



Client Alert

Ride-hailing and Smart Mobility
Bill, 2025: A New Era for Digital
Transportation in Nigeria

Introduction

Nigeria's ride-hailing sector stands at a pivotal juncture. Projected to reach a market value of \$477.10 million by 2029, with user numbers expected to hit 42.88 million,¹ the industry is experiencing rapid growth fueled by urbanization, smartphone penetration, and the demand for efficient transportation options such as Uber, Bolt and Indrive. These platforms have revolutionized access to transportation, created thousands of jobs, and provided users with greater convenience and flexibility. However, this growth has outpaced existing regulatory frameworks, leading to challenges such as inconsistent internet connectivity, safety concerns, and regulatory hurdles. In response, the National Assembly has introduced the Ride-Hailing and Smart Mobility Bill, 2025 (the

“Bill”), aiming to establish a comprehensive legal and regulatory framework for ride-hailing and smart mobility services in Nigeria.

The proposed legislation seeks to address key areas, including licensing requirements, operational standards, fare regulation, passenger rights, and data protection. Doing so aims to ensure the efficient operation of digital taxi services in the country, fostering a safer and more reliable transportation ecosystem.

This client alert provides an overview of the Bill's provisions and analyses its potential implications for stakeholders in the mobility, technology, logistics, and transportation sectors.

¹ This Day, 'Nigeria's Ride-Hailing Market in 2025: Growth, Innovation and Emerging Trends' (This Day, 16 January 2025. https://www.thisdaylive.com/index.php/2025/01/16/nigerias-ride-hailing-market-in-2025-growth-innovation-and-emerging-trends/?utm_source=chatgpt.com accessed 27th April 2025

Key Provisions of the Bill

The Bill aims to create national coherence in the operation of ride-hailing and digital taxi services. Its main provisions include:

1. Mandatory Licensing by the Ministry of Transportation

The Bill designates the Federal Ministry of Transportation (the “Ministry”) as the central regulatory authority for Nigeria’s ride-hailing and smart mobility sector,² introducing a unified governance model in a space previously governed by a patchwork of state-level regulations. Under the proposed framework, no company may operate a ride-hailing service without first securing a license from the Ministry.³ Eligibility is restricted to companies duly registered under the Companies and Allied Matters Act (CAMA). In parallel, individual drivers must obtain a valid ride-hailing permit, subject to screening and affiliation with a licensed platform.⁴

2. Operational Standards and Compliance Obligations for Ride-Hailing Providers

Under the Bill, licensed ride-hailing companies must maintain a fully functional digital platform capable of booking, tracking, and managing rides in real-time. In addition, providers must offer passenger insurance coverage as a mandatory risk protection measure, underscoring the Bill’s emphasis on consumer safety and welfare. Crucially, the Bill also enforces compliance with Nigeria’s local content policy by requiring that a minimum of 50% of the ride-hailing company’s software operations be domiciled within the country.⁵ This provision is designed to deepen indigenous capacity, stimulate the domestic tech ecosystem, and reduce over-reliance on foreign digital infrastructure.

3. Driver and Vehicle Compliance Standards

The Bill requires all ride-hailing drivers to possess valid driving licenses, undergo thorough background checks and medical screenings, and be affiliated with licensed service providers.⁶ Vehicles must be inspected annually for roadworthiness, comply with safety standards set by the Ministry, and be equipped with security tracking and emergency response features to enhance passenger safety and operational integrity.

4. Passenger Rights and Responsibilities under the Bill

In light of the provision of the Bill, passengers are entitled to clear and transparent fare structures, access to safe and secure transportation, and effective channels for reporting driver misconduct or service issues.⁷ In parallel, passengers are expected to make timely payment for services, have respectful interactions with drivers, and adhere to safety protocols during transit.⁸

5. Fare Regulation and Surge Pricing

The Bill empowers the Ministry to regulate fares and introduce controls on surge pricing within the ride-hailing sector. Platforms must adhere to Ministry-approved pricing frameworks, with surge pricing capped at a percentage limit to be determined.⁹ This aims to protect passengers from excessive fare hikes during peak periods or emergencies while preserving limited pricing flexibility. Service providers will need to reassess their dynamic pricing models, ensuring algorithms comply with forthcoming regulatory standards to avoid penalties and maintain public trust in digital transport services.

2 Section 1, Ride-Hailing and Smart Mobility Bill, 2025
3 Section 3(1) Ride-Hailing and Smart Mobility Bill, 2025
4 Section 4(1), Ride-Hailing and Smart Mobility Bill, 2025
5 Section 3 (2), Ride-Hailing and Smart Mobility Bill, 2025 Section 4, Ride-Hailing and Smart Mobility Bill, 2025
6 Section 6(1), Ride-Hailing and Smart Mobility Bill, 2025. Although the Bill refers to the Commission as the body to whom reports of drivers’ misconduct should be submitted. However, this seems to be an oversight, as reports should be directed to the Federal Ministry of Transportation, which is the responsible regulatory authority.
7 Section 5, Ride-Hailing and Smart Mobility Bill, 2025
8 Section 7, Ride-Hailing and Smart Mobility Bill, 2025
9 Section 7, Ride-Hailing and Smart Mobility Bill, 2025

6. Data Protection and Privacy

The Bill mandates strict data privacy standards for ride-hailing platforms. Service providers must not share passenger data without explicit consent and must comply with the Nigeria Data Protection Act, 2023.¹⁰ These provisions aim to safeguard user information and enhance trust in digital transport services. Operators should review their data handling practices, update consent protocols, and ensure their platforms meet national data protection requirements to avoid sanctions and reputational risks.

7. Offences and Penalties

The Bill imposes strict penalties for non-compliance. Companies operating without a license face fines up to N10,000,000 or suspension of operations for up to eight months.¹¹ Drivers without valid permits may be fined N500,000 or suspended for up to one year.¹² These penalties underscore the importance of regulatory compliance and signal the government’s intent to formalize and enforce standards within the ride-hailing sector.

Challenges and Implementation Risks

Despite the progressive and ambitious scope of the Bill, several practical and legal hurdles could hinder seamless adoption. Stakeholders must carefully monitor the following:

1. Jurisdictional Conflicts:

The centralization of licensing and regulatory oversight under the Ministry may be met with institutional resistance from state governments and local councils, many of whom currently derive significant revenues from transport-related permits and taxes.

State-level agencies may view the Bill as a usurpation of their constitutional powers over intrastate transport, potentially resulting in legal contests, parallel regulation, or enforcement confusion. If not carefully harmonized, these jurisdictional tensions could lead to non-uniform application of the law, deterring investment and complicating compliance for platform operators.

2. Resistance from Informal Operators

Legacy operators such as traditional taxi associations, motorcycle (okada) unions, and tricycle (keke) riders form a significant portion of Nigeria’s urban transport sector. The Bill’s formalization requirements, including insurance coverage, driver accreditation, and compliance with digital systems, may be perceived as exclusionary or economically unviable for these groups.

Without structured engagement or incentives to transition, informal operators may resort to industrial action, sabotage, or defiance, posing a real threat to public order and service continuity.

10 Section 8, Ride-Hailing and Smart Mobility Bill, 2025
11 Section 9(1), Ride-Hailing and Smart Mobility Bill, 2025
12 Section 9(2), Ride-Hailing and Smart Mobility Bill, 2025

3. Infrastructure Gaps

The viability of smart mobility solutions is heavily dependent on core infrastructure. Many Nigerian cities suffer from: Poor road networks and inadequate signage, Inconsistent GPS accuracy due to urban congestion and poor mapping, Weak cellular and internet coverage, which may stall the Bill’s forward-looking provisions on sustainable transport and innovation.

4. Digital Exclusion

While ride-hailing is a digital-first service, large segments of Nigeria’s population remain digitally marginalized due to: Limited access to smartphones or internet-enabled devices, Low digital literacy, Skepticism around app-based payments and cashless transactions.

This digital divide may disproportionately affect rural areas, elderly users, and low-income drivers, potentially turning a well-intended national policy into an urban privilege.

Strategic Implications for Clients

In light of these implementation risks, platform operators, investors, and mobility service providers should adopt a proactive, compliance-first approach once the bill becomes law. Key recommended steps include:

1. Conduct Data Protection and Cybersecurity Audits

Ensure full compliance with the Nigeria Data Protection Act (NDPA) 2023 and related obligations under the Bill. This includes:

- User data encryption
- Location tracking policies
- Consent mechanisms
- Third-party data sharing protocols

Non-compliance may result in regulatory sanctions or reputational damage.

2. Engage Legal Counsel for Registration and Contractual Reforms

Work with legal advisors to:

- Facilitate registration and licensing under the Ministry
- Revise employment contracts, driver agreements to reflect the new regulatory obligations.
- Advise on anticipated changes in tax, insurance, and liability exposure



The Road Ahead

The Ride-Hailing and Smart Mobility Bill, 2025, is set to reshape Nigeria's digital transport sector by introducing a unified regulatory framework. While the Bill imposes new compliance obligations, it also creates opportunities for greater transparency, passenger safety, and operational consistency across platforms.

Ride-hailing and transportation companies should begin aligning their systems with the Bill's licensing, local content, and data protection requirements. Drivers and passengers alike stand to benefit from clearer standards, safer rides, and fairer pricing mechanisms. Once passed, the Bill will usher in a more structured and accountable era for digital mobility in Nigeria, one that balances innovation with consumer protection.

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