The SOE 2025 Report

EnterpriseNGR

The State of Enterprise
2025
Report

Insights into Nigeria's Financial and Professional Services Sector

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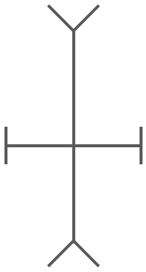

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About EnterpriseNGR

> ***EnterpriseNGR is a professional policy and advocacy group, established to promote and advocate for the development of the Financial and Professional Services (FPS) sector of Nigeria, and thereby advance the transformation of Nigeria into Africa's premier financial services centre.***

Aerial view of city buildings during daytime - Civic Towers, Lekki, Lagos Nigeria

We are an independent, private sector non-profit initiative, member-led and member-funded, focused on advocating for the improvement of the business environment for the FPS sector in Nigeria while promoting the value of the sector to the wider economy. EnterpriseNGR operates as a catalyst for advancing Nigeria's economic landscape through the strategic development of its FPS sector. We classify the FPS sector into the following sub-sectors:

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

We actively engage with policymakers and spearhead resilient advocacy efforts on behalf of the FPS sector, both within the country and on the global stage. By doing so, we seek to drive competitiveness, foster sustainable economic growth, facilitate market openness, and establish an environment conducive to the flourishing of financial market participants. Working hand-in-hand with the government and key stakeholders, our collaborative initiatives encourage local and foreign investments across the FPS sector. This collaborative approach is instrumental in optimising the sector's capacity and positioning Nigeria as a formidable player in global finance. We firmly believe that Nigeria's potential to emerge as one of the world's developed nations hinges on the successful transformation and global competitiveness of its FPS sector. EnterpriseNGR is unwavering in its commitment to this transformative journey, striving tirelessly to unite the FPS sector. Our ultimate aim is to propel Nigeria to the forefront as the premier financial centre in Africa. To realise this ambitious vision, EnterpriseNGR is driving

a deliberate effort to contribute significantly to the development of a stable and enabling policy environment specifically tailored to the FPS sector in Nigeria.

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

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

Acknowledging Valued Contributions

EnterpriseNGR extends its heartfelt gratitude to its esteemed member organizations for their invaluable contributions to the State of Enterprise Report 2025. We appreciate the expertise and insights shared by Chapel Hill Denham, Coronation Merchant Bank Ltd, Custodian Investment Plc, Lotus Bank Ltd, Meristem Securities Ltd, Templars Law, Udo Udoma & Belo Osagie, and Wigwe & Partners.

Data-Driven Excellence

We are indebted to the institutions that provided critical data, enabling us to craft a comprehensive narrative. Our thanks go to the National Bureau of Statistics, Central Bank of Nigeria, Securities and Exchange Commission, Nigerian Exchange Group, FMDQ Group, National Insurance Commission, National Pension Commission, Nigerian Bar Association, Institute of Chartered Accountants of Nigeria, World Bank, International Monetary Fund, and the Organization of Economic Co-operation and Development.

AREWA KNOT

Horse riders at the Durbar Festival celebrated in Bauchi State, Northern Nigeria

Expert Insights and Visual Storytelling

Special appreciation goes to the industry experts who reviewed the Report, offering thoughtful feedback that enhanced the quality and relevance of our recommendations. We also acknowledge Investment One for its outstanding contribution of culturally rich imagery, beautifully showcasing Nigeria's heritage and featured throughout the Report.

Cultural Symbols:
A Window into Nigeria's Soul

The Report features three significant cultural symbols: Nsibidi, an ancient ideographic script representing peace, love, unity, and strength; the Cowrie, a symbol of trade, prosperity, and ancestral wisdom; and the Arewa Knot, embodying unity, strength in diversity, and intertwined destinies. Each symbol is accompanied by a brief explanation, educating and inspiring readers about Nigeria's rich cultural heritage.

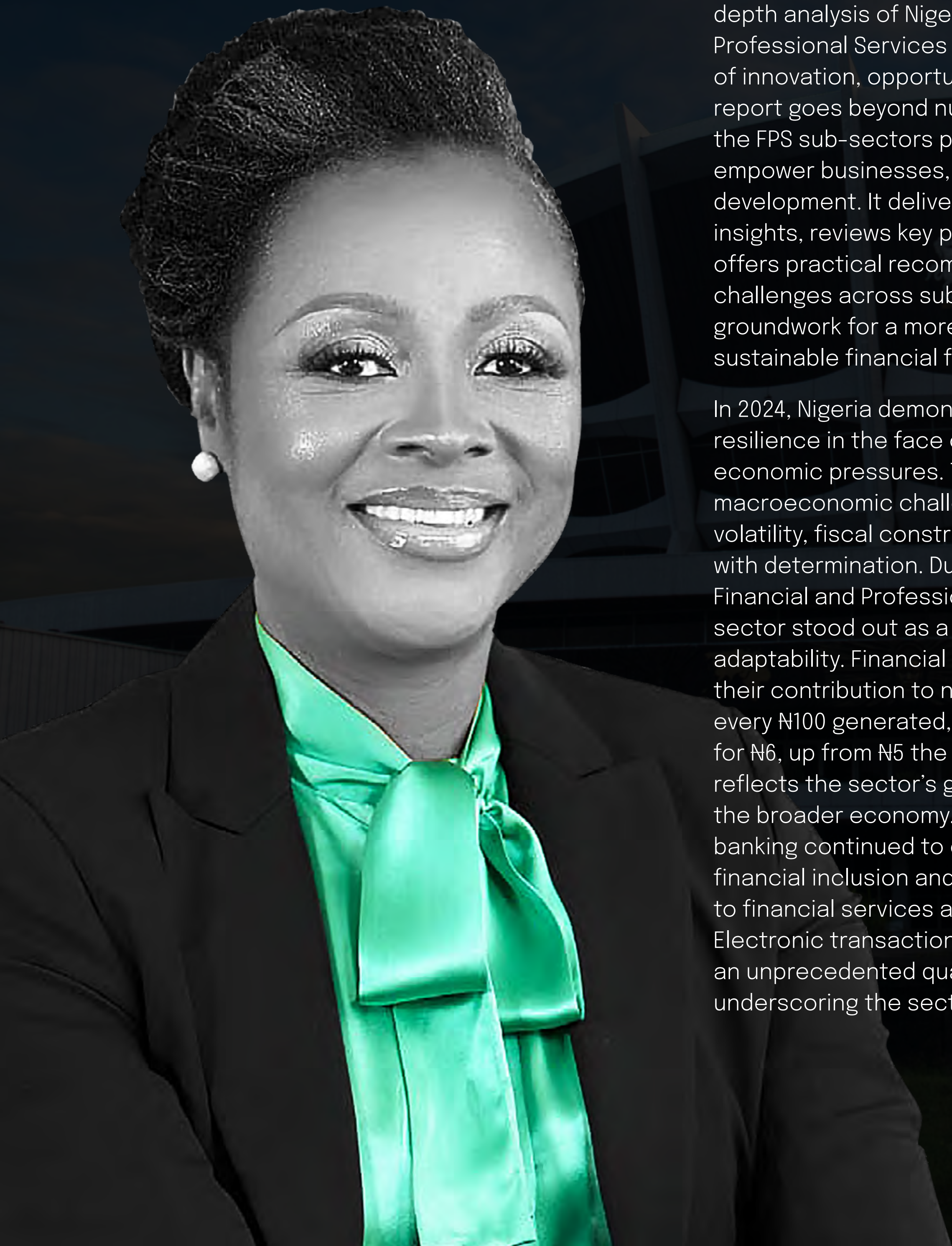
BLACK

The silhouette of an African man stands as a powerful symbol of resilience, identity, and collective history.

Celebrating Nigeria's Rich Heritage

By weaving these timeless cultural symbols throughout the Report, EnterpriseNGR pays tribute to Nigeria's depth and beauty. We celebrate Nigeria not only as an economic force but as a nation rooted in powerful stories, diverse traditions, and shared values. This Report is a testament to the country's vibrant cultural identity and its potential for growth and prosperity.

Foreword



EnterpriseNGR is proud to present the fourth edition of the State of Enterprise Report (SOE Report 2025) – a bold exploration of the powerful intersection between culture and finance. This year's design theme explores how Nigeria's rich cultural heritage and community values influence financial behaviours, investment practices, and economic inclusion, offering a reimagined narrative of Nigeria's financial journey.

At its core, the SOE Report provides an in-depth analysis of Nigeria's Financial and Professional Services (FPS) sector, an engine of innovation, opportunity, and growth. The report goes beyond numbers to evaluate how the FPS sub-sectors perform and impact lives, empower businesses, and advance national development. It delivers forward-thinking insights, reviews key policies and reforms, and offers practical recommendations to address challenges across sub-sectors, laying the groundwork for a more inclusive, resilient, and sustainable financial future for Nigeria.

In 2024, Nigeria demonstrated remarkable resilience in the face of global and domestic economic pressures. The country navigated macroeconomic challenges such as currency volatility, fiscal constraints, and inflation with determination. During this period, the Financial and Professional Services (FPS) sector stood out as a pillar of strength and adaptability. Financial institutions increased their contribution to national output. For every ₦100 generated, the sector accounted for ₦6, up from ₦5 the previous year. This reflects the sector's growing influence on the broader economy. FinTech and digital banking continued to expand, deepening financial inclusion and improving access to financial services across the country. Electronic transaction values reached an unprecedented quadrillion-naira level, underscoring the sector's scale and transformative impact.

The Capital Markets gained stronger momentum, solidifying Nigeria's standing among top-performing frontier markets. Increased foreign and domestic participation underscored its role in funding national development goals. The All-Share Index closed the year with a 37.65% gain, outperforming several global indices and strengthening investor confidence. Capital inflows through markets and banking exceeded performance in 2023. While Asset management grew through collective investment schemes, the pensions sub-sector saw a rise in Retirement Savings Account participation and high benefit payments to retirees and job-switching contributors. Other sub-sectors also delivered notable progress, reinforcing the sector's broad impact.

The FPS sector remains central to Nigeria's economic growth and sustainable future, mobilizing capital, driving inclusion, attracting global investment, and fueling development through critical levers like taxation, insurance, pensions, and financial literacy. As Nigeria charts its path toward becoming Africa's premier financial centre, sustaining this effort is imperative. At EnterpriseNGR, our vision is bold: to position Nigeria as the financial capital of Africa and a respected player on the global financial stage.

We are proud to unveil the State of Enterprise Report 2025, a reaffirmation of our commitment to delivering data-backed insights that spotlight the FPS sector's transformative role in Nigeria's economy.

Thank you

Obi Ibekwe
Chief Executive Officer
EnterpriseNGR

STRENGTH

> ***"This year's design theme explores how Nigeria's rich cultural heritage and community values influence financial behaviours, investment practices, and economic inclusion, offering a reimagined narrative of Nigeria's financial journey.***

Methodology

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

The approach adopted involves:

Secondary research

This was done in two stages:

Literature review

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

Data analysis

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

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

Summary of Findings

Analyzing and discussion of financial report in a meeting room

COWRIE

Once used as a form of currency in Nigeria. It symbolises wealth, trade and prosperity

In 2024, inflationary pressures, rising production costs, exchange rate depreciation, and other adverse macroeconomic conditions that affect everyday businesses persisted. In spite of this, Nigeria's Financial and Professional Services (FPS) sector demonstrated remarkable resilience and delivered improved performance. The growth underscores the sector's critical role in driving economic stability and inclusive development.

Banking

Nigeria's banking sub-sector sustained its upward trajectory in 2024, bolstered by technological advancements and an expanded customer base. Collectively, financial institutions, including banks, accounted for 5.8% of Nigeria's GDP, climbing 30.9% year-on-year to ₦4.58 trillion. Deposit Money Banks (DMBs) significantly scaled up their asset base by 39.6% to ₦170.02 trillion, equivalent to 63.1% of nominal GDP. Financial and insurance activities, which include banks and other financial institutions, were the primary contributor to corporate income tax (₦570.91 billion as at Q3, projected to reach ₦825.92 billion for full year) and the fifth-largest contributor to VAT (₦223.69 billion as at Q3, projected to reach ₦409.98 billion for full year), underscoring their fiscal relevance. Rapid digitalisation and technology-driven service delivery models continue to redefine banking access and efficiency.

Insurance

Marked by anticipated reforms, the insurance sub-sector recorded strong growth in 2024. Gross Premiums Written (GPW) reached ₦1.17 trillion as of Q3, with projections of ₦1.47 trillion by year-end–up from ₦1.003 trillion in 2023. Individual life and annuity products dominated the life business, which accounted for 31.1% of total premiums. Gross claims rose to ₦564.1 billion in Q3, with projections at ₦696.9 billion for the year, accounting for a 29.9% increase over 2023. The insurance sub-sector's assets also saw healthy growth, expanding by 45% to ₦3.88 trillion. The NGX Insurance Index, which tracks listed insurance companies, displayed an impressive 123.22% growth, reinforcing the sector's potential as a catalyst for broader economic growth. With the anticipated Insurance Industry Reform Bill aimed at enhancing transparency, digitalisation, and governance, the sector is positioned to advance the economy and support social well-being.

Capital Markets

Investor confidence remained strong in 2024 as capital markets built on prior gains. The NGX All Share Index climbed 37.65% to 102,926.40 points (increased to 105,660.64 points by Q1 2025), while market capitalization surged 53.4% to ₦62.76 trillion (improved to ₦66.26 trillion by Q1 2025). Trading volumes hit ₦5.59 trillion, reflecting a 56.1% increase. Foreign investor participation recorded increased transactions, with inflows rising by 126.8% year-on-year, largely driven by the ongoing bank recapitalisation exercise. Domestic investor participation also strengthened, with transaction value rising by 49.5%. The Oil & Gas and Insurance sectors led equity gains, returning 160.01% and 123.2%, respectively. The market showed strong momentum in early 2025, with total transactions reaching ₦2.23 trillion in Q1. On the debt market side, in 2024, FMDQ saw notable growth in federal and corporate debt securities, reaching ₦180.91 trillion and ₦9.47 trillion, up from ₦139.24 trillion and ₦7.87 trillion, respectively. Capital inflows peaked at $7.23 billion as of Q3 2024, with the projection to hit $9.64 billion for full year, compared to $3.91 billion in 2023, marking the highest level since 2020. Of these inflows, 17.1% were facilitated by capital markets through equities, bonds, and other capital in foreign direct investments and portfolio investments.

Asset Management

The asset management industry thrived in 2024 as investors pursued diversified and inflation-hedging opportunities. The Net Asset Value (NAV) of Collective Investment Schemes rose 77.68% year-on-year to ₦3.98 trillion, led by a 79.81% jump in mutual funds. Domestic retail transactions surged 105.88% to ₦2.31 trillion, representing 48.71% of total domestic transactions. Both the NAV of Exchange Traded Funds (ETFs) and infrastructure funds posted solid gains. ETFs grew 21.74% to ₦12.77 billion, while infrastructure funds increased by 39.38% from ₦94.66 billion to ₦131.94 billion. Although venture capital activity in Africa declined, Nigeria's private equity space remained resilient. The Assets Under Management (AUM) of Nigeria's ten registered private equity funds rose by 78.99% to ₦121.82 billion, a nearly fourfold rise since 2022.

Pensions

The pension sub-sector continued to anchor long-term domestic capital formation and help employees and employers ease retirement burdens. In 2024, Retirement Savings Account (RSA) holders grew 2.9% year-on-year to 10.58 million, while the industry's AUM expanded 22.6% to ₦22.51 trillion–representing approximately 8% of GDP. By Q1 2025, the number of RSA holders rose to 10.69 million, with Assets Under Management (AUM) reaching ₦23.34 trillion. The public sector holds the majority share at 52.1%, amounting to ₦5.89 trillion, but annual growth in contributions was stronger in the private sector, which grew by 7.39% year-on-year in 2024, compared to a marginal 0.78% increase in the public sector. Retirement benefit payouts increased by 12.6% to ₦340.3 billion in 2024 and the equity contribution for mortgages initiative disbursed ₦109.98 billion to over 16,000 beneficiaries since its launch in 2022. Meanwhile, 31,803 out-of-work contributors were paid ₦56.28 billion–up significantly from ₦35.48 billion in 2023. The pension industry's total AUM, approximately 8% of Nigeria's GDP in 2024, holds 62.7% of the investments in federal government securities.

Non-interest Finance

Driven by growing demand for ethical finance, Nigeria's non-interest finance industry size expanded to over ₦4.4 trillion in 2024. Non-interest bank assets, with the largest share, rose to ₦2.85 trillion, while Sukuk total stock, the second largest, totalled ₦992.56 billion. Deposits and loans increased by 104.05% and 108.4%, respectively. The growth in non-interest mutual funds, from 13 to 15, valued at ₦52.35 billion, reflects broadening investor interest. As of May 2025, the Debt Management Office (DMO) has issued seven Sukuk bonds totaling over ₦1.3 trillion, following the most recent ₦300 billion Sukuk issuance in May, which was oversubscribed with total subscriptions of ₦2.205 trillion. This reflects continued strong investor interest in government-backed ethical investment instruments.

FinTech

Nigeria's fintech sector has played a transformative role by providing digital platforms that improve access to capital, financial inclusion, and operational efficiency for businesses. Key innovations include automated payroll systems, streamlined digital payments, Buy Now Pay Later (BNPL) services (projected to reach $2.61 billion by 2030), and the rise of digital lenders–now over 400–offering credit to underserved individuals and SMEs. Fintechs have also boosted remittance inflows and enabled widespread adoption of mobile-first financial platforms. This development has led to a surge in digital transactions, with NIBSS instant payments reaching ₦1.07 quadrillion in 2024 and significant growth in POS and mobile money usage. Despite a 53.5% drop in overall African tech funding in 2024, Nigeria led the continent in value raised, attracting $331.64 million–nearly 30% of Africa's total–much of it directed toward fintech startups.

Professional Services

Professional services, including legal, accounting, and Management Consulting, continue to serve as the backbone of the FPS ecosystem. The professional services sector is classified under the Professional, Scientific, and Technical Services (PSTS) sector in the National Bureau of Statistics (NBS) framework. The sector contributed ₦2.49 trillion to GDP (3.1%) in

2024. It also contributed 2.1% (₦56.38 billion) to CIT and 1.4% (₦32.97 billion) to VAT. With 39,000 ICAN-registered accountants, 423 recognized accounting firms, and over 144,000 lawyers, the professional services sector's influence on governance, transparency, and service delivery remains significant.

Sustainable Finance

Global assets under management (AUM) for sustainable finance reached $3.56 trillion. Green bonds and sustainability-linked loans remained robust, while sustainability-linked bonds saw a decline. In Nigeria, the green bond stock remained unchanged at ₦32.83 billion, including ₦15 billion in Federal Government of Nigeria (FGN) green bonds and ₦17.83 billion in corporate bonds. Sustainable project loans facilitated during the year include $500 million for the Sustainable Power and Irrigation for Nigeria (SPIN) project by the World Bank and €245 million for the Kano-Kaduna railway from the China Development Bank.

Conclusion

With growth comes challenges. Despite the FPS sector's strong performance in 2024, it is constrained by several issues that must be addressed to sustain future growth and development. In banking, key challenges include deepening financial inclusion, strengthening regulation, supporting fintech, and maintaining exchange rate stability. The insurance sector struggles with weak enforcement of compulsory policies, low public awareness, and limited adoption at the state level. Capital markets require improved liquidity, enhanced investor education, and regulatory reform, while also fostering innovation and ESG practices. The pensions industry must expand investment options, strengthen compliance, and increase adoption in both the informal and public sectors. Non-interest finance needs stronger liquidity management tools, increased sukuk issuance, and targeted talent development. Fintech faces challenges in achieving interoperability, harnessing blockchain technology, and strengthening digital infrastructure. In professional services, retaining talent and developing future-ready skills are critical. Lastly, sustainable finance calls for a clear national roadmap, investment mobilization, and greater access to funding for inclusive and green initiatives.


City view with tall buildings

This captivating image features the iconic Lekki-Ikoyi Link Bridge in Lagos, Nigeria, a masterpiece of modern engineering and urban design.

Nigeria's Economy in 2024 and Q1 2025

Navigating challenges, laying foundations

In 2024, Nigeria's economy demonstrated resilience and continued its recovery trajectory, with GDP expanding by 3.84% in Q4, up from 3.46% in the same period of 2023[1]. Full-year growth stood at 3.4%, a significant improvement from 2.74% the previous year. This progress was largely driven by the services sector, particularly Trade, Telecommunications & Information Services, and Financial Institutions, as the economy deepened its adoption of digital platforms and fintech enabled services.

While Manufacturing growth slowed to 1.38%, reflecting persistent structural challenges such as foreign exchange pressures and high input costs, other sectors showed positive movement. The non-oil economy grew by 3.27%, while the oil sector rebounded with a growth rate of 5.54%, recovering from a -2.22% contraction in 2023. The improved oil performance was due to increased production and fewer disruptions in the Niger Delta.

However, with oil contributing just 5.51% to GDP compared to 94.49% from the non-oil sector, the data reinforced Nigeria's ongoing structural transition away from oil dependency.

The services sector remained a pillar of growth, expanding by 4.70%, while agriculture posted a more modest growth of 1.19%, constrained by insecurity in rural areas, high input costs, and logistical challenges. Nevertheless, reforms aimed at improving input access and rural infrastructure are expected to support future gains in this sector.

Despite encouraging headline growth, the economy weathered a series of transitional shocks stemming from necessary policy reforms. The Central Bank of Nigeria's (CBN) efforts to unify exchange rates introduced short-term volatility in the foreign exchange market. The official exchange rate moved from ₦913.94 per USD in January to ₦1,535.32

[1] National Bureau of Statistics, 'Gross Domestic Product Report', (May 13, 2025), available at: https://microdata.nigerianstat.gov.ng/index.php/catalog/147

by December[2], while the parallel market rate reached ₦1,705 per USD by September, marking a 70.5% year-on-year adjustment[3]. This dislocation was largely driven by legacy FX backlogs, elevated demand for dollars, and market recalibration. The exchange rate continued to fluctuate in Q1 2025. The Naira started the year at ₦1,541.36 per dollar but ended the quarter around ₦1,536.82. On average, the Naira traded at ₦1,521.08 to the dollar during the quarter.

Inflationary pressures also intensified. Headline inflation reached 34.80% by December[4], the highest in nearly three decades, while food inflation surged to 39.84%, fueled by elevated logistics costs, insecurity, and exchange rate pass-throughs. The average petrol price nearly doubled to ₦1,184.83 per litre[5] (October 2024), following the removal of fuel subsidies and FX liberalisation policy actions aimed at fostering long-term fiscal sustainability and market efficiency. Though these adjustments strained household finances in the short term, they are expected to yield greater stability and efficiency in the medium to long term.

To contain inflation, the CBN raised the Monetary Policy Rate from 18.75% in January to 27.50% by December[6]. While the impact was limited due to supply side drivers of inflation, the monetary tightening reflects a commitment to macroeconomic stability and inflation targeting.

Inflationary pressure continued in Q1 2025. The year started with headline inflation at 24.48% in January, dropped slightly to 23.18% in February, and rose again to 24.23% in March.

[7] Food inflation peaked at 26.08% in January, driven by rising transport costs, exchange rate depreciation, and challenges in food production and distribution. It has since moderated, falling to 23.51% in February and 21.79% in March, reflecting the gradual easing of some of these pressures.

On the fiscal front, public revenues improved markedly. The NNPC, Nigeria Customs Service (NCS), and Federal Inland Revenue Service (FIRS) all exceeded their revenue targets by Q3 2024[8], reflecting improved oil receipts, stronger tax compliance, and more efficient revenue administration. However, public finances remained under pressure due to high debt service obligations and currency depreciation. Total public debt rose to ₦144.67 trillion, up from ₦97.34 trillion in 2023[9]. Nonetheless, the government has signalled a commitment to fiscal sustainability through ongoing reforms, including proposed tax legislation aimed at broadening the revenue base. Encouragingly, the Federal Government recorded strong revenue performance in Q1 2025, particularly from non-oil sources. Provisional gross Federation Account revenue stood at ₦1.94 trillion in January and increased to ₦2.71 trillion in February,[10] reflecting almost 40 percent month-on-month growth. Non-oil revenue remained the dominant source of income, rising from ₦1.33 trillion in January to ₦1.90 trillion in February and accounting for 70.03% of total collections.

Foreign Direct Investment (FDI) flows fluctuated during the year, with Q2 recording a decline to $29.83 million before rebounding

[2] Central Bank of Nigeria, 'Exchange Rates', (May 13, 2025), available at: Exchange Rates | Central Bank of Nigeria

[3] Vanguard News, 'Pressure mounts on naira, falls to N1,740 in parallel market', (May 13,2025), available at: Pressure mounts on naira, falls to N1,740 in parallel market - Vanguard News

[4] National Bureau of Statistics, 'Consumer Price Index and Inflation', (May 13, 2025), available at: https://microdata.nigerianstat.gov.ng/index.php/catalog/154

[5] National Bureau of Statistics, 'Premium Motor Spirit (Petrol) Price Watch', (May 13, 2025), available at: https://www.nigerianstat.gov.ng/elibrary/read/1241584

[6] Central Bank of Nigeria, 'Money Market Indicators', (May 13, 2025), available at: https://www.cbn.gov.ng/rates/mnymktind.html

[7] National Bureau of Statistics, 'Consumer Price Index and Inflation', (May 13, 2025), available at: https://microdata.nigerianstat.gov.ng/index.php/catalog/154

[8] Vanguard News, 'NNPC, Customs, FIRS make N37trn; exceed revenue targets', (May 13,2025), available at: https://www.vanguardngr.com/2024/11/nnpc-customs-firs-exceed-revenue-targets-rake-in-n37trn/#google_vignette

[9] Debt Management Office, 'Total Public Debts', (May 13, 2025), available at: https://www.dmo.gov.ng/debt-profile/total-public-debt

[10] Central Bank of Nigeria, 'CBN Economic Report', (May 13, 2025), available at: https://www.cbn.gov.ng/Out/2025/RSD/February%202025%20Economic%20Report.pdf

to $103.82 million in Q3 [11]–partly attributed to renewed investor interest following the banking recapitalisation directive and continued economic reforms. Challenges such as inflation, FX volatility, and regulatory uncertainty weighed on investor sentiment, but the government responded with several targeted interventions. These included tax holidays for priority sectors, enhanced support for SMEs, updated regulations for fintech and digital assets, and improved trade facilitation measures in partnership with the World Trade Organization (WTO) and International Trade Centre (ITC). In Q1 2025, Foreign Direct Investment (FDI) flows remained modest–$69.8 million in January, $18.2 million in February, and $36.3 million in March[12]–showing signs of gradual growth.

Looking ahead, Nigeria's reform momentum remains strong. Planned interventions in education financing (student loans), export-oriented tax incentives, forex management, and investment in gas and renewable energy are expected to unlock latent growth across key sectors–agriculture, technology, manufacturing, and real estate. These reforms, though initially disruptive, reflect a deliberate effort to reset the macroeconomic fundamentals and lay the groundwork for long-term, inclusive growth.

In conclusion, 2024 was a year of recalibration. While Nigerians faced real challenges from inflation and FX adjustments, the economy remained resilient. The government's bold reforms, if sustained and carefully implemented, are expected to create a more competitive, diversified, and equitable economic landscape. The first quarter of 2025 showed that Nigeria is slowly moving in the right direction but remains exposed to inflation, currency volatility, and high operating costs. To build on the progress made, the government will need to focus on increasing foreign exchange inflows through diaspora bonds and non-oil exports, and on reducing inflation by improving the food supply chain and implementing targeted subsidies. Support for small businesses and key industries like agriculture and technology will also be important, along with stronger institutions to ensure that reforms are effectively implemented.

> ***"In 2024, Nigeria's economy demonstrated resilience and continued its recovery trajectory, with GDP expanding by 3.84% in Q4, up from 3.46% in the same period of 2023. Full-year growth stood at 3.4%, a significant improvement from 2.74% the previous year.***

[11] National Bureau of Statistics, 'Nigeria Capital Importation Q3 2024', (April 17, 2025), available at: https://microdata.nigerianstat.gov.ng/index.php/catalog/143

[12] Central Bank of Nigeria, 'Statistics Database', (May 13, 2025), available at: https://statistics.cbn.gov.ng/data-browser

01

BANKING

Financial institutions are an integral part of a functioning economy, especially for the transmission of monetary policy tools, interest rate dynamics, credit flows, and providing liquidity channels in the economy. As part of the services sector, banks in Nigeria have made significant contributions to economic growth over the years. Banks, through their intermediation functions, play a key role in the redistribution of capital and are crucial in facilitating the flow of financial resources.

BANK

Traditionally dressed woman selling egusi at a market in Ile-Ife

KEY FACTS

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

Total assets of the banking sector

₦121.8tn — 2023

₦170.02tn — 2024

+39.6% GROWTH

₦6/₦100

The collective financial institutions made a contribution of nearly ₦6 out of every ₦100 generated nationally in 2024.

Company Income Tax by banks, other financial institutions and insurance firms

₦388.25bn — Q3 2023

₦570.91bn — Q3 2024

Banks, other financial institutions, and insurance firms collectively leads other sectors in Company Income Tax, surpassing the previously dominant manufacturing sector.

Capital importation through the banking sector

₦549.3mn — Q3 2023

$3.8bn — Q3 2024

Remittance inflows by Banking

2023 — $19.55bn

2024 — $19.8bn

Value of POS transactions

+69.6% GROWTH

₦10.7tn — 2023

₦18.15tn — 2024

Volume of POS transactions

+7.1% GROWTH

1.4 — 2023

1.5 — 2024

Electronic payment transaction

2023 — ₦600tn

2024 — ₦1.078qn

+79% GROWTH

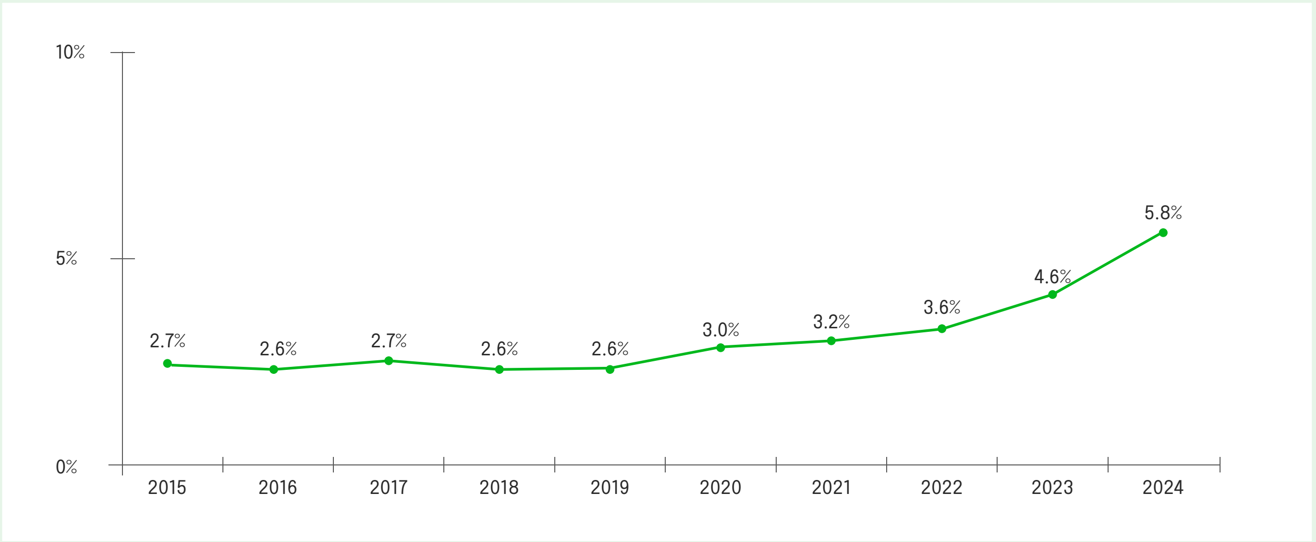
How The Banking Sector Supported Growth and The Economy

Contributing to national output

In 2024, the Banking sub-sector maintained its role as a key driver of the non-oil economy. The collective financial institutions[13] accounted for 5.8% of Nigeria's GDP, growing by a robust 30.9% year-on-year–from ₦3.5 trillion in 2023 to ₦4.58 trillion.[14] Despite expectations of slower overall economic growth, the sector demonstrated strong resilience. This performance shows that financial institutions contributed approximately ₦6 of every ₦100 generated nationally, up from ₦5 in the previous year. The total assets of Deposit Money Banks (or Other Depository Corporations) [15] rose by 39.6% to ₦170.02 trillion as of December 2024(Figure 3).[16] Between 2015 and 2024, the value of assets recorded a compounded annual growth rate (CAGR) of 22.1%. While this growth reflects deepening financial intermediation, it is important to note that part of the nominal expansion was influenced by currency depreciation against the US dollar during the period. Even so, the sector's asset base now represents an estimated 63.1% of nominal GDP, up from 52% in 2023, indicating continued structural relevance in the economy. Looking ahead to 2025, key growth drivers for banks include loan book expansion amid

> "
> *The collective financial institutions accounted for* ***5.8% of Nigeria's GDP,*** *growing by a robust* ***30.9%*** *year-on-year–from* ***₦3.5 trillion*** *in 2023 to* ***₦4.58 trillion***

Figure 1:
Financial institutions' contribution to GDP, 2015 - 2024
Source: National Bureau of Statistics, EnterpriseNGR and Coronation Merchant Bank analysis



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

[14] See Footnote 1.

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

[16] Central Bank of Nigeria, 'Quarterly Statistical Bulletin' (April, 2025), available at: https://www.cbn.gov.ng/documents/QuarterlyStatbulletin.html

moderating interest rates, gains from trading and fixed-income investments, and digital innovation to boost non-interest income. However, risks remain, particularly credit exposure to the oil and gas sector, which heightens vulnerability to foreign currency fluctuations. Impairment charges are expected to ease, reflecting a more stable macroeconomic outlook.

Figure 2:
GDP growth rate and Financial Services growth rate, 2016-2024
Source: National Bureau of Statistics, EnterpriseNGR and Coronation Merchant Bank analysis

Figure 3:
Asset value of Deposit Money Banks, 2015- 2024
Source: Central Bank of Nigeria, EnterpriseNGR and Coronation Merchant Bank analysis

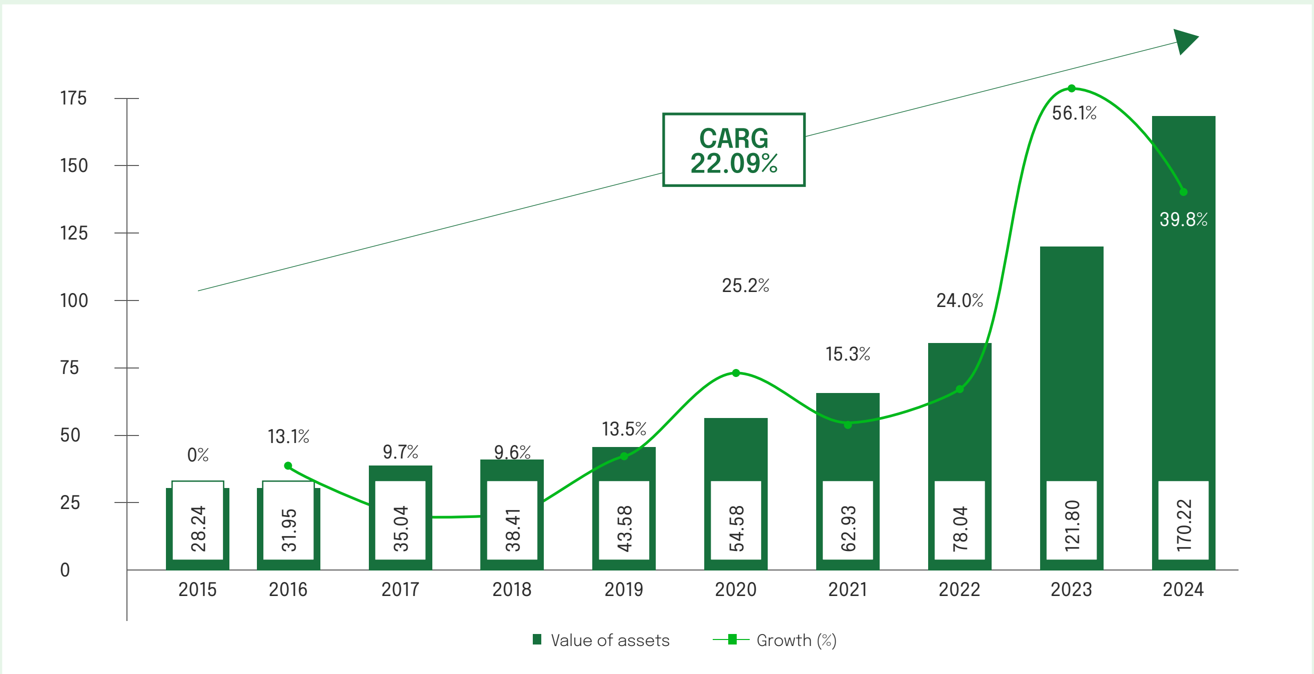
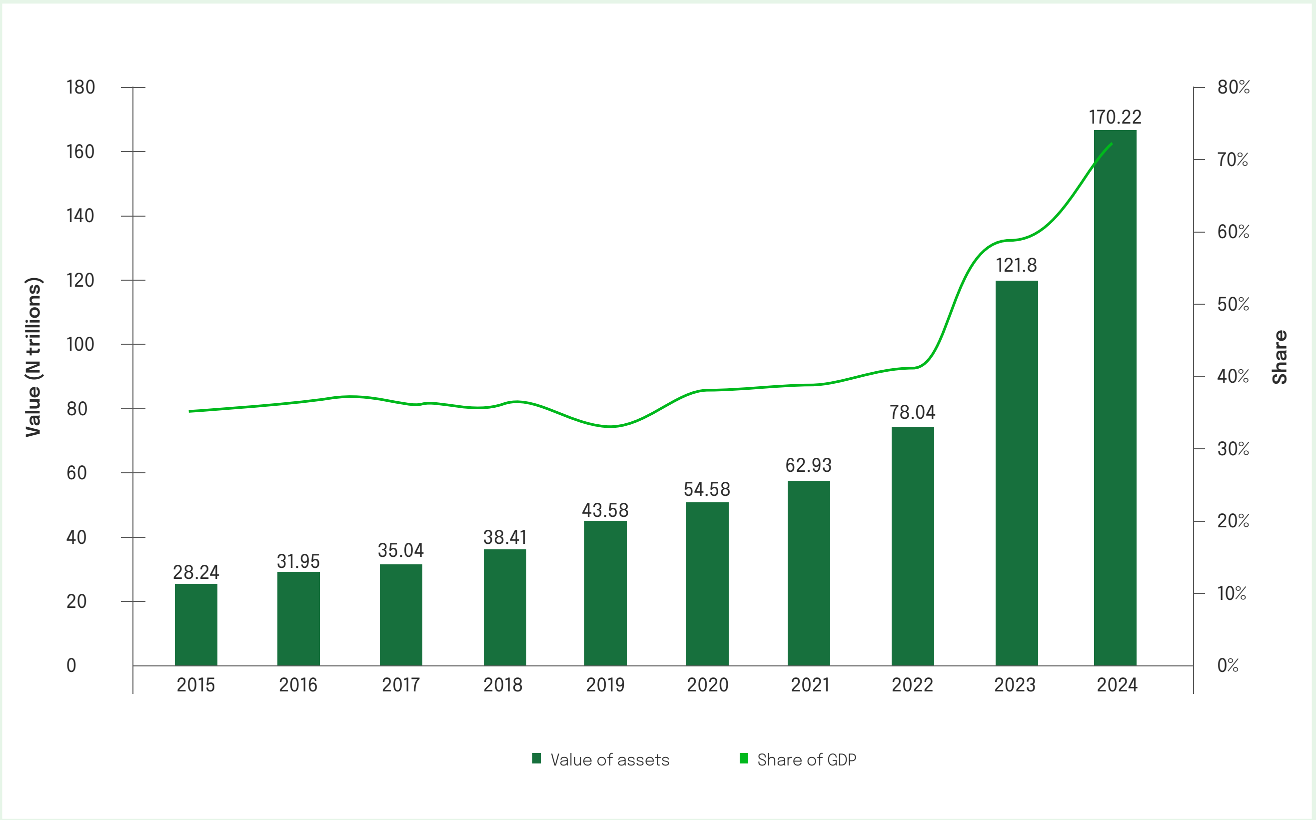


Figure 4:
Asset value of Deposit Money Banks and share of GDP(current), 2015- 2024
Source: Central Bank of Nigeria, EnterpriseNGR and Coronation Merchant Bank analysis



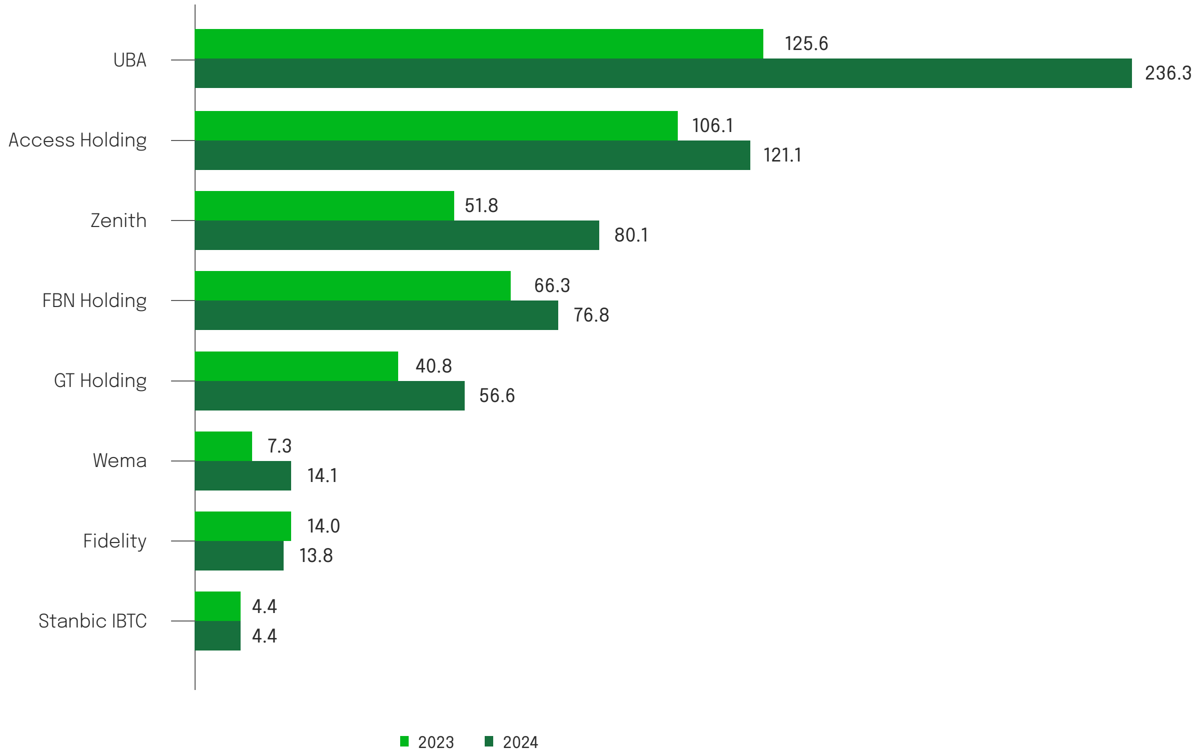
GATEWAY

There has been a clear shift toward technology-driven business models, with financial institutions enhancing digital channels to expand market reach and advance financial inclusion. This digital transformation improved operational efficiency, boosted non-interest revenue, and raised service delivery standards in 2024. Notably, eight leading Nigerian banks reported a combined ₦605.09 billion[17] (Figure 5) in e-business income–a 46.2% increase–highlighting the sector's growing dependence on digital platforms. The growing consumer adoption of digital channels underscores the need for banks to ensure service efficiency across platforms.

> "
> *Notably, eight leading Nigerian banks reported a combined*
> ***₦605.09 billion***
> *in e-business income–a*
> ***46.2%***
> *increase–highlighting the sector's growing dependence on digital platforms*

[17] NGX Group, 'Corporate Disclosures', (June 10, 2025), available at: https://ngxgroup.com/exchange/data/corporate-disclosures/

Figure 5:
E-Banking income for select banks, 2024
Source: NGX, EnterpriseNGR and Coronation Merchant Bank analysis



Enhancing tax contributions

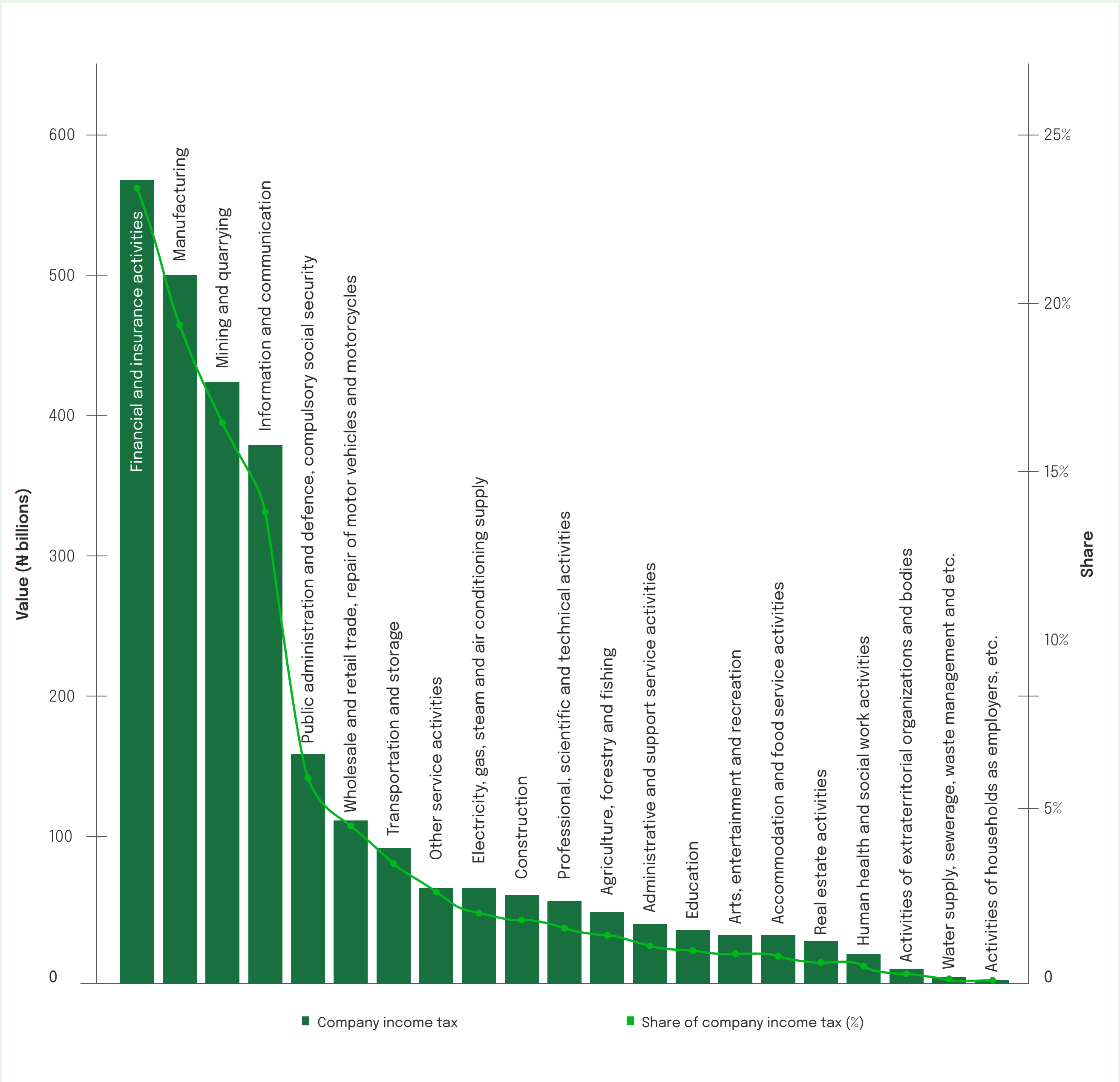
In 2024, the financial sector emerged as a key contributor to government revenues through corporate income tax (CIT). As of September, financial and insurance activities – including activities of banks and other financial institutions – contributed ₦570.91 billion to the ₦2.66 trillion collected nationally in CIT, accounting for 21.5% of the total. [18] This marks a 47.1% increase from ₦388.25 billion in the same period in 2023 and positions the sector as the lead CIT contributor, surpassing the previously dominant manufacturing sector. The exchange rate depreciation has had a negative impact on the profits of companies in the manufacturing sector, with many international companies exiting the market. This contributed to a drop in their contribution to CIT. Unlike manufacturing companies, the exchange rate depreciation contributed to increased profits for banks. With the introduction of the windfall tax, the contribution to CIT by the collective financial institutions is expected to increase significantly.

[18] National Bureau of Statistics, 'Company Income Tax' Q3 2024', (May 13, 2025), available at: https://microdata.nigerianstat.gov.ng/index.php/catalog/145

Figure 6:

Financial and Insurance Services' contribution to company income tax, Sep 2024 (₦ billions)

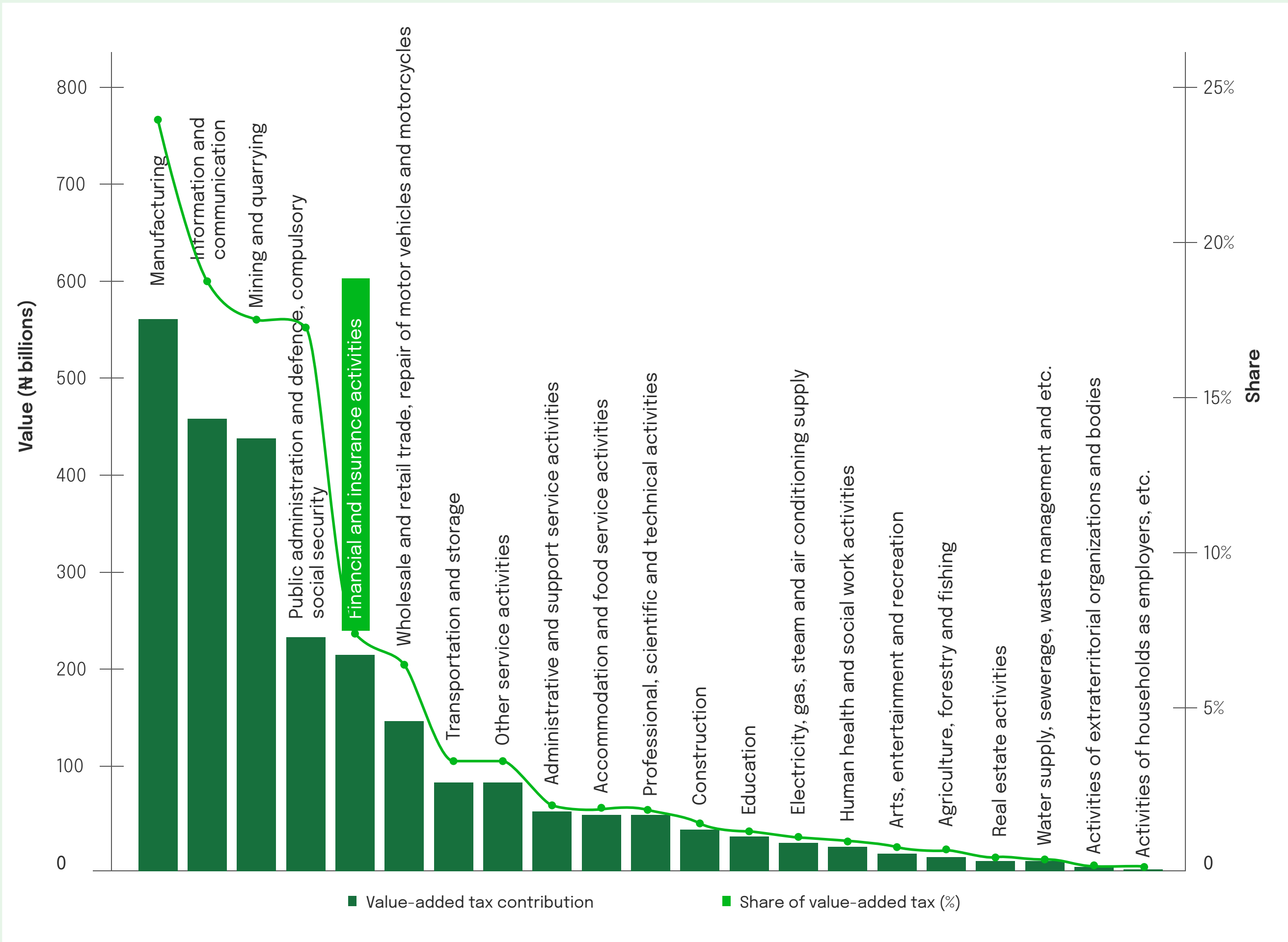
Source: National Bureau of Statistics, EnterpriseNGR and Coronation Merchant Bank analysis



Financial and insurance activities–including activities of banks and other financial institutions–also contribute to government revenue through the collection and remittance of value-added tax (VAT) on eligible services such as account maintenance, fund transfers, and other banking transactions. As of September 2024, these services generated ₦223.69 billion in VAT,[19] representing 9.4% of total VAT collections and ranking the sub-sector as the fifth-largest VAT contributor in the country. With the on-going strong tax administration efforts by the government, this VAT is projected to reach ₦409.98 billion, growing by 90% over the previous year.

[19] National Bureau of Statistics, 'Sectorial Distribution of Value Added Tax (VAT) Q3 2024', (April 17, 2025), available at: https://microdata.nigerianstat.gov.ng/index.php/catalog/144

Figure 7:
Financial and Insurance Services' contribution to value-added tax, Sep 2024 (₦ billions)
Source: National Bureau of Statistics, EnterpriseNGR and Coronation Merchant Bank analysis



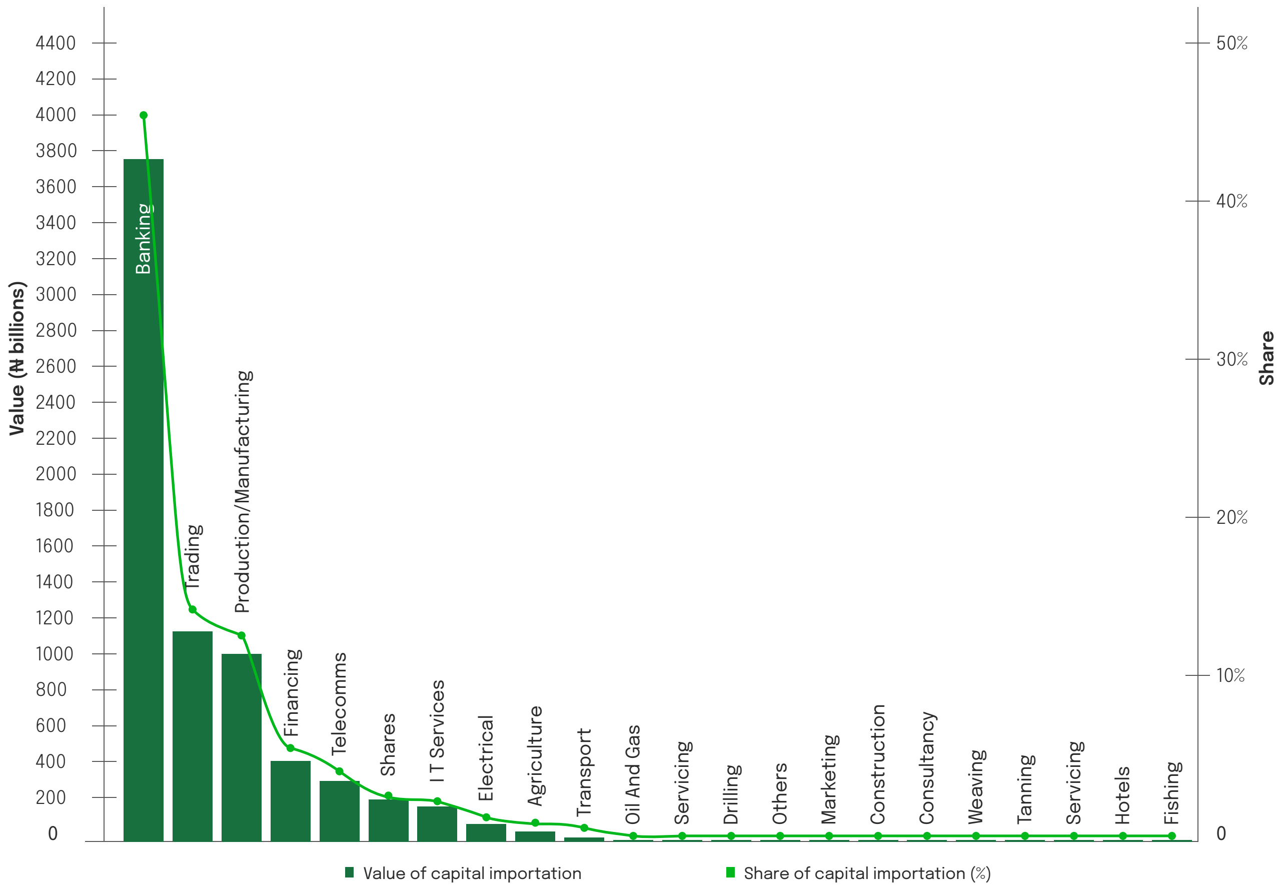
Manufacturing remained the largest contributor to overall tax revenue at ₦1.07 trillion, followed by mining and quarrying (₦834.63 billion) and information and communication (₦830.12 billion). Financial and insurance activities ranked fourth, contributing ₦794.60 billion.

Attracting capital inflows

Nigeria's banking sub-sector plays a vital role in facilitating cross-border transactions, trade finance, and investment, positioning it as a key driver of global economic engagement. In the first nine months of 2024, the sector attracted approximately US$3.8 billion in foreign capital (Figure 8) [20] – representing a 586.4% increase from US$549.3 million in the same period in 2023 and accounting for 52.1% of total capital importation as of Q3. Much of this inflow occurred in the first half of the year, reflecting strengthened investor confidence amid economic volatility and evolving monetary policies. A significant portion of the investment was driven by banks' capital-raising efforts to meet new CBN requirements. The sector's resilience, underpinned by foreign exchange reforms and monetary adjustments, remains critical to Nigeria's economic stability, capital inflows, and financial market development heading into 2025.

[20] National Bureau of Statistics, 'Nigeria Capital Importation Q3 2024', (April 17, 2025), available at: https://microdata.nigerianstat.gov.ng/index.php/catalog/143

Figure 8:
Capital importation by sector, Sep 2024 ($ millions)
Source: National Bureau of Statistics, EnterpriseNGR and Coronation Merchant Bank analysis



Optimising diaspora remittances

Diaspora remittances remain a crucial source of foreign exchange for Nigeria. According to the World Bank, Nigeria remains the top recipient in Sub-Saharan Africa, with inflows estimated at $19.8 billion in 2024 (Figure 9) up from $19.55 billion recorded in 2023, ranking the country 9th globally.[21] These inflows are largely facilitated by the banking sub-sector under the leadership of the Central Bank of Nigeria (CBN). To further enhance remittance inflows, the CBN is considering issuing a dedicated diaspora bond in the United States in 2025, building on the success of its previous issuance and targeting up to $1 billion in subscriptions. The continued emigration driven by the search for economic opportunities will contribute to increased flows of remittance to the country. By working with Money Transfer Operators (MTOs) to reduce

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[21] (Ratha, Plaza & Ju Kim), "In 2024, remittance flows to low- and middle-income countries are expected to reach $685 billion, larger than FDI and ODA combined", (April 24, 2025), available at: https://blogs.worldbank.org/en/peoplemove/in-2024--remittance-flows-to-low--and-middle-income-countries-ar

transaction costs and improve the ease of transfers, Nigeria can boost remittance volumes. The flow of remittances received by individuals in rural areas can be harnessed to close the existing financial inclusion gap and promote economic empowerment by encouraging more account openings through mobile money and agent banking services. The government can provide incentives (e.g., tax breaks or interest premiums) for remittance recipients who invest in savings or pensions. It can also offer matched funding or seed grants for remittance-backed entrepreneurship initiatives.

Figure 9:
Remittances inflow, 2017-2024 ($ billions)
Source: World Bank, EnterpriseNGR and Coronation Merchant Bank analysis

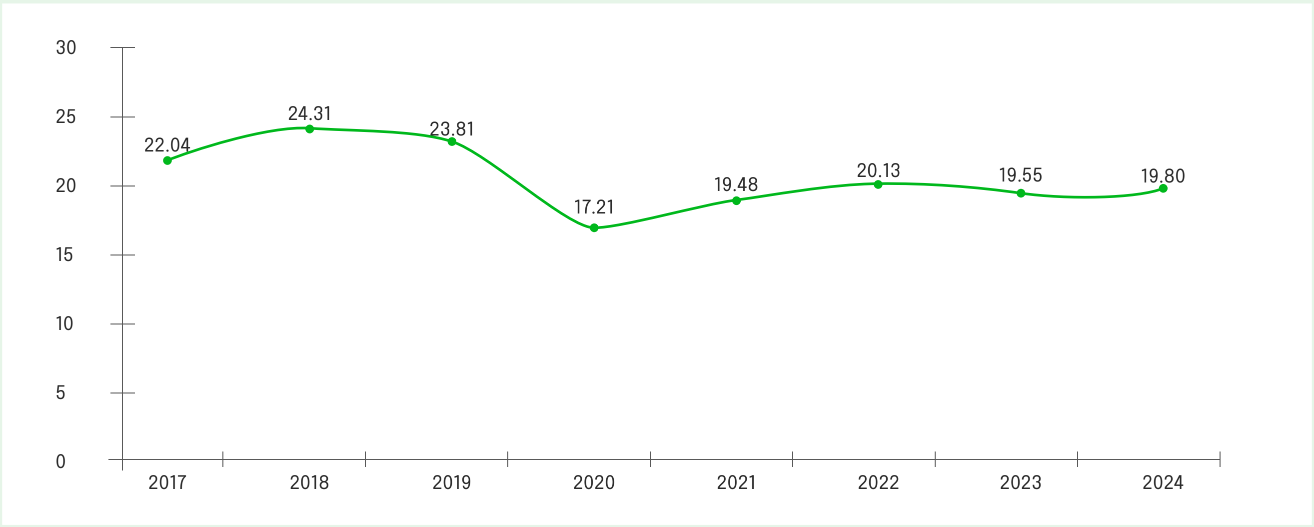
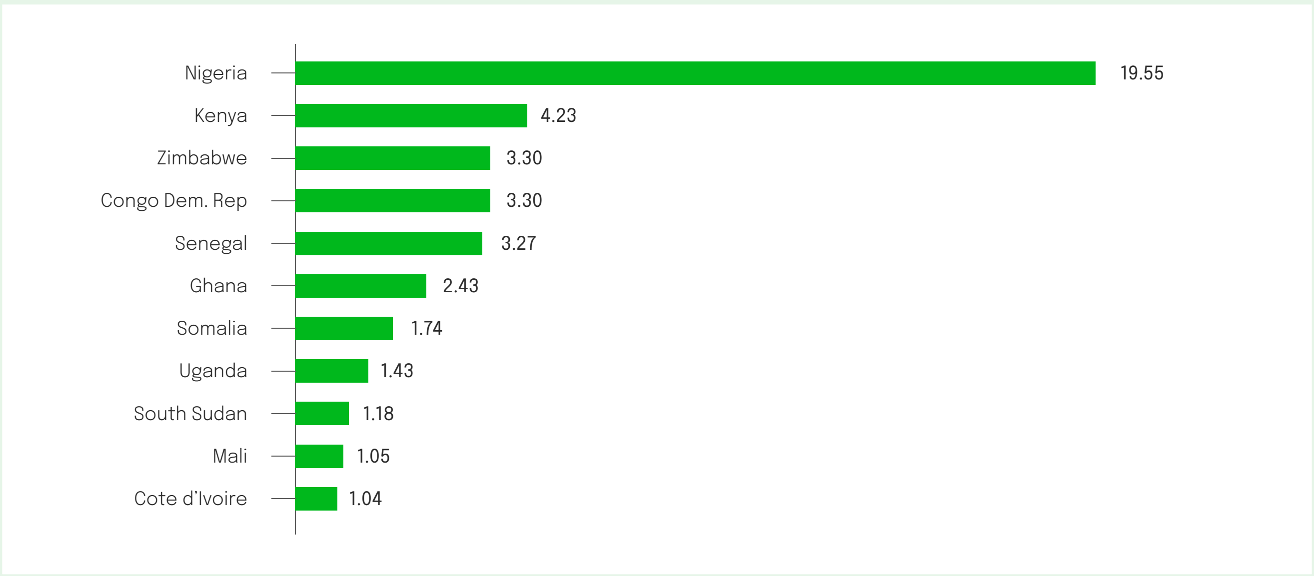


Figure 10:
Top remittance recipient in sub-saharan Africa 2023 ($ Billions)
Source: World Bank and EnterpriseNGR analysis

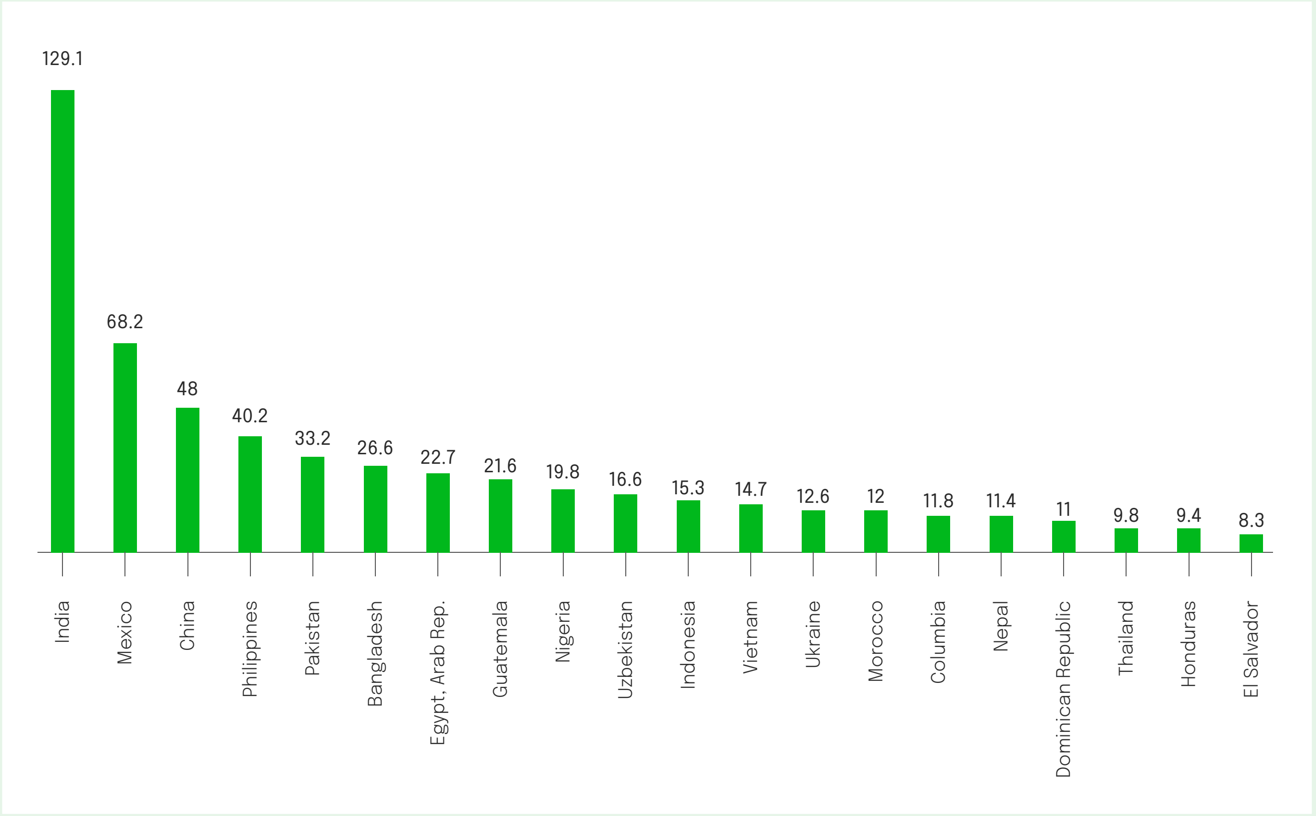


[7] (Ratha, Plaza & Ju Kim), "In 2024, remittance flows to low- and middle-income countries are expected to reach $685 billion, larger than FDI and ODA combined", (April 24, 2025), available at: https://blogs.worldbank.org/en/peoplemove/in-2024--remittance-flows-to-low--and-middle-income-countries-ar

Figure 11:

Top Recipients of remittances among Low- and Middle-Income Countries in volume, 2024

Source: World Bank and EnterpriseNGR analysis



To strengthen confidence in the foreign exchange (FX) market, the Central Bank of Nigeria (CBN) introduced the Nigerian Foreign Exchange (FX) Code–a comprehensive framework promoting ethical conduct and professionalism. In addition, the Electronic Foreign Exchange Matching System (EFEMS) was launched to improve transparency, integrity, and accountability among authorized dealers. These efforts have created some stability in exchange rates in recent times, improving confidence in the market.

A pile of coins sitting next to a calculator

How The Banking Sector Supported Businesses and Livelihoods

Meeting everyday financial services needs seamlessly

The widespread adoption of mobile banking, internet banking, and Unstructured Supplementary Service Data (USSD) channels continues to reshape financial service delivery in Nigeria. These platforms enable users to conduct transactions such as fund transfers, bill payments, airtime purchases, and account management with ease and convenience. Usage of point-of-sale (POS) terminals, mobile apps, and web platforms has expanded significantly. According to the Nigeria Inter-Bank Settlement System (NIBSS), POS transactions reached 1.5 billion in 2024, marking a 7.1% increase from 1.4 billion in 2023 (Figure12). Mobile money transactions grew even more rapidly, rising by 30% to 3.9 billion. In value terms, electronic payment transactions surged to ₦1.08 quadrillion in 2024–an 80% increase from ₦600 trillion in 2023 (Figure 15) – driven by FinTech adoption, increased smartphone usage, and supportive regulation. In contrast, traditional banking channels are declining. ATM transactions totaled 496.44 million in H1 2024,[22] reflecting reduced usage due to cash shortages, the growing appeal of digital options, and the rise of agent banking. Similarly, cheque transactions dropped by 20%, from 4.06 million in 2023 to 3.38 million in 2024 (Figure 16).

Nigeria's payment system ranks as the most advanced in Africa and among the top globally. Of the 266.2 billion real-time payment transactions recorded worldwide, Nigeria accounted for 7.9 billion placing it in the company of leading markets such as India (129.3 billion), Brazil (37.4 billion), Thailand (20.4 billion), China (17.2 billion), and South Korea (9.1 billion). This far exceeds the volumes recorded by other African economies, including South Africa (284 million), Egypt (39 million), and Kenya (20 million). [23] To better compete with countries like India, Brazil and Thailand in digital payments, Nigeria must expand both the scale and depth of usage. This requires strengthening the quality of the payment ecosystem, extending infrastructure coverage, and enhancing regulatory support. Key priorities include achieving seamless interoperability across banks, fintechs, mobile money operators, and traditional financial institutions; improving internet connectivity and mobile penetration in underserved, cash-reliant areas; and adopting user-centric regulatory frameworks that promote innovation while safeguarding consumer interests.

> “
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> *South Korea* ***17.2 billion***

[22] Central Bank of Nigeria, 'E-payment statistics', (May 4, 2025), available at: https://www.cbn.gov.ng/PaymentsSystem/ePaymentStatistics.html

[23] ACI Worldwide, 'Its Prime Time for Real-Time', (May 19, 2025), available at: https://www.aciworldwide.com/wp-content/uploads/2024/09/2024-Prime-Time-for-Real-Time-Report.pdf?gated

Figure 12:
Volume of POS and mobile pay transactions, 2022-2024 (billions)
Source: NIBSS, EnterpriseNGR and Coronation Merchant Bank analysis

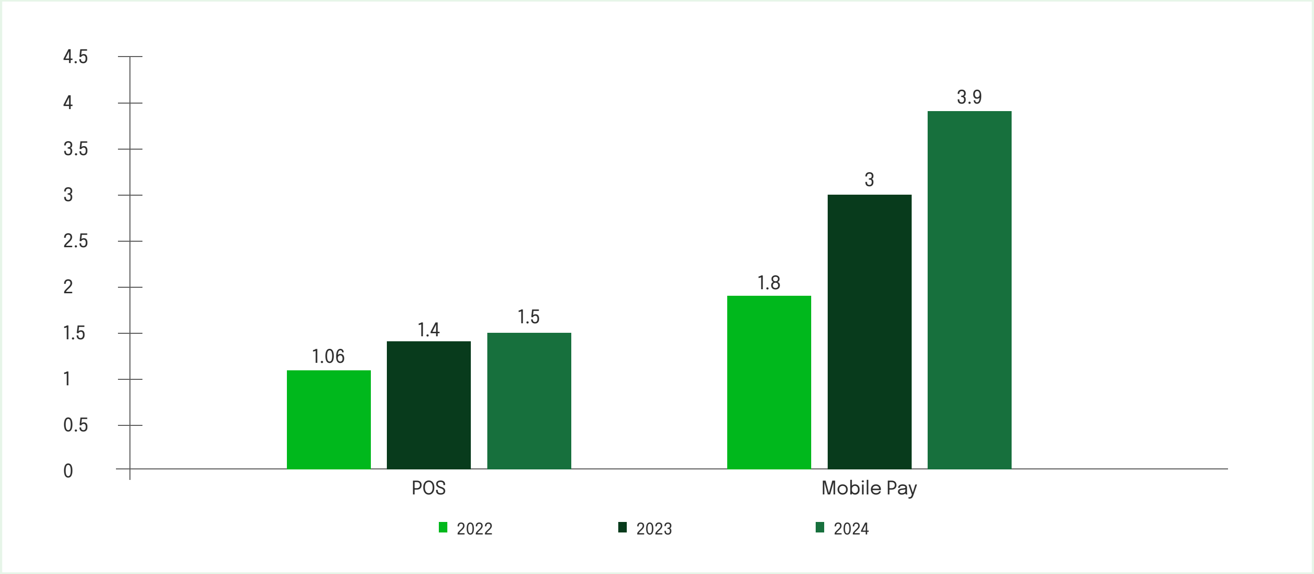


Figure 13:
Volume of ATM and Internet (web) transactions, 2022-2024 (billions)
Source: Central Bank of Nigeria, EnterpriseNGR and Coronation Merchant Bank analysis

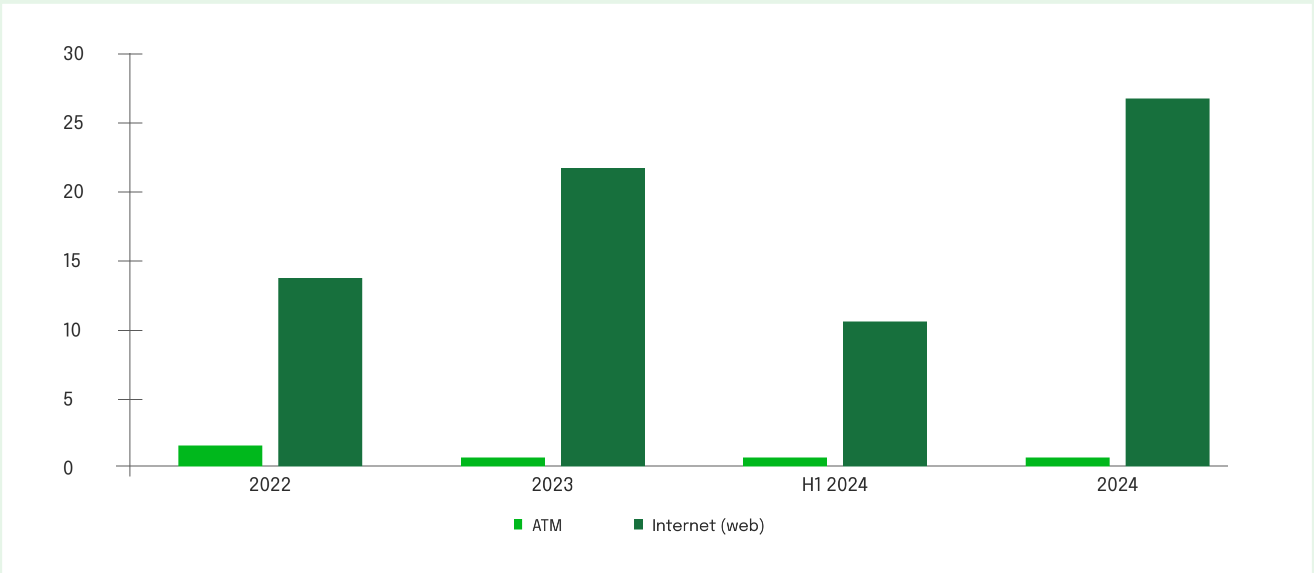


Figure 14:
Value of POS transactions, 2022-2024 (₦ trillions)
Source: Nigerian Inter-Bank Settlement System, EnterpriseNGR and Coronation Merchant Bank analysis

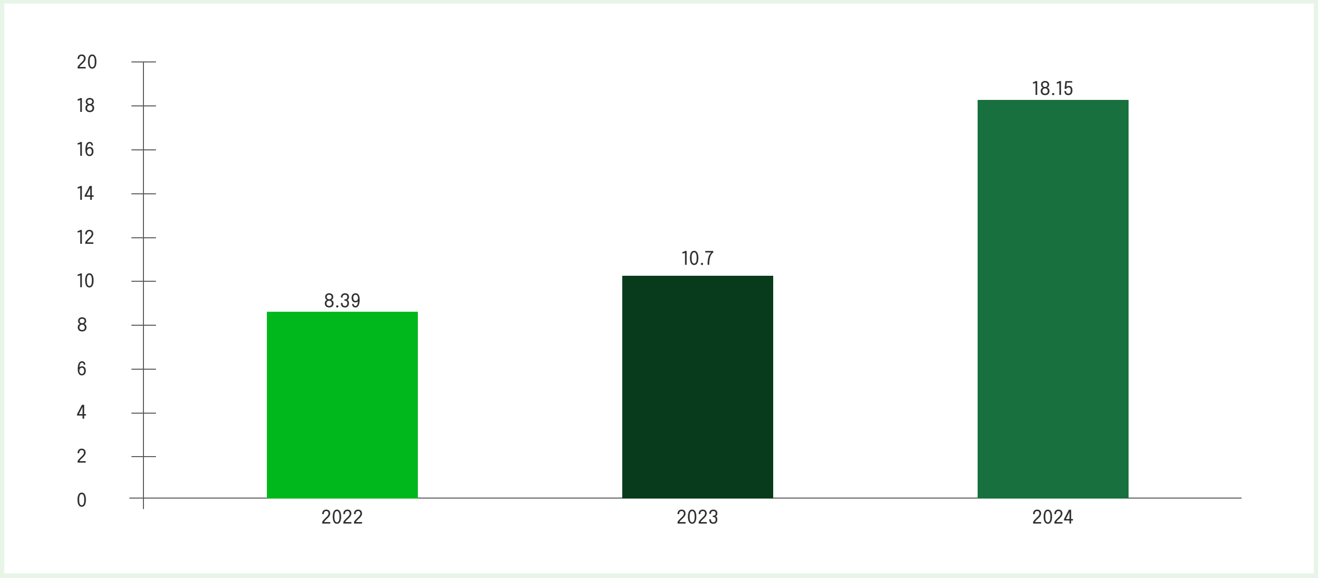


Figure 15:
Value of electronic payment transactions, 2022-2024 (₦ trillions)
Source: Nigerian Inter-Bank Settlement System, EnterpriseNGR and Coronation Merchant Bank analysis

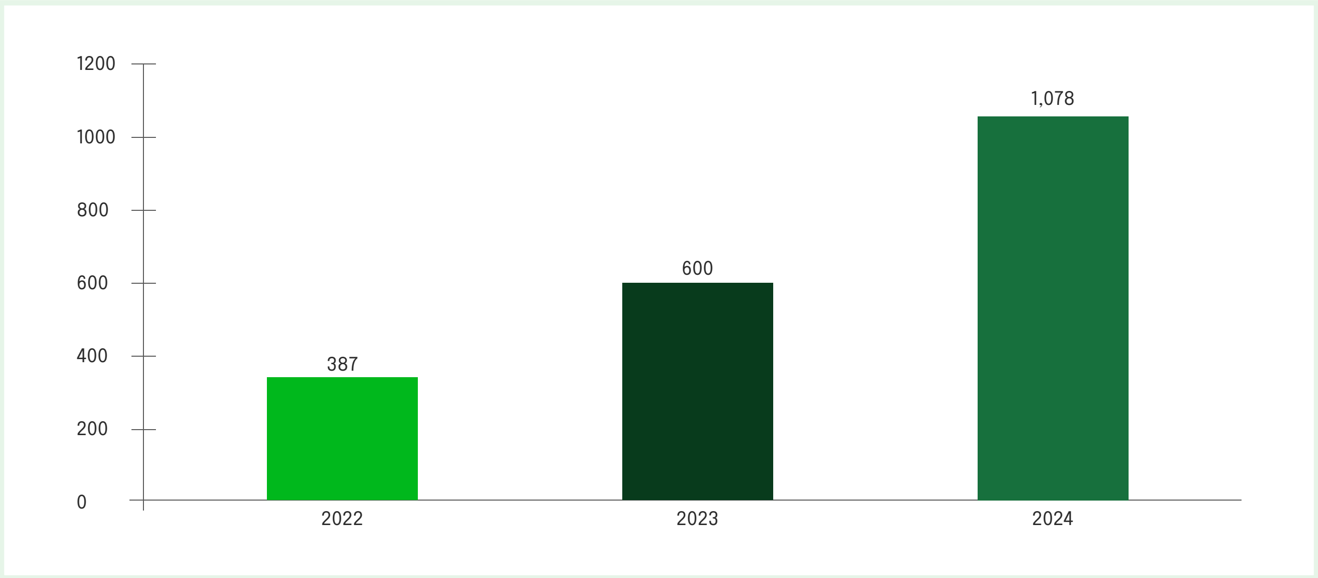
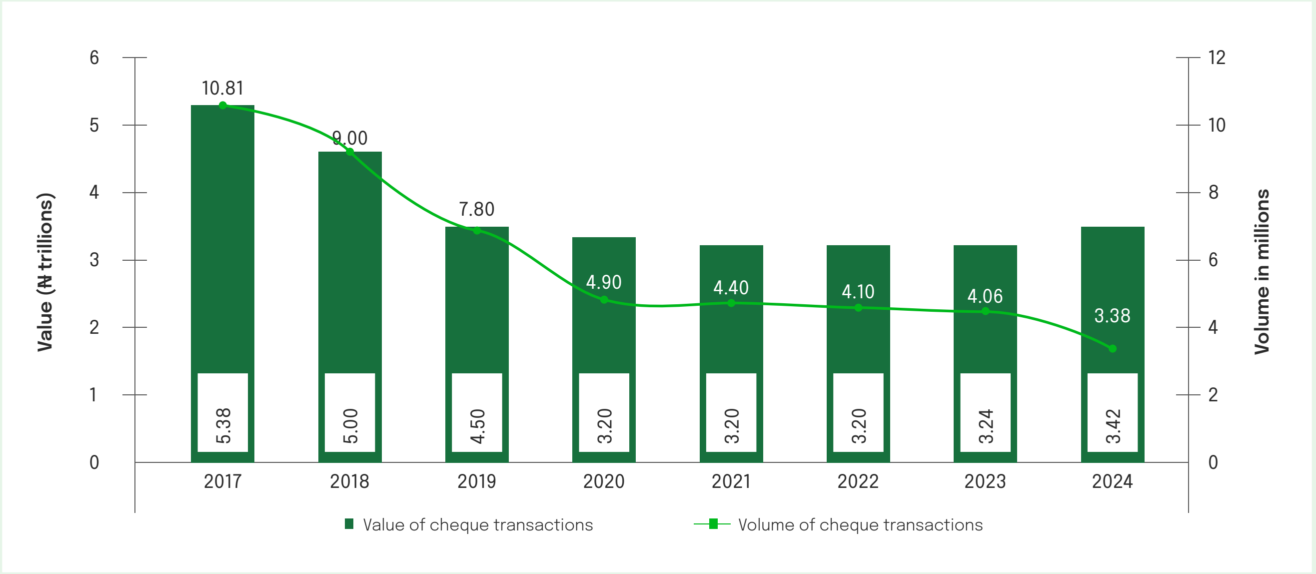


Figure 16:
Cheque transactions, 2017-2024
Source: Nigerian Inter-Bank Settlement System, EnterpriseNGR and Coronation Merchant Bank analysis



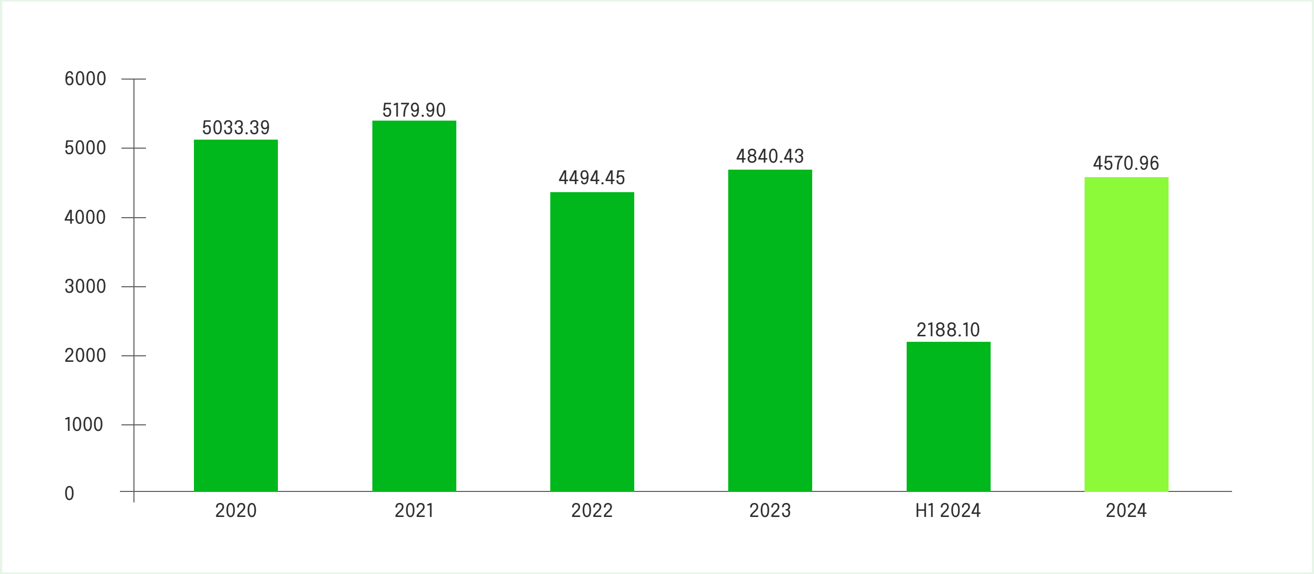
Meanwhile, USSD banking continues to play a critical role in expanding financial access, allowing millions–including those without smartphones–to perform essential transactions conveniently from their homes or at points of sale. In the first half of 2024 alone, approximately ₦2.2 trillion was transferred through 252.06 million USSD transactions;[24] the value is projected to reach ₦4.6 trillion for full year. USSD was intended to be a core enabler of Nigeria's financial inclusion goals, targeting underserved populations with basic mobile phones. However, cost disputes between mobile network operators and financial service providers appear to have hindered broader USSD adoption.

A woman doing a transaction with her mobile phone

FLOW

[24] Central Bank of Nigeria, 'Industry Data by E-Payment Channels and Others for January to June 2024', (May 23, 2025), available at: https://www.cbn.gov.ng/PaymentsSystem/ePaymentStatistics.html

Figure 17:
USSD transactions, 2020-2024 (₦ billions)
Source: Central Bank of Nigeria, EnterpriseNGR and Coronation Merchant Bank analysis



Expanding access with tech-enabled innovation

Credit accessibility in Nigeria has seen significant improvements, with banks introducing tailored loan products for both individuals and businesses. Digital lending has gained momentum, with fintech partnerships enabling faster loan disbursements using alternative credit scoring models. Banks now leverage AI-driven credit assessments to extend financing to individuals and SMEs previously excluded from traditional banking.

The payment ecosystem has rapidly evolved, with banks investing in secure, real-time digital payment solutions.

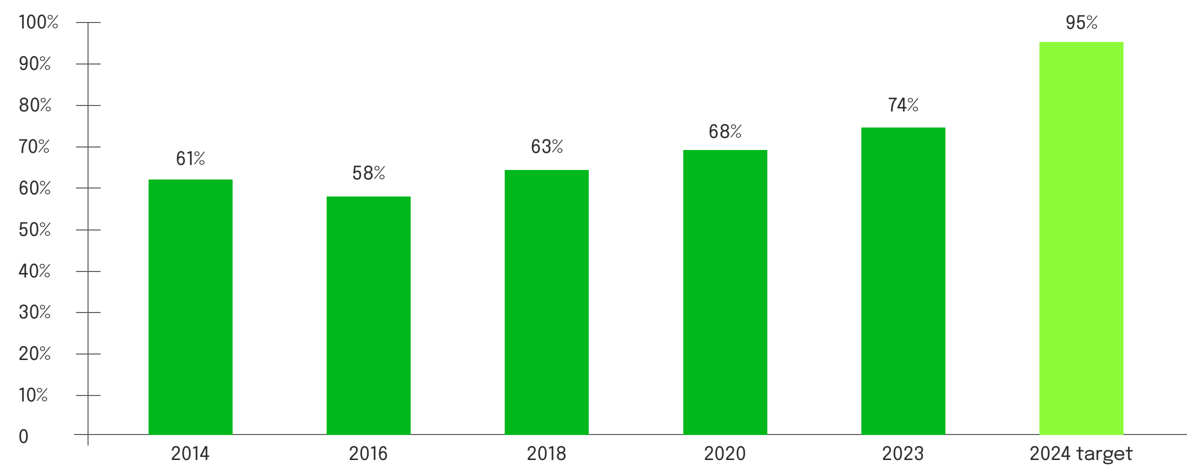
Closing financial inclusion gaps

The CBN had set a target of achieving a 95% financial inclusion rate by 2024. According to the financial inclusion survey report by Enhancing Financial Innovation and Access (EFInA), Nigeria achieved a 74% financial inclusion rate in 2023[25]. Although the 2023 rate falls short of the target, the rapid expansion of agent banking networks and mobile money services contributed positively to the growth in financial inclusion. Major banks strengthened their networks to bridge infrastructural gaps and serve unbanked communities. The agent networks serve as vital financial touchpoints, enabling customers in underserved areas to deposit, withdraw, and transfer funds without the need to visit traditional bank branches.

In addition, collaborations between traditional banks and fintech companies are reshaping financial service delivery, accelerating the adoption of digital lending and payment solutions. Fintech-driven banking has become a key component of Nigeria's financial system, making services more inclusive, faster, and cost-effective.

[25] EFInA, 'Nigeria Closer to Financial Inclusion Target but Gaps Persist' , (May 22, 2025), available at:https://a2f.ng/nigeria-closer-to-2024-financial-inclusion-target-but-gaps-persist/

Figure 18:
Financial inclusion rate, 2014-2023 (2024 target)
Source: Enhancing Financial Innovation and Access (EFInA), EnterpriseNGR and Coronation Merchant Bank analysis



Key Policy Updates

The banking space in Nigeria is currently undergoing an overhaul as the CBN rolled out a series of bold reforms and initiatives to fortify the sector in 2024.These include:

Recapitalisation drive [26] :

In March 2024, the CBN revised minimum capital requirements: ₦500 billion for international banks, from ₦50 billion; ₦200 billion for national banks, from ₦25 billion; ₦50 billion for regional banks, from ₦10 billion; N50 billion for merchant banks, from ₦15 billion; N20 billion for national non-interest banks, from ₦5 billion and; N10 billion for regional non-interest banks, from ₦3 billion. These changes aim to ensure banks are better capitalised to support economic growth and withstand future shocks. To comply, banks are exploring rights issues, public offers, mergers, and license adjustments. Although the deadline is set for 2026, many banks moved swiftly in 2024, raising a combined N2.40 trillion. Most banks have concluded the first phase of capital raising and are gearing up for the second in 2025.

Dormant funds regulation [27] :

In July 2024, the CBN mandated that balances dormant for over 10 years be transferred to a newly established Unclaimed Balances Trust Fund (UBTF). This applies to savings, current, domiciliary, investment accounts, and unpaid wages. Banks must report and transfer such funds quarterly, maintaining full audit trails. The UBTF will invest the funds in secure instruments like Treasury Bills, while beneficiaries retain the right to reclaim both principal and interest within 10 working days upon verification.
This measure enhances transparency and establishes a clear framework for managing

[26] Central Bank of Nigeria, 'Recapitalization circular to Commercial, Merchant and Non-Interest Banks', (April 17, 2025), available at: https://www.cbn.gov.ng/Out/2024/CCD/Recapitalization_MARCH_2024.pdf

unclaimed assets. However, this will reduce banks' access to cheap, idle funds to manage liquidity or invest, while increasing operational costs, regulatory reporting workload, and pressure on compliance.

Foreign exchange (FX) exposure limits [28] :

In January 2024, the CBN reintroduced Net Open Position (NOP) limits to manage banks' speculative exposure to foreign exchange. The NOP is now capped at 20% of shareholders' funds (unimpaired by losses) and covers both on- and off-balance sheet exposures. Banks are required to report their FX positions and adhere to the cap or face penalties. The move is aimed at curbing excessive risk-taking, reducing currency volatility, and supporting naira stability.

Reducing dollarisation [29] :

To alleviate FX pressure and promote the use of the naira, the CBN banned the use of foreign currency deposits as collateral for naira loans, except for FGN Eurobonds or foreign bank guarantees.

Macroeconomic reforms and policies and impacts on banks

Exchange Rate Unification and Liberalization: The Central Bank of Nigeria (CBN) unified the multiple exchange rates into a market-driven FX regime, starting mid-2023 and continuing through 2024. The impact on banks include:

- Boosted remittance inflows through formal channels.
- Affected asset valuations and hedging strategies.
- Required enhanced risk management and FX liquidity tools.

Interest Rate Policy and Tight Monetary Stance: The CBN aggressively raised the Monetary Policy Rate (MPR) (reaching over 25% in 2024) to combat inflation and stabilize the naira. The impacts on banks include:

- Increased cost of funds and repricing of loans.
- Improved interest income but reduced credit appetite, especially among SMEs.
- Heightened risk of loan defaults in interest-sensitive sectors.

Fiscal and Tax Reforms under the Finance Acts: New finance laws (2023-2025) included efforts to broaden the tax base and improve revenue collection. The impacts on banks include:

- Compliance requirements for tax reporting increased.
- Demand for advisory and treasury services rose.
- Banks played a greater role in facilitating tax payments and digitized government collections.

Digital Financial Ecosystem Reforms: Implementation of open banking frameworks, licensing of new fintechs, and digital ID integration into banking services. The impacts on banks include:

- Increased competition from non-bank players.
- Accelerated digital transformation, especially in retail banking.
- New partnerships and API-based service models.

[27] Central Bank of Nigeria, 'Guidelines on Management of Accounts and other Assets', (May 20, 2025), available at: https://www.cbn.gov.ng/Out/2024/FPRD/Circular_Guidelines%20on%20Mgt%20of%20dormant%20account%20and%20unclaimed%20funds-combined.pdf

[28] Central Bank of Nigeria, 'Harmonization of reporting requirements on foreign currency exposure of Banks', (May 20, 2025), available at: https://www.cbn.gov.ng/Out/2024/TED/Circular%20on%20Foreign%20Currency%20Exposure%20of%20Banks.pdf

[29] Central Bank of Nigeria, 'Circular- Foreign Currency denominated collaterals for Naira Loans', (May 20, 2025), available at: https://www.cbn.gov.ng/Out/2024/CCD/LETTER%20TO%20ALL%20BANKS-%20THE%20USE%20OF%20FOREIGN%20CURRENCY%20DENOMINATED%20COLLATERALS.pdf

Conclusion and Recommendations

While ongoing reforms in Nigeria's banking sector mark important progress, additional measures are needed to address persistent challenges and ensure sustainable, long-term growth. The following recommendations target key areas requiring attention:

- ## Deepen financial inclusion

Despite progress, many rural and underserved communities still lack access to formal financial services due to high infrastructure costs, low profitability for banks, and limited digital connectivity. To achieve the 95% financial inclusion target, the CBN should introduce targeted incentives for banks expanding into underserved areas. Public-private partnerships between state governments and financial institutions can help subsidise infrastructure costs. Grants and utility support should also be provided to encourage agent banking and mobile branch deployment. Beyond account ownership with formal financial institutions, the CBN, in collaboration with financial institutions, should deepen the adoption of financial products–such as credit, savings, pensions, and insurance–that can lead to meaningful economic improvement.

- ## Streamline and strengthen regulation

Regulatory overlaps and complex compliance requirements undermine the efficiency and growth of financial institutions, particularly the smaller ones. The CBN should establish a dedicated review committee to harmonize regulatory frameworks, eliminate redundancies, and simplify compliance processes.

- ## Support digital and fintech growth

Regulatory uncertainty, licensing delays, and weak infrastructure continue to constrain fintech innovation. To unlock growth, the CBN should expand regulatory sandboxes and digitise the licensing process to accelerate approvals. Collaboration between the Nigerian Communications Commission (NCC) and the National Information Technology Development Agency (NITDA) is also critical to improving broadband access, particularly in underserved areas, to support digital and mobile banking platforms.

- ## Boost remittance flows

A significant portion of diaspora remittances flows through informal channels, reducing transparency and limiting formal FX inflows. The CBN should consider reintroducing targeted incentives–such as a revised version of the "Naira 4 Dollar" scheme–to encourage use of official channels. Promoting secure, low-cost digital remittance platforms and developing diaspora-focused financial products will also support formal inflows.

- ## Enhance cybersecurity and risk management

The surge in digital banking has outpaced cybersecurity infrastructure, increasing exposure to fraud and data breaches. The amount lost to financial fraud rose by 23% in 2023 to ₦17.7 billion, up from ₦11.6 billion in 2020 and ₦3 billion in 2019. [30] In response, sector-wide cybersecurity standards should be developed by the Office of the National Security Adviser in collaboration with the Committee of Chief Information Security Officers of Nigerian Financial Institutions (CCISONFI). Banks should also invest in AI and machine learning for early fraud detection and improved risk analytics.

- ## Invest in financial literacy and talent development

Low financial literacy and outdated educational content limit adoption of digital services. The Ministry of Education, in collaboration with CIBN and NUC, should update curricula to reflect emerging trends such as fintech, ESG, and digital banking. National financial literacy

A man paying with credit card online while making orders via mobile internet making transaction using mobile bank application.

[30] Nigeria Inter-Bank Settlement System, 'Annual Fraud Landscape', (May 20, 2025), available at: https://nibss-plc.com.ng/wp-content/uploads/2024/04/2023-Annual-Fraud-Landscape.pdf

campaigns should target rural populations using materials in local languages and plain, culturally relevant formats to improve understanding and adoption.

- ### Strengthen foreign exchange stability

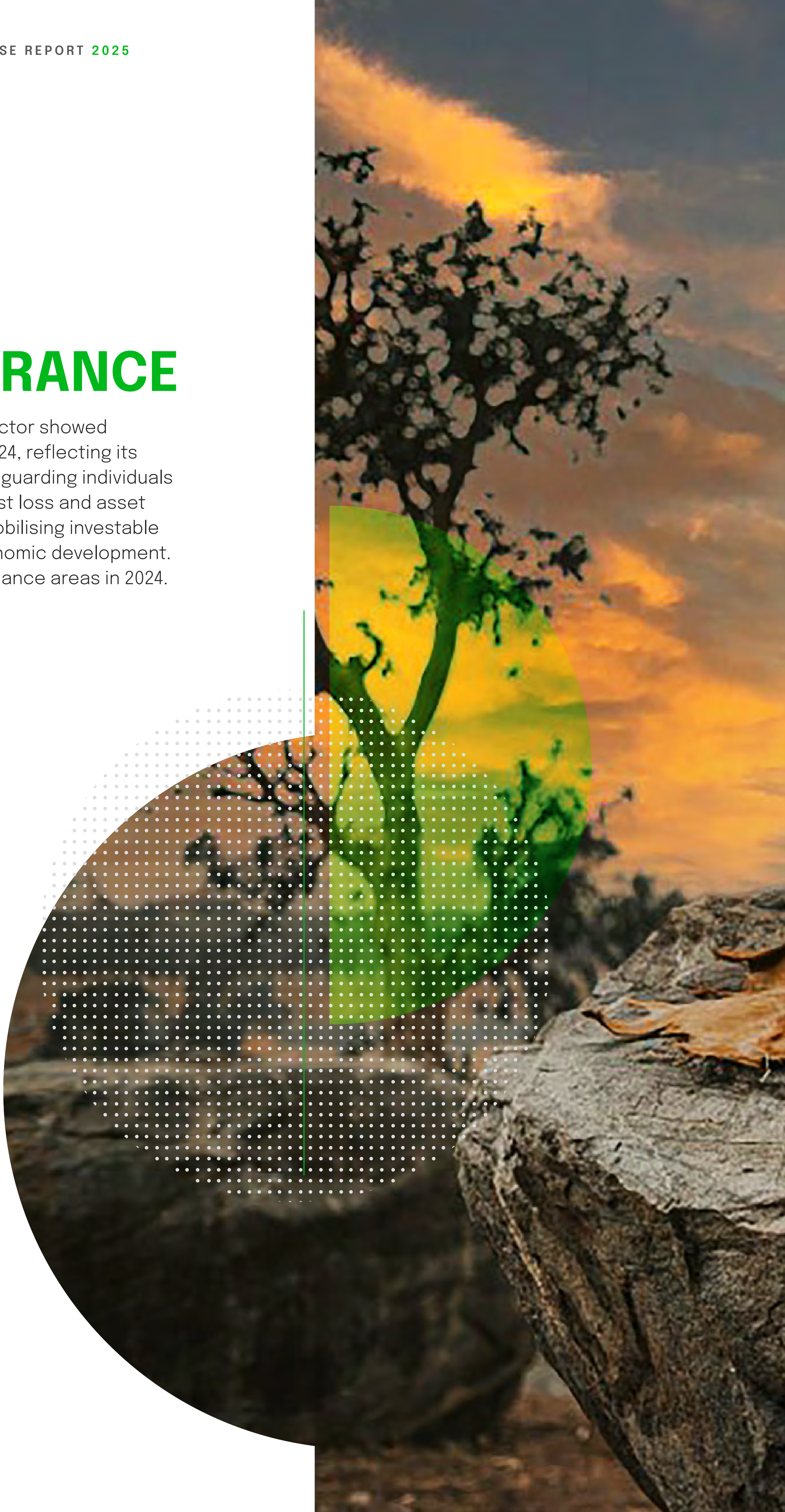
Persistent FX volatility, overreliance on oil (which accounts for over 50% of FX receipts), and weak FX inflows continue to pressure the naira. The CBN should implement policies that promote non-oil exports and attract diaspora investments. Expand targeted funds such as the Export Stimulation Facility to provide low-interest loans to non-oil exporters. Also, prioritize access to FX for exporters. Enhancing transparency in FX markets and diversifying inflow sources through diaspora bonds and export credit programs will also help rebuild reserves and restore confidence in the currency. Issue more diaspora bonds in small denominations with attractive yields and clear use cases (e.g., infrastructure, healthcare). Collaborate with asset managers to create regulated investment vehicles that pool diaspora funds into Nigerian sectors.

STANDSTILL

02

INSURANCE

The insurance sub-sector showed improved growth in 2024, reflecting its increasing role in safeguarding individuals and businesses against loss and asset damage, while also mobilising investable funds to support economic development. Below are key performance areas in 2024.



DEFENCE

COURAGE

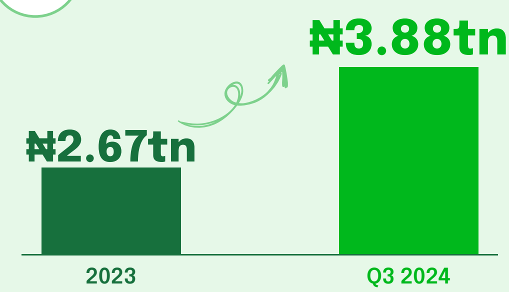
Courage is not the absence of fear but the strength to overcome it. Venture out of your comfort zone, embrace new experiences, face challenges head-on, take a step of faith and allow yourself to grow and discover your true potential.

KEY FACTS

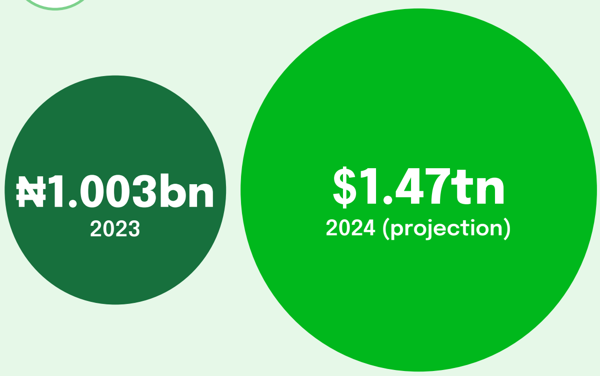
Million - mn Billion - bn Trillion - tn Quadrillion - qn

Insurance sub-sector's contribution to GDP

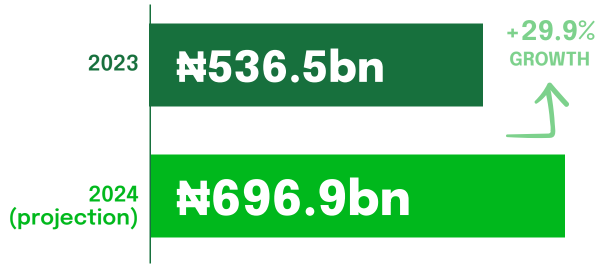
Industry's total assets



Gross premiums written



Gross claims paid out



Claim ratio

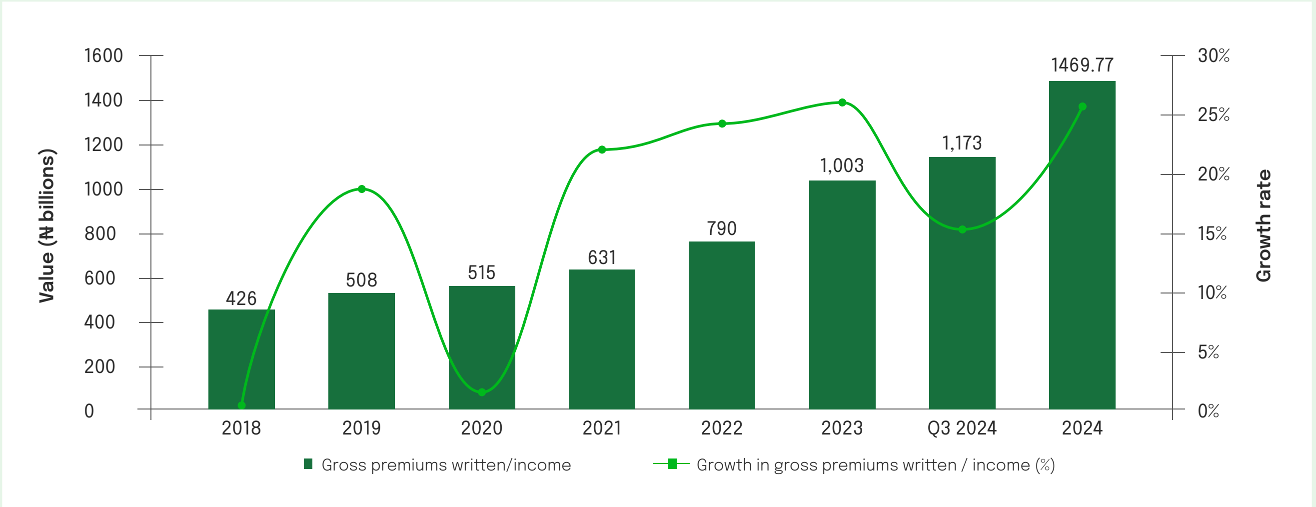
Providing Protection Against Losses

Providing protection against damages and loss of assets

The industry recorded significant progress in 2024, with Gross Premiums Written (GPW)[31] reaching ₦1.173 trillion as of Q3,[32] and a full-year projection of ₦1.470 trillion,[33] representing a 25.3% increase from ₦1.003 trillion in 2023.[34] This growth reflects the industry players' invested efforts towards deepening insurance penetration; the industry is also benefiting from growing public trust. In addition, the revaluation of insured assets by insurance companies in response to high inflation contributed to higher premium collections.

> *The industry recorded significant progress in 2024, with Gross Premiums Written (GPW) reaching* ***₦1.173 trillion*** *as of Q3, and a full-year projection of* ***₦1.470 trillion*** *representing a* ***25.3%*** *increase from* ***₦1.003 trillion*** *in 2023*

Figure 19:
Gross premiums written/income and growth, 2018-2024 (₦ billions)
Source: National Insurance Commission, EnterpriseNGR and Custodian Investment Plc analysis



The insurance sector recorded growth across all business segments in 2024, with life insurance continuing to hold a dominant share (Figure 20). **Based on full-year projections, the gross premium for life insurance increased to ₦456.4 billion, up from ₦388 billion in 2023. The second-largest segment, Oil and Gas, rose to ₦330 billion from ₦168 billion**. Gross premiums for other business segments also increased, although each holds a smaller share. While life insurance offers stable, long-term investment income for insurers, there remains significant untapped potential in both life and non-life segments to expand coverage, improve product value, and deepen the sector's economic impact.

[31] NAICOM only reports gross premium written in 2023 and 2024; gross premium income is not available.

[32] National Insurance Commission 'Bulletin of the Insurance Market Performance Q3 2024', (May 20, 2025) available at : https://www.naicom.gov.ng/publications

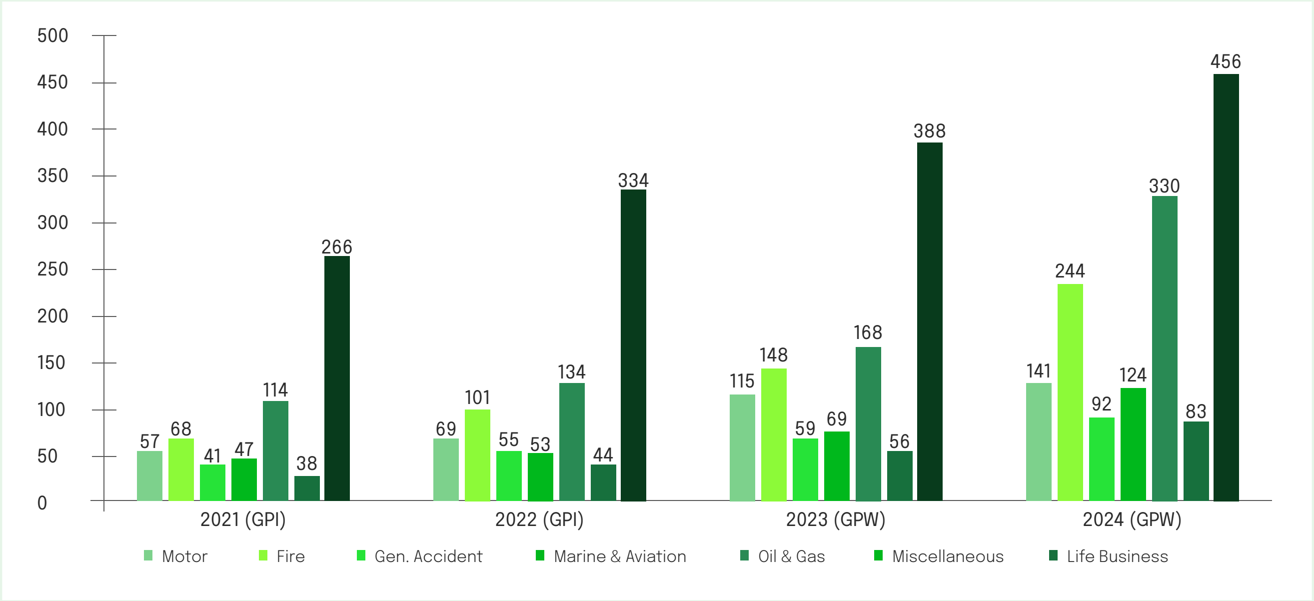
[33] Based on EnterpriseNGR's analysis.

[34] National Insurance Commission 'Bulletin of the Insurance Market Performance Q3 2023', (May 20, 2025) available at : https://www.naicom.gov.ng/publications

Figure 20:

Gross premiums written/income across insurance businesses, 2021-2024 (₦ billions)

Source: National Insurance Commission, EnterpriseNGR and Custodian Investment Plc analysis

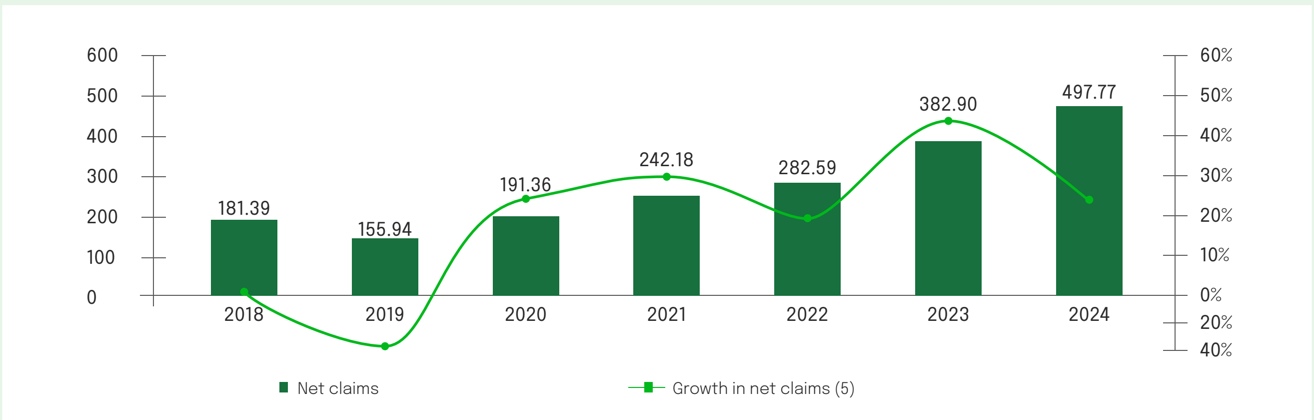


Insurers maintained a strong commitment to claims settlement in 2024. As of Q3, gross claims stood at ₦564.1 billion, with full-year projections reaching ₦696.9 billion,[35] which will represent a 29.9% increase over 2023 (₦536.5 billion). This rise reflects the growing cost of claims settlement amid a high-inflation environment. The industry's net claims would reach ₦497.77 billion for 2024, projected at a 25.4% growth rate (Figure 21).

Figure 21:

Claims paid and growth, 2018-2024 (₦ billions)

Source: National Insurance Commission, EnterpriseNGR and Custodian Investment Plc analysis



As of September 2024, the industry's claim ratio (the percentage of gross claim to gross premium) stood at 48.1% and with full-year projection to reduce to 47.4% (Figure 20). The reduction (when compared to 53.5% in 2023) justifies the need to intensify claims payments. Annuity, Marine, General Accident and Motor insurance had a near-perfect payout rate (Figure 21).[36] With reforms and strengthened regulation this trend would be sustained across all classes of business.

[36] Based on EnterpriseNGR analysis.

[36] See Footnote 34.

Figure 22:
Claim ratios, 2018-Q3 2024 (%)
Source: National Insurance Commission, EnterpriseNGR and Custodian Investment Plc analysis

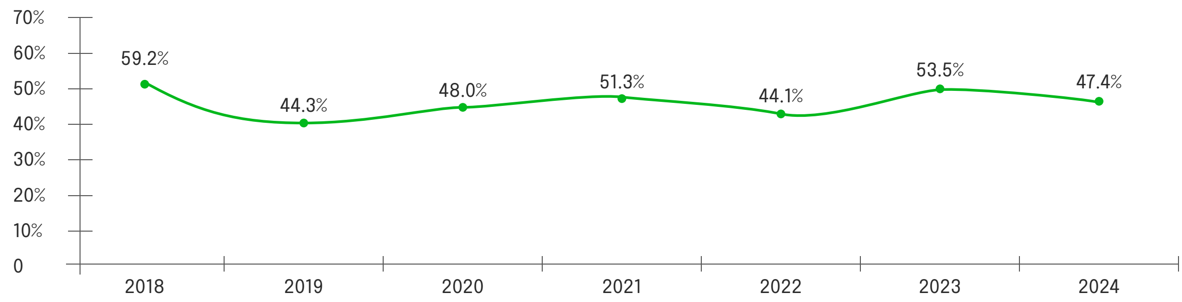
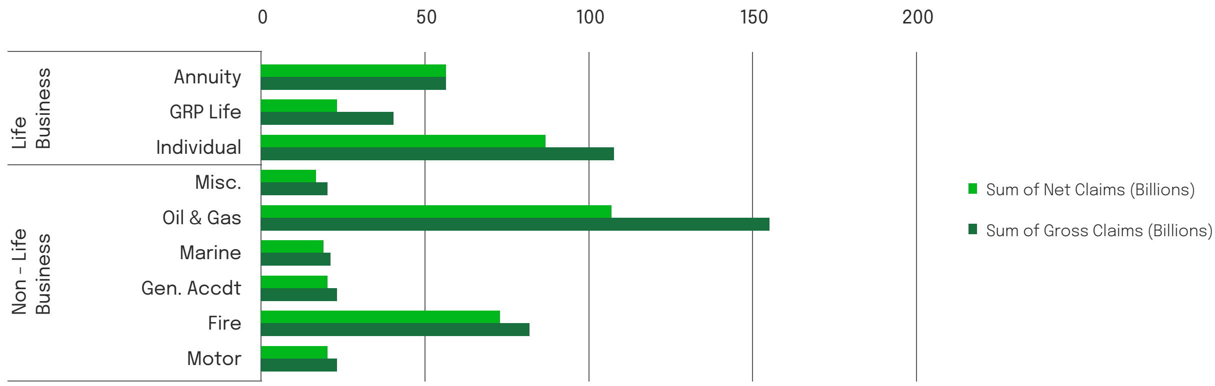


Figure 23:
Claims settlement in non-life and life business, Q3 2024 (₦ billions)
Source: National Insurance Commission, EnterpriseNGR and Custodian Investment Plc analysis



Providing health insurance solutions

Access to affordable healthcare remains a challenge for many Nigerians, largely due to high poverty levels and heavy reliance on out-of-pocket payments (Figure 24). However, gradual improvements have been recorded in recent years, driven by the expansion of health insurance coverage. As of 2024, there are 83 Health Maintenance Organizations (HMOs) operating in Nigeria–a 36% increase since 2021 (Figure 25).[37]

> *As of 2024, there are*
> ***83 Health Maintenance Organizations (HMOs)***
> *operating in Nigeria–a*
> ***36%*** *increase since 2021*

[37] National Health Insurance Authority, 'Accredited Health Maintenance Organizations', (May 15, 2025) available at: (https://www.nhia.gov.ng/hmo/)

Figure 24:
Out-of-pocket expenditure (% current health expenditure), 2010-2022 (₦ billions)
Source: World Bank, EnterpriseNGR and Custodian Investment Plc analysis

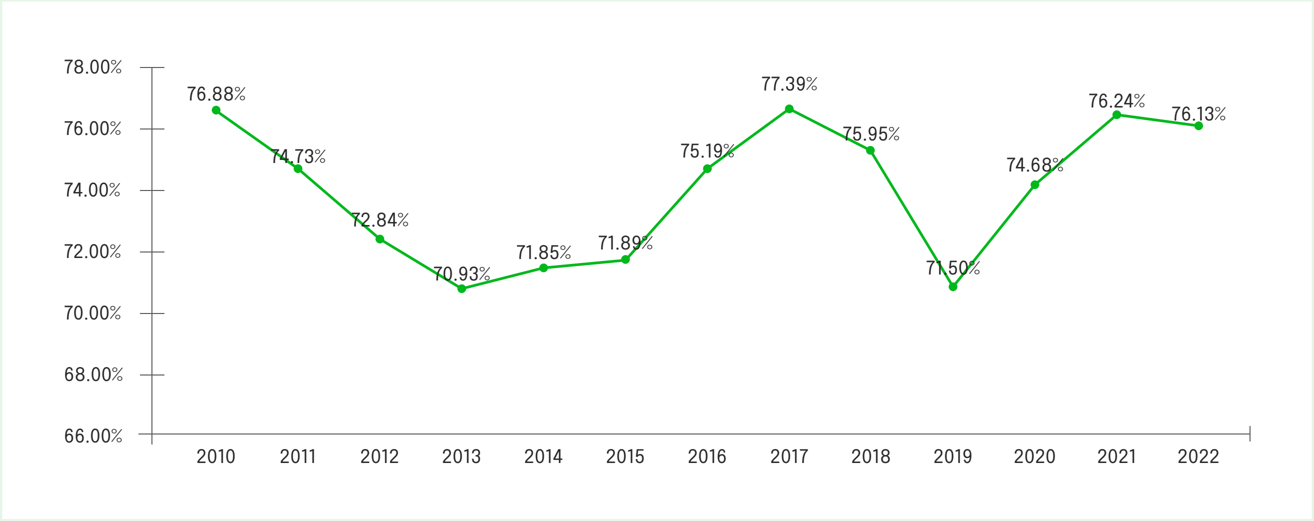
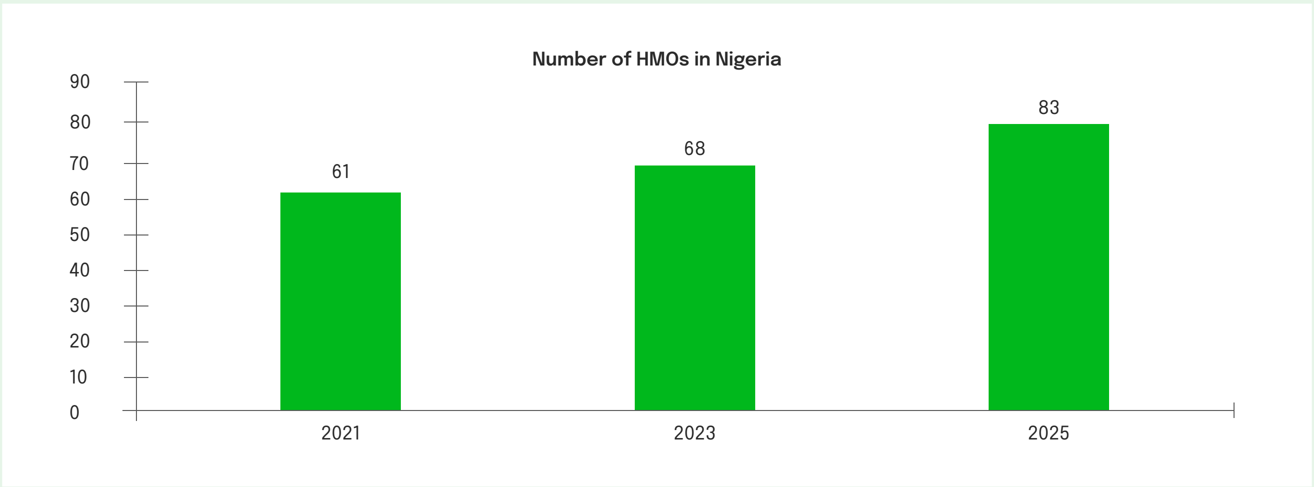


Figure 25:
Number of health management organisations, 2021-2025
Source: World Bank, EnterpriseNGR and Custodian Investment Plc analysis



Health insurance penetration in Nigeria has steadily improved. **According to the NHIA, in 2024 about 19.2 million Nigerians have been enrolled, an approximately 18.2% increase over the previous year [38], and raising penetration to 8.4%.** [39] While this progress is encouraging, it highlights the need for greater efforts to expand coverage, particularly in the informal sector where awareness remains low. Currently, uptake is largely driven by employer-sponsored plans, leaving a significant portion of the population underinsured. Government support will be required to ensure affordability in the current inflationary environment.

[38] Science Nigeria, 'NHIA Exceeds Target, Plans 20% More Enrolment in 2025', (May 15, 2025), available at: https://sciencenigeria.com/nhia-exceeds-target-plans-20-more-enrolment-in-2025/#:~:text=Ohiri%20highlighted%20the%20significant%20strides%20made%20within,per%20cent%20growth%20in%20under%2012%20months.&text=According%20to%20the%20NHIA%2C%20as%20of%20the,million%20Nigerians%20were%20covered%20by%20health%20insurance%2C%E2%80%A6

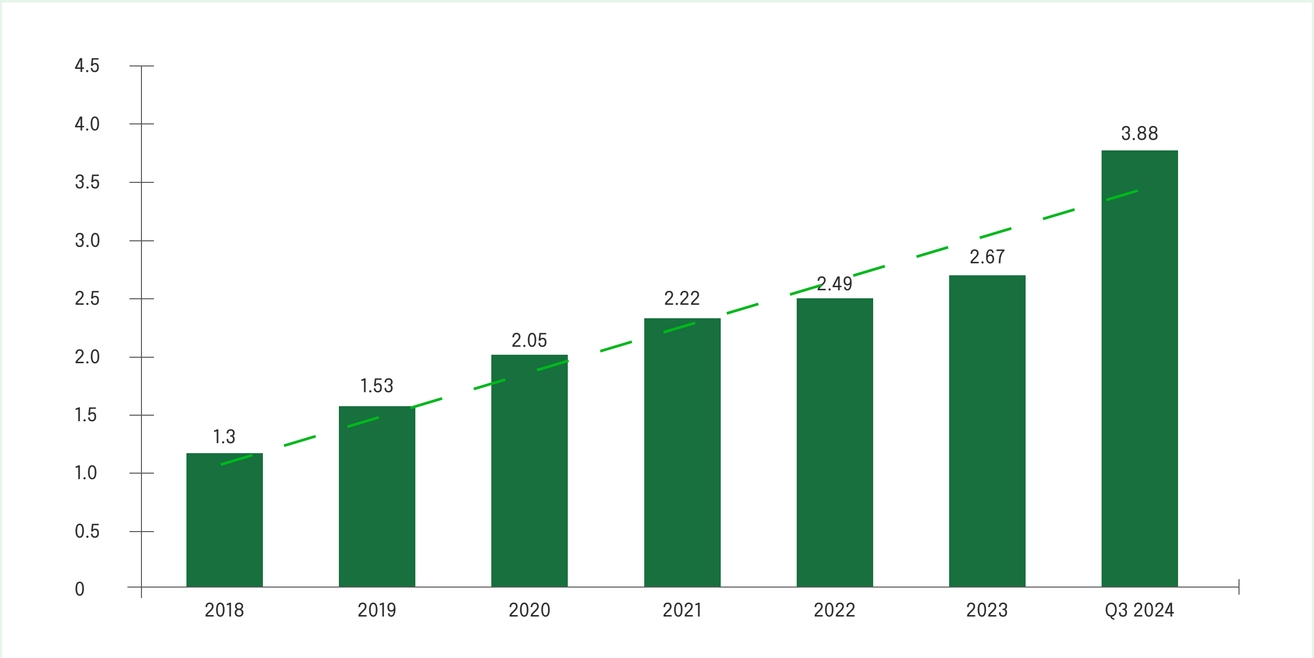
[39] Computed using World bank's estimate of Nigeria's population, available at: (https://data.worldbank.org/?locations=ZG-NG)

Driving Economic Growth and Employment Through Strategic Investments

Mobilizing capital for productive sectors

As of Q3 2024, the insurance sector's total assets reached ₦3.88 trillion, reflecting a 45% increase from ₦2.67 trillion in 2023(Figure 24). [40] These assets are invested in government and corporate securities, enabling insurers to play a critical role in long term capital accumulation necessary for financing national development.

Figure 26:
Total assets, 2018-2024 (₦ trillions)
Source: National Insurance Commission, EnterpriseNGR and Custodian Investment Plc analysis



Supporting the national output

The insurance sector delivered high performance in the capital markets. The NGX Insurance Index (NGXINS), which tracks listed insurance companies, grew by 123.22% in 2024–up from 84.48% in 2023. [41]This exceptional performance rewarded investors and reinforced the sector's potential as a catalyst for broader economic growth.

> *The NGX Insurance Index (NGXINS), which tracks listed insurance companies, grew by*
> ***123.22% in 2024*** *up from*
> ***84.48% in 2023***

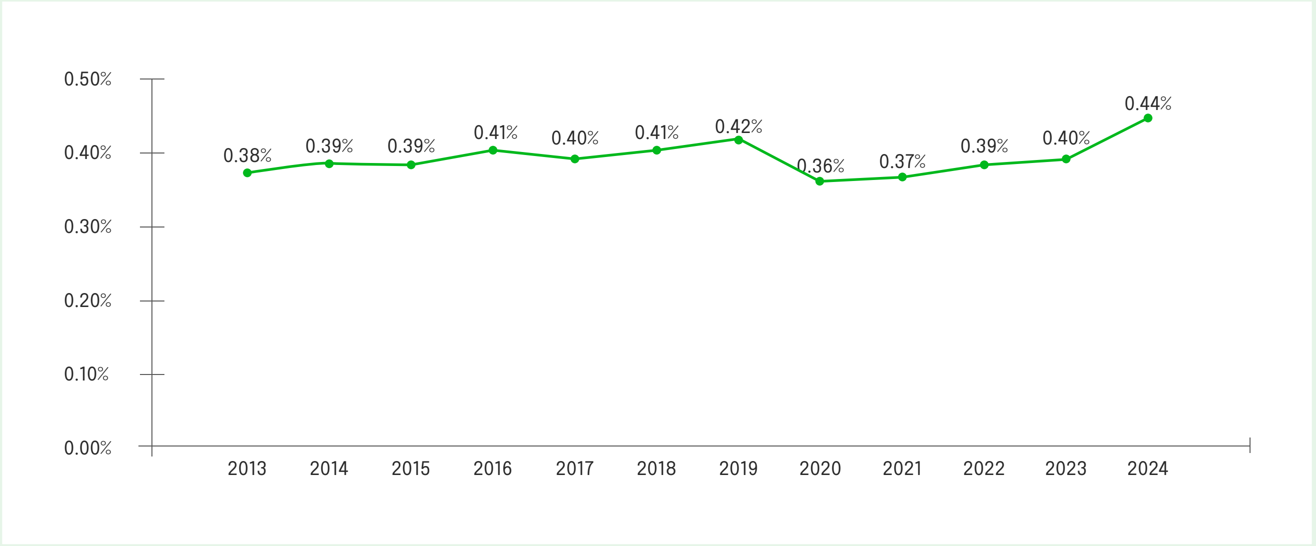
[40] See Footnote 34.

[41] Nigerian Exchange Limited, 'Weekly Report - Market Report for December 27th 2024', (May 5, 2025), available at: https://doclib.ngxgroup.com/market_data-site/other-market-information-site/Week%20Market%20Report/Weekly%20Market%20Report%20for%20the%20Week%20Ended%2027-12-2024.pdf

Figure 27:

Insurance sub-sector's contribution to GDP, 2013-2024

Source: National Bureau of Statistics, EnterpriseNGR and Custodian Investment Plc analysis



With a 0.44% contribution to GDP in 2024, [42] the insurance sector is on an upward trajectory. This momentum is expected to continue, supported by the anticipated introduction of a new industry Act aimed at strengthening the regulatory framework and driving further growth.

Business man analysing a chart

[42] See Footnote 1

Key Policy Updates

Nigeria Insurance Industry Reform Bill 2024

A team reviewing an industry reform bill

The Nigeria Insurance Industry Reform Bill 2024 aims to modernize the sector's regulatory framework by consolidating outdated laws, enhancing consumer protection, and aligning the industry with global best practices. Currently awaiting presidential assent, the bill is expected to establish a more transparent, efficient, and consumer-centric insurance landscape in Nigeria.

The proposed legislation introduces a unified regulatory framework focused on strengthening market stability, enhancing governance, and promoting industry growth. It replaces the fixed-capital model with risk-based supervision, raises capital and governance standards, and expands NAICOM's oversight. Additionally, the bill supports digitalization and financial inclusion, while enforcing stricter claims settlement and compliance rules to foster a more competitive and accountable sector.

Key highlights

Strengthened Regulatory Oversight

- NAICOM granted expanded authority to license, supervise, and sanction insurers, brokers, and adjusters.
- Capital adequacy requirements tightened to ensure solvency.
- Risk-based supervision replaces the outdated fixed-capital regime.

Revised Capital Requirements

- Life Insurance: ₦10 billion, from ₦2 billion
- Non-Life Insurance: ₦25 billion, from ₦3 billion
- Reinsurance: ₦35 billion (down from ₦45 billion), from ₦10 billion
- New entrants must deposit 50% of capital with the CBN before commencing operations, while existing companies make a deposit of 10% of the stipulated capital. The apex bank will return 80% of the deposit with interest within 60 days, to new entrants.

Consumer Protection & Claims Settlement

- Claims must be settled within 90 days of submitting full documentation.

[42] See Footnote 1

- A 1% daily penalty applies to unpaid claims beyond the deadline.
- NAICOM to establish a formal Dispute Resolution Mechanism.

Licensing & Governance

- Insurers must specialize in either Life or Non-Life; composite insurers have five years to restructure.
- Stronger corporate governance, including a minimum of five directors with at least one independent director.

Digitalization & Financial Inclusion

- Encourages adoption of InsurTech and digital insurance platforms.
- Promotes Microinsurance and Takaful to expand market reach.
- Mandates cybersecurity and data protection in all digital transactions.

Implications for the insurance sub-sector

Risk-based supervision:

Allows regulators to focus on insurer-specific risks, improving oversight effectiveness.

Enhanced consumer protection:

Stricter claims timelines and penalties, along with a formal dispute resolution system, will boost consumer trust and accountability.

Stronger capital base:

Higher capital requirements will produce more resilient insurers better positioned to support economic growth.

Technology and innovation:

The bill supports a regulatory environment conducive to InsurTech growth and the use of digital platforms to deepen insurance penetration across underserved segments.

Conclusion and Recommendations

The Insurance Reform Bill is poised to strengthen the industry, enhance inclusion, and better position the sector to support long-term economic growth. However, persistent challenges–particularly around low awareness and weak compliance–must be addressed to unlock the industry's full potential. The following recommendations target these issues:

- ### Enforce compulsory insurance more effectively

To boost compliance with mandatory policies–such as motor insurance and insurance for public buildings and construction projects–the government should strengthen enforcement mechanisms. This includes updating existing legislation, clearly defining rules, and imposing stricter penalties for noncompliance. Regular inspections and penalties, supported by public service messaging on the benefits of insurance, will help drive compliance and reinforce the importance of risk protection.

- **Expand insurance education and awareness**

Government and industry bodies should invest in targeted education campaigns to raise public awareness about the value of insurance. These initiatives should leverage widely used platforms and be tailored to different demographic groups to address misconceptions and improve understanding.

- **Prioritize microinsurance development**

With over 30% of Nigerians living below the international poverty line (WHO), expanding access to microinsurance is essential. Laws that promote microinsurance and streamline licensing for providers–especially in underserved areas–should be prioritized, in collaboration with regulators and market operators.

- **Deduct insurance premiums directly from federal allocations**

States should allocate a portion of their federal disbursements directly toward fulfilling mandatory insurance obligations. This ensures consistent coverage for government employees and assets while easing financial pressure on state budgets.

- **Ensure state-level compliance and leadership**

Introducing penalties for states that fail to comply with mandatory insurance laws will encourage adherence and set an example for broader compliance across public institutions. This leadership can catalyse wider uptake and strengthen the insurance culture nationwide.

- **Encourage medical insurance**

Insurance companies and regulators can encourage medical insurance with very low premiums targeted at low-income earners, students, and other dependent groups.


Happy parents with their child

03

CAPITAL MARKETS

The Nigerian capital markets play a critical role in driving economic activity by channeling funds from surplus to deficit units through instruments such as stocks, bonds, and derivatives. This section highlights the market's performance in 2024 and its broader economic implications.

CONSTRAINT

Argungu Fishing Festival, a cultural event held in Kebbi State, Nigeria

KEY FACTS

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

Domestic transactions on the NGX

₦3.17tn 2023

₦4.73tn 2024

+49.2% GROWTH

Foreign participation

8.3% 2023

126.8% 2024

Companies listed

2023 183

2024 177

All-Share Index

2023 74,773.77

2024 102,926.40

+37.7% GROWTH

NGX total equity market capitalization

₦40.92tn 2023

₦62.76tn 2024

+53.4% GROWTH

Value of listed/quoted FGN debt securities on FMDQ

₦139.24tn 2023

₦180.91tn 2024

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

₦7.87tn 2023

₦9.47tn 2024

Infrastructure fund investments

	Asset under management (AUM)	Number
2023	₦235.97bn	11
2024	₦338.23bn	13

Capital inflows through Capital Markets

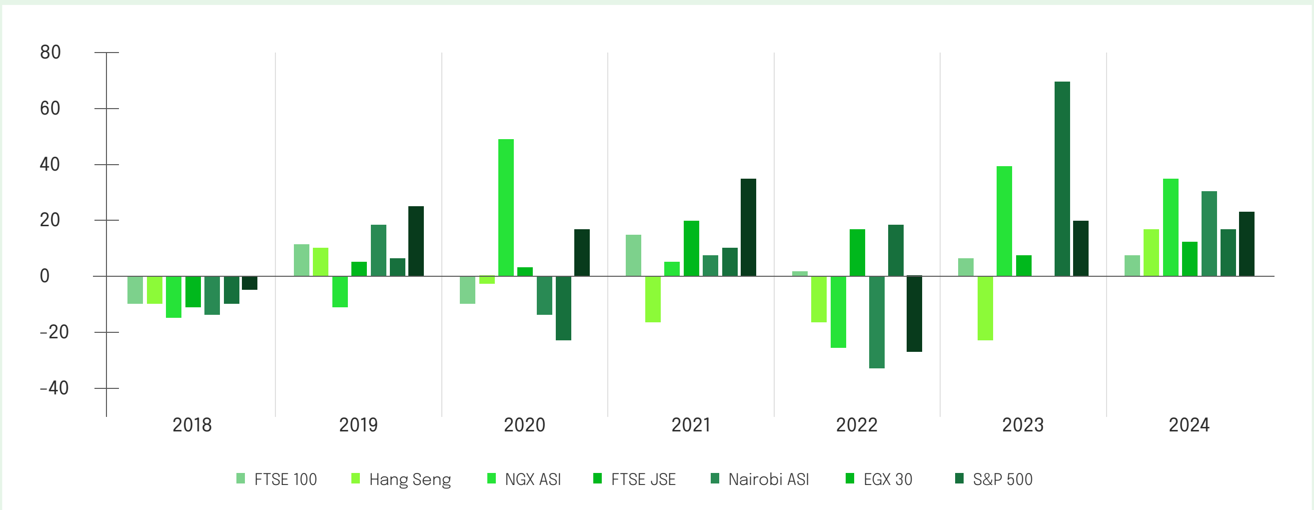
$3.91bn 2023

$9.64bn 2024 (projection)

In 2024, the Nigerian Exchange Group (NGX) maintained strong momentum, solidifying its position as one of the best-performing frontier markets globally. The NGX All-Share Index (NGX ASI) gained 37.65%, closing the year at 102,926.40 points,[43] following a 49.50% gain in 2023. Although the return moderated, it reflects resilient corporate earnings and positive investor sentiment driven by key domestic reforms, including oil and gas sector liberalization and the ongoing bank recapitalization exercise. The sustained rally in the NGX ASI underscores the growing capacity of Nigeria's equity market to mobilize capital for businesses. By the first quarter of 2025, the market continued to sustain the momentum, with NGX ASI appreciating to 105,660.64 points (as of March 28 only).[44] This trend supports economic development by facilitating capital formation, boosting job creation, and attracting foreign portfolio investments. The NGX continues to play a pivotal role in financing Nigeria's development goals, offering a transparent platform for both public and private entities to raise long-term funds. Relative to global peers, Nigeria's capital market remained a top performer in 2024 (Figure 28).

> *The NGX All-Share Index (NGX ASI) gained* ***37.65%*** *closing the year at* ***102,926.40*** *points, following a* ***49.50%*** *gain in 2023*

Figure 28:
NGX ASI versus global indices, 2018-2024
Source: PwC, EnterpriseNGR and Meristem analysis



Sectoral indices posted broadly positive results in 2024, with all sectors closing the year in the green. The oil and gas sector again led the performance, recording a remarkable 160.01% annual return– driven primarily by policy reforms that enhanced investor confidence. The insurance sector followed closely, delivering a strong 123.2% return, buoyed by anticipation of regulatory reforms and renewed investor interest.

[43] Nigerian Exchange Group, 'NGX 2024 Annual Report and Accounts- Powering Sustainable Market Development Through Digital Transformation' (May 3, 2025), available at: https://ngxgroup.com/ngx-download/ngx-annual-report-2024/?wpdmdl=39457&refresh=6816683e0d2ae1746298942&ind=1744043281866&filename=NGX-Annual-Report-2024-Cm.pdf

[44] Nigerian Exchange Group, 'Weekly Report - Market Report for March 28th, 2025'', (June 04, 2025), available at: https://doclib.ngxgroup.com/market_data-site/other-market-information-site/Week%20Market%20Report/Weekly%20Market%20Report%20for%20the%20Week%20Ended%2028-03-2025.pdf

Table 1: Yearly returns across sectors, 2013-Q1 2025 (%)
Source: Bloomberg, EnterpriseNGR, and Meristem analysis

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Q1 2025
NGX-ASI	47.19	-16.14	-17.36	-6.17	42.30	-17.81	-14.60	50.03	6.07	19.98	45.90	37.65	2.66
NGXBNK	31.94	-21.53	-23.59	2.17	73.32	-16.09	-10.55	10.14	3.32	2.81	114.90	20.90	6.96
NGXCNSMRGDS	31.14	-17.88	-17.41	-4.49	36.97	-23.28	-20.83	-3.29	2.78	-0.06	90.39	54.44	4.86
NGXOILGAS	122.25	11.84	-6.20	-12.31	5.76	-8.61	-13.13	-13.84	52.52	34.05	125.54	160.01	-9.34
NGXINS	29.80	-2.11	-4.70	-11.44	10.36	-9.25	-0.52	50.61	4.54	-11.99	84.48	123.22	-2.71
NGXINDUSTR	N/A	-15.98	1.27	-26.37	23.84	-37.34	-13.11	90.81	-2.15	19.67	12.86	31.70	-2.30

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

Business colleagues at work analysing a chart

Facilitating Growth Through a Supportive Securities Market

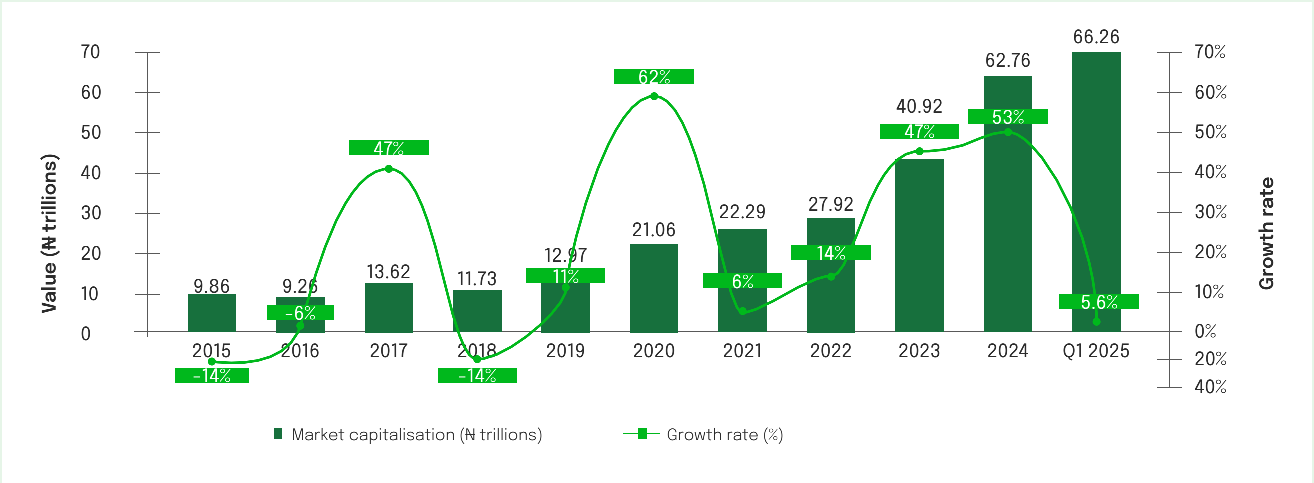
Promoting debt/equity finance

In 2024, the Nigerian Exchange Group (NGX) continued to facilitate robust capital formation through equity and debt financing for corporate and individual investors. The Exchange recorded 177 equity listings, real estate investment trusts (REITs), and Funds. (down from 183 in 2023), 188 fixed-income listings (down from 190 in 2023), and 12 Exchange-Traded Funds (ETFs). [45] Market capitalization surged by 53.4% to ₦62.76 trillion from ₦40.92 trillion in 2023; this further improved to ₦66.26 trillion by the first quarter of 2025, [46] highlighting the Exchange's growing relevance in the financial ecosystem.

Figure 29:

NGX market capitalisation, 2015-Q12025 (₦ trillions)

Source: Nigerian Exchange Group, EnterpriseNGR and Meristem analysis



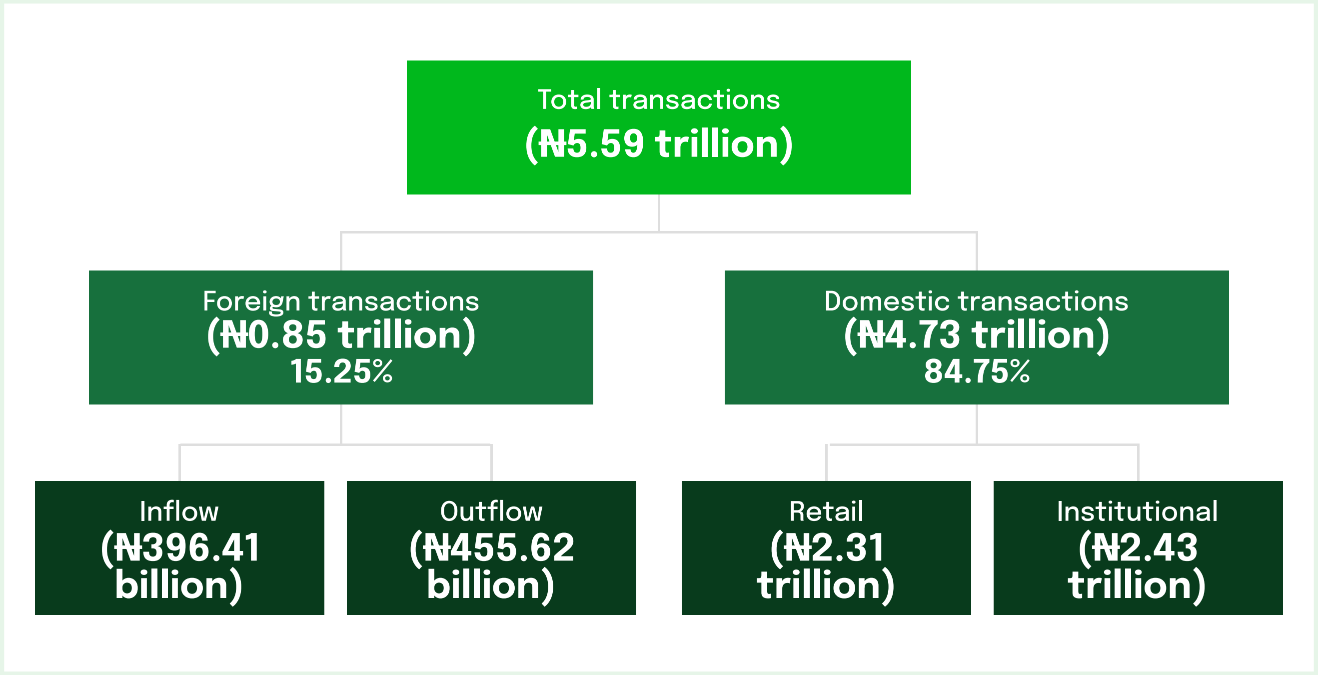
Total transactions on the local bourse in 2024 reached ₦5.59 trillion, marking a 56.1% increase from ₦3.58 trillion in 2023. Notably, foreign inflows rose by 126.8%–from ₦174.8 billion to ₦396.41 billion–driven by the ongoing bank recapitalisation exercise and attractive market dynamics; nevertheless, there was a net outflow. Domestic investor participation also strengthened, with transaction value rising by 49.5% year-on-year. [47] This suggests that domestic investors played a major role in driving overall market growth and remains a strong internal base of support for the market in the occurrence of net foreign outflows. The market showed strong momentum in early 2025, with total transactions reaching ₦2.23 trillion in Q1 and domestic investors driving 63.53% of the activity. There is an opportunity to further deepen the capital market through targeted financial products, regulatory incentives, and investor education.

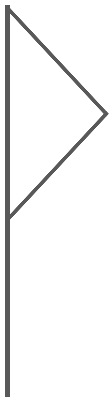
[45] See Footnote 43.

[46] Please note the Q1 2025 data is as of March 28; the value does not include March 31 market activities.

[47] Nigerian Exchange Limited, 'Domestic and Portfolio Investment Report- December 2024', (April 25, 2025), available at https://doclib.ngxgroup.com/market_data-site/other-market-information-site/FPI%20Report/NGX%20Domestic%20and%20Foreign%20Portfolio%20Investment%20Report-December%202024.pdf

Figure 30:
Breakdown of equity transactions, 2024
Source: Nigerian Exchange Group, EnterpriseNGR and Meristem analysis




JOY

Promoting finance for capital projects

In 2024, two new infrastructure funds–Coronation Asset Infra Fund and AVA Infrastructure Fund–were registered, increasing the total to 13. Assets under management (AUM) for these funds rose to ₦338.23 billion, up from ₦235.97 billion in 2023 (Figure 31).[48]

> *Assets under management (AUM) for these funds rose to* ***₦338.23 billion*** *up from* ***₦235.97 billion*** *in 2023*

[48] Securities and Exchange Commission (SEC), 'Quarterly Update on Private Equity and Infrastructure Funds', (May 3, 2025), available at: https://sec.gov.ng/quarterly-update-on-private-equity-and-infrastructure-funds/

Figure 31:
Infrastructure fund assets under management 2019-2024 (₦ billions)
Source: Securities and Exchange Commission, EnterpriseNGR and Meristem analysis

On the FMDQ in 2024, a total of 535 FGN debt securities valued at ₦180.91 trillion were listed or quoted, marking a 13.1% increase from 473 securities valued at ₦139.24 trillion in 2023. Additionally, 1,026 corporate securities worth ₦9.47 trillion were listed or quoted, representing a 23.0% rise from 834 securities valued at ₦7.87 trillion in the previous year. (Table 2). [49]

Table 2: FMDQ listed/quoted debt securities 2022-2024 (₦ trillion)
Source: FMDQ, EnterpriseNGR and Meristem analysis

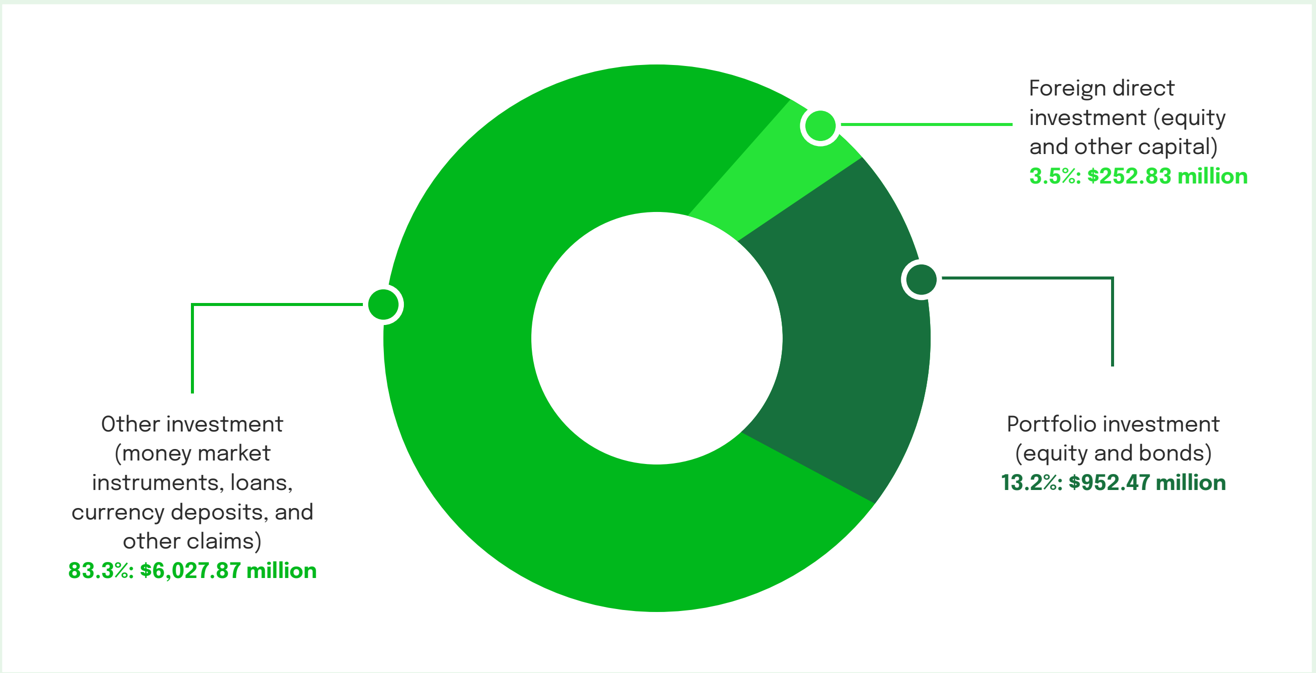
	Volume		Value (₦ trillions)	
	2023	2024	2023	2024
Listed/quoted FGN debt securities	473	535	139.24	180.91
Listed/quoted/noted corporate debt securities	834	1,026	7.87	9.47

[49] FMDQ Group , 'Annual Report and Accounts 2024', (May 22, 2024), available at: https://fmdqgroup.com/exchange/wpfd_file/2024-annual-report-and-accounts/

Facilitating (foreign) capital inflows

Nigeria experienced a notable surge in capital inflows in 2024, reaching $7.23 billion as of Q3 and projected to hit $9.64 billion for full year, up from $3.91 billion in 2023 and the highest level since 2020. Approximately 17% ($1.21 billion) of these inflows were facilitated by the capital markets through foreign direct investments (FDIs) in equity and other capital, as well as portfolio investments in equity and bonds (Figure 32), [50] reinforcing the market's role as a key platform for foreign investment.

Figure 32:
Nigeria's capital importation in Q3 2024
Source: National Bureau of Statistics, EnterpriseNGR and Meristem analysis



[50] National Bureau of Statistics, 'Nigeria Capital Importation Q3 2024', (May 22, 2025), available at: https://microdata.nigerianstat.gov.ng/index.php/catalog/143

Key Policy Updates

The Nigerian capital market witnessed significant policy reforms in 2024 aimed at enhancing transparency, promoting innovation, and safeguarding investor interests. Key developments include:

Annual SEC registration renewal for capital market operators (CMOs):

The SEC now mandates annual registration renewal for all CMOs, with the 2025 window open from January 1 to 31. Operators must also provide proof of 2025 subscription payments to relevant trade groups. Non-compliance may lead to penalties or exclusion from market activities.

Implication: This policy reinforces compliance, financial discipline, and operational integrity. In response, CMOs have already begun ensuring their registration processes are aligned with the SEC's mandate, with many adopting digital tools to streamline compliance processes and educating stakeholders on the new requirements.

Updated digital assets regulation:

In December 2024, the SEC released revised rules covering:

- Issuers of digital securities, stablecoins, and cryptocurrencies (prohibiting anonymity-enhanced cryptocurrencies)
- Roles and obligations of Digital Asset Intermediaries
- Regulations for marketing and promotions, especially by influencers
- Launch of the Accelerated Regulatory Incubation Program (ARIP) for digital asset startups.

Implication: These updates provide a clearer framework for digital asset operations, encouraging innovation while mitigating risks.

Revamp of the e-dividend mandate management system (e-DMMS):

Registrars, central securities depositories, and clearing houses must digitise operations, including deploying functional websites and investor portals.

Implication: This initiative is expected to reduce unclaimed dividends and improve investor experience.

New Investment and Securities Act (ISA) 2025:

The revised ISA, signed into law by the presidency, introduces several key provisions:

Recognition of digital assets:

The Act now explicitly recognises virtual and digital assets as securities, bringing Virtual Asset Service Providers (VASPs) and Digital Asset Operators (DAOs) under SEC regulation.

Enhanced regulatory powers:

The SEC's powers have been strengthened to align with global standards, improving investor protection and market integrity.

Expanded issuer categories:

The Act broadens issuer categories, facilitating the introduction of innovative products.

Legal entity identifiers (LEIs):

The mandatory use of LEIs aims to improve transparency in capital market transactions.

Financial market infrastructure:

Provisions to regulate Commodities Exchanges and warehouse receipts support the development of the commodities ecosystem.

Digitalisation of capital market operations:

The SEC has introduced guidelines for fully digitising capital market operations, including the mandatory use of secure websites, email systems, and mobile applications for investor services.

Conclusion and Recommendations

To further support growth and address the current challenges in the Nigerian capital market, there are several initiatives that can be implemented. These initiatives should aim to strengthen market infrastructure, enhance investor protection, improve liquidity, and foster innovation. Below are key recommendations:

- ### Strengthen investor education and financial literacy

Implement nationwide financial literacy campaigns and dynamic investor education programs to deepen understanding of capital market instruments and associated risks. Develop tailored content for retail investors, institutional investors, and digital asset traders, fostering a more informed and confident investor base.

- ### Improve market liquidity

Introduce liquidity support mechanisms to cushion the impact of market downturns and address illiquidity in specific asset classes. Incentivize market makers–through tax relief or special trading privileges–to enhance liquidity in equity and fixed income markets. Regulators should lower regulatory barriers preventing pension funds and foreign investors from participating in the futures and derivatives market, limiting liquidity and market growth. In addition, creation of more products should be encouraged to ensure bull market and bear market investing options.

- ### Improve accessibility

Regulatory frameworks should encourage smaller companies (MSMEs and SMEs) to list on the Exchange, broadening market participation. Cross-border trade and integration under the African Continental Free Trade Agreement (AfCFTA) should be explored to position Lagos as a regional financial hub.

- ### Foster innovation in digital assets

Integrate financial technology (FinTech) to improve capital market accessibility and efficiency and explore the role of blockchain and digital assets in broadening market participation and introducing innovative financial products. Provide clearer regulatory guidance for digital assets, including cryptocurrencies, blockchain securities, and decentralized finance (DeFi) platforms. Establish innovation hubs and regulatory sandboxes to support blockchain startups, encouraging technological growth and responsible innovation.

- ## Review taxation and regulatory burden

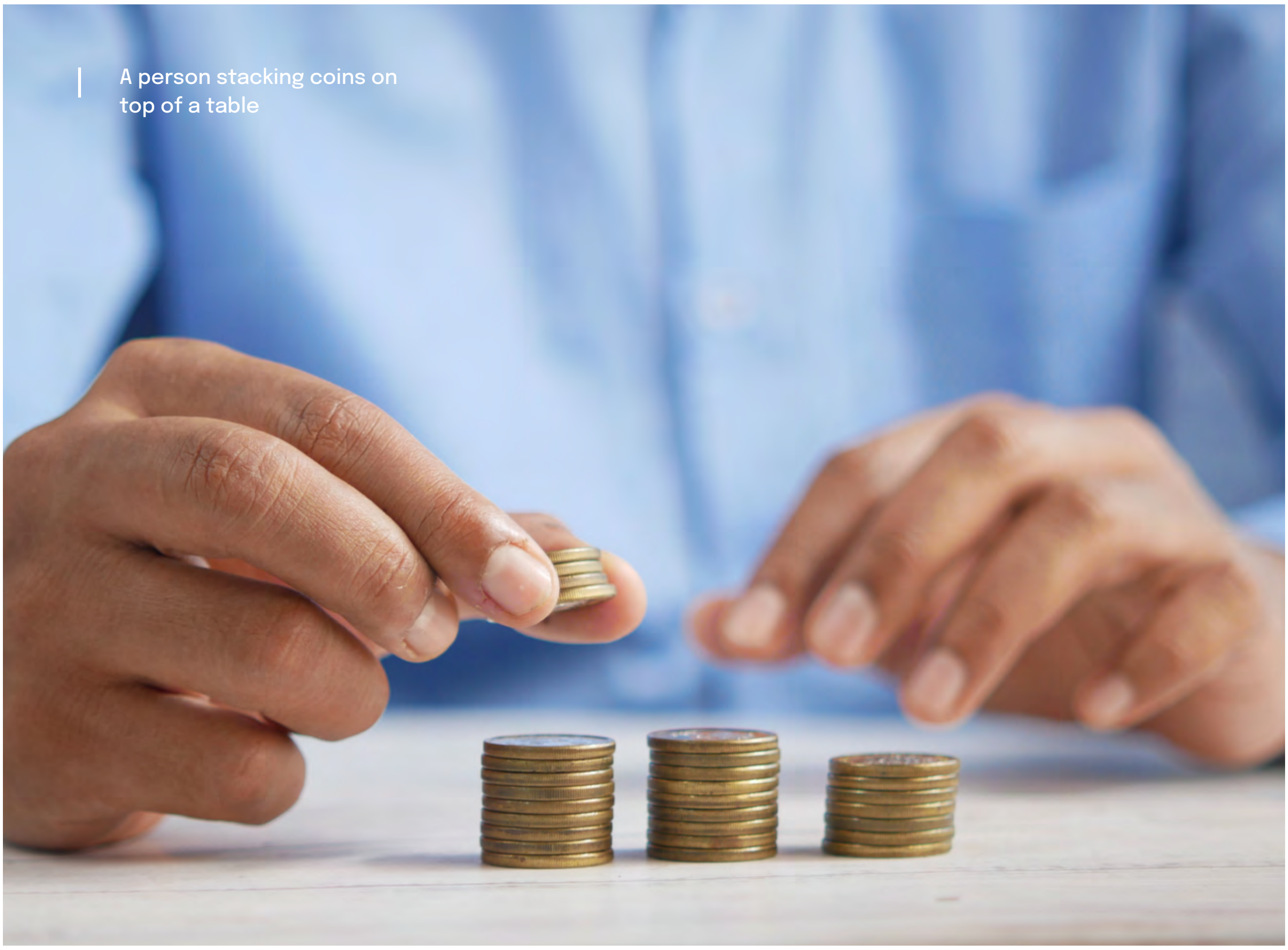
Offer tax incentives for long-term investors to promote market stability and reduce speculative volatility. Streamline regulatory requirements to lower compliance costs and attract more participants to the market. Regulators should address inconsistencies in regulatory policies that impact investor confidence and improve transparency in regulations to build trust and encourage participation in capital markets.

- ## List government assets

Integrate the capital markets into the economy by unbundling Government balance sheets/ assets into capital market instruments. This will help improve market liquidity and broaden activities.

- ## Improve reputation

The Exchanges can improve the reputation of the capital markets by (i) reframing current narratives to positively reorientate international investors, (ii) hosting visits by key international figures at the Exchanges, (iii) aligning Exchanges activities with Lagos festivals and cultural events calendar, (iv) launching new products that leverage Nigeria's tech ecosystems, and v) linking the Lagos State website to the Exchanges' websites, as well as to other websites and platforms showcasing investments opportunities in Lagos.



A person stacking coins on top of a table

Oshodi Bus Terminal, Lagos State

04

ASSET MANAGEMENT

The Asset Management sub-sector is tasked with preserving and growing asset value while effectively balancing risk and return. In 2024, global assets under management (AUM) rose by 12% to $128 trillion, [51] marking a full recovery from the nearly 10% decline in 2022.

M

MOVEMENT

KEY FACTS

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

Value of 12 Exchange-Traded Funds listed on the Nigerian bourse

₦10.49bn 2023

₦12.77bn 2024

+21.7% GROWTH

Registered mutual funds

Net asset value +79.46% GROWTH

₦2.13tn 2023

₦3.83tn 2024

Number +19.4% GROWTH

144 2023

172 2024

FGN domestic debt stock

2023 ₦53.26tn

2024 ₦70.40tn

Amount raised by the FGN through a mix of financial instruments

2023 ₦11.97tn

+52.55% GROWTH

2024 ₦18.26tn

Value of domestic retail investment in the Nigerian equities market

+105.88% GROWTH

₦1.12bn 2023

₦2.31tn 2024

Registered private equity funds

Total committed capital

₦100.56bn 2023

₦103.09bn 2024

Assets under management

₦68.06bn 2023

₦121.82bn 2024

+78.99% GROWTH

In Nigeria, the sector recorded significant progress, shaped by economic pressures and evolving investor preferences. Amid persistent inflation, naira volatility, and tighter monetary policy, investors increasingly sought refuge in collective investment schemes. This section highlights the performance of Nigeria's asset management industry in 2024 across key indicators.

Promoting and Supporting Investment Through a Diversified Market

Promoting varieties of investment activities in a diversified market

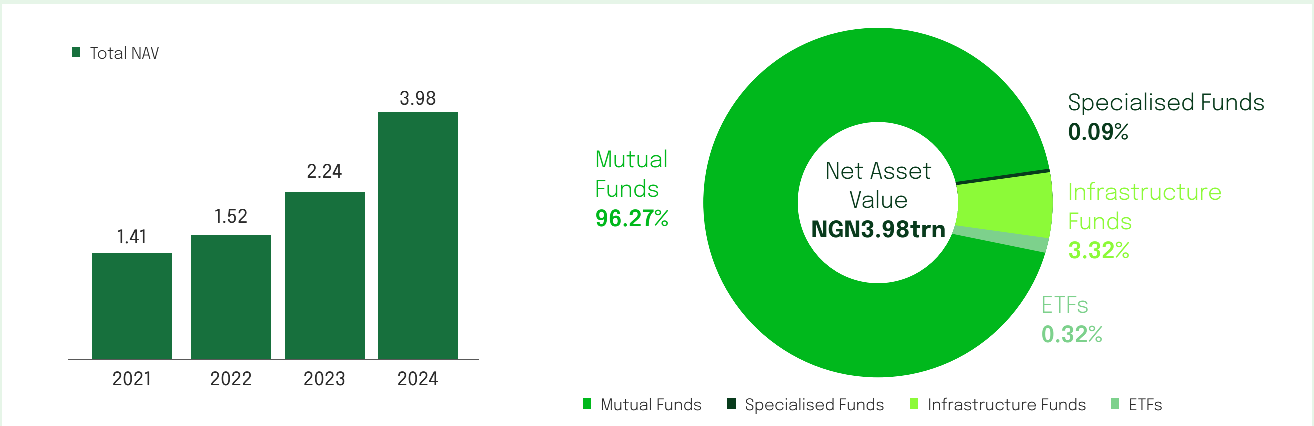
In 2024, the total Net Asset Value (NAV) of Collective Investment Schemes (CIS) in Nigeria rose sharply by 77.68% year-on-year to a record ₦3.98 trillion, up from ₦2.24 trillion in 2023 (Figure 33). [52] This strong performance was primarily driven by Mutual Funds, which grew by 79.81% to ₦3.83 trillion, accounting for approximately 96% of total CIS assets. The number of registered mutual funds also expanded from 144 in 2023 to 172 in 2024, reflecting increased investor participation. Exchange Traded Funds (ETFs) posted solid gains, with the NAV of the 12 listed ETFs rising by 21.74% to ₦12.77 billion, while infrastructure funds saw 39.38% growth, reaching ₦131.94 billion from ₦94.66 billion. In the first three months of 2025, the Net Asset Value (NAV) of Collective Investment Schemes (CIS) rose by over ₦1 trillion to ₦4.94 trillion. Mutual funds continued to dominate, accounting for approximately 96% of the total NAV, with the number of funds increasing from 172 to 181. [53]

A breakdown of Mutual Fund components reveals that Dollar Funds emerged as the leading category for the first time, contributing 44.61% of the total NAV–highlighting growing investor preference for FX-denominated assets. Money Market Funds followed at 43.89%. In contrast, Bond/Fixed Income Funds declined to a 5.13% share, impacted by a 31.76% drop in NAV. Other categories included Real Estate Investment Trusts (REITs) at 2.61%, Balanced Funds (1.43%), Shari'ah Compliant Funds (1.37%), Equity Funds (0.81%), and Ethical Funds (0.15%).

Figure 33:

Total funds' net asset value and market share by class of funds, 2024

Source: Securities and Exchange Commission, EnterpriseNGR and Meristem analysis



[51] Boston Consulting Group, 'Global Asset Management Report 2025: From Recovery to Reinvention', (May 2, 2025), available at: https://web-assets.bcg.com/cc/0a/25876ea740168e908a8652e147d7/2025-gam-report-april-2025.pdf

[52] Securities and Exchange Commission, 'Weekly Net Asset Value Data for CIS', (May 2, 2025), available at: https://sec.gov.ng/weekly-net-asset-value-data-for-cis/

[53] See Footnote 52

Supporting business and government

Mutual funds continued to play a vital role in providing liquidity, particularly for the government entities in 2024 (Figure 34). The Federal Government raised ₦18.26 trillion during the year–up 52.55% from ₦11.97 trillion in 2023–through a mix of financial instruments including FGN bonds, treasury bills, and savings bonds. This significant increase is attributed to a widened fiscal deficit, which rose to ₦9.18 trillion, prompting heightened government borrowing to bridge the gap.

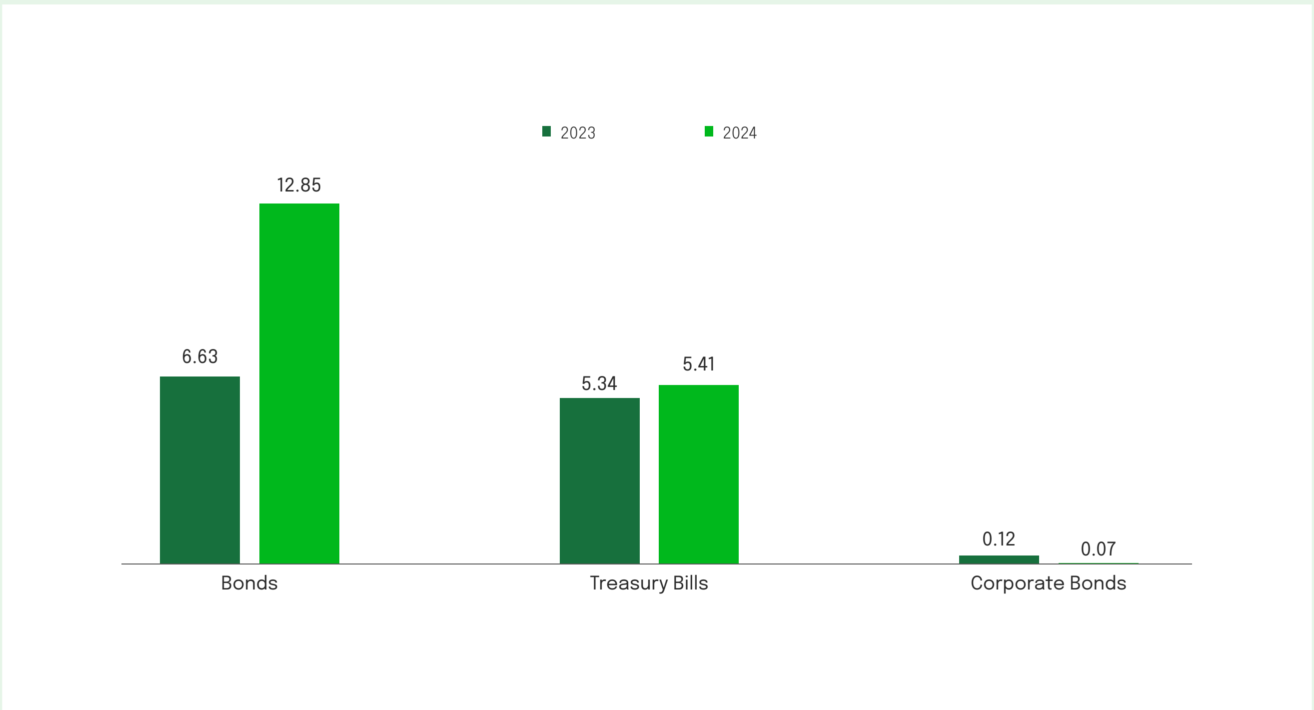
Of the total funds raised, ₦5.41 trillion was sourced from treasury bills (versus ₦5.34 trillion in 2023), while bonds accounted for ₦12.85 trillion, nearly doubling the ₦6.63 trillion raised in 2023.

Despite tighter liquidity and higher borrowing costs, activity in the corporate debt market remained resilient. A total of 155 commercial papers were listed on the FMDQ in 2024[54], up from 127 the previous year, indicating a shift toward short-term instruments in response to elevated interest rates. Conversely, corporate bond issuances declined slightly to four from five in 2023, as firms prioritized flexibility and liquidity preservation in a high-interest rate environment and aimed to avoid high costs of capital in long-tenured instruments.

> *The Federal Government raised*
> ***₦18.26 trillion***
> *during the year–up*
> ***52.55%***
> ***₦11.97 trillion*** *in 2023*

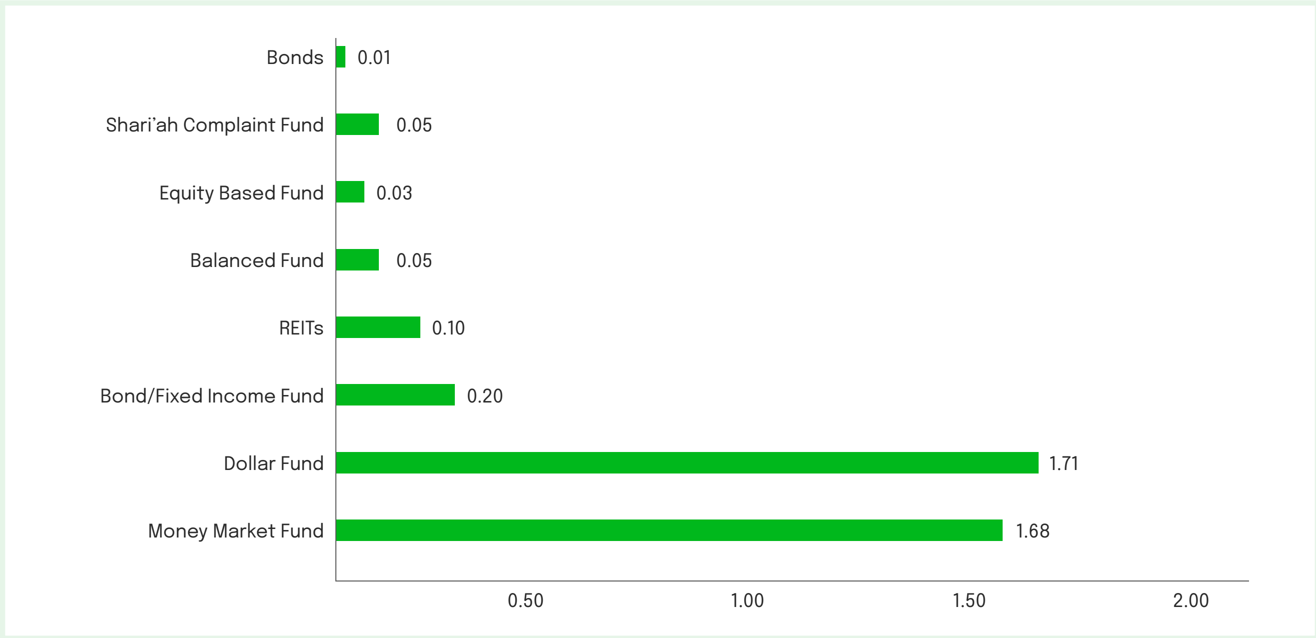
Treasuries and corporate bonds issued, 2024 (₦ trillions)

Figure 34:
Treasuries and corporate bonds issued, 2024 (₦ trillions)
Source: Debt Management Office, EnterpriseNGR and Meristem analysis



[54] FMDQ, 'Commercial Papers- Listing and Quotations' , (May 22, 2025) available at: https://fmdqgroup.com/category/listings-and-quotations/

Figure 35:
Mutual funds by class of funds, 2024 (₦ trillions)
Source: Securities and Exchange Commission, EnterpriseNGR and Meristem analysis



Supporting retail players' investment in securities

The Nigerian equities market experienced strong momentum in 2024, with total investor transactions rising by 56.14% year-on-year to ₦5.59 trillion, up from ₦2.71 trillion in 2023. [55] This surge was largely driven by robust domestic participation, which grew by 49.49% to ₦4.73 trillion representing 84.75% of total market turnover.

Within this domestic activity, retail investors accounted for ₦2.31 trillion, or 48.71% of total domestic transactions, marking a remarkable 105.88% year-on-year increase which is more than the 74.3% growth rate recorded in 2023. In Q1 2025, domestic retail transactions were valued at ₦678.98 billion, representing 47.9% of total domestic transactions.

Part of enablers of this retail participation has been the expanding footprint of mutual funds, which offer accessible, professionally managed investment channels for individual investors. The number of mutual fund unitholders grew by 4.9% to 809,264 in 2024, up from 771,799 in 2023, almost doubling from the 421,422 recorded just two years earlier. The number of unitholders has increased to 858,658 as of Q1 2025, with the net asset value totaling ₦4.78 trillion, [56] up from ₦3.83 trillion in 2024. This steady rise reflects the role of mutual funds in broadening market inclusivity, allowing more Nigerians to gain exposure to capital markets through diversified, lower-risk investment vehicles.

JOURNEY

“In Q1 2025, domestic retail transactions were valued at ***₦678.98 billion*** *representing* ***47.9%*** *of total domestic transactions.*

[55] See Footnote 47.
[56] See Footnote 52.

Figure 36:
Domestic retail participation on the NGX and mutual funds NAV (₦ billions)
Source: Nigerian Exchange, EnterpriseNGR and Meristem analysis

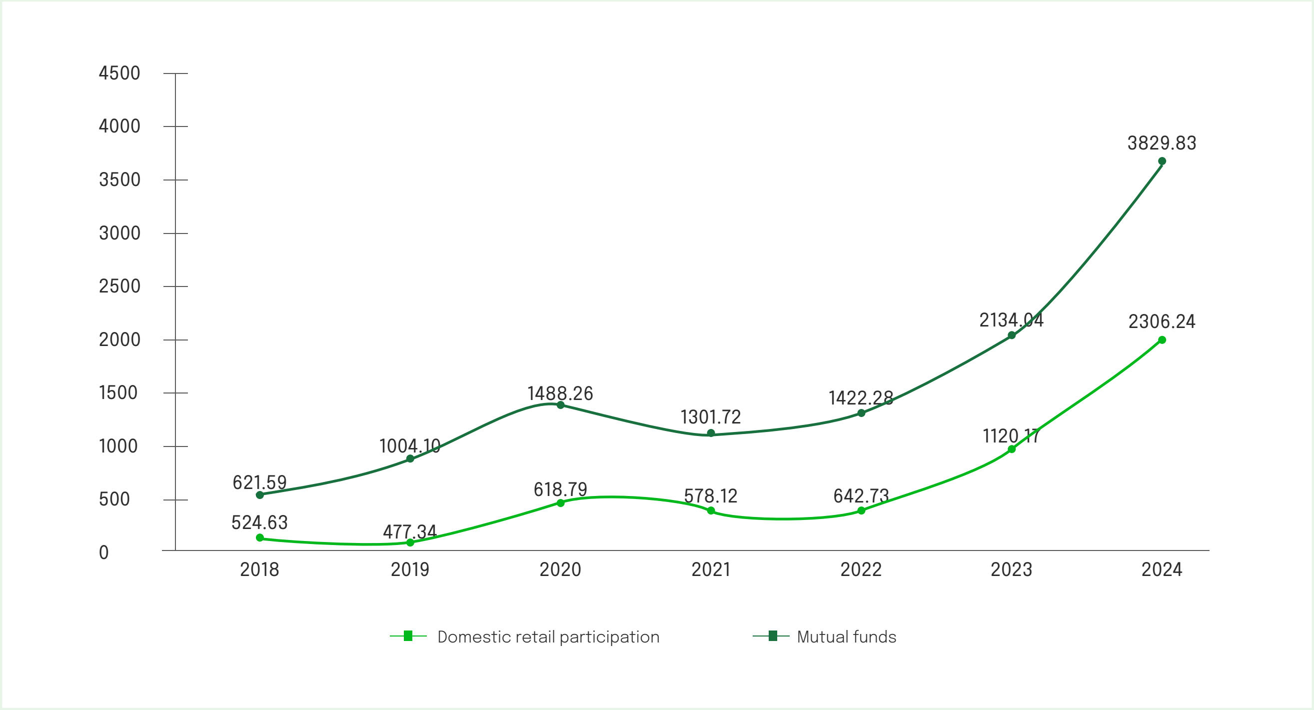
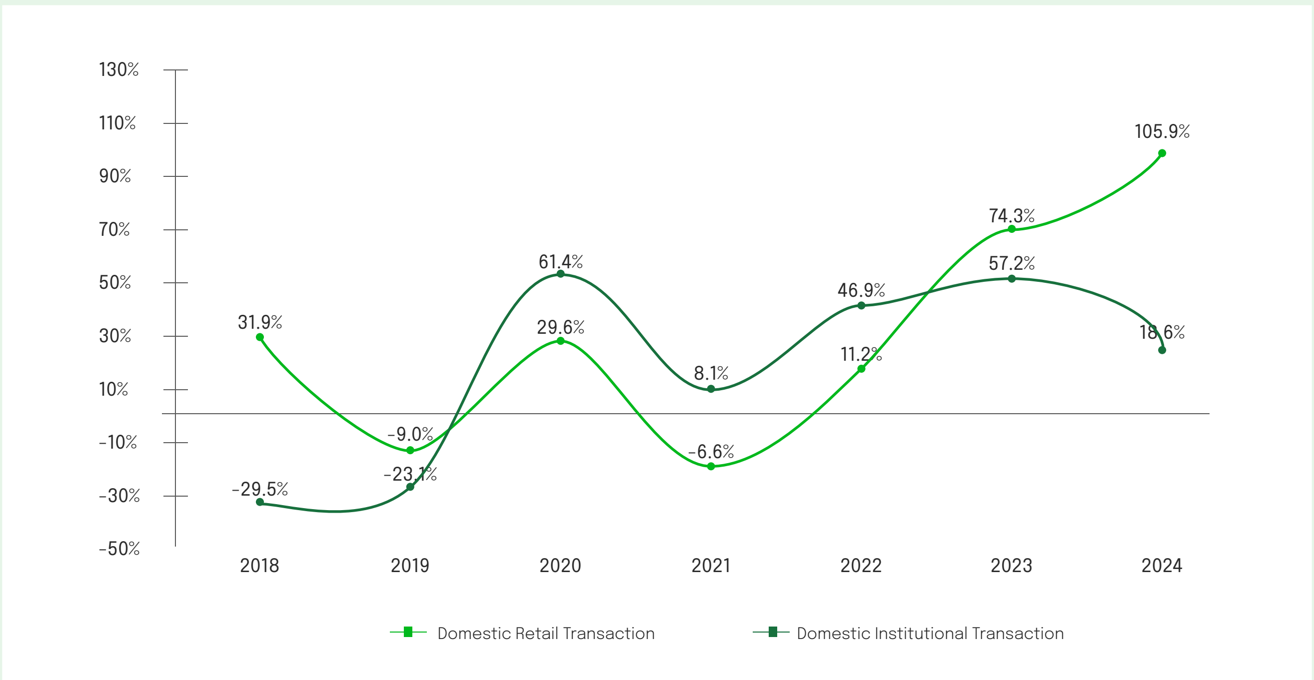
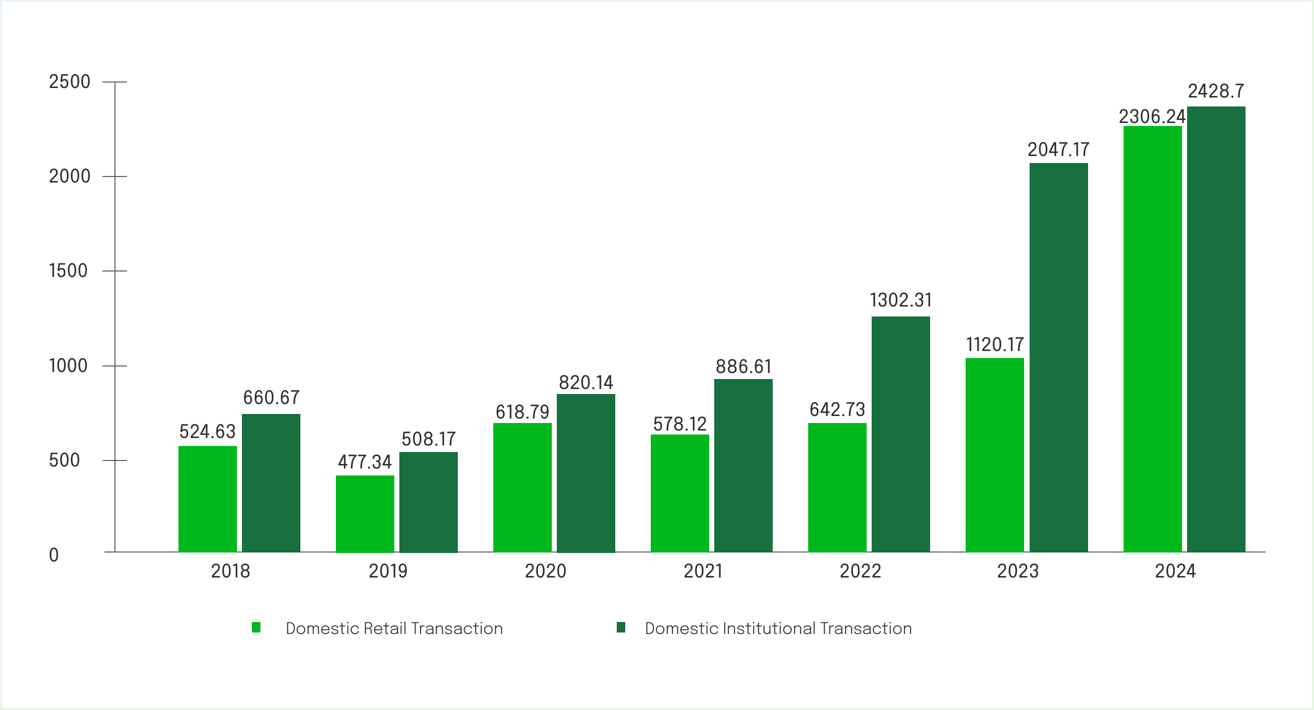


Figure 37:
Growth in domestic retail and institutional transactions, 2018-2024[57]
Source: Nigerian Exchange Group, EnterpriseNGR and Meristem analysis



[57] "Growth rates for Q12025 reflect Q1 March 2024 vs. Q1 March 2025

Figure 38:
Values of domestic retail and institutional transactions, 2018-2024 (₦ billions)
Source: Nigerian Exchange Group, EnterpriseNGR and Meristem analysis



THE SELF

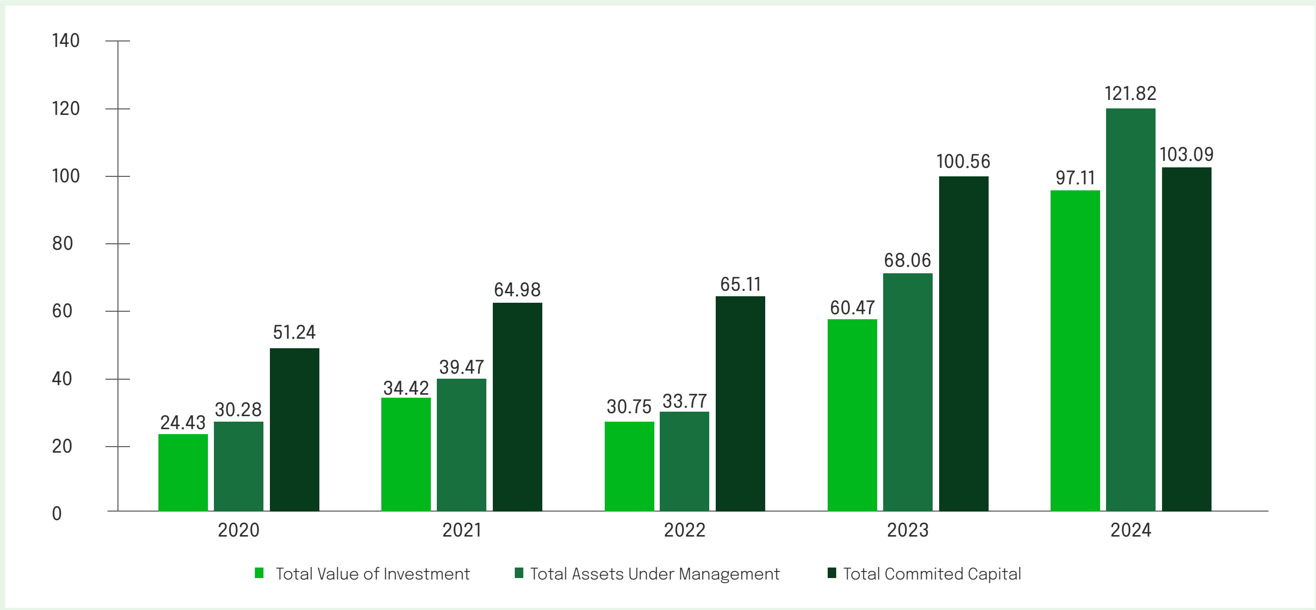
Facilitating private equity investments

Despite weakened investor sentiment, stemming from persistent inflation and continued naira devaluation, Nigeria's private equity (PE) market showed relative resilience. Regulatory reforms, rising demand for tech-enabled financial services, and strategic shifts in key sectors helped sustain investment momentum. In the energy sector, government efforts to curb oil theft and enhance transparency opened long-awaited exit opportunities, particularly for oil-focused PE firms. Notably, fintech firms such as Moniepoint expanded into traditional banking, signaling increasing sector maturity and diversification within Nigeria's financial services industry.

As of Q3 2024, approximately 60 private market deals were recorded. A highlight was Oando Plc's $783 million acquisition of the Nigerian Agip Oil Company (NAOC), a subsidiary of Eni. By Q4 2024, assets under management for Nigeria's ten registered PE funds rose by 78.99% to ₦121.82 billion, up from ₦68.06 billion in the previous year and significantly higher than ₦33.77 billion at the end of 2022. [58]

[58] See Footnote 48.

Figure 39:
Private equity funds, 2020-2024 (₦ billions)
Source: Securities and Exchange Commission, EnterpriseNGR and Meristem analysis



Driving tech startups investments

In 2024, African private capital investment experienced a decline in deal value despite an increase in deal volume. Total deal value fell to $5.5 billion from $5.9 billion in 2023, while the number of deals rose from 450 to 485.[59] Southern Africa and West Africa remained the leading investment destinations, recording 129 and 105 deals, respectively. Within West Africa, Nigeria continued to dominate as a key hub for private capital. The financial sector remained the most attractive, accounting for 23% of total deal volume and 33% of deal value. This strong performance reflects the continued expansion of the continent's digital financial ecosystem and the growing investment opportunities aimed at bridging the financial inclusion gap.


Stacks of coinis arranged in a bar graph

[59] The African Private Capital Association, '2024 African Private Capital Activity Report', (May 8, 2025), available at: https://www.avca.africa/media/fcpjt4s3/2024_avca_african_private_capital_activity_report_apca_public.pdf

Figure 40:
African private capital investments, 2016-2024
Source: Securities and Exchange Commission, EnterpriseNGR and Meristem analysis

Key Policy Updates

ESG regulatory framework

The Securities and Exchange Commission's (SEC) 2024 ESG Disclosure Framework marked a major milestone for sustainable finance in Nigeria. Effective January 2024, it introduced three key mandates:

- **Mandatory TCFD alignment:**

Asset managers must disclose climate-related risks in line with the Task Force on Climate-related Financial Disclosures (TCFD), including scenario analyses for funds with assets under management (AUM) exceeding ₦100 billion.

- **Standardised SDG reporting:**

Quarterly reports must include data on the proportion of AUM allocated to Sustainable Development Goal (SDG)-aligned projects, with third-party verification required for large funds.

- **Progressive enforcement:**

A tiered penalty structure was introduced, with repeat non-compliance attracting fines of up to 0.5% of AUM.

By Q2 2024, 72% of asset managers had achieved full compliance, 23% were in the implementation phase, and 5%–primarily smaller funds–were granted temporary exemptions.

Regulation of private equity and venture capital (PE/VC)

In the first half of 2024, the SEC released exposure drafts for regulating PE/VC funds under the Collective Investment Scheme (CIS) framework. Key proposals include:

- Introduction of fund classification standards
- A minimum registration threshold of ₦5 billion
- Enhanced investor protection measures such as fee caps and mandatory conflict-of-interest disclosures

These measures are designed to bolster market transparency and investor confidence, support fund structuring compliance, and align with the requirements of development finance institutions operating in emerging markets.

Conclusion and Recommendations

Nigeria has a significant opportunity to tap into the $128 trillion global asset management industry. To realize this potential, operators and regulators must collaborate strategically to address existing challenges hindering growth. Achieving this will require the full implementation of the Investment and Securities Act (ISA) 2024. The sector must remain agile–prioritizing investor trust, aligning with global trends, and maintaining a long-term commitment to inclusive and sustainable growth. Among other priorities, particular attention should be directed towards:

- ### Strengthening regulatory frameworks

Enhance regulatory clarity, transparency, and oversight to attract investors and boost confidence. The government should continue to lead reforms, while asset managers must stay compliant and adaptable to evolving regulations.

- ### Deepening institutional investment

Encourage greater participation from pension funds and insurance firms to improve capital inflows and sector stability.

- ### Promoting responsible ownership and ESG integration

Asset managers should engage more actively with investee companies, advocate for sustainable practices, and integrate ESG principles. Regulators must align standards with global best practices.

- ### Supporting market development

Partner with Exchanges and industry bodies to promote retail investor education and market liquidity. Initiatives like The Exchange's Retail Investor Workshop are vital to broadening participation and long-term value creation.

- ### Ensuring political and economic stability

Sustained reforms, macroeconomic stability, and improved security are essential to fostering investor confidence and protecting asset values.

- ### Building and retaining talent

Address skills gaps through targeted training, competitive compensation, and clear career pathways. Focus areas include investment research, portfolio management, and quantitative analysis.

- ### Strengthening cybersecurity and data protection

As financial services digitise, firms must adopt advanced cybersecurity protocols, conduct regular audits, and train staff to mitigate growing cyber and data risks.

- ### Accelerating technology adoption

Promote innovation through AI, machine learning, and digital platforms to enhance efficiency and oversight. Develop tailored investment products–such as green finance and crypto assets–to meet evolving investor needs.

A busy city street filled with lots of traffic- Lagos Island Idumota view

05

PENSIONS

The Nigerian pension industry continues to play a pivotal role in long term capital mobilisation while also providing critical post-employment income security for workers, maintaining its position as a key sub-sector in the financial system.

PROTECTION

THE IDEJOS

The Idejos of southwestern Nigeria embody ancient traditions, their graceful movements keep cultural practices alive and connects the community to its spiritual roots.

KEY FACTS

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

Retirement Savings Accounts(RSA)

10.19mn — 2023

10.58mn — 2024

+3.8% GROWTH

Pension assets under management

+22.60% GROWTH

₦18.36tn — 2023

₦22.51tn — 2024

Paid out in retirement benefits

2023 ₦302.2bn

2024 ₦340.3bn

+12.6% GROWTH

Pension assets in FGN securities

₦11.92tn 2023

₦14.11tn 2024

Micro Pensions Scheme

Asset under management (AUM)

2023 ₦731.41mn

2024 ₦1.1bn

Contributors

2023 114,382

2024 172,936

Out-of-work contributors

31,803 People

2023 Amount accessed ₦35.48bn

2024 Amount accessed ₦56.28bn

Equity contribution for mortgages

Disbursed a ₦109.98 billion equity contribution for mortgages to 16,174 beneficiaries since its launch in 2022

₦109.98bn

16,174 Beneficiaries

Beyond supporting government and corporate financing, the sector facilitates long-term wealth accumulation for employees while easing the retirement burden on employers. In 2024, 391,958 new registrations were recorded, bringing the total number of Retirement Savings Account (RSA) holders to 10.58 million [60] – reflecting a penetration rate of 8.1%. [61] The industry's assets under management (AUM) grew by 22.6% to ₦22.51 trillion,[62] up from ₦18.36 trillion in 2023. By Q1 2025, the number of RSA holders rose to 10.69 million, with Assets Under Management (AUM) reaching ₦23.34 trillion.[63]

> *The industry's assets under management (AUM) grew by*
> ***22.6%*** *to*
> ***₦22.51 trillion*** *up from*
> ***₦18.36 trillion*** *in 2023*
> *By Q1 2025, the number of RSA holders rose to*
> ***10.69 million***
> *with Assets Under Management (AUM) reaching*
> ***₦23.34 trillion***

Table 3: Retirement savings accounts categorisation

Source: National Pension Commission, EnterpriseNGR and Chapel Hill Denham analysis

RSA Fund	Eligible Participants	Risk Profile	Key Features	Default Status
Fund I	Contributors under 50 who opt in	**High** (growth-oriented)	Highest exposure to equities and variable-income instruments	Not default - opt-in only
Fund II	Contributors under 50 (default fund)	**Moderate**	Balanced exposure; mix of fixed and variable-income assets	Default for <50 years
Fund III	Contributors aged 50 and above	**Low**	Conservative approach; lower equity exposure	Default for ≥50 years
Fund IV	Retirees drawing from their RSA accounts	**Very Low**	Capital preservation focus; minimal exposure to risky assets	Default for retirees
Fund V	Micro Pension Plan contributors (informal sector/self-employed)	**Very Low**	Designed for low-income earners; highly conservative portfolio	Not default - voluntary
Fund VI (Active)	Ethical/Sharia-compliant contributors (working)	**Moderate to Low**	Non-interest investments only (e.g., Islamic finance-compliant instruments)	Opt-in based
Fund VI (Retiree)	Ethical/Sharia-compliant contributors (retired)	**Low**	Same as above, tailored for retirees	Opt-in based

[60] National Pension Commission, 'Pension Industry Performance Dashboard, as at 31 December 2024', (April 26, 2025), available at: https://www.pencom.gov.ng/wp-content/uploads/2025/01/Q4-2024-PENSION-INDUSTRY-INFORMATION-DASHBOARD-3-APRIL.pdf

[61] Computed using working population aged 15-64 years, 'UN World Population Prospects 2024 referenced data', (May 5, 2025), available at: https://statisticstimes.com/demographics/country/nigeria-demographics.php

[62] National Pension Commission, 'Unaudited Report on Pension Funds Industry Portfolio for the Period Ended 31 December 2025', (June 05, 2025), available at: https://www.pencom.gov.ng/wp-content/uploads/2025/02/December-2024-Monthly-Report.pdf

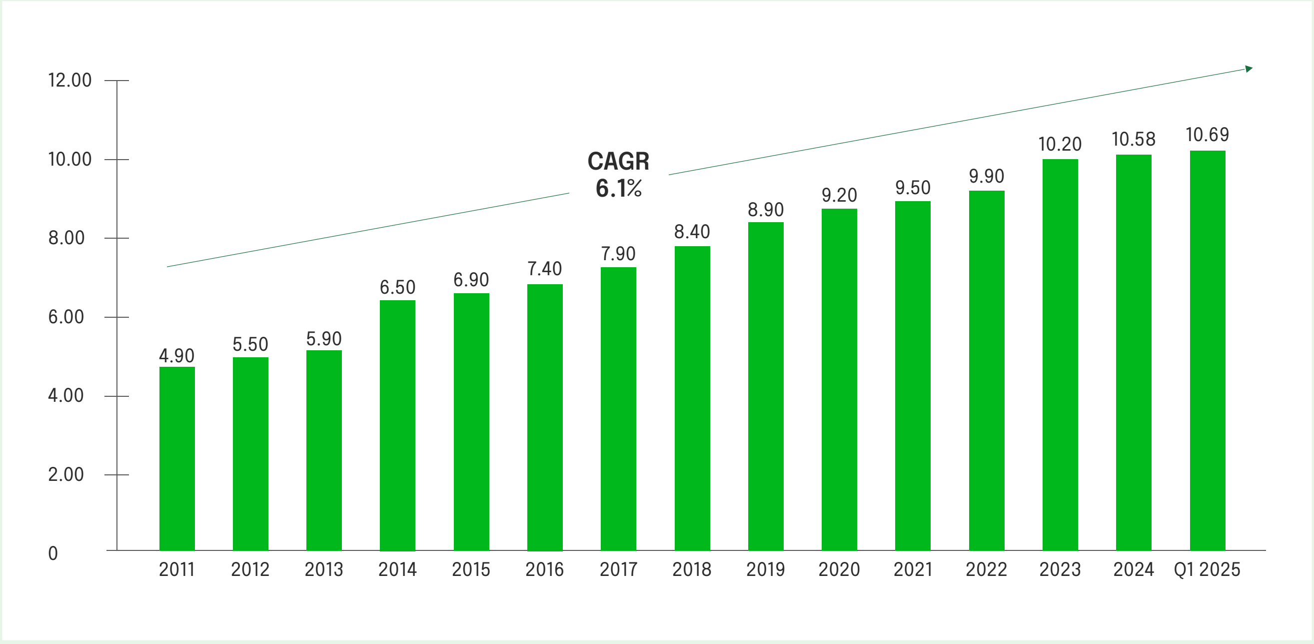
[63] National Pension Commission, 'Unaudited Report on Pension Funds Industry Portfolio for the Period Ended 31 March 2025', (June 05, 2025), available at: https://www.pencom.gov.ng/wp-content/uploads/2025/05/March-2025-Monthly-Summary.pdf

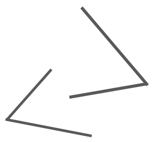
Supporting Lives

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

In 2024, the total number of Retirement Savings Accounts (RSAs)–including micro and contributory pensions–increased by 3.7% year-on-year, reflecting a compound annual growth rate (CAGR) of 6.1%, 2011-2024 (Figure 41). This growth contributed to a 22.6% rise in total pension assets under management (AUM). The sector's expansion is driven by Nigeria's growing population, increased portfolio allocations to equities and real assets, and the continued enforcement of the Pension Reform Act 2014.

Figure 41:
Growth in Number of Retirement Savings Accounts, 2011-Q12025 (millions)
Source: National Pension Commission, EnterpriseNGR and Chapel Hill Denham analysis

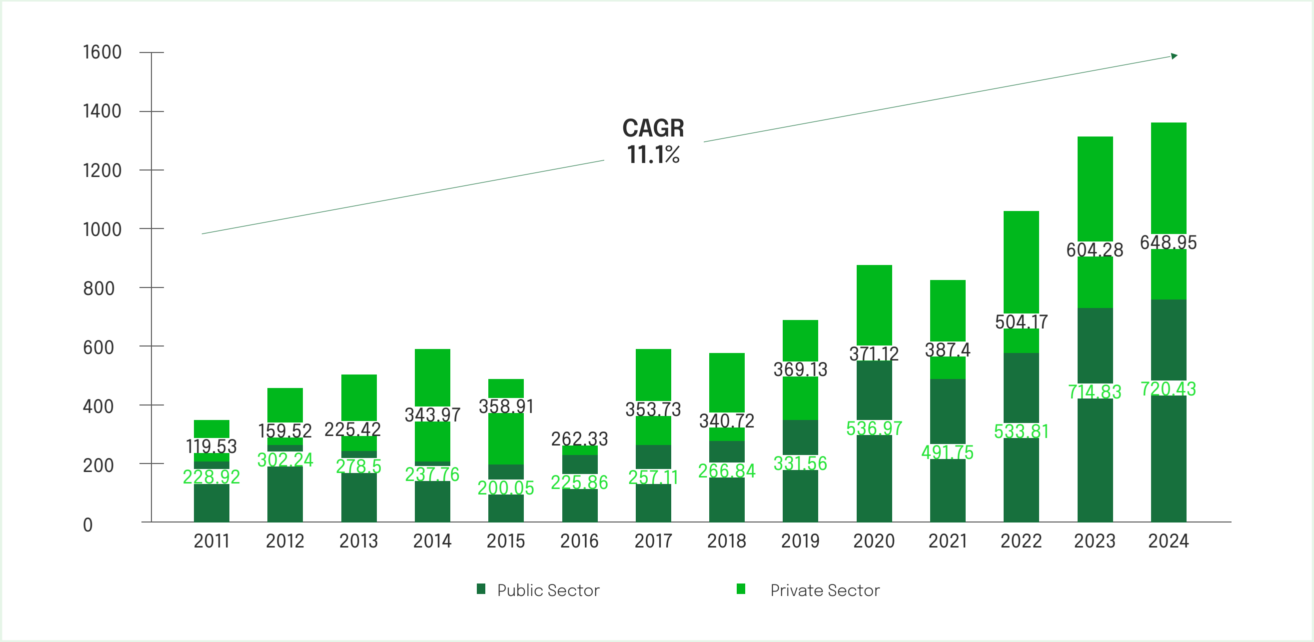




Total pension contributions rose significantly to ₦11.31 trillion in 2024, up from ₦15.6 billion in 2004. The public sector accounts for the majority, contributing ₦5.89 trillion (52.1%) of the total. However, annual growth in contributions was stronger in the private sector, which grew by 7.39% year-on-year in 2024, compared to a marginal 0.78% increase in the public sector. Overall, total contributions grew by 3.81% year-on-year, reflecting a compound annual growth rate (CAGR) of 11.1% since 2011 (Figure 42). [64]

[64] Computed using data from NAICOM. See Footnote 60 and other reports available at: https://www.pencom.gov.ng/category/publications/

Figure 42:
Trend in total pension contributions, 2004-2024 (₦ billions)
Source: National Pension Commission, EnterpriseNGR and Chapel Hill Denham analysis

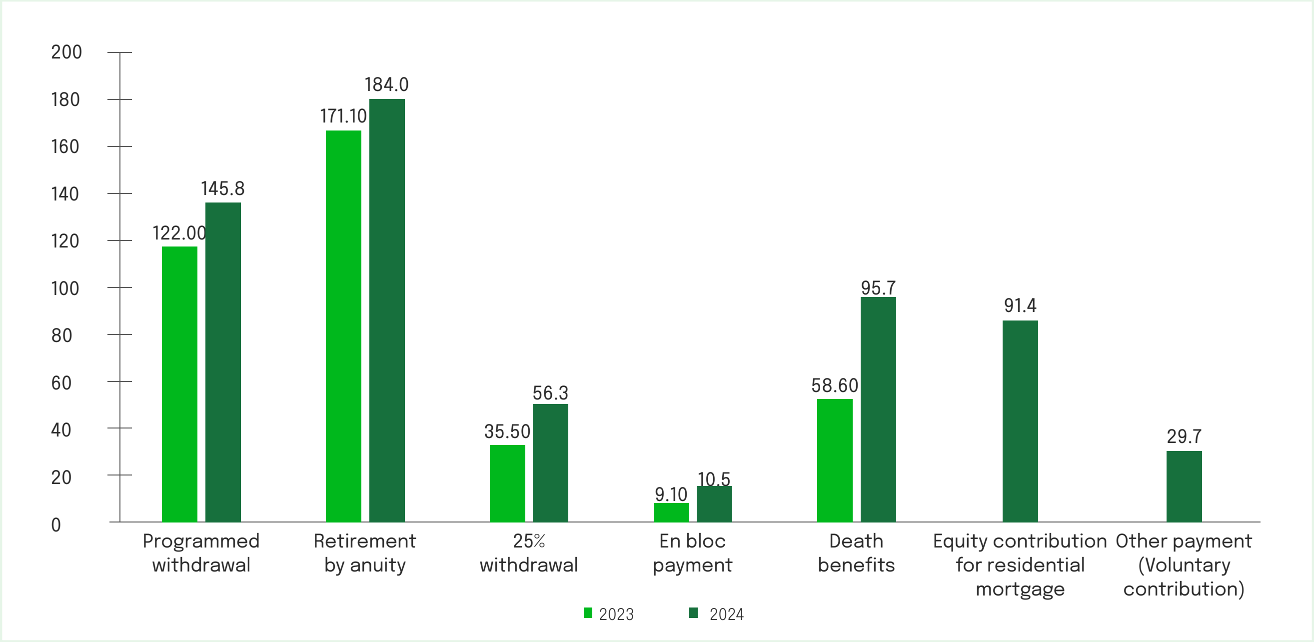


The pension sub-sector plays a critical role in easing the financial burden of retirement by providing benefits to individuals who have retired or lost their jobs. Yearly retirement benefits, made up of programmed withdrawal, retiree life annuity and en-bloc payment recorded a 12.6% increase from ₦302.2 billion in 2023 to ₦340.3 billion in 2024 (Figure 43). [65] These payments support thousands of retirees in meeting essential expenses, coping with inflation, and improving their post-retirement quality of life. The industry has also introduced an equity contribution for mortgages, enabling contributors to use up to 25% of their RSA balance to acquire residential property. Since its launch in 2022, the initiative has disbursed ₦109.98 billion to 16,174 beneficiaries as of December 2024.

> “
> *early retirement benefits, made up of programmed withdrawal, retiree life annuity and en-bloc payment) recorded a*
> ***12.6%*** *increase from*
> ***₦302.2 billion*** *in 2023 to*
> ***₦340.3 billion*** *in 2024*

[65] See Footnote 64.

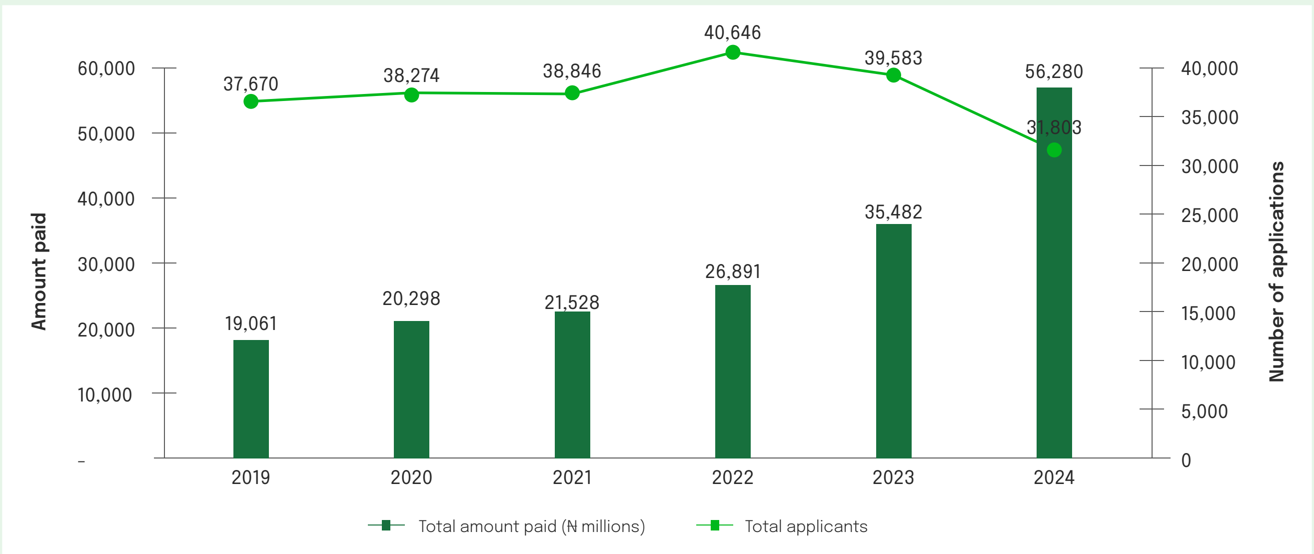
Figure 43:
Yearly payment of retirement benefits, 2023 and 2024 (₦ billions)
Source: National Pension Commission, EnterpriseNGR and Chapel Hill Denham analysis



Helping people who are temporarily out of work stay afloat

Pension funds serve as a financial buffer for workers experiencing temporary unemployment. **In 2024, 31,803 out-of-work contributors accessed up to 25% of their Retirement Savings Account (RSA) balances, with total disbursements rising to ₦56.28 billion–up significantly from ₦35.48 billion in 2023** (Figure 44). [66] These payments helped ease financial pressure during job transitions and reinforced contributor confidence in the pension system.

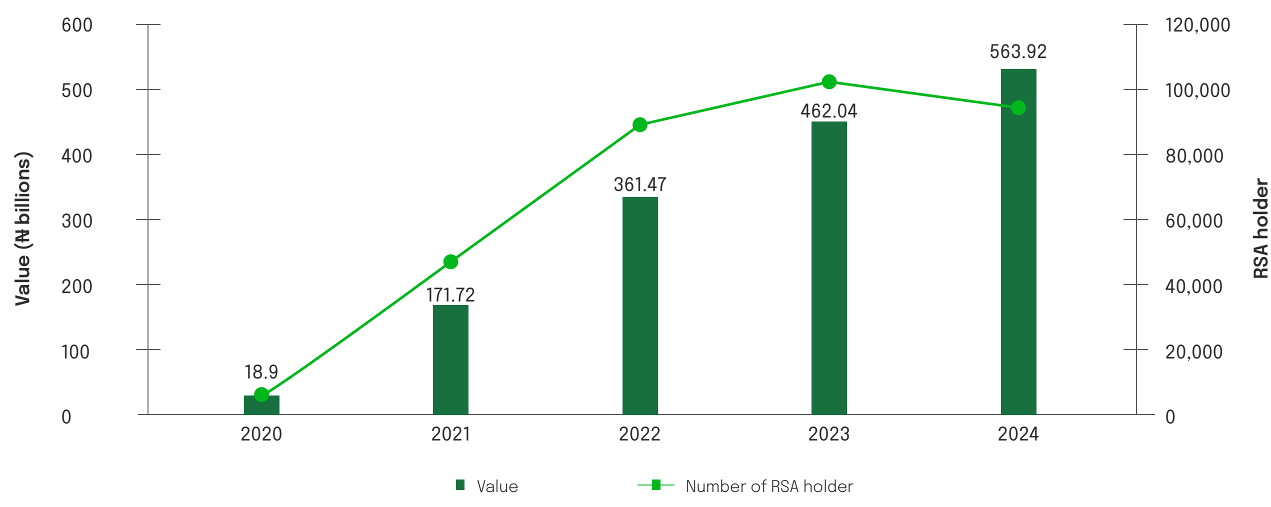
Figure 44:
Trends in payment to out-of-job contributors, 2019-2024
Source: National Pension Commission, EnterpriseNGR and Chapel Hill Denham analysis



[66] See Footnote 64.

The pensions sub-sector has seen a rising trend in contributors switching Pension Fund Administrators (PFAs), particularly between 2020 and 2023 (Figure 45), [67] – reflecting growing awareness and acceptance of the right to change providers. **By 2024, a total of 314,210 Retirement Savings Account (RSA) holders had switched PFAs, transferring a cumulative ₦1.58 trillion, with approximately one-third (₦563.92 billion) of that amount moved in 2024 alone.**

Figure 45:
Trends in transfer to preferred PFAs
Source: National Pension Commission, EnterpriseNGR and Chapel Hill Denham analysis



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

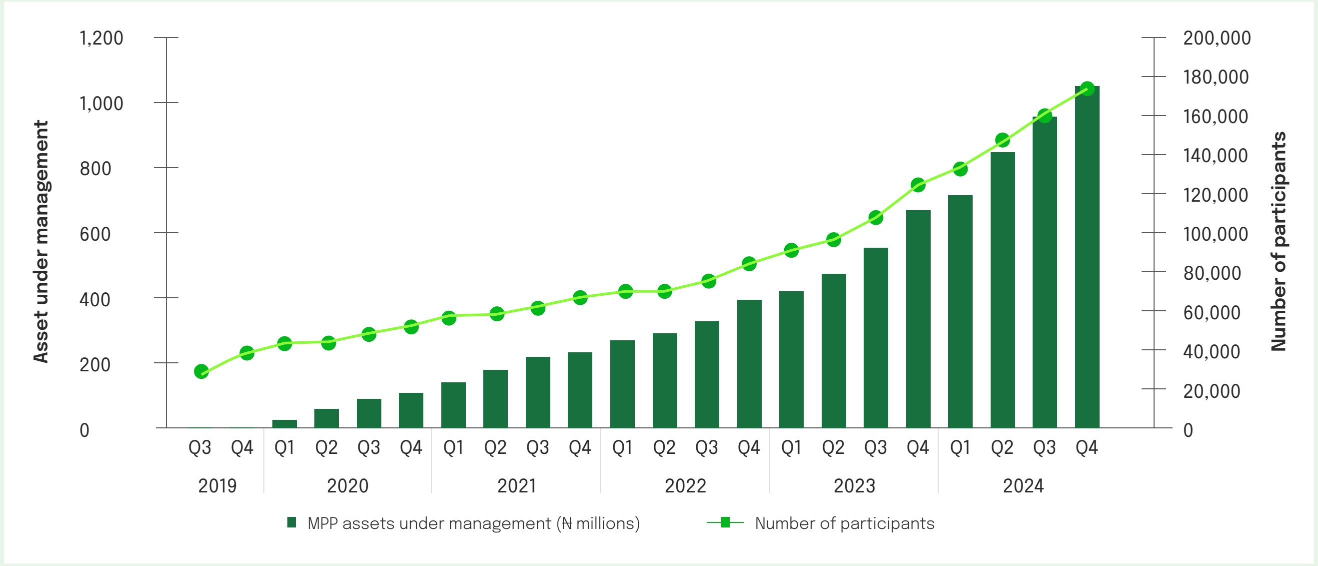
The Micro Pension Plan (MPP), introduced in 2019 to extend pension benefits to informal sector workers, is gradually gaining traction. Total contributions reached ₦429.8 million in 2024, up from ₦7.77 million in 2020. In terms of assets under management, MPP (RSA Fund V) recorded the third-fastest growth among active RSA funds – rising by 54.8% to ₦1.1 billion from ₦731.41 million in 2023. The number of contributors grew to 172,936 from 114,382 in the previous year (Figure 46). [68] Despite this progress, the target of covering 30% of Nigeria's workforce under the Contributory Pension Scheme (CPS) leveraging MMP by 2024 remains unmet, highlighting the need for renewed efforts to deepen penetration and leverage ongoing regulatory reforms.

“

Total contributions reached
₦429.8 million *in 2024*
up from
₦7.77 million *in 2020*
In terms of assets under management, MPP (RSA Fund V) recorded the third-fastest growth among active RSA funds – rising by
54.8% to ₦1.1 billion
from
₦731.41 million *in 2023*
The number of contributors grew to
172,936 *from*
114,382 *in the previous year*

[67] See Footnote 64.
[68] See Footnote 64.

Figure 46:
Growth in the Micro Pension Plan, 2019-2024
Source: National Pension Commission, EnterpriseNGR and Chapel Hill Denham analysis



Happy aged couple hugging each other with a smile

Supporting Growth and The Economy

Contributing to the national economy through pension fund assets and investments

The pension industry remains a vital source of long-term capital for the Nigerian economy. In 2024, with assets under management reaching ₦22.5 trillion, the sector sustained its contribution of 8.0% to the national GDP (Figure 47). [69]

Figure 47:

Pension AUM as a percentage of Nigeria's GDP, 2013-2024 (₦ trillions)

Source: National Pension Commission, EnterpriseNGR and Chapel Hill Denham analysis

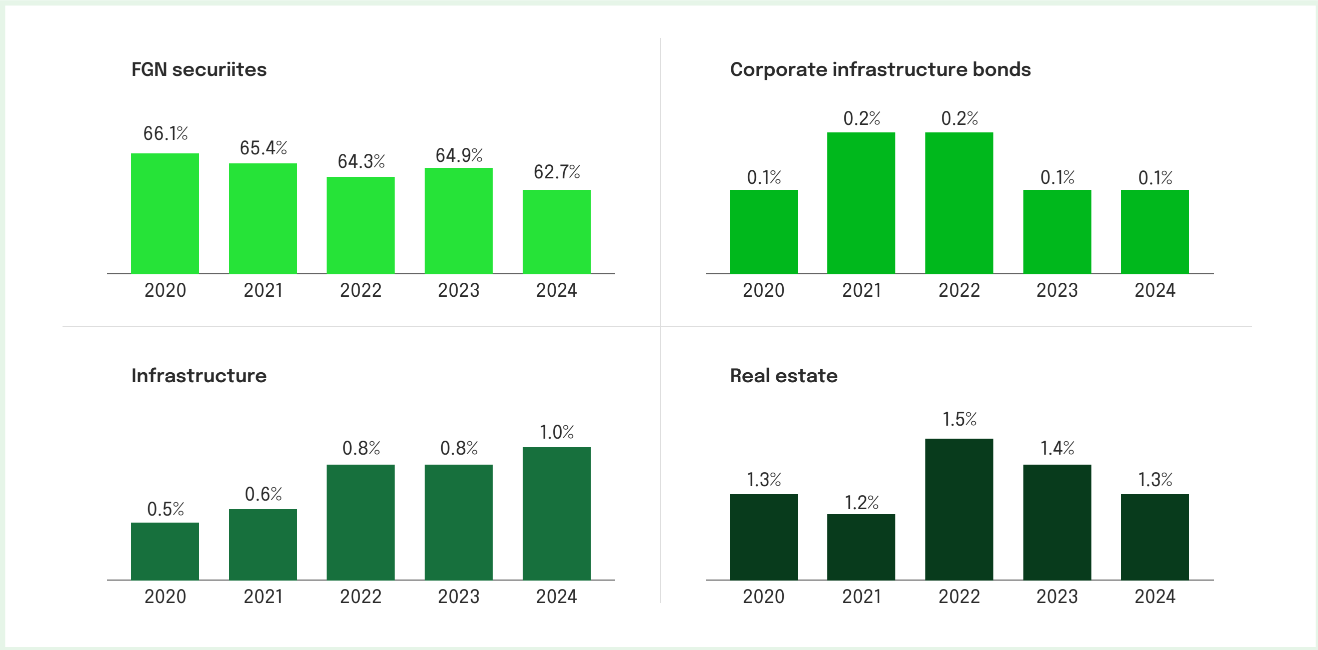
BREAKTHROUGH

Pension fund investments are increasingly contributing to Nigeria's infrastructure development, with allocations to infrastructure funds rising to 1.0% in 2024 from 0.6% in 2021. Meanwhile, exposure to corporate infrastructure bonds stood at 0.1% in 2024, a slight decline from 0.2% in 2021 (Figure 48). [70] These trends highlight considerable room to deepen infrastructure investment by reallocating a portion of the ₦14.11 trillion currently held in FGN securities towards infrastructure-focused assets which is currently ₦0.21 trillion.

[69] Compute using pensions industry AUM and nominal gross domestic product (GDP).

[70] See Footnote 62 and 64.

Figure 48:
Composition of pension investment allocations
Source: National Pension Commission, EnterpriseNGR and Chapel Hill Denham analysis

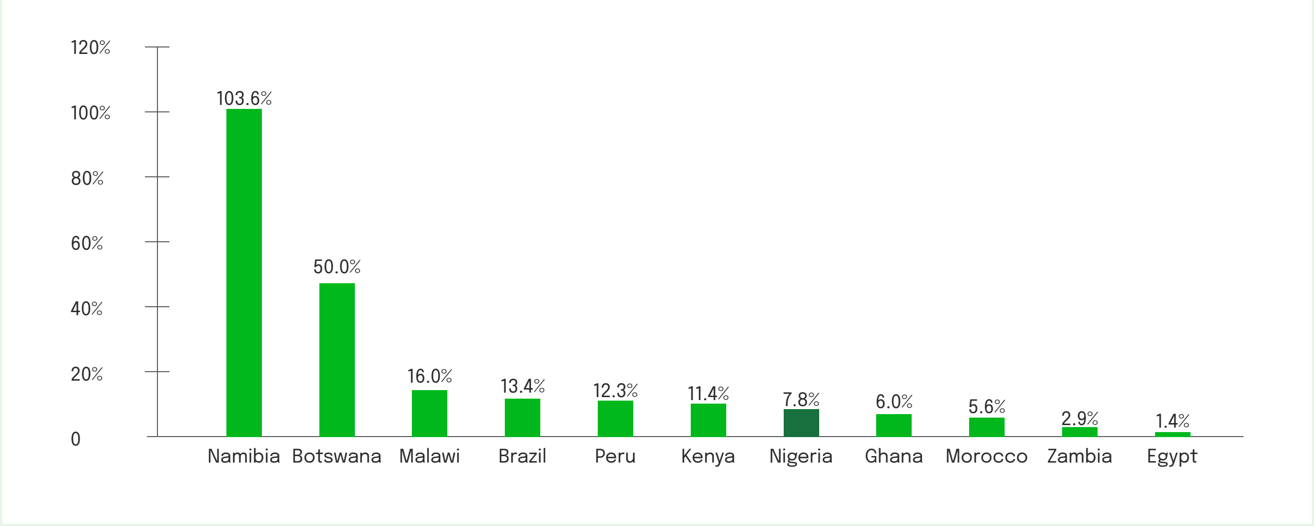


Despite the strong growth in assets under management, Nigeria's pension penetration remains below that of peer emerging and developing economies, as of 2023 (Figure 49). [71] This highlights significant potential to deepen coverage and enhance the sector's broader economic impact.

A hand filling a retirement plan document

[71] The Organisation for Economic Cooperation and Development, 'Pension Markets in Focus: preliminary 2023 data – June 2024', (May 20, 2025), available at https://www.oecd.org/content/dam/oecd/en/topics/policy-sub-issues/asset-backed-pensions/PMF-2024-Preliminary-2023-Data.pdf

Figure 49:
Nigeria's pension penetration relative to peer countries,2023
Source: OECD, EnterpriseNGR and Chapel Hill Denham analysis



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

As of the end of 2024, total pension assets reached ₦22.51 trillion (unaudited), with 68.8% (₦15.5 trillion) held in active Retirement Savings Account (RSA) funds. This includes individuals in active employment, contributors under micro-pension plans, and Fund VI Active, which follows a non-interest investment mandate. Meanwhile, 7.2% (₦1.63 trillion) of total assets were held in RSA 'Retiree' funds (Figure 50). [72]

"

As of the end of 2024, total pension assets reached

₦22.51 trillion

(unaudited), with

68.8%

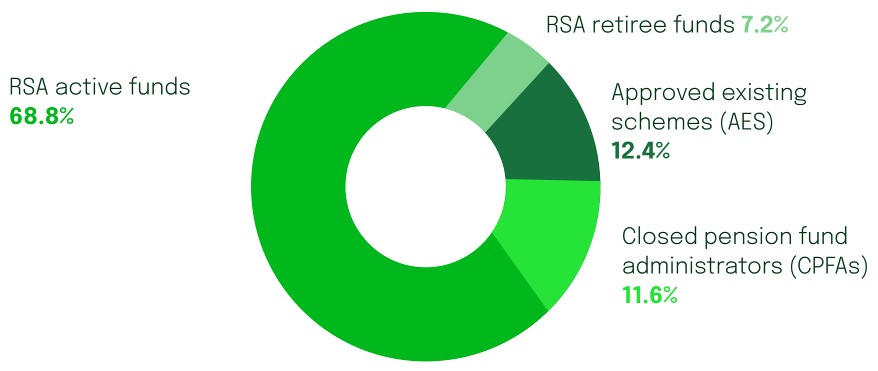
(₦15.5 trillion)

held in active Retirement Savings Account (RSA) funds.

Ancient Benin Bronze Art

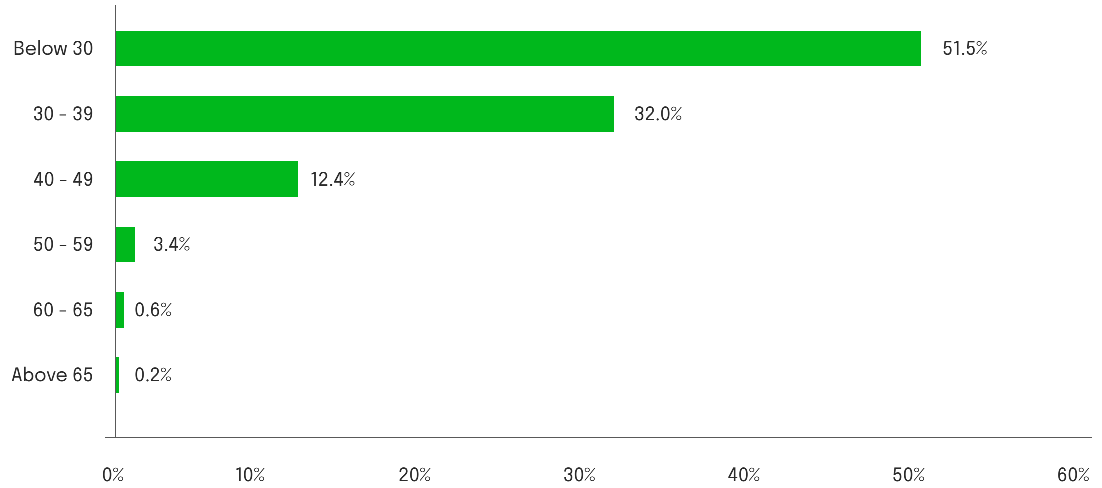
[72] See Footnote 62.

Figure 50:
Pension funds composition
Source: National Pension Commission, EnterpriseNGR and Chapel Hill Denham analysis



In Q3 2024, 83.5% of the 307,463 new RSA registrants were under the age of 40 (Figure 51),[73] highlighting strong growth prospects for the Contributory Pension Scheme (CPS). This trend suggests an increasing enrollment among younger individuals, enhancing the potential for longer-term investments. In response, the sub-sector raised its equity allocation by 41.5%, reaching ₦2.51 trillion in 2024, aiming to generate higher long-term returns and secure the future savings of younger participants.

Figure 51:
Compulsory pension scheme (RSAs) registration by age
Source: National Pension Commission, EnterpriseNGR and Chapel Hill Denham analysis



[73] Computed using NAICOM quarterly reports, available at: https://www.pencom.gov.ng/category/publications/quarterly-reports/

As of 2024, RSA Fund II, valued at approximately ₦9.24 trillion, holds the largest share of active RSA funds, up from ₦7.76 trillion in 2023 (Table 4). It accounts for about 60% of total RSA assets. With a contributor profile suited for long-term investment horizons, RSA Fund II plays a key role in financing long-term projects.

Table 4: Composition of the RSA active fund as of 31 December 2024 (₦ billion)
Source: National Pension Commission, EnterpriseNGR and Chapel Hill Denham analysis

Fund	2023 AUM	2024 AUM (unaudited)	Contribution	YOY growth
RSA FUND I	151.36	250.122	1.6%	65.2%
RSA FUND II	7,762.30	9,235.02	59.6%	19.0%
RSA FUND III	4,941.97	5,919.07	38.2%	19.8%
RSA FUND V	0.73	1.13	0.0%	54.8%
RSA FUND VI Active	46.41	90.09	0.6%	94.1%
Total active funds	**12,902.77**	**15,495.43**		

Key Policy Updates

Circular on contributory pension scheme and voluntary contribution updates

- Contributors can now access voluntary funds earlier, though early withdrawals are subject to taxes. PFAs require approval and documentation to process these withdrawals.
- This change enhances liquidity for contributors, though tax liabilities must be considered when weighing immediate needs against long-term returns.
- PFAs must implement thorough documentation checks, which may extend processing times.

Circular on the Implementation of new minimum wage

- PFAs must apply the new N70,000 minimum wage, allowing retirees with pensions below N23,333.33 to either withdraw their RSA balance in full or continue payments until the Minimum Pension Guarantee applies. This requires consent, an application letter, and a payment schedule.
- This change improves liquidity for low-income retirees and provides them the option to balance lump-sum access with long-term income under the Minimum Pension Guarantee.
- The Commission's review of en bloc requests ensures transparency and protects retirees' interests.

Circular on revised documentation for retirement savings account registration

- The Commission has revised RSA registration requirements, allowing PFAs to accept staff ID cards instead of employment letters and mandating NIN verification, with additional documents as necessary.
- This revision reduces delays caused by missing employment letters, with a waiver of the secondary ID requirement when a staff identity card is provided.
- A consolidated list of accepted IDs improves compliance and audit readiness.

Approval of benefits to holders of retirement savings accounts by licensed pension fund operators

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

PenCom revised guidelines on statutory reserve fund investments

- PenCom has revised investment limits for Statutory Reserve Funds, prioritizing safer, highly liquid, government-backed instruments to strengthen pension fund stability and support the Nigerian economy.
- Full investment allowance in Treasury Bills boosts liquidity and minimizes risk.
- Exposure to bank deposits is now capped at 10% per issuer to reduce concentration risk, supporting monetary policy through greater participation in CBN-backed instruments.

Minimum requirements for the inclusion of state bonds as investible instruments in the pension industry

- PenCom has established strict minimum conditions for states to meet before their bonds can qualify as investible instruments for pension funds.
- States benefit from improved creditworthiness and lower-cost capital through compliant bond issuances.
- Contributors gain access to higher-yield state bonds and enhanced life-cover protection.
- This policy deepens the domestic debt market and enhances liquidity with expanded state bond supply.

Policy Implications

High liquidity

Earlier access to voluntary contributions and revised lump-sum thresholds mean retirees and contributors can better manage cash flow needs, while the new limits on the Statutory Reserve Fund, alongside criteria for State Bond inclusion, open up a richer fixed-income toolkit.

Market penetration & service excellence

Expanding physical branches, virtual service centers, and simplifying documentation will increase pension coverage in underserved regions and improve customer experience.

Investment diversification:

PFAs will increasingly invest in high-grade state bonds and diversify portfolios with the new Statutory Reserve Fund, boosting investment yields.

Digital & process automation:

To meet two-day approval and 24-hour payment mandates, PFAs will invest in tech platforms and streamline processes.

Compliance & risk management:

With greater autonomy, PFAs will strengthen controls, documentation workflows, and internal audit functions to ensure compliance.

FISHERMAN

Calm waters surround the fisherman

Pension-backed infrastructure financing:

With clearer eligibility rules for state bonds, pension funds will likely increase participation in infrastructure projects, addressing Nigeria's infrastructure gap.

Conclusion and Recommendations

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

- ### Expand investment scope to equities, real assets, and other productive sectors

Current investment restrictions limit PFAs' ability to innovate, grow assets under management (AUM), and deliver higher returns. PenCom should consider widening allowable asset classes to include more equities, real assets other productive sectors, enabling PFAs to leverage professional investment expertise, enhance portfolio diversification, and generate improved returns for contributors. Expanding investment scope can have more positive impact on the economy as sectors that are starved of cash get access to pension funds.

- ### Encourage higher contribution rates

While the Pension Reform Act (PRA) 2014 mandates a minimum combined monthly contribution of 18% (10% from employers, 8% from employees), this is not a cap. Public sector employers–where salaries are often less competitive–should be encouraged to increase contributions. Broad-based awareness campaigns can help both employers and employees appreciate the long-term benefits of higher contributions.

- ### Accelerate CPS adoption among states

Section 210 of the Constitution allows states to legislate their pension frameworks, creating inconsistencies with the PRA 2014, which grants PenCom oversight of the national pension system. As of 2024, only 15 states have established pension bureaus in line with CPS guidelines. Moreover, several states fail to remit monthly contributions consistently. Resolving this legal and operational misalignment is critical to achieving nationwide CPS coverage.

- ### Deepen penetration in the informal sector

With 92.7% of Nigeria's workforce in the informal sector (NBS), expanding coverage requires targeted outreach and simplified procedures. Regulators must intensify awareness campaigns and streamline contribution and benefit processes to encourage participation and build trust within this underserved demographic.

- ### Incentive voluntary contributions

Introduce stronger incentives to promote voluntary contributions (VC), such as government matching schemes, tax exemptions on VC withdrawals held for over five years, and full VC withdrawal eligibility after five years for critical life events (e.g., first home purchase, medical emergencies).

A vibrant Nigerian youth

06

NON-INTEREST FINANCE

Non-interest finance plays a significant role in expanding access to financial services and advancing financial inclusion.

COWRIE

BEAUTY OF THE FULANI CULTURE

The women, with regal poise, don elaborate jewelry and headpieces that mirror the aesthetic traditions of the Fulani people.

KEY FACTS

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

Estimate of the size of Nigeria's Islamic Finance sector

₦2.5tn — 2023

Over ₦4.4tn — 2024

Sukuk valued at ₦992.56 billion (2024)

Non-interest Banking valued at ₦2.18 trillion (2024).

NGX Lotus Islamic Index

2023: 4,619.73

+50.6% GROWTH

2024: 6,955.89

Sharia-compliant mutual funds

Number of funds

2023: 13

2024: 15

Net asset value

2023: ₦46.1bn

2024: ₦52.35bn

+13.6% GROWTH

Unitholders

2023: 27,716

2024: 29,571

+6.7% GROWTH

It also supports the sustainability goals and the broader environmental, social, and governance (ESG) agenda. In 2024, the size of Nigeria's Islamic finance industry is estimated at over ₦4.4 trillion, up from ₦2.5 trillion in 2023. Islamic banking accounts for the largest share, with total assets of ₦2.85 trillion, Sukuk [74] total stock stood at ₦0.99 trillion. Others include Islamic mutual funds with a net asset value of ₦52.53 billion and takaful [75] contributions. This section highlights how the sector drives ethical investment growth, promotes responsible finance, and provides asset protection.

> *In 2024, the size of Nigeria's Islamic finance industry is estimated at over*
> ***₦4.4 trillion,*** *up from*
> ***₦2.5 trillion*** *in 2023*

Contributing To National Ethical Investment Growth

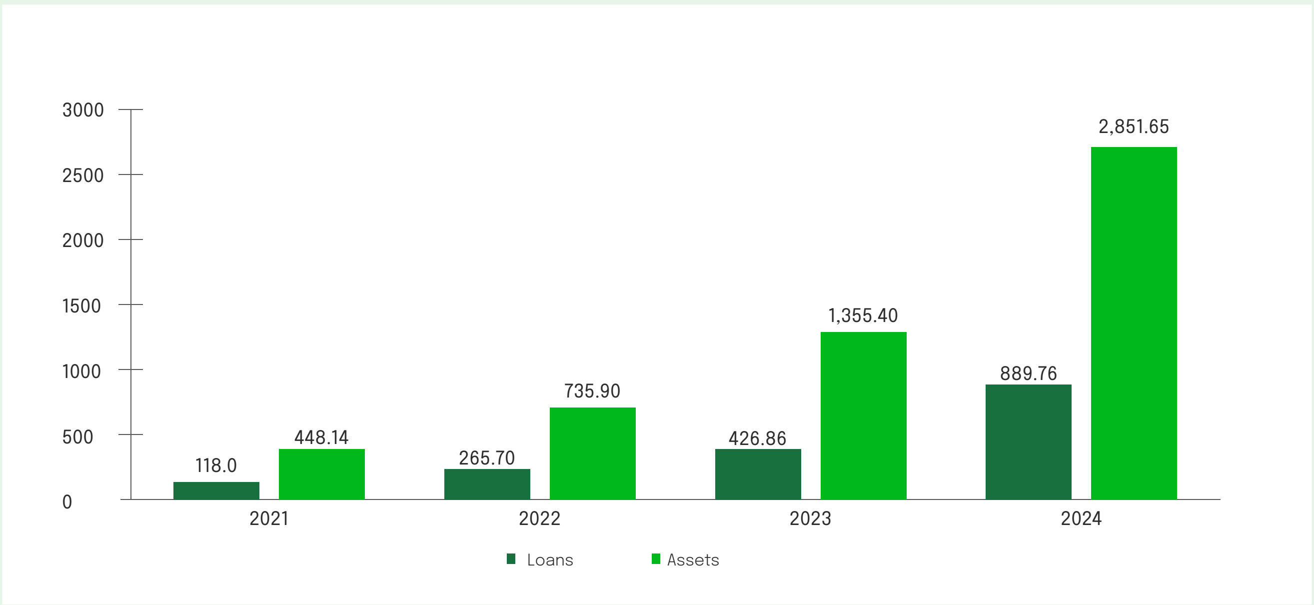
Contributing to the national investment pool and financial inclusion

As of 2024, Islamic banking in Nigeria is offered by four licensed institutions: Alternative Bank Limited, Jaiz Bank Plc, Lotus Bank Ltd, and Taj Bank Ltd. This number rose in 2025 with the entry of Summit Bank and other applicants awaiting approval. **The total assets of non-interest banks (NIBs) rose by 110.4% to ₦2.85 trillion, up from ₦1.36 trillion in 2023, when asset growth was 84.1%. [76] Likewise, deposits increased significantly by 104.05% to ₦1.98 trillion, compared to ₦971.53 billion in 2023.** Additionally, total loans rose by approximately 108.4% to ₦889.76 billion, following a 60.7% increase to ₦426.86 billion in the previous year.

Figure 52:

Assets and loans of non-interest banks, 2021- 2024 (₦ billions)

Source: Central Bank of Nigeria, EnterpriseNGR and Lotus Bank analysis



[74] Sukuk are similar to bonds in conventional finance, but structured to comply with Sharia law that prohibits interest (riba)

[75] Takaful is an Islamic insurance where participants (policyholders) contribute to a common pool or fund used to compensate policyholders who suffer a loss. After covering claims and administrative costs, surplus is distributed among the participants as dividends or donations.

[76] See Footnote 16.

Nigeria's non-interest finance industry continues to advance financial inclusion and promote ethical investment. As of December 2023, the total value of Sukuk issued between 2017 and 2024 stood at ₦992.56 billion (Table 5). [77] As of May 2025, the Debt Management Office (DMO) has issued seven Sukuk bonds totaling over ₦1.3 trillion, following the most recent ₦300 billion Sukuk issuance in May, which was oversubscribed with total subscriptions of ₦2.205 trillion. [78] This reflects continued strong investor interest in government-backed ethical investment instruments. Proceeds from the Sukuk programme have funded the construction and rehabilitation of over 4,100 kilometres of road infrastructure across Nigeria. [79]

Table 5: Federal government domestic debt stock, 2016-2024 (₦ billions)
Source: Debt Management Office, EnterpriseNGR and Lotus Bank analysis

	2016	2017	2018	2019	2020	2021	2022	2023	2024
FGN bonds	7,564.90	8,715.80	9,334.74	10,524.16	11,830.27	13,963.22	16,421.56	44,260.22	55,436.13
Nigeria treasury bills	3,277.28	3,579.80	2,735.97	2,651.51	2,720.43	3,786.14	4,422.72	6,522.00	12,351.12
Treasury bonds	215.99	175.99	150.99	125.99	100.98	75.99	50.99	-	-
FGN savings bonds	-	7.20	10.8	12.67	12.29	16.42	27.51	39.20	72.89
FGN sukuk	-	100.00	200.00	200.00	362.56	612.56	742.56	1,093.00	992.56
FGN green bonds	-	10.69	10.69	25.69	25.69	25.69	15.00	15.00	15.00
Promissory notes	-	-	331.27	-	971.66	762.54	530.03	1,329.00	1,542.19
Total	**11,058.21**	**12589.49**	**12,774.41**	**14,272.64**	**16,023.89**	**19,242.56**	**22,210.36**	**53,258.01**	**70,409.86**

[77] Debt Management Office, 'Debt Stock', (May 6, 2025), available at: https://www.dmo.gov.ng/debt-profile/domestic-debts/debt-stock

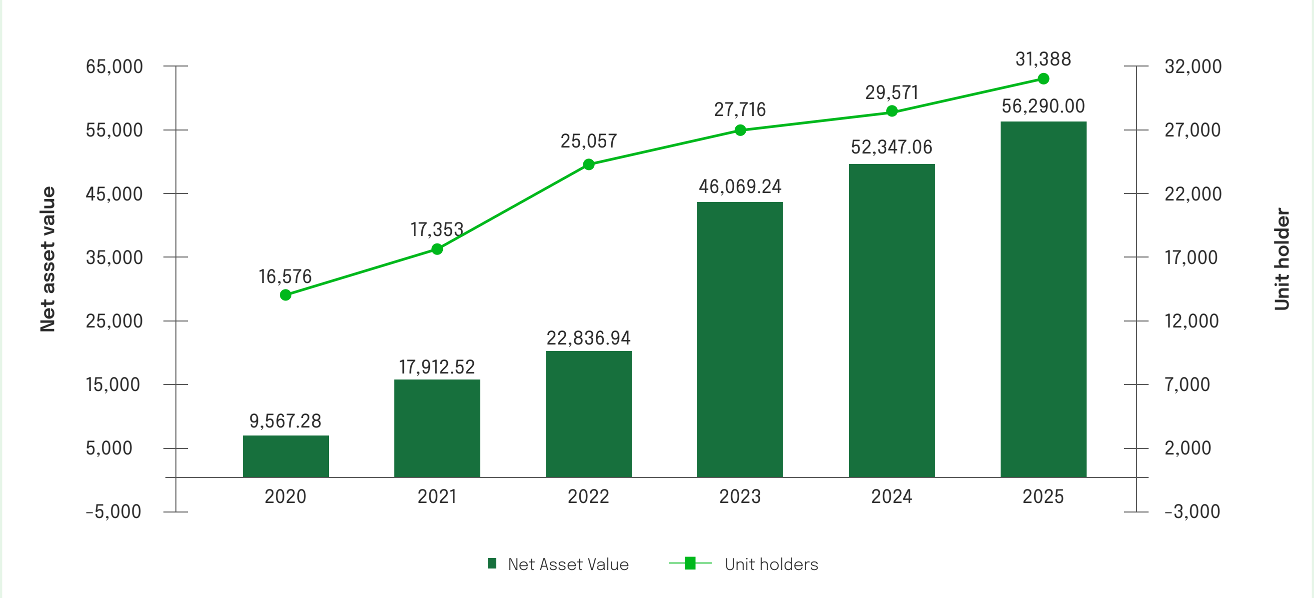
[78] Debt Management Office, 'Series VII Sukuk Offer Attracts N2.205 Trillion Subscription', (June 02, 2025), available at: https://dmo.gov.ng/news-and-events/dmo-in-the-news/press-release-series-vii-sukuk-offer-attracts-n2-205-trillion-subscription

[79] Debt Management Office, 'The Series VII Sovereign Sukuk All Parties Meeting by the DMO in Lagos on March 26, 2025', (May 6, 2025), available at: https://www.dmo.gov.ng/news-and-events/dmo-in-the-news/the-series-vii-sovereign-sukuk-all-parties-meeting-by-the-dmo-in-lagos-on-march-26-2025-2

Accelerating ethical investments

Supporting the upward momentum at the equity market, the NGX Lotus Islamic Index (LII)–which tracks Sharia-compliant equities–showed strong performance, reaching 6,955.89 points, with a year-to-date gain of 46.56%. [80] **By the first quarter of 2025, the index has recorded an 8.56% growth, increasing to 7,551.18 points (as of March 28 only).** [81] **Sharia-compliant mutual funds continued to grow, with net asset value rising to ₦52.35 billion in 2024 from ₦46.07 billion in 2023, although market share declined slightly from 2.2% to 1.37%. The number of Sharia-compliant mutual funds increased from 13 to 15, while the number of unitholders grew to 29,571 from 27,716 (Figure 53).** [82] **As of Q1 2025, the number of mutual funds increased from 15 to 17, with a net asset value of ₦56.29 billion and 31,388 unitholders.** This growth reflects sustained investor interest and rising participation in the sub-sector.

Figure 53:
Sharia-compliant mutual funds, 2019 - Q12025
Source: Securities and Exchange Commission, EnterpriseNGR and Lotus Bank analysis



Offering protection from the loss of assets

In 2024, Nigeria's Takaful insurance sector witnessed notable progress, driven by increasing demand for ethical and Sharia-compliant insurance products– takaful[83] . In November 2024, Noor Takaful introduced a range of advanced health insurance products and digital innovations, enhancing customer care and operational efficiency. The company also reported serving over 15,000 participants, [84] underscoring the growing trust and confidence in Takaful offerings. Other established providers include Crown Takaful, Hilal Takaful, and Jaiz Takaful.

[80] See Footnote 41.

[81] See Footnote 44.

[82] Computed using data from the Securities and Exchange Commission, 'Weekly Net Asset Value for CIS', (May 22, 2025) available at: https://sec.gov.ng/weekly-net-asset-value-data-for-cis/

[83] See Footnote 75

[84] Noor Takaful, 'Total Participant from Inception till date' (May, 22 2025), available at : https://www.noortakaful.ng/

Key Policy Updates

In 2024, regulatory authorities–particularly the Central Bank of Nigeria (CBN) and the National Insurance Commission (NAICOM)–introduced several impactful reforms aimed at enhancing the growth and sustainability of Nigeria's non-interest finance sector. Key developments include:

Revised capital requirements by the Central Bank of Nigeria (CBN)

One of the most significant reforms was the CBN's announcement of new capital thresholds for banks, including non-interest institutions, from N5 billion to N20 billion for national bank and from N3 billion to N10 billion for regional bank, to strengthen sector resilience and align with global standards.

These requirements, effective by March 2026, have significant implications for the Islamic finance industry. Notably, the CBN has shown flexibility by allowing alternative qualifying instruments for non-interest banks – including Sukuk issuances, Mudarabah-based investments, and ethical equity injections–as part of capital compliance. This inclusive approach enables non-interest banks to attract Shariah-compliant capital while aligning with their risk-sharing principles.

NAICOM's regulatory reforms for takaful and islamic investments

To strengthen the Takaful insurance sector, NAICOM introduced three key frameworks:

- **Regulatory sandbox guidelines**

  These provide a controlled environment for Takaful operators to test innovative products and services under relaxed regulatory oversight. This approach supports product development and inclusive insurance solutions, particularly for underserved populations.

- **Enterprise risk management (ERM) framework**

  This framework sets minimum standards for risk governance across Takaful and Retakaful operators, ensuring sustainability, Shariah compliance, and operational resilience as these institutions manage increasingly complex risk pools.

- **Market conduct guidelines**

  These guidelines promote professionalism, transparency, and fairness in engagements with policyholders, shareholders, and the public–reinforcing trust and ethical standards in the Takaful industry.

Together, these reforms reflect NAICOM's commitment to positioning Takaful as a viable and competitive segment within Nigeria's insurance landscape. They are expected to foster product innovation, attract ethical capital, and enhance institutional integrity.

Introduction of non-interest commercial paper (CP) program

In September 2024, the FMDQ Securities Exchange approved Nigeria's first Sharia-compliant commercial paper program, marking a significant milestone for the non-interest capital market.

For non-interest financial institutions, the program provides a cost-effective alternative to raise working capital without relying solely on equity or long-term Sukuk. Moreover, this development lays the foundation for future innovations such as Islamic money market funds, green Sukuk, and liquidity management tools, further integrating Islamic finance into Nigeria's broader financial ecosystem.

Conclusion and Recommendations

Nigeria's non-interest banking sector has experienced remarkable growth, driven by increasing awareness, investor appetite for ethical finance, and progressive regulatory support. To sustain this momentum and translate it into broader economic impact, deliberate and targeted policy interventions are essential. Key areas of focus include regulatory reform, liquidity management, market development, innovation, public education, and institutional capacity-building.

• Strengthen the legal and regulatory framework

A robust, fit-for-purpose legal framework is fundamental to the growth of non-interest banking. Current regulations, largely modeled on conventional finance, do not fully accommodate Islamic financial contracts such as mudarabah, [85] ijarah, [86] and murabaha. [87] A comprehensive review of existing laws is needed to support the CBN's robust and fit-for-purpose regulation for the sector.

• Improve liquidity management and interbank operations

Non-interest financial institutions face challenges accessing Shariah-compliant liquidity tools. The CBN should develop Islamic alternatives such as Sukuk-based repos, Islamic treasury bills, and a Shariah-compliant lender-of-last-resort facility. Institutionalizing interbank instruments like commodity murabaha and wakalah [88] -based placements will also improve short-term liquidity and stability within the system.

• Deepen the Sukuk and islamic capital market

Sukuk has proven instrumental in deepening Nigeria's non-interest financial market. Federal and state governments should commit to more frequent and diverse Sukuk issuances, particularly for infrastructure. Simplifying issuance procedures and providing tax incentives will encourage private sector participation. Retail inclusion can be enhanced through low-denomination or digital Sukuk, fostering broader access to ethical investment products.

• Increase government patronage and public sector engagement

Government backing is crucial for scale and credibility. A portion of public funds, deposits, and investment portfolios should be allocated to non-interest financial institutions. Public bodies–such as pension funds, sovereign wealth funds, and DFIs–can be encouraged to invest in Shariah-compliant instruments. Ministries and agencies can also be mandated to explore Islamic finance in funding development projects.

[85] Mudarabah is a profit-sharing partnership where one party provides capital and the other provides expertise, with profits shared and losses borne by the investor.

[86] Ijarah is a Sharia-compliant leasing contract where an asset is rented out in exchange for fixed payments without transferring ownership.

[87] Murabaha is a cost-plus sale contract where a seller discloses the cost and profit margin when selling a good, typically used as a form of Islamic financing.

[88] Wakalah is an Islamic contract in which one party (the principal) appoints another (the agent or wakeel) to act on their behalf in a specific matter, such as investment, business transactions, or administrative tasks, based on trust.

- ## Promote financial literacy and public awareness

Widespread misconceptions and low awareness hinder adoption. Government and industry should jointly implement nationwide financial literacy campaigns, using local languages and grassroots platforms. Integrating Islamic finance modules into school curricula and offering targeted training for professionals will help cultivate an informed financial ecosystem.

- ## Support fintech and digital innovation

To stay competitive, non-interest banks must embrace digital transformation. Government bodies like the CBN and NITDA should provide innovation grants, tax incentives, and incubation support for Islamic fintech solutions—such as digital wallets, halal crowdfunding, zakat platforms, and ethical robo-advisors. Establishing Islamic fintech regulatory sandboxes will further stimulate inclusive, tech-enabled growth.

- ## Build human capital and institutional capacity

Sustained growth depends on skilled talent versed in both Islamic and conventional finance. The government should partner with international bodies like Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Islamic Financial Services Board (IFSB), and International Centre for Education in Islamic Finance (INCEIF) to offer scholarships, certifications, and executive programs. Domestic universities and banks should incorporate Islamic finance into their curriculum and employee development strategies.

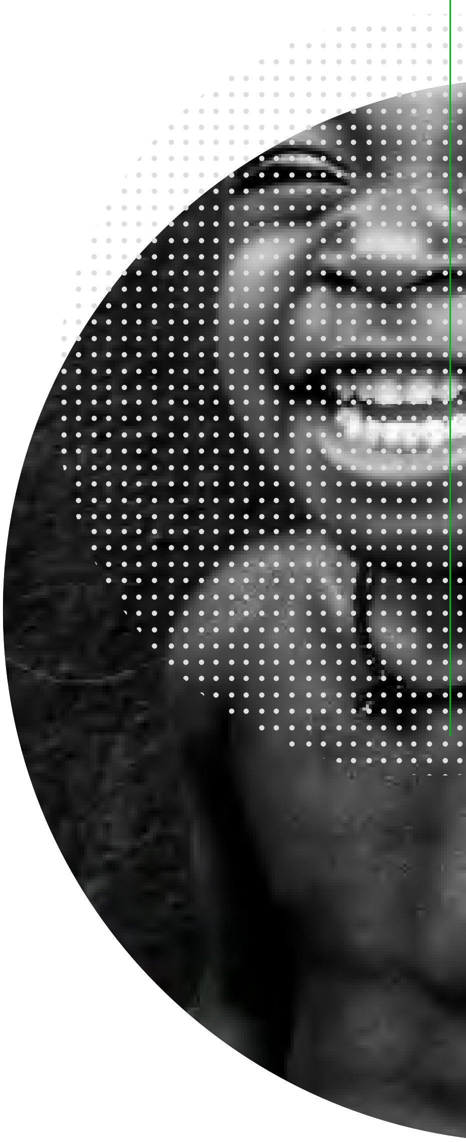
[89] Zakat is a mandatory form of almsgiving in Islam, requiring Muslims to donate a fixed portion (usually 2.5%) of their qualifying wealth annually to support the poor and needy.

Members of the Wodaabe tribe, a subgroup of the Fulani, people at the Gerewol Festival

07

FINTECH

Despite a 53.5% decline in Africa's overall tech funding in 2024 compared to the previous year,[90] the African fintech landscape continues to draw significant investor interest, with startups in the sector collectively securing $857 million in funding during 2024, [91] highlighting the sector's resilience and growing prominence within Africa's broader tech ecosystem.



CHILD

Joyful Nigerian children,
laughing with their camera

KEY FACTS

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

Investments attracted by Africa's fintechs

$857mn 2024

Ranking

6TH

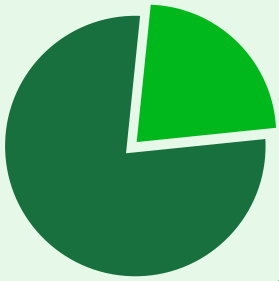
"Nigeria was ranked **6th** globally for robust real-time payment systems in 2023.

Lenders

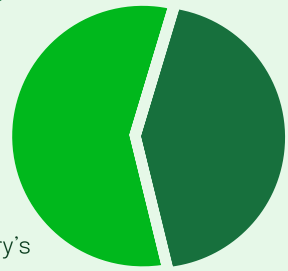
"Over
400 licensed digital lenders

Fintech market

Nigeria's tech startup secured
$331.64mn



29.6%
of African total



Nigeria's FinTech secured
52.2%
of the country's total funding

5 Fintech unicorns

Interswitch
flutterwave
OPay
paystack
Moniepoint

Use of electronic channels for transactions

e-bills payment
₦2.1tn across
0.3mn transactions

Mobile pay
₦79.55tn across
3.9bn transactions

Against this background, Nigerian fintechs remain at the forefront, reportedly securing 30% of African total. Notably, Nigeria's Moniepoint emerged as unicorn (companies valued at over $1 billion) in 2024. The Nigerian fintech sector experienced growth across diverse verticals from blockchain adoption to increasing cryptocurrency usage and widespread digital payments. Regulatory developments kept pace, with 2024 witnessing the introduction of several targeted laws, regulations, and circulars covering remittances, cryptocurrencies, foreign exchange, and more.

This report highlights the impact of Nigeria's FinTech sub-sector in 2024.

Supporting a Thriving Business Ecosystem

Supporting the business ecosystem

Fintech companies have significantly enhanced Nigeria's business ecosystem by providing tools and services that support business growth and adaptability. These include improved customer service, access to capital, digital financial tools, data-driven insights, global connectivity, and collaborative innovation. Key contributions include streamlining digital payments, automating billing and payroll, and offering consumer services such as Buy Now, Pay Later (BNPL), which grew at a 23.1% CAGR between 2021 and 2024 and is projected to reach $2.61 billion by 2030 from $1.42 billion in 2024. [92]

Digital payroll platforms now enable businesses–particularly SMEs, to automate salary payments, taxes, and compliance processes, thereby improving efficiency and transparency. Nigeria's payments landscape has also evolved, with electronic payments–especially Internet transfers via NIBSS–leading in both volume and value. POS and mobile payments have also surged due to increased adoption of cashless transactions.

Fintech lending has advanced financial inclusion by providing affordable credit to individuals and SMEs with limited financial history or collateral. There are now over 400 licensed digital lenders in Nigeria. [93] In addition, fintechs have strengthened remittance services; under the CBN's 2024 guidelines, increased competition has boosted inflows by 63.7%, from $2.33 billion in 2023 to $3.82 billion in 2024. [94]

The range of fintech services in Nigeria spans 12 broad categories (see Figure 54).[95]

ROOT

"

Buy Now, Pay Later (BNPL), which grew at a

23.1% CAGR

between 2021 and 2024 and is projected to reach

$2.61 billion

by 2030 from

$1.42 billion

in 2024

[90] Disrupt Africa, 'The African Tech Startup Funding Report 2024', (April 30, 2025), available at: https://disruptafrica.com/wp-content/uploads/2025/03/The-African-Tech-Startups-Funding-Report-2024.pdf

[91] Global Finance & Technology Network, 'Africa FinTech Landscape 2024 Year in Review', (May 23, 2025), available at: https://22287007.fs1.hubspotusercontent-na1.net/hubfs/22287007/GFTN/Insights%20-%20Reports%20and%20Videos/Insights/Africa%20FinTech%20Landscape%202024%20Year%20in%20Review/Africa%20Fintech%20Landscape%202024%20-%20Year%20in%20Review.pdf

[92] Research and Markets, 'Nigeria Buy Now Pay Later Business and Investment Opportunities Databook - 75+ KPIs on BNPL Market Size, End-Use Sectors, Market Share, Product Analysis, Business Model, Demographics - Q1 2025 Update', (March 10, 2025), available at: https://www.researchandmarkets.com/reports/5305018/nigeria-buy-now-pay-later-business

[93] Federal Competition and Consumer Protection Commission, 'Registration of Digital Money Lenders', (March 10, 2025), available at: https://fccpc.gov.ng/registration-of-digital-money-lenders/

[94] Central Bank of Nigeria, 'CBN Update January 2025', (March 10, 2025), available at: <www.cbn.gov.ng/Out/2025/CCD/CBN_UPDATE_JANUARY_2025_EDITION.pdf>

[95] S. Adeyemi, P. Ehiwairo and F. Dairo 'Nigeria Fintech Map', (May 9, 2025), available at: https://www.linkedin.com/posts/segunadeyemi_fintech-nigeria-2024inreview-activity-7301197229858406401-RQNV/

Figure 54:
Nigeria FinTech Map, 2024

Building innovation hubs and communities of innovators

In 2024, Nigeria experienced a notable expansion of innovation hubs, extending beyond major cities like Lagos, Abuja, and Port Harcourt to smaller areas such as Ilorin. [96] These hubs play a vital role in advancing the fintech ecosystem by connecting startups, investors, regulators, and established firms to foster collaboration and innovation. They support both early-stage startups (via incubators) and scaling businesses (through accelerators).

Lagos leads as the primary innovation hub, hosting successful centers like Co-Creation Hub (CcHub), Lagos Innovates, Idea Hub, Aiivion Innovation Hub, Stonebricks Hub, Hub30 Coworking Space, and Blue Sapphire Hub. These hubs have supported numerous fintech startups through resources, mentorship, and investor access. CcHub, for example, has helped over 100 startups and created more than 450 jobs. [97] African FinTech Foundry has backed over 100 startups with funding and expert support. [98] CcHub partnerships with Google, Intel, Nokia, and the Tony Elumelu Foundation have also fostered the emergence of firms like TechCabal and TechPoint. [99]

The Lagos Innovates Idea Hub Programme made significant contributions in 2024 by linking startups, investors, and academia, providing mentorship and funding for scalable business growth. [100] Nationally, the Federal Government plans to launch 24 new innovation hubs and tech centers in at least 200 rural communities. [101] AfriLabs added five new Nigerian hubs, [102] while State of Israel announced plans to build 30 more, adding to its existing hub in Abuja. [103]

Overall, Nigeria's tech ecosystem is expanding rapidly. The ICT market is estimated at $32.8 billion in 2025 and projected to grow at a compound annual growth rate of 18.3% from 2025 to 2030, [104] reinforcing its role as a key player in Africa's digital economy.

Improving Lives

Improving lives and livelihoods

FinTech companies in Nigeria are significantly improving access to financial services by leveraging digital solutions that enable millions to save, invest, borrow, and transact with ease. Mobile-first platforms allow users to manage finances without visiting bank branches, while digital lenders such as Renmoney and FairMoney offer quick, collateral-free loans to individuals and small businesses. These innovations are breaking traditional financial barriers, supporting entrepreneurship, and boosting financial resilience.

This transformation is reflected in a surge in digital transactions. In 2024, NIBSS instant payment transactions reached ₦1.07 quadrillion, an approximately 80% increase from ₦600.36 trillion in 2023 (see Figure 14). December 2024 alone saw ₦115.1 trillion in transactions, up from ₦71.9 trillion in December 2023. Point-of-Sale (POS) terminals handled ₦18.32 trillion across 1.38 billion transactions, highlighting the rise in card-based and mobile retail payments. Mobile money operators facilitated ₦79.55 trillion in transactions, a 70.6% increase from 2023, with transaction volumes growing 28%, from 3.04 billion to 3.9 billion. [105]

Table 6: Growth in digital/online transactions, 2023-2024
Source: NIBSS, EnterpriseNGR and Templars Coronation Merchant Bank analysis

	2023	2024	Growth 2023/2024
Volume of e-bills payments transactions(millions)	0.3	0.3	0
Value of e-bills payment transactions (₦ trillions)	1.6	2.1	31.3%
Volume of mobile money (millions)	3040	3900	28.3%
Value of mobile money (₦ trillions)	46.9	79.5	69.5%

[96] IHS Towers, 'IHS Nigeria Kickoff Programs at the Ilorin Innovation Hub', (May 8, 2025), available at: https://www.ihstowers.com/support-and-info/media/press-releases/2025/ihs-nigeria-kickoff-programs-at-the-ilorin-innovation-hub

[97] Co-Creation Hub Africa (CcHUB), 'Startup and Innovation Support', (March 10, 2025), available at: <https://cchub.africa/

[98] Africa Fintech Foundry, 'Accelerator Programme', (March 10, 2025), available at: <https://africafintechfoundry.ng/>

[99] African Leaders Magazine, 'Nigerian Tech Startups/Startup Incubators Fanning the Flames of Innovation', (March 10, 2025), available at: <www.africanleadershipmagazine.co.uk/nigerian-tech-startups-startup-incubators-fanning-the-flames-of-innovation/>

[100] Lagos Innovates, 'Idea Hub Program', (March 6, 2025), available at: <https://lagosinnovates.ng/programs/individuals/idea-hub-program>

[101] Thisday Live, 'FG to Establish 24 Skills, Innovation Hubs, Entrepreneurship Centres Nationwide', (March 10, 2025), available at: <www.thisdaylive.com/index.php/2024/05/28/tinubu-fg-to-establish-24-skills-innovation-hubs-entrepreneurship-centres-nationwide/>

[102] AfriLabs, 'AfriLabs Welcomes 18 New Hubs to Its Thriving Pan-African Network in Q3 2024' (March 10, 2025), available at: <www.afrilabs.com/afrilabs-welcomes-18-new-hubs-to-its-thriving-pan-african-network-in-q3-2024/>

[103] Punch Newspaper, 'Israel to set up 30 innovation centres in Nigeria' (March 10,2025), available at: <https://punchng.com/israel-to-set-up-30-innovation-centres-in-nigeria/>

[104] Mordor Intelligence, 'Nigeria ICT Market Size & Share Analysis - Growth Trends & Forecasts (2025-2030)', (May 20, 2025), available at: https://www.mordorintelligence.com/industry-reports/nigeria-ict-market?

[105] Vanguard Nigeria, 'Nigeria's instant payment transactions hit N1.07 quadrillion in 2024 - NIBSS', (March 10, 2025), available at: <www.vanguardngr.com/2025/01/nigerias-instant-payment-transactions-hit-n1-07-quadrillion-in-2024-nibss/>

FinTech in Nigeria is expanding beyond payments and credit to support wealth-building across all income levels. Savings platforms like PiggyVest promote financial discipline through automated savings, while investment apps such as Cowrywise, Bamboo, Trove, and Chaka are democratizing access to diverse asset classes, including stocks, bonds, and mutual funds. FinTech has also improved access to finance by offering fast, convenient alternatives to traditional banking. Platforms like Carbon and Aella Microfinance provide microloans without complex procedures, and crowdfunding platforms like ThriveAgric allow users to invest in agriculture and other ventures. These models channel capital into underserved sectors, offer returns to individuals, and support local economic development.

Attracting Foreign Investment

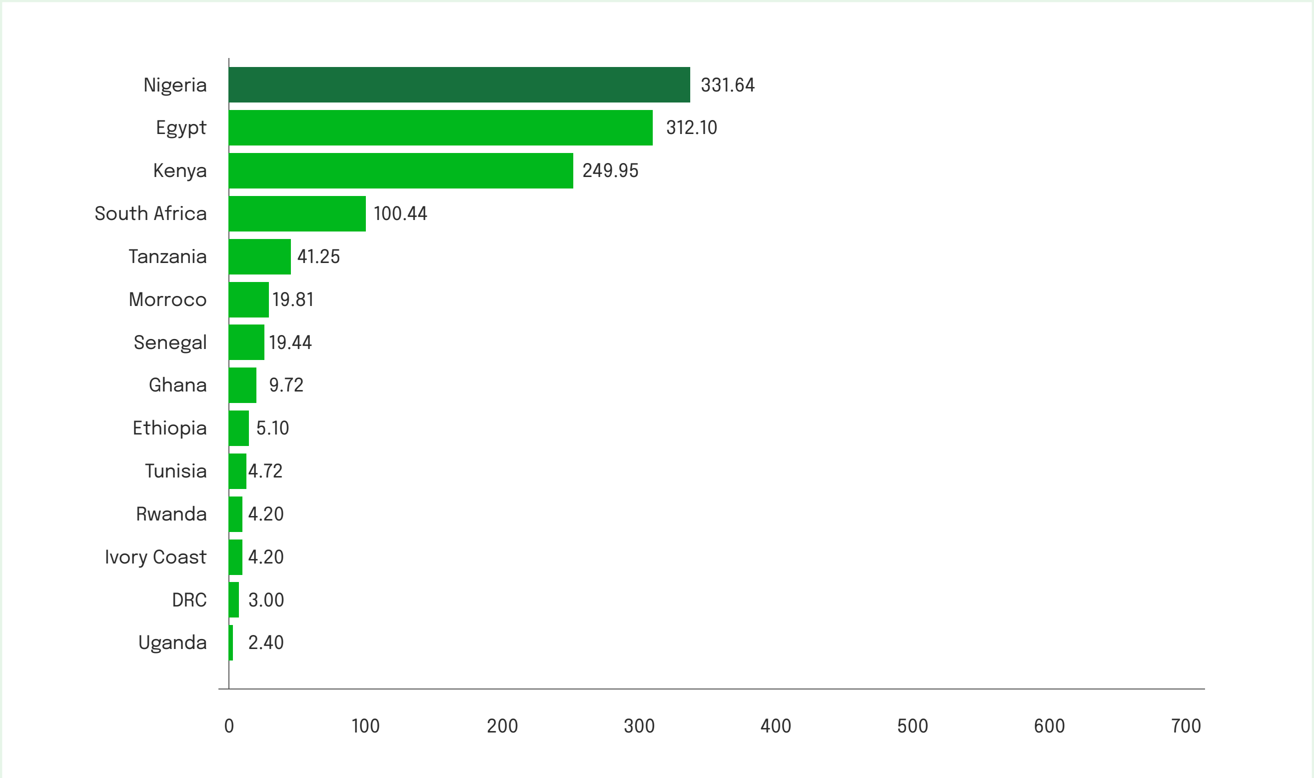
Attracting foreign investment

In 2024, funding for African tech startups dropped by 53.5% to $1.12 billion, down from a record $2.41 billion in 2023. [106] Despite this sharp decline, Nigeria attracted the highest funding value on the continent, securing $331.64 million–representing 29.6% of the total (Figure 55). This amount was distributed among 39 startups (19.5% of all funded startups), placing Nigeria second only to Egypt, which had 51 funded startups. Notably, around 40% of Nigeria's funded startups operated in the FinTech sector, securing 52.2% of the total funding.

Figure 55:

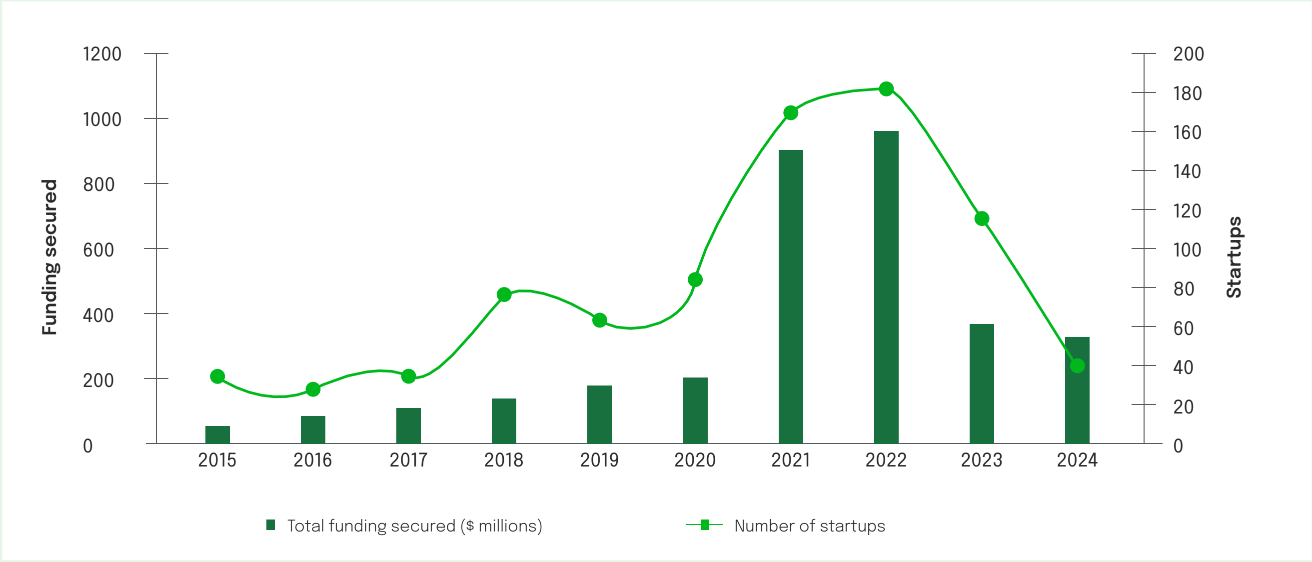
African tech startup funding by country, 2024 ($ millions)

Source: Disrupt Africa, EnterpriseNGR and Templars analysis



[106] See Footnote 90.

Figure 56:
Nigeria tech startup funding and number of startups funded, 2015-2024
Source: Disrupt Africa, EnterpriseNGR and Templars analysis



Key Policy Updates

Some of the major policies that impacted the FinTech sector include

CBN customer due diligence regulations, 2023

On 23 June 2023, the CBN issued the Customer Due Diligence Regulations 2023 (the "CDD Regulation") to strengthen anti-money laundering (AML) and fraud prevention controls across financial institutions. The impact was immediate with many FinTechs facing onboarding bans and fines due to non-compliance in 2024. In response, leading FinTechs revamped their operations, enhancing data collection and compliance protocols .[107] These companies now provide detailed reporting to the Nigerian Financial Intelligence Unit (NFIU), including information on politically exposed persons, suspicious transactions, fraud incidents, and geo-tagged data. These developments represent a significant step toward improving trust and security within the sector [108]

Electronic foreign exchange matching system (EFEMS)

The EFEMS was introduced to improve transparency and efficiency in the Nigerian foreign exchange (FX) market by automatically matching buy and sell orders.[109] Though primarily designed for authorized dealers in the interbank FX market, EFEMS is expected to influence FinTech operations involved in cross-border transactions and currency exchange services. By promoting a market-driven exchange rate and minimizing speculative trading, EFEMS contributes to a more stable and predictable FX environment, benefiting both businesses and consumers.

TREE

[107] Techcabal, 'Moniepoint, OPay, PalmPay responded to 2024 ban with better data collection and compliance', (March 9, 2025), available at: https://techcabal.com/2025/01/31/nigerian-fintechs-revamp/

[108] Templars, 'Templars thought Lab', (March 6, 2025), available at: https://www.templars-law.com/app/uploads/2023/07/CBN-Customer-Due-Diligence-Regulations-2023

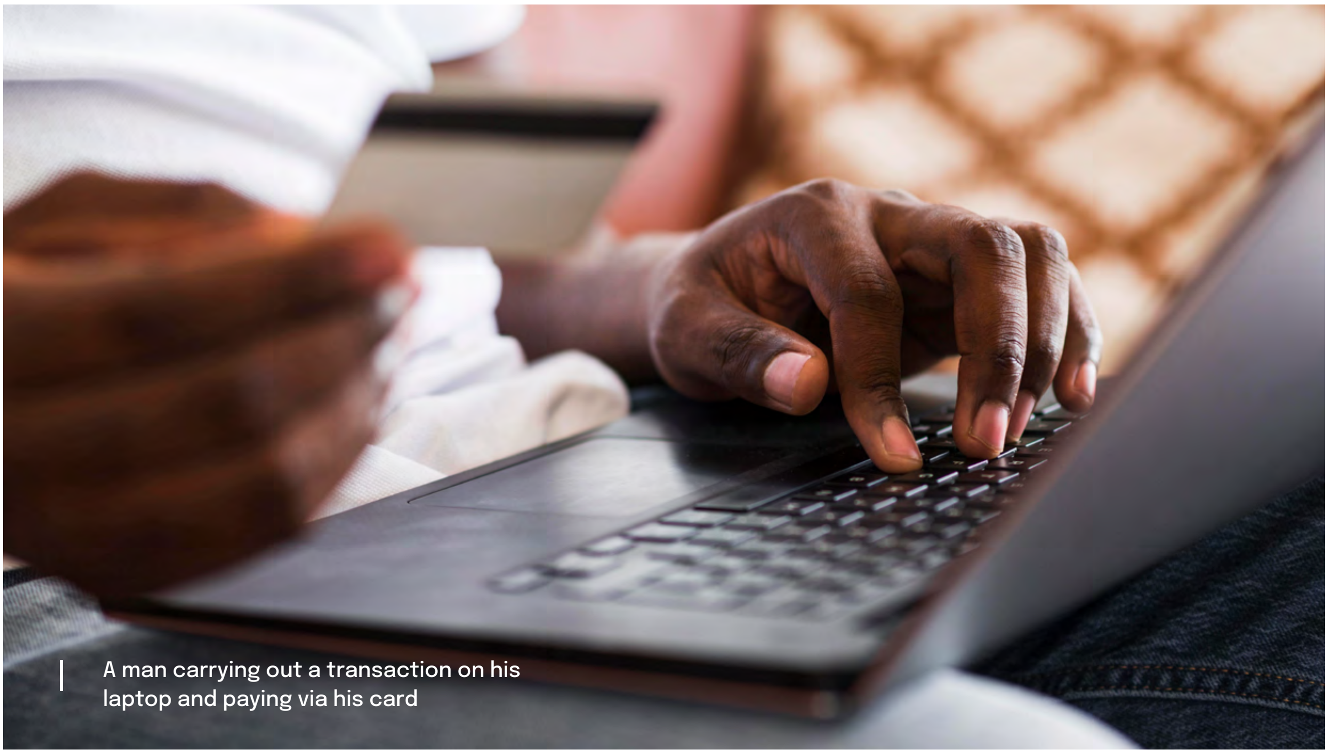
[109] Central Bank of Nigeria, 'Frequently Asked Questions (FAQs) On The Electronic Foreign Exchange Matching System', (March 10, 2025), available at: https://www.cbn.gov.ng/Out/2024/FMD/FREQUENTLY%20ASKED%20QUESTIONS

Digital lending regulations

With the rise in digital lending platforms, the Federal Competition and Consumer Protection Commission (FCCPC) issued the Interim Guidelines for the Registration of Digital Lending Platforms in 2022. These guidelines require platforms to submit detailed information via Form DLG 001, including ownership structure, funding sources, licensing details, affiliated entities, and interest rate methodologies [110]. Platforms must also disclose all mobile applications in use and provide evidence of operational licenses. [111] The FCCPC maintains and publishes a list of platforms with full or conditional approval and identifies those on its watchlist or delisted. This regulatory oversight aims to protect consumers from unethical lending practices and enforce accountability within the digital lending ecosystem. [112]

Launch of open banking

Following years of regulatory development and industry consultation, in April 2025, the Central Bank of Nigeria (CBN) approved the launch of open banking, with full implementation set for August 1, 2025. This initiative positions Nigeria as the first African nation to adopt open banking at a national scale. Under the new framework, banks and licensed financial institutions will securely share customer financial data–such as account balances, transaction histories, and spending patterns–with each other via standardized Application Programming Interfaces (APIs), contingent upon explicit customer consent. This move aims to enhance financial inclusion by enabling fintechs and other financial service providers to offer more personalized and accessible financial products.



A man carrying out a transaction on his laptop and paying via his card

[110] Templars, The FCCPC Guidelines on Digital Lending: The Start of a New Regulatory Approach, (March 10, 2025), https://www.templars-law.com/app/uploads/2022/10/The-FCCPC-Guidelines-on-Digital-Lending.pdf

[111] See Footnote 110.

[112] Federal Competition and Consumer Protection Commission, 'Enforcement Against Digital Lending Regulations', (March 10, 2025), available at: https://fccpc.gov.ng/enforcement-against-digital-lending-violations/.

Taxation of digital assets

As digital asset usage continues to expand, the Nigeria Tax Bill 2024 seeks to provide a unified fiscal framework. It defines digital assets to include cryptocurrencies, utility tokens, security tokens, and NFTs. The bill proposes that all profits or gains from digital asset transactions conducted in or derived from Nigeria be subject to tax. In parallel, the SEC has issued proposed amendments to its Digital Assets Rules, expected to take effect from June 30, 2025. It also introduced a Framework for an Accelerated Regulatory Incubation Programme to onboard Virtual Asset Service Providers and other digital investment platforms. Together, these efforts signal Nigeria's intent to align its FinTech regulatory landscape with global best practices, balancing innovation, investor protection, and market integrity.

Guidelines on operations of bank accounts for virtual assets service providers (VASPs)

On December 22, 2023, the Central Bank of Nigeria (CBN) issued comprehensive guidelines governing the operation of bank accounts for VASPs. This move marks a shift from previous restrictions, aiming to integrate virtual asset services into the formal financial sector.

- Only VASPs licensed by the Securities and Exchange Commission (SEC) are permitted to open designated accounts with financial institutions.
- Licensed VASPs can open designated accounts, provide non-interest-bearing settlement accounts, and facilitate foreign exchange transactions.
- Institutions are mandated to implement Anti-Money Laundering (AML), Combating the Financing of Terrorism (CFT), and Counter-Proliferation Financing (CPF) measures.

Reviewed guidelines for international money transfer services

The CBN's Reviewed Guidelines for International Money Transfer Services in Nigeria released in 2024 has fostered a more competitive environment for sector players, leading to reduced remittance costs and enhanced services. [113]

- The guidelines introduce a two-phase licensing procedure: Approval-in-Principle (AIP) followed by Final Approval. A non-refundable application fee of ₦10 million is required.
- Foreign IMTOs are now required to have a minimum share capital of $1 million, and equivalent for indigenous IMTOs.
- IMTOs are authorized for inbound money transfers, with prohibitions on outbound transfers.
- All inbound remittances must be disbursed in Naira, either through bank accounts or cash payments with certain conditions.
- IMTO licenses are subject to annual renewal, with a deadline of January 31st each year, accompanied by a renewal fee of ₦10 million.

Conclusion and Recommendations

Despite these successes, Nigeria's FinTech sector faces several challenges that hinder the realization of its full potential. Addressing these challenges is critical to fully unlocking the sector's opportunities. Below are recommendations focused on key issues:

- ### Mitigate cybersecurity risks

Cybersecurity risks remain a critical concern, as the increasing reliance on digital transactions exposes businesses and consumers to fraud and data breaches. Investment in cybersecurity infrastructure, firewalls, encryption, and intrusion detection systems can mitigate the

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

Customer using mobile phone
to make a payment

online attacks. The regulators should enforce fintech-specific cybersecurity guidelines, while stakeholders continue to educate users on safe digital practices to reduce social engineering risks.

- ### Strengthen internet connectivity

Inconsistent internet connectivity in many parts of the country restrict the adoption of digital financial services, particularly in rural and underserved areas. The government should intensify effort for the development of the nationwide broadband infrastructure to improve penetration and reduce costs. In addition, telecoms companies should expand network infrastructure to provide uninterrupted services and expand coverage. Fintechs should focus on developing offline-capable applications that work with low connectivity.

- ### Promote Innovation

One of the most effective policy tools for driving innovation is the regulatory sandbox, which allows FinTechs to test novel solutions in a controlled environment with limited regulatory constraints. Both the CBN and the Securities and Exchange Commission (SEC) have introduced sandbox frameworks to support the development and safe testing of innovative financial products. However, the adoption of these sandboxes remains limited and needs to be scaled up to fully support FinTech innovation. By building sandbox infrastructure that supports fintech innovation, including moving from a cohort-based sandbox approach to open-ended approach, and building trust in the use of sandboxes, will increase adoption.

In addition to the recommendations above, the government should consider the full implementation of the National Fintech Strategy to promote wider sector's growth.

UNITY

An elegant Nigerian woman playing violin amidst lush greenery

08

PROFESSIONAL SERVICES

The Professional Services sector, encompassing legal, accounting, advisory, and management consulting services, remains a cornerstone of Nigeria's Financial and Professional Services (FPS) industry.

FLOW

KEY FACTS

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

Active financial members of ICAN/registered chartered accountants

2023 27,420

2024 31,183

Legal practitioners

Over 120,000 2021

Over 144,000 2024

Professional, Scientific and Technical Services (PSTS) sector contribution to GDP

2023 ₦2.46tn (3.2% of the GDP in 2023)

2024 ₦2.49tn (3.1% of the GDP in 2024)

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

Q3 2023 ₦22.11bn

Q3 2024 ₦56.38bn

Ranked as the top 11 out of 21 sectors

Acting as the interface between regulation, innovation, enterprise, and investment, the sector plays a critical role in supporting business resilience and economic competitiveness. Beyond core service delivery, its influence now extends to policy advocacy, governance reform, public-private collaboration, and international trade facilitation–particularly as markets become more interconnected and digitally driven. This section explores the sector's contributions to business growth, national output, and tax revenues, while highlighting its role in advancing the Sustainable Development Goals (SDGs) and responding to key policy and institutional reforms.

Enabling business growth and competitiveness

In Nigeria's evolving business environment, professional service providers play a vital role in fostering enterprise growth, improving competitiveness, and supporting economic development. As companies navigate increasing regulatory complexity and global competition, the demand for high-quality legal, financial, and consulting services has become more critical than ever. The sector remained responsive throughout 2024, significantly contributing to economic activity. The Institute of Chartered Accountants of Nigeria (ICAN) had 39,000 registered members, [114] with 31,183 active financial members as of December 31, 2024. [115] In addition, there are 423 recognised accounting firms and over 144,000 registered legal practitioners across the country. [116]

Enhancing ease of doing business through reforms

Beyond service delivery, professional service providers are key drivers of policy and regulatory reform. Through associations such as the Nigerian Bar Association (NBA) and ICAN, they advocate for improvements in the business environment. In 2024, Nigerian professionals were appointed to several key public institutions, including the National Pension Commission, Nigeria Sovereign Investment Authority, and the Presidential Committee on Fiscal Policy and Tax Reforms.

Leveraging technology

To boost efficiency and service delivery, professional service firms are increasingly adopting advanced technologies. Tools like Chainalysis, LawPavilion, Legalpedia, Microsoft Azure, and ChatGPT, along with proprietary platforms such as EY's Blockchain Analyzer, UUBO's Bezalel, and KPMG Ignite, have improved transaction processing. These innovations are helping businesses strengthen governance frameworks, enhance ethical standards, and ensure regulatory alignment.

Strengthening governance and compliance

Legal and accounting professionals are central to helping businesses manage governance and compliance obligations. As regulations evolve, these experts ensure that enterprises stay aligned with legal requirements. While compliance has traditionally relied on internal systems, there is growing adoption of cloud-based tools like Sage Accounting and Zoho Books, which offer improved transparency, real-time reporting, and operational efficiency.

[114] The Accountant Online, 'ICAN inducts new members at 74th ceremony', (May 20, 2025), available at: https://www.theaccountant-online.com/news/ican-inducts-new-members/?cf-view;

[115] Institute of Chartered Accountants of Nigeria, 'Financial Members List', (May 22, 2025), available at: https://icanig.org/documents/Fm_list_31122024.pdf

[116] Nigerian Bar Association, 'Registered Legal Practitioners', (May 22, 2025), available at: https://nigerianbar.org.ng/

Contributing To The Economy

Contributing to national output

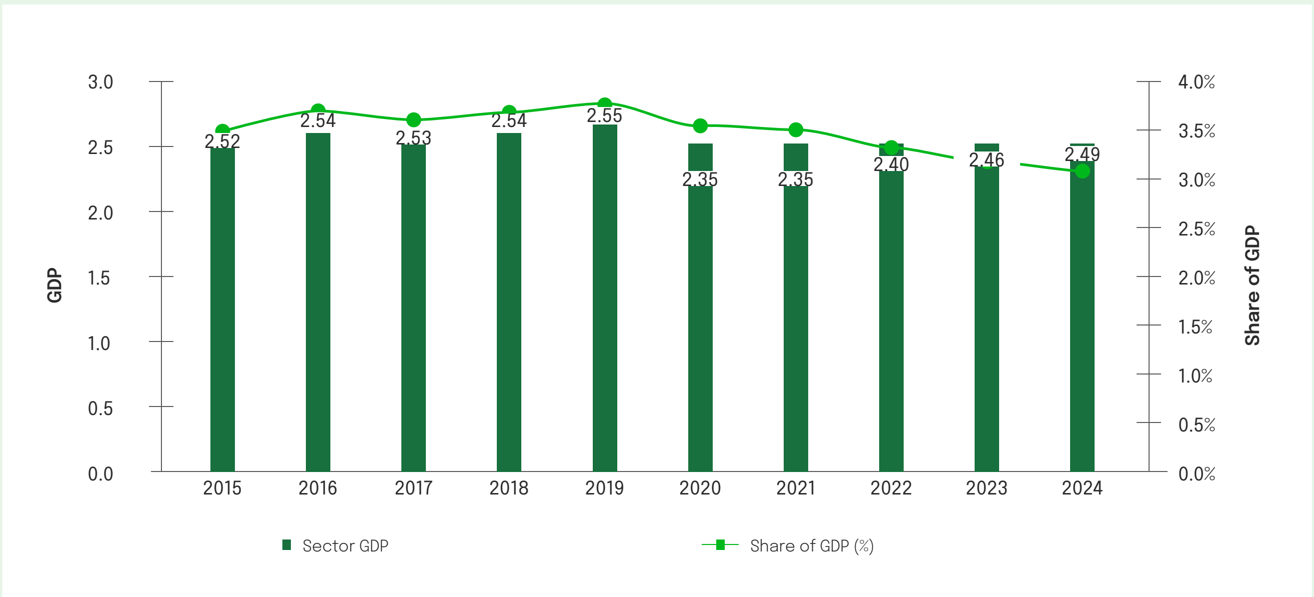
Professional Services fall under the Professional, Scientific, and Technical Services (PSTS) [117] category in the National Bureau of Statistics (NBS) data framework. In 2024, the PSTS sector contributed approximately ₦2.49 trillion to Nigeria's national output of ₦79.29 trillion, up from ₦2.46 trillion in 2023 and ₦2.40 trillion in 2022. This represents 3.1% of total output in 2024, a slight decline from 3.2% in the previous year (Figure 57). [118]

> *In 2024, the PSTS sector contributed approximately* **₦2.49 trillion** *to Nigeria's national output of* **₦79.29 trillion** *up from* **₦2.46 trillion** *in 2023 and* **₦2.40 trillion** *in 2022*

Figure 57:

The Professional, Scientific and Technical Services sector's contribution to GDP, 2015-2024 (₦ trillions)

Source: National Bureau of Statistics, EnterpriseNGR, Udo Udoma & Belo Osagie, and Wigwe & Partners analysis



Contributing to tax revenue

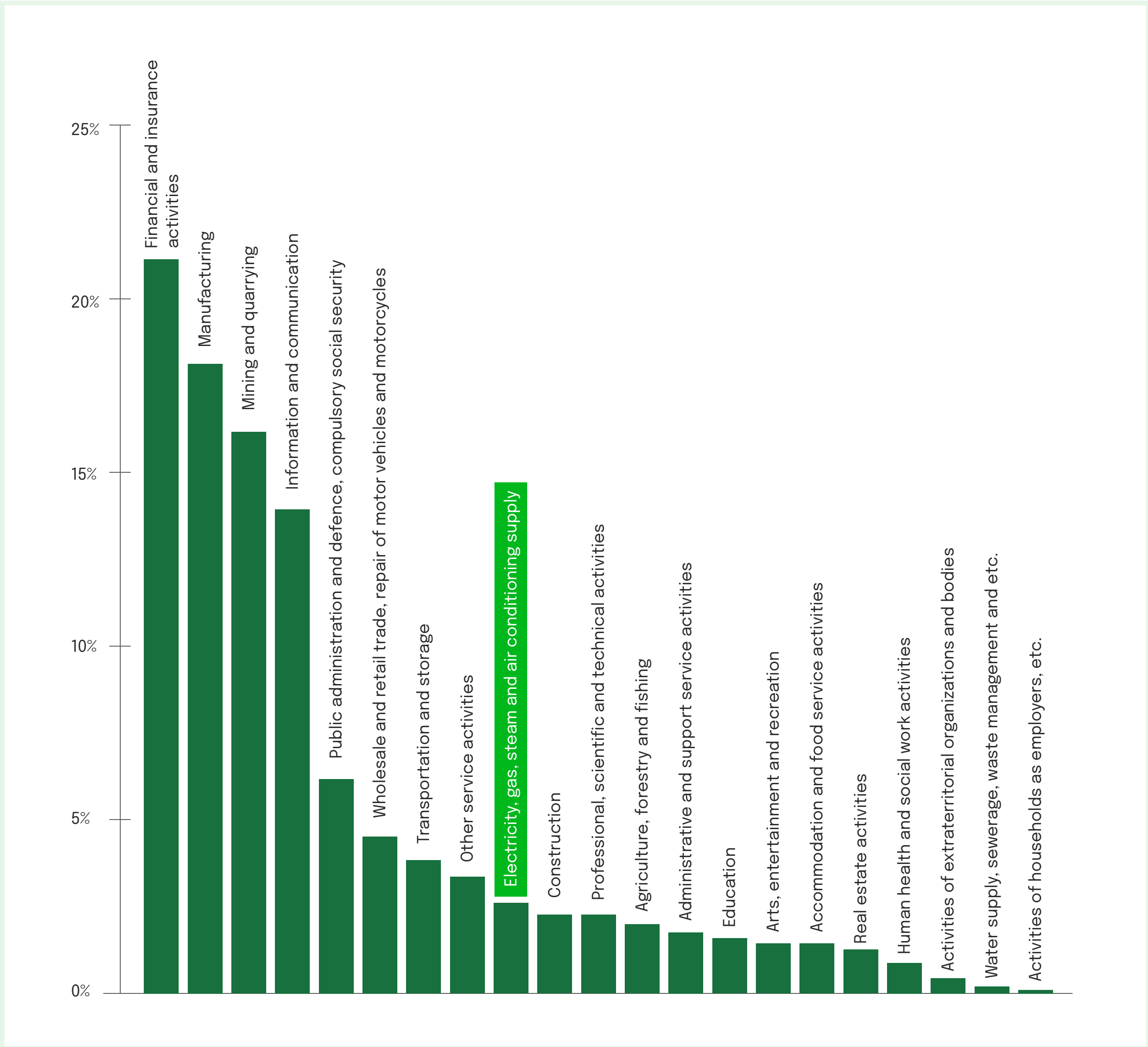
As of Q3 2024, total Companies Income Tax (CIT) collected locally (excluding foreign CIT payments) stood at ₦2.66 trillion. The Professional, Scientific, and Technical Services (PSTS) sector contributed ₦56.38 billion, accounting for 2.1% of total local CIT–up from 1.1% in the same period in 2023. This performance elevated the sector's ranking to 11th out of 21 sectors, compared to 12th in the previous year (Figure 58). [119]

[117] PSTS include accounting, auditing, advertisement, architectural services and engineering, etc.

[118] See Footnote 1.

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

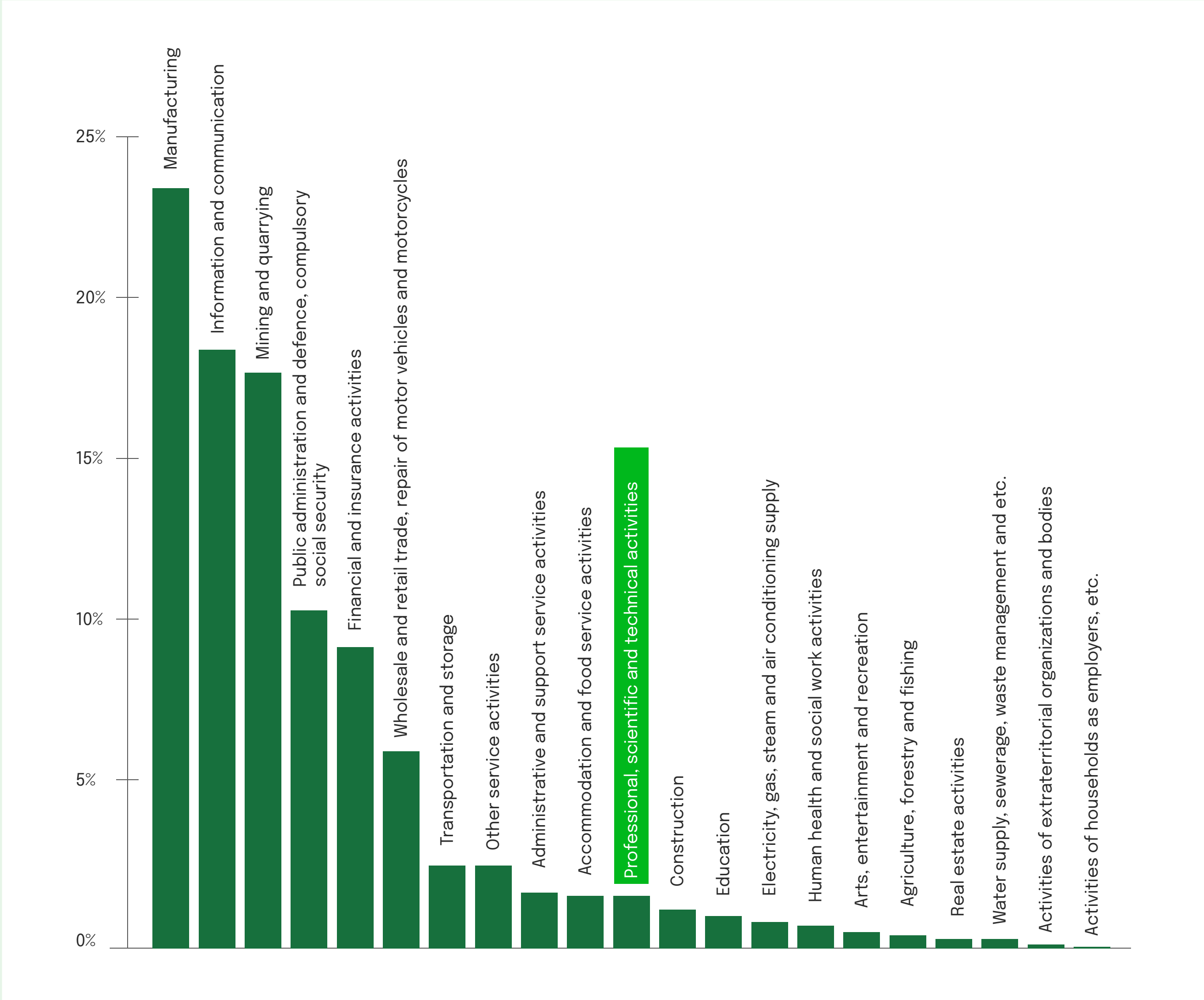
Figure 58:
The Professional, Scientific and Technical Services sector's contribution to company income tax, Q3 2024
Source: National Bureau of Statistics, EnterpriseNGR, Udo Udoma & Belo Osagie, and Wigwe & Partners analysis



PARTNERSHIP

As of Q3 2024, Nigeria generated ₦2.38 trillion in local Value Added Tax (VAT), excluding VAT from imports and foreign sources. The Professional, Scientific, and Technical Services (PSTS) sector contributed ₦32.97 billion, representing 1.4% of total local VAT–slightly below its 1.6% contribution in the same period in 2023. This placed the sector 11th in the national VAT contribution ranking (Figure 59).

Figure 59:
The Professional, Scientific and Technical Services sector's contribution to value added tax, Q3 2024
Source: National Bureau of Statistics, EnterpriseNGR, Udo Udoma & Belo Osagie, and Wigwe & Partners analysis



Key Policy Updates

Nigeria's professional services sector is undergoing significant transformation, driven by reforms in legal ethics, financial reporting, governance, and market regulation. These reforms are improving transparency, compliance, and competitiveness.

Policy Reforms by Subsector

Legal Services

In 2024, the Nigerian Bar Association (NBA) activated Rule 73 of the 2023 Rules of Professional Conduct, establishing the NBA Anti-Money Laundering Committee (NBA-AMLC). The initiative mandates legal practitioners to conduct firm, client, and transaction-level risk assessments; implement Client Due Diligence (CDD); report suspicious transactions;

and undergo continuous AML/CFT training. This aligns Nigeria's legal profession with international Financial Action Task Force (FATF) standards and enhances investor confidence.

Amendments to the rules of professional conduct for legal practitioners

In early 2025, the NBA introduced further amendments to the Rules of Professional Conduct to modernize legal practice. Key reforms include:

- Approval for the responsible use of legal technology (e.g., AI-assisted research and contract automation) under professional supervision;
- Greater transparency and periodic review of legal fees, particularly in commercial matters;
- Enhanced Continuing Legal Education (CLE) requirements focused on ethics, cybersecurity, and client confidentiality.

These changes promote innovation, improve client trust, and strengthen professional integrity.

Accounting services

The Institute of Chartered Accountants of Nigeria (ICAN) implemented governance reforms in 2024, including an expanded Council with six government-nominated members and the creation of an Audit Quality Monitoring Committee. These measures reinforce audit oversight, public trust, and regional representation.

Nigeria's full adoption of updated International Financial Reporting Standards (IFRS) also boosts financial transparency. Notable changes include:

- **IFRS 18**: Redefines financial performance presentation.
- **IFRS 19**: Streamlines disclosure for non-public subsidiaries.
- **IFRS 9 and 7 amendments**: Clarify classification of ESG-linked financial instruments.

These require retraining and system upgrades, improving data comparability for investors.

In a joint initiative, ICAN and the Association of National Accountants of Nigeria (ANAN) introduced reforms to enhance ethics and competency, including:

- Mandatory compliance audits for practicing accountants across both private and public sectors;
- A Practice Quality Assurance Framework (PQAF), especially for SMEs;
- Updated Continuing Professional Development (CPD) curricula featuring data analytics and forensic accounting.

These reforms emphasize accountability, inclusive quality improvement, and skills modernization.

Advisory and consulting services

Rising demand for regulatory compliance in AML, data protection, and ESG has expanded the advisory landscape. Professionals now support organisations in interpreting complex legal and policy frameworks, with niche opportunities in fintech, ESG, and governance consulting. Simultaneously, reforms initiated by the Presidential Enabling Business Environment Council (PEBEC) and agencies like the Corporate Affairs Commission (CAC) and the Federal Inland Revenue Service (FIRS) have significantly reduced administrative bottlenecks. Digital processes for business registration and tax compliance have enabled a more formalised, transparent operating environment. These advancements offer regulators greater visibility, reduce entry barriers for investors, and allow professionals to transition from purely transactional roles to higher-value strategic advisory services.

Cross-Cutting Regulatory Developments

Revised National Code of Corporate Governance (2024)

The Financial Reporting Council of Nigeria (FRCN) introduced an updated code that significantly impacts legal, accounting, and advisory practitioners. Key provisions include:

- Increased disclosure requirements for firms providing audit and advisory services to public interest entities;
- Stricter independence rules for audit committee and board roles;
- Mandatory periodic internal control reviews by licensed professionals.

This aligns Nigeria's governance practices with global standards and enhances institutional trust.

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

Firms engaged in management and strategic advisory services are now subject to new regulatory measures under the amended implementation framework of CAMA 2020, as rolled out in 2024. Key updates include:

- Introduction of standardised consulting agreements to ensure compliance with regulatory expectations;
- Mandatory reporting of business activities by consulting divisions within group structures and holding companies;
- Strengthened KYC (Know Your Customer) and AML/CTF (Anti-Money Laundering/ Counter-Terrorism Financing) requirements, particularly for consultancy firms engaging with government entities or international clients.

These updates are directed at promoting consistency and compliance with regulatory expectations across the industry.


A team of business colleagues having a discussion

Conclusion and Recommendations

Nigeria's professional services sector is undergoing a regulatory transformation in key areas that promises to enhance service delivery and sector competitiveness. The following recommendations are proposed to address systemic challenges and support sustainable growth:

- ### Enhance regulatory predictability through stakeholder engagement

Structured and consistent engagement with industry stakeholders prior to implementing major regulatory changes ensures policies are evidence-based, practical, and widely supported. This approach enhances compliance, reduces implementation friction, and prevents disruptive policy shifts.

- ### Strengthen regulatory awareness and responsiveness

Given the fast pace of regulatory changes, professionals must remain informed and agile. Active participation in industry associations, consultation of official publications, and integration of regulatory updates into operational workflows are essential for maintaining compliance and delivering high-quality services.

- ### Introduce targeted incentives to attract and retain talent

Government-led incentives–such as tax reliefs, research funding, and housing schemes–can help retain skilled professionals and reduce reliance on foreign consultants. These should be sector-specific and implemented in partnership with professional bodies to address local capacity needs.

- ### Promote international-standard work environments

Firms should invest in continuous staff development, including access to global training and certifications. Offering competitive compensation, fostering career growth, and maintaining high workplace standards will strengthen talent retention and boost the sector's global reputation.

- ### Upskill for the future of work

Professionals must adapt to emerging technologies like AI by focusing on skills that machines cannot easily replicate–strategic thinking, leadership, and problem-solving. Leveraging technology to improve service delivery will also ensure relevance in an increasingly digital economy.

- ### Prioritize continuous professional development and ethics

To uphold sector integrity, professional bodies like the NBA and ICAN must enforce ongoing ethical training and CPD requirements. Clear disciplinary measures and zero tolerance for misconduct are critical to maintaining public trust and professional accountability.

09

SUSTAINABLE FINANCE

Sustainable finance plays a critical role in advancing social, environmental, and economic outcomes aligned with the Sustainable Development Goals (SDGs). Like many other countries on the continent, Nigeria faces significant environmental, social, and economic challenges.

DISRUPTION

FESTIVAL

Kano Durbar Festival, a spectacular tribal horse parade

KEY FACTS

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

Global sustainability funds

Share of global Asset Under Management (AUM)

6.8% 2024

Global sustainability funds (AUM)

$3.56tn 2024 +4.8% GROWTH

Nigeria's green bond stock

Valued at

₦32.83bn

FGN green bonds

₦15bn

Corporate green bonds

₦17.83bn

Climate Change Performance Index

26TH

2025 Climate Change Performance Index (CCPI), Nigeria dropped nine places to rank 26th

Three ESG-focused infrastructure funds

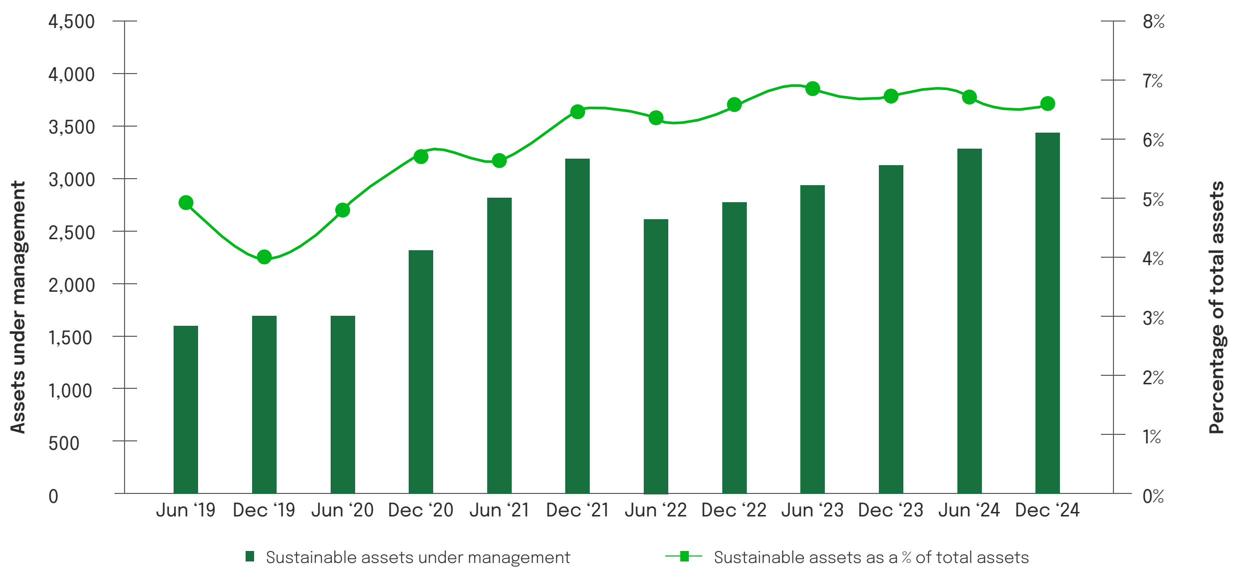
Total investments

2023: **₦110.2bn**

2024: **₦125.7bn**

Rising temperatures, desertification in the north, flooding in the south, rising urbanization and population growth, and increasing fossil fuel energy demand threaten long-term sustainable growth. Sustainable finance – which integrates environmental, social, and governance (ESG) considerations into financial decision-making – is key to mobilizing capital for projects that promote renewable energy, climate-resilient agriculture, green transportation, and inclusive development. Nigeria presents strong prospects for long-term sustainable investment. In 2024, the global sustainable finance sub-sector continued to grow, with assets under management (AUM) reaching $3.56 trillion–a 4.8% increase from 2023. Despite this growth, sustainable finance represented 6.8% of global AUM, down from 7.3% in December 2023, as traditional funds attracted larger net inflows.[120]

Figure 57:
Sustainable funds' assets under management, June 2019-December 2024 ($ billions)
Source: Morgan Stanley Institute for Sustainable Investing analysis of Morningstar data



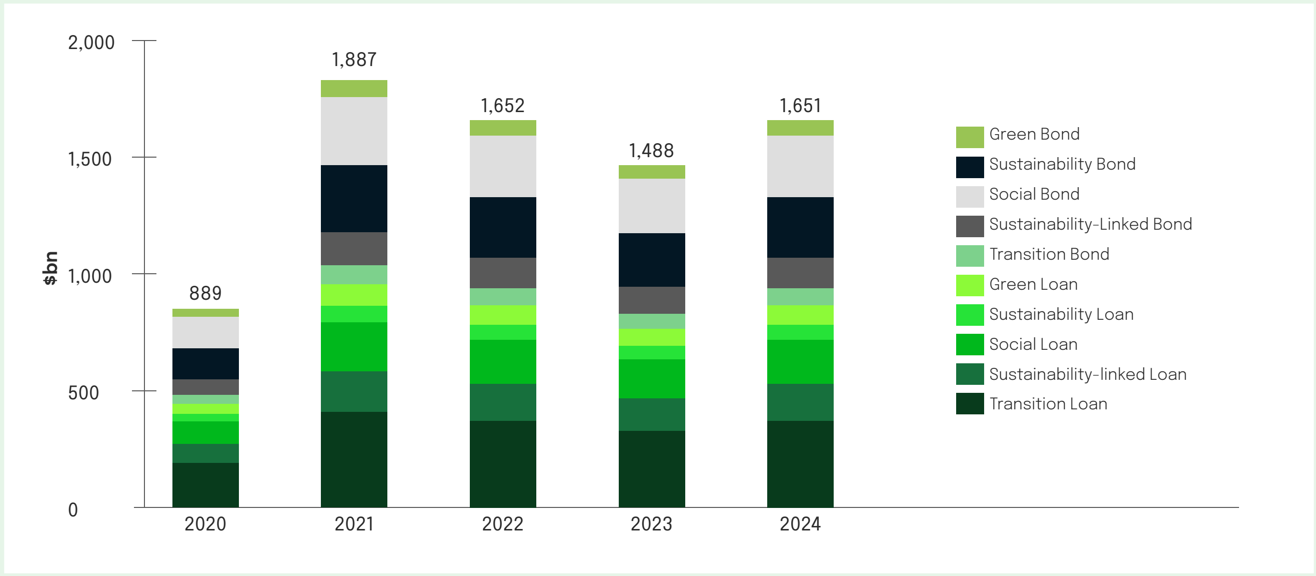
STANDSTILL

In contrast to 2023, the sustainable finance market expanded in 2024, with global issuance rising to $1.66 trillion from $1.49 trillion (Figure 61).[121] The majority of this growth focused on climate mitigation efforts. Most sustainable debt instruments saw increased activity, including green bonds, sustainability bonds, social bonds, transition bonds, and sustainability-linked loans. Green bonds and sustainability-linked loans led the market with issuances of $688 billion and $278 billion, respectively. However, sustainability-linked bond issuance continued its downward trend for the third consecutive year, following declines in 2022 and 2023.

[120] Morgan Stanley Institutute for Sustainable Investing, Sustainable Reality: Sustainable Funds Underperformed in H2 2024, But Flows Regained Some Ground, April 4, Available on:https://www.morganstanley.com/content/dam/msdotcom/en/assets/pdfs/Morgan_Stanley_Institute_for_Sustainable_Investing_Sustainable_Reality_2024.pdf

[121] ING Wholesale Banking, 'ING's Sustainable Finance Pulse – issue 5', (April 30, 2025), available at: https://www.ingwb.com/en/insights/sustainability/ing-sustainable-finance-pulse-issue-5

Figure 61:
Global issuance of sustainable finance products, ($ billions)
Source: ING Research, BNEF



Accelerating Green Finance

Green finance activities

Nigeria faces a significant climate finance gap. In 2021/22, total climate finance amounted to $2.5 billion. In the same period, $1.2 billion was channeled to mitigation activities [122] (Figure 62) and $0.74 billion for adaptation projects [123](Figure 63). [124] This is far below the $22.5 billion annual requirement projected by the African Development Bank Group to meet Nigeria's climate goals. Mitigation funding was largely directed toward renewable energy, particularly solar photovoltaics, accounting for 68% of investments. While funding increased for low-emission transportation and water projects, it declined for cross-sector initiatives and building infrastructure. [125] Adaptation financing followed a similar trend, except for a decrease in transportation-related funding.

Under its Nationally Determined Contributions (NDC), Nigeria has committed to reducing emissions by 20% by 2030, with the potential to reach a 47% reduction conditional on international support. Achieving these targets will require an estimated $189.04 billion. [126]

Despite its efforts, Nigeria remains highly vulnerable to climate risks. According to the Notre Dame Global Adaptation Initiative (ND-GAIN), the country ranks 161 out of 182 nations in terms of adaptive capacity and exposure to climate-related hazards. [127]

[122] Mitigation addresses the root cause of climate change and supports the global goal of limiting temperature rise. This might involve expanding solar and wind energy, improving energy efficiency in buildings and industries, promoting cleaner transportation, or reforesting degraded lands.

[123] Adaptation activities refer to efforts aimed at adjusting to the actual or expected effects of climate change. This could include building flood defenses, climate-proofing infrastructure, developing drought-resistant crops, or strengthening early warning systems.

[124] Climate Policy Initiative, 'Landscape of Climate Finance in Nigeria 2024', (May 3, 2025), available at: https://www.climatepolicyinitiative.org/wp-content/uploads/2024/10/Landscape-of-Climate-Finance-in-Nigeria-2024.pdf

[125] See Footnote 124.

[126] NDC Partnership, 'Nigeria: NDC Implementation Framework', (May 12, 2025), available at: https://ndcpartnershipplans.com/public/view/bd42543e-5639-4195-82b1-2225d6ed3b31?_gl=1*1aume84*_ga*OTI4MTkxODU3LjE3NDcwMzM4NDA.*_ga_75XVT9LFB8*czE3NDcwMzM4NDAkbzEkZzEkdDE3NDcwMzM5NjAkajE0JGwwJGgw

[127] University of Notre Dame, 'Notre Dame Global Adaptation Initiative | Rankings', (May 3, 2025), available at: https://gain.nd.edu/our-work/country-index/rankings/

Figure 62:
Nigeria's mitigation finance by sector, 2019-2022 ($ millions)

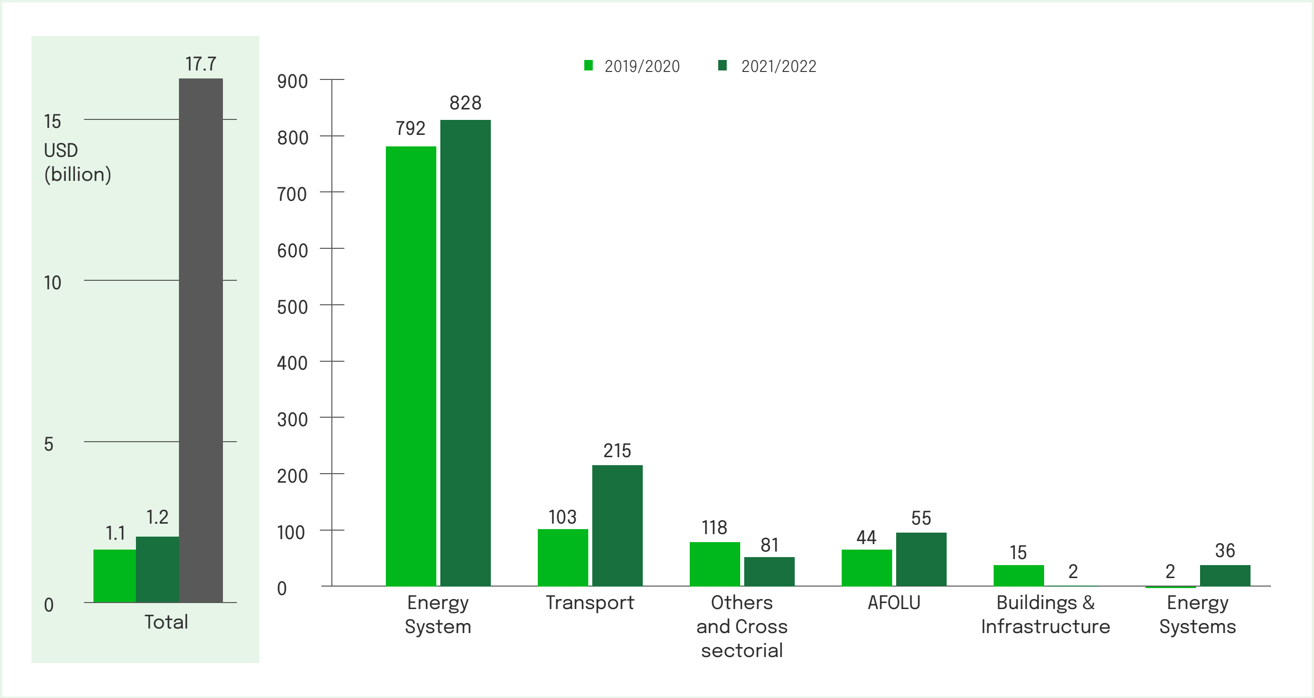
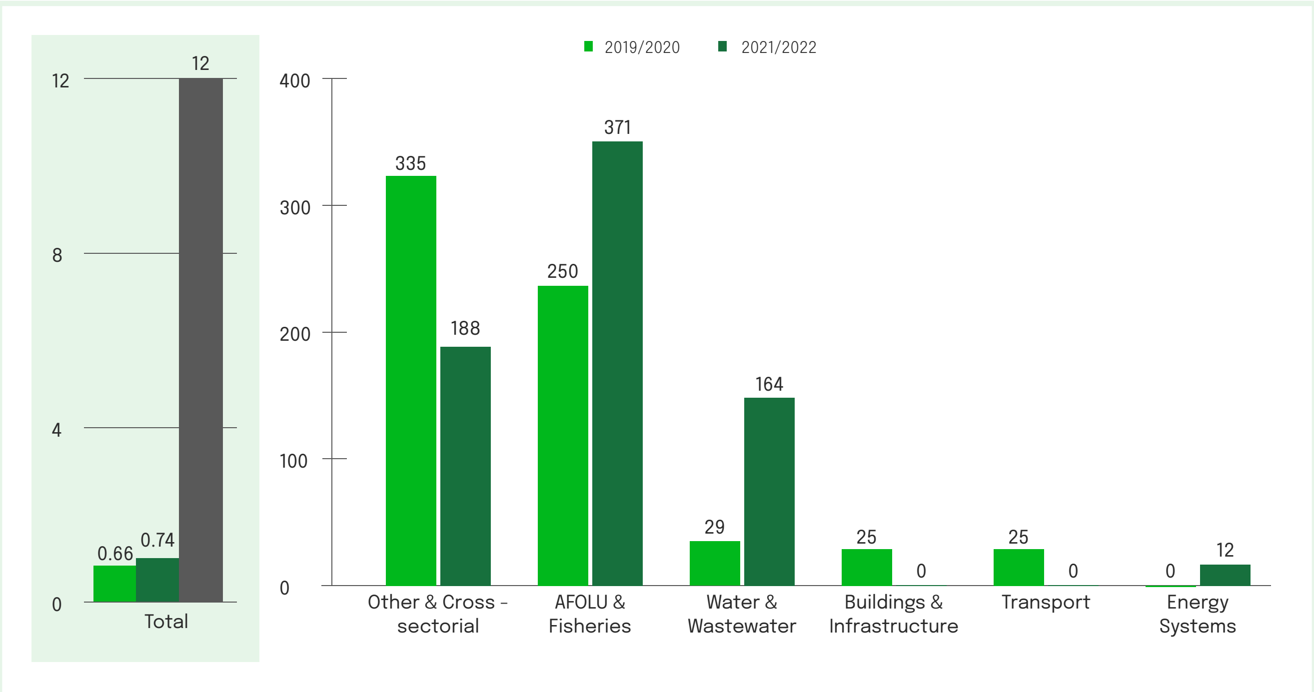


Figure 63:
Nigeria's adaptation finance by sector, 2019-2022 ($ millions)
Source: Climate Policy Initiative and EnterpriseNGR analysis



In the 2025 Climate Change Performance Index (CCPI), [128] Nigeria dropped nine places to rank 26th (Table 7). The country performed relatively well in greenhouse gas (GHG) emissions and energy use but scored low in climate policy and renewable energy development. [129]

Table 7: Climate Change Performance Index (CCPI) Country Rankings:

COUNTRY	RANKING 2025	RANKING 2024
Denmark	4	4
Netherlands	5	8
United Kingdom	6	20
Philippines	7	6
Morocco	8	9
Norway	9	12
India	10	7
Sweden	11	10
Chile	12	11
Luxembourg	13	15
Estonia	14	5
Portugal	15	13
Germany	16	14
European Union (27)	17	16
Lithuania	18	19
Spain	19	18
Egypt	20	22
Vietnam	21	27
Greece	22	28
Austria	23	32
Thailand	24	25
France	25	37
Nigeria	26	17
Colombia	27	31
Brazil	28	23

[128] The Climate Change Performance Index (CCPI) evaluates how effectively countries are addressing climate change across four key categories: greenhouse gas emissions, renewable energy, energy use, and climate policy. It assesses national performance in these areas to determine progress toward global climate goals. A total of 67 countries are ranked by the Index.

[129] Climate Change Performance Index, Nigeria, 'Nigeria CCPI Rank', (April 16, 2025), Available at: https://ccpi.org/country/nga/

Providing Green Capital Access For Sustainable Development

Green finance instruments

Sustainable bonds

Despite plans by the Federal Government to issue a $250 million green bond–intended to complement two previously issued sovereign green bonds–no bond issuance occurred in 2024. Similarly, Gombe State's proposed ₦15 billion green bond for key infrastructure projects did not materialize. As of now, Nigeria's green bond stock is valued at ₦32.83 billion, comprising sovereign (₦15 billion) and corporate (₦17.83 billion) issuances (Table 8). The green bond stock decreased from ₦47.83 billion following the redemption of Access Bank's green bond.

Table 8: Green bond stocks, 2017 - 2024 (₦ billions)
Source: EnterpriseNGR analysis

	2016	2017	2018	2019	2020	2021	2022	2023	2024
FGN Green Bond	–	10.69	10.69	25.69	25.69	25.69	15	15	15
North South Power									
Company Ltd	–	–	–	8.5	8.5	14.83	14.83	14.83	14.83
Access Bank plc	–	–	–	15	15	15	15	15	–
One Watt Solar Ltd	–	–	–	–	–	3	3	3	3
Total	**-**	**10.69**	**10.69**	**49.19**	**49.19**	**58.52**	**47.83**	**47.83**	**32.83**

Sustainable project loan/funding initiative

The Kano-Kaduna railway project in Nigeria has secured a €245 million ($254.76 million) loan from the China Development Bank (CDB), providing a significant boost to its progress. Once completed, the railway will establish direct connectivity between Abuja, Nigeria's capital, and Kano, a major commercial hub in the north, offering residents a safer, more efficient, and comfortable transportation option. The project is also expected to stimulate growth across various industries along its corridor. [130] By providing safe public transportation and creating job opportunities, this project contributes to sustainable cities and communities, SDG 11.

At the Africa Investment Forum, the African Development Bank Group secured $2.2 billion for Nigeria's Special Agro-Industrial Processing Zones (SAPZ) Phase II project. This government-enabled, private-sector-led initiative aims to boost agricultural productivity, attract private investment, enhance institutional capacity, and develop infrastructure for agro-industrial zones. Located in regions with high agricultural potential, SAPZs offer infrastructure, shared services, and policy incentives to integrate agriculture with industry. The program seeks to improve food security, create jobs, boost trade, and revitalize rural areas through value-added manufacturing, which can help address hunger

[130] China Development Bank, 'China Development Bank grants first loan to railway project in Nigeria', (April 30, 2025), available at: https://www.cdb.com.cn/English/xwzx_715/khdt/202501/t20250107_12293.html

[131] African Development Bank Group, ' Nigeria's Special Agro-industrial Processing Zones (SAPZ) Phase II, Boosted with a Whopping $2.2 billion Investment Interest at the Africa Investment Forum (AIF) 2024', (April 30, 2025), available at: https://www.afdb.org/en/news-and-events/nigerias-special-agro-industrial-processing-zones-sapz-phase-ii-boosted-whopping-22-billion-investment-interest-africa-investment-forum-aif-2024-79429

and poverty, SDGs I and II. Currently benefiting states like Cross River, Imo, Ogun, and others, SAPZ Phase II will expand to 24 more states over the next three years to drive economic growth through agro-industrialization. [131]

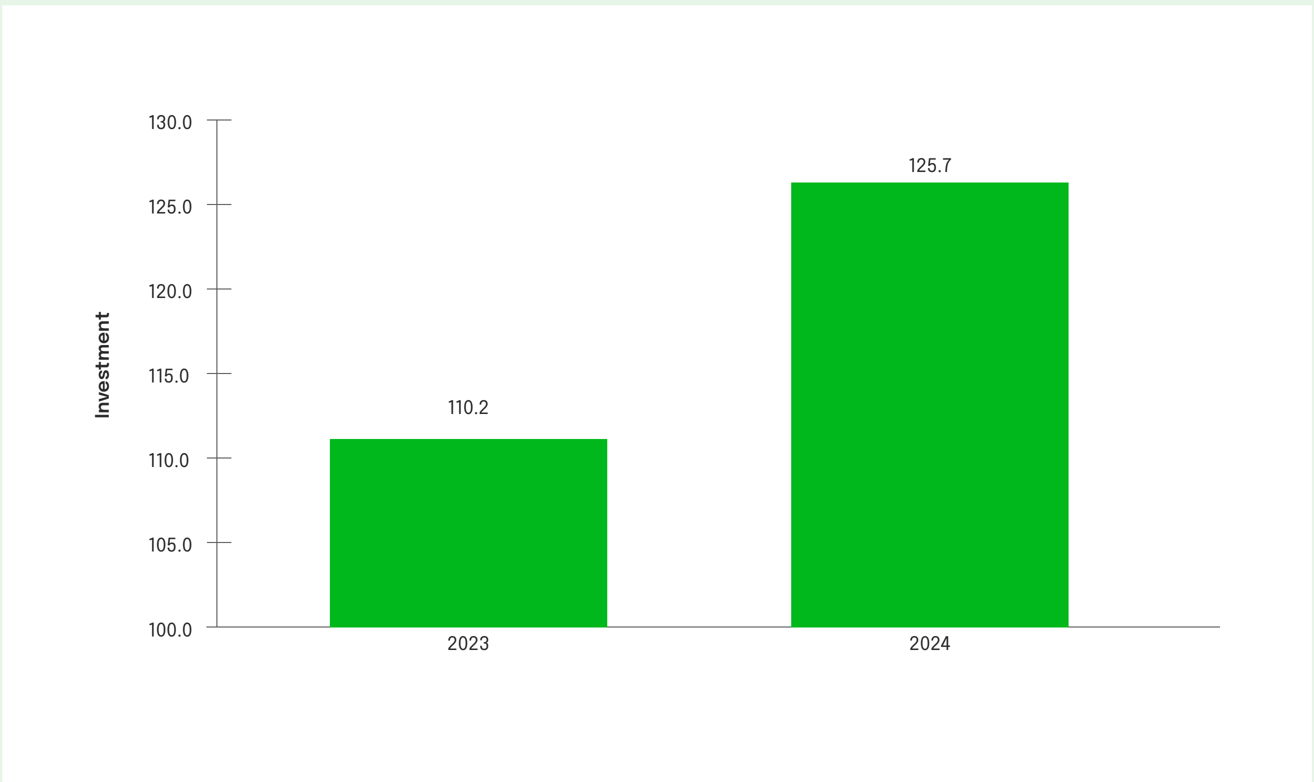
The World Bank has approved a $500 million loan for the Sustainable Power and Irrigation for Nigeria (SPIN) project, aimed at mitigating climate-related challenges such as droughts and floods. The project will enhance irrigation services, improve water resource management, and strengthen dam safety, ultimately benefiting nearly 950,000 people. [132]

> *The World Bank has approved a* ***$500 million loan*** *for the Sustainable Power and Irrigation for Nigeria (SPIN) project*

ESG funds

In Nigeria's capital markets, three infrastructure funds are ESG-focused: the Africa Infra Plus Fund (AIPF I), Chapel Hill Denham Nigeria Infrastructure Debt Fund (NIDF), and AVA Infrastructure Fund (AVAIF). As of 2024, their total investment reached ₦125.7 billion, up from ₦110.2 billion in 2023, when only AIPF I and NIDF were operational. Collectively, the three funds manage assets over ₦158 billion (Figure 64). [133] The gradual expansion of ESG-focused fund offerings suggests increasing confidence in ESG as a viable investment strategy, aligning with global trends and development goals.

Figure 64:
Total investment of ESG focused infrastructure funds, 2023- 2024 (₦ billions)
Source: Securities and Exchange Commission and EnterpriseNGR analysis



[132] Daily Trust, 'World Bank approves $500m loan for Nigeria', (March 25, 2025), Available at: https://dailytrust.com/world-bank-approves-500m-loan-for-nigeria/

[133] See Footnote 48.

Key Policy Updates

Establishment of the national credit guarantee company:

To enhance credit access, improve living standards, and drive economic growth, President Bola Ahmed Tinubu announced the launch of the National Credit Guarantee Company (NCGC) by the end of Q2 2025. The NCGC will provide credit guarantees to businesses and underserved groups, including women and youth, thereby promoting financial inclusion and supporting access to essential goods such as food–contributing directly to SDG Goal 1: No Poverty. By partnering with financial institutions, the NCGC will serve as a risk mitigation mechanism, encouraging lending and fostering confidence in the credit system. Ultimately, it aims to support sustainable economic development through expanded access to finance. [134]

Launch of the NDC implementation framework:

On May 23, 2024, Nigeria launched its Nationally Determined Contribution (NDC) Implementation Framework for 2023–2030 to drive progress toward its climate goals. The framework targets key sectors–including waste management, transportation, energy, and agriculture–and sets out 19 objectives, over 150 outputs, and more than 300 key performance indicators. [135] Beyond emission reduction measures, the framework emphasizes gender inclusion, capacity building, and robust monitoring, reporting, and verification (MRV). [136] It also seeks to enhance coordination across all levels of government and mobilize resources from the public sector, private investors, and development partners to support effective implementation.

Long term-low emission development strategy (LT-LEDS):

Nigeria has developed its Long-Term Low-Emission Development Strategy (LT-LEDS) to support its commitment to achieving net-zero emissions by 2060. As a comprehensive long-term policy framework, LT-LEDS complements the shorter-term Nationally Determined Contributions (NDCs) framework by outlining actionable strategies to accelerate emission reductions. The strategy promotes multi-stakeholder climate action across key sectors such as the bioeconomy, green and blue economies, while aligning with national development priorities. It addresses Nigeria's emissions profile, sectoral mitigation and adaptation measures, resilience strategies, and innovative implementation approaches. By integrating climate goals into broader national plans, LT-LEDS aims to ensure a just transition to a low-carbon, climate-resilient economy and advance sustainable development. [137]

Conclusion and Recommendations

There is significant sustainability funding available globally and Nigeria needs to attract these funds for development. To advance sustainable finance and achieve impact, key actions are needed from financial institutions, businesses, and regulators:

[134] MSME Africa, 'Nigerian Govt Launches National Credit Guarantee Company to Boost Credit Access for Individuals, and Business Owners', (March 23, 2025), available at: https://msmeafricaonline.com/nigerian-govt-launches-national-credit-guarantee-company-to-boost-credit-access-for-individuals-and-business-owners/

[135] ICEED Nigeria, 'Nigeria Unveils Ambitious Framework for Climate Action', (March 25, 2025), available at: https://iceednigeria.org/iceed-team/index.php?status=53#:~:text=In%20a%20significant%20stride%20towards

[136] See Footnote 135.

[137] United Nations Climate Change, 'Nigeria's Long term Low- Emission Development Strategy- 2060', (March 25, 2025), available on: https://unfccc.int/sites/default/files/resource/Nigeria_LT-LEDS_01122023_240425_094617.pdf

- **Enhancing data collection and reporting:**

One of the major challenges is the limited expertise in structuring bankable green projects. To address this, project owners and advisory firms should invest in building capacity around ESG project design and financial structuring. The government should integrate ESG principles into the national educational curriculum to help citizens build ESG knowledge from an early age. Regulators can further strengthen this ecosystem by mandating the inclusion of ESG experts on company boards.

- **Incentivizing private capital**

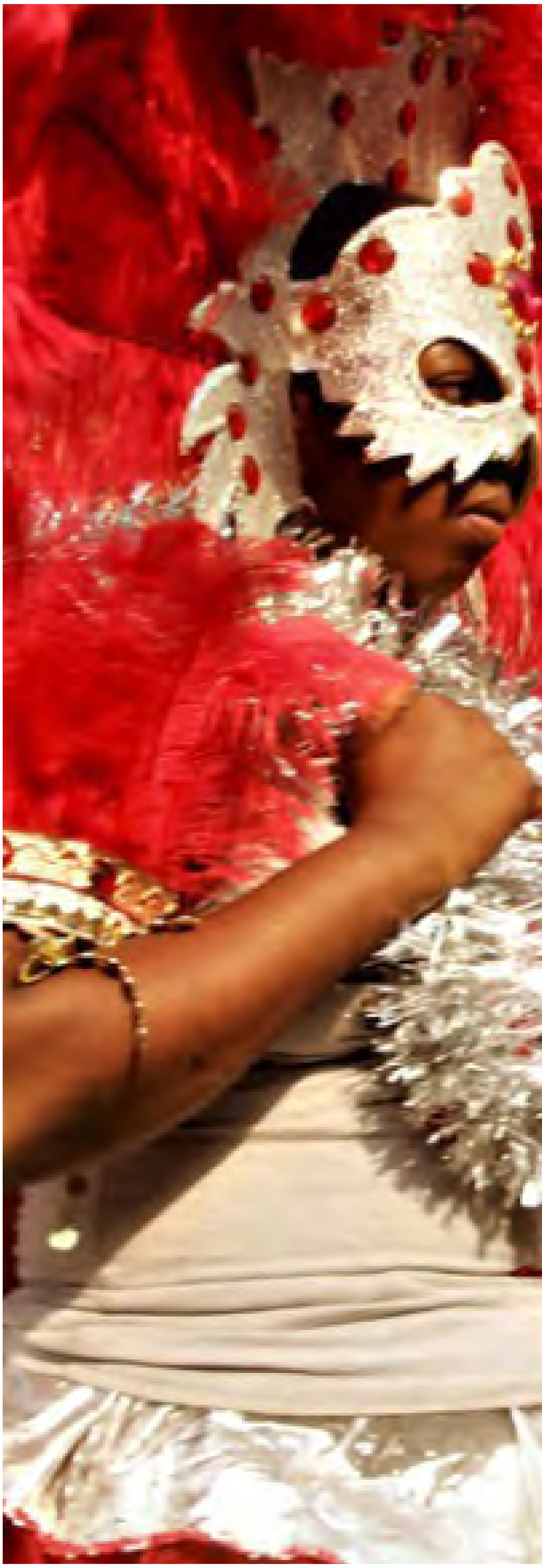
Private capital in Nigeria is largely concentrated in the asset management sector, with limited allocation to green finance-related assets. To address this gap, government-backed initiatives should incentivize private investment in Environmental, Social, and Governance (ESG) projects. Key strategies include unlocking both domestic and international capital, engaging the Nigerian diaspora, to attract broader investment flows. Also, by putting in place a well-crafted regulatory and risk management framework, the government can allow the investment of a percentage of pension funds in ESG projects.

- **Leveraging biological carbon sequestration**

Nigeria's extensive forests, coastal ecosystems, and other natural carbon sinks offer significant potential for monetizing carbon sequestration assets. Attracting international investors committed to reducing emissions can unlock substantial funding opportunities. Revenues generated can be channeled into green and sustainable finance initiatives, in collaboration with the National Climate Change Fund, to support climate resilience and low-carbon development.

- **Activating blended finance:**

To address the high capital demands of green finance projects, blended finance structures–such as public-private partnerships–should be leveraged to distribute risk among stakeholders and enhance project viability. These models can help lower the cost of capital, particularly in Nigeria's high-interest environment. Recognizing the role of insurance, especially for political risk and trade credit, is essential in supporting the deployment of ESG funds. In addition, establishing standardised frameworks for blended finance is critical.



LAFIAJI FANTY CARNIVAL

The Lafiaji people celebrate their rich heritage through the vibrant Fanty Carnival–an explosion of colour, tradition, and community pride.

Conclusion

The evolution of Nigeria's Financial and Professional Services (FPS) sector is both a reflection of the country's economic ambitions and a mirror of its structural realities. The achievements of 2024, though commendable, represent only a fraction of what is possible when the sector is fully empowered. As this report has illustrated, the FPS sector has become central to capital mobilisation, market development, innovation, and national competitiveness. Its contribution to GDP, growing digital footprint, and role in supporting public finance and enterprise growth underscore its relevance. Yet, these achievements must be viewed not as a destination, but as a stepping stone.

We have seen growth in digital transactions, expansion in investment assets, and increased fiscal contributions. However, many challenges persist. Financial exclusion remains a significant barrier for millions of Nigerians. Regulatory inconsistencies continue to limit confidence and innovation. Liquidity constraints, skills shortages, infrastructure gaps, and weak sub-national adoption of financial schemes reduce the sector's ability to scale impact.

Banking remains dominant in asset value and capital mobilisation, yet issues such as exchange rate volatility, cybersecurity, and limited credit access for MSMEs continue to undermine broader economic outcomes. The insurance sector recorded significant growth in gross premiums, but still grapples with low enforcement of compulsory policies, limited public awareness, and underdeveloped microinsurance models. Capital markets have surged in nominal terms, though they remain shallow in terms of participation and resilience. Pension funds continue to support long-term savings, but informal sector inclusion and compliance among sub-national governments remain weak points. The fintech sector is expanding rapidly, though questions around consumer protection, regulatory clarity, and systems interoperability demand urgent attention.

Professional services, which support every other segment of the FPS ecosystem, face their own pressures. Talent retention, ethical integrity, and global competitiveness are increasingly important in a world where services are becoming more knowledge-based and borderless. The importance of building future-ready professionals cannot be overstated.

Furthermore, the rise of sustainable finance brings both opportunity and obligation. Nigeria cannot afford to treat ESG integration as an afterthought. It must become a strategic priority, requiring improved data systems, project design expertise, risk mitigation tools, and blended finance mechanisms to make green and inclusive investments viable. These elements are not peripheral; they are foundational to how the FPS sector can help Nigeria respond to climate risks, social inequities, and global market demands.

The path forward requires clarity, coordination, and conviction. The federal and state governments must harmonise their regulatory and policy frameworks to ensure coherence and consistency. Regulators must be adequately empowered to supervise evolving markets while remaining responsive to innovation. Industry operators must embrace higher standards of governance, transparency, and service delivery. Collaboration, not competition, must define the relationship between public and private actors in this sector.

Equally, we must make critical investments in digital and physical infrastructure, improve access to reliable data, and significantly expand technical and vocational training for emerging roles. We must also improve financial literacy, foster investor confidence, and ensure that reforms translate into tangible outcomes for ordinary Nigerians.

Nigeria's FPS sector holds the potential to anchor economic transformation. Its success is not merely about financial indicators, but about building the institutions, markets, and systems that enable shared prosperity. Whether it is financing infrastructure, deepening savings, supporting entrepreneurs, managing public funds, or facilitating trade and investment, the sector's role is essential. It must therefore be equipped and enabled to deliver on this potential.

The State of Enterprise 2025 report presents a comprehensive overview of Nigeria's financial and professional services landscape, offering data-driven insights and policy-relevant analysis. It captures both the sector's achievements and its continuing challenges, providing a grounded perspective on its evolving role within the broader economy. Rather than simply highlighting performance indicators, the report examines the structural factors shaping the sector's trajectory and the interplay between regulation, innovation, and market dynamics.

Taken together, the findings offer a clearer understanding of where the sector stands and how it is positioned in relation to national development objectives. As the operating environment continues to evolve, this report serves as a reference point for assessing progress and identifying areas that merit sustained attention. It reflects the complexity of a sector in transition and the possibilities that lie ahead as Nigeria continues to refine its economic architecture.

Stylish Nigerian woman on a grand wooden staircase

The SOE 2025 Report

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