Mid-year Financial Sector Report

Review of H1 2025 and Outlook for H2 2025

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Introduction

The first half of 2025 was defined by a challenging but transformative global and domestic financial environment. Globally, economic growth remained fragile, with the IMF's April 2025 World Economic Outlook projecting global GDP growth at 3.2%,[1] while the Organisation for Economic Co-operation and Development (OECD) revised its forecast downwards to 2.9% from 3.1% due to persistent geopolitical tensions, trade fragmentation, and higher tariffs introduced by the Trump administration.[2]

Inflation in advanced economies has slowed to around 4.2%, yet major central banks, including the U.S. Federal Reserve and the European Central Bank, have kept interest rates elevated to guard against price shocks.[3] Global geopolitical tensions driven by the prolonged Russia–Ukraine war, escalating U.S.–China trade frictions, and instability in the Middle East continue to exert pressure on commodity markets and capital flows.

Amid these global headwinds, Nigeria demonstrated cautious resilience. Reform-driven policies ranging from fiscal restructuring to FX market liberalization have strengthened macroeconomic stability and renewed investor confidence. Key milestones, including the signing of the Nigeria Tax Reform Act 2025, signing of the Investments and Securities Act 2025, robust sovereign bond issuances, and the launch of sustainable finance instruments such as; Series VII Sukuk and the third Green Bond, marked Nigeria's determination to deepen its financial markets. Meanwhile, regulatory advancements, particularly in digital finance and open banking, have positioned the country's fintech ecosystem for structural scaling and regional influence.

Collectively, these global and domestic dynamics have placed Nigeria's financial sector at an inflection point, characterised by macro resilience, regulatory advancement, and growing digital transformation. The outlook for the second half of 2025 will hinge on policy consistency, stable commodity prices, and a proactive response to global economic shifts.

1 International Monetary Fund, 'World Economic Outlook Update, Global Growth: Divergent and Uncertain' https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025 accessed on 11th July 2025.

2 OECD, 'OECD Economic Outlook, Volume 2025 Issue 1' https://www.oecd.org/en/publications/2025/06/oecd-economic-outlook-volume-2025-issue-1_1fd979a8.html accessed on 11th July 2025.

3 World Economic Forum, 'Buckling up for a long ride: chief economists add detail to a downbeat outlook' https://www.weforum.org/stories/2025/05/wef-chief-economists-uncertainty-global-outlook/? Accessed on 17th July 2025.

Nigeria's Macroeconomic and Financial Sector Snapshot for H1 2025

Domestically, Nigeria recorded cautious optimism in the first half of 2025. The Nigerian economy is projected to have grown by around 3.7 percent in the first half of 2025, driven by fiscal reforms, oil production supported by the operationalization of the Dangote refinery, and output from the services sector.[4] Inflation eased from 33% in late 2024 to 22.22% by June 2025 following aggressive monetary tightening, the rebased Consumer Price Index, and improved FX liquidity.[5]

The capital markets remained buoyant in H1 2025, with the Federal Government raising over ₦700 billion (seven hundred billion naira) through multiple sovereign bond auctions, the Series VII Sukuk issuance, and the third Sovereign Green Bond, reflecting strong investor appetite for fixed-income instruments. A key legislative milestone was the signing of the Investment and Securities Act (ISA) 2025, which introduced several enhancements aimed at deepening Nigeria's capital markets.

FX reforms achieved another milestone with naira rate convergence across official and parallel markets, while FX reserves have risen from $32.9 Billion (Thirty-two Billion, Nine hundred million) in 2023 to over US $38.448 billion (thirty-eight billion four hundred and forty-eight million U.S. dollars) in June 2025.[6] On the fiscal side, the recently signed Nigeria Tax Reforms Act 2025 consolidated four new tax laws, the Nigeria Tax Act, Nigeria Tax Administration Act, Nigeria Revenue Service (Establishment) Act, and Joint Revenue Board (Establishment) Act into a streamlined fiscal framework aimed at broadening the tax base, enhancing revenue efficiency, and introducing progressive measures such as digital asset taxation. The implementation of these tax laws will commence implementation by 1st January 2026.

In the banking sector, CBN's recapitalization programme announced in 2024 continued into H1 2025, with several tier-one banks already meeting the required capital thresholds, while tier-two and regional banks are still actively raising capital through rights issues, mergers, or fresh equity injections.

CBN also announced a temporary regulatory forbearance in June, aimed at easing certain prudential requirements and allowing banks to restructure non-performing loans. This measure was intended to support banks facing balance sheet pressures amid economic uncertainties.

Meanwhile, fintech firms shifted focus from aggressive capital raises to strategic regional expansion and consolidation. Key developments included Moniepoint's acquisition of a 78% stake in Kenya's Sumac Microfinance Bank, Fincra's successful licensing in East Africa (Tanzania), and Access Bank's acquisition of Standard Chartered's operations in Tanzania, solidifying its East African presence.

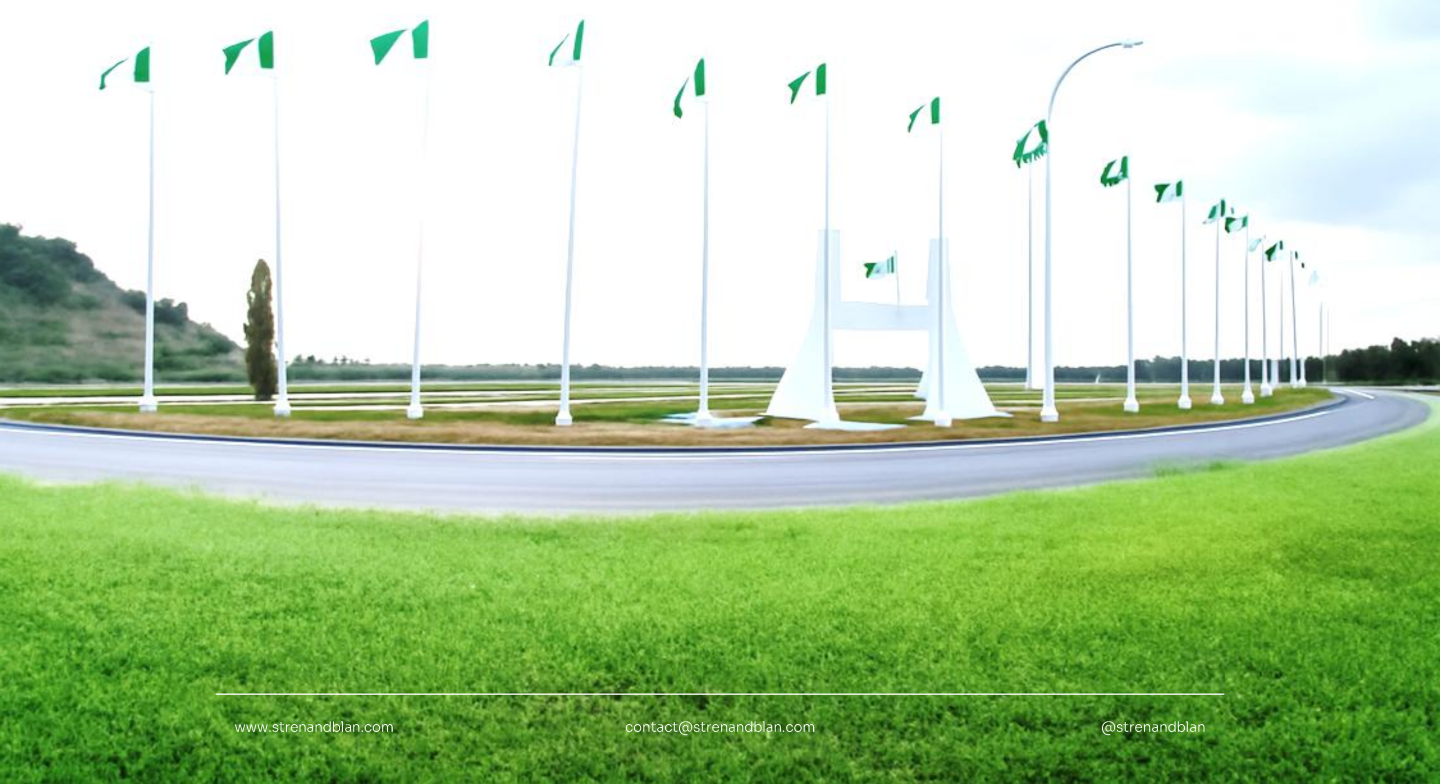
These moves underscore a broader trend toward operational scaling, compliance, and cross-border digital financial integration, positioning Nigeria as a hub for African financial services. The anticipated open banking rollout in August 2025, combined with innovations like The Nigeria Inter Bank Settlement System's (NIBSS) National Payment Stack, promises deeper interoperability and financial inclusion.

4 Daily Post, 'Nigeria's economy grows by 3.7% in H1 2025 – Report' https://dailypost.ng/2025/07/02/nigerias-economy-grows-by-3-7-in-h1-2025-report/ accessed on 11th July 2025.

5 Punch, 'Nigeria's inflation rate dropped to 22.22% in June – NBS' https://punchng.com/just-in-nigerias-inflation-rate-dropped-to-22-22-in-june-nbs/ accessed on 17th July 2025.

6 Vanguard, 'Nigeria's foreign reserves rise to over $38.448b in June' https://www.vanguardngr.com/2025/06/nigerias-foreign-reserves-rise-to-over-38-448b-in-june-isiaka/ accessed on 17th July 2025.

Notable Financial Developments in the First Quarter of 2025



CBN approved and published a new Foreign Exchange Code

In January 2025, the Central Bank of Nigeria (CBN) officially launched the Nigerian Foreign Exchange (FX) Code, a regulatory framework designed to transform the country's FX market into one marked by integrity, transparency, and alignment with global standards. The Foreign Exchange Code complements the Electronic Foreign Exchange Matching System (EFEMS), which was rolled out in late 2024 to improve FX market oversight, reduce speculation, and facilitate a market-driven exchange rate. Under the new framework, FX transactions will be executed via EFEMS with real-time pricing, and participants must align with six core principles; ethics, governance, execution, information sharing, risk management, and settlement for improved accountability and regulatory compliance.[7]

CBN Poised to launch open banking in Nigeria 2025

The CBN officially approved the launch of open banking, requiring banks to begin sharing customer data with other regulated financial institutions starting August 2025, making Nigeria the first African country to roll out this initiative after its regulatory framework was first introduced four (4) years ago. Under the scheme, customers can consent to share data such as account balances, transaction histories, and spending habits through a standardized API. A central registry will authenticate participants, while consent management tied to BVNs ensures that individuals maintain control over who accesses their data. By opening up customer data, the system aims to significantly improve credit access, enabling fintechs and banks to build trust-based lending models and more personalized financial products than previously possible.[8]

7 CBN Approves Nigerian FX Code to Promote Ethical Practices in Market, Launch Set for January 2025 - Arise News
8 Breaking: CBN approves open banking launch for August 2025

CBN Suspends Export Proceeds Extension for Exporters

On January 8, 2025, the CBN issued a pivotal circular titled "Suspension of Extension of Export Proceeds on Behalf of Exporters", signaling a fundamental shift in FX policy enforcement. This new directive immediately disallows any requests from authorized dealer banks for extensions of repatriation timelines on behalf of their export clients.

Key provisions include:

- Oil & gas exports: Proceeds must be repatriated and credited within ninety (90) days of the bill of lading date.
- Non-oil exports: Proceeds must be repatriated within one hundred and eighty (180) days of the bill of lading.
- Strict enforcement: Any late repatriation, once deadlines pass is no longer acceptable; non-compliance may lead to penalties for both exporters and authorized banks.

The circular targets a significant loophole that previously allowed exporters to delay the repatriation of export proceeds, often to take advantage of currency arbitrage opportunities. By suspending the extension of repatriation timelines, the CBN aims to strengthen foreign exchange inflows and bolster external reserves, reduce volatility in the exchange rate by curbing speculative practices, and enhance overall transparency within the export-finance chain. This decisive move reinforces the apex bank's commitment to disciplined compliance, ensuring that export proceeds return to the Nigerian financial system promptly, thereby supporting broader efforts to stabilize the naira and improve market liquidity.

Signing of the Investments and Securities Act (ISA) 2025

President Bola Tinubu signed the Investments and Securities Act (ISA) 2025 in March, repealing the earlier 2007 legislation. The Act aims to establish a strengthened regulatory framework for Nigeria's capital markets. The new Act empowers the Securities and Exchange Commission (SEC) with enhanced oversight consistent with international standards, introduces forward-looking reforms such as formal recognition of digital assets and cryptocurrencies as securities, differentiates between composite and non-composite exchanges, and institutes tougher penalties for Ponzi schemes. These reforms aim to increase investor's confidence, improve market integrity, support commodity and sub-national financing, and position Nigeria as a more competitive destination for local and foreign investment.[9]

Introduction of Non-Resident Nigerian Ordinary Account (NRNOA) and Non-Resident Nigerian Investment Account (NRNIA)

In January 2025, the Central Bank of Nigeria (CBN) introduced two dedicated account types for Nigerians in the diaspora, the Non-Resident Nigerian Ordinary Account (NRNOA) and the Non-Resident Nigerian Investment Account (NRNIA) to enhance formal remittance flows and attract foreign investment. The NRNOA allows non-resident Nigerians to maintain accounts in both local and foreign currencies for routine transactions such as remittances, education payments, and family support, while the NRNIA is designed for direct investments in Nigerian financial instruments, including government securities, equities, and other approved products. Both accounts are fully repatriable, eliminating the need for an electronic Certificate of Capital Importation (e-CCI), and operate under strict KYC and anti-money laundering requirements, in line with CBN's FX Manual.

9 Tinubu Signs Investments And Securities Act 2025, Strengthening Nigeria's Capital Market - TheNigeriaLawyer

This policy responds to Nigeria's rising dependence on diaspora remittances estimated at over US$21 billion (Twenty-One Billion Dollars) in 2024, accounting for 5–6% of GDP and aims to strengthen FX reserves, stabilize the naira, and deepen financial inclusion. By providing structured, transparent channels for inflows, CBN seeks to reduce reliance on informal remittance networks and incentivize diaspora participation in the domestic financial market. The move aligns with broader monetary reforms to improve liquidity and support macroeconomic stability in 2025.

CBN Waives Annual Licence Renewal Fee for Bureau De Change (BDC) Operators

In January 2025, the Central Bank of Nigeria (CBN) announced the waiver of the ₦250,000 (Two Hundred and Fifty Thousand Naira) non-refundable annual licence renewal fee for all existing Bureau De Change (BDC) operators, as part of measures to ease compliance with the revised Regulatory and Supervisory Guidelines for BDC Operations (2024), which introduced new licensing tiers and stricter governance requirements.

The CBN stated that operators who had already paid the renewal fee would be refunded, a move aimed at reducing financial strain on BDCs while reinforcing the apex bank's drive for FX market transparency and stability. This policy is expected to encourage greater participation in the formal FX system, enhance liquidity, and align with broader reforms to restore confidence in Nigeria's foreign exchange market.

CBN Revises ATM Transaction Fees to enhance transparency and Service Delivery

In February 2025, CBN issued a circular revising ATM transaction charges, effective March 1, 2025. Under the new rules, “On-Us” withdrawals, transactions conducted on a customer’s own bank’s ATM remain free, while “Not-On-Us” withdrawals at other banks’ ATMs now attract a fee of ₦100 (one hundred naira) per ₦20,000 (twenty thousand naira), with an additional surcharge of up to ₦500 (five hundred naira) for off-site ATMs, all clearly disclosed at transaction points. The previous allowance of three free “Not-On-Us” withdrawals per month was removed, a change aimed at addressing operational costs, promoting ATM network sustainability, and improving consumer transparency. Although consumer advocacy groups expressed concern about potential cost burdens on low-income users, the CBN maintains that the revised structure will enhance service availability and reduce hidden charges across the banking system.

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CBN's Guidelines on Dormant Accounts and Unclaimed Balances

In February 2025, the CBN reinforced its oversight of unclaimed funds by issuing updated Guidelines on the Management of Dormant Accounts, Unclaimed Balances, and Other Financial Assets and directing all deposit-taking institutions to publish details of dormant account holders, including names, account types, and branch locations on their websites and in at least two national newspapers. The guidelines require banks to engage in proactive account holder outreach, maintain registers of dormant accounts, and transfer funds from accounts inactive for over ten (10) years into a designated Unclaimed Balances Trust Fund held by the CBN, enabling rightful owners to reclaim their money within ten (10) working days upon proof of ownership. These measures aim to improve transparency, reduce the risk of fraud, and ensure financial institutions responsibly manage unclaimed assets backed by penalties starting at ₦2 million (two million naira) for non-compliance reflecting a broader effort to promote accountability and protection in Nigeria's financial system.

Major Fintech and Startup Funding Deals in Q1 2025

LemFi Raises $53 Million Series B to Expand Remittance Services

Nigeria's remittance startup LemFi secured a $53 million (fifty-three million US dollars) Series B round led by London's Highland Europe, with continued support from Left Lane Capital, Endeavor Catalyst, Palm Drive Capital, and Y Combinator. This latest funding increases LemFi's total raise to $85 million, and its platform now processing over $1 billion per month will channel the new capital toward accelerating expansions into Asia and Europe. LemFi aims to deepen its penetration across diaspora corridors and diversify corridors to other emerging markets.

Moniepoint Closes $10 Million Round with Visa in Strategic Expansion

Nigerian unicorn Moniepoint, celebrated for its business banking innovations, received over $10 million (ten million US dollars) from Visa as part of its broader $110 million Series C round bringing the total to over $120 million. The funding will support Moniepoint in scaling its SME services, embedded finance offering, and deepening its footprint in underserved business communities across Africa.

Raenest Raises $11 Million Series A for Cross-Border Payment Solutions

Fintech firm Raenest closed an $11 million (eleven million US dollars) Series A round led by Ventures Platform and including Norrsken22, QED Investors, and P1 Ventures, raising its total funding to approximately $14.3 million. The capital is earmarked to enhance its cross-border payment platform for freelancers and SMEs, and support expansions into Egypt and the U.S., alongside new features like expense management and savings tools.

Accrue Raises $1.58 Million Seed Round to Expand Cross Border Payments

In late January 2025, Lagos-based fintech Accrue secured $1.58 million (one million five hundred eighty thousand US dollars) in a seed round led by Lattice Fund, with participation from Kraynos Capital, Distributed Capital, Lava, and Maven 11. Transitioning from a crypto-investment app, the startup is now focused on building a robust cross-border payment platform servicing African and U.S. markets. The funds will be used to enhance payment infrastructure, expand its team, and accelerate product development by empowering users with streamlined international payment solutions. At the time of the raise, Accrue reported over 200,000 (two hundred thousand) users, signaling strong early traction in a niche fintech segment.

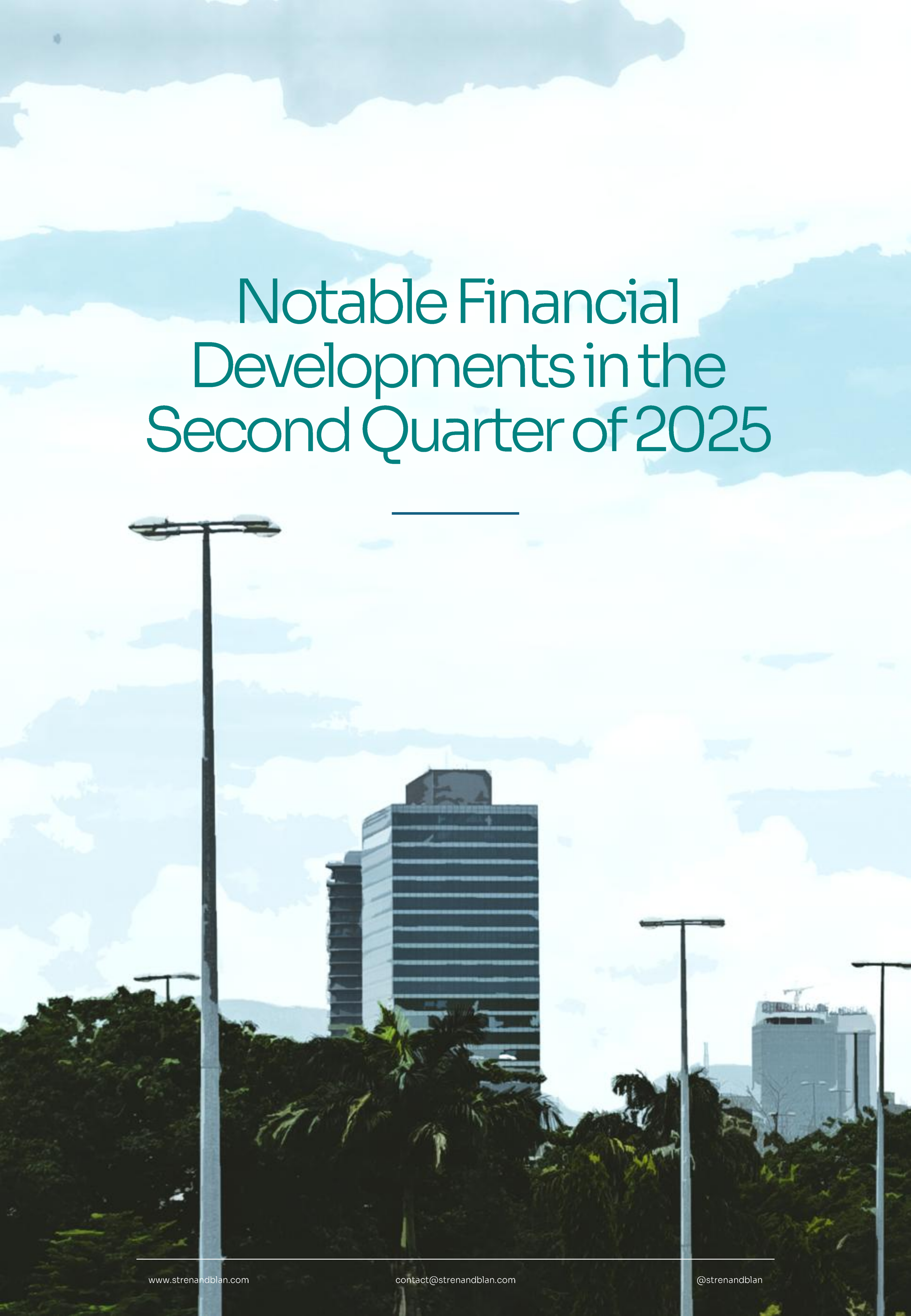
Rivy Raises $4 Million Pre Series A to Scale Clean Energy Financing

In March 2025, Nigerian fintech Rivy, formerly Payhippo secured $4 million (four million US dollars) in a Pre Series A round comprising equity and debt financing, led by EchoVC's climate fund and All On. The funding follows Rivy's strategic pivot from generic SME lending to clean energy financing, primarily enabling small businesses to acquire solar systems through flexible credit. The company has already disbursed over $2 million (two million US dollars) in energy loans and aims to expand its offerings to underserved markets across Nigeria, leveraging its AI-powered risk engine to support Nigeria's transition to renewable energy while maintaining an NPL ratio below 1% (one percent).

Mansa Secures $10 Million Seed & Liquidity Financing to Solve Cross-Border Liquidity Challenges

In February 2025, Mansa, a stablecoin liquidity fintech, closed a $10 million (ten million US dollars) funding round comprising $3 million (three million US dollars) in equity, led by Tether (USDT issuer), Polymorphic Capital, Octerra Capital, Faculty Group, and Trive Digital, alongside $7 million (seven million US dollars) in liquidity financing from corporate investors and quantitative funds. The new capital will accelerate Mansa's expansion into Latin America and Southeast Asia, enhance its stablecoin-based real-time settlement infrastructure, and support a vision of offering on-chain liquidity, FX, payout, and credit services to emerging market payment companies.

Notable Financial Developments in the Second Quarter of 2025



CBN Holds Rates at 27.5% During 301st MPC Meeting

At its 301st Monetary Policy Committee (MPC) meeting on July 21–22, 2025, the Central Bank of Nigeria (CBN) maintained its tight monetary stance for the third time in a row by retaining the Monetary Policy Rate (MPR) at 27.5%, alongside unchanged Cash Reserve Ratios (50% for Deposit Money Banks, 16% for merchant banks), liquidity ratios at 30%, and an asymmetric corridor of +500/–100 bps around the MPR. The Committee noted that headline inflation fell to 22.22% in June, marking the third consecutive month of decline, largely due to lower energy prices and stabilized foreign exchange markets, though persistent food and core inflation remains a concern. The MPC also acknowledged that eight banks have fully met recapitalization requirements and signaled that its tight monetary stance would continue until inflationary pressures ease further. External risks such as ongoing tariff tensions and geopolitical uncertainties were highlighted as potential inflationary upside risks.

CBN Rolls out Non-Resident BVN Platform to Boost Diaspora Remittances

In May 2025, the CBN, in partnership with the Nigeria Inter-Bank Settlement System (NIBSS), launched the Non Resident Bank Verification Number (NRBVN), a digital platform enabling Nigerians in the diaspora to obtain a Bank Verification Number remotely without physical presence. This initiative aligns with the CBN's ambition to ramp up diaspora remittances from around US $4.7 billion (Four billion, Seven hundred million United States dollars) in 2024 toward a monthly goal of US $1 billion (One Billion United States dollars) totaling about US $12 billion (Twelve Billion United States dollars) annually by reducing remittance costs and removing access barriers.

The NRBVN equips users with robust biometric and KYC verification, backed by AML protocols, for a processing fee of approximately ₦80,000 (eighty thousand naira) or US $50 (fifty United States dollars) to cover remote verification infrastructure. It paves the way for non-resident Nigerians to open bank accounts, execute online fund transfers, and access investment products such as diaspora bonds, mortgages, and insurance with full repatriation of funds. Governor Olayemi Cardoso described the NRBVN as both “a bridge to global Nigerians” and “a tool for inclusion and economic integration,” forming part of the broader framework alongside NRNOA and NRNIA to deepen financial engagement with Nigerians abroad.

CBN's restrictions on Regulatory Forbearance

The Central Bank of Nigeria (CBN) has implemented a stringent forbearance policy requiring banks under regulatory supervision to halt dividend payments, defer executive bonuses, and suspend foreign investments. This move aimed to strengthen financial institutions by reinforcing capital buffers and improving balance sheet resilience. Regulatory forbearance is a policy tool used by central banks that permits banks and financial institutions to maintain operations despite falling below required capital thresholds. It is a provisional measure that allows the restructuring of assets such as non-performing loans.

The latest directive affects banks benefiting from forbearance due to breaches in credit exposure limits and Single Obligor Limits (SOL), which is the maximum loan amount a bank can issue to a single borrower relative to its net worth. Although the immediate effects of COVID-19 eased in 2023, Nigeria’s economy continued to struggle due to exchange rate reforms and the removal of fuel subsidies, prompting the CBN to extend relief measures until June 2025.

SEC clarifies stance on unclaimed dividends that are more than 12 years

The Securities and Exchange Commission (SEC) issued a directive instructing all public companies and Registrars to stop treating dividends older than 12 years as "statute-barred." A claim is "statute-barred" when a legal action to enforce it cannot be taken because the deadline set by the statute of limitations has passed. SEC Director-General Dr. Emomotimi Agama emphasized the significance of this directive, noting that numerous companies and Registrars have incorrectly categorized dividends older than 12 years as statute-barred.

This misinterpretation has led to some shareholders being denied their rightful payments. Agama explained that shareholders may still claim dividends issued up to 12 years prior to December 31, 2020, contrary to the incorrect assumptions held by some entities. According to the Act, dividends that remain unclaimed for more than six years must be transferred to the Unclaimed Funds Trust Fund (UFTF), where they are held until rightful shareholders come forward to claim them. SEC emphasized that dividends declared before the enactment of the Finance Act 2020 must be handled in accordance with existing legal provisions, ensuring shareholders retain their rights to claim them.

SEC Warns Public against Illegal Investment Schemes

In Q2 2025, the Nigerian Securities and Exchange Commission (SEC) intensified its crackdown on unregistered and fraudulent investment schemes, issuing warnings against several platforms including Value Growth Platform, CMTrading, Punisher Coin ($PUN), CBEX (Crypto Bridge Exchange), ZugaCoin, and Samzuga GPT. In June alone, the SEC formally flagged ZugaCoin and Samzuga GPT as unlicensed meme coins devoid of intrinsic value, cautioning investors against pump-and-dump tactics. Shortly after, Value Growth Platform was identified as operating a classic Ponzi scheme, complete with unrealistic returns and referral dependencies.

Similarly, CMTrading, a crypto and commodities investment platform was branded fraudulent, with the SEC confirming it lacks both Nigerian registration and investor safeguards. The Commission emphasized due diligence, urging the public to verify registration status via its official Fintech & Innovation Hub before investing, citing its mandate under ISA 2025 to protect retail investors in Nigeria's evolving digital asset landscape.

SEC Bars Independent Non-Executive Directors from Switching to Executive Roles and sets Director Tenure Limits

The Securities and Exchange Commission (SEC) in Nigeria issued a directive on June 20th 2025 barring independent non-executive directors from transitioning to executive roles including chief executive officer within the same company or group structure. This move, detailed in a circular titled Circular to All Public Companies and Capital Market Operators on the Transmutation of Independent Non-Executive Directors and Tenure of Directors aims to preserve board independence and objectivity. The SEC noted that such role shifts erode neutrality undermining corporate governance principles outlined in the National Code of Corporate Governance and SEC guidelines. The SEC also introduced a three-year cooling off period before a CEO or executive director can become chairman capping their chairmanship at four years. Additionally, director tenures are limited to 10 consecutive years in one company or 12 years across a group. These rules, effective immediately, apply to public companies and significant capital market operators to ensure robust governance and impartial oversight

Access Bank Strengthens Pan-African Footprint with Strategic Acquisitions

Access Bank Plc advanced its continental expansion strategy in Q2 2025 by completing two major acquisitions in East Africa. On June 20, 2025, the bank finalized the purchase of Standard Chartered Bank's Consumer, Private, and Business Banking operations in Tanzania, consolidating them with its existing subsidiary, African Banking Corporation Tanzania, to form Access Bank Tanzania Limited. This transaction, executed after securing all regulatory approvals, reinforces Access Bank's ambition to become Africa's largest retail banking network. The integration is expected to boost digital financial services and enhance financial inclusion in Tanzania's growing market.

In addition to the Tanzania acquisition, Access Bank also acquired the National Bank of Kenya (NBK) in a landmark deal announced in Q2 2025, further deepening its presence in East Africa. This transaction expands Access Bank's operations within Kenya's competitive banking sector, giving it access to NBK's extensive branch network and customer base. The acquisition positions Access Bank as a dominant regional player, leveraging Kenya's strategic role as an East African financial hub to drive cross-border banking services and trade finance. Together, these deals underscore Access Bank's aggressive growth trajectory and its strategic focus on regional integration across the continent.

President Bola Tinubu signs the Four Tax Bills into Law

On 26th June, 2025, President Bola Tinubu signed Four Tax Bills (Now Acts of the National Assembly) into Law. These New Acts, which are projected to transform Nigeria's fiscal and revenue framework, include the Nigeria Tax Act, the Nigeria Tax Administration Act, the Nigeria Revenue Service (Establishment) Act, and the Joint Revenue Board (Establishment) Act.

The recent move is part of the President's vision to significantly transform tax administration in Nigeria, generate more revenue for the Government, seal leaks in the Nigerian tax remittance system, provide incentives for Small and Medium Enterprises (SMEs), and boost foreign investment in Nigeria. The Acts represent a significant step toward consolidating Nigeria's fragmented tax laws into a harmonized system. Expectedly, by reducing the multiple-layered taxation in Nigeria and eliminating duplications, the Acts will boost the ease of doing business, reduce taxpayers' burdens, broaden the national tax base, improve voluntary compliance, and ultimately foster a more resilient and sustainable revenue framework to support the country's developmental aspirations.

Some of the innovations introduced include:

- Establishment of a centralized Nigeria Revenue Service (NRS) to replace the Federal Inland Revenue Service (FIRS), streamlining tax collection across tiers of government to reduce leakages and boost revenue efficiency.
- Small businesses, being businesses with an annual turnover of ₦50 million (Fifty Million Naira) or less, are exempt from income tax.
- There is no withholding tax deduction on the business income of small businesses. This also includes an exemption from the requirement to deduct and account for tax on payments to vendors.

- There is a reduction in companies' income tax from the current rate of 30% to 27.5% for 2025 and 25% for subsequent years.
- Workers earning ₦800,000 annually and below are exempted from taxes. According to the Nigerian Financial Services Market Report, only 10% of Nigerians earn above ₦100,000. This would mean most Nigerians will experience a reduction in their income tax.
- Essential items such as food, education, and healthcare will enjoy 0% Value Added Tax, while rent, public transportation, and renewable energy are exempted, providing relief for low-income households that spend nearly 100% of their income on these necessities.
- Businesses are granted tax credits for VAT paid on their assets and all expenses incurred to produce VATable goods and services.
- There is also a tax exemption on compensation for loss of employment not exceeding ₦50,000,000.

Capital Market Highlights-Q2 2025

Nigeria's capital markets recorded significant activity in Q2 2025, with the Federal Government of Nigeria (FGN) driving liquidity through bond issuances, non-interest financing instruments, and sustainable debt products. The quarter featured three FGN bond auctions, a record Sukuk issuance, the largest sovereign green bond to date, and active Treasury bills programs to manage short-term liquidity.

FGN Bond Issuances (April, May, and June 2025)

The Debt Management Office (DMO) held three auctions during the quarter, raising between ₦900 billion and ₦1.2 trillion (nine hundred billion and one trillion two hundred billion naira) in aggregate.

In April 2025, the DMO offered ₦350 billion (three hundred fifty billion naira) across two re-opened issues: the 16.2884% FGN APR 2029 (5-year tenor, maturing April 18, 2029) and the 14.5500% FGN MAY 2033 (9-year tenor, maturing May 26, 2033). Investor appetite was strong, with subscriptions totaling ₦495.95 billion (four hundred ninety-five billion nine hundred fifty million naira) and allotments of ₦397.90 billion (three hundred ninety-seven billion nine hundred million naira). The stop rates settled at 19.00% and 19.99% for the two tenors, respectively, reflecting a persistently tight monetary environment.

The May 2025 auction saw the DMO reduce its offer size to ₦300 billion (three hundred billion naira), maintaining the same instruments as in April. Subscriptions amounted to ₦419.96 billion (four hundred nineteen billion nine hundred sixty million naira), and allotments reached ₦300.69 billion (three hundred billion six hundred ninety million naira). Marginal rates eased slightly to 18.98% for APR 2029 and 19.85% for MAY 2033, indicating a minor softening in yields as liquidity conditions improved.

In June 2025, the DMO introduced a new 7-year bond alongside APR 2029, offering ₦100 billion (one hundred billion naira) split equally between the existing APR 2029 and the newly introduced 19.000% FGN JUN 2032 (maturing June 23, 2032). Demand surged to ₦602.90 billion (six hundred two billion nine hundred million naira), the highest oversubscription in Q2. Allotments remained capped at ₦100 billion, with stop rates moderating to 17.75% for APR 2029 and 17.95% for JUN 2032, signaling improved market confidence and liquidity in the domestic debt market.

FGN N300 Billion Sovereign Sukuk Offer (Series VII)

In May 2025, the Federal Government achieved a milestone with the issuance of ₦300 billion (three hundred billion naira) under the FGN Sovereign Sukuk Ijarah (Series VII), the largest Sukuk issuance since the program's inception in 2017. The instrument, structured on a non-interest basis, is dedicated to funding critical road and bridge projects nationwide. Investor demand was extraordinary, with total subscriptions of ₦2.205 trillion (two trillion two hundred five billion naira), oversubscribed by more than seven times underscoring growing appetite for ethical and infrastructure-focused investments. The Sukuk carries a 7-year tenor at an annual rental rate of 15.75%, reinforcing Nigeria's commitment to Islamic finance and infrastructure development. Since inception, the Sukuk program has mobilized over ₦1.8 trillion (one trillion eight hundred billion naira) for infrastructure financing, positioning Nigeria as Africa's leading issuer of sovereign Sukuk.

Sovereign N50 Billion Green Bond Issuance

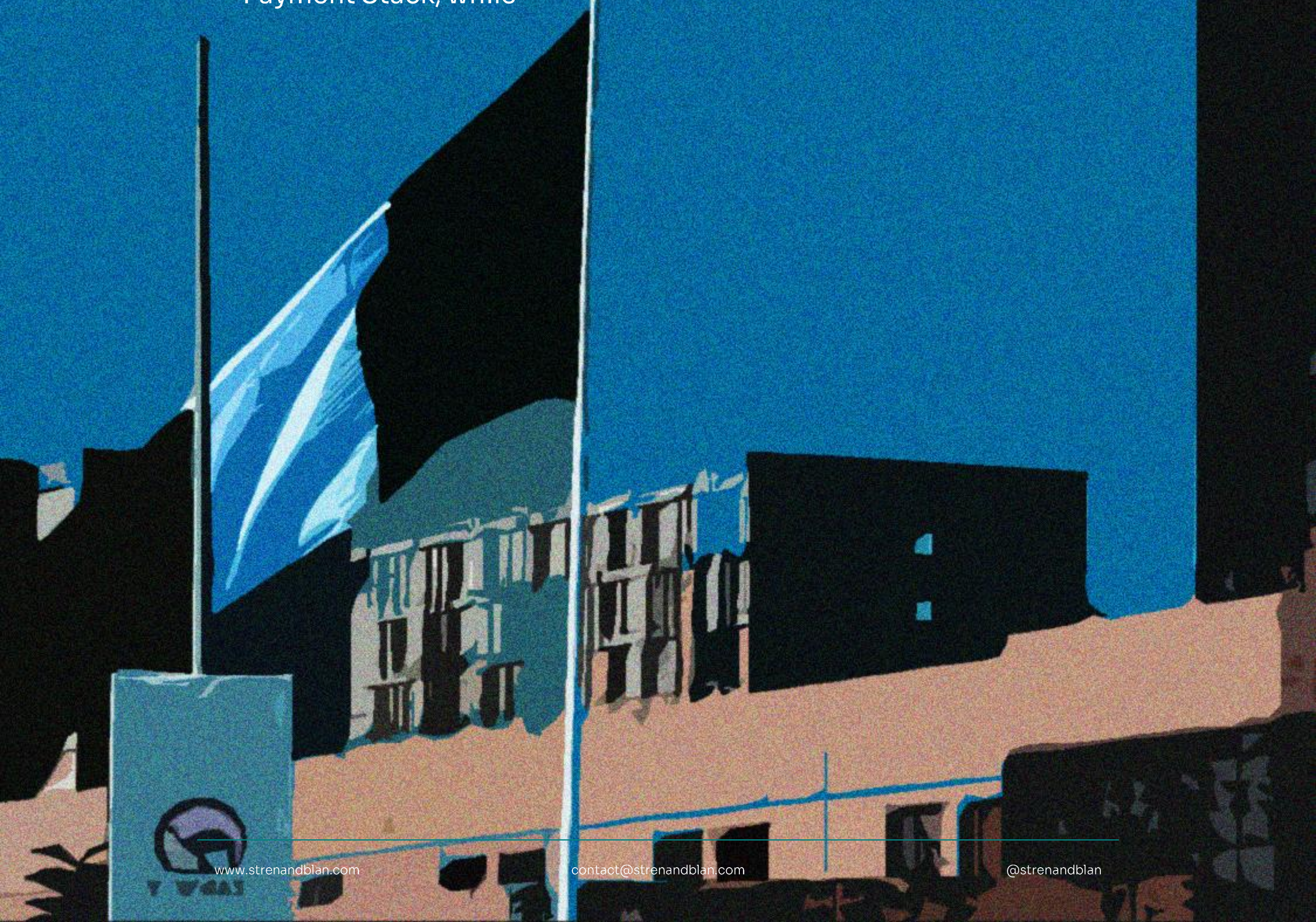
The FGN also advanced its sustainability agenda by issuing the Series III Sovereign Green Bond in June 2025, raising ₦50 billion (fifty billion naira) to finance renewable energy, clean transportation, and water-related projects. The issuance attracted ₦91.42 billion (ninety-one billion four hundred twenty million naira) in subscriptions, a 183% oversubscription rate with final allotments of ₦47.355 billion (forty-seven billion three hundred fifty-five million naira) at a fixed coupon of 18.95% per annum. This move reinforces Nigeria's commitment to sustainable financing and energy transition strategies.

Treasury Bills Program

FGN Treasury Bills auctions remained a critical tool for short-term financing and liquidity management throughout Q2 2025. Stop rates for 91-day, 182-day, and 364-day instruments consistently exceeded 20% (twenty percent) as the Central Bank of Nigeria maintained a tight monetary policy stance to curb inflation and stabilize the naira.

Fintech Deals in Q2 2025: Strategic Expansions, Acquisitions and Regulatory Shifts

The second quarter of 2025 marked a shift in Nigeria's fintech sector from the funding-heavy trend of Q1 to deeper structural transformation, driven by strategic acquisitions, regulatory actions, and cross-border expansions. Key developments included Moniepoint's East African acquisition strategy, LemFi's UK credit-market entry, and infrastructure upgrades such as NIBSS's National Payment Stack, while enforcement actions like the ₦250 million (two hundred fifty million naira) Paystack fine signaled heightened regulatory oversight. Unlike Q1's funding-driven growth, these moves highlight the industry's transition toward scale, compliance, and systemic relevance, setting the tone for a more competitive and regulated digital finance landscape in the second half of 2025.



Moniepoint Launches MonieWorld for UK-Based Diaspora

In April 2025, Moniepoint Inc. unveiled MonieWorld, a cross-border remittance and digital banking platform targeting the African diaspora in the United Kingdom, starting with Nigerians. The app enables users to send money instantly to Nigerian bank accounts using UK bank transfers, cards, and mobile wallets like Apple Pay and Google Pay, offering competitive rates and zero transaction fees. Leveraging Moniepoint's robust domestic infrastructure, which processes over US $17 billion (seventeen billion United States dollars) monthly, MonieWorld aims to extend beyond remittances into full financial services for the diaspora, reinforcing Moniepoint's vision of delivering "financial happiness for every African, everywhere".

CBN Fines Paystack ₦250 Million Over Zap App Compliance Breach

In April 2025, the Central Bank of Nigeria (CBN) imposed a ₦250 million (two hundred fifty million naira) fine on Paystack for operating its consumer-facing app, Zap, in a manner judged by the regulator to be a deposit-taking service despite Paystack holding only a switching and processing licence that prohibits holding customer funds. Despite partnering with Titan Trust Bank for fund custody, the CBN deemed Zap effectively functioning as a wallet, triggering the violation. This enforcement action represents Paystack's most significant public penalty since its CBN licensing in 2016 and highlights the regulator's heightened vigilance as fintech firms pivot into consumer-facing products that may otherwise require microfinance or banking licences. It also signals broader pressure on the sector to maintain compliance in areas such as KYC, consumer protection, and segregation of customer funds.

Flutterwave and Yellow Card Join the Circle Payments Network

In Q2 2025, Nigeria's fintech titans Flutterwave and Yellow Card became design partners in the newly launched Circle Payments Network (CPN)—a global stablecoin-powered infrastructure created by Circle Internet Group (the issuer of USDC) to enable real-time, low-cost cross-border settlements using regulated stablecoins such as USDC and EURC. As part of a select group of over 25 global participants, the duo will leverage CPN to streamline payments for African enterprises, diaspora remittances, payrolls, and supplier transactions, enabling faster, more transparent, and programmable global money flows. Flutterwave emphasized that joining CPN strengthens its ability to serve enterprise customers and SMEs with compliant cross-border payment solutions, while Yellow Card's integration enables reliable fiat-to-stablecoin on- and off-ramping across African currencies.

Carrot Credit Raises $4.2 Million Seed Round to Scale Asset Backed Lending

In May 2025, Nigerian fintech Carrot Credit closed a $4.2 million (four million two hundred thousand United States dollars) seed round led by MaC Venture Capital, with participation from Partech Africa and Authentic Ventures. The platform enables retail investors to unlock liquidity by borrowing against digital assets such as stocks, ETFs, bonds, and crypto without liquidating their holdings or enduring traditional credit checks. Users may access up to 40% of stable equities, 10% of volatile stocks, or 70% of bond/fixed income portfolios through API integrations that verify holdings and place a lien. Since launch, Carrot has served over 10,000 (ten thousand) users, originated more than $2 million (two million United States dollars) in loans, and operates on an embedded B2B2C model targeting fintechs, brokerages, and digital wealth platforms. The funding will support geographic expansion across Africa, team scaling, development of AI-powered credit scoring and risk systems, and deeper integration with investment platforms.

Fincra Secures Tanzania Payment License, Expands East African Footprint

In June 2025, Nigerian fintech infrastructure provider Fincra received regulatory approval from the Bank of Tanzania to operate as a Payment System Provider, marking its third licensed market in East Africa, alongside Kenya and Uganda. The license enables the company to offer its full suite of services such as virtual accounts, payment APIs, business payouts, and local collections in Tanzanian shillings and facilitates compliant real-time cross-border transactions for businesses across sectors like logistics, retail, fintech, travel, and remittances. With over US $10 billion (ten billion United States dollars) processed to date and a profitable, bootstrapped business model, Fincra's Tanzanian expansion forms part of its broader strategy to build “the rails for an integrated Africa” by delivering scalable, developer-friendly payment infrastructure across key markets.

NIBSS Launches National Payment Stack to Transform Nigeria’s Digital Financial Landscape

The Nigeria Inter Bank Settlement System (NIBSS) launched the National Payment Stack (NPS) on June 17, 2025, marking a significant milestone in Nigeria’s digital financial transformation. This ISO 20022 compliant platform modernizes instant payments, succeeding the NIBSS Instant Payments (NIP) system introduced in 2011. NPS integrates payments, identity, and data, offering real time settlements, automated reconciliation, and advanced KYC verification using Bank Verification Number (BVN), RC Number, or Tax Identification Number (TIN). It supports single and bulk transactions, direct debits, and multi-currency capabilities, enhancing financial inclusion and cross border trade under the African Continental Free Trade Agreement (AfCFTA). Supported by the Central Bank of Nigeria and Lagos State, NPS aims to deepen trust and interoperability, positioning Nigeria as a continental payment hub.

C-One Ventures Fully Acquires the Domestic Operations of Bankly

Investment firm C-One Ventures has fully acquired Nigerian fintech startup and licensed microfinance bank, Bankly, as part of its strategy to scale technology-driven financial services in Nigeria. The acquisition includes Bankly's licenses, platform, and team, which will be integrated into C-One's growing fintech ecosystem.

According to a statement from Bankly, a restructuring process is already underway to ensure seamless integration. C-One Ventures is an investment company with a specific focus on technology and financing in Nigeria. The company's existing portfolio includes Fulcrum, a technology and financing platform that unlocks working capital for suppliers in Nigeria through payable finance and other supply chain financing (SCF) products, GetPayed, an all-in-one app for managing payment and banking solutions, and gomoney, a digital bank offering a modern, app-based alternative to traditional banking. The addition of Bankly further strengthens C-One Ventures' commitment to technology-enabled financial services for businesses and individuals.

BAS Group Acquires Majority Stake in Nigerian Fintech Zuvy

BAS Group a Nigerian diversified financial services company acquired a majority stake in Zuvy Technologies a Lagos based fintech startup specializing in invoice financing for small and medium enterprises on June 25 2025. The all-cash deal valued between $1.5 million and $3 million based on Zuvy's prior $4.5 million funding grants BAS over 50% ownership. Zuvy's platform provides short term credit through invoice discounting addressing Nigeria's $236 billion SME credit gap. BAS aims to integrate Zuvy's technology to expand collateral free lending targeting vendors supplying major firms like Dangote. This acquisition enhances BAS's portfolio including micro insurance and finance aligning with its mission to build a technology driven financial ecosystem for African SMEs.

What Stakeholders Should Watch: Nigeria's Financial Sector Outlook For H2 2025

In the second half of 2025, stakeholders in Nigeria's financial sector should monitor several key developments. These include:

Monetary & FX Policy Trajectory

The CBN is expected to sustain its restrictive stance, holding the Monetary Policy Rate at 27.5% until inflation firmly dips below the 20% mark, a position aligned with IMF recommendations following its April Article IV consultation (IMF). Key market-defining decisions will come from the upcoming Monetary Policy Committee (MPC) meetings scheduled for September 22–23, and November 24–25, 2025. Outcomes from these meetings will critically shape interest rates, liquidity conditions, and inflation trajectory for the second half of the year. Stakeholders should expect discussions around easing monetary tightening if inflation moves toward the low-20% range and GDP growth signals resilience.

Capital Markets Momentum

Investor confidence in Nigeria's capital markets remains strong, driven by robust activity in sovereign bonds, Sukuk, and green bond issuances during H1 2025, with the government raising over ₦700 billion (seven hundred billion naira) through FGN bonds and completing its seventh Sovereign Sukuk and third Green Bond programs. Looking ahead, analysts at CardinalStone project that potential Monetary Policy Rate (MPR) cuts of 50–100 basis points in Q4 could drive a significant rebound in fixed-income and equity performance, with equities forecast to return up to 40%. A key structural reform underpinning this outlook is the transition to a T+2 settlement cycle scheduled for November 28, 2025, aligning Nigeria with global standards to enhance market efficiency, reduce counterparty risk, and attract foreign portfolio inflows. These developments, combined with deepening ESG financing and the sustained appetite for sustainable instruments, position the Nigerian capital market for stronger liquidity, improved investor confidence, and competitive returns in H2 2025.

Scaling and Expansion in Nigeria's Fintech and Banking Sector

The second half of 2025 is expected to see Nigerian fintech and banking players transition from rapid growth to structural scale, driven by regional expansion, regulatory tightening, and renewed investor confidence. Strategic moves in Q2, such as Moniepoint's 78% acquisition of Kenya's Sumac Microfinance Bank, Fincra's Tanzania license, and Access Bank's aggressive expansion through the acquisition of Standard Chartered's Tanzania operations and the National Bank of Kenya, signal a strong East African push that is likely to intensify in H2 through further acquisitions and partnerships. At the same time, heightened regulatory oversight, evidenced by the ₦250 million (two hundred fifty million naira) CBN fine on Paystack and stricter AML/KYC directives, will compel financial institutions and fintechs to strengthen compliance frameworks and adopt regtech solutions ahead of the anticipated open banking and API integration rollout. Fundraising momentum is also projected to rebound after a quieter Q2, with major players like Moove reportedly targeting over US $100 million (one hundred million United States dollars) in a Series C round, alongside anticipated raises by digital banks and payment infrastructure providers. Collectively, these developments underscore an industry moving beyond disruption toward systemic relevance, marked by governance maturity, cross-border integration, and capital depth.

Open Banking Adoption by August 2025

The CBN is set to fully implement Nigeria's Open Banking framework by August 2025, following the issuance of two key regulatory instruments: the Operational Guidelines for Open Banking in Nigeria (2023) and the Regulatory Framework for Open Banking (2021). These regulations establish standardized protocols for data sharing through secure Application Programming Interfaces (APIs), enabling regulated financial institutions, fintechs, and other participants to exchange customer-permitted data seamlessly. This landmark reform aims to enhance interoperability, stimulate product innovation, and deepen financial inclusion, allowing banks and non-bank players to deliver tailored credit solutions, integrated payment systems, and wealth management services. Experts predict the adoption will catalyze a surge in RegTech investments, API-based platforms, and strategic partnerships between traditional banks and fintechs. However, the success of open banking hinges on robust data privacy and cybersecurity compliance, particularly under the Nigeria Data Protection Act (2023), to maintain consumer trust and safeguard against systemic risks.

Global Geopolitical Tensions & Implications for Nigeria's Financial Sector

Global geopolitical tensions driven by the prolonged Russia-Ukraine conflict, escalated U.S.-China trade frictions, and instability in the Middle East are expected to exert significant pressure on global commodity markets and capital flows in the second half of 2025. The tariff hikes by President Trump in the first half of 2025, ranging from 10% on most countries to up to 50% on targeted imports have already triggered volatility in global trade, weakening growth prospects for emerging markets and depressing oil prices to US $68–70 per barrel (sixty-eight to seventy United States dollars), below Nigeria's US $75 (seventy-five United States dollars) benchmark assumption. These dynamics threaten Nigeria's fiscal stability, external reserves, and foreign exchange reforms. On the flip side, African nations including Nigeria are accelerating implementation of the African Continental Free Trade Area (AfCFTA) to reduce reliance on volatile trade with the US. In H2 2025, stakeholders should monitor oil price volatility, foreign investment flows, naira stability, and the pace of AfCFTA-driven trade growth, as CBN and fiscal authorities seek to cushion the economy through tight monetary policy, fiscal flexibility, and deeper regional trade integration.

Conclusion

As Nigeria enters the second half of 2025, its financial sector stands at a pivotal point, driven by ongoing reforms, prudent monetary policies, and advancing digital innovation. The success of the second half of 2025 will hinge on disciplined execution of fiscal and monetary reforms, effective management of inflation, and sustained efforts to stabilize the naira. External risks such as volatile oil prices, global trade tensions, and geopolitical uncertainties will require proactive policy responses to safeguard economic stability.

Looking ahead, Nigeria's financial outlook is cautiously optimistic. Fintech expansion, strategic acquisitions, and the rollout of initiatives like open banking are expected to create new growth pathways, while stronger regulatory oversight will help ensure systemic resilience. With coordinated reforms and market discipline, the sector is well-positioned to deliver inclusive growth and strengthen its role in driving the nation's long-term economic stability.

About SBP

Stren and Blan Partners is a world-class ingenious law firm with a beautiful blend of the brightest minds and well-rounded individuals championed with sole responsibilities of providing solutions to business problems and equally finding answers to the questions of our clients. We are a team always guided by our professional ethics. Also, honesty and transparency have been our watchwords in practice.

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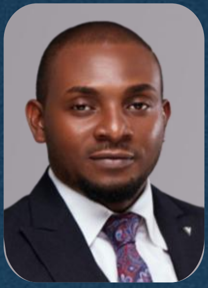


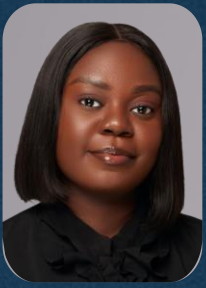


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