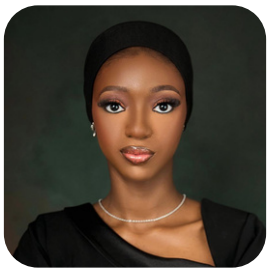


DEMYSTIFYING DEON: YOUR ESSENTIAL GUIDE TO THE FCCPC'S LATEST LENDING RULES



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Overview and Scope

1. What is the DEON Consumer Lending Regulations 2025 and why was it introduced?

DEON stands for Digital, Electronic, Online or Non-Traditional Consumer Lending Regulations, 2025 (the "Regulations"). It comprises rules issued by the Federal Competition and Consumer Protection Commission (FCCPC) by virtue of Section 163 of the Federal Competition & Consumer Protection Act (2018). It is a legal framework for all digital or non-traditional consumer lending. The Regulations aim to curb abuses in the fast-growing digital lending industry, including exploitative interest rates, harassment by debt collectors, and data privacy violations by mandating transparency, fairness and responsible practices.

2. When did the DEON Regulations come into effect?

The Regulations were published in the Federal Gazette on 21 July 2025 and officially came into effect on 3 September 2025.

3. Under what legal authority were the DEON Regulations issued?

The DEON Regulations were made by the FCCPC pursuant to Sections 17, 18 and 163 of the Federal Competition and Consumer Protection Act 2018 (FCCPA). Section 163 specifically empowers the Commission to make consumer protection regulations. The introductory provisions emphasize that the Regulations advance the FCCPC's mandate to protect consumers and promote a fair, competitive, and efficient marketplace, in accordance with Sections 17(a), (g), (m), (s), (t), (x), (y), and 18 of the FCCPA.

4. Which transactions and parties are covered by the Regulations?

The Regulations apply broadly to any unsecured consumer loan made through digital, electronic, online or other non-traditional means. By Reg. 3(a), this includes loans to consumers made in cash or in-kind, such as airtime, data, cashback, services, or barter of verifiable monetary value, regardless of how the interest is calculated. They cover not only the primary lender but also any person or entity involved in the lending transaction who receives any benefit from it. In short, any company or platform engaging in consumer lending via digital channels, whether in Nigeria or operating cross-border but serving Nigerian consumers, falls within the scope.

In practical terms, this means that any app, website, or platform that lends money or value digitally is covered by the Regulations. For example:

·A loan app that gives ₦10,000 cash repayable in 14 days;
·An e-commerce platform that lets you "buy now, pay later" for a refrigerator;
·A data reseller app that gives you 10GB upfront and deducts payment later; or
·A fintech platform that offers small business float loans to vendors on its marketplace.

5. Are any lenders exempt from the registration requirement?

Licensed microfinance banks (MFBs) are not fully exempt, but they may obtain a waiver. A CBN-licensed Microfinance Bank still must apply for FCCPC approval or a formal waiver under the DEON Regulations. In practice, an MFB can avoid the full new registration process by securing this waiver, but it remains bound by the Regulations' conduct rules.

Registration and Licensing

6. Who is required to register as a digital lender, and by when?

Any "Regulated Undertaking" or "Lender/Service Provider" offering consumer lending digitally must register with the FCCPC. In practice, this means all digital lending fintechs, mobile money platforms, telecoms issuing airtime loans, e-commerce companies providing buy-now-pay-later financing, etc., operating in Nigeria. Regulation 7 mandates that every such undertaking in operation before July 21, 2025 must apply for approval within 90 days of commencement. New entrants must apply before launching. No digital lending is permitted without FCCPC approval.

7. What information and documents must be submitted for registration?

Applicants must submit prescribed forms along with extensive supporting documents. These include a detailed Corporate Affairs Commission (CAC) status report, ownership and management disclosure, audited financials (last 3 years), evidence of data protection compliance, privacy policy, complaints mechanisms, and all contracts related to the lending service. Applicants must also provide proof of relevant licenses and a Consumer Lending Services Agreement if collaborating with partners. The goal is to ensure full transparency on business model, fees, and consumer safeguards.

8. What fees are associated with registration and renewal?

Under Regulation 15 of the DEON Consumer Lending Regulations 2025, every business that wishes to register as a digital lender must pay certain non-refundable fees at different stages of the process.

At the point of applying to the Federal Competition and Consumer Protection Commission (FCCPC), the applicant is required to pay a non-refundable application fee of ₦100,000. This payment serves as the basic cost of filing and processing the application. For instance, if a startup like QuickKash Nigeria applies to be licensed as a digital money lender, it must first pay ₦100,000 before the FCCPC will begin reviewing its application.

Once the FCCPC approves the application, the next stage involves payment of an Approval Fee, which depends on the nature of the applicant's lending operations. There are two main categories recognized under the Regulation.

First, Mobile Money Operators (MMOs) who provide consumer loans in the form of airtime or data advances must pay a non-refundable approval fee of ₦1,000,000. This category of operator, because it provides micro-lending through airtime or data, falls under this provision and must pay ₦1,000,000 upon approval.

Secondly, Digital Money Lenders (DMLs), that is, companies or apps offering direct cash loans or digital credit, are also required to pay a non-refundable approval fee of ₦1,000,000. This fee covers the initial registration of up to two (2) lending applications or platforms under the same company. However, any DML that intends to operate more than two apps must pay an additional ₦500,000 for each extra app, up to a maximum of five (5) apps in total. For example, if a company operates two platforms, the ₦1,000,000 fee covers both. But if it launches a third app, it must pay another ₦500,000 to register it.

Although Regulation 15 specifically addresses the application and approval fees, the renewal fees for maintaining registration will be determined by further Guidelines issued under Section 163 of the FCCPC Act. This provision gives the Commission the power to prescribe or adjust applicable fees from time to time. Therefore, businesses are advised to monitor FCCPC updates and official circulars to stay informed about renewal requirements and any subsequent changes to the fee structure.

In essence, all applicants, whether large fintechs, small digital lenders, or mobile operators, should budget for these mandatory costs as part of their compliance process. These fees reflect the Commission's effort to standardize the lending ecosystem and ensure that only credible, financially responsible entities operate within Nigeria's digital credit space.

9. How are partnerships and vendor relationships treated under registration?

Any new or existing partnership related to the lending business must also be approved. Per Reg. 10–12, digital lenders cannot simply hire agents or vendors for debt recovery or lending services without FCCPC knowledge. All inter-company lending partnerships or outsourcing must be documented in a "Consumer Lending Services Agreement" and jointly submitted for the Commission's approval. In fact, neither of the lenders may collaborate on loans without having that contract approved in advance. This ensures that any revenue-sharing, data sharing or credit processing agreements are scrutinized for consumer-friendliness and competition issues before going live.

10. What must be included in a "Consumer Lending Services Agreement"?

Regulation 13 lists minimum terms for such partnership agreements. At a minimum, these agreements must specify each party's obligations, the nature of the lending service, borrower rights, interest and fee structures, allocation of risk, required insurance/indemnity, default recovery methods, data protection responsibilities, applicable competition law provisions, and dispute resolution mechanisms. In short, they must transparently spell out how the lending product works and ensure each partner's duties and liabilities are clear. If an agreement is found to contain unfair or anti-competitive terms, the Commission can reject it.

Consumer Protection Requirements

11. What consumer disclosure and transparency rules apply?

Regulation 17 mandates strict transparency. Lenders must disclose all loan terms clearly and in language before any contract is finalized. Information must be prominently posted on websites/apps. Consumers must also receive a copy of the loan agreement digitally or in writing before funds are disbursed. Advertisements must be factual and non-misleading, and marketers must respect consumer preferences. Any change in terms must be disclosed with notice. These provisions guard against hidden fees and surprise charges.

12. Is automatic or pre-approved lending allowed?

No. The Regulations explicitly require that credit advances be issued only on an opt-in basis. Consumers must actively request and consent to a loan; pre-authorized or "instant credit" products that top up loans without fresh consent are prohibited. In practice, a lender cannot send money to a borrower unless the borrower requested it. This ensures borrowers are not unknowingly drawn into debt. The rules also forbid lenders from harassing or imposing loans on consumers, for example, bombarding them with unsolicited offers.

13. What are the rules on marketing and bundling?

Lenders may not tie loans to other products or unfairly compel consumers to take financial services. For example, a loan cannot be made a condition for purchasing unrelated goods or services. Similarly, lenders cannot charge fees for products the consumer didn't request. Marketing must be ethical: no excessively targeting or misleading ads, and all promotional content must comply with existing advertising laws. Borrowers must have a simple option to unsubscribe from any marketing list. These rules prevent lenders from tying in credit with other sales or from using aggressive, unfair sales tactics.

14. What obligations exist regarding data privacy and protection?

The DEON Regulations reinforce compliance with Nigeria's data protection laws. Lenders/Service Providers must fully comply with the Nigeria Data Protection Act 2023 and related regulations. During registration, applicants must submit a Data Protection Impact Assessment and Compliance Audit Report prepared by a certified DPCO. The lender must implement robust security measures to protect consumer data. Consumers have the right to request their account usage statements within 24 hours. In summary, the DEON Rules make consumer data protection a core requirement, digital lenders must handle personal data in accordance with NDPA standards and get clearance from the Data Protection Commission.

15. Must lenders report lending data to credit bureaus?

Yes. When directed by the FCCPC or a sector regulator, are required to furnish all "service data" about loan usage to recognized credit bureaus. "Service data" includes consumer personal data and records of loan transactions. This reporting must comply with the NDPA 2023. The aim is to ensure borrowers' repayment history is captured in credit reference systems, promoting accountability and helping consumers build credit profiles.

16. How must lenders handle consumer complaints?

The Regulations set detailed complaint-handling standards. Lenders must develop documented complaint-resolution processes that are fair, transparent, responsive and independent. They must publicly display contact channels and promised resolution timelines at all customer touchpoints. Critically, complaints must be addressed within 24 hours of receipt; if not possible, the lender must give a firm completion date. An escalation path must also be provided. In essence, digital lenders must treat complaints as urgent matters and resolve them very quickly, in keeping with Sections 17(v) and 129 of the Act on unfair practices.

17. What record-keeping and reporting are required?

Digital lenders must maintain accurate records of all lending transactions, customer interactions and complaints. They must file bi-annual operational reports with the FCCPC detailing total loan transactions, aggregate value, interest and fees charged, and summary of complaints and resolutions. Additionally, they must submit an annual return that includes yearly transaction volumes, total charges, summary of disputes/complaints, and financial statements. All records must be preserved for at least five years. The Commission may demand access to any data on 48-hour notice. These obligations ensure ongoing supervision and help detect violations early.

Competition and Partnerships

18. Does DEON impose any competition constraints on lenders?

Yes. The Regulations require all digital lending arrangements to comply with general competition laws. For example, a "Regulated Undertaking" may not give any lender partner an undue advantage by offering preferential terms. Moreover, a lender or platform cannot enter into lending arrangements with another intermediary that holds a dominant market position without prior FCCPC approval. Exclusive or tying arrangements that foreclose competitors are also banned. In effect, any collaboration must be structured fairly and cannot eliminate competition. The DEON Rules explicitly incorporate the FCCPA's provisions on restrictive agreements and abuse of dominance.

19. Are there special rules for airtime/data lending?

Yes. The Regulations recognize that telecom airtime and data advances are a form of consumer loan. Under Reg. 24, any mobile operator or platform that lends airtime/data must, within 60 days of the Regulations, ensure it has at least two service activation providers, and one of them must be a fully Nigerian-owned entity. This is intended to safeguard national interest and competition in the airtime credit space. If a lender violates this requirement, it faces sanctions under FCCPC's penalty regime. In short, airtime and data lenders must diversify across multiple service partners and include local ownership.

Enforcement and Penalties

20. What penalties and sanctions apply for non-compliance?

The DEON Regulations impose severe penalties to ensure compliance. Any violation can lead to fines, suspension or revocation of approval. Specifically, a body corporate may be fined up to ₦100 million or 1% of its annual turnover. Individual officers can be penalized up to ₦50 million, and directors may be disqualified for up to five years. The Commission can also revoke a lender's registration and approved partnerships if it finds false information in the application or any breach of the Regulations. These strict sanctions, anchored in the FCCPA's enforcement powers, underscore that digital lenders must fully comply or face heavy consequences.

21. How can consumers seek redress under these Regulations?

Consumers have the right to lodge complaints with the FCCPC if their rights under the Regulations are violated. The Regulations guarantee that any consumer affected by a breach can report the matter to the Commission via its complaint portal or the designated email. The FCCPC is empowered to investigate and compel remedies. In addition, digital lenders are required to maintain their own internal complaint channels and must cooperate fully in resolving disputes.

22. What happens to existing lending agreements after the Regulations took effect?

All pre-existing digital lending contracts became invalid after the transition period. Per Reg. 29, any consumer lending agreement in force before the July 21, 2025 commencement was terminated. Lenders had 90 days to submit new (or revised) agreements for FCCPC approval; after that grace period, only approved agreements could legally operate. In practical terms, this forced the entire industry to re-license or revise its contracts under the new rules. Any unapproved contract after the deadline is void and subject to penalties.

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