

A Guide to the Nigerian Financial Ecosystem: Players, Services, and Regulators

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The Nigerian Financial System

Finance is like oxygen, you can't live without it. You may not even know how it impacts your life; for example, a trader in Mile 12 market may not understand finance when giving the local Alajo N1,000 to save for the day. But yet, this is a classic savings and banking transaction.

Finance is a multi-dimensional monster that only few outside of finance understand. With the emergence of financial technology, nicely reduced to the word Fintech, it becomes even more confusing. So at **Lendsqr**, we have decided to explain how the financial ecosystem in Nigeria works because most Nigerians aren't aware of the players, services and regulators that are present within the Nigerian financial ecosystem. And because they don't know, there is a significant amount of fear and distrust between the stakeholders. We know that quite a number of everyday Nigerians are scared of going to banks; a lot of simple traders don't even want to use formal financial services leading to 38 million Nigerian adults being financially excluded.

The Financial service sector in Nigeria has no doubt improved over the past years. Banks have gone from just a safe place to store money and get a loan to offering a huge variety of other financial services to their customers.

The number of financial services providers has greatly increased since the advent of formal financial services in Nigeria in the 1960s. Back in the 1960s, just after the Nigerian independence from the United Kingdom, Nigeria had just 12 commercial banks in operation as well as 190 branches in the country.

[Nigeria now has 24 commercial banks](#) with over 5000 bank branches all over the country. Other financial service providers in the 1960s, were a few and extremely small-scale **non-bank financial intermediaries**, there were no specialized **development banks**. A few **insurance businesses**, regional government-owned finance organizations and loan boards, Co-operative Societies and thrift institutions, and the Lagos Building Society were among them. But decades later the horizon of financial services in Nigeria has broadened, now we have the financial sphere populated by institutions under the following category Banking, Non-banking FI, Capital market, Fintech, Insurance, and Pension.

The presence of the Financial Technology sector further broadens the scope of the Nigerian financial service sector, [with over 200 companies](#) operating in that sector alone from Payment services providers, Super agents, Processors, Switches, Payment Terminal Services providers, Lending, and Embedded Finance.

And of course the growth of the financial service sector in Nigeria has led to an increase in the general oversight over the sector. The vast financial ecosystem is supervised and regulated by many agencies of government to ensure safety of the economy and the preservation of values. Securities and Exchange Commission (SEC), Federal Ministry of Finance (FMF), Nigeria Deposit

Insurance Corporation (NDIC), National Pension Commission (PenCom), The National Insurance Commission (NAICOM) , Federal Mortgage Bank of Nigeria (FMBN), and National Board for Community Banks (NBCB).

Sectors of the Nigerian Financial EcosystemThe Nigerian financial system is very vast. Most often than not, the average Nigerian thinks of banking when they think of the sector. However, nothing can be further from the truth. The financial ecosystem in Nigeria is composed of the following sectors:

Banking

This is the traditional financial institution that is licensed to take deposits and give out loans. They can also do international trades. But not all banks are born the same; sub-sector of banking include commercial banks, mortgage banks, merchant banks, and Islamic banks. Banks are usually supervised by the Central Bank of Nigeria (CBN), the Nigeria Deposit Insurance Corporation (NDIC), and the Asset Management Corporation of Nigeria (AMCON)

Non-Banking Financial Institutions

Non-banking financial institutions (NBFIs) in Nigeria provide financial services.Examples of NBFIs are Credit bureau, IMTOs, Bureau de change, etc. They are regulated by the Central Bank of Nigeria (CBN) and other agencies, and play an important role in serving underserved segments of the population. It is important that they are regulated effectively to ensure the stability and integrity of the financial system.

Capital Market

The capital market as the name suggests is a financial institution that helps people with ideas become entrepreneurs and help small businesses grow into big companies. Capital markets are financial markets that bring buyers and sellers together to trade stocks, bonds, currencies, and other financial assets. Capital markets include the stock market and the bond market.

Fintech

The fintech financial sector in Nigeria refers to the portion of the financial system that involves the use of technology to deliver financial services and products. Fintech companies in Nigeria use innovative technologies, such as mobile banking, blockchain, and artificial intelligence, to provide financial services and products to consumers and businesses. These services and products may include payments, lending, insurance, and investment options.

In Nigeria, the fintech financial sector is regulated by a number of different authorities, including the Central Bank of Nigeria (CBN), the Securities and Exchange Commission (SEC), and the Nigerian

Communications Commission (NCC). These regulatory bodies are responsible for overseeing the activities of fintech companies and ensuring that they operate in a safe and transparent manner.

Overall, the fintech financial sector in Nigeria is an important part of the country's economy, as it provides more convenient and accessible financial services to consumers and businesses. It is also a key driver of innovation in the financial sector, as fintech companies are constantly seeking new and innovative ways to deliver financial services and products to their customers.

Insurance

The insurance financial sector is made up of companies that offer insurance products and services to individuals and businesses. Insurance is a form of risk management that helps to protect people and organizations from financial losses that may result from unexpected events, such as accidents, natural disasters, and illnesses.

There are many different types of insurance, including general insurance, life insurance, and health insurance (HMOs). The insurance financial sector plays a critical role in the Nigerian economy by helping to protect people and businesses from financial losses and by providing a source of financial stability in times of crisis.

It is an important component of the overall financial system, as it helps to ensure that people and businesses are able to recover from unexpected events and continue to operate effectively.

The insurance sector is usually regulated by the National Insurance Commission (NAICOM).

Pension

The pension financial sector in Nigeria refers to the portion of the financial system that deals with pension plans and retirement savings. Pension plans are typically offered by employers to their employees and allow employees to save money for retirement on a tax-deferred basis.

The pension financial sector plays a vital role in Nigeria by helping people to save for retirement and providing them with financial security in their later years. It is an important component of the overall financial system in Nigeria, as it helps to ensure that people are able to maintain their standard of living after they retire

In Nigeria, the pension financial sector is regulated by the National Pension Commission (PenCom), which is responsible for overseeing the administration and management of pension plans in the country. **PenCom** is responsible for effectively regulating and supervising all Licensed Pension Fund Operators (LPFOs) and developing guidelines that facilitate achieving the objectives of the Pension Reform Act 2014

Scope of the study

This study will give a general overview of the Nigerian financial ecosystem, the different sectors within the financial ecosystem, the segments under each of the sectors, the top players in those segments as well as the regulators of the different sectors.

Banking

The banking sector refers to a network or group of financial institutions that provide banking services to corporate and individual customers. The Nigerian banking industry is essential for its increasing provision of financial services, products, and access.

The banking industry in Nigeria started during the colonial era with the establishment of Colonial Banks, with the primary aim of meeting the commercial needs of the Colonial Government. The banking system in Nigeria is regulated through the Central Bank of Nigeria. This apex bank started operation on July 1, 1959.

Regulation of the Banking sector

The Nigerian banking sector is regulated by several agencies, including the Central Bank of Nigeria (CBN), the Nigerian Deposit Insurance Corporation (NDIC), the Asset Management Corporation of Nigeria (AMCON), the Securities and Exchange Commission (SEC), and the Financial Reporting Council (FRC).

Central Bank of Nigeria

The CBN is responsible for monetary policy, the issuance of currency, and the regulation of the financial system in Nigeria. It has the power to regulate the banking industry in Nigeria through the Central Bank of Nigeria Act of 2007 and the Banks and Other Financial Institutions Act of 1991.

Nigerian Deposit Insurance Corporation

The NDIC is responsible for protecting depositors and promoting financial stability in the banking sector. It has the power to regulate and supervise the banking industry in Nigeria through the Nigerian Deposit Insurance Corporation Act of 1988 and the Banks and Other Financial Institutions Act of 1991.

Asset Management Corporation of Nigeria

AMCON was established to address the problem of non-performing loans in the banking sector. It has the power to regulate and supervise the banking industry in Nigeria through the Asset Management Corporation of Nigeria Act of 2010 and the Banks and Other Financial Institutions Act of 1991.

Securities and Exchange Commission

The SEC is responsible for regulating and supervising the capital market in Nigeria, including the activities of banks and other financial institutions. It has the power to regulate the banking industry in Nigeria through the Securities and Exchange Commission Act of 2007 and the Banks and Other Financial Institutions Act of 1991.

Financial Reporting Council

The FRC is responsible for setting accounting and financial reporting standards in Nigeria, including for banks and other financial institutions. It has the power to regulate the banking industry in Nigeria through the Financial Reporting Council of Nigeria Act of 2011 and the Banks and Other Financial Institutions Act of 1991.

Segments of the Banking sector

There are 4 essential segments of the Nigerian banking sector namely; Commercial Banks, Merchant Banks, Islamic Banks, and Microfinance banks.

Commercial Banks

A commercial bank is the most popular financial institution among the other financial institutions in the banking sector. It provides services like loans, certificates of deposits, savings bank accounts, bank overdrafts, etc. to its customers. These institutions make money by lending loans to individuals and earning interest on loans. According to [Elizabeth Uzoamaka](#) Nigerian banks contribute positively towards economic development and wealth creation. Her study revealed that commercial banks significantly and positively play better roles towards fund mobilization for economic development. Commercial Banks in Nigeria are regulated solely by the CBN. [There are 24 commercial banks](#) that are currently in operation in Nigeria.

Top Players in the Commercial Bank segment

[According to a research conducted by Nairametrics](#), The top five banks were the major tier-1 financial institutions typically referred to as the **FUGAZ**, which is an acronym used to represent **First Bank, UBA, GTCO, Access, and Zenith Bank**. The top five banks accounted for **80.5%** of the **total assets of the industry**. It is worth noting that Ecobank Transnational Incorporated wasn't included in the compilation because most of its operations are outside Nigeria.

Licensing Requirements for Commercial Banks

[To obtain a commercial bank license in Nigeria](#), promoters must meet requirements set by the Central Bank of Nigeria, including a capital requirement of N25 billion (\$65 million) and minimum number of directors and shareholders. Operational and regulatory compliance requirements must also be met. These requirements ensure that commercial banks have the necessary financial resources and oversight to operate safely and effectively.

Merchant Banks

[Merchant banks](#), also known as investment banks, are institutions that are non-depository, meaning that they don't take money from their customers in the form of deposits. These financial institutions provide loans and capital for business enterprises. They may also provide consulting services, or

help their clients structure large international transactions. Merchant banks provide different services from both retail and investment banks. Merchant Banks in [Nigeria are regulated by the CBN](#). [According to the CBN](#), there are 6 merchant banks in Nigeria.

Top Players in the Merchant Bank Segment

[According to Businessday](#) **Rand Merchant bank** has won the BusinessDay Merchant Bank of the Year award for the fifth consecutive year, Debt Capital Markets Bank of the Year award for the fourth consecutive year, and Corporate Finance Advisor of the Year for the second consecutive year at the Banks & Other Financial Institutions Awards (BAFI). The BAFI award is considered an industry standard for bank and other financial institutions excellence in Nigeria.

Another top player in the merchant bank segment is **Coronation merchant bank**. In the year 2022, Coronation merchant bank has won a number of awards for the best investment bank in Nigeria from World Finance to the Global Banking & Finance Awards and a number of other prestigious organizations.

Licensing requirements for Merchant banks

[To be licensed as a merchant bank](#), the promoters must meet certain requirements, including a capital requirement of N25 billion (approximately \$65 million). In addition to the capital requirement, there are other requirements for merchant bank licensing in Nigeria, such as minimum number of directors and shareholders, and other operational and regulatory compliance requirements.

Islamic Bank

Contrary to what the name of this financial institution might suggest, it is not a bank for muslim or islamic people. Rather this is a banking financial institution that is based on the islamic law (sharia law) and on the islamic economics. Some people know Islamic banks as **Non-interest banks**, and this is because one of the fundamental principles of Islamic banking is the prohibition of the collection or payment of interest from lenders and investors. Another fundamental principle of Islamic banking is the sharing of profit and loss. Islamic banks make profit from **equity participation**, which requires a borrower to give the bank a share in their profits rather than paying interest. Islamic Banks in Nigeria are regulated by the Financial Regulation Advisory Council of Experts (FRACE).

[There are 2 Islamic banks in Nigeria](#) namely; Jaiz bank and Taj bank. Though apart from these banks there is another non-interest bank in Nigeria namely; [Sterling Bank Alternative Finance](#). This is merely a subsidiary under sterling bank that provides alternative non-interest financing.

Licensing process for Islamic banks in Nigeria

[To be licensed as an Islamic bank in Nigeria](#), the promoters must meet certain requirements set by the Central Bank of Nigeria (CBN). These requirements include having a capital base of at least N25 billion, being reputable individuals or organizations, having a board of directors with relevant expertise, having a strong management team, and having a viable business plan. The bank must also have systems in place to ensure compliance with all relevant laws and regulations and adequate risk management systems. These requirements are in place to ensure that the bank is

financially stable and able to operate safely. By meeting these requirements, Islamic banks can contribute to the overall development of the Nigerian economy.

Microfinance Banks

Microfinance banks (MFBs) in Nigeria offer microcredit and other financial services to low-income individuals and groups who may not have access to traditional banking services.

There are currently 887 MFBs operating in the country, providing an important source of financial support to underserved populations. The Central Bank of Nigeria (CBN) is responsible for regulating MFBs and ensuring that they adhere to necessary standards and guidelines. MFBs offer a range of services, including savings and deposit accounts, loans, domestic fund transfers, and non-financial services. These banks play a vital role in promoting financial inclusion and supporting economic development in Nigeria.

Top Players in the Microfinance segment

[According to Nairametrics](#) the top 10 MFBs in Nigeria are; KUDA MFB, LAPO MFB, ACCION MFB, Mutual Trust MFB, Assets MFB, Finna Trust MFB, AB MFB, VFD MFB, Sparkle MFB, and BOI MFB.

Licensing Process for MFBs

[To be licensed as a microfinance bank in Nigeria](#), the promoters must meet certain requirements set by the Central Bank of Nigeria (CBN), including having a minimum paid-up capital of N20 million, a board of directors with relevant expertise, a strong management team, systems to ensure compliance with laws and regulations, adequate risk management systems, a viable business plan, and the necessary infrastructure and resources.

Non Banking Financial Institutions

Non-banking financial institutions (NBFIs) fondly called NFBIs are financial institutions that provide a range of financial services to individuals and businesses, but aren't classified as banks. Examples of Non-banking financial Institutions include Finance houses, Credit bureaus, International money transfer operators, Bureau de change, Primary Mortgage Institutions (PMIs) and Development Finance Institutions (DFIs). The NFBIs are regulated by the CBN.

In Nigeria, the non-financial banking sector has grown significantly in recent years, particularly with the emergence of new technologies and the increasing demand for diverse financial services. Prior to the 1980s, the banking sector in Nigeria was dominated by traditional banks, but in the past few decades, non-banking financial institutions have gained a greater share of the market. Today, non-banking financial institutions play a vital role in the Nigerian financial system and are an important source of financial services for consumers and businesses.

Regulation of the Non Banking Financial Sector

In Nigeria, the regulation of non-banking financial institutions (NBFIs) is the responsibility of the CBN.

Central Bank of Nigeria (CBN)

The Central Bank of Nigeria is responsible for the regulation and supervision of all banks, and the non-bank financial institutions. The CBN is responsible for setting and enforcing regulatory standards for NBFIs, and for ensuring that they are in compliance with relevant laws and regulations.

Segments of the Non-Banking Financial sector

There are **6** essential segments of the Non-banking financial sector namely; Finance house, Credit bureaus, International money transfer operator, Bureau de change, Primary Mortgage Institutions (PMIs), and Development Finance Institutions (DFIs).

Finance houses

Finance houses are non-banking financial institutions that provide a range of financial services, including lending, leasing, and financial advisory services. They may also offer other services such as asset management and trade finance. Finance houses in Nigeria are regulated by the Central Bank of Nigeria (CBN).

Top Players in the Finance Houses segment

FBNQuest is a leading finance house in Nigeria that provides a range of financial services, including lending, leasing, and financial advisory services. United Capital is another top finance house in Nigeria that offers a variety of financial products and services, including asset management, investment banking, and wealth management.

Licensing Process for Finance Houses

To be licensed as a Finance house in Nigeria, an organization must apply for a license from the Central Bank of Nigeria (CBN). The licensing process involves submitting an application to the CBN, providing detailed information about the business and its proposed operations, and undergoing a thorough review process. [The CBN has issued guidelines](#) for the licensing and supervision of finance houses in Nigeria.

Credit bureaus

Credit bureaus are organizations that collect and maintain credit-related information on individuals and businesses. They provide this information to banks, lenders, and other financial institutions to help them assess the creditworthiness of borrowers. Credit bureaus in Nigeria are regulated by the Central Bank of Nigeria (CBN).

Top Players in the Credit bureaus segment

The Credit Bureau Association of Nigeria (CBAN) is a leading credit bureau in Nigeria that collects and maintains credit-related information on individuals and businesses. The National Credit Reporting Agency (NCRA) is another top credit bureau in Nigeria that provides credit-related information to banks, lenders, and other financial institutions to help them assess the creditworthiness of borrowers.

Licensing Process for Credit Bureaus

To be licensed as a Credit bureaus in Nigeria, an organization must apply for a license from the Central Bank of Nigeria (CBN). The licensing process involves submitting an application to the CBN, providing detailed information about the business and its proposed operations, and undergoing a thorough review process. The [CBN has issued guidelines for the licensing and supervision of credit bureaus in Nigeria](#).

International money transfer operators

International money transfer operators are companies that facilitate the transfer of funds between countries. They may offer a variety of services, including wire transfers, foreign exchange, and remittance services. International money transfer operators in Nigeria are regulated by the Central Bank of Nigeria (CBN).

Top Players in the International money transfer operators segment

Western Union is a global leader in international money transfer services, and it has a strong presence in Nigeria. MoneyGram is another top international money transfer operator in Nigeria that offers a variety of services, including wire transfers, foreign exchange, and remittance services.

Licensing Process for International money transfer operators

[To obtain a license as an International money transfer operator](#) in Nigeria, the Central Bank of Nigeria (CBN) must approve an application which includes a detailed business plan and compliance with laws, regulations, and minimum paid-up capital determined by CBN.

Bureau de change

Bureau de change are financial institutions that specialize in exchanging one currency for another. They may also offer other financial services, such as money transfer and foreign exchange services. Bureau de change in Nigeria are regulated by the Central Bank of Nigeria (CBN).

Top Players in the Bureau de change segment

GT Bank is a leading bureau de change in Nigeria that offers a range of financial services, including foreign exchange and money transfer services. Zenith Bank is another top bureau de change in Nigeria that provides foreign exchange and money transfer services to individuals and businesses. First Bank of Nigeria is a major financial institution in Nigeria that also operates as a bureau de change, offering a range of financial services including foreign exchange and money transfer services.

Licensing Process for Bureau de change

[To obtain a license as a Bureau de change](#) in Nigeria, an application must be approved by the Central Bank of Nigeria (CBN) which includes a detailed business plan and compliance with laws, regulations, and a minimum paid-up capital determined by CBN.

Primary Mortgage Institutions (PMIs)

Primary Mortgage Institutions (PMIs) are non-bank financial institutions that specialize in providing mortgage financing for the purchase or refinance of real estate. Primary Mortgage Institutions (PMIs) in Nigeria are regulated by the Central Bank of Nigeria (CBN).

Top Players in the Primary Mortgage Institutions (PMIs) segment

The Federal Mortgage Bank of Nigeria (FMBN) is a leading PMI in Nigeria that provides mortgage financing for the purchase or refinance of real estate. The Nigeria Mortgage Refinance Company (NMRC) is another top PMI in Nigeria that offers a range of mortgage financing products and services to support the real estate market in the country.

Licensing Process for Primary Mortgage Institutions (PMIs)

[To obtain a license as a Primary Mortgage Institution \(PMI\)](#) in Nigeria, an application must be approved by the Central Bank of Nigeria (CBN) which includes a detailed business plan and compliance with laws, regulations, and a minimum paid-up capital determined by CBN. PMIs are also regulated by National Housing Fund (NHF) and National Housing Policy (NHP) to promote the development of the housing sector and the financing of affordable housing.

Development Finance Institutions (DFIs)

Development Finance Institutions (DFIs) are financial institutions that provide financing and other support to promote economic development in emerging markets. They may offer a range of financial products and services, including loans, guarantees, and equity investments. Development Finance Institutions (DFIs) in Nigeria are regulated by the Central Bank of Nigeria (CBN).

Top Players in the Development Finance Institutions (DFIs) segment

The Bank of Industry (BOI) is a leading DFI in Nigeria that provides financing and other support to promote the development of small and medium-sized enterprises in the country. The Nigerian Export-Import Bank (NEXIM) is another top DFI in Nigeria that focuses on supporting the development of export-oriented businesses in Nigeria.

Licensing Process for Development Finance Institutions (DFIs)

[To obtain a license as a Development Finance Institution \(DFI\)](#) in Nigeria, an application must be approved by the Central Bank of Nigeria (CBN) which includes a detailed business plan, compliance with laws, regulations, and a minimum paid-up capital determined by CBN.

Capital Management

The capital management sector is a financial industry sector that includes companies that provide services related to the management and oversight of financial assets. These services include brokerage, asset management, exchange, depository and nominee services.

In Nigeria, the history of the capital management sector can be traced back to the early 20th century, with the establishment of the first brokerage firms and the Nigerian Stock Exchange in 1960. Since then, the sector has grown to include a range of companies that provide services such as asset management, depository, and nominee services. The sector also operates under the regulatory oversight of the Securities and Exchange Commission (SEC) in Nigeria. The sector continues to play an important role in the Nigerian economy, providing access to investment opportunities and helping to promote economic growth.

Regulation of the capital management sector

The capital management sector in Nigeria is regulated by several organizations, including the Securities and Exchange Commission (SEC), the Central Bank of Nigeria (CBN) and the Nigerian Stock Exchange (NSE). They play a vital role in protecting investors, maintaining the integrity of the securities market, and ensuring the stability of the Nigerian financial system.

Securities and Exchange Commission (SEC)

The Securities and Exchange Commission (SEC) is the primary regulatory body for the capital management sector in Nigeria. It is responsible for ensuring compliance with securities laws and regulations, protecting investors and maintaining the integrity of the securities market. The SEC oversees the registration and regulation of securities, as well as the registration and regulation of capital market operators such as mutual funds, investment companies, and other collective investment schemes. It also monitors the activities of stockbrokers, issuing houses, and other securities market intermediaries.

Central Bank of Nigeria (CBN)

The Central Bank of Nigeria (CBN) also plays a role in regulating the capital management sector in Nigeria. It is responsible for maintaining monetary and financial stability, and it oversees the operations of banks and other financial institutions, including those that operate in the capital market. The CBN has the authority to issue regulations, supervise and examine banks, and take enforcement actions against banks that violate laws and regulations.

Nigerian Stock Exchange (NSE)

The Nigerian Stock Exchange (NSE) is the principal securities exchange of Nigeria. It is responsible for the regulation of the securities market, including the listing, trading and settlement of securities. The NSE also regulates and supervises the activities of capital market operators and intermediaries such as stockbrokers and issuing houses. It also monitors compliance with the rules and regulations of the exchange and ensures that the integrity and transparency of the securities market is maintained.

Segments of the Capital Management sector

Brokers

Brokers are individuals or firms that act as intermediaries between buyers and sellers of securities. Brokers in Nigeria are regulated by the Securities and Exchange Commission (SEC) and the Nigerian Stock Exchange (NSE). They are responsible for executing buy and sell orders on behalf of clients, providing market and investment advice, and providing access to securities markets.

Top Players in the Brokers segment

Some of the top players in the brokerage industry in Nigeria include Stanbic IBTC Stockbrokers, Renaissance Capital, and Meristem Securities.

Licensing Process for Brokers

To obtain a license as a broker in Nigeria, an individual or firm must be registered with the Securities and Exchange Commission (SEC) and pass an examination to demonstrate a sufficient level of knowledge and competence in securities trading. They also need to meet the minimum capital requirement and ongoing reporting and compliance obligations.

Asset management

Asset management companies in Nigeria are regulated by the Securities and Exchange Commission (SEC) and the Central Bank of Nigeria (CBN). They are responsible for managing and investing the assets of clients, which include mutual funds, pension funds, and other investment vehicles. They also provide investment advice and portfolio management services to individuals and institutions.

Top Players in the Asset management segment

Some of the top players in the asset management industry in Nigeria include Asset & Resource Management Company (ARM), FBNQuest Asset Management and Vetiva Asset Management.

Licensing Process for Asset management

To obtain a license as an asset management company in Nigeria, an application must be approved by the Securities and Exchange Commission (SEC) and the Central Bank of Nigeria (CBN) which includes a detailed business plan and compliance with laws, regulations, and a minimum paid-up capital determined by the regulators.

Exchanges

Exchanges in Nigeria are regulated by the Securities and Exchange Commission (SEC) and the Nigerian Stock Exchange (NSE). They are responsible for providing a platform for the trading of securities, such as stocks and bonds, and for maintaining the integrity and transparency of the securities market. Exchanges also provide market data, trading systems and other services to market participants.

Top Players in the Exchanges segment

The Nigerian Stock Exchange (NSE) is the main securities exchange in Nigeria.

Licensing Process for Exchanges

To be listed on the Nigerian Stock Exchange (NSE), companies must meet certain requirements such as minimum capitalization, profitability, and corporate governance standards. The listing process also requires an assessment of the company's business plan, financial performance, and compliance with laws and regulations.

Depositories

Depositories in Nigeria are regulated by the Securities and Exchange Commission (SEC) and the Central Bank of Nigeria (CBN). They are responsible for maintaining and safeguarding the securities and other assets of clients, such as stocks and bonds, and for facilitating the transfer of ownership of securities. They also provide services such as clearance, settlement, and registration of securities transactions.

Top Players in the Depositories segment

The Central Securities Clearing System Plc (CSCS) is the main depository in Nigeria.

Licensing Process for Depositories

To obtain a license as a depository in Nigeria, an application must be approved by the Securities and Exchange Commission (SEC) and the Central Bank of Nigeria (CBN) which includes a detailed business plan and compliance with laws, regulations, and a minimum paid-up capital determined by the regulators.

Nominees

Nominees in Nigeria are regulated by the Securities and Exchange Commission (SEC) and the Central Bank of Nigeria (CBN). They are responsible for holding securities and other assets on behalf of clients, such as stocks and bonds, and for facilitating the transfer of ownership of securities. They also act as intermediaries between clients and other market participants, such as brokers and exchanges.

Top Players in the Nominees segment

Some of the top players in the nominee services industry in Nigeria include Stanbic IBTC Nominees Limited, and Unity Nominees Limited.

Licensing Process for Nominees

To obtain a license as a nominee in Nigeria, an application must be approved by the Securities and Exchange Commission (SEC) and the Central Bank of Nigeria (CBN) which includes a detailed business plan and compliance with laws, regulations, and a minimum paid-up capital determined by the regulators.

Fintech

Fintech, short for financial technology, is the intersection of technology and finance. It refers to the use of technology to improve and automate financial services and processes. Fintech companies use innovative technologies such as artificial intelligence, blockchain, and digital platforms to provide financial services in a more efficient and cost-effective way.

Regulation of Fintech

In Nigeria, the Central Bank of Nigeria (CBN) is the primary regulator of the fintech industry. The CBN has established a regulatory framework for digital banking and mobile money operations, as well as guidelines for the operation of payment service providers.

Segments of Fintech

The fintech industry in Nigeria is divided into several segments including payment services providers, super agents, processors, switches, Payment Terminal Services providers, lending, and embedded finance.

Payment services providers

This segment includes companies that provide digital payment solutions such as mobile wallets, online payments, and cryptocurrency transactions.

Top Players in Payment services providers segment

Some of the top players in the payment services providers segment of the fintech industry in Nigeria include Paga, Flutterwave, and Paystack.

Licensing Process for Payment services providers

To obtain a license as a payment services provider fintech company in Nigeria, an individual or firm must be registered with the Central Bank of Nigeria (CBN) and meet the minimum capital requirements and other operational guidelines as set by the CBN. They also need to pass an examination to demonstrate a sufficient level of knowledge and competence in payment services and technology.

Super agents

This segment includes companies that act as intermediaries between payment service providers and customers, providing access to financial services such as banking, insurance, and remittances.

Top Players in Super agents segment

Some of the top players in the super agents segment of the fintech industry in Nigeria include OPay, JumiaPay and Kuda.

Licensing Process for Super agents

To obtain a license as a super agents fintech company in Nigeria, an individual or firm must be registered with the Central Bank of Nigeria (CBN) and meet the minimum capital requirements and other operational guidelines as set by the CBN. They also need to pass an examination to demonstrate a sufficient level of knowledge and competence in super agents services and technology.

Processors

This segment includes companies that provide payment processing services such as merchant acquiring, card issuing, and fraud detection.

Top Players in the Processors segment

Some of the top players in the processors segment of the fintech industry in Nigeria include Interswitch, Verve, and Mastercard

Licensing Process for Processors

To obtain a license as a processors fintech company in Nigeria, an individual or firm must be registered with the Central Bank of Nigeria (CBN) and meet the minimum capital requirements and other operational guidelines as set by the CBN. They also need to pass an examination to demonstrate a sufficient level of knowledge and competence in payment processing services and technology.

Switches

This segment includes companies that provide interconnection services between different payment networks, allowing for seamless transactions between different payment service providers.

Top Players in the Switches segment

Some of the top players in the switches segment of the fintech industry in Nigeria include NIBSS, Etranzact and Interswitch

Licensing Process for Switches

To obtain a license as a switches fintech company in Nigeria, an individual or firm must be registered with the Central Bank of Nigeria (CBN) and meet the minimum capital requirements and other operational guidelines as set by the CBN. They also need to pass an examination to demonstrate a sufficient level of knowledge and competence in interconnection services and technology.

Payment Terminal Services providers

This segment includes companies that provide payment terminal services such as Point of Sale (POS) terminals, Automated Teller Machines (ATMs), and other physical payment devices.

Top Players in the Payment Terminal Services providers segment

Some of the top players in the Payment Terminal Services providers segment of the fintech industry in Nigeria include Ingenico, Verifone and First Bank of Nigeria

Licensing Process for Payment Terminal Services providers

To obtain a license as a Payment Terminal Services providers fintech company in Nigeria, an individual or firm must be registered with the Central Bank of Nigeria (CBN) and meet the minimum capital requirements and other operational guidelines as set by the CBN. They also need to pass an examination to demonstrate a sufficient level of knowledge and competence in Payment Terminal Services and technology.

Lending

This segment includes companies that provide digital lending services such as personal loans, microfinance, and peer-to-peer lending.

Top Players in the Lending segment

Some of the top players in the Lending segment of the fintech industry in Nigeria include Carbon, Branch and Paylater

Licensing Process for Lending

To obtain a license as a Lending fintech company in Nigeria, an individual or firm must be registered with the Central Bank of Nigeria (CBN) and meet the minimum capital requirements and other operational guidelines as set by the CBN. They also need to pass an examination to demonstrate a sufficient level of knowledge and competence in Lending services and technology.

Embedded finance

This segment includes companies that provide financial services embedded within other products or services, such as e-commerce platforms and ride-hailing apps.

Top Players in the Embedded finance segment

Some of the top players in the Embedded finance segment of the fintech industry in Nigeria include PiggyVest, Kuda and Paylater

Licensing Process for Embedded finance

To obtain a license as an Embedded finance fintech company in Nigeria, an individual or firm must be registered with the Central Bank of Nigeria (CBN) and meet the minimum capital requirements and other operational guidelines as set by the CBN. They also need to pass an examination to demonstrate a sufficient level of knowledge and competence in Embedded finance services and technology.

Insurance

The insurance sector is the industry that deals with providing protection against financial loss through the sale of insurance policies. Examples of companies operating in this sector include: insurance companies, brokers, and agents.

The insurance sector in Nigeria has a history dating back to the early 20th century with the establishment of the first insurance company in 1907. The industry has grown significantly over the years, with the number of insurance companies increasing and new products and services being introduced. Despite some challenges, the insurance sector in Nigeria has continued to expand in recent years with the emergence of new players and innovative products.

Regulation of the Insurance sector

The insurance sector in Nigeria is regulated by the National Insurance Commission (NAICOM), which is responsible for ensuring compliance with insurance laws and regulations, protecting policyholders and maintaining the integrity of the insurance market. The NAICOM oversees the registration and regulation of insurance companies and intermediaries, as well as the supervision of the market conduct of insurance companies.

Segments of the Insurance sector

The insurance sector in Nigeria is divided into two main segments, general insurance and life insurance.

General insurance

This segment includes companies that provide insurance coverage for non-life risks such as property, casualty, motor, and liability insurance.

Top Players in the General insurance segment

Some of the top players in the General insurance segment of the insurance industry in Nigeria include Leadway Assurance, AXA Mansard Insurance, and AIICO Insurance.

Licensing Process for General insurance

To obtain a license as a general insurance company in Nigeria, an individual or firm must be registered with the National Insurance Commission (NAICOM) and meet the minimum capital requirements and other operational guidelines as set by the NAICOM. They also need to pass an examination to demonstrate a sufficient level of knowledge and competence in general insurance.

Life insurance

This segment includes companies that provide insurance coverage for life risks such as death, illness, and disability.

Top Players in the Life insurance segment

Some of the top players in the Life insurance segment of the insurance industry in Nigeria include AllCO Insurance, Standard Alliance Life, and Leadway Assurance.

Licensing Process for Life insurance

To obtain a license as a life insurance company in Nigeria, an individual or firm must be registered with the National Insurance Commission (NAICOM) and meet the minimum capital requirements and other operational guidelines as set by the NAICOM. They also need to pass an examination to demonstrate a sufficient level of knowledge and competence in life insurance.

Regulators of the Nigerian Financial Ecosystem

Nigeria has a number of regulatory bodies that oversee the operations of its financial sector, including the Central Bank of Nigeria (CBN), the Securities and Exchange Commission (SEC), the Federal Ministry of Finance (FMF), the Nigeria Deposit Insurance Corporation (NDIC), the National Pension Commission (PenCom), the National Insurance Commission (NAICOM), the Federal Mortgage Bank of Nigeria (FMBN), and the National Board for Community Banks (NBCB).

Central Bank of Nigeria

The Central Bank of Nigeria (CBN) is the central bank of Nigeria and is responsible for the regulation and supervision of the country's monetary and financial system. This includes the formulation and implementation of monetary policy, the management of foreign reserves, the issuance of currency, and the regulation of the banking system. The CBN also works to maintain price stability and promote economic growth in Nigeria. To achieve these objectives, the CBN uses various monetary policy tools such as open market operations, discount rate policy, and reserve requirements.

The CBN also has the power to license and supervise all commercial and merchant banks, as well as non-bank financial institutions such as microfinance banks and mortgage banks operating in Nigeria. The CBN monitors and regulates the operations of these institutions to ensure that they comply with regulations and maintain the necessary capital and liquidity to remain financially stable. The CBN also plays a key role in the development of the Nigerian economy by providing support for the implementation of government policies and programs that promote economic growth and development.

Securities and Exchange Commission

The Securities and Exchange Commission (SEC) is the regulatory agency responsible for the regulation and supervision of the Nigerian capital market. It was established in 1979. The SEC's main functions include the registration of securities, the regulation of capital market intermediaries such as stockbrokers, investment advisers, and mutual fund managers, and the enforcement of securities laws.

The SEC works to protect investors and maintain the integrity of the Nigerian capital market by enforcing regulations on insider trading, market manipulation, and other forms of securities fraud. The SEC also ensures that the Nigerian capital market remains efficient, transparent, and accessible to all investors. It conducts regular inspections of market participants to ensure compliance with regulations and takes action against any violators of securities laws. The SEC also provides investor education and promotes market development through research and other initiatives.

Federal Ministry of Finance

The Federal Ministry of Finance (FMF) is responsible for the management of the country's public finances, including budget preparation, revenue collection, and expenditure. It is also responsible for the management of Nigeria's debt, the formulation of fiscal policy, and the coordination of the activities of other government agencies involved in the management of public finances. The FMF oversees the operations of government-owned financial institutions such as the Nigeria Sovereign Investment Authority (NSIA), the Nigerian Stock Exchange (NSE) and Nigeria Export-Import Bank (NEXIM).

The FMF also plays a key role in the development of the Nigerian economy by providing support for the implementation of government policies and programs that promote economic growth and development. It works closely with other government agencies to develop and implement economic policies that promote sustainable growth and development, while also ensuring the efficient use of public resources.

Nigeria Deposit Insurance Corporation

The Nigeria Deposit Insurance Corporation (NDIC) is a government-owned and controlled corporation that insures depositors' funds in commercial and merchant banks operating in Nigeria. It provides deposit insurance against the loss of depositors' funds in the event of a bank failure. The NDIC also conducts regular examinations of insured banks to ensure their financial stability and compliance with regulations.

The NDIC's deposit insurance scheme helps to protect depositors' funds in the event of bank failure, which helps to maintain stability in the Nigerian banking system. It also helps to promote public confidence in the banking system by providing depositors with assurance that their funds are protected, even in the event of a bank failure.

National Pension Commission

The National Pension Commission (PenCom) was established in 2004 and is responsible for the regulation and supervision of the Nigerian pension industry. It oversees the administration of the Contributory Pension Scheme (CPS), which replaced the defined benefit scheme and ensures that

pension funds are managed in the best interest of the contributors. The PenCom also ensures that pension funds are invested in a safe and profitable manner and that contributors have access to their pension funds when they retire.

The PenCom also monitors the activities of Pension Fund Administrators (PFAs) and Pension Fund Custodians (PFCs) to ensure compliance with regulations and protect the interest of pension contributions. It also ensures that pension contributors receive their retirement benefits as at when due.

National Insurance Commission

The National Insurance Commission (NAICOM) was established in 1997 as the regulatory body for the Nigerian insurance industry. Its main functions include the licensing and supervision of insurance companies, the regulation of insurance products, and the protection of policyholders' interests. The NAICOM monitors the operations of insurance companies to ensure that they remain financially stable and are able to meet their obligations to policyholders.

The NAICOM also ensures that insurance companies comply with regulations and maintain the necessary capital and liquidity to remain financially stable. It also monitors the pricing of insurance products to ensure that policyholders aren't overcharged and that insurance companies remain competitive. The NAICOM also plays a key role in promoting the development of the Nigerian insurance industry by providing support for the implementation of government policies and programs that promote growth and development.

Federal Mortgage Bank of Nigeria

The Federal Mortgage Bank of Nigeria (FMBN) is a government-owned and controlled corporation that provides long-term mortgage loans to individuals for the purpose of acquiring or building homes. It also provides refinancing options for existing mortgages and promotes the development of the Nigerian housing finance market. The FMBN also manages the National Housing Fund (NHF) which is a scheme set up to enable Nigerian workers to access affordable housing finance.

The FMBN also works to increase access to housing finance for low-income earners and promote the development of the Nigerian housing market by providing support for the construction of affordable housing units and the development of new housing finance products.

National Board for Community Banks

The National Board for Community Banks (NBCB) is responsible for the regulation and supervision of community banks in Nigeria. Community banks are small financial institutions that operate primarily in rural and semi-urban areas, providing financial services to individuals and small businesses that may not have access to conventional banking services. The NBCB ensures that

community banks comply with regulations and maintain the necessary capital and liquidity to remain financially stable.

The NBCB also works to promote the development of the community banking sector in Nigeria by providing support for the establishment of new community banks and the expansion of existing ones. It also provides training and technical assistance to community banks to help them improve their operations and better serve their customers.

State Financial Institutions

State financial institutions are financial organizations that are owned or controlled by a government. They are created to provide financial services to specific groups or sectors of the economy, such as cooperatives or money lenders. These institutions may provide loans, savings accounts, and other financial services to their members or clients.

In Nigeria, the history of state financial institutions can be traced back to the colonial era, with the establishment of cooperative societies in the early 20th century. These cooperatives were created to provide financial services to farmers, traders and other groups of people who were excluded from traditional banking services. In addition, money lenders, who are licensed by the government, have been providing financial services to individuals and small businesses, who were not able to access formal banking services. Today, state financial institutions continue to play an important role in providing access to financial services and promoting economic growth in Nigeria.

Regulation of State Financial Institutions

State financial institutions are regulated primarily by the CBN. The NDIC and the ministry of Industry also play regulatory roles in this financial sector.

Central Bank of Nigeria

The Central Bank of Nigeria (CBN) is the primary regulator of state-owned financial institutions in Nigeria. The CBN is responsible for issuing guidelines and regulations for the registration, operation, and supervision of these institutions. The CBN also monitors and supervises the activities of these institutions to ensure compliance with laws and regulations and to promote the safety and soundness of the financial system.

National Deposit Insurance Corporation

The Nigerian Deposit Insurance Corporation (NDIC) plays an important role in the regulation of state-owned financial institutions by providing deposit insurance for the protection of depositors' funds. The NDIC conducts regular examination and supervision of these institutions to ensure compliance with laws and regulations, and to ensure the safety and soundness of the financial system. The NDIC also provides technical assistance to these institutions and participates in their liquidation in the event of failure.

Ministry of Industry

The Ministry of Industry, Trade and Investment in Nigeria is responsible for the registration and supervision of state-owned financial institutions, particularly those providing services such as money lending, to ensure they operate in a safe and sound manner and protect the interest of the public. The Ministry also creates policies to foster the growth of SMEs, which can be financed by these institutions, promoting economic growth and development in Nigeria.

Segments of State Financial Institutions

There are two major segments of state financial institutions, Cooperatives and Money Lenders.

Cooperatives

Cooperatives in Nigeria are financial organizations that are owned and controlled by their members, providing financial services such as savings accounts and loans to their members. They are primarily regulated by the Central Bank of Nigeria (CBN) and the Nigerian Deposit Insurance Corporation (NDIC).

Licensing process for the Cooperative segment

To obtain a license as a cooperative in Nigeria, an individual or firm must be registered with the Central Bank of Nigeria (CBN) and meet the minimum capital requirements and other operational guidelines as set by the CBN. They also need to pass an inspection to demonstrate a sufficient level of compliance with laws and regulations and to show that they are able to operate in a safe and sound manner.

Money Lenders

Money lenders in Nigeria are licensed by the government and provide financial services such as loans to individuals and small businesses who aren't able to access formal banking services. They are regulated by the Ministry of Industry, Trade and Investment to ensure their operation in a safe and sound manner and to protect the interest of the public.

Conclusion

In conclusion, this article has provided a comprehensive guide to the Nigerian financial ecosystem, including the different segments, players, services, and regulatory bodies that operate within it. The goal of this article was to educate readers who may be unfamiliar with the financial services sector and to provide them with the information they need to understand the different options available to them and the regulatory bodies that oversee these services.

It is crucial for individuals to understand the financial ecosystem, particularly in a developing country like Nigeria, in order to make informed decisions about their financial options and to take steps to improve their financial literacy. The Nigerian financial ecosystem is diverse and encompasses a wide range of services and products, from traditional banking and insurance to newer segments such as microfinance and digital finance.

The regulatory bodies play a vital role in ensuring the stability and integrity of the sector. It is important for individuals to be aware of the licensing process and the regulatory requirements for each segment, in order to ensure that they are operating within the legal framework.

We at **Lendsqr** encourage our readers to take advantage of the information provided in this article and to seek professional help when necessary. It is also important to stay updated on the changes in the financial sector, by following the regulatory bodies and other relevant organizations. We hope that this article has been informative and helpful in understanding the Nigerian financial ecosystem, and we encourage our readers to take proactive steps to improve their financial literacy and make informed decisions about their financial options.

