



MAGE | SECTOR UPDATES

Banking & Finance

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Commentary:

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NAICOM advances transition to risk-based supervision, appoints EY Consulting Actuary ^{#1}

Development Bank of Nigeria disburses over N1 trillion to MSMEs

Guinea insurance deposits N1.5 billion with CBN to meet up with NIIRA requirements



#1

NAICOM's appointment of Ernst & Young as consulting actuary supports the finalisation of Nigeria's Risk-Based Capital (RBC) framework, which will replace flat minimum capital rules with requirements calibrated to each insurer's actual risk profile, a trajectory CBN has already taken in banking supervision, and one that aligns Nigeria with global norms such as Solvency II and South Africa's SAM regime. Implementation is deliberately sequenced to follow the 31 July 2026 recapitalisation deadline, with Quantitative Impact Studies and industry-wide data collection to follow. Underwriters should treat this as an early signal to begin building the actuarial and data infrastructure the eventual framework will demand, rather than waiting for the final guidelines.

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The Initiates Plc (TIP) acquires an additional 20% equity stake in its Ugandan subsidiary

Supreme Court sanctions Unity Bank and Providus Bank merger ^{#2}

CBN introduces a N100 million penalty for banks that process foreign exchange transactions with inadequate documentation ^{#3}



#2

In SC/CV/132/2026, the Supreme court did more than dismiss a minority shareholder challenge; it invoked its rarely-used power under section 22 of the Supreme Court Act to directly sanction the Scheme of Merger itself, rather than remitting the matter for further proceedings below. This is the first instance of the Supreme Court directly sanctioning a bank merger in this manner. The case offers a useful precedent for seeking direct apex-court sanction where litigation by dissenting shareholders threatens to stall a scheme that has already secured shareholder, CBN, and SEC approval, particularly relevant given the pace demanded by the ongoing recapitalisation cycle.

#3

The penalty sits within the newly issued Fourth Edition of the CBN Foreign Exchange Manual. Authorised dealers must now obtain, verify and retain full supporting documentation, including for forward and swap transactions, before releasing FX; a breach attracts N100 million plus a further N10 million per affected transaction. Because the fine is structured per transaction rather than per infraction, exposure can compound quickly across a large FX book. Compliance and legal teams should treat the revised manual as a prompt to audit existing documentation protocols now, ahead of any CBN examination.

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United Capital Expands into East Africa, Secures Licence to Operate in Rwanda and Ethiopia.

CBN moves to limit loans, guarantees, and asset transfers between banks and their affiliates ^{#4}

Flutterwave surpasses 1 billion transactions, processes over \$40 billion in payments



#4

The draft Guidelines on Ring-Fencing Operations of Closely Linked Entities respond to the growth of bank-led conglomerates spanning fintech, insurance and payments. Intra-group transactions would need to be conducted at arm's length, fully documented and disclosed to CBN quarterly, with loans or guarantees between affiliates requiring prior regulatory approval, and customer funds expressly barred from financing intra-group lending or debt servicing. This should be read together with the Exposure Draft on Financial Holding Companies released the same month. Taken together, the two drafts are the most significant restructuring of Nigerian banking-group architecture since the 2014 HoldCo Guidelines. Comments are due to CBN by 9 July 2026, and banking groups should be reviewing shared-services and intra-group funding arrangements now.

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CBN proposes reform for Financial Holding Companies ^{#5}

NGX introduces new thresholds for share price changes

S&P Assigns BBB+/A-2 Ratings to Afreximbank

CBN mandates banks to store payment data on local servers ^{#6}



#5

The exposure draft would substantially rewrite the 2014 HoldCo Guidelines: a minimum 51% equity stake in each subsidiary, a capital buffer of at least 20% above the combined regulatory capital of all subsidiaries, and an outright prohibition on HoldCos participating in subsidiaries' credit and lending decisions or arrogating board and management powers to themselves. A notable structural change would let HoldCos (rather than the Nigerian banking subsidiary) hold foreign subsidiaries directly, which should ease pan-African group structuring. Licensing fees are also proposed at N20 million (approval-in-principle) and N100 million (final licence). Comments close 9 July 2026; groups with existing HoldCo structures should assess capital and governance gaps against the draft now.

#6

Effective 1 January 2027, all payment transaction data generated within Nigeria must be stored and managed locally, alongside new ultimate-beneficial-owner disclosure obligations and market-concentration caps (any operator exceeding 25% of the card-issuing market is capped at 15% of merchant-acquiring, and vice versa). The data-localisation rule mirrors comparable measures in India and Kenya, but the circular does not yet clarify whether international cloud providers with local availability zones in Nigeria will satisfy the requirement, a point banks and fintechs relying on offshore infrastructure should raise with CBN early, given the compliance runway is just over eighteen months.

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First HoldCo closes N45 billion
Private Placement at N44.06
per share

SEC and Rwanda's Capital
Market sign MOU on Market
supervision and Investor
Protection

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