Financial Sector Quarterly Insight

Q3 2025 Review and Outlook for Q4 2025

04 November 2025

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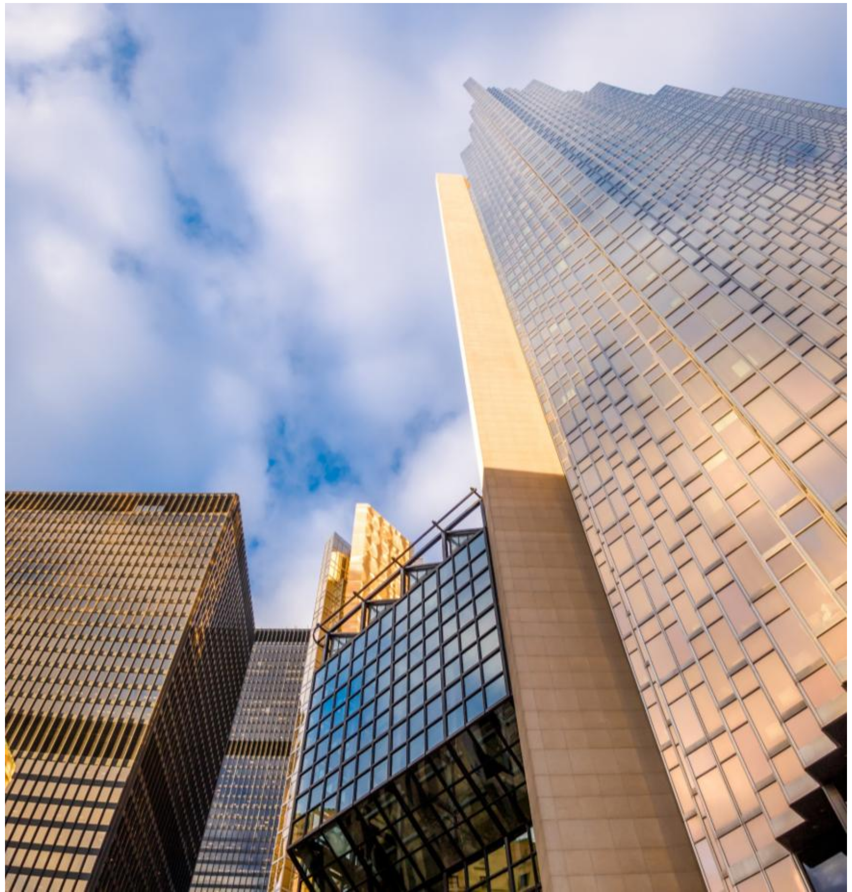


Introduction

The third quarter of 2025 marked a defining period for Nigeria's financial sector, as regulatory reforms, capital-raising activities, and digital transformation shaped the landscape of banking, fintech, and capital markets. The Central Bank of Nigeria's recapitalization directive spurred significant market activity, with banks raising approximately ₦800,000,000,000 (Eight Hundred Billion Naira / $522.9 Million) in the first seven months of 2025 and projections of an additional ₦900,000,000,000 (Nine Hundred Billion Naira / $588.2 Million) before year-end. This reflects the sector's sustained resilience and commitment to regulatory alignment.

6%

Growth in 2025

Nigeria also continues to strengthen its position as a fintech and digital finance hub in Africa. Despite a slight dip in overall funding in 2024, the sector has remained active, attracting about $140,000,000 (One Hundred and Forty Million US Dollars) in the first half of the year and is projected to record a modest 6% growth in 2025. This expansion, supported by increased innovation, mergers, and strategic partnerships, underscores the sector's adaptability and ongoing contribution to financial inclusion and digital transformation.

Across the broader financial ecosystem, banks, fintechs, and capital market participants have pursued capital-raising initiatives, strengthened governance structures, and adjusted operations to align with regulatory expectations from the CBN, SEC, NAICOM, PENCOM, and FCCPC. The period also witnessed notable transactions such as cross-border listings, mergers, and commercial paper issuances, reflecting the deepening integration of Nigeria's financial markets with regional and global economies.

This report provides an overview of key developments across the banking, fintech, and capital markets segments during the third quarter of 2025 and presents an outlook for the fourth quarter, highlighting major trends, regulatory updates, and strategic implications for market participants and investors.

Notable Highlights in the 3rd Quarter of 2025

Regulatory and Policy Developments

The third quarter of 2025 witnessed heightened regulatory activity across Nigeria's financial landscape as key agencies introduced new rules, circulars, and reforms aimed at enhancing market governance, investor confidence, and systemic stability. The period reflected a coordinated effort by the Central Bank of Nigeria (CBN), the Securities and Exchange Commission (SEC), and other regulators to align domestic financial policies with global best practices, strengthen institutional accountability, and promote a more transparent and resilient financial ecosystem. These regulatory and policy developments include:

CBN's 301st and 302nd MPC Meetings

During the third quarter of 2025, the Central Bank of Nigeria (CBN) convened its 301st and 302nd Monetary Policy Committee (MPC) meetings, both of which provided critical insight into the Bank's policy direction amid evolving inflation and liquidity conditions.

301st MPC Meeting (July 21st–22nd, 2025)

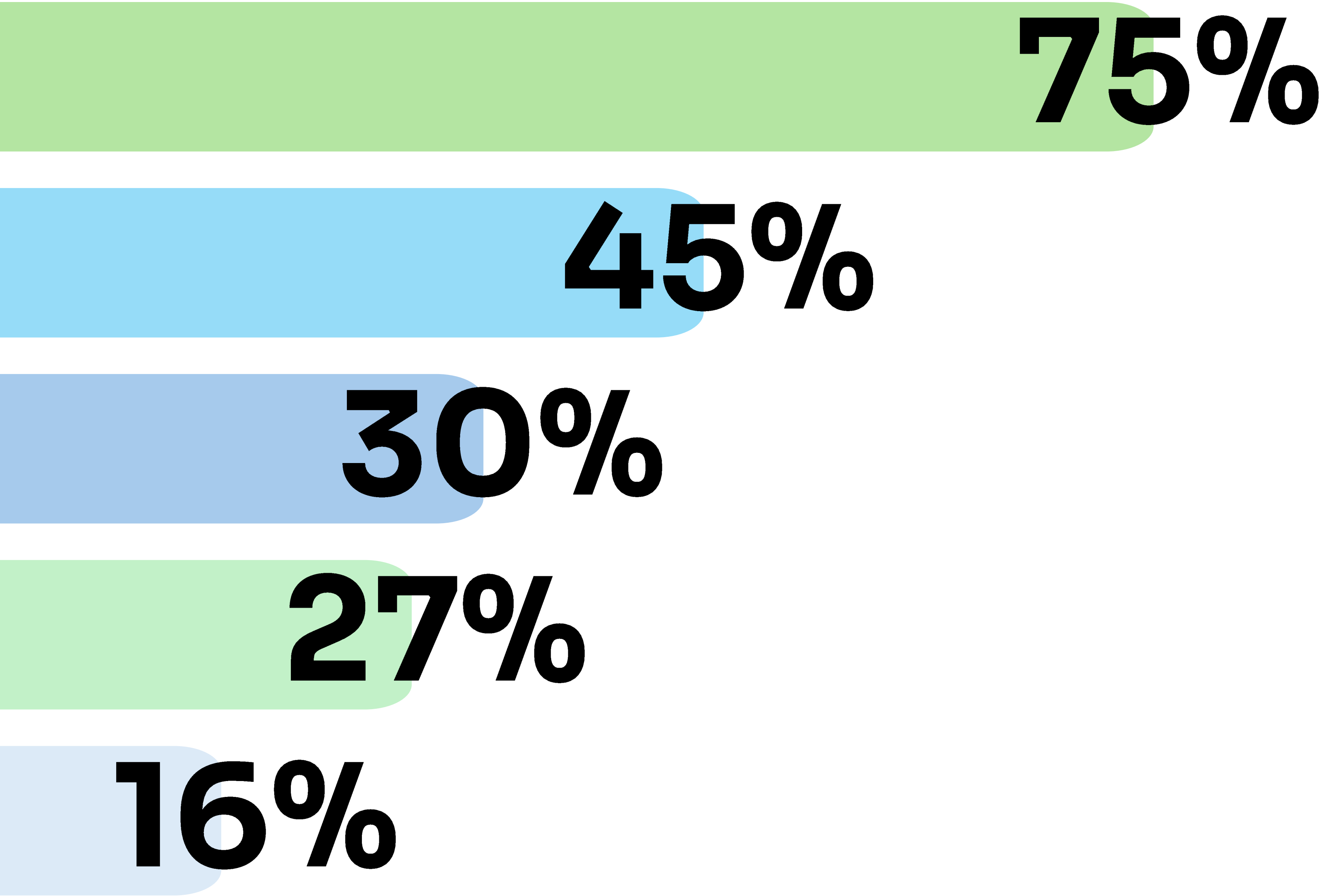
At the July meeting, the MPC maintained a cautious stance, retaining the Monetary Policy Rate (MPR) at 27.50%, with the asymmetric corridor held at +500/-100 basis points. The Cash Reserve Ratio (CRR) was sustained at 50% for deposit money banks and 16% for merchant banks, while the liquidity ratio remained at 30%. The Committee emphasized the need to preserve monetary stability and consolidate the gradual moderation in inflation, while monitoring fiscal and exchange rate developments.

302nd MPC Meeting (September 22nd –23rd, 2025)

By September, the MPC shifted slightly toward a more accommodative stance, reducing the MPR by 50 basis points to 27.00%. The CRR for deposit money banks was lowered to 45%, while that for merchant banks remained at 16%. The Committee also narrowed the standing facility corridor to ±250 basis points around the MPR and introduced a 75% CRR on non-TSA public sector deposits, retaining the liquidity ratio at 30%.

This mild easing signaled the CBN's growing confidence in the economy's disinflation path and its intention to stimulate credit growth without undermining financial stability.

Key Nigerian Monetary Policy Ratios (September MPC Decision)



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

On 26th August 2025, the Central Bank of Nigeria (CBN) issued a landmark circular mandating all banks, payment service providers, and other financial institutions to fully migrate to the ISO 20022 messaging standard and implement mandatory geo-tagging of payment terminals. These directives form part of the CBN's ongoing efforts to enhance transparency, security, and interoperability within Nigeria's payments ecosystem.

ISO 20022 Migration

The CBN set October 31, 2025, as the final deadline for full migration to the ISO 20022 standard, which governs global financial messaging and payment data structures. Under the directive, all payment messages, both domestic and cross-border, must comply with ISO 20022 data requirements, including detailed information on payers, beneficiaries, and transaction purposes.

The initiative is expected to improve payment efficiency, strengthen compliance with anti-money laundering (AML) regulations, and align Nigeria's financial messaging system with international best practices.

Mandatory Geo-Tagging of Payment Terminals

In the same circular, the CBN also mandated the geo-tagging of all Point-of-Sale (PoS) terminals and related payment devices within a 60-day compliance window. The policy requires each terminal to be registered with a Payment Terminal Service Aggregator (PTSA) and embedded with real-time GPS coordinates to verify its physical location. Terminals must operate within a 10-metre geofence of their registered location and be compatible with Android OS 10 or higher to support integration with the National Central Switch's geo-location infrastructure.

These directives are expected to curb PoS-related fraud, enhance traceability, and improve data quality in payment transactions. While the measures may impose short-term compliance costs and technical adjustments for operators, they ultimately strengthen Nigeria's digital payments infrastructure and boost confidence in the financial system.

CBN's Establishment of Compliance Department to Oversee Financial Crimes and ESG Risks

In September 2025, the Central Bank of Nigeria (CBN) formally established a Compliance Department, marking a key institutional reform in its regulatory framework. The Department is responsible for strengthening oversight across financial crime prevention, market conduct, corporate governance, and environmental, social, and governance (ESG) supervision. It also oversees data protection, cybersecurity, and other non-prudential risk areas reflecting the CBN's shift toward a more integrated, risk-based supervisory model.

Financial institutions were directed to channel all compliance-related reports, queries, and updates to the new Department. The reform aims to enhance transparency, reduce regulatory overlaps, and ensure consistent enforcement of conduct and governance standards across the financial system.

This development underscores the CBN's heightened focus on compliance culture and ethical governance in Nigeria's financial sector. Banks and other regulated entities are expected to strengthen their internal control frameworks, adopt enterprise-wide risk and compliance management systems, and maintain more structured engagement with the apex bank.

CBN's Directive on Successor Appointments for MD/CEOs

In September 2025, the CBN issued a circular requiring all Domestic Systemically Important Banks (DSIBs) to obtain regulatory approval for the appointment of successor Managing Directors/Chief Executive Officers (MD/CEOs) no later than six months before the incumbent's tenure expires. The circular further mandates the public announcement of the successor at least three (3) months before the outgoing MD/CEO vacates office.

This directive stems from Section 2.14 of the CBN's 2023 Corporate Governance Guidelines, which obliges boards of commercial, merchant, non-interest, and payment-service banks to maintain explicit succession plans for their senior leadership teams. The policy aims to minimise disruptions from abrupt leadership changes, enhance continuity at the top, and thereby preserve investor and depositor confidence in institutions deemed critical to financial-system stability.

SEC Guidance Note on Board Appointments & Director Tenure

In July 2025, the Securities and Exchange Commission (SEC) issued a Guidance Note to Capital Market Operators (CMOs) and Public Companies to clarify and reinforce its earlier circular on board appointments and directors' tenure. The Guidance Note prohibits the conversion of Independent Non-Executive Directors (INEDs) into Executive Directors (EDs) or Chief Executive Officers (CEOs) within the same company or group, a move aimed at preserving board independence and preventing potential conflicts of interest. It also prescribes tenure limits for CMOs designated as Significant Public Interest Entities (SPIEs) by the SEC, setting a maximum of ten (10) consecutive years for directors within a company twelve (12) years within a group. In addition, a three-year cooling-off period is required before a former CEO or ED can be appointed as Chairman, and such service must not exceed four (4) years.

The SEC's Guidance Note emphasized that while these provisions are mandatory for CMOs classified as SPIEs, other CMOs and public companies are strongly encouraged to adopt them as part of good governance practice. This directive underscores the Commission's commitment to enhancing corporate governance standards, improving board succession planning, and aligning Nigeria's capital market oversight with global best practices.

Investor Protection: SEC Issues Multiple Alerts on Unlicensed Entities

During the third quarter of 2025, the Securities and Exchange Commission (SEC) intensified its enforcement drive to safeguard investors and uphold market integrity. The Commission issued a series of Illegal Operator Alerts, cautioning the public against Pocket Option, Forsman & Bodenfors Ltd (F&B), and GVEST Global along with its related entities. These firms were found to be soliciting investments from the public without the requisite SEC registration, primarily through online and social media platforms.

The SEC warned that engaging with such unlicensed operators exposes investors to significant fraud risks and financial losses, as their activities fall outside regulatory supervision. These actions underscore the Commission's ongoing commitment to investor protection, transparency, and the preservation of confidence in Nigeria's capital market.

Landmark Insurance Reform: NIIRA 2025 Signed into Law

In August 2025, President Bola Ahmed Tinubu signed the Nigerian Insurance Industry Reform Act (NIIRA) 2025 into law, marking a major overhaul of Nigeria's insurance regulatory framework. The new Act repeals the Insurance Act 2003 and introduces significant reforms aimed at modernizing regulation, strengthening governance, and enhancing policyholder protection.

A key highlight of the NIIRA 2025 is the recapitalization of the insurance sector, which raises the minimum paid-up share capital across various license categories. Under the new framework, life insurers are now required to maintain a minimum capital of ₦10,000,000,000 (Ten Billion Naira), non-life insurers ₦15,000,000,000 (Fifteen Billion Naira), while reinsurers must hold ₦35,000,000,000 (Thirty-Five Billion Naira). The Act also introduces risk-based supervision, establishes a Policyholders' Protection Fund, and expands NAICOM's enforcement powers to ensure solvency and market stability.

Overall, the NIIRA 2025 reflects the government's commitment to aligning the insurance industry with global standards, promoting financial inclusion, and building a more resilient and competitive insurance market.

FCCPC Issues Regulations on Digital, Electronic, Online, and Non-Traditional Consumer Lending

In July 2025, the Federal Competition and Consumer Protection Commission (FCCPC) introduced the Digital, Electronic, Online, or Non-Traditional Consumer Lending Regulations, 2025 (DEON Regulations) to address growing consumer protection concerns in Nigeria's rapidly expanding digital lending market. The Regulations apply to all forms of unsecured consumer lending conducted through electronic, mobile, or online channels and seek to promote transparency, fair lending practices, and responsible data usage. Among other provisions, the rules mandate that all digital lenders register with the FCCPC, prohibit automatic or pre-authorised lending without consumer consent, and require clear disclosure of loan terms, interest rates, and charges.

The DEON Regulations also impose strict penalties for unethical conduct such as harassment, privacy breaches, or abusive loan recovery methods. Non-compliant operators face fines of up to ₦100,000,000 (One Hundred Million) or 1% of their annual turnover, as well as potential disqualification of directors for up to five (5) years. By introducing these measures, the FCCPC aims to curb predatory lending practices, foster accountability among digital lenders, and strengthen consumer confidence in Nigeria's evolving fintech ecosystem.

PenCom Issues Revised Minimum Capital Requirements for PFAs and PFCs

On 26th September 2025, the National Pension Commission (PenCom) released a circular titled "Revised Minimum Capital Requirements for Licensed Pension Fund Administrators and Pension Fund Custodians." The new framework introduces a tiered capital regime based on the scale of assets under management (AUM) for PFAs and assets under custody (AUC) for PFCs. Under the new framework:

- PFAs with Assets Under Management (AUM) of ₦500,000,000,000 (Five Hundred Billion Naira) or more must hold a minimum capital of ₦20,000,000,000 (Twenty Billion Naira), plus 1 % of any AUM above the ₦500,000,000,000 (Five Hundred Billion Naira) threshold. For PFAs with AUM below ₦500,000,000,000 (Five Hundred Billion Naira), the minimum is set at ₦20,000,000,000 (Twenty Billion Naira).
- PFCs must now maintain a minimum capital of ₦25 billion (Twenty-Five Billion Naira), plus 0.1 % of their Assets Under Custody (AUC). The minimum capital for new PFC licences is also set at ₦25 billion ((Twenty-Five Billion Naira) effective immediately. Compliance is required by 31st December 2026.

This reform reflects PenCom's intent to align regulatory capital with operators' risk exposure, bolster market confidence, and reinforce the long-term sustainability of the contributory pension scheme amid a changing economic environment.

PFA Minimum Regulatory Capital Requirement vs. Assets Under Management (AUM)

PFAs with AUM of ₦500 Billion or More

₦20,000,000,000

Base Minimum

PFAs with AUM Below ₦500 Billion

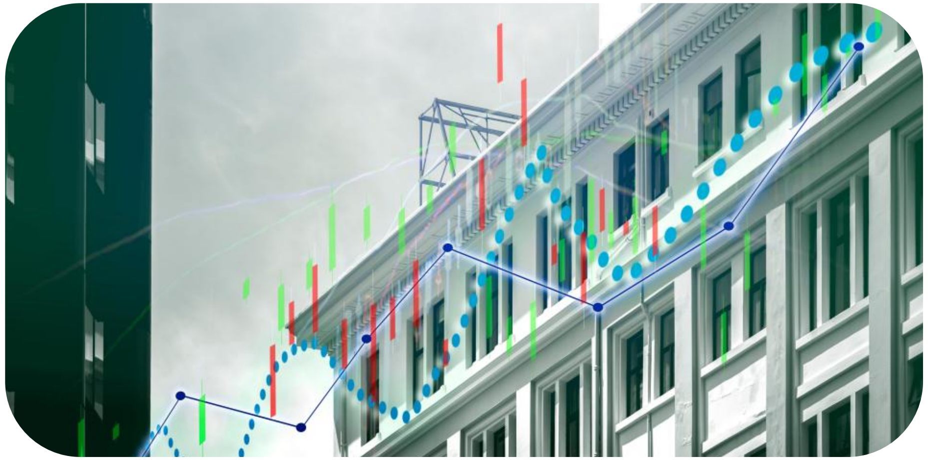
₦20,000,000,000

Minimum

Additional Capital of 1%

₦500,000,000,000

Banking and Financial Institutions



The third quarter of 2025 was largely shaped by banks' responses to the Central Bank of Nigeria's (CBN) recapitalisation directive, which continues to redefine the competitive and regulatory landscape of the financial sector. Many institutions intensified capital-raising initiatives, through rights issues, private placements, public offers, and mergers, to meet the new minimum capital thresholds ahead of the 2026 compliance deadline. Key highlights include:

GTCO Lists on the London Stock Exchange to Bolster Recapitalisation Efforts

In July 2025, Guaranty Trust Holding Company Plc (GTCO) made history by becoming the first West African financial services institution to list and trade its ordinary shares on the London Stock Exchange (LSE). The dual listing, which followed a fully marketed offering that raised approximately US $105,000,000 (One Hundred and Five United States Dollars) through the issuance of 2.29 billion new ordinary shares, was aimed at supporting the Group's recapitalisation and long-term growth objectives.

The LSE listing strengthens GTCO's global presence and complements its existing quotation on the Nigerian Exchange (NGX). It also aligns with the CBN's recapitalisation directive, which has spurred several banks to pursue capital-raising initiatives. By broadening its investor base and improving share liquidity, GTCO's milestone listing underscores growing investor confidence in Nigerian banks and highlights the sector's strategic shift toward deeper engagement with international capital markets.

Wema Bank Completes ₦150 Billion Rights Issue to Meet Recapitalisation Requirement

In September 2025, Wema Bank Plc successfully concluded its ₦150,000,000,000 (One Hundred and Fifty Billion Naira) rights issue, marking a major milestone in its efforts to meet the CBN's recapitalisation directive. The offer, which was fully subscribed, significantly boosted the bank's paid-up share capital and positioned it comfortably above the new minimum capital requirement of ₦200,000,000,000 (Two Hundred Billion Naira) for national commercial banks.

The capital raise reflects Wema Bank's proactive approach to strengthening its balance sheet, enhancing liquidity, and supporting its digital-banking expansion strategy. It also demonstrates growing investor confidence in the institution's long-term outlook and underscores the broader trend of Nigerian banks accelerating capital-raising activities ahead of the 2026 compliance deadline.

Banks Take Early Action to Meet CBN Recapitalisation Directives

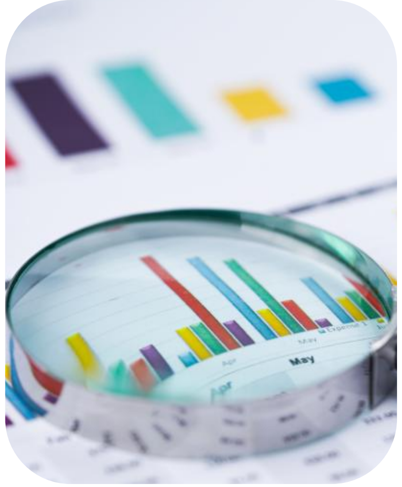
Several Nigerian banks took proactive steps in Q3 2025 to meet the Central Bank of Nigeria's recapitalisation directive well ahead of the March 2026 deadline. Premium Trust Bank announced in August that it had surpassed the ₦200,000,000,000 (Two Hundred Billion Naira) minimum capital requirement for national commercial banks through a mix of rights issues and private placements that injected about ₦178.7 billion into the bank. Similarly, Globus Bank confirmed in September that it had completed a capital raise of approximately ₦200,000,000,000 via rights issues and private placements, helping it exceed the new paid-up capital requirement for a national commercial bank. TAJBank, Nigeria's leading non-interest bank, also announced that it had met the required capital for national non-interest banks, citing strong investor participation and consistent profitability as key enablers.

This shows that many Nigerian banks are taking early steps to strengthen their financial position and meet the CBN's new rules. By raising more capital and improving how they operate, these banks are becoming more stable and better prepared for future challenges. It also gives investors more confidence that the banking sector can support business growth and adapt to regulatory changes.

Providus Bank's Proposed Takeover of Unity Bank

In response to the Central Bank of Nigeria's recapitalisation directive, the banking sector has witnessed a wave of consolidation as institutions seek to strengthen their capital bases. A major development in this regard is the proposed merger between Providus Bank and Unity Bank, which received approval from Unity Bank's shareholders in September 2025. Under the approved scheme, shareholders opted to receive either ₦3.18 per share in cash or to exchange 17 Unity Bank shares for 18 Providus Bank shares of ₦0.50 each. This effectively paves the way for Unity Bank's share capital to be cancelled and the bank to be dissolved, with Providus Bank emerging as the surviving entity.

The transaction underscores the growing momentum among Nigerian banks to reposition in line with regulatory expectations. It also highlights how the recapitalisation policy is driving consolidation and strategic realignment across the sector, ensuring that banks emerge stronger, more competitive, and better equipped to sustain lending, profitability, and investor confidence in the evolving financial landscape.



Union Bank and Titan Trust Merge to Accelerate Recapitalization and Innovation

On 1st September 2025, Union Bank of Nigeria successfully completed its merger with Titan Trust Bank following approval by the Central Bank of Nigeria (CBN). The transaction, which originated from a Share Sale Agreement executed in 2021, resulted in the full absorption of Titan Trust's operations and assets into Union Bank, with the combined entity continuing under the Union Bank name.

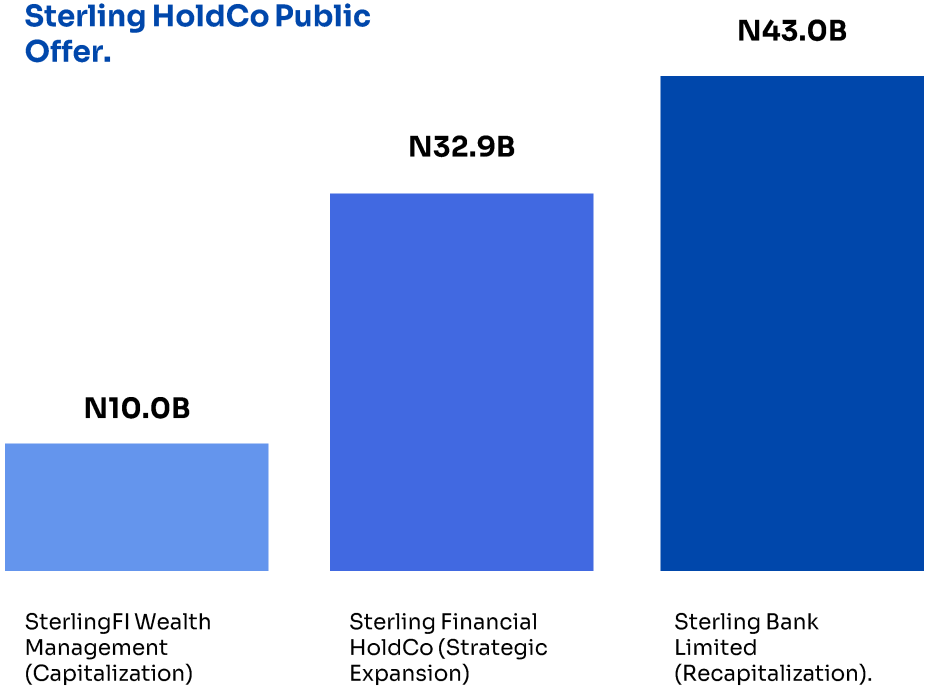
The merger creates a stronger, more capitalized financial institution with an expanded footprint of over 293 service centres and more than 900 ATMs nationwide. It effectively blends Union Bank's long-standing heritage with Titan Trust's technology-driven operations. This consolidation reflects the wider industry response to the CBN's recapitalisation directive, as banks increasingly pursue mergers and acquisitions to strengthen their balance sheets, enhance competitiveness, and drive innovation within Nigeria's banking sector.

Sterling HoldCo Launches ₦7/share Public Offer to Close Capital-Gap

On 17th September 2025, Sterling Financial Holdings Company Plc ("Sterling HoldCo") opened a public offer for 12,581,000,000 ordinary shares at ₦7.00 per share, representing an approximately ₦88 billion exercise. The offer runs until 30th September 2025 and is explicitly designed to bolster the capital adequacy of its banking subsidiary, Sterling Bank Limited, capitalize its asset-management arm SterlingFI, and fund strategic expansion across its diversified financial services platform.

The public offer comes as part of the group's response to the Central Bank of Nigeria's recapitalization directive for national commercial banks, which mandates higher minimum paid-up capital across the sector. The move underscores how banks are leveraging capital-markets activity to comply with regulatory thresholds, strengthen balance sheets, and position themselves for longer-term growth in a dynamic operating environment.

Intended Use of Net Proceeds from the Sterling HoldCo Public Offer.



Sterling HoldCo's Public Offer

12,581,000,000

Ordinary Shares at N7.0/Share

Fintech and Digital Financial Services

The third quarter of 2025 marked a period of dynamic growth and innovation in Nigeria's fintech and digital financial services sector. Fintech companies continued to expand their reach, introduce new products, and leverage technology to address long-standing gaps in payments, credit, and cross-border transactions. This period also saw increased regulatory engagement, funding activity, and the launch of innovative platforms that are reshaping how individuals and businesses access financial services. They include:

Vepay Launches in Nigeria and Kenya with N26.5 Million in Early-Stage Funding

In July 2025, Vepay, a cross-border digital payment platform, officially launched in Nigeria and Kenya, targeting individuals, freelancers, and businesses seeking seamless international payment solutions. The platform allows users to fund wallets in local currencies, Naira or Kenyan Shilling, convert to USD at competitive rates, and instantly generate virtual cards for payments on global platforms such as AWS, Spotify, Google Ads, and other international services. This launch addresses longstanding challenges in cross-border payments for African users, providing a reliable, accessible, and cost-effective alternative for international transactions.

The fintech plans to raise $1,500,000 (One Million, Five Hundred Thousand Dollars) in seed funding to strengthen its operations and expand into new African markets. Vepay has already secured ₦26,500,000 (Twenty-Six Million, Five Hundred Thousand Naira) in early-stage funding. Its entry into Nigeria and Kenya is significant for the fintech ecosystem, as it demonstrates growing innovation in digital cross-border payments, increases competition, and expands financial inclusion.

Nigerian Fintech Okra Shut down after raising $16 Million

In July 2025, Nigerian open banking startup Okra officially ceased operations, marking a notable moment in Africa's fintech ecosystem. Founded in 2019, Okra provided secure connections between bank accounts and third-party applications, expanding services to Kenya and South Africa and raising over $16,500,000 (Sixteen Million, Five Hundred Thousand Dollars) from investors. Despite this, leadership changes, challenges with its cloud infrastructure product, Nebula, currency depreciation, and delays in regulatory support contributed to the decision to close operations.

It was reported that Okra returned approximately $4–5.5 million to investors and provided severance packages to employees, reflecting a commitment to ethical practices despite the shutdown. The closure underscores the challenges African fintechs face, particularly around sustainable business models, regulatory alignment, and operational resilience. It serves as a cautionary example for startups and investors, highlighting the need for strong leadership, adaptability, and strategic planning in the rapidly evolving digital finance landscape.

Payaza Secures SEC Approval for ₦20 Billion Commercial Paper Issuance

In July 2025, Nigerian fintech company Payaza received approval from the Securities and Exchange Commission (SEC) to raise ₦20,000,000,000 (Twenty Billion Naira) through its commercial paper programme. This issuance, comprising Series 3 and 4, is part of Payaza's broader ₦50,000,000,000 (Fifty Billion Naira) programme aimed at expanding its payment infrastructure across Africa. The Series 3 notes have a 181-day tenor with a 22.2% yield, while the Series 4 notes span 272 days with a 25.5% yield. The issuance attracted strong investor interest, reflecting confidence in Payaza's business model and financial health. The funds will be utilized to enhance infrastructure, scale products, and extend Payaza's footprint across African markets.

This move underscores a growing trend among Nigerian startups to explore non-equity financing options, such as commercial paper programmes, to support expansion without diluting ownership. Payaza's successful Series 1 and 2 issuances, along with the recent approval, highlight the viability of such instruments in the Nigerian capital market. The company's disciplined capital management and strategic use of debt capital markets position it as a leading player in Africa's fintech ecosystem.

CreditPro Plans ₦2 Billion Capital Raise for Expansion

Following its recent licensing by the CBN, CreditPro Finance Company Limited is targeting to raise ₦2,000,000,000 (Two Billion Naira) by the end of 2025. This capital injection aims to strengthen the company's financial foundation and accelerate its expansion into new markets. The funds will be strategically allocated across three core areas: ₦1,700,000,000 (One Billion, Seven Hundred Million Naira) for working capital to scale lending operations, ₦200,000,000 (Two Hundred Million Naira) for technology infrastructure upgrades, and ₦100,000,000 (One Hundred Million Naira) for market expansion initiatives, including opening new branches and launching targeted marketing campaigns.

To facilitate this capital raise, CreditPro is engaging potential investors and exploring multiple avenues such as private placements and preference shares that may later convert to equity, while considering commercial papers as part of its long-term strategy. This move underscores CreditPro's commitment to enhancing its credibility, attracting institutional investors, and positioning itself as a leading player in Nigeria's dynamic financial services sector.

Kredete Secures $22 Million in Series A Funding

In September 2025, Kredete, a fintech platform focused on helping African immigrants build credit and access financial services, raised $22,000,000 (Twenty-Two Million Dollars) in a Series A funding round. The funds will support the company's expansion into international markets, the launch of Africa's first stablecoin-backed credit card, and the rollout of new services including rent reporting, credit-linked savings plans, and goal-based loans.

Since its founding in 2023, Kredete has facilitated over $500,000,000 (Five Hundred Million Dollars) in remittances and helped users improve their credit scores, enabling greater access to financial services. The new funding will strengthen the company's infrastructure and offerings, enhancing its ability to serve African immigrants and support financial inclusion across multiple regions.

Mergers, Acquisitions, and Strategic Alliances in the Financial Sector

The third quarter of 2025 witnessed significant mergers, acquisitions, and strategic partnerships across the financial sector, both within Nigeria and across African markets, as institutions sought to strengthen capital, expand regional and international footprints, and optimize operations. Notable highlights include:

Access Bank Acquires 76% Stake in AfrAsia Bank to Deepen International Footprint

In July 2025, Access Bank Plc, through its wholly owned subsidiary Access Bank UK Limited, finalized the acquisition of a 76% majority stake in AfrAsia Bank Limited, a leading commercial bank based in Mauritius. The transaction received all necessary regulatory approvals from the Bank of Mauritius and the Financial Services Commission.

AfrAsia Bank, the fourth-largest bank in Mauritius by assets, is renowned for its role in facilitating cross-border financial services between Africa, Asia, and global markets.

The acquisition enhances Access Bank's international presence, complementing its existing operations in key financial hubs such as London, Dubai, Paris, Hong Kong, Malta, and Lagos. The transaction also reflects Access Bank's strategic expansion into high-growth markets and its commitment to strengthening investment and trade flows between Africa, Asia, and international markets. Following the acquisition, IBL Ltd, AfrAsia Bank's founding shareholder, will retain a 7.89% minority stake, signaling continued investor confidence in the bank's future under Access Bank's leadership.

First HoldCo to Divest SPV-Held Shares as Drive to Raise ₦500 Billion Capital Accelerates

In August 2025, First HoldCo Plc announced plans to divest shares held by RC Investment Management Ltd., a special purpose vehicle (SPV), as part of its broader capital restructuring and compliance strategy. The shares will be sold in the open market, with the SPV holding them temporarily. This move aligns with the company's efforts to streamline its ownership structure and meet the Central Bank of Nigeria's (CBN) revised capital requirements.

First HoldCo is targeting a ₦350,000,000,000 (Three Hundred Fifty Billion Naira) capital raise through private placements, following a successful ₦147,000,000,000 (One Hundred and Forty-Seven Billion Naira) rights issue earlier in the year. These initiatives are in response to the CBN's directive requiring banks with international licenses to increase their capital base to ₦500,000,000,000 (Five Hundred Billion Naira). The capital raise is expected to bolster the balance sheet, support expansion plans, and enhance regulatory compliance.

Nedbank to Divest 21.2% Stake in Ecobank, Concluding 17-Year Strategic Partnership

In August 2025, South Africa's Nedbank Group announced its decision to sell its 21.2% stake in Ecobank Transnational Incorporated (ETI) to Bosquet Investments Limited, a private investment vehicle led by financier Alain Nkontchou, for $100 million (One Hundred Million Dollars). This transaction marks the end of a 17-year strategic alliance between the two banks. The sale is expected to be finalized in the fourth quarter of 2025, pending regulatory approvals.

Nedbank's decision to divest follows a comprehensive strategic review, during which the Ecobank stake was reclassified as a non-current asset held for sale. The move aligns with Nedbank's focus on optimizing capital allocation and concentrating on core growth areas within the Southern African Development Community (SADC) and East Africa regions. The sale is anticipated to unlock capital for Nedbank's expansion plans in these regions, potentially through acquisitions or digital growth initiatives.

Ecobank Transfers Mozambique Operations to FDH Bank in Strategic Divestment

In September 2025, Ecobank Transnational Incorporated (ETI) completed the sale of its 98.8% stake in Ecobank Mozambique S.A. (EMZ) to FDH Bank Plc, marking the end of its eleven (11) years presence in Mozambique. The transaction, announced in August 2025, received all necessary regulatory approvals and was finalized in the fourth quarter of 2025. FDH Bank, listed on the Malawi Stock Exchange, now assumes full ownership and operational responsibility of EMZ, which operates four (4)n branches in Mozambique's major cities. The remaining 1.13% stake is held by the state-backed housing fund, Fundo Para O Fomento De Habitação.

This divestment aligns with ETI's "Growth, Transformation, and Returns" strategy, focusing resources on markets with stronger growth potential. While ETI exits direct operations in Mozambique, it intends to maintain a presence through strategic partnerships with FDH Bank, particularly in digital services and cross-border payments. The move reflects a broader trend among African financial institutions optimizing their portfolios and expanding regional footprints.

Leadway Holdings Acquires Full Ownership of PAL Pensions

In September 2025, Leadway Holdings Limited announced the acquisition of a 100% equity stake in Pensions Alliance Limited (PAL Pensions), a leading Pension Fund Administrator in Nigeria. This strategic move involved the transfer of ownership from FSDH Holding Company Limited (51%) and Africa Alliance Insurance Plc (49%) to Leadway Holdings, marking a significant consolidation in Nigeria's pension industry.

PAL Pensions, which recently celebrated its 20th anniversary and surpassed ₦1 trillion in Assets Under Management, will merge with Leadway's existing pension arm, Leadway Pensure PFA, to create one of the largest and most resilient pension fund administrators in Nigeria. This integration is expected to enhance operational efficiency, broaden customer reach, and contribute to the stability of Nigeria's financial sector.

Capital Markets

The third quarter of 2025 witnessed notable activity in Nigeria's capital markets, reflecting both strong investor engagement and initiatives to broaden market opportunities. Key developments during this period include government bond issuances and FMDQ's plans to launch an equities market, which are discussed in detail below:

FMDQ Group to Launch Equities Market, Challenging NGX's Dominance

In August 2025, FMDQ Group announced plans to launch an equities market, directly competing with the Nigerian Exchange (NGX). This move aims to diversify FMDQ's offerings beyond its established fixed income and derivatives platforms.

The equities market launch is part of FMDQ's broader strategy to enhance market efficiency and investor choice. The group has also introduced a new price discovery mechanism on its PenDealer platform and expanded its Qex Depository System to 47 participants, with ₦1.28 trillion worth of securities lodged. These initiatives reflect FMDQ's commitment to innovation and competition in Nigeria's capital markets.

FGN Bond Issuances: July-September 2025

In July 2025, the Debt Management Office (DMO) announced its monthly savings bond subscription, offering investors two options: a two-year bond maturing in July 2027 at an interest rate of 15.762%, and a three-year bond maturing in July 2028 at 16.762%. Each bond unit was priced at ₦1,000 (One Thousand Naira) with a minimum subscription of ₦5,000 (Five Thousand Naira) and additional investments in multiples of ₦1,000, allowing subscriptions up to ₦50,000,000 (Fifty Million Naira). The DMO allotted a total of ₦4,270,000,000 (Four Billion, Two Hundred and Seventy Million Naira), with the two-year bond receiving ₦853,822,000 (Eight Hundred and Fifty-Three Million, Eight Hundred and Twenty-Two Thousand Naira) from 1,078 successful subscriptions, while the three-year bond attracted ₦3,416,178,000 (Three Billion, Four Hundred and Sixteen Million, One Hundred and Seventy-Eight Thousand Naira) from 1,591 successful subscriptions, reflecting robust investor participation.

In August and September 2025, the Federal Government offered ₦200,000,000,000 (Two Hundred Billion Naira) in bonds for subscription via auction in each month. The August offering comprised ₦100,000,000,000 (One Hundred Billion Naira) FGN AUG 2030 (5-Year New) and ₦100,000,000,000 (One Hundred Billion Naira) 17.95% FGN JUNE 2032 (7-Year Re-opening). The September auction included ₦100,000,000,000 (One Hundred Billion Naira) 17.945% FGN AUG 2030 (5-Year Re-opening) and ₦100,000,000,000 (One Hundred Billion Naira) 17.95% FGN JUNE 2032 (7-Year Re-opening). Both offerings recorded strong investor demand, demonstrating sustained confidence in government securities and providing an important mechanism for long-term financing to support fiscal and developmental objectives.

Outlook: the 4th Quarter of 2025

Ongoing Recapitalisation Drive

Banks, insurance companies, and pension operators are actively taking steps to meet sector-specific recapitalization requirements set by regulators. Banks are working toward the CBN's March 2026 deadlines, with international, national, and regional banks raising capital through rights issues, private placements, public offers, mergers etc. Banks such as Access Bank, Zenith Bank, GTBank, Wema Bank, Globus Bank etc. have already strengthened their capital bases. In the insurance sector, companies are preparing to meet NAICOM's minimum capital thresholds by July 2026, prompting capital-raising efforts and possible industry consolidation. Pension Fund Administrators and Custodians are aligning with PenCom's December 2026 recapitalization mandate to enhance financial stability.

Stakeholders should watch for upcoming rights issues, mergers or strategic investments, capital market activity within these sectors, the impact of recapitalization on competition and market consolidation, and how firms balance compliance with growth objectives. Additionally, investors and partners should monitor announcements on recapitalization progress and regulatory approvals, as these will shape the operational and investment landscape in Q4 2025

Strengthened Regulatory Oversight

The Central Bank of Nigeria (CBN), the Securities and Exchange Commission (SEC), and the Federal Competition and Consumer Protection Commission (FCCPC) will maintain heightened supervision across the financial sector, emphasizing corporate governance, consumer protection, and operational compliance. Market participants should expect increased enforcement actions and guidance updates, particularly for fintechs and digital financial service providers.

CBN ISO 20022 Migration and Payment Terminal Geotagging

Financial institutions may face increased pressure to meet the 31st October 2025 deadline for ISO 20022 migration and full geotagging of payment terminals. Stakeholders should expect heightened regulatory scrutiny, with potential operational disruptions or penalties for non-compliance. The migration will drive greater interoperability, enhance transparency in digital payments, and improve fraud detection, ultimately strengthening the resilience and efficiency of Nigeria's payment ecosystem.

Cross-Border Expansion and Strategic Partnerships

In the coming quarter, Nigerian financial sector players, including banks, fintechs, insurance companies, and other non-bank financial institutions, are expected to pursue regional and international alliances, mergers, and acquisitions to enhance competitiveness and access global capital. These strategic moves will not only provide avenues for raising funds but also enable firms to adopt international best practices in governance, risk management, and operational efficiency. Stakeholders should monitor such transactions closely, as they may significantly impact capital structures, market positioning, and cross-border operational integration, while also signaling investor confidence and sectoral growth potential.

Fintech Growth and Funding

Digital financial service providers are expected to continue raising capital, expanding operations, and driving innovation, fueled by growing consumer adoption and regional market opportunities. Investors and stakeholders should carefully evaluate market viability, regulatory readiness, and operational resilience when engaging with fintechs, as compliance with CBN, SEC, and FCCPC requirements will increasingly shape market participation and growth prospects.

Increased Capital Market Activity

Government and corporate bond markets, including FGN bonds, are expected to remain active in Q4 2025, providing medium- to long-term financing for public and private sector projects. Commercial papers (CPs) will continue to attract strong investor interest as short-term funding instruments, offering liquidity solutions for both corporates and financial institutions. The ongoing recapitalization directives by regulators are likely to further spur capital markets activity, as banks, insurance companies, and pension operators tap these instruments to meet regulatory capital requirements. Additionally, the planned launch of FMDQ's equities market may enhance competition, improve liquidity, and offer stakeholders new avenues to participate in Nigeria's capital markets.

Conclusion

As Q4 begins, Nigeria's financial sector enters a pivotal phase, building on the momentum of Q3 2025. Regulatory initiatives, recapitalization drives, and strategic expansions have strengthened institutions across banking, insurance, and pensions, while fintech innovation and digital financial services continue to reshape market dynamics. Cross-border partnerships, mergers, and dual listings highlight growing regional and international engagement.

Regulators, including the CBN, SEC, and FCCPC, remain vigilant, promoting compliance, governance, and consumer protection in the financial sector. Capital markets continue to provide key funding avenues through FGN bonds, corporate bonds, commercial papers, and note issuance programmes, offering both medium- and short-term financing solutions.

Stakeholders should closely monitor ongoing capital-raising, technological integration, and regulatory developments, as these will shape the sector's growth, competitiveness, and ability to support Nigeria's broader economic objectives.

About Stren & Blan Partners

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.

Stren & Blan Partners is a full-service commercial Law Firm that provides legal services to diverse local and multinational corporations. We have developed a clear vision for anticipating our clients' business needs and surpassing their expectations, and we do this with an uncompromising commitment to Client service and legal excellence.

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