‣ CORPORATE & COMMERCIAL LAW | FINANCIAL SERVICES REGULATION | FINTECH & DIGITAL BANKING

SPLP NEWS & INSIGHTS · REGULATORY BRIEFING

Realigning Regulation with Reality:

The CBN's Fintech Licence Upgrade and What It Means for Nigeria's Digital Finance Ecosystem

Corporate & Commercial Law · Financial Services Regulation

11 February 2026

Smith & Partners Law Practice
24, Ebun Street, Yaba, Lagos State, Nigeria

www.splp-law.com
enquiries@splp-law.com | +234 916 808 6836

Nigeria's most prominent digital finance platforms — OPay, Moniepoint, Kuda Bank, PalmPay and Paga — have had their operating licences formally upgraded to national status by the Central Bank of Nigeria. The decision, announced on 26 January 2026, marks a pivotal recalibration: regulatory authorisation catching up with commercial reality. This briefing examines the legal architecture of that upgrade, the obligations it imposes, and what it signals for Nigeria's evolving fintech regulatory environment.

BACKGROUND: A DECADE OF DIGITAL GROWTH OUTPACING REGULATORY DESIGN

Nigeria's fintech ecosystem did not grow gradually — it erupted. Over the past decade, mobile technology, agent banking networks, and a large unbanked population created conditions for explosive digital finance adoption. By 2024, e-payment transaction volumes had reached 44.8 billion annually — a 16% year-on-year increase — while the underlying transaction value climbed to ₦3.1 quadrillion, a 39% increase powered by platforms like Moniepoint, OPay, and PalmPay. NIBSS Instant Payment transactions alone reached ₦1.07 quadrillion, representing an 80% increase from the ₦600.36 trillion recorded in 2023.

₦ 3.1 Quadrillion Total e-payment transaction value in Nigeria (2024), up 39% year-on-year	**44.8 Billion** e-payment transaction volumes processed in Nigeria in 2024 — a 16% YoY increase	**430+** Licensed fintech companies operating in Nigeria as of early 2025, up from a fraction a decade ago

The sector grew so rapidly that it outran the licence categories under which it was originally authorised. Platforms such as OPay, Moniepoint, and Kuda Bank had been licensed as unit or state microfinance banks — regulatory designations that were appropriate for the local or regional scope originally envisioned. But through mobile applications and sprawling agent networks, these institutions built genuinely national footprints long before their licences reflected that reality.

Yemi Solaja, Director of the Other Financial Institutions Supervision Department at the CBN, described the mismatch plainly at the annual Committee of Heads of Banks' Operations (CHBOs) conference in Lagos on 26 January 2026: the operations of these institutions were already "all over the country" — the licence framework simply needed to catch up.

THE ANNOUNCEMENT: WHO HAS BEEN UPGRADED AND TO WHAT

The CBN formally confirmed the upgrade of the following institutions to national operating status. The table below summarises the key participants and their current scale:

INSTITUTION	LICENCE TYPE	KEY METRIC	STATUS
Moniepoint MFB	National MFB	$22B+ annual transaction value; 2M+ business accounts	Upgraded ✔
OPay	National MFB / PSB	50M+ users; $12B monthly transactions	Upgraded ✔
Kuda Bank	National MFB	300M+ transactions in Q1 2025; ₦14.3T value	Upgraded ✔
PalmPay	National MFB	30M+ users; 500,000 mobile money agents	Upgraded ✔
Paga	National MFB	Longstanding mobile money operator	Upgraded ✔
Smartcash PSB	National PSB	MTN-backed mobile money platform	Upgraded ✔

National status under the CBN's regulatory architecture is the highest operational tier available to microfinance banks and equivalent non-deposit money bank institutions. It confers formal authorisation to operate across all 36 states of the federation and the Federal Capital Territory — removing the geographic restrictions that had technically confined these platforms to limited jurisdictions despite their de facto nationwide reach.

Critically, Solaja emphasised that the upgrade is not an administrative concession — it is a conditional recognition. Institutions must satisfy specific compliance, governance, and operational benchmarks before qualifying. National authorisation is "reserved strictly for institutions that satisfy the CBN's rigorous regulatory standards", he stated. The upgrade therefore functions both as recognition of scale achieved and as a gateway to enhanced supervisory obligations.

THE REGULATORY ARCHITECTURE: WHAT CHANGES UNDER A NATIONAL LICENCE

The transition to national licence status carries meaningful legal and operational consequences that go well beyond a change of designation. These are the four principal shifts that nationally licensed institutions must now navigate:

I

Increased Capital Requirements

Capital thresholds for national microfinance banks have been raised to approximately ₦5 billion, up from ₦2 billion under the prior regulatory rules. For institutions that had been capitalised at the state or unit MFB level, this represents a significant recapitalisation requirement. The CBN's revised Microfinance Policy, Regulatory and Supervisory Framework sets out the pathway for compliance, and institutions will be expected to demonstrate adequate capitalisation on a continuing basis.

II

Enhanced Compliance, Reporting & Governance Standards

National licensees are subject to stricter compliance and reporting obligations than their regional or unit counterparts. This includes enhanced Know Your Customer (KYC) protocols, Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) frameworks, regular prudential reporting, and governance standards aligned with the CBN's Corporate Governance Guidelines for Other Financial Institutions. Boards must include independent non-executive directors and the institution's management must satisfy the CBN's Approved Persons' Regime requirements.

III

Mandatory Physical Presence

Perhaps the most structurally significant obligation for digital-native platforms is the requirement to establish physical branches or service centres in strategic locations nationwide. The CBN's stated rationale is consumer protection — particularly for the large proportion of fintech users who operate in the informal economy and may require face-to-face dispute resolution. State MFBs seeking national status are expected to operate at least five branches. Kuda Bank, whose former unit MFB licence had confined its physical presence to a single location, has already announced plans for nationwide experience centres. Opening a branch without prior CBN authorisation attracts a ₦2 million fine.

IV

Continuous Supervisory Oversight

The CBN has made clear that national status does not reduce the intensity of supervisory engagement — it increases it. Nationally licensed institutions remain under strict supervision and will be subject to more frequent regulatory examinations, real-time transaction monitoring requirements, and enhanced cybersecurity obligations in line with the Risk-Based Cybersecurity Framework and Guidelines for Deposit Money Banks and Payment Service Providers.

THE CBN FINTECH STRATEGY REPORT: THE BROADER POLICY CONTEXT

The licence upgrades do not occur in isolation. They form part of a broader regulatory reset articulated in the CBN's Fintech Strategy Report, formally published on 2 February 2025 and themed 'Shaping the Future of Fintech in Nigeria: Innovation, Inclusion and Integrity'. CBN Governor Olayemi Cardoso described the report's ambition explicitly: with the right reforms and a unified vision, Nigeria can move from "fintech frontrunner to fintech rule-setter."

The report represents the first time the CBN has undertaken a wholesale regulatory review of the fintech sector since it issued the Payment Systems Vision 2025 in November 2022. It was developed through extensive stakeholder consultation — including a nationwide ecosystem survey of fintech operators, financial institutions, and policymakers — and identifies five strategic priorities for the sector's next phase of development:

CBN FINTECH STRATEGY REPORT — FIVE STRATEGIC PRIORITIES

1. Enhancing Regulatory Engagement and Responsiveness | 2. Building Foundational Infrastructure and Reducing Systemic Friction | 3. Supporting Capital Access and Sustainable Business Models | 4. Advancing Interoperability and Inclusive Credit Infrastructure | 5. Positioning Nigeria as a Regional and Global Fintech Leader

The report also outlines five key reform delivery mechanisms: a Standing Fintech Engagement Forum (a permanent structured forum for two-way regulatory-industry dialogue); a Single Regulatory Window or Smart Licensing and Supervisory Gateway (SLSG) for unified licensing and supervision; an Expanded Regulatory Sandbox ('Sandbox 2.0') for AI, embedded finance, and emerging technologies; enhanced cross-agency coordination frameworks; and a Fintech Reform Delivery Secretariat to manage implementation timelines.

Each of these delivery mechanisms addresses a persistent pain point that fintech operators have identified over years of stakeholder engagement — ambiguous compliance requirements, prolonged approval timelines, inconsistent application of rules, and limited coordination among regulators. The licence upgrades can be read as one of the first tangible implementation steps of this broader reform agenda.

THE INSTITUTIONS: SCALE, SIGNIFICANCE AND STRATEGIC POSITION

Understanding the significance of the licence upgrades requires appreciating the scale at which the affected institutions already operate. These are not emerging startups — they are systemically significant digital finance platforms whose transaction flows form a meaningful component of Nigeria's payments infrastructure.

$12B+	**$110M**
Monthly transaction value processed by OPay — serving 50M+ users and 1M merchants nationwide	Moniepoint's Series C fundraise in October 2024, tripling its valuation to unicorn status at $1B+

Moniepoint is the most prominent business-facing platform among the upgraded institutions. With over two million business accounts and an annual transaction value exceeding $22 billion, it functions as the primary payment and banking infrastructure for a significant share of Nigeria's small and medium enterprise sector. Its POS network and digital banking tools are embedded in merchant operations across the country. A strategic partnership with Visa, announced in January 2025, signals an intent to extend its reach into cross-border payments and continental expansion.

OPay is Nigeria's second most valuable fintech, valued at approximately $2 billion and having raised over $520 million in cumulative investment. With more than 50 million users, one million merchants, and 10 million daily active users, it processes monthly transaction volumes of $12 billion. OPay achieved its first monthly profit in 2024 — a landmark in a sector where profitability has been elusive — and has introduced features like the 'Large Transaction Shield' as part of enhanced fraud prevention measures.

Kuda Bank processed over 300 million transactions worth ₦14.3 trillion in Q1 2025 alone, and issued ₦16.4 billion in overdrafts in the same period — a 43% quarter-on-quarter growth. Its national licence upgrade is particularly significant structurally: Kuda's former unit MFB licence restricted physical operations to a single location, creating a regulatory constraint that sat uncomfortably with a fully digital bank serving customers across the country. The national licence removes that constraint and positions Kuda to build a hybrid digital-physical model. Kuda's MD/CEO Musty Mustapha described the upgrade as 'an important step for us as a regulated institution.'

PalmPay serves over 30 million users through a network of 500,000 mobile money agents and boasts a 99.5% ten-second transaction success rate. Backed by Transsion Holdings and valued between $800 million and $900 million, it has been recognised on the CNBC/Statista World's Top 250 Fintech Companies list for 2024 and 2025.

SPLP ANALYSIS: LEGAL AND COMMERCIAL IMPLICATIONS

The licence upgrades represent a regulatory maturation event — not merely a change of designation. They reshape the legal obligations, capital profiles, competitive positioning, and governance structures of Nigeria's most significant digital finance institutions.

1. **Compliance as a Competitive Differentiator.** Under the prior regime, digital platforms could build national scale under lighter regional licence obligations. The national licence framework eliminates that arbitrage. Institutions that achieve — and maintain — national licence status now carry regulatory credibility that smaller or regionally licensed competitors cannot match. For corporate clients, institutional partners, and potential investors, national status signals a level of regulatory maturity that is increasingly a commercial prerequisite.

2. **Capital Planning is Now a Board-Level Priority.** The increase in minimum capital to ₦5 billion for national MFBs — from ₦2 billion previously — means that institutions must factor regulatory capital into their medium-term financial planning. For those that raised capital under earlier frameworks, recapitalisation timelines need to be integrated into growth strategies. The Payment Service Holding Company (PSHC) structure, introduced by the CBN in 2021, may become increasingly relevant for institutions operating multiple licence categories, as it provides a structured mechanism for managing capital across subsidiary entities while maintaining consolidated regulatory oversight.

3. **The Hybrid Model Challenge.** The mandate for physical presence is the most operationally disruptive element of the national licence for digital-native institutions. These platforms built their competitive advantage on low overhead, branch-free delivery. Adding physical infrastructure — even at a limited scale — introduces costs related to lease commitments, staffing, security, and regulatory approval timelines. The strategic question for boards is how to satisfy the CBN's physical presence requirements in a way that adds customer value rather than simply adding cost. Kuda's 'experience centre' model — positioning physical locations as customer engagement rather than traditional branches — is an instructive early response.

4. Consumer Protection is Central to the Regulatory Rationale. The CBN's explicit justification for requiring physical presence — enabling informal-sector customers to access in-person dispute resolution — reflects a consumer protection rationale that is likely to permeate future regulatory actions in the sector. Institutions should expect the CBN to increase focus on complaint resolution mechanisms, refund timelines, vulnerable customer policies, and digital literacy obligations as the national licence regime matures. The 72-hour fraud reporting window and the 14-day investigation timeline introduced under the CBN's 2026 consumer protection guidelines are the visible leading edge of this trend.

5. Implications for Market Structure. The national licence tier creates a formal stratification within the fintech ecosystem. Institutions that achieve national status are positioned to compete directly with traditional commercial banks in retail and SME banking — a competitive incursion that is already underway. For legacy banking institutions, the CBN's recognition of fintech national status is a regulatory signal that the competitive landscape is being deliberately levelled. For smaller fintech operators who cannot meet national licence thresholds, the regulatory divergence may accelerate consolidation, acquisition activity, and strategic partnerships with national licensees.

NIGERIA'S GLOBAL FINTECH POSITION: WHAT THE UPGRADE SIGNALS

The licence upgrades carry significance beyond the domestic market. Nigeria accounts for 28% of Africa's fintech companies and attracted 47% of all fintech deals completed on the continent in 2024. Five of Africa's eight fintech unicorns are Nigerian: Moniepoint, OPay, Paystack, Interswitch, and Flutterwave. Nigeria processed over 70% of Africa's total e-payment transaction volume in 2024.

The CBN's formal alignment of licence categories with the actual scale of fintech operations sends a signal to international investors and regulatory partners that Nigeria's regulatory environment is maturing — that the gap between innovation and oversight is being deliberately closed rather than tolerated. Governor Cardoso's statement that Nigeria can become a 'fintech rule-setter' rather than merely a 'frontrunner' is not rhetorical; it reflects the ambition embedded in the Fintech Strategy Report's fifth strategic priority: positioning Nigeria as a regional and global fintech leader through regulatory harmonisation and mutual recognition frameworks.

For businesses operating in or seeking to enter Nigeria's digital finance sector, the message is clear: the regulatory environment is becoming more structured, more demanding, and — as a consequence — more credible. Compliance capacity is no longer a back-office function; it is a strategic asset.

SOURCES & REFERENCES

1. CBN Fintech Strategy Report: 'Shaping the Future of Fintech in Nigeria: Innovation, Inclusion and Integrity' — February 2025. www.cbn.gov.ng
2. Yemi Solaja (CBN, Director — Other Financial Institutions Supervision), remarks at the CHBOs Annual Conference, Lagos — 26 January 2026.
3. BusinessDay: 'CBN Upgrades Licences of OPay, Moniepoint, Kuda, Other Fintechs to National Status' — January 2026. businessday.ng
4. TechCabal: 'Kuda MFB Gets National Licence, Plans Physical Expansion' — January 2026. techcabal.com
5. Templars / Mondaq: 'Central Bank of Nigeria Fintech Report: Shaping the Future of Fintech in Nigeria' — February 2026. mondaq.com
6. NIBSS: 'CBN's Regulation and Nigeria's Leadership Vision in Fintech Reality' — February 2026. nibss-plc.com.ng
7. Agusto Research: '2025 Fintech Industry Report' — Transaction volume and value data.
8. Ecofin Agency: 'Nigeria's Central Bank Upgrades Fintech Licenses amid Rapid Digital Growth' — January 2026.
9. CBN Guidelines for Licensing and Regulation of Payment Service Holding Companies in Nigeria — August 2021.
10. CBN Revised Microfinance Policy, Regulatory and Supervisory Framework (as amended).

ABOUT SPLP

Smith & Partners LP is a full-service law practice established in Lagos, Nigeria. Built around the idea of legal work as a disciplined craft, shaped by careful thought, sound structure, and responsible judgment.

SP
LP
SMITH & PARTNERS
LAW PRACTICE

www.splp-law.com | enquiries@splp-law.com | +234 916 808 6836

24, Ebun Street, Yaba, Lagos State, Nigeria

@splp_law | SPLP News & Insights

PRACTICE AREAS COVERED IN THIS ARTICLE

Corporate & Commercial Law · Financial Services Regulation · Law & Policy Advisory · Competition & Consumer Protection · Dispute Resolution & Litigation