

A BILL

FOR

AN ACT TO AMEND THE BANKS AND OTHER FINANCIAL INSTITUTIONS ACT, NO 5 OF 2020 TO PROVIDE FOR THE DESIGNATION, REGISTRATION AND ENHANCED SUPERVISION OF SYSTEMICALLY IMPORTANT INSTITUTIONS; AND FOR OTHER RELATED MATTERS

Sponsors:

Senator Mukhai Adetokunbo Abiru	
Sen. Abulaziz Yari	Sen. Bamidele Michael Opeyemi
Sen. Daniel Justus Olugbenga	Sen. Aminu Wazir Tambuwal
Sen. Adeola Solomon	Sen. Adebule Idiat Oluranti
Sen. Sanni Bello Abubakar	Sen. Mohammed Goje
Sen. Muhammad A. Aliero	Sen. Mohammed Tahir Mongono
Sen. Osita Izunaso	Sen. Manu Haruna
Sen. Khalid Ibrahim Mustapha	Sen. Usman Lawal Adamu
Sen. Khabeeb Mustapha	Sen. Hussaini Babangida Uba
Sen. Nwebonyi Onyeka Peter	Sen. Ekpenyong Asuquo
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Sen. Nasiru Sani Zangon Daura	Sen. Adaramodu Adeyemi
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Sen. Mpigi Barinada	Sen. Ibrahim Lamido
Sen. Isah Jibrin	Sen. Ibrahim M. Bomai
Sen. Umar Sadiq	Sen. Orji Uzor Kalu
Sen. Jimoh Folorunsho Ibrahim	Sen. Kelvin Chukwu
Sen. Henry Seriake Dickson	Sen. Muhammed Sanni Musa
Sen. David S. U Jimkuta	Sen. Yahaya Abdullahi
Sen. Binos Yaroe	Sen. Tony Nwoye
Sen. Natasha Akpoti Uduaghan	Sen. Joseph Ikpea

[] Commencement

1 ENACTED by the National Assembly of the Federal Republic of

2 Nigeria as follows-

3 **1.** The Banks and Other Financial Institutions Act, no 5 of 2020 (in
4 this Bill referred to as "The Principal Act") is amended as set out in this Bill.

Amendment of
Banks and Other
Financial
Institutions Act
No. 5 of 2020

5 **2.** Insert after Section 62 of the Principal Act a new Part VIIA:

6 **PART VIIA - REGULATION OF SYSTEMICALLY IMPORTANT INSTITUTIONS**

Insertion of New
Part VIIA

7 **62 A. Power of the Bank to Designate Systemically Important**

8 **Institution:**

5 (b) the institution is highly interconnected with banks, payment
6 systems or other financial infrastructure;

7 (c) its failure or operational disruption is likely to pose systemic risk
8 or threaten financial stability; or

9 (d) such designation is otherwise required in the public interest.

10 (2)A designation under subsection (1) shall be made by the Governor.

11 (3) The Bank may impose such additional prudential, operational,
12 governance or disclosure requirements on a designated Systemically
13 Important Institution as it considers necessary for financial stability.

14 (4) The Bank may vary, suspend or revoke a Systemically Important
15 Institution designation where circumstances warrant.

16 62B - Criteria and Regulations for Designation:

17 (1) The Bank shall by Regulations specify the criteria, indicators and
18 methodology for determining systemic importance of such institutions.

19 (2) The Regulations may include quantitative and qualitative factors
20 relating to size, substitutability, interconnectedness, technological reliance,
21 user concentration, operational footprint, and other risk indicators.

22 62C - Obligations of Designated Systemically Important Institution:

23 Every Systemically Important Institution shall-

24 (a) comply with all directives, conditions and prudential requirements
25 issued by the Bank;

26 (b) submit any information or documentation required for
27 supervisory purposes;

28 (c) maintain governance, cybersecurity, technology-risk and
29 operational-resilience standards as prescribed; and

1 (d) notify the Bank of any material change that may affect its
2 systemic importance.

5 (1) The Bank shall establish and maintain a Systemically
6 Important Institution Registry ("Systemically Important Institution
7 Registry").

13 62E - Stress Testing:

14 (1) The Bank may require any Systemically Important Institutions
15 to undergo periodic stress tests, including liquidity, solvency, market-risk,
16 operational-risk and cyber-resilience stress testing.

17 (2) The Bank may prescribe the methodology, scenarios, data
18 requirements and frequency of such stress tests.

22 62F - Data Integrity and Technology-Risk Assessments:

30 (3) A Systemically Important Institution shall implement

1 corrective measures directed by the Bank.

2 62G - Access to Information and Systems:

3 (1) For the purpose of supervision, the Bank may require access to any
4 system, platform, algorithm, model documentation or data used by a
5 Systemically Important Institution.

6 (2) A Systemically Important Institution shall provide unrestricted
7 access to such information as may be necessary for the Bank's supervisory
8 functions.

9 62H - Supervisory Directions:

10 The Bank may issue additional directives to Systemically Important
11 Institutions relating to operational standards, technology-risk management,
12 consumer protection, cybersecurity, liquidity buffers, governance, or any
13 matter necessary for maintaining systemic stability.

14 62I - Reporting Obligations:

15 A Systemically Important Institution shall submit additional periodic reports to
16 the Bank in the manner and frequency the Bank determines and as set out The
17 Regulations, including-

18 (a) transaction data;

19 (b) incident reports;

20 (c) cybersecurity breaches;

21 (d) technology-risk and operational-risk returns;

22 (e) recovery and contingency plans.

23 62J - Enforcement and Penalties:

24 (1) A Systemically Important Institutions that fails to comply with any
25 requirement of this Part commits an offence and is liable on conviction-

26 (a) to an administrative penalty prescribed by the Bank; or

27 (b) to suspension of operations, license conditions or other sanctions
28 deemed appropriate by the Bank.

29 (2) Each day during which the offence continues constitutes a
30 separate offence.

1 62L - Appeals:

2 A Systemically Important Institution aggrieved by any decision of the Bank
3 under this Part may appeal to the Federal High Court within 30 days of such
4 decision.

5 62M - Transitional Designation of Existing Institutions:

6 (1) Any institution operating in Nigeria on the commencement of
7 this Part and which, in the opinion of the Bank, meets the criteria for
8 systemic importance shall be deemed to be provisionally designated as a
9 Systemically Important Institution for a period not exceeding six months.

10 (2) The Bank shall, within 60 days of commencement, issue a
11 Provisional List of Systemically Important Institution Candidates,
12 identifying institutions required to undergo an assessment for final
13 designation.

14 (3) An institution provisionally designated under this section shall
15 comply with any interim measures or reporting obligations issued by the
16 Bank pending its final designation under section 62A.

17 62N - Transitional Requirements:

18 (1) An institution provisionally designated as a Systemically
19 Important Institution under section 62M shall, within 90 days of the
20 commencement of this Part; provide all documents, information or data
21 specified by the Bank.

22 (2) The Bank may extend the period in subsection (1) for not more
23 than an additional 60 days, where justified by exceptional circumstances.

24 (3) Any institution that fails to comply with the transitional
25 requirements shall be subject to administrative sanctions prescribed by the
26 Bank.

27 62O - Continuity of Operations:

28 (1) An institution subject to transitional designation shall be
29 permitted to continue its operations during the transitional period, provided
30 that it complies with all interim directives of the Bank.

5 (3) The Bank may suspend or restrict any activity of a provisionally
6 designated institution where the Bank considers such action necessary for the
7 protection of customers or the financial system.

8 62P - Transitional Stress Testing and Data-Integrity Requirements:

9 (1) The Bank may require any institution subject to transitional
10 designation to undergo initial baseline stress testing or technology and data-
11 integrity assessments within the first six months after commencement.

12 (2) A provisionally designated institution shall submit all information
13 or systems access necessary for the transitional assessments.

14 (3) The Bank may direct interim remedial or corrective actions arising
15 from such assessments, and compliance with the directives shall be mandatory.

16 62Q - Treatment of Regulatory Approvals Previously Issued

17 (1) Any licence, approval, authorization or exemption previously
18 issued by the Bank to any institution (other than a bank) before the
19 commencement of this Part shall, to the extent that it is not inconsistent with
20 this Part, continue to have effect until expressly reviewed, varied or revoked by
21 the Bank.

22 (2)The Bank may, by notice, convert any existing approval into an
23 approval issued pursuant to this Part, subject to such conditions as it considers
24 necessary.

25 62S - Transitional Regulations:

26 (1)The Bank may issue Transitional Regulations to provide for-

27 (a) temporary thresholds or risk indicators for provisional
28 Systemically Important Institution classification;

29 (b) interim reporting formats;

9 62T - Expiration of Transitional Arrangements:

10 (1) All transitional arrangements under this Part shall expire twelve
11 months after the commencement of this Part, except where expressly
12 extended by the Bank.

20 62U Disclosure of Ultimate Beneficial Owners:

21 (1) Every Systemically Important Institution shall maintain full,
22 accurate, and continuous disclosure of its Ultimate Beneficial Owners and
23 shall notify the Bank of any change within seven days.

24 (2) The Bank shall have power to look through any ownership or
25 control structure, however complex, to identify the natural persons
26 exercising actual or potential control.

1 62V. Regulation of Foreign Control:

2 (1) The Bank shall continue to recognize and encourage the positive
3 contributions of foreign participation in Nigeria's financial and digital
4 ecosystem. To sustain confidence and ensure a stable operating environment,
5 the Bank may review forms of foreign control strictly for the purposes of
6 effective supervision, market integrity, consumer protection, and financial
7 stability.

8 (2) Where, based on a risk-based assessment, the Bank identifies
9 those certain forms of foreign control including those involving complex
10 multi-layered ownership structures, offshore special-purpose entities, foreign
11 state-aligned financing sources, or dependence on non-transparent data,
12 Artificial Intelligence, or compute infrastructure may materially impair
13 effective supervision or pose systemic or national-interest risks, the Bank may
14 require proportionate corrective measures. These may include:

15 (a) enhanced ownership and funding transparency;
16 (b) strengthened governance and local board-independence
17 requirements;

18 (c) compliance measures relating to data residency, cross-border data
19 access, or foreign AI/compute reliance;

20 (d) targeted supervisory remedies necessary to address the identified
21 risks.

22 (3) Restructuring or divestiture shall be considered only in
23 exceptional circumstances and only where less intrusive measures have proven
24 insufficient to mitigate material risks to financial stability, supervisory
25 visibility, competition, or data sovereignty.

26 (4) In assessing the risks associated with foreign control, the Bank
27 shall give particular attention to:

28 (a) the degree of foreign access to Nigerian consumer, financial, or
29 behavioral data;

30 (b) reliance on foreign Artificial Intelligence models, cloud

1 infrastructure, or compute platforms that limit regulatory visibility or
2 control;

3 (c) the concentration of market power;

4 (d) alignment with Nigeria's long-term digital sovereignty and
5 economic-security objectives; and

6 (e) whether decision-making, operational control, or data
7 processing is effectively located outside Nigeria's regulatory jurisdiction.

12 62W. Powers of the Bank Over Market Competition:

13 (1) The Bank shall have explicit powers to monitor and assess
14 market share, pricing practices, interoperability, data concentration,
15 platform power, and competitive dynamics across Systemically Important
16 Institutions.

17 (2) The Bank may issue directives or guidelines to prevent anti-
18 competitive conduct, market distortions, or abuse of economic power.

19 (3) A Systemically Important Institution found to be dominant
20 shall not engage in abusive practices, including-

21 (a) predatory pricing;

22 (b) exclusive dealing or tying arrangements;

23 (c) bundling that forecloses competition;

24 (d) refusal to interoperate without objective justification;

25 (e) use of data or platform advantages to exclude competitors or
26 restrict market entry.

27 (4) Where the Bank determines that an institution has substantially
28 impaired competition or market fairness, it may impose-

29 (a) behavioural remedies, including mandatory interoperability,
30 access obligations, or restrictions on pricing conduct;

Amendment of Central Bank of Nigeria Act No. 7 of 2007

5 **3. The Central Bank of Nigeria Act no 7 of 2007 is amended as**
6 **follows:**

7 (1) Substitute the following new Section 43, for the existing Section
8 43;

9 43. (1) There is hereby established for the purpose of coordination and
10 the supervision of financial institutions, a Financial Services Regulation
11 Coordinating Committee (in this Act referred to as "the Committee").

12 (2) The Committee shall consist of-

13 (a) the Governor of the Bank who shall be the Chairman;

14 (b) the Managing Director, Nigeria Deposit Insurance Corporation;

15 (c) the Director-General, Securities and Exchange Commission;

16 (d) the Commissioner for Insurance;

17 (e) the Registrar-General, Corporate Affairs Commission; and

18 (f) a representative of the Federal Ministry of Finance not below the
19 rank of a Director.

20 (3) There is established a Fintech and Innovation Coordinating
21 Committee (in this Act referred to as "the FICC").

22 (4) The committee shall serve as the multi-stakeholder body
23 responsible for coordinating regulatory policy, innovation oversight, and the
24 orderly development of fintech, digital finance, emerging technologies, and
25 financial innovation within Nigeria.

26 (5) The Committee shall consist of the representatives of the
27 following organizations not below the rank of Director-

28 (a) Central Bank of Nigeria who shall be the Chairman;

29 (b) Securities and Exchange Commission;

30 (c) Nigerian Communications Commission;

(d) National Information Technology Development Agency;

(e) Corporate Affairs Commission;

(f) Federal Competition and Consumer Protection Commission;

(g) Office of the National Security Adviser

(h) Federal Ministry of Finance

(2) Substitute the following new Section 44, for the existing Section 44;

44. (1). The objectives of the Financial Services Regulation Coordinating Committee shall be to:

(a) co-ordinate the supervision of financial institutions especially conglomerates;

(b) cause reduction of arbitrage opportunities usually created by differing regulation and supervision standards amongst supervisory authorities in the economy;

(c) deliberate on problems experienced by any members in its relationship with any financial institution;

(d) eliminate any information gap encountered by any regulatory agency in its relationship with any group of financial institutions;

(e) articulate the strategies for the promotion of safe, sound and efficient practices by financial intermediaries; and

(f) deliberated on such other issues as may be specified from time to time.

(2) The objectives of the Fintech and Innovation Coordinating Committee shall include-

(a) coordinate regulatory approaches to fintech, digital financial services, payment systems, and emerging technologies across key agencies;

(b) Identify regulatory gaps, overlaps, and inconsistencies affecting digital finance;

(c) identify innovation-related risks and recommending measures to safeguard financial stability, consumer protection, and fair competition;

(d) promote and facilitate cooperation and dialogue between regulators, industry stakeholders, including emerging fintech, banks, and digital platforms.

4 (e) advise the Bank and other regulators on emerging trends,
5 innovation-related regulatory reforms, and supervisory expectations;

(f) support coordination in crisis situations affecting digital platforms, payments, or financial market infrastructures.

8 (g) perform such other functions as may be necessary to enhance
9 innovation, inclusion, competitiveness, and safety within the financial services
10 ecosystem.

11 (3) Insert the following new definition after the word "Board" in the
12 existing section 60 of the Principal Act:

13 "FICC" means the Fintech and Innovation Coordinating Committee
14 established under Section 43A of this Bill.

Amendment of Section 131

15 **4.** Section 131 of the Principal Act is amended by inserting in
16 alphabetical order the following new definitions:

17 "dominance" means a position of economic strength enjoyed by a Systemically
18 Important Institution which enables it to prevent effective competition, act
19 independently of competitors, or materially influence market conditions in any
20 relevant financial market.

21 "Fintech institution" means any entity, whether licensed or authorised by the
22 Bank or otherwise operating within the financial system, which provides
23 technology-enabled financial services including payments, digital lending,
24 savings, investments, crowd funding, digital wallets, open banking services or
25 other activities determined by the Bank;

26 "foreign control" means any direct or indirect ability of a foreign person,
27 foreign entity, foreign government, or state-linked body to exercise material
28 influence or operational control over a bank, other financial institution, or
29 Systemically Important Institution; and includes situations where such
30 influence is exercised through non-transparent or complex ownership

1 arrangements such as offshore structures, nominee arrangements, or
2 contractual rights, only to the extent that the lack of transparency or
3 structure of such control may hinder effective supervision, reduce market
4 fairness, or create systemic-risk concerns;

5 "Ultimate Beneficial Owner" means the natural person(s) who ultimately
6 owns, controls, or derives economic benefit from a bank, other financial
7 institution, or Systemically Important Institution, whether through direct
8 shareholding, indirect ownership chains, agreements, or other
9 arrangements;

10 "Systemically Important Institution" means a licensed institution
11 designated under section 62A of this Act;

12 **5.** This Bill may be cited as the Banks and Other Financial Citation
13 Institutions Act (Amendment) Bill, 2025.

EXPLANATORY MEMORANDUM

The Bill seeks to amend the Banks and Other Financial Institutions Act to establish a comprehensive legal and regulatory framework for the supervision and oversight of institutions operating within the financial system and providing technology-enabled financial services. This amendment is necessary given the growing significance of such institutions, whose scale, interconnectedness, and operational concentration have become integral to Nigeria's financial landscape and may give rise to systemic risks.

