

NIGERIA



HIGHLIGHTS

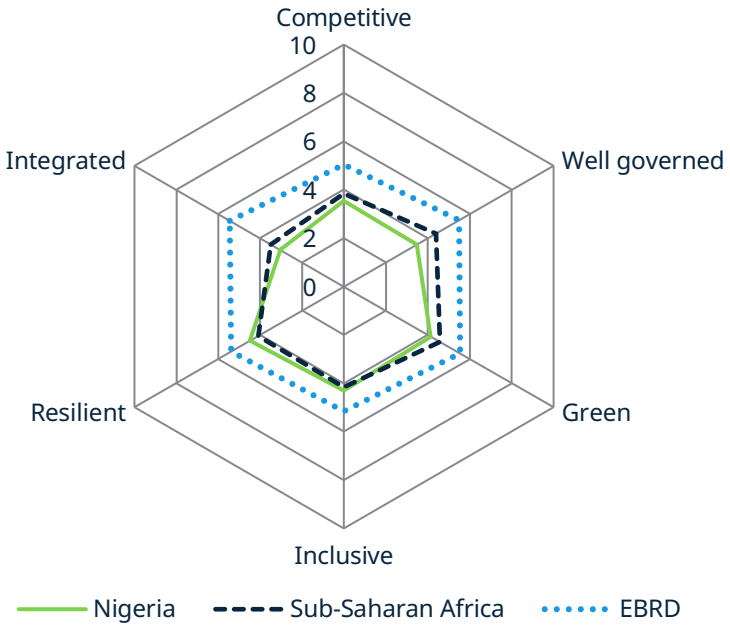
- **Macroeconomic reforms are yielding results.** Headline inflation fell from a 34.8 per cent peak in December 2024 to 15.4 per cent in July 2026, allowing the Central Bank of Nigeria (CBN) to continue easing its policy rate. Foreign-exchange reforms supported a build-up of external reserves, which exceeded US$ 53 billion (€45.6 billion) in August 2026.
- **The banking sector completed a landmark recapitalisation.** Most licensed banks had met the CBN's significantly higher minimum capital requirements by the 31 March 2026 deadline, collectively raising NGN 4.65 trillion (€3 billion) in new capital and materially strengthening the sector's resilience.
- **Nigeria was removed from the Financial Action Task Force's (FATF) grey list in October 2025.** This followed the completion of a two-year, 19-point anti-money-laundering and countering-the-financing-of-terrorism (AML/CFT) reform programme. The FATF identified some remaining gaps in the oversight of high-risk non-financial sectors, underscoring the need for continued implementation and effective supervision.

For more information about country macroeconomic developments, please consult our latest Regional Economic Prospects report.

KEY PRIORITIES FOR 2027

- **Consolidate fiscal and monetary reforms.** The authorities should raise revenue, control spending and improve fiscal transparency while maintaining a credible disinflationary stance, exchange-rate flexibility and targeted social protection. Ahead of the 2027 elections, containing spending pressures will help preserve stability and investor confidence.
- **Improve the business environment to support stronger private sector-led growth and economic diversification.** Further efforts are needed to ease regulatory and administrative burdens, improve trade and logistics infrastructure, and expand access to finance and foreign currency. Lower operating costs would encourage investment, diversification and productivity gains across the manufacturing, agriculture and services sectors.
- **Accelerate electricity reforms to improve access and reliability, reduce fiscal pressures and support private-sector growth.** Crucial reforms are needed to improve metering, collections and operational performance, and to gradually align tariffs with costs while protecting vulnerable consumers. A financially stronger sector would reduce arrears and fiscal pressures, attract private investment and support more reliable generation, transmission and distribution.

ASSESSMENT OF TRANSITION QUALITIES (1-10)



For more on reforms and transition qualities, see Chapter 5 of the EBRD Transition Report 2026-27.

KEY REFORMS AND POLICY DEVELOPMENTS[1]

Banking-sector recapitalisation

- Nigeria largely completed its two-year banking sector recapitalisation by the 31 March 2026 deadline, with 33 of 37 banks meeting the CBN's revised minimum paid-in capital requirements and around US$ 3.4 billion (€2.9 billion) being raised. The new thresholds range from NGN 50 billion (€32.5 million) for regional commercial banks to NGN 500 billion (€325 million) for internationally authorised banks.

1 From the fourth quarter of 2025 to October 2026.

- Vulnerabilities remain as banks adjust to the withdrawal of regulatory forbearance and higher provisioning requirements. Non-performing loans rose above the prudential threshold in 2025, while capital buffers came under some pressure.

Monetary and foreign-exchange policy normalisation

- The CBN launched a revised foreign-exchange manual in May 2026 to consolidate recent regulatory changes and support a more transparent and market-driven foreign-exchange framework. This built on earlier exchange-rate unification measures and improvements in foreign-exchange trading infrastructure, although a fully articulated framework is still needed.

FATF grey-list removal

- Nigeria was removed from the FATF's grey list on 24 October 2025, following a two-year, 19-point reform effort to strengthen its AML/CFT framework.
- The FATF's assessment, however, was conditional. It urged the authorities to continue working with the Inter-Governmental Action Group against Money Laundering in West Africa and flagged unresolved gaps in AML/CFT oversight in high-risk non-financial sectors such as real estate, legal services and accounting services.

Electricity-sector decentralisation

- In February 2026 a new law came into force giving states clearer powers to regulate electricity generation, transmission, distribution and retail supply within their borders. By mid-2026, around a third of Nigeria’s 36 states had assumed regulatory oversight from the federal regulator, NERC.
- The amendment gave NERC stronger enforcement powers. It can now compel core investors to recapitalise underperforming distribution companies or face sanctions. However, implementation challenges persist, including a large unmetered customer base, funding constraints at distribution companies and a major grid collapse in late 2025.

Tax reform

- The Nigeria Tax Act and Nigeria Tax Administration Act both came into force on 1 January 2026, consolidating and harmonising the tax framework, simplifying administration and broadening the tax base. They also provide more support for lower-income households and small businesses, including a personal income-tax exemption of up to NGN 800,000 (€520) and a zero corporate income-tax rate for qualifying small companies.
- Implementation progressed during the first half of 2026, with the authorities issuing new personal income-tax guidelines in April and guidance in June to clarify the treatment of existing liabilities, incentives and reporting obligations under the new regime. The reforms also make tax administration and compliance easier by introducing greater digitalisation and better coordination between federal and subnational revenue authorities.