated revenues of \$400 million in 2025.¹⁴⁵

With the launch of Nigeria's \$500 million Climate Fund aimed at accelerating the nation's transition to a green economy,¹⁴⁶ and the approval of the National Carbon Market Framework to unlock carbon finance opportunities, we anticipate a surge in innovative Climatetech solutions seeking to leverage these initiatives to contribute meaningfully toward advancing Nigeria's sustainability goals.¹⁴⁷ These developments are expected to attract significant investment into the Climatetech space, driving the deployment of renewable energy, off-grid solar systems, climate-resilient technologies, and sustainable agriculture solutions, while generating green jobs and positioning Nigeria as a regional hub for climate innovation by 2026.

In 2026, Nigeria's Agritech sector is expected to experience substantial growth, though this expansion will be concentrated largely within major commercial hubs, driven by rising private investment and the increasing adoption of digital solutions across the agricultural value chain. Much of this growth will focus on developing sustainable food practices that address persistent challenges in traditional agriculture. A notable rise is anticipated in Agritech platforms that de-risk the farming cycle by providing verified inputs and enhancing supply chain efficiency. Backed by enabling policies and growing investor confidence, Nigeria's Agritech industry is poised to emerge as a key catalyst for creating resilient food systems and rural economic transformation.



A notable rise is anticipated in Agritech platforms that de-risk the farming cycle by providing verified inputs and enhancing supply chain efficiency



143. Such as the Federal Government's [National Digital Economy Policy and Strategy \(SDP 2.0\) for 2024–2027](#).

144. Samuel Anyanwu, Honourable Minister Of Education Inaugurates National EdTECH Strategy To Drive Nigeria's Digital Learning Transformation (05 August 2025) [Honourable Minister Of Education Inaugurates National EdTECH Strategy To Drive Nigeria's Digital Learning Transformation - Federal Ministry of Information and National Orientation](#), accessed 03 November 2025.

145. Admin, 'Nigeria EdTech Market Forecast 2025–2030: Why the \$400M Milestone Matters' (EduTech Global, 20 June 2025) [https://edutech.global/nigeria-edtech-market-forecast/#~:text=Nigeria's%20education%20technology%20\(EduTech\)%20sector,even%20faster%20expansion%20to%202030](https://edutech.global/nigeria-edtech-market-forecast/#~:text=Nigeria's%20education%20technology%20(EduTech)%20sector,even%20faster%20expansion%20to%202030), accessed 127 October 2025.

146. Precious Oparanozie, 'Nigeria's \$500 Million Climate Fund: Promise, Pitfalls, and the Path Forward' (Green Growth Africa, 8 August 2025) <https://thegreengrowth.org/2025/08/08/nigerias-500-million-climate-fund-promise-pitfalls-and-the-path-forward/>, accessed 30 October 2025.

147. Jide Aja, FG Approves National Carbon Market Framework to Unlock \$3bn annually (31 October 2025) [Nigeria approves national carbon market to unlock \\$3bn annua](#), accessed 03 November 2025



PART

E

REGIONAL
SPOTLIGHT

Over the past year, several governments in Africa have been rolling out frameworks designed to protect consumers while fostering ongoing financial innovation and inclusion. Central to these developments is the regulation of cryptocurrencies and digital assets, alongside the adoption of AI to scale and enhance access to financial services. This Regional Spotlight highlights key regulatory developments in 2025 across Kenya, South Africa Ghana, and Egypt - key markets driving innovation and shaping the future of Africa's rapidly evolving fintech sector.



KENYA

National Policy and Law on VASPs and AI Adoption

Kenya took a significant step in regulating cryptocurrencies and digital assets with the release of the National Policy on Virtual Assets and Virtual Assets Service Providers, and the enactment¹⁴⁸ of the Virtual Assets Service Provider Act, (VASP Act)¹⁴⁹ the country's first dedicated law in this regard. The Policy aims to provide a structured approach to the oversight of virtual assets and its associated service providers while the VASP Act assigns joint regulatory oversight of digital assets to the Central Bank of Kenya and the Capital Markets Authority.¹⁵⁰

At the same time, Kenyan fintech companies are rapidly integrating AI from AI-driven credit scoring and fraud detection by lenders, to personalised loan offerings on platforms like M-Shwari and KCB M-Pesa,¹⁵¹ and 24/7 customer support via chatbots and WhatsApp assistants employed by banks and fintechs. This momentum is supported by the National AI Strategy (2025–2030),¹⁵² launched on 27 March 2025, which provides a clear roadmap for ethical and inclusive AI adoption. Built on pillars of infrastructure, data governance, and innovation, the Strategy positions Kenya as a regional leader regional hub for ethical, inclusive, and locally driven AI development.

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SOUTH AFRICA

Driving Towards a More Inclusive Payment System

South Africa has taken a major step towards greater financial inclusion with the SARB's move to allow non-bank fintechs to participate directly in the National Payment System without the need for bank sponsorship.¹⁵³

In March 2025, the SARB issued two instruments for public comments from stakeholders in the banking industry: a draft Exemption Notice¹⁵⁴ and draft Directive.¹⁵⁵ The Exemption Notice¹⁵⁶ outlines specific payment activities¹⁵⁷ within the National Payment System which do not constitute the business of a bank. Further to the Exemption Notice, the Directive stipulates requirements which any person (bank or non-bank) must comply with to offer specific payment activities, including those exempted under the Exemption Notice.

Importantly, the Directive sets out a new payment licensing regime that would open clearing, settlement, fast payments, and e-money issuance to fintechs, alongside strict standards for governance, capital adequacy, client fund segregation, and compliance in areas such as cybersecurity, anti-money laundering, and IT risk management.



GHANA

Licensing Regime for Digital Lenders

As part of Ghana's broader efforts to promote financial inclusion, consumer protection, and market integrity within its expanding digital finance ecosystem, the BoG, in August 2025, classified digital credit as a regulated nonbank financial service under the Non-Bank Financial Institutions Act, 2008 (Act 774). This move brings providers of small ticket, short term loans offered via mobile apps and fintech platforms under formal regulatory oversight.¹⁵⁸ Under the new regime, BoG will begin issuing digital credit licences to entities who meet the licensing threshold.¹⁵⁹

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EGYPT

Regulation of Digital Payment Infrastructure

The CBE issued a new regulation formalising the licensing and registration of Payment Service Operators and Payment Service Providers, which took effect on 17 June 2025.¹⁶⁰ Unlike the previous framework¹⁶¹ which lacked clear licensing procedures, the Payment Service Provider Rules¹⁶² (PSP Rules) establish a comprehensive regime applicable to both domestic and foreign entities offering payment services to users in Egypt. The PSP Rules prescribes minimum capital requirements across different categories of activities¹⁶³ and mandate the submission of an unconditional letter of guarantee equivalent to 2% of the applicant's paid-up capital as security for compliance.¹⁶⁴

In addition to the PSP Rules, the CBE in 2025, also introduced governance and internal control guidelines for payment institutions. These guidelines establish fitness and propriety criteria for executives, outline board approval processes, and mandate the separation of audit/compliance from business units, as well as conflict of interest safeguard. Payment institutions have been given a one-year compliance window.¹⁶⁵



CONCLUSION

Africa's evolving fintech regulatory landscape reflects a concerted shift towards structured governance, market integrity, and alignment with global standards. These developments signify a maturing ecosystem with greater regulatory clarity. As implementation progresses, one of the key challenges will be balancing innovation with oversight to ensure safe, transparent, and accessible financial services across the continent.

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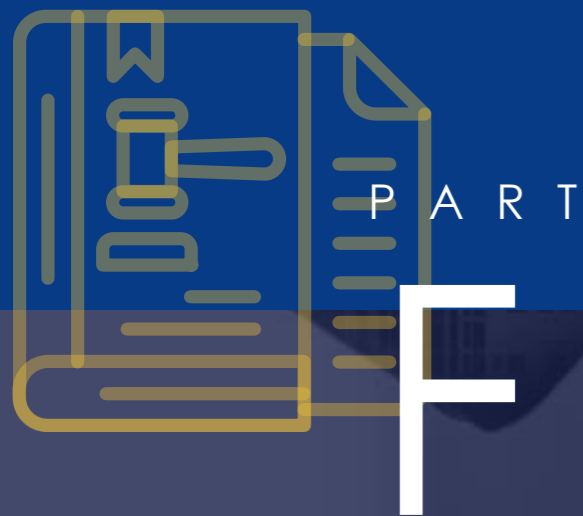
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OALP'S TAKE

STARTUP CLOSURES: SLOWING DOWN OR GAINING PACE?

After two (2) years of funding cuts, high-profile shutdowns, and investor pullbacks, Africa's tech ecosystem appeared to catch its breath in 2025. The funding winter that began in 2023 left a trail of struggling startups, shattered ventures and disillusioned founders. But by mid-2025, the narrative appeared to shift. While startup closures continued, they stopped happening at the same frequency or intensity. This begs the question of whether this represents a genuine recovery or a pause before another wave of consolidation?

HOW WE GOT HERE

THE FUNDING WINTER AND NOTABLE CLOSURES

The decline in venture funding across Africa over the past few years has been unprecedented.¹⁶⁶ Total startup funding across the continent plunged by more than 50% in 2024, falling to roughly \$1.1 billion. The number of funded startups dropped from over 400 in 2023 to about 200 in 2024.¹⁶⁷

During this time, there was an overwhelming number of startup closures as companies struggled to get VC funding to stay afloat. Between January 2023 and June 2025, at least thirty (33) African startups were reported to have shut down.¹⁶⁸ Six (6) of those occurred in H1 of 2025, down from nine (9) in the same period of 2024.¹⁶⁹ On the surface, this suggests a slowdown in the pace of closures, and although the total number remains significant, the trendline points to a gradual stabilisation rather than an accelerating collapse.

The closures spanned fintech, logistics, Healthtech, and e-commerce, reflecting both the diversity and vulnerability of the ecosystem. Nigeria and Kenya were hit hardest, accounting for over two-thirds of startup closures.¹⁷⁰ Among the startups closures include Okra (Nigeria), the open banking API provider that raised over \$16.5 million but shut down in early 2025,¹⁷¹ Lipa Liter (Kenya), a BNPL company that raised over \$12 million in funding but entered administration in March 2025,¹⁷² and Edukoya (Nigeria), an EdTech that raised \$3.5 million before returning investor capital.¹⁷³ Other closures include 54gene (Nigeria),¹⁷⁴ Copia Global (Kenya),¹⁷⁵ Bento Africa (Nigeria),¹⁷⁶ Medsaf (Nigeria),¹⁷⁷ iProcure (Kenya),¹⁷⁸ Heroshe (Nigeria),¹⁷⁹ and Lidya.¹⁸⁰

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REASON FOR STARTUP FAILURES

Africa's startup failures were not caused by a single cause but by different factors. Many shutdowns were caused by cash burn outpacing revenue growth. Beneath that, there were a mix of structural and macroeconomic factors that also contributed to the wave of failures. For example, as global interest rates rose after 2022, international venture investors, who were the backbone of Africa's tech boom, became more risk averse.¹⁸¹ Africa's frontier markets were among the first to feel the squeeze. Many startups that raised seed or Series A rounds in 2021-2022 found follow-on funding almost impossible by 2024. Many, unable to sustain their aggressive burn rates, ran out of runway before they could reach profitability.

Currency depreciation also contributed to the crisis. In markets such as Nigeria, Kenya and Egypt, local currencies tumbled, eroding valuations and increasing operating costs in ecosystems heavily dependent on dollar-denominated expenses, from cloud services to imported hardware.¹⁸²

For some startups, their closures were because they scaled ahead of demand, betting on user growth without achieving profitability. Others built models that depended on investor money to fund discounts and rapid expansion. This strategy collapsed once external funding dried up. There are also regulatory restrictions, with fintechs in particular, facing stricter licensing requirements and compliance costs.

SIGNS OF STABILISATION?

Despite the grim headlines, there are signs that the worst may be over. H1 of 2025 saw over fifty (50) startups raise at least \$1 million, similar with 2024, even though deal sizes were smaller.¹⁸³

Although funding may still be subdued, it is increasingly strategic rather than speculative. Investors are now targeting startups with disciplined operations and clearer pathways to profitability. Sectors like Climatetech, Agritech, and Healthtech are also gaining attention because they address essential markets less vulnerable to consumption slowdowns.¹⁸⁴ This shift suggests that the ecosystem is maturing, with investors moving away from vanity metrics, and founders are learning to prioritise sustainability over speed.

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ANALYSIS OF THE CURRENT STATE

To the question: are startup closures slowing down? The data suggests that they are, but the ecosystem still remains fragile. The smaller number of shutdowns in early 2025 may reflect startups adapting, cutting costs, diversifying revenue and targeting stable markets. However, there is a risk of latent distress. That is, startups that remain operational on paper but are struggling or dormant. Some others may quietly exit the market later.

The current phase marks a reset rather than a retreat. Founders and investors alike are recalibrating expectations. The new mantra is sustainable execution, with the days of growth-at-all-costs being over. The ecosystem’s resilience now depends on three pillars:



Local capital raises, due to the decline in international VC flows African investors, corporate venture funds, and development finance institutions must fill the gap. PayAza’s ₦20 billion commercial paper is an example of a homegrown fintech raising local debt funding, rather than relying solely on venture capital.¹⁸⁵ There are also market speculations of some major players exploring IPOs or commercial paper issuances in the coming months. Also, in Nigeria, there is a statutory “start-up fund” under the Nigeria Startup Act, with the government committing ₦10 billion annually to support the local startup ecosystem.¹⁸⁶ This is a potential signal of deepening local capital markets and alternative financing models emerging across the continent.



Policy stability, including currency reform, clearer regulation, and investor-friendly legal frameworks.



Founder discipline through sustainable business models, lean operations, and patient growth.

In this sense, the apparent slowdown in closures is a sign of maturation. The startups that survive 2025 will likely emerge stronger, more grounded, and better prepared for long-term success.

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Africa's next wave of tech growth will not be built on hype, but on hard lessons learned from the failures of 2023–2025.

CONCLUSION

Africa's startup ecosystem is still standing after its harshest test in a decade. The funding slowdown continues, but the panic phase is giving way to cautious rebuilding. Closures have not disappeared, but they are no longer the dominant story. Instead, the narrative is shifting to adaptation, resilience, and recalibration. Africa's next wave of tech growth will not be built on hype. It will be built on hard lessons learned from the failures of 2023-2025.

So, to answer the question: African tech startup closures are slowing down, but the will to survive remains as strong as ever. Looking ahead to 2026, the outlook is cautiously optimistic. With local capital formation deepening, currency markets showing signs of stabilisation, and investors regaining

selective confidence, Africa's startup ecosystem could experience a modest rebound. Founders are expected to adopt greater financial discipline and focus on sustainable unit economics, while investors will prioritise measurable growth trajectories over ambitious projections. If these trends hold, 2026 could mark the beginning of a more stable and self-sustaining growth phase, characterised by fewer shutdowns, more structured funding rounds, and a more mature ecosystem





Further Reading

Fast Facts

Guidelines on the Operations of Automated Teller Machines (ATMs) in Nigeria

[Click Here](#)

The National Insurance Commission issues Guidelines for Insurtech Operators in Nigeria

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Newsletters

Key Innovations in the Central Bank of Nigeria (CBN)

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PART

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Further Reading

Client Alerts and Others

FATF Delists Nigeria from its Grey List

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Balancing Growth in an Uncertain Regulatory Landscape for Fintech Companies

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NDPC Sector-by- Sector Investigation for Financial Services and Gaming Companies

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