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CONSUMER PROTECTION IN NIGERIA'S CRYPTO MARKET: WHERE DOES THE FCCPC FIT?

INTRODUCTION

Cryptocurrencies have become an increasingly significant part of Nigeria's digital economy, offering new opportunities for payments, investment and cross-border transactions. Its rapid adoption has, however, exposed consumers to considerable risks, including fraud, misleading promotions, platform failures, volatility and loss of funds.

Nigeria's regulatory framework has evolved in response. The Securities and Exchange Commission now has a clearer statutory mandate over digital and virtual assets under the Investments and Securities Act 2025, while the Central Bank of Nigeria retains responsibility within its financial regulatory remit. Alongside these regulators is the Federal Competition and Consumer Protection Commission, whose mandate under the Federal Competition and Consumer Protection Act 2018 includes protecting consumers against unfair and deceptive market practices.

This raises an important question: what role should the FCCPC play in protecting consumers in crypto transactions?

This article examines the FCCPC's relevance within Nigeria's evolving crypto regulatory landscape, particularly where misleading advertising, unfair practices and inadequate consumer redress are concerned, while considering how its mandate can complement, rather than duplicate, the regulatory functions of the SEC and CBN.

BACKGROUND ON FCCPC AND CONSUMER PROTECTION

The Federal Competition and Consumer Protection Commission (FCCPC) was established under the Federal Competition and Consumer Protection Act 2018 (Act), succeeding the former Consumer Protection Council and assuming a broader mandate covering both competition and consumer protection. Under section 17 of the FCCPA, the FCCPC is empowered to protect consumers against unfair, misleading and exploitative market practices, promote consumer awareness and encourage fair and transparent dealings in the Nigerian marketplace.

The significance of this mandate lies in its broad application. The Act is not limited to traditional goods and services, nor does a particular technology or business model necessarily have to be expressly identified in the legislation before consumer protection principles can apply. As commercial activities have increasingly moved online, the FCCPC has applied its consumer protection mandate to emerging digital markets, including digital lending and other technology-enabled services.

This is particularly relevant to cryptocurrency. The Securities and Exchange Commission (SEC) has specific regulatory responsibilities over digital and virtual assets falling within Nigeria's securities and investment regulatory framework, including the registration and supervision of relevant digital asset operators. The SEC has also taken enforcement action against unregistered operators in the digital asset market.

The SEC's role does not, however, necessarily exclude the application of general consumer protection law. A crypto transaction may raise issues beyond the regulatory status of the digital asset or service provider. Misleading representations, deceptive advertising, unfair contractual terms, undisclosed charges and other unfair commercial practices may independently engage the protections available to consumers under the Act.

Section 104 of the Act is also relevant in considering the relationship between the FCCPC and sector regulators. It addresses the application of the Act alongside other legislation in competition and consumer protection matters. Its significance in the crypto context should, however, be approached carefully. The provision should not be interpreted as transforming the FCCPC into the primary regulator of digital assets or displacing the SEC's specialist jurisdiction. Rather, it supports the broader proposition that sector-specific regulation does not necessarily remove conduct from the reach of applicable consumer protection law.

The issue, therefore, is not whether the FCCPC is a cryptocurrency regulator. It is whether conduct occurring in the marketing, provision or administration of crypto-related products and services falls within the FCCPC's statutory consumer protection mandate.

This distinction is important. The SEC's focus may concern matters such as the regulatory status of digital assets, registration of operators and compliance with securities and investment laws. The FCCPC's relevance arises from a different perspective: how consumers are treated in the marketplace. Where a crypto-related business makes misleading representations, engages in deceptive marketing or adopts unfair practices towards consumers, the same factual circumstances may raise issues under both sector-specific regulation and general consumer protection law.

Recent events involving platforms such as CBEX illustrate why this distinction matters. Rather than demonstrating that the FCCPC needs to expand its statutory remit into cryptocurrency regulation, such cases raise a more nuanced question: where an unregistered crypto platform allegedly makes misleading representations or engages in unfair practices towards consumers, should the matter be viewed solely as a securities regulatory issue, or can the underlying conduct also engage the FCCPA?

THE NIGERIAN CRYPTO LANDSCAPE

Crypto has become an important part of Nigeria's digital economy, particularly among younger users seeking alternative channels for payments, cross-border transfers and protection against currency volatility.

Stablecoins have become especially relevant for users seeking to preserve value against fluctuations in the Naira. This growth has, however, increased exposure to fraud, misleading investment schemes, platform failures and other consumer risks. Peer-to-peer transactions present additional challenges because their decentralised nature can make supervision and redress more difficult when transactions go wrong.

The regulatory question has therefore moved beyond whether Nigerians should participate in crypto markets. Increasingly, the concern is how consumers should be protected when they do.

THE REGULATORY LANDSCAPE: WHO WATCHES CRYPTO?

Nigeria's regulatory approach to cryptocurrency has evolved considerably. In 2021, the Central Bank of Nigeria (CBN) restricted regulated financial institutions from facilitating cryptocurrency transactions. In December 2023, it revised this position by permitting regulated financial institutions to provide specified banking services to Virtual Asset Service Providers, subject to prescribed safeguards. The SEC occupies the more direct regulatory position in relation to digital assets within Nigeria's capital market. This framework has been strengthened by the Investments and Securities Act 2025, which provides a clearer statutory basis for the regulation of virtual and digital assets and relevant market participants.

The SEC's jurisdiction does not, however, necessarily exclude the application of consumer protection law. The same conduct may engage different regulatory regimes. An unregistered crypto platform may raise regulatory concerns for the SEC, while misleading representations, deceptive advertising or unfair dealings with consumers may also engage the Act. The better question is therefore not which regulator owns cryptocurrency, but how the respective mandates of the CBN, SEC and FCCPC interact where the same activity raises financial, investment and consumer protection concerns.

CONSUMER PROTECTION IN CRYPTO: A COMPARATIVE PERSPECTIVE

International experience demonstrates that effective crypto regulation increasingly extends beyond licensing and market supervision to the treatment and protection of consumers.Three principles are particularly important: transparency, fair dealing and effective redress. Consumers should receive clear information about the nature and risks of crypto products, should not be subjected to misleading promotions or unfair practices, and should have accessible avenues for complaints and redress when things go wrong.

The United Kingdom provides a useful example. The Financial Conduct Authority requires crypto-asset financial promotions to be fair, clear and not misleading and has introduced specific safeguards for marketing crypto-assets to consumers. The Advertising Standards Authority has similarly intervened against crypto advertisements that inadequately communicate investment risks. Nigeria need not replicate another jurisdiction's regulatory model. The broader lesson is that digital asset regulation and consumer protection can operate alongside each other.

CASE STUDIES AND ILLUSTRATIVE EXAMPLES

The Meta/WhatsApp Case (2024–2025): The FCCPC Reach into Digital Markets

The FCCPC's action against Meta Platforms and WhatsApp provides an important illustration of its role in Nigeria's digital economy. Following an investigation into Meta's privacy practices, consumer data policies and market conduct, the FCCPC imposed a US$220 million administrative penalty in July 2024. In April 2025, the Competition and Consumer Protection Tribunal upheld the Commission's findings on most of the contested issues and affirmed its regulatory authority in competition and consumer protection matters, including within regulated sectors.

The significance of the decision for crypto regulation is not that Meta and a crypto exchange are legally equivalent. Rather, it demonstrates that the FCCPC's consumer protection mandate is capable of applying to digital platforms and technology-driven services. Where a crypto platform engages in misleading representations, unfair practices or other conduct prohibited by the Act, the digital nature of the service does not, by itself, place that conduct beyond consumer protection scrutiny.

The CBEX (Crypto Bridge Exchange) Scandal (2025): The intersection of Investment Regulation and Consumer Harm

The collapse of CBEX in 2025 provides a more direct illustration of the risks confronting Nigerian crypto users. In April 2025, the SEC stated that CBEX was not registered to operate as a digital asset exchange or solicit investments from the Nigerian public. Its preliminary investigation also found that the platform had engaged in promotional activities designed to create an appearance of legitimacy, promised implausibly high guaranteed returns and subsequently failed to honour withdrawal requests. The SEC subsequently warned that CBEX promoters were demanding additional payments from subscribers before withdrawals could be processed and confirmed that enforcement action had commenced.

CBEX therefore illustrates the potential intersection between investment regulation and consumer protection. Operating an unauthorised investment platform plainly raises matters within the SEC's regulatory remit. However, representations made to consumers, deceptive promotional practices and other potentially unfair commercial conduct may raise separate questions under the Act.

The lesson from CBEX is therefore not that the FCCPC should replace the SEC or assume responsibility for regulating crypto investments. Rather, it demonstrates why coordinated regulatory oversight is necessary where the same conduct simultaneously raises securities, financial crime and consumer protection concerns.

The Broader Lesson

These cases point to a wider principle. The question should not be whether the SEC or FCCPC has exclusive responsibility for every aspect of a crypto transaction. Their mandates serve different purposes and may legitimately intersect.

The SEC regulates the investment and digital asset market within its statutory jurisdiction. The FCCPC's relevance arises where the conduct of businesses towards consumers engages the protections contained in the FCCPA.

As Nigeria's digital asset market develops, effective consumer protection will therefore depend less on expanding the FCCPC's mandate and more on ensuring that existing regulatory mandates operate coherently, with appropriate cooperation between the FCCPC, SEC and other relevant authorities.

Where the FCCPC is Relevant

The FCCPC has a legitimate role in Nigeria's crypto ecosystem, but that role should be understood within its consumer protection mandate rather than as direct regulation of digital assets.

• Deceptive Marketing and Unfair Practices: Crypto products are often promoted through social media and other digital channels using claims of high or guaranteed returns, limited risk or financial security. Where such representations are false, misleading or omit material information, the consumer protection provisions of the Act may become relevant. The CBEX episode illustrates how misleading promotions and promises of implausibly high returns can expose consumers to substantial losses.

• Consumer Education: The FCCPC can also contribute through public education on crypto-related risks, including fraudulent investment schemes, phishing, misleading promotions and unregistered platforms. This role would complement the SEC's investor education and regulatory functions.

• Lessons from Digital Lending: The FCCPC's intervention in digital lending demonstrates how existing consumer protection principles can respond to emerging technology-enabled financial services. The lesson for crypto is not that the FCCPC should establish a parallel licensing regime, but that consumer protection regulation can operate alongside sector-specific financial regulation.

Where the FCCPC is Limited

The FCCPC's relevance has clear boundaries. The Act does not establish a specific regulatory regime for virtual assets or Virtual Asset Service Providers. The ISA 2025, by contrast, provides the SEC with a more specific statutory basis for regulating digital and virtual assets.

There is also potential for regulatory overlap. Issues relating to registration of digital asset operators, investment solicitation and capital market activities fall more naturally within the SEC's jurisdiction, while the FCCPC's role is better directed towards consumer-facing conduct such as misleading representations and unfair commercial practices. Cross-border enforcement presents a further challenge. Many crypto platforms operate outside Nigeria, making investigation, enforcement and recovery of consumer funds more difficult even where Nigerian law may apply.

Towards a More Coherent Consumer Protection Framework

The solution is not to create another crypto regulator, but to ensure that Nigeria's existing regulators work together effectively. First, clearer regulatory guidance would help define how the Act applies to crypto-related consumer conduct without encroaching upon the SEC's jurisdiction over digital assets.

Second, the SEC and FCCPC should consider coordinated standards for consumer-facing crypto advertising, particularly claims concerning returns, risk, security and regulatory status. Appropriate risk warnings could also help consumers make more informed decisions. Third, stronger cooperation between the SEC, FCCPC, CBN and relevant law-enforcement agencies would help address cases involving overlapping regulatory concerns. Consumers should not be expected to understand complex jurisdictional boundaries before they can seek redress.

Finally, consumer education should remain central. Nigerians should be encouraged to verify the regulatory status of relevant operators, understand the risks associated with digital assets and treat promises of unusually high or guaranteed returns with caution. For consumers, the message is straightforward: high returns should not be mistaken for guaranteed returns. Before investing, consumers should verify the status of the relevant platform, understand the product and retain records of transactions and representations made to them.

Ultimately, the question is not whether the FCCPC should regulate cryptocurrency. The SEC already has the more specific statutory mandate over digital assets. The FCCPC's relevance lies in ensuring that, within this evolving market, the ordinary protections against misleading, unfair and exploitative commercial practices are not lost simply because the transaction involves crypto.

CONCLUSION

Cryptocurrency presents both significant opportunities and equally significant risks for Nigerian consumers. As Nigeria's digital asset market continues to develop, effective regulation will require more than licensing platforms and supervising investment activity. It must also address how crypto-related products are marketed, how consumers are treated and what avenues of redress are available when things go wrong.

The FCCPC has an important role to play in this regard, but not as a parallel cryptocurrency regulator. The SEC now has a clearer statutory mandate over digital and virtual assets under the ISA 2025, while the CBN retains responsibility within its own regulatory sphere. The FCCPC's relevance lies instead in the application of established consumer protection principles to conduct within the crypto market, particularly where consumers are exposed to misleading representations, deceptive marketing, unfair practices or inadequate redress.

The experience of digital lending demonstrates that consumer protection law must be capable of responding to new technology-enabled business models. Crypto presents a similar challenge, although the response should avoid unnecessary regulatory duplication. Clearer guidance on the application of the Act, appropriate standards for consumer-facing crypto promotions, effective complaint and referral mechanisms, greater consumer education and stronger cooperation between the FCCPC, SEC, CBN and other relevant authorities would provide a more coherent framework.

Ultimately, the question is not whether every risk associated with cryptocurrency should fall within the FCCPC's jurisdiction. It should not. Rather, where activities within the crypto ecosystem give rise to identifiable consumer protection concerns, the fact that the transaction involves a digital asset should not, of itself, place the consumer beyond the protection of general consumer law.

As Nigeria's crypto market matures, the regulatory objective should therefore move beyond caveat emptor. Innovation and consumer protection are not competing objectives. A sustainable digital asset market requires both. The challenge for Nigeria is to ensure that its regulators exercise their respective mandates in a coordinated manner, providing effective protection for consumers without creating overlapping or competing regulatory regimes.

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