Slingstone LP

NIGERIA

TECH LEGAL REPORT

2026

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Executive Summary

Nigeria's digital economy is at an important point of transition. It is no longer an emerging sector; it is now a systemically relevant component of the national economy. By the second quarter of 2025, technology contributed approximately 11.18%[1] of real GDP, surpassing several traditional mainstay sectors, including oil. Even this measure likely understates technology's economic contribution, as digital infrastructure now underpins commerce, financial services, education, and critical operations across virtually every sector.

The ecosystem is evolving from isolated applications into more integrated digital infrastructure spanning financial rails, identity systems, data architecture, AI deployment, and clean and climate technology solutions, with early-stage hardware capabilities emerging in some of these areas. Yet Nigeria remains in the early phase of deeper disruption. Digital value creation continues to be concentrated in software and service-based innovation, particularly financial technology and telecommunications. Hardware manufacturing, proprietary technology systems, and scaled AI deployment are still developing. What has changed quite remarkably, however, is the regulatory environment in which this growth occurs. Regulation is becoming more structured, and the guardrails are firmer and clearer than in previous years.

In 2025, regulatory supervision and enforcement trends that became more evident between 2022 and 2024 have been sustained. Questions around AI risk, data sovereignty, platform concentration, network effects, digital competition, algorithmic accountability, cybersecurity and consumer protection are pressing policy concerns. In financial technology, which remains one of the most dynamic segments of the ecosystem, prudential supervision of platforms is now a clear reality, and governance standards are rising.

[1] The Guardian, 'Technology sector's contribution to GDP hits 11.18%' (24 September 2025) https://guardian.ng/technology/technology-sectors-contribution-to-gdp-hits-11-18/ accessed December 12, 2025.

This direction is the natural progression of the ecosystem as Nigeria's regulatory architecture continues to consolidate. Innovation will continue to expand, but under stronger governance standards and accountability. This is not solely because regulators have become more assertive. The market itself is evolving and demanding greater discipline. Investors are more selective. Capital is deployed more carefully. Expectations regarding governance and operational substance also continue to rise.

The central challenge for 2026 will therefore be achieving balance between innovation and regulation, growth and discipline, and sovereignty and cross-border integration, as digital markets regulation continues to evolve in response to emerging risks associated with AI, cybersecurity, and consumer exposure to new technologies, particularly in an economy with relatively low levels of digital literacy and safety awareness. This balance becomes more complex in a fragile macroeconomic environment and in view of infrastructure constraints that limit scale for businesses. In such circumstances, there is a legitimate expectation that regulation should not only mitigate risk but also play a constructive role in enabling market maturity and sustainable innovation. The coming months will also test the capacity for regulatory supervision and highlight the growing need for more effective inter-agency coordination and the reduction of regulatory fragmentation. The proportionality of enforcement actions and regulatory measures may also increasingly be subject to challenge as sanction principles and penalty regimes become more clearly defined.

This report reviews the market and regulatory developments that shaped 2025, identifies areas where legal and compliance risks are becoming more concentrated, and examines the trends likely to define the next phase of Nigeria's digital evolution.

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Regulation is becoming more structured, and the guardrails are firmer and clearer than in previous years.

2025 Capital Flows and Market Signals

Investment patterns and market activity in 2025 show the evolving structure of Nigeria's technology ecosystem and where capital is going.

While capital deployment has moderated from the peak years of the global venture cycle, investment activity continues to reflect sustained interest in sectors where technology has made the most impact in Nigeria, particularly financial services, clean technology, and mobility.

By contrast, investor attention remains comparatively limited in sectors such as health and education, which are nonetheless critical for a developing economy. Generally however, capital flows are becoming more disciplined, with investors placing greater emphasis on governance, operational resilience, and credible paths to scale.

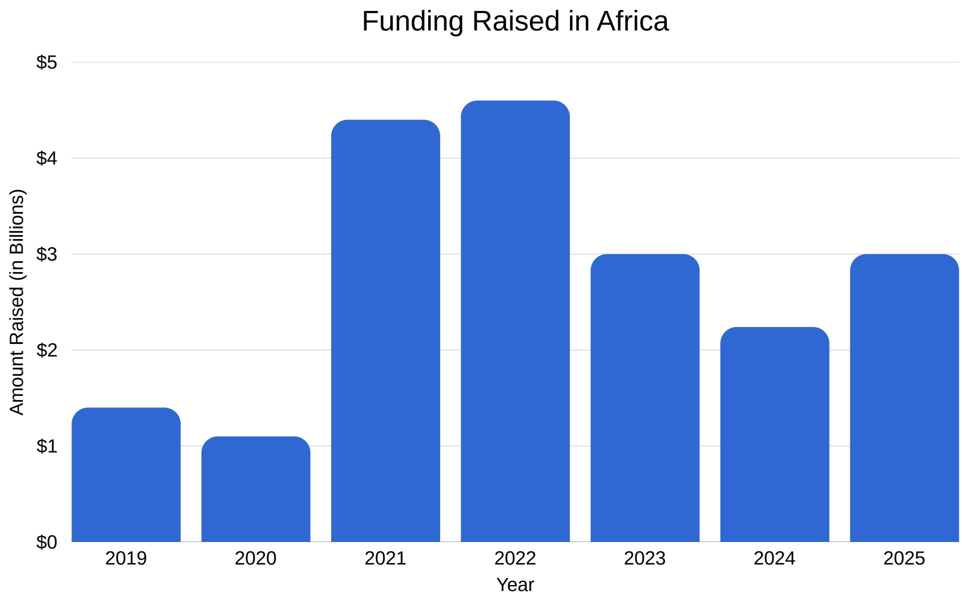
Funding – What was funded?

African startups raised over $3.6 billion in 2025, a 25% from 2024. This increase is largely credited to the Big Four African countries, namely Nigeria, South Africa, Egypt and Kenya, contributing over 80% of Africa's total funding.

Fintech remains the largest funded sector in Africa raising over $1.4 billion across 224 deals.[2] However, 2025 recorded an imbalance with less than 5% of African startups capturing half of the funding while the rest of the funding was shared with 95% of startups. 43% of the $1.4 billion raised by African fintechs in 2025 was raised by 5 companies[3] - Zepz ($165 million), Wave Mobile ($137 million), MNT-Halan ($120.4 million), iKhokha ($93.3 million) and Moniepoint ($90 million).

[2] Briter, 2025. Africa Investment Report 2025, https://intelligence.briter.co/research/resources/98849a74-8e5c-435a-a14b-7eaec9f7fc51
[3] TechNext. Analysis: Only 5 companies raised 43% of the $1.4B raised by African fintechs in 2025 available on https://technext24.com/2026/01/23/5-fintech-raised-1-4b-in-africa-2025/, accessed February 5, 2026

2025 Capital Flows and Market Signals



Source: Tech Cabal

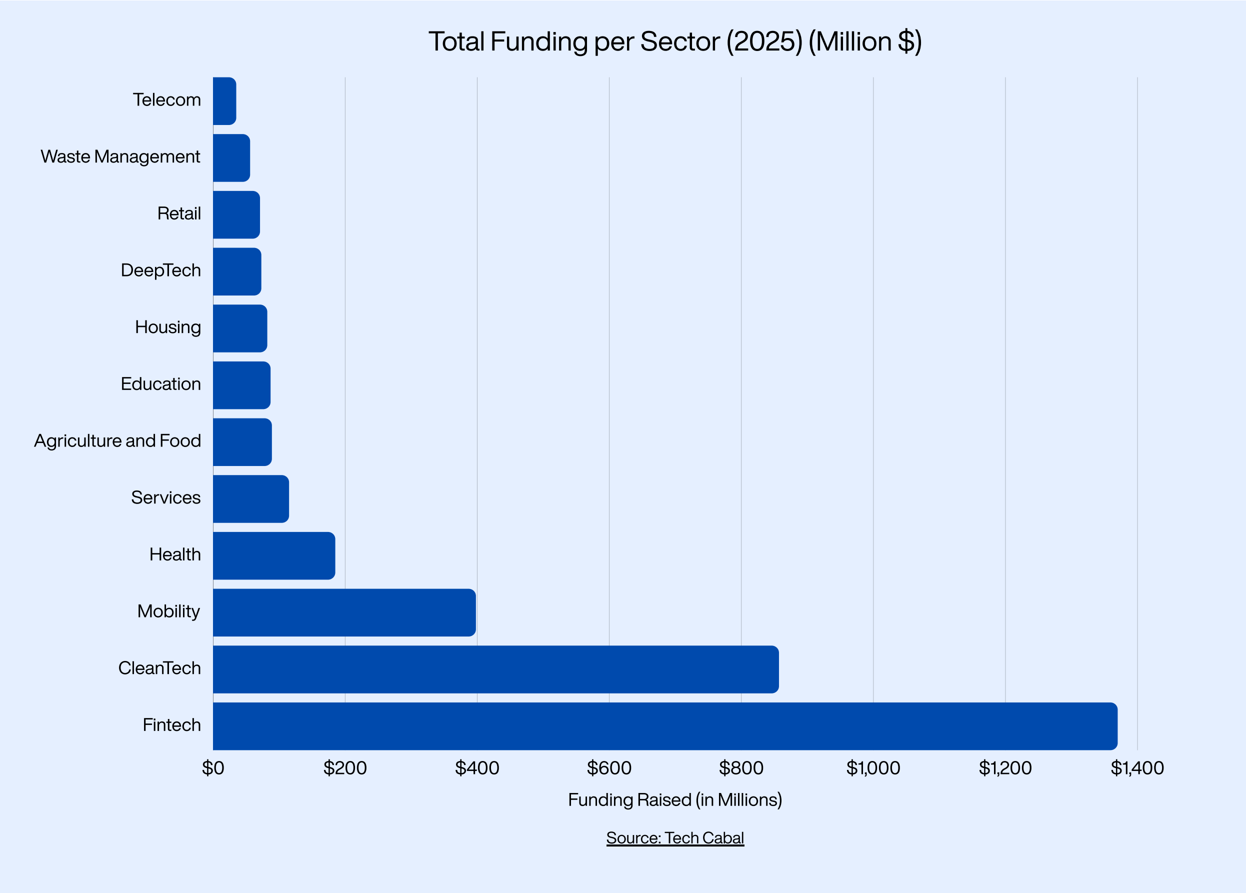
This development is not occurring in isolation. Across the ecosystem, investors are increasingly prioritising predictability, founder track record, and clear paths to profitability. While these criteria reflect a more disciplined investment environment, their immediate effect has been a reduction in early and mid-stage funding, with capital becoming more concentrated among established players. The result is a bifurcated ecosystem: mature companies with access to larger pools of capital on one end, and a growing number of early-stage ventures struggling to secure foundational funding on the other.

Put simply, while Africa continues to record a relatively high number of deals, the depth of capital available at the earliest and intermediate stages is shrinking. Pre-seed and mid-stage funding have both declined in recent years, particularly as several historic ecosystem investors — including accelerators such as Techstars and Y Combinator — have scaled back or adjusted their engagement with African markets. This creates pressure on the pipeline of future high-growth companies and risks slowing innovation in sectors that are critical for Africa's economic development.

This highlights a bigger question for the continent: the extent to which Africa's growth sectors can continue to rely primarily on external venture capital to finance innovation in areas of fundamental economic need. Venture capital has historically gravitated toward sectors with rapid scaling potential particularly fintech and digital platforms leaving other critical sectors such as health, education, climate resilience, and industrial technology comparatively underfunded.

The evolving funding trend emphasises the need for deeper pools of African capital. Institutional investors, development finance institutions, sovereign funds, and regional capital markets will increasingly need to play a greater role in supporting innovation in sectors that are vital to the continent's development but may not fit the traditional venture capital model. Without this evolution, capital concentration at the top of the ecosystem could continue to expand.

2025 Capital Flows and Market Signals



Still, sectors such as CleanTech, Agriculture and Food, Health and Mobility made tangible contributions to the overall funding of the continent.[4] A noticeable surge was recorded in certain sectors like CleanTech and climate-focused solutions. Since 2019, over $5 billion has been invested in climate-related ventures including $2.7 billion in just the past three years.[5] Interestingly, the sector recorded its fastest growth yet and raised more than three times their 2024 total. In the third quarter of 2025, it surpassed Fintech and accounted for 53% of total investment in Africa, reaching $519.5 million in investments. With startups like D.Light raising $300m and Sun King raising $156M,[6] the industry's growing interest in predictable returns from physical infrastructure is palpable.

[4] Tech in Africa. Nigeria & Kenya Lead as Africa's Big 4 Dominate 2025 Funding. Available at https://www.techinafrica.com/nigeria-kenya-lead-africa-big-4-dominate-2025-funding/, accessed on February 7, 2026

[5] Business Day. Fintech faces tough competition as energy startups funding surge. Available on https://businessday.ng/technology/article/fintech-faces-tough-competition-as-energy-startups-funding-surge/, accessed on February 7, 2026.

[6] Sun King. Sun King Raises $40 Million from Lightrock to Accelerate Off-Grid Solar Expansion Across Africa. Available on https://sunking.com/news-blog/sun-king-raises-40-million-from-lightrock-to-accelerate-off-grid-solar-expansion-across-africa/, accessed on February 7, 2026.

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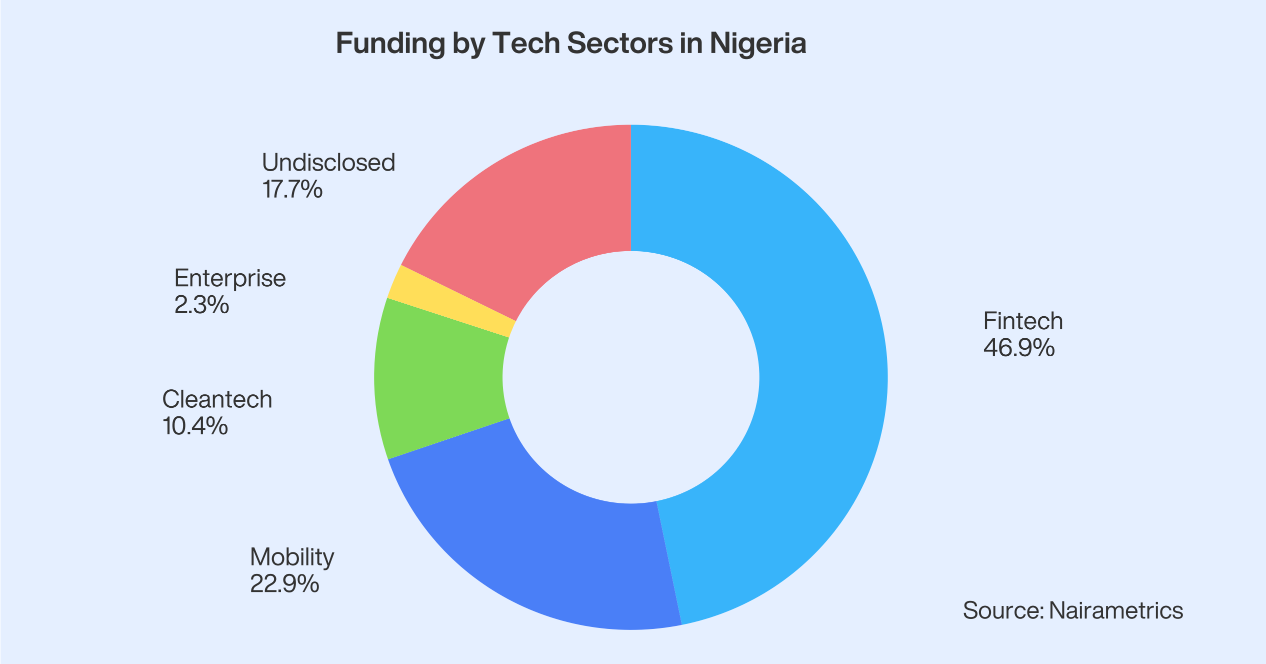

Nigeria recorded the lowest total funding among the Big Four ecosystems, raising approximately $343 million,[7] despite completing more deals than any of the group. Over 205 deals were completed in 2025,[7] suggesting continued investor engagement but smaller cheque sizes amid inflationary pressures and economic uncertainty. Funding declined by 19% in 2024 compared to 2023 and fell by a further 11% in 2025.[8]

Fintech still remains the dominant sector, attracting approximately $211 million — about 47.65% of total capital raised in 2025 in disclosed deals.[7] Major rounds included Moniepoint ($100 million), LemFi ($53 million), Kredete ($22 million), and Raenest ($11 million), showing fintech's continued centrality to Nigeria's technology funding landscape.

Mobility also recorded notable growth, driven largely by Lagride's $100 million raise, which represents 22.58% of Nigeria's total funding in 2025.[7] This highlights increasing investor interest in mobility and infrastructure-driven solutions. CleanTech showed emerging traction, with startups like Koolbox, a Nigerian and France based CleanTech startup raising $11 Million[8] and Arnergy, raising $18 million in Series B.[9] These investments highlight a broader investor focus on sustainability and climate-focused solutions.

[7] Nairametrics. Nigeria's most funded startups capture 82.9% of 2025 capital inflow. Available at https://nairametrics.com/2026/01/29/nigerias-most-funded-startups-capture-82-9-of-2025-capital-inflow/, accessed on February 10, 2026.

[8] Koolbox. Koolboks Raises $11M – The Drum Has Heard. Available at https://koolboks.com/2025/09/06/koolboks-raises-11m-the-drum-has-heard/, accessed on February 11, 2026.

[9] Arnergy. Arnergy's $18M Boost: What It Means for Nigeria's Solar Revolution. Available at https://www.arnergy.com/insights/arnergy-s-usd18m-boost-what-it-means-for-nigeria-s-solar-revolution, accessed on February 11, 2026.

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Market Snapshot

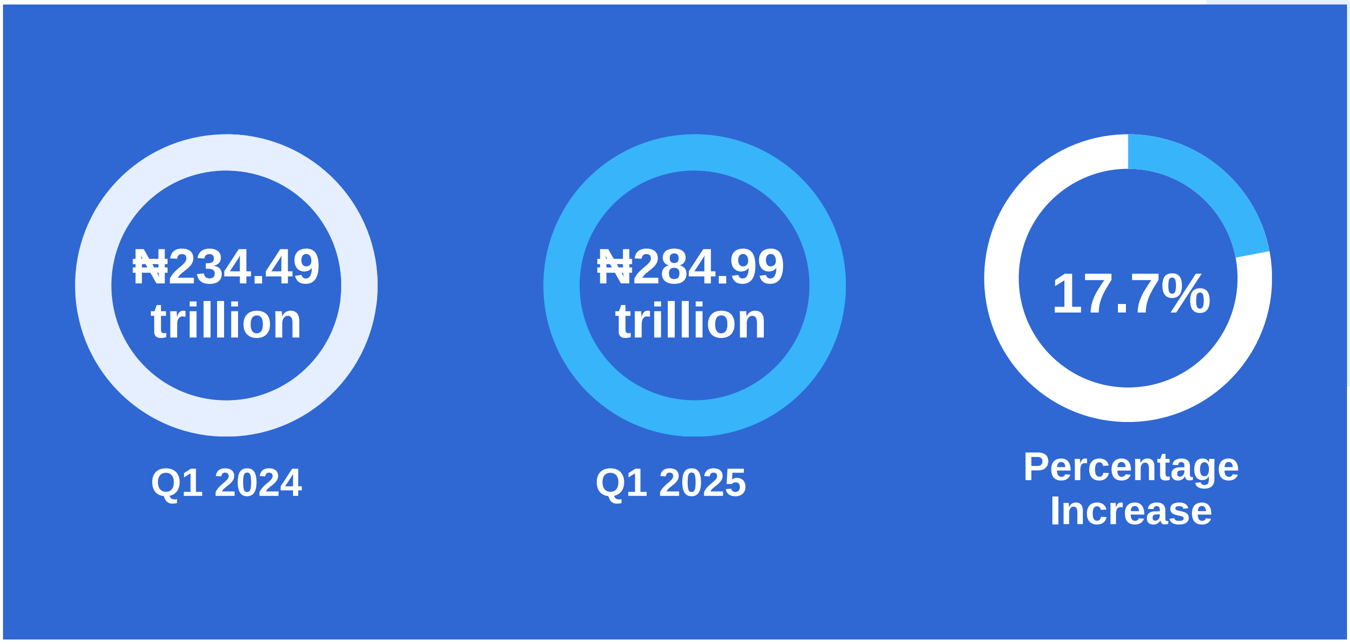
Digital Payments Transaction Growth

2024 Transactions Volume

₦1.07 Quadrillion

Increase in digital payments transaction volume in Nigeria [3]

276%



While capital inflows slowed, underlying market activity remained strong in dominant areas like fintech. Digital payments continued to expand rapidly. According to data from the Nigeria Inter-Bank Settlement System (NIBSS), total electronic payment transactions reached ₦1.07 quadrillion (approximately $702.6 billion) in 2024.[10] In Q1 2025 alone, transactions totalled about ₦284 trillion, representing a 22% increase compared to Q1 2024. Point-of-sale (PoS) transaction value rose to ₦18.32 trillion in 2024 from ₦10.7 trillion in 2023 and reached approximately ₦10.45 trillion in Q1 2025.[10] Active PoS terminals also increased significantly, from roughly 2.4–2.6 million in early 2024 to over 5.5 million by early 2025, reflecting rapid expansion by mobile money operators, payment terminal service providers, digital banks, and commercial banks.

[10] Digital Payments Systems in Nigeria record 276% increase – CBN https://apanews.net/digital-payments-in-nigeria-record-276-increase-cbn/ accessed January 25, 2026

2026 Outlook

Deeper AI Integration Amid Regulatory Convergence and Data Constraints

Artificial intelligence (AI) is moving beyond experimentation and becoming more deeply integrated into Nigeria's digital economy. In 2025, deployment expanded across financial services, telecommunications, and commerce, with growing use in credit assessment, fraud detection, customer interaction, and operational automation. Pilot use cases are increasingly evolving into system-level applications, as businesses rely more on AI to drive efficiency, manage risk, and support broader digital transformation.

At the same time, structural constraints within the data ecosystem are becoming more apparent. Demand for high-quality, well-governed datasets is rising, yet challenges around data availability, standardisation, interoperability, and cross-border transfers will remain significant legal and technical constraints on advancing AI capabilities. In 2026, these pressures are likely to bring into clearer focus the need for a more balanced regulatory approach that supports both data governance, data sovereignty and AI innovation.

Data remains fragmented across public and private systems, creating both constraints and opportunities for businesses building enterprise-scale data infrastructure. While AI adoption will continue to expand, its pace, scale, and effectiveness will depend significantly on improvements in data availability, quality, and accessibility across sectors. Addressing these data challenges will be critical for Nigeria to position itself for AI leadership.

As adoption expands, there is also a gradual convergence in regulatory approach, despite the absence of a comprehensive AI-specific framework.

The application of existing regulatory regimes to AI activities, particularly in data protection, consumer protection, financial regulation, and competition law, demonstrates a risk-based approach that is mirrored in the National Digital Economy and E-Governance Bill, 2025,[11] which is expected to emerge as one of Africa's early comprehensive AI legislative frameworks.

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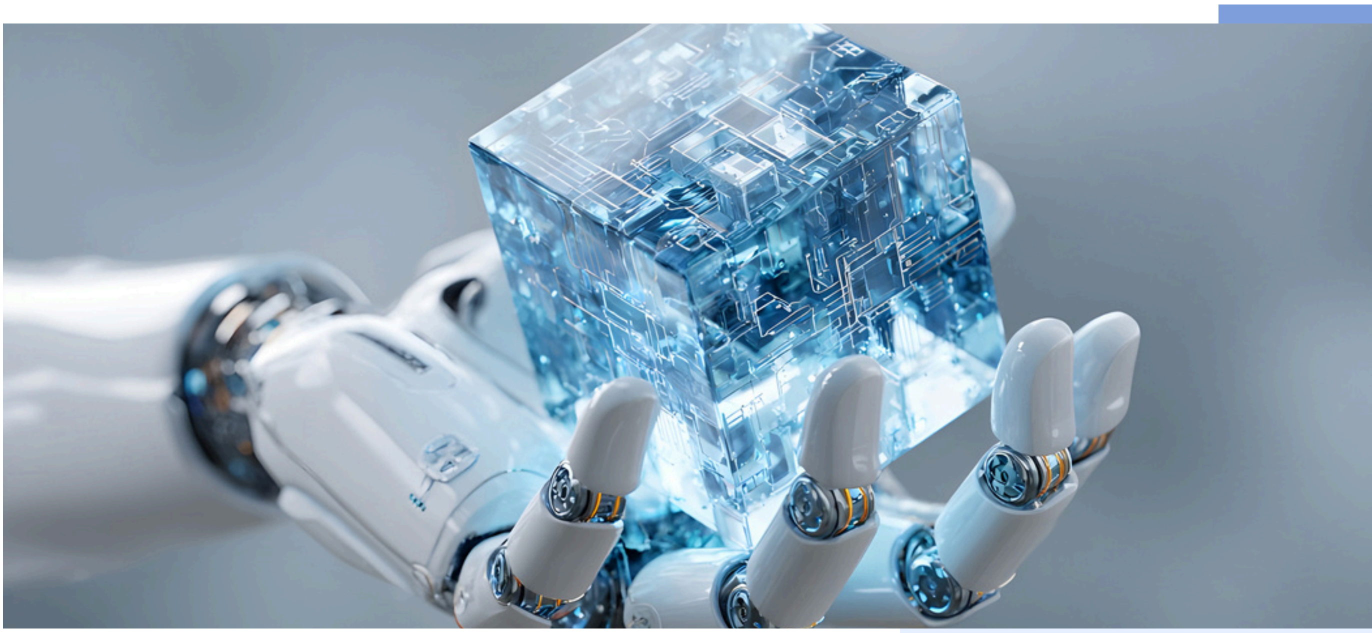
[11] National Digital Economy and E-Governance Bill, 2025, https://nass.gov.ng/documents/bill/11219

Deeper AI Integration Amid Regulatory Convergence and Data Constraints

The Bill adopts a risk-based classification of AI systems, considering factors such as purpose and context of use, scale of deployment, likelihood and severity of harm, reversibility of impact, degree of autonomy, availability of human oversight, and effects on vulnerable groups. It also provides for inter-agency coordination, regulatory sandboxes, and controlled testing environments, with NITDA empowered to grant regulatory flexibility for innovation under defined conditions.

While this evolving framework supports scaled AI adoption, regulatory tolerance for fully autonomous systems is likely to remain limited. Agentic AI systems in Nigeria are therefore likely to operate as controlled and supervised agents rather than fully independent actors, particularly in use cases with significant consumer impact. The outlook for 2026 is one of continued expansion, but under closer regulatory coordination and risk supervision.



Key Takeaways

AI integration is deepening but constrained by data

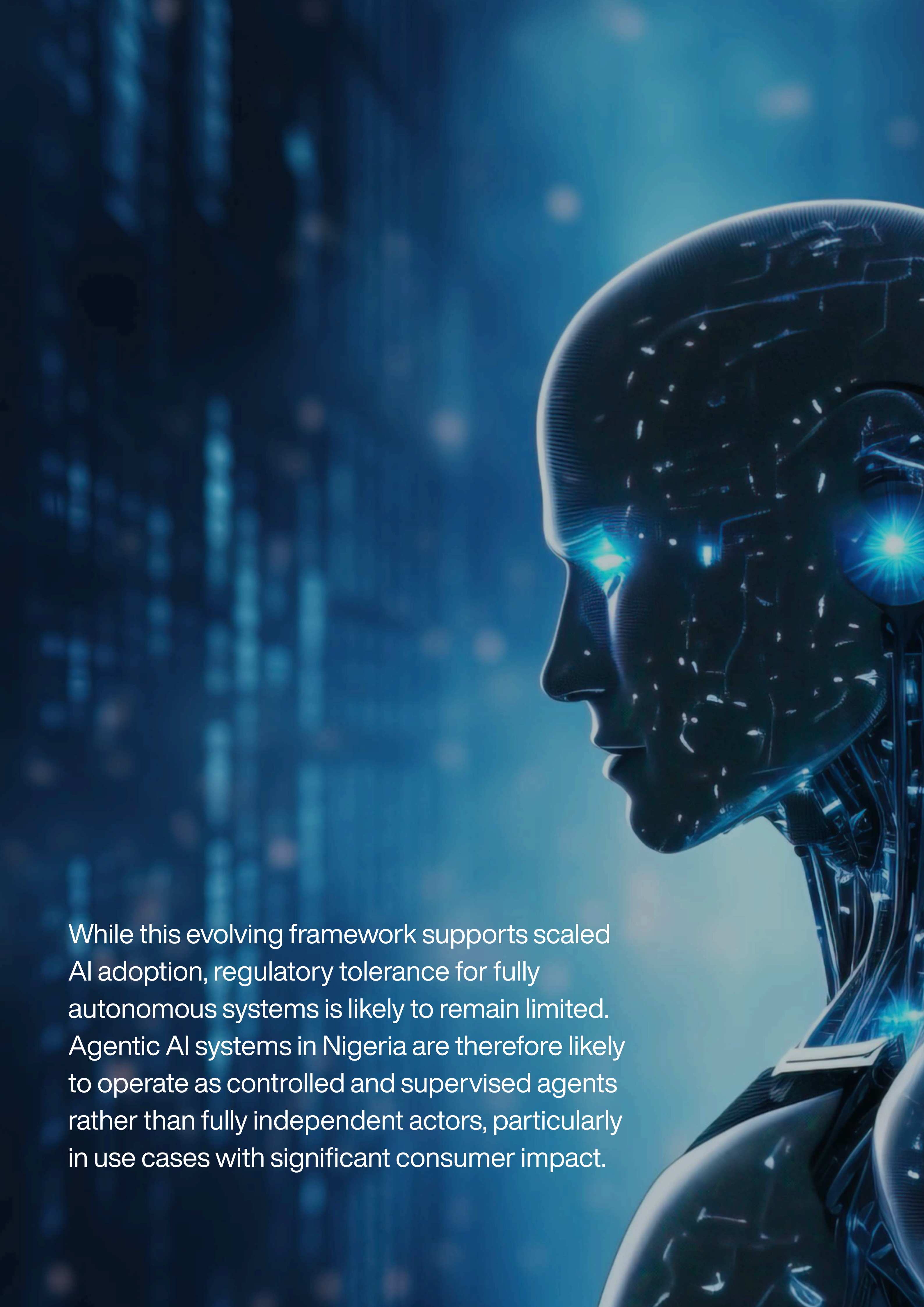
AI integration is deepening but constrained by data: Scale and impact will depend on improvements in data quality, availability, and interoperability.

Regulation is converging around a risk-based approach

Existing regimes and the Digital Economy and E-Governance Bill, 2025 are shaping structured oversight based on use and impact.

Limited tolerance for full autonomy

The framework is likely to favour controlled, human-supervised AI over fully autonomous systems.



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Beyond Data Protection: Data as Infrastructure, Market Power and Sovereign Asset

Attention to data in Nigeria's digital economy has expanded beyond compliance with data protection obligations to broader questions of market structure, competition, and sovereignty. Legal and regulatory developments in 2025 reflect a growing focus on data as a source of competitive advantage, market power, and economic value creation. As digital platforms scale, control over data is increasingly shaping network effects and eliciting interest in platform dominance including under zero-priced business models where user data becomes the primary source of value.

Regulators are responding to these dynamics. Developments such as the FCCPC's enforcement action and penalty against Meta, alongside the NDPC's settlements and regulatory responses, show the tendency to interrogate data practices beyond regular privacy compliance. Data governance is increasingly being assessed through the combined lenses of consumer protection and competition law, particularly where data concentration may distort market outcomes or create barriers to entry. This development suggests that large platforms may face scrutiny where data strategies or conduct confers or results in disproportionate market advantage or may produce any anticompetitive effect.

At the same time, data sovereignty is emerging as a central policy concern. Current regulatory signals reflect growing interest in where data is stored, who controls it, and where economic value is captured.

Cross-border transfer safeguards under the NDPA and GAID, together with sector-specific requirements, increasingly favour local hosting of sensitive data while maintaining controlled participation in the global digital economy.

Looking ahead to 2026, data governance, sovereignty, and digital competition are likely to attract greater regulatory attention. Increased scrutiny of cross-border data flows, cloud infrastructure, and platform data practices is also expected, particularly in sectors such as financial services, telecommunications, and digital identity.

Key Takeaways

Data as a source of market power

Regulatory scrutiny of how control over data shapes competition, network effects, and platform dominance is expected to increase.

Cross-border data flows

Greater focus on cloud infrastructure, outsourcing, and international data transfers is expected.

Soft localisation is emerging

Nigeria is adopting a balanced approach that combines global interoperability with greater domestic data control.

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Crypto Rails and Stablecoin Infrastructure: Expanding Use Cases, Continued Regulatory Caution

Global developments in 2025 indicate that crypto infrastructure particularly stablecoin rails is transiting from speculative use and has become part of the core financial systems. Stablecoins, digital assets denominated against fiat currencies or other reference assets, are increasingly used as settlement infrastructure for cross-border payments, and remittances amongst others. Stablecoin transaction volumes are now reportedly comparable to those of some of the largest global payment networks, reaching approximately $33 trillion, with adoption continuing to accelerate as new transaction use cases emerge alongside traditional payment rails.[12]

Nigeria continues to rank among the highest globally in grassroots crypto adoption. Nigeria and South Africa are the two largest African markets with significant activities possibly driven by cross-border payments and remittance flows and foreign exchange constraints.[13] Stablecoin adoption surged in Nigeria throughout 2025, becoming a key hedge against naira devaluation and inflation exceeding 30%,[14] with the country leading Africa and ranking second globally in digital asset usage.[15] Nigeria processed nearly $22 billion in stablecoin transactions from mid-2023 to mid-2024, expanding further into 2025 amid 25.9 million users—about 11.9% of the population—favoring USD-pegged tokens like USDT (88.5% market share) and USDC for remittances, business payments, and savings.

Fees at 2-3% undercut traditional 6-10% remittance costs, fueling P2P trading and SME forex access despite CBN restrictions, while cNGN launched as Africa's first regulated naira-backed stablecoin in February, hitting $2.5 million in volume by mid-year.[16] Regulatory progress included the SEC's 2025 Investments and Securities Act classifying stablecoins as securities with reserve-backing mandates, plus a sandbox attracting $130 million in Web3 funding.[17]

Adoption is expected to accelerate with cross-border payments projected to hit $329 billion amid AfCFTA goals, potentially reaching $1 trillion by 2035,[18] as stablecoins integrate into fintech super-apps and lending. Task force outcomes may yield clearer CBN guidelines by mid-year, boosting institutional inflows while tasking judiciary with crypto literacy to combat crime; overall, Nigeria eyes stablecoin hub status, though volatility risks persist.

[12] VettaFI, 'Stablecoins: The Digital Assets Revolutionising Global Payments' https://www.vettafi.com/insights/indexing-article-stablecoins-the-digital-assets-revolutionizing-global-payments?utm_ accessed February 5, 2026
Chainalysis, 'Sub-Saharan Africa Crypto Adoption Report 2025', https://www.chainalysis.com/blog/subsaharan-africa-crypto-adoption-2025/?utm_ accessed December 2025.

[13] BlockByte. (2025, September 2). Stablecoin Adoption in Nigeria: A Catalyst for Fintech Innovation and Cross-Border Growth. AInvest. https://www.ainvest.com/news/stablecoin-adoption-nigeria-catalyst-fintech-innovation-cross-border-growth-2509/ Accessed January 2026.

[14] Balogun, F. (2025, June 20). Nigeria tops global stablecoin adoption as Africa's digital asset booms - Businessday NG. Businessday NG. https://businessday.ng/technology/article/nigeria-tops-global-stablecoin-adoption-as-africas-digital-asset-booms/ Accessed Janaury 2026.

[15] Plasma. (2025, December 19). Stablecoin Adoption in Nigeria. Plasma Learn; Plasma. https://www.plasma.to/learn/nigeria-stablecoins Accessed January 2026.

[16] Kaaru, S., (2025, July 16). Africa's first regulated stablecoin hits milestone. CoinGeek. https://coingeek.com/africa-first-regulated-stablecoin-hits-milestone/ Accesed January 2026.

[17] Amokeoja, O. Nigeria Emerges As Africa's Web3 Powerhouse, Contributing 4% Of Global New Developers In 2024. Forbes Africa. https://www.forbesafrica.com/current-affairs/2025/04/17/nigeria-emerges-as-africas-web3-powerhouse-contributing-4-of-global-new-developers-in-2024 Accessed January 2026.

[18] Ecofin Agency. (2025). Africa's Cross-Border Payments Market Set to Hit $1 Trillion by 2035. Ecofin Agency. https://www.ecofinagency.com/news/0206-47084-africa-s-cross-border-payments-market-set-to-hit-1-trillion-by-2035 Accessed January 2026

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Stablecoin rails are expected to play an expanding role in remittances, merchant settlement, and transaction flows, as regulatory conditions stabilise and global utility continues to grow rapidly. Increased global utility will inevitably drive local innovation, as Nigerian fintechs increasingly build products that integrate with or leverage these rails for cross-border payments and other digital payment solutions.

While recent regulatory clarity supports innovation and market participation, supervisory approaches in Nigeria are likely to remain cautious. Stablecoin and token-based products that extensively implicate securities regulations may be subject to higher risk classification and stricter scrutiny. Compliance thresholds may remain high and potentially uneven across different product segments considering the risk profile of the ecosystem and particular products.

Key Takeaways

Regulatory Enforcement Risk

ISA 2025 brings digital assets within a defined regulatory framework. Clearer rules increase exposure for non-compliant or unlicensed activity, particularly in custody, disclosures, and AML/CFT compliance.

Market Entry

Clarity in the regulatory environment supports increased participation in the market but raises compliance thresholds for operators.

Product Structure

Stablecoin and token-based products must be carefully structured. Economic characteristics that trigger securities regulations extensively may be subject to higher risk classification and stricter scrutiny.

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Digital Taxation: The Expanding Tax Net and Cross-Border Enforcement

Nigeria's tax reforms in 2025, through the Nigeria Tax Act 2025 (NTA) and the Nigeria Tax Administration Act, mark a significant shift in the taxation of the digital economy. The reforms emphasise taxation based on economic activity within the jurisdiction, extending liability beyond traditional concepts of physical presence.

Digital platforms generating income from Nigerian users are now within scope and are required to register, report, and remit taxes. Measures such as e-invoicing, real-time transaction reporting, and third-party data sharing are also introduced to improve transparency and facilitate enforcement. These developments have material implications for global technology companies operating in Nigeria without local residency. Platforms providing digital services, marketplaces, or payment infrastructure may now face tax exposure based on user location and economic activity within Nigeria.

The reforms also affect corporate structuring and exit strategies. Many Nigerian technology companies operate through offshore holding structures, but the introduction of rules on indirect transfers means that offshore transactions deriving value from Nigerian assets may still trigger local tax obligations. As a result, exits and restructurings will require more deliberate tax planning, with greater attention to Nigerian tax exposure.

The approach of the Nigeria Revenue Service (NRS) will determine how these rules operate in practice. Effective enforcement will depend on data access, inter-agency coordination, and the ability to compel compliance from non-resident entities. Early enforcement actions, particularly against major digital or platform players, will be important indicators of regulatory intent and capacity, and are likely to influence how the market responds. These developments are expected to define how tax rules are applied across both domestic and cross-border digital markets in 2026.

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Digital Rights Enforcement: Rise of Collective and Class Actions

The expansion of digital solutions particularly in payments, e-commerce, and consumer lending has brought digital consumer rights to the front burner. As digital platforms scale, they create interconnected ecosystems where users' data, transactions, and interactions are closely linked. In this situation, harm to one user, whether through unauthorised access, data misuse, or algorithmic bias, can extend across networks and affect large numbers of users simultaneously.

The risk of widespread breaches, including privacy violations and financial loss grows as digital platforms grow. The scale of potential harm creates systemic risks that individual claims or remedies are often insufficient to address, even where access to redress exists.
Recent developments in Nigeria illustrate a stealthy shift toward collective enforcement in response to large-scale digital harm. Widespread consumer grievances and complaints to regulators reflect a growing willingness among consumers to assert their digital rights. Regulatory responses have followed. The FCCPC's Digital, Electronic, Online or Non-Traditional (DEON) Consumer Lending Regulations (2025) impose stricter transparency and conduct requirements, including mandatory disclosure of fees, explicit borrower consent, and prohibitions on abusive practices.[19]

At the same time, enforcement under the Nigeria Data Protection Act 2023 has intensified, with a rise in both regulatory actions and private claims across financial services, e-commerce, and telecommunications. The Nigeria Data Protection Commission (NDPC), through the General Application and Implementation Directive (GAID) 2025, has strengthened compliance oversight and imposed significant penalties, including $32.8 million against Meta Platforms, ₦766.2 million against Multichoice Nigeria, and ₦555.8 million against Fidelity Bank.[20][21] In August 2025, the NDPC also issued compliance notices to over 1,300 organisations across multiple sectors, signalling a more assertive enforcement posture.[22]

As digital harm becomes more widespread, legal and regulatory responses are likely to evolve from individual complaints toward class actions, collective redress, and coordinated regulatory interventions. The growing success of individual claims is also increasing the incentive and capacity for collective action in response to common violations. For global technology companies, investment in local risk, compliance, and complaint resolution capabilities may be critical. Nigeria should be approached as a core regulated market, with increasingly aware and rights-conscious digital consumers.

[19] Digital, Eectronic, Online or Non-Traditional Consumer Lending Regulations, 2025 available at < https://fccpc.gov.ng/wp-content/uploads/2025/11/Digital-Electronic-Online-or-Non-Traditional-Consumer-Lending-Regulations-2025.pdf > accessed on February 2, 2026

[20] NDPC, 2025 "NDPC fines Multichoice N766.2m for violating Data Protection Act" available at < https://proshare.co/articles/ndpc-fines-multichoice-n766.2m-for-violating-data-protection-act?menu=Technology&classification=Read&category=Tech%20Regulations%20%26%20Govt > accessed on February 2, 2026

[21] Auyushya Ranjan, 2024 "Fidelity bank Fined N555.8 Million for Data Protection Violations by the NDPC" available at < https://techafricanews.com/2024/08/22/fidelity-bank-fined-%E2%82%A6555-8-million-for-data-protection-violations-by-ndpc/ > accessed on February 2, 2026

[22] Royal Ibeh, 2025, "Nigeria's Data Protection push signals tougher rules for finance, tech" available at < https://businessday.ng/technology/article/nigerias-data-protection-push-signals-tougher-rules-for-finance-tech/ > accessed on February 2, 2026.

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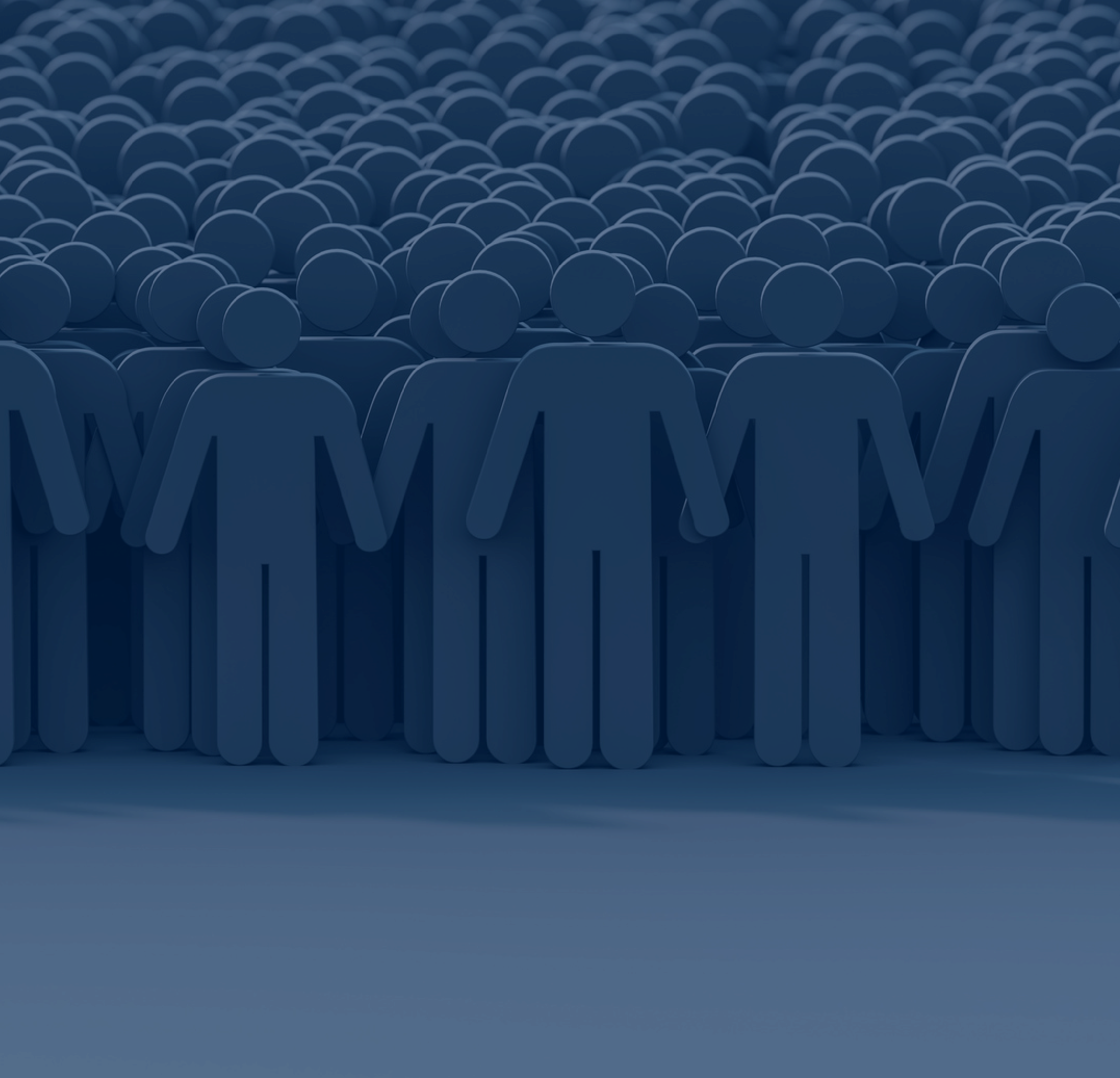

When Regulatory Settlements Are Not Enough: Emerging Digital Consumer Scrutiny

Recent developments point to a growing willingness among consumers to scrutinise regulatory settlements between regulators and global technology companies. Dissatisfaction with enforcement outcomes, particularly where settlements are perceived to compromise accountability or limit meaningful redress, is increasingly translating into legal challenges. Consumers and representative bodies are no longer passive observers of regulatory action; they are more likely to contest outcomes they consider inadequate, opaque, or exclusionary.

A defining illustration is the appeal filed by the Data Privacy Lawyers Association of Nigeria (DPLAN) challenging the consent judgment between the Nigeria Data Protection Commission (NDPC) and Meta Platforms, which set aside a $32.8 million remedial fine.[23] The appeal reflects broader concerns about transparency, proportionality, and the absence of affected data subjects in the settlement process, despite the scale of the alleged violations. While the NDPC's earlier findings had reinforced confidence in regulatory enforcement, the subsequent settlement has been viewed by many as undermining both regulatory credibility and consumer trust.

This marks a notable shift in consumer behaviour. Whereas regulatory enforcement was previously criticised as excessive or business-unfriendly, there is now a growing expectation of stronger sanctions, transparent processes, and meaningful compensation. Regulatory settlements are increasingly being characterised by some stakeholders as insufficiently deterrent, particularly where they do not adequately address systemic harm or provide direct relief to affected users.

The implication for 2026 is a more complex enforcement landscape. Digital service providers are likely to face dual pressure from regulators and organised consumer groups, including public interest litigators. Regulatory settlements may no longer provide insulation from litigation risk or reputational exposure. Instead, companies will need to anticipate public scrutiny of enforcement outcomes and ensure that remediation frameworks are transparent, proportionate, and responsive to consumer expectations in an increasingly rights-conscious digital environment

[23] Halima Abiola, 2025 "Data Privacy Lawyers Move to Halt Consent Judgment between Meta and NDPC" available at < https://loyalnigerianlawyer.com/data-privacy-lawyers-move-to-halt-consent-judgment-between-meta-and-ndpc/ > accessed on February 2, 2026.

Fintech Exits and Listings Outlook: Consolidation, Liquidity and Market Discipline

Nigerian fintech has seen limited exits and no major IPOs through 2025, with acquisitions emerging as the dominant liquidity pathway. This demonstrates a transition from a period of “growth at all costs” to one of capital discipline, where unit economics, profitability, and governance are now central to investor expectations. As global capital tightens, the ecosystem is now more defined by strategic consolidation and more deliberate exit planning.

In 2024 and 2025, mergers and acquisitions were the primary exit route. Transactions such as the sale of a majority stake in Migo’s Nigerian operations to First Ally Capital, the acquisition of Brass by a Paystack-led consortium, and Bankly’s acquisition by C-One Ventures highlight a trend toward strategic buyouts in a constrained funding environment. Looking ahead to 2026, two dominant exit routes are likely to shape the market.

First, a potential IPO window may emerge for a small number of mature, scaled fintechs under pressure to deliver liquidity to late-stage investors. Companies such as Flutterwave, Moniepoint, and Interswitch are frequently identified as candidates, although timing will depend on regulatory readiness, market conditions, and investor appetite for African growth assets. Public listings, whether local or dual, will test both valuation expectations and the depth of capital markets.

Second, consolidation through mergers and acquisitions is expected to accelerate, particularly among mid-tier and point-solution providers. This will be driven by two key factors. The Central Bank of Nigeria’s recapitalisation requirements are likely to push traditional banks toward acquiring fintech capabilities to accelerate digital transformation. At the same time, investor preference is shifting away from narrow, single-feature products toward integrated platforms, encouraging larger fintechs to acquire complementary services across payments, lending, identity, and infrastructure layers.

A gradual shift toward local or hybrid listings may also emerge. Exchange rate volatility and global market conditions have tempered offshore listing ambitions, increasing the relevance of the Nigerian Exchange (NGX) and secondary market transactions as alternative liquidity paths.

The transition in the funding environment is already underway but is likely to become more pronounced in 2026. Exits are expected to become more structured as the market approaches liquidity events with greater discipline. Consolidation beyond core fintech and across Africa will continue, as firms pursue scale and build more integrated platforms that strengthen network effects across embedded financial products.

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Cleantech and Growing Hardware Capabilities

Nigeria's technology ecosystem is gradually maturing beyond its traditional focus on service-led innovation toward infrastructure-led solutions. CleanTech is emerging as a centrepoint of this development. Capital is increasingly being directed toward sectors that address structural gaps in the real economy, particularly power.

Persistent power challenges continue to drive strong demand for alternative energy solutions. Companies scaling off-grid solar and decentralised energy access, such as Lumos and Zola Electric, remain key players in a space attracting significant investor attention. In mobility, MAX and Spiro are advancing electric vehicle adoption, while Miri Africa is deploying climate-focused and environmental monitoring technologies.

Capital flows, while still led by fintech, are beginning to rebalance. Fintech continues to account for a significant share of funding, but cleantech is attracting growing interest from development finance institutions and climate-focused investors. Although funding volumes remain comparatively smaller, the capital is longer-term and increasingly targeted at real economy impact.

This momentum is also driving growth in hardware and industrial capability, with emerging activity in energy systems and embedded technologies. There is also early movement in engine conversion and retrofitting technologies.

As the ecosystem evolves from services to systems, there is renewed focus on integrating digital capability with physical infrastructure. CleanTech is emerging at the centre of this development.

As the ecosystem evolves from services to systems, there is renewed focus on integrating digital capability with physical infrastructure with CleanTech at the centre of this transition.

Some Key Trends

Regulations. Market. Innovation

01

AI Integration at Scale and Converging Risk-based Regulation

AI is moving from pilots to core operational systems across sectors. Risk-based AI regulation emerging with limited tolerance for autonomous AI

02

Data as Power, Constraints and Localisation

Control of data is becoming central to competition and platform dominance. Nigeria is adopting a balanced approach to cross-border flows.

03

Innovation on Stablecoin rails

Stablecoin rails are moving from speculation to real-world payment infrastructure.

04

Digital Rights Enforcement and Collective actions

Class actions and coordinated complaints are emerging for digital rights enforcement.

05

Strategic Consolidations and Exits

Fintech exits are becoming more disciplined, with M&A driving consolidation.

06

CleanTech and Growing Hardware Capabilities

CleanTech is attracting growing investment into scalable, infrastructure-led solutions, alongside expanding hardware and industrial capabilities.

Concluding Remark

Nigeria's digital economy is entering a phase of consolidation. Coming out of a period of early rapid expansion, there is now greater emphasis on structure, governance, substance, and depth. The trends observed across 2024–2025 show that the ecosystem is maturing. Technology has become firmly integrated into core economic systems, while regulation, capital, and consumer expectations have evolved in response.

Across sectors, clearer guardrails are creating room for innovation within a more predictable regulatory, fiscal, and governance environment. At the same time, consumers are becoming more active participants in enforcement, and cross-border digital activity is increasingly within regulatory reach.

In its next phase, the innovation ecosystem is evolving beyond purely service-based products in crowded segments such as fintech oward hardware solutions and embedded systems that address everyday challenges. Cleanech is emerging as a centrepoint, as investment begins to align with sectors that address structural constraints in the real economy, particularly energy.

There are significant opportunities across sectors, and Nigeria may be positioned for AI leadership with emerging regulatory clarity. The major constraint to AI development remains data availability. This presents both a challenge and an opportunity for firms building the data infrastructure required to support Africa's AI development.

The defining question for the digital economy in 2026 is how regulation becomes a vital part of sustaining growth within the ecosystem — ensuring accountability and control while enabling scale.

Glossary

AI – Artificial Intelligence
ARIP – Accelerated Regulatory Incubation Program
AML – Anti-Money Laundering
BASEL – Basel Committee on Banking Supervision (Global regulatory framework for banks)
BDC – Bureau De Change
CBN – Central Bank of Nigeria
CDD– Customer Due Diligence
CFT – Combating the Financing of Terrorism
DISPs – Digital Investment Service Providers
DNFBPs – Designated Non-Financial Businesses and Professionals
FATF – Financial Action Task Force
FCCPA – Federal Competition and Consumer Protection Act, 2018
FCCPC – Federal Competition and Consumer Protection Commission
FDI – Foreign Direct Investment
GAID – General Application and Implementation Directive
IMF – International Monetary Fund
IMTOs – International Money Transfer Operators
KYC – Know Your Customer
M&A – Mergers and Acquisitions
MFB – Microfinance Bank
MMO – Mobile Money Operator
NAIS – National Artificial Intelligence Strategy
NDPA – National Data Protection Act
NDPC – National Data Protection Commission
NCAIR – National Centre for AI and Robotics
NCC – Nigerian Communications Commission
NIBSS – Nigeria Inter-Bank Settlement System
NITDA – National Information Technology Development Agency
PE – Private Equity
POS – Point of Sale
PSB – Payment Service Bank
PSP – Payment Service Provider
PSSP – Payment Solution Service Provider
PTSP – Payment Terminal Service Provider
SEC – Securities and Exchange Commission
VASPs – Virtual Asset Service Providers

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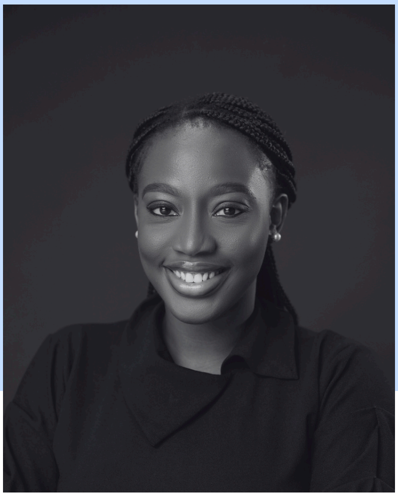

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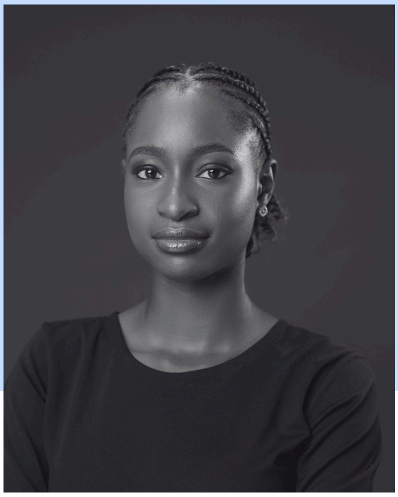

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