

# NIGERIAN OPEN BANKING: THE LEGAL FRAMEWORK ALL BANKS AND FINTECHS NEED TO KNOW

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## INTRODUCTION

The Central Bank of Nigeria (CBN) framework on open banking has now transitioned from a policy document to a phased implementation. Nigeria has a comprehensive history of open banking; with the Central Bank issuing Africa's first Open Banking Regulatory framework in February 2021, followed by the Operational Guidelines in March 2023. In April 2025, the CBN provided August 2025 as the launch date for an operation that would have seen Nigeria emerge as the first African country to launch national open banking. However, the initial launch date was deferred as the CBN stressed that a wholly automated system that offers robust data protection and stringent consumer protection mechanisms should first be in place

By May 2026, Nigeria's phased rollout, the implementation dates are now spread across mid-2026, confirmed in CBN's FinTech Report which was released in February 2026. The implementation workstreams comprise 5 key areas, namely

- a. Governance & Regulation;
- b. Legal & Compliance;
- c. Technical & Infrastructure;
- d. Data Security; and
- e. Stakeholder Engagement.

Stakeholders have finalized and submitted their various deliverables in September 2025 and are currently pending review by the CBN. The Nigeria Inter-Bank Settlement System (NIBSS) has been nominated as the Open Banking Registry and will hold the public repository for all registered participants in the framework. All institutions that intend to participate will need to obtain a CBN license.

## LEGAL AND REGULATORY CONSIDERATIONS FOR INTENDING OPEN BANKING PARTICIPANTS

Here, we consider 5 legal questions that all banks and FinTech's in Nigeria should now be seeking answers to, and which compliance gaps organisations in general have not addressed

### 1. DO APPLICATION PROGRAMMING INTERFACE (API) AGREEMENTS MEET CBN DATA SHARING OBLIGATIONS?

The legal and technical standards that apply to the application programming interfaces that allow for the sharing of financial information under Nigeria's Open Banking framework are not guidelines; they are mandatory requirements and should not be treated as optional. The API agreements in place between banks and technology suppliers that existed prior to the extant open banking regime were not designed with this framework in mind and most of these will not satisfy the CBN framework.

All organisations with existing API agreements should re-examine them and ensure they meet all extant requirements. The relevant questions to ask regarding every API agreement include: whether it adequately defines the categories of data allowed to be accessed and if those are consistent with the tiers prescribed by CBN data access framework; whether the security levels required of the third party supplier meet the CBN's minimum technical specifications; what the third party supplier's obligations would be should data breach occur, including details on notification timelines and remedies, and whether the agreement's terms for termination effectively allow the data supplier to cease data access if the third party supplier does not comply with their obligations under the framework



## 2. ARE CUSTOMER CONSENT FRAMEWORKS UPDATED FOR OPEN BANKING?

All data sharing arrangements under the CBN Open Banking framework will be contingent on customer consent which must be informed, specific, granular, and withdrawable. CBN has clearly stated that the open banking initiative should operate with customer ownership and control of personal data; which means that customer should dictate who gets access to it, for how long, and must be able to revoke access at any time. Customer ownership and control over data was one of the key reasons given for the August 2025 delay.

A compliant open banking consent framework should outline; the specific data categories accessible to the third-party supplier; the purpose for which the third-party supplier would be utilizing the data; duration and frequency of third-party supplier's access to data; customer's right to revoke consent at any time, how that is done; and ramifications to the customer's relationship with both bank and third-party supplier if the customer withdraws consent or withholds it.

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A consent framework review should involve examining all customer-facing terms and digital interfaces where the company currently captures customer data and assesses its suitability for open banking. Where consent is not suitable for this purpose, new consent needs to be collected from existing customers before the institution's data is shared under the open banking regime

### 3. HOW IS LIABILITY ALLOCATED IF CUSTOMER DATA IS MISUSED?

The CBN Open Banking framework stipulates liability rules for participants in the open banking system, but it is not always specific enough for particular categories of harm and, as such, data providers, data consumers, and infrastructure suppliers will all have to deal with these through contract.

Common scenarios involving liability which all open banking participants should plan for in their contracts: third party supplier caused data breach leading to exposure of customer financial data; transactions facilitated by access to open banking data were fraudulently executed; the occurrence of a technical failure within the third-party supplier's infrastructure that caused the customer to be given incomplete or inaccurate data; and where the third-party supplier failed to meet CBN's obligations, resulting in enforcement action against the bank or financial institution.

In addition to these liability stipulations from the CBN, open banking players must consider data providers liable under the Nigeria Data Protection Act (NDPA), 2023 framework. The Nigeria Data Protection Commission (NDPC) has demonstrated a serious enforcement capacity by fining Multichoice Nigeria N766.2 million and MultiChoice \$220 million in which both penalties relate to the NDPA 2023. Moreover,

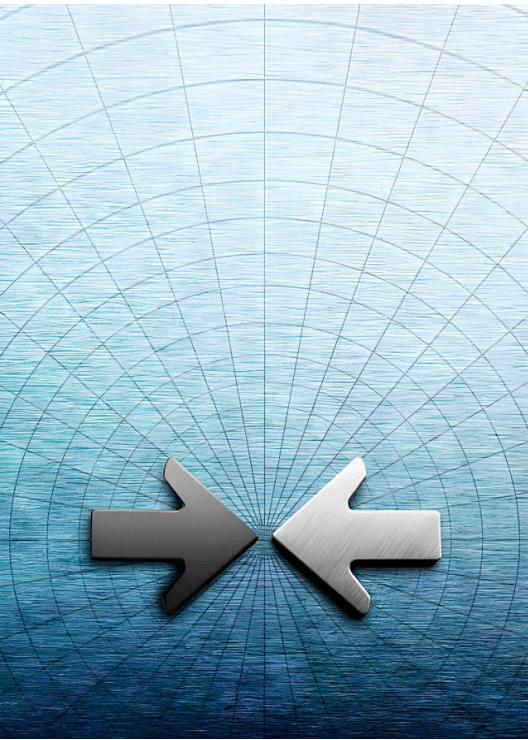
widespread investigations into over 1300 firms were initiated on banking, insurance, pension and gaming sectors, in August 2025; giving rise to significant exposure for a financial institution granting third parties access to its customer data without contracts that cover NDPA-compliant liability allocation. Accordingly, financial institutions that permit third-party access to customer data without robust, NDPA-compliant contractual arrangements face material regulatory and financial exposure

#### 4. DISPUTE RESOLUTION: HOW SHOULD IT AFFECT YOUR IN-HOUSE PROCESSES?

The CBN Open Banking framework contains provisions for resolving disputes between participants, and between customers and participants alleging the misuse of their data or failure to properly follow consumer consent policies under the framework. These stipulations require particular actions from organisations in their internal processes and externally through their contracts with other participants

Key open banking dispute resolution obligations applicable to banks and FinTechs in Nigeria include the following:

- a. A compliant internal complaints handling procedure that adheres to the response timelines and resolution criteria outlined by the Consumer Protection Framework;



- b. Mechanism to refer unresolved disputes between participants to the CBN for resolution;
- b. Customer notification processes informing them of their rights under the framework and procedures to make assertions of such rights; and
- d. Record keeping for all disputes in line with CBN framework and NDPA 2023 and GAID provisions (effective 19<sup>th</sup> September, 2025)

Failure to put such processes in place means that organisations are not only unprepared to handle disputes that arise under the framework but also in breach of their obligation to do so.

## 5. COMPLIANCE WITH NDPA: HOW DOES OPEN BANKING AND YOUR DATA PROTECTION OBLIGATIONS INTERSECT?

The NDPA and the CBN Open Banking framework are overlapping regulatory regimes that any participant in the open banking system will have to comply with at the same time. Since the implementation of the NDPA - General Application and Implementation Directive (GAID) the data protection regime has been more technical and introduced tiered data controller/processor classification by risk level, mandatory data protection audit returns (CARs), and expanded international data transfer rules.

There are important NDPA obligations relevant to open banking which are; identification and documentation of a lawful basis for all categories of financial personal data shared in the context of the open banking framework, data subject rights obligations as applicable to data shared under the open banking framework, and data protection impact assessment (DPIA) for high-risk activities including scale-wide processing of sensitive financial data.

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Data Controllers or Processors of Major Importance (DCMIs or DPMIs) as classified under the GAID must appoint locally resident Data Protection Officer(s) and make annual data protection Compliance Audit Returns (CARs) to the NDPC. The 2025 CAR filing deadline was extended to 30th May 2026. For those financial institutions that are yet to establish its GAID classification and file its CARs, this should be addressed as an immediate compliance requirement.

Underpinning these compliance obligations is a fundamental commercial issue; customer financial data shared in the context of open banking is among the most commercially valuable data held by Nigerian financial institutions. The failure to address the use of that data by Third Party Providers beyond the purpose of consent will see competitive value surrendered in an irreversible manner.

## CONCLUSION

The phased roll out of CBN Open Banking, now ongoing till mid-2026 and as stated in the February 2026 CBN FinTech report is no longer a futuristic regulatory projection, rather it is a present reality for Nigerian financial institutions and FinTechs. The API agreements, customer consent frameworks, liability provisions and data protection infrastructure will be tested under the dual framework of CBN Open Banking and NDPA-GAID regime. By addressing these gaps via a systematic legal and compliance reviews, participants can capitalize on the commercial opportunities that the framework provides, rather than facing regulatory penalties and massive remediation costs associated with subsequent compliance reviews.

The Nigerian businesses that restructure well proactively, with a clearly defined commercial objective, and with the legal and tax advice necessary to implement the chosen structure correctly emerge from the process with a foundation capable of supporting the next stage of their growth. Those who restructure reactively, under time pressure and without adequate preparation, encounter the cost of that approach at precisely the moment when they are least equipped to bear it.

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Please note that the contents of this article are for general guidance on the Subject Matter. It is NOT legal advice.

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