

# 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:*

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Sen. David S. U Jimkuta	Sen. Yahaya Abdullahi
Sen. Binos Yaroo	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.
- 5 **2.** Insert after Section 62 of the Principal Act a new Part VIIA:
- 6 PART VIIA - REGULATION OF SYSTEMICALLY IMPORTANT INSTITUTIONS
- 7 62 A. Power of the Bank to Designate Systemically Important
- 8 Institution:

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

Insertion of New  
Part VIIA

1 (1) The Bank may designate any CBN-licensed institution (other than  
2 a bank) as a Systemically Important Institution where the Bank is satisfied that-

3 (a) the scale, market share, number of users or value of transactions of  
4 the institution is of grave significance to the financial system;

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.

3 62D - Establishment of the Systemically Important Institution  
4 Registry:

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

8 (2) The details of every institution designated as a Systemically  
9 Important Institution shall be set out in the Systemically Important  
10 Institution Registry in such form and manner as the Bank may determine.

11 (3) The Bank shall publish, at least annually, an updated list of  
12 designated Systemically Important Institutions.

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.

19 (3) A Systemically Important Institution shall implement any  
20 remedial, corrective or risk-mitigation measures directed by the Bank  
21 arising from a stress test.

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

23 (1) The Bank may conduct or require any Systemically Important  
24 Institution to undergo data-integrity assessments, including evaluation of  
25 data accuracy, completeness, protection, storage, governance and  
26 cybersecurity protocols.

27 (2) The Bank may appoint external specialists to conduct such  
28 assessments; the cost shall be borne by the Systemically Important  
29 Institution.

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.

1 (2) The Bank may impose conditions relating to operational-risk  
2 controls, customer protection, capital adequacy, technology resilience or any  
3 other matter necessary to safeguard financial stability during the transitional  
4 period.

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;

1 (c) interim cybersecurity, data-governance or technology-risk  
2 standards;

3 (d) deadlines for compliance during the transitional phase; and

4 (e) any other matter necessary to give full effect to the transition to  
5 the Systemically Important Institution regulatory regime.

6 (2) Transitional Regulations issued under subsection (1) shall  
7 cease to have effect upon the issuance of substantive Regulations under  
8 section 62B.

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.

13 (2) Upon expiration of the transitional period, all Systemically  
14 Important Institution shall be subject to the full requirements of this Part,  
15 and any institution that has not complied with the transitional provisions  
16 shall be deemed to be operating in contravention of this Bill.

17 (3) Nothing in this section shall prevent the Bank from taking  
18 enforcement action against any institution that fails to comply with  
19 transitional directives.

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.

27 (3) No institution shall conceal, obscure, or fragment control  
28 through indirect ownership, offshore entities, nominees, trusts, or similar  
29 arrangements.

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.

8 (5) In all cases, the Bank shall act in a transparent, and  
9 proportionate manner, and shall ensure that its actions support both  
10 innovation and Nigeria's sovereign right to oversee critical financial and  
11 digital infrastructure.

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;

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No. 7 of 2007

1 (b) structural remedies, including divestiture, separation of business  
2 units, or limits on market concentration;

3 (c) any other measure necessary to restore competition, protect  
4 consumers, or safeguard financial stability.

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;

- 1 (d) National Information Technology Development Agency;
- 2 (e) Corporate Affairs Commission;
- 3 (f) Federal Competition and Consumer Protection Commission;
- 4 (g) Office of the National Security Adviser
- 5 (h) Federal Ministry of Finance
- 6 (2) Substitute the following new Section 44, for the existing
- 7 Section 44;
- 8 44. (1). The objectives of the Financial Services Regulation
- 9 Coordinating Committee shall be to:
- 10 (a) co-ordinate the supervision of financial institutions especially
- 11 conglomerates;
- 12 (b) cause reduction of arbitrage opportunities usually created by
- 13 differing regulation and supervision standards amongst supervisory
- 14 authorities in the economy;
- 15 (c) deliberate on problems experienced by any members in its
- 16 relationship with any financial institution;
- 17 (d) eliminate any information gap encountered by any regulatory
- 18 agency in its relationship with any group of financial institutions;
- 19 (e) articulate the strategies for the promotion of safe, sound and
- 20 efficient practices by financial intermediaries; and
- 21 (f) deliberated on such other issues as may be specified from time
- 22 to time.
- 23 (2) The objectives of the Fintech and Innovation Coordinating
- 24 Committee shall include-
- 25 (a) coordinate regulatory approaches to fintech, digital financial
- 26 services, payment systems, and emerging technologies across key agencies;
- 27 (b) Identify regulatory gaps, overlaps, and inconsistencies
- 28 affecting digital finance;
- 29 (c) identify innovation-related risks and recommending measures
- 30 to safeguard financial stability, consumer protection, and fair competition;

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

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

6 (f) support coordination in crisis situations affecting digital  
7 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.

