The FCCPC Digital, Electronic, Online and Non-Traditional Consumer Lending Regulations 2025: Potential Implications for the Nigerian Digital Lending Landscape

Background

Over the years, the growth of the Nigerian fintech ecosystem has spurred a range of financial product offerings. One such offshoot is the digital lending platforms or "loan apps" as they are commonly referred to by their users. These platforms enable consumers access instant retail loans without security or collateral.

The proliferation of these digital lending platforms and the nature of their operations have drawn concerns and attracted regulatory scrutiny. In response to these concerns, the Federal Competition and Consumer Protection Commission (the "FCCPC" or the "Commission") issued the Limited Interim Regulatory/Registration Framework and Guidelines for Digital Lending 2022. Through these interim regulations, the FCCPC introduced a formal but provisional registration framework for digital lending platforms in the country.

Against the backdrop of the 2022 interim regulations, the FCCPC recently issued the Digital, Electronic, Online and Non-Traditional Consumer Lending Regulations 2025 (the "DEON Regulations" or "Regulations") on 21 July 2025. The DEON Regulations introduce a comprehensive legal framework that addresses registration requirements, operational guidelines, consumer protection issues, predatory lending, and data privacy concerns in the digital lending space.

In this article, we examine some key provisions of the DEON Regulations, highlighting the implications for participants in the digital lending ecosystem.

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The Scope of Application of the DEON Regulations

The DEON Regulations have been issued pursuant to section 163 of the Federal Competition and Consumer Protection Act 2018 (the "FCCPA") which empowers the FCCPC to make regulations and issue guidelines and notices for the effective implementation of the FCCPA.

The DEON Regulations generally apply to digital platforms facilitating transactions involving unsecured loans, including any lending to consumers not only by way of cash but also airtime, data, cashback, services, barter in exchange for specific or verifiable monetary value regardless of how such value or the interest component is calculated.[1] Specifically, the DEON Regulations apply to any component of a consumer lending business or operation hosted, conducted, or transmitted on platforms, infrastructure, or technology that is intended to operate beyond any single state of Nigeria or that operates beyond a single state despite territorial limitations of the entity's license.[2]

The Regulations also extend to regulated entities providing consumer lending services.[3] However, the Regulations exempt banks and other financial institutions licensed under the Banks and Other Financial Institutions Act 2020 ("BOFIA") from the registration requirements introduced under the Regulations.[4]

Notably, any license or approval granted under the DEON Regulations will not replace or obviate the need to obtain required approvals from the regulator of the relevant industry for the purpose of the business of the lender.[5] Accordingly, obtaining the FCCPC approval for digital lending services is not an alternative to licensing requirements under the BOFIA.

Key Provisions and Potential Obligations for Digital Lenders

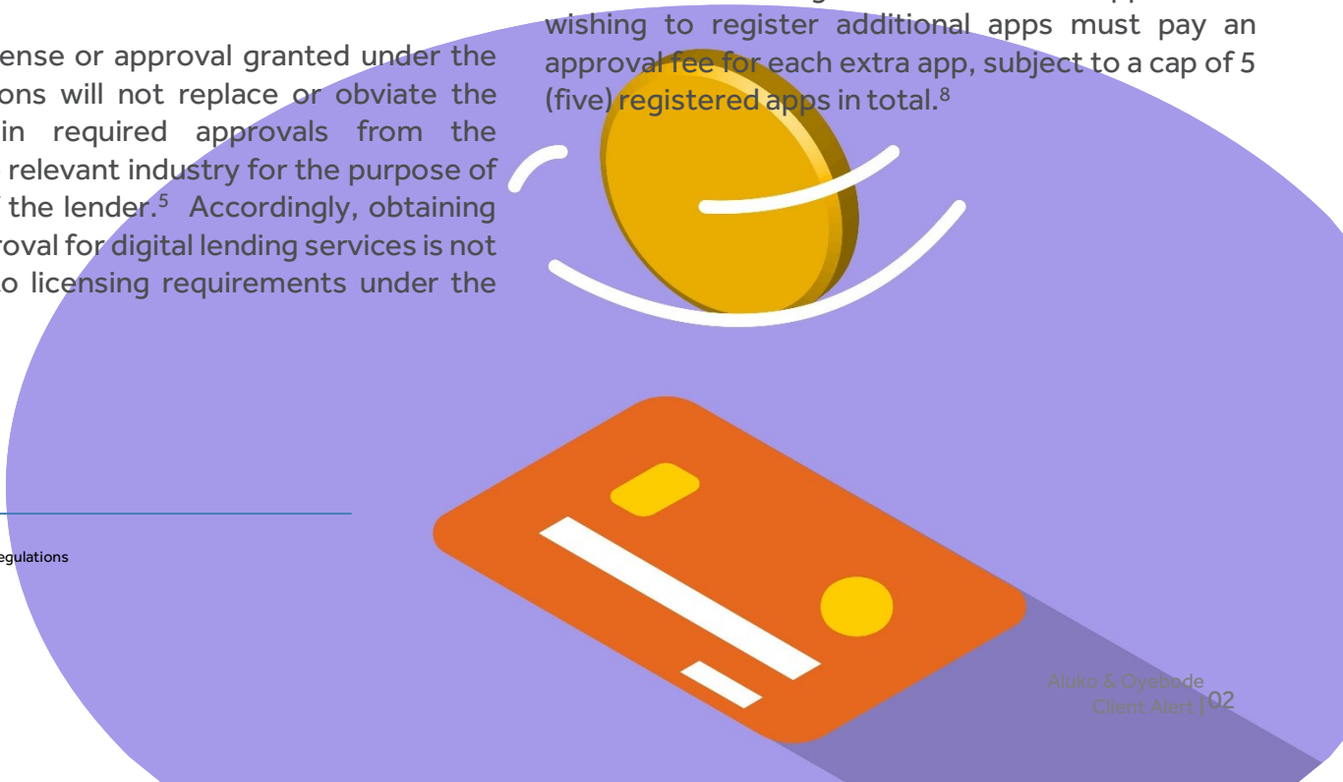
Some of the key provisions of the Regulations are outlined below.

Approval Requirement for Existing Consumer Lending Service Providers

All entities providing consumer lending services, including entities licensed by a sector regulator or other competent authority (other than banks and financial institutions licensed under the BOFIA), are required to apply for and obtain the approval of the FCCPC within 90 (ninety) days from the commencement date of the DEON Regulations to continue offering such services or engaging in related conduct.[6]

Despite the express exemption of financial institutions licensed by the CBN, the Regulations still require microfinance banks to apply for a waiver. Additionally, Mobile Money Operators (MMOs) that offer credit in the form of airtime and data advances are also required to obtain an approval.[7]

Other applicants that are not regulated under the BOFIA e.g. existing Digital Money Lenders (DMLs) are subject to a ₦1,000,000 (One Million Naira) non-refundable approval fee or such amount as the FCCPC may determine from time to time, which covers the initial registration of 2 (two) apps. DMLs wishing to register additional apps must pay an approval fee for each extra app, subject to a cap of 5 (five) registered apps in total.[8]



[1] Regulation 3(a) of the DEON Regulations
[2] Regulation 4(c)
[3] Regulation 4(d)
[4] Regulation 7
[5] Regulation 4(e)
[6] Regulation 7
[7] Regulation 15(2)a
[8] Regulation 15(2)b

Consumer Protection Obligations

The DEON Regulations require lenders and service providers to ensure that all terms of the lending service, such as interest rates, repayment terms, and associated fees, are fully disclosed to consumers before any transaction is completed. These disclosures must be made in clear, legible, and simple English that is easily understood by the average consumer.[9]

In addition, lending rates and charges must be conspicuously displayed on all websites and platforms.[10] The DEON Regulations provide that the FCCPC will periodically monitor lending interest rates and also prohibits unfair contract terms, including unilateral changes without prior notice, waivers of liability for lender negligence, and exploitative clauses that create a significant imbalance in the rights and obligations of the parties.[11]

The DEON Regulations also mandate that every customer, upon request, must be provided with a statement or history of service utilisation within 24 (twenty-four) hours of making the request.[12]

Penalties for non-compliance with the DEON Regulations

Any person or undertaking found to be in contravention of the provisions of the DEON Regulations is liable to sanctions. A natural person may face an administrative penalty of up to ₦50,000,000 (Fifty Million Naira).[13] A body corporate may be fined up to ₦100,000,000 (One Hundred Million Naira) or 1% of its previous year's turnover, whichever is greater.[14] Directors of entities that are in breach may also be subjected to sanctions including disqualification as a director for a period. [15]

Partnerships among Digital Lenders

According to the Regulations, an undertaking may only partner with another to provide consumer lending services if they have a contract submitted to the Commission as part of their application and expressly approved by the Commission. [16]

Consequently, partnerships to provide consumer lending services, e.g., between two moneylenders, or a moneylender and a fintech platform, may require the execution of a Consumer Lending Services Agreement duly registered and approved by the Commission.[17]

Next Steps for Digital Money Lenders

With the commencement of the DEON Regulations, DMLs have a 90 (ninety) day window to comply with the licensing regime and the operational guidelines set out in the Regulations. Specifically, DMLs are required to obtain FCCPC approval (or waiver, in the case of microfinance banks) to continue consumer lending operations.

DMLs should also audit their internal processes and review existing consumer lending contracts to eliminate unfair terms and ensure that their lending operations follow the provisions of the FCCPA and the DEON Regulations. In addition, DMLs should implement effective consumer protection and data privacy measures to mitigate the risk of breach and regulatory sanctions.

Conclusion

The introduction of the DEON Regulations has significant implications for the digital lending ecosystem. The introduction of a legal framework to regulate the activities of digital retail lenders who do not fall within the regulatory purview of the CBN ensures that safe market practices are adopted and the interests of consumers are protected in a regulated environment. Consequently, digital lending services are now a fully regulated undertaking and non-CBN licensed digital money lenders would now be fully subject to the FCCPC's supervisory authority as long as they offer lending services to consumers.

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If you require any further clarification, do not hesitate to contact us via **AOFintechTeam@aluko-oyebode.com**

[9] Regulation 17(a)
[10] Regulation 17(b)
[11] Regulation 18(b)
[12] Regulation 21
[13] Regulation 27(2)a
[14] Regulation 27(2)b
[15] Regulation 27(2)c
[16] Regulation 10
[17] Regulation 11

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