

# FRAMEWORK FOR THE REGULATION OF E-COMMERCE IN NIGERIA<sup>1</sup>

## Abstract

Electronic commerce (e-commerce) involves the buying and selling of goods and services online. With technological advancements and increased access to telecommunications in remote parts of Nigeria, the sector has grown rapidly, reshaping business operations and consumer behavior. Daily online transactions, often worth millions of naira, reflect the convenience and efficiency of internet-based commerce. However, this growth introduces legal challenges that differ from traditional physical trade. The paper defines e-commerce, explores its scope and significance in Nigeria, and discusses the need for effective regulation. It examines the current legal framework and the roles of regulatory agencies overseeing e-commerce in the country. The paper highlights the economic potential of the sector and calls for urgent legal reforms to resolve existing issues. By strengthening regulation and addressing legal gaps, Nigeria can maximize the benefits of e-commerce and enhance its global competitiveness in the digital economy. The paper employs the doctrinal legal analysis and comparative research methodology, draws on Nigerian statutes, regulatory agency guidelines, and international practices to evaluate the country's legal framework for e-commerce. Key regulatory bodies include the National Information Technology Development Agency (NITDA), Nigerian Communications Commission (NCC), and Central Bank of Nigeria (CBN). The paper concludes by advocating for a comprehensive and unified e-commerce policy, harmonized legal reforms, and improved inter-agency coordination. Strengthening Nigeria's legal and regulatory infrastructure will not only safeguard consumers and businesses but also enhance the country's global competitiveness in the digital economy.

**Keywords -** *E-commerce, Regulation, Legal framework, Telecommunications, Digital economy*

## INTRODUCTION

E-commerce involves the global buying, selling, and marketing of goods and services over the internet, redefining commerce by removing traditional barriers such as geography, time zones, and local regulations. It represents a digital transformation of business operations by enabling seamless transactions through computer networks and electronic information exchange. With digital technology, businesses now operate globally via websites that transcend national boundaries, challenging the applicability of territorially bound legal systems.

The emergence of Cyberspace, defined by digital interfaces and security protocols, has created a distinct legal domain with its own dynamics. Traditional law-making institutions struggle to regulate this new digital environment, where self-regulation by platform participants is increasingly influential. As a result, new legal norms are evolving online to govern identity, ownership, dispute resolution, and shared values; functions typically reserved for traditional law.

In Nigeria, e-commerce is rapidly expanding, supported by a growing digital economy and ranking as Africa's fastest-growing telecom market. By 2019, the sector was valued at \$12 billion and ranked 40th globally by 2023.<sup>2</sup>

However, regulatory challenges persist, particularly concerning the legal recognition of electronic contracts due to formal requirements for writing and signatures. To fully harness e-commerce's economic potential, Nigeria must strengthen its legal framework to protect digital transactions and promote consumer trust.

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<sup>2</sup>U. C Okolie and Awulika Ojomo, (2020). E-Commerce in Nigeria: Benefits and Challenges. *Humanities and Social Sciences: Latvia*. 28. 69-90. 10.22364/hssl.28.2.05. <[https://www.researchgate.net/publication/346981840\\_E-Commerce\\_in\\_Nigeria\\_Benefits\\_and\\_Challenges](https://www.researchgate.net/publication/346981840_E-Commerce_in_Nigeria_Benefits_and_Challenges)> accessed 07/09/2024

## DEFINITION OF ELECTRONIC COMMERCE (E-COMMERCE)

The 21st century is the century of the digitalization, with the Internet driving transformative changes in global economies and regional policies. A key aspect of this digital revolution is e-commerce which has redefined traditional trade methods and fostered innovation. E-commerce is one of the most important aspects of this digital transformation; it has affected both the traditional way of trade, opportunities in digital transformation and innovation. The Ukraine Law defines e-commerce as the economic activity of purchasing and selling goods remotely through electronic transactions. Electronic commerce has mostly been defined in broad terms that encompass the activities that relate to network infrastructure, both hardware, and software, which underpin the functioning of the Internet: routers, servers, network administration software, and software platforms. According to the Organisation for Economic Co-Operation and Development, E-Commerce is “...all forms of transaction relating to commercial activities, including both organization and individuals that are based upon the processing and transmission of digitized data including text, sound and visual images.”<sup>3</sup>

Forbes describes e-commerce as the exchange of goods, services and data over the Internet, utilizing digital platforms like websites, mobile apps, and social media. E-commerce relies on technology and digital platforms, including websites, mobile apps and social media to make buying and selling possible.<sup>4</sup>

Yakasai emphasizes that e-commerce revolutionizes business by enabling marketing, payment, and delivery of goods and services online, along with activities like banking, investment, and communication - all accessible from anywhere with Internet.<sup>5</sup>

R. K Singh, views e-commerce as commercial transactions conducted through the electronic exchange of data, including electronic contracts and money transfers.<sup>6</sup>

E-commerce has also been defined as the use of computers and telecommunications to conduct business transactions that encompass all the steps (including placing and tracking orders, the delivery of goods or services, and the exchange of funds) involved in negotiating, confirming, and performing commercial transactions electronically. Chaffey<sup>7</sup> defined E-commerce as the buying and selling of goods and services over the internet.

E-commerce refers to the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the internet. E-commerce is the broad term for buying and selling physical goods over the internet and it involves the stages of browsing, searching for products, adding items to a virtual shopping cart or basket, entering shipping and payment information or payment method and finally a confirmation of the transaction. As for now, there are six types of e-commerce as shown in the picture below.<sup>8</sup>

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<sup>3</sup>OECD; Organisation for Economic Co-Operation and Development  
<[https://one.oecd.org/document/OCDE/GD\(97\)185/en/pdf](https://one.oecd.org/document/OCDE/GD(97)185/en/pdf)> accessed 12/09/2024

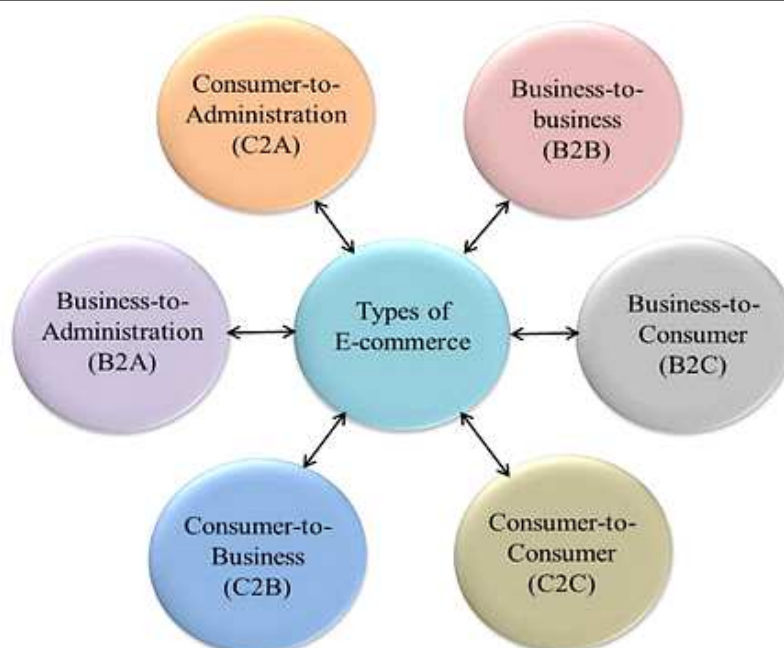
<sup>4</sup>Jenn Vande Zande, Ecommerce: Electronic Commerce Definition, Benefits, Types, Examples  
<<https://www.forbes.com/sites/sap/2024/05/24/ecommerce-electronic-commerce-definition-benefits-types-examples/>> accessed 12/09/2024

<sup>5</sup>A. M Yakasai, (2019), The Relevance of E-commerce in Nigeria,  
<[https://www.researchgate.net/publication/335836111\\_The\\_Relevance\\_of\\_E-Commerce\\_in\\_Nigeria](https://www.researchgate.net/publication/335836111_The_Relevance_of_E-Commerce_in_Nigeria)> accessed 12/09/2024

<sup>6</sup>R. K Singh, Law Relating to Electronic Contracts, 2<sup>nd</sup> Edn., LexisNexis

<sup>7</sup>Chaffey, D., Digital Business and E-Commerce Management (6th edn, Pearson Education 2015).

<sup>8</sup>Zafer Adiguzel, Examination-of-Effects-of-Competitive-Strategies-on-the-E-Commerce-Companies-in-Terms-of-Achieving-Sustainable-Competitive-Advantage <[https://www.researchgate.net/figure/E-Commerce-Types-Source-Doganer-M-2007-A-study-on-the-development-of-electronic\\_fig2\\_335665677](https://www.researchgate.net/figure/E-Commerce-Types-Source-Doganer-M-2007-A-study-on-the-development-of-electronic_fig2_335665677)> accessed 12/09/2024



Picture adapted from Zafer Adiguzel

The most profitable and visible segments of the e-commerce market are: -

**a. Business-to-Business (B2B): Transactions between companies, such as producers and wholesalers.**<sup>9</sup> B2B companies have the option to either sell directly to end users or distribute their products through intermediary businesses that further resell to other companies or consumers. Examples of some of the top B2B e-commerce in Nigeria are Cliqueshoppa, Afripaay, Foodlocker Nigeria, Agripeller<sup>10</sup> etc.

**b. Business-to-Consumer (B2C)**<sup>11</sup>: Direct sales from business to consumers. The B2C-model of e-commerce is distinguished by the establishment of electronic business relationships between businesses and final consumers. It corresponds to the retail section of e-commerce, where traditional retail trade normally operates<sup>12</sup>. B2C e-commerce companies sell directly to the product end-user instead of distributing goods through an intermediary. B2C businesses can sell their products—a practice known as direct-to-consumer (D2C)—or they can sell products from other brands. Walmart, BestBuy, Amazon, Jumia, AliExpress, and Shein are classic examples of B2C businesses. They resell other companies' products via e-commerce websites. When online transactions take place between a retailer and a private user or consumer, B2C commerce is the term that best describes the process.<sup>13</sup>

**c. Consumer-to-Consumer (C2C)**<sup>14</sup>: This is transactions between consumers, often facilitated by platforms like eBay or Jiji, etc. Generally, these transactions are conducted through a third party, which provides the online platform where the transactions are carried out. The platforms allow a consumer to list and sell their products to another consumer<sup>15</sup>. C2C e-commerce refers to online transactions conducted between two private consumers via online marketplaces, auction websites, or classified advertisements without the involvement of a third party. Examples are eBay, Taobao, Jiji, or

<sup>9</sup>BLOOMIDEA Team, "Types of e-commerce" <<https://bloomidea.com/en/blog/types-e-commerce>> accessed on 12/09/2024

<sup>10</sup>Rachel Handley, Types of E-commerce: Business Models, Marketing, and More" <<https://www.semrush.com/blog/types-of-e-commerce/>> accessed on 12/09/2024

<sup>11</sup>Doris Dokua Sasu, <<https://www.statista.com/markets/413/e-commerce/sta>> accessed 07/09/2024

<sup>12</sup>Types of e-commerce" <<https://bloomidea.com/en/blog/types-e-commerce>> accessed on 12/09/2024

<sup>13</sup>ibid

<sup>14</sup>BLOOMIDEA Team, "Types of e-commerce" <<https://bloomidea.com/en/blog/types-e-commerce>> accessed on 12/09/2024

<sup>15</sup>ibid

Konga, as well as auction websites and forums such as Cars45. These platforms allow consumers to sell and resell new goods and pre-owned items.<sup>16</sup>

The switch towards mobile in recent years has ushered in shopping platforms encouraging consumers to sell to and purchase from other consumers without setting up a business or turning to a third party. On the app front, C2C e-commerce is especially favorable for the fashion industry and popular with younger generations<sup>17</sup>.

**d. Business-to-Administration (B2A):** This part of e-commerce encompasses all transactions conducted online between companies and public administration. This area involves a large amount and a variety of services, particularly in areas such as fiscal, social security, employment, legal documents and registers, etc. These types of services have increased considerably in recent years with investments made in e-government.<sup>18</sup> For Example, a data protection company can provide support and maintenance services to government websites to make sure they are secure for users<sup>19</sup>.

**e. Consumer-to-Administration (C2A)<sup>20</sup>:** The C2A (Consumer-to-Administration) model describes sales transactions between consumers and public administrations. C2A is also known as business-to-government (C2G) commerce. This model provides a straightforward means to facilitate communication between consumers and administrative bodies. Examples of C2A transactions include electronic tax filing, distance learning programs, e-health services, online surveys, and more.

Most recent developments in global e-commerce have driven the market towards a more mobile direction. Today, in addition to online platforms on desktop and mobile devices, many e-commerce players and online retailers sell their products via mobile shopping apps. and via social media platforms<sup>21</sup>.

## 1. E-Commerce: An Overview

E-commerce, has been broadly defined as the buying and selling, marketing, servicing, delivery and payment of products, service and information over the internet, intranets, extranets and other networks, between an inter-networked enterprise and its prospects, customers, suppliers and other business partners.<sup>22</sup> Unlike traditional commerce, e-commerce facilitates the electronic trading of goods, money, and information directly from computers to computer, eliminating the need for physical currency or goods to conduct business.

## 2. Characteristics of E-Commerce

The distinct features of e-commerce include the following<sup>23</sup>:-

- 1. Online Presence:** To facilitate transactions between traders and consumers, e-commerce requires online platforms that serve as virtual storefronts to allow consumers browse, place orders, and purchase products from their comfort zones<sup>24</sup>.

<sup>16</sup>Doris Dokua Sasu, <<https://www.statista.com/markets/413/topic/983/c2c-e-commerce/#reports>> accessed on 12/09/2024

<sup>17</sup>Doris Dokua Sasu, <<https://www.statista.com/markets/413/topic/983/c2c-e-commerce/#reports>> accessed on 12/09/2024

<sup>18</sup>Oksana Yakovlieva, "Types of Ecommerce Businesses: What Model Is Right For Your Online Business?" Elogic Commerce <<https://ellogic.co/blog/types-of-ecommerce-businesses-what-model-is-right-for-your-online->> accessed on 12/09/2024

<sup>19</sup>Ibid

<sup>20</sup>Oksana Yakovlieva, "Types of Ecommerce Businesses: What Model Is Right For Your Online Business?" ELOGIC COMMERCE <[https://ellogic.co/blog/types-of-ecommerce-businesses-what-model-is-right-for-your-online-business/#:~:text=B2A%20\(business%2Dto%2Dadministration,they%20are%20secure%20for%20users%20access%20](https://ellogic.co/blog/types-of-ecommerce-businesses-what-model-is-right-for-your-online-business/#:~:text=B2A%20(business%2Dto%2Dadministration,they%20are%20secure%20for%20users%20access%20)>

<sup>21</sup>Oksana Yakovlieva, "Types of Ecommerce Businesses: What Model Is Right For Your Online Business?" ELOGIC COMMERCE <[https://ellogic.co/blog/types-of-ecommerce-businesses-what-model-is-right-for-your-online-business/#:~:text=B2A%20\(business%2Dto%2Dadministration,they%20are%20secure%20for%20users%20access%20](https://ellogic.co/blog/types-of-ecommerce-businesses-what-model-is-right-for-your-online-business/#:~:text=B2A%20(business%2Dto%2Dadministration,they%20are%20secure%20for%20users%20access%20)>

<sup>22</sup>What is E-Commerce? Scope of e-commerce

<<https://bootpoot.tech/what-is-e-commerce-scope-of-e-commerce/>> accessed 01/08/2024

<sup>23</sup>Punjabi University, <<https://www.studocu.com/in/document/punjabi-university/bachelor-of-business-administration/e-commerce-and-its-scope/46500336?origin=home-recent-1>> accessed 12/09/2024

<sup>24</sup>Ibid

2. **Electronic Transactions:** Payments are processed through platforms such as debit/credit cards or online payment solutions like Flutterwave and Paystack, reducing the reliance on physical cash. Even for payment-on-delivery options, some Nigerian platforms such as Konga, Oraimo, embraced electronic payments, further limiting physical money exchange.<sup>25</sup>
3. **Convenience:** The needs for physical visits to stores/shopping malls are reduced to the minimum, as consumers can shop at their convenience<sup>26</sup>.
4. **Global reach:** E-commerce enables businesses to transact both locally and internationally without limitations, and enables businesses expand their customer base, grow their brand and increase sales.<sup>27</sup>
5. **Personalization:** E-commerce platforms often use customers' data and browsing behaviour to provide a personalized shopping experience on their shopping platforms<sup>28</sup>. E-commerce platforms collect and store sensitive personal and financial information from customers, thereby making them potential targets for cyber-attacks and data breaches<sup>29</sup>. E-commerce businesses must have very robust cyber security measures and comply with data protection regulations to safeguard customer data and maintain trust<sup>30</sup>.
6. **Wide range of products:** E-commerce platforms are not limited by physical space, enabling businesses to offer diverse products and services that cater to varied customer needs.<sup>31</sup>
7. **Real-time transactions:** Transactions are processed instantly, providing customers with immediate purchase confirmation and reassurance.<sup>32</sup>
8. **Increased Efficiency:** Automation of manual processes such as payment processing, inventory management, and shipping, enhances transaction speed and efficiency.<sup>33</sup>
9. **Competitive Pricing:** E-commerce enables businesses to offer competitive pricing by eliminating the cost of brick and mortar shops. Online traders are thereby able to offer cheaper prices to customers, as well as generate more profits.<sup>34</sup>
10. **Mobile Commerce:** The growth of mobile commerce or m-commerce has made e-commerce readily accessible to a wider audience as many people can transact from their smart phones, tablets and other devices on the go<sup>35</sup>.

Electronic commerce is generally considered to be the sales aspect of e-business, which consists of exchanging of data to facilitate the financing and payment aspects of business transactions. With the rapid advancement in technology, e-commerce remains a relatively new, emerging and constantly evolving area of business management and information technology<sup>36</sup> that has become a dynamic force that is fast shaping the future of business landscape, in Nigeria.

<sup>25</sup> Even where the option of payment on delivery is selected, upon delivery, some e-commerce platforms in Nigeria such as Konga and Oraimo, requires buyers to make payments either with their debit cards or through bank transfers, thereby eliminating physical exchange of money.

<sup>26</sup> Doris Dokua Sasu <<https://www.statista.com/markets/413/e-commerce/sta>> accessed 07/09/2024

<sup>27</sup> Punjabi University, <<https://www.studocu.com/in/document/punjabi-university/bachelor-of-business-administration/e-commerce-and-its-scope/46500336?origin=home-recent-1>> accessed 12/09/2024

<sup>28</sup> ibid

<sup>29</sup> Ayoyinka Olajide-Awosedo, E-commerce in Nigeria: Legal Framework and Challenges <<https://globallawexperts.com/e-commerce-in-nigeria-legal-framework-and-challenges/#:~:text=Electronic%20Transactions%20Act%20%28ETA%29%2C%202023%3A%20The%20Electronic%20Transactions,incluing%20electronic%20contracts%2C%20payments%2C%20and%20consumer%20protection%20measures>> accessed 14/09/2024

<sup>30</sup> ibid

<sup>31</sup> Punjabi University, <<https://www.studocu.com/in/document/punjabi-university/bachelor-of-business-administration/e-commerce-and-its-scope/46500336?origin=home-recent-1>> accessed 12/09/2024

<sup>32</sup> ibid

<sup>33</sup> ibid

<sup>34</sup> ibid

<sup>35</sup> Punjabi University, <<https://www.studocu.com/in/document/punjabi-university/bachelor-of-business-administration/e-commerce-and-its-scope/46500336?origin=home-recent-1>> accessed 12/09/2024

<sup>36</sup> Dr. Shyama Prasad Mukherjee University, Ranchi Department of MCA & M.Sc.-IT <<https://dspmuranchi.ac.in/pdf/Blog/SCOPE%20NEEDS%20AND%20IMPORTANCE%20OF%20E-COMMERCE.pdf>> accessed 01/08/2024

### 3. SCOPE OF E-COMMERCE

The scope of e-commerce refers to the breadth and depth of activities within the e-commerce landscape; it is broad and rapidly changing as a result of new breakthroughs in technology such as artificial intelligence and virtual reality.<sup>37</sup> The frequently expanding e-commerce scope significantly impact on how businesses operate and consumers shop. The scope of e-commerce thus encompasses a wide range of online activities and transactions including:-.

- 1.2.1 Cross-Border E-Commerce:** - Cross border e-commerce involves the buying and selling of goods and services across national borders. This development allows businesses to reach a wider audience and customers to access a broader range of products, irrespective of their physical locations. However, differences in legal regulations, language and cultural differences pose a barrier to cross border e-commerce<sup>38</sup>.
- 1.2.2 Digital Goods and Services:** Digital goods and services are products delivered and consumed in digital formats, such as software, music, e-books, and online subscriptions. The ease of delivery, minimal overhead costs for businesses, and instant access for consumer make these products highly attractive.<sup>39</sup>
- 1.2.3 On-line Marketplaces<sup>40</sup>:** - Online Market places are websites that offer diverse range of products and services from consumer goods and services to clothing, electronics and home goods. Examples are Jumia, Konga, Amazon, eBay, these online markets provide a convenient and efficient way for businesses to sell products and for consumers to find and shop products. They serve as a platform for small businesses to reach a global audience.
- 1.2.4 Digital Payments;<sup>41</sup>** Digital payments are an integral part of the e-commerce, providing secure and convenient methods for transactions. Security measures such as encryption ensure the safety of financial information. Payment options include bank transfer, credit/debit cards, QR codes, and mobile payment platforms like Paystack, and Flutterwave in Nigeria.
- 1.2.5 Social Commerce;<sup>42</sup>** Social commerce leverages on social media platforms such as Instagram, Facebook Marketplace, TikTok, and Pinterest to sell products and services via in-app shopping and direct marketing, transforming networking tools into influential e-commerce channels.<sup>43</sup> Initially focused on digital connections, these platforms now rival traditional B2C e-tailers by engaging vast, active user bases with seamless purchasing experiences. Over the past two decades, social media's evolution has elevated it from a communication medium to a dominant force in e-commerce, driving business growth and reshaping retail competition.<sup>44</sup>
- 1.2.6 Mobile Commerce (M-Commerce)<sup>45</sup>:** For a long time, e-commerce was almost exclusively conducted on laptops and desktop PCs. In recent years, however, the advent of smartphones has changed the way in which consumers all over the world buy goods online. Mobile commerce, also known as m-commerce, now represents more than half of all e-commerce sales globally<sup>46</sup>. The mobile share in online commerce is forecast to keep growing in the years to come.

<sup>37</sup> eCommerce in Nigeria: Growth and Future Trends <<https://www.go-globe.com/e-commerce-in-nigeria-growth-and-future-trends/#:~:text=Growth%20of%20E-Commerce%20in%20Nigeria%201%20Mobile%20Commerce,Advancements%20...%205%20Government%20Initiatives%20and%20Regulations%20>> accessed 07/09/2024

<sup>38</sup> Punjabi University, <<https://www.studocu.com/in/document/punjabi-university/bachelor-of-business-administration/e-commerce-and-its-scope/46500336?origin=home-recent-1>> accessed 12/09/2024

<sup>39</sup> Ibid

<sup>40</sup> Doris Dokua Sasu, <<https://www.statista.com/markets/413/e-commerce/sta>> accessed 07/09/2024

<sup>41</sup> Punjabi University, <<https://www.studocu.com/in/document/punjabi-university/bachelor-of-business-administration/e-commerce-and-its-scope/46500336?origin=home-recent-1>> accessed 12/09/2024

<sup>42</sup> Ibid

<sup>43</sup> J. Smith, 'The Rise of Social Commerce' (2021) 12(3) International Journal of Digital Marketing 45

<sup>44</sup> L. Johnson, 'In-App Shopping and Platform Competition' (2023) Journal of E-Business Studies 101

<sup>45</sup> <<https://www.statista.com/markets/413/topic/544/key-figures-of-e-commerce/#statistic2>> accessed 12/09/2024

<sup>46</sup> Ibid

- 1.2.7 Online Services:** E-commerce has extended to the service industry, allowing customers to book services online. This includes travel bookings, hotel reservations, appointment scheduling for healthcare providers, online tutoring or consulting services<sup>47</sup> and even food delivery services.
- 1.2.8 Digital Marketing and Advertising<sup>48</sup>:** Digital marketing involves using digital channels like email, search engines, and social media to promote products and services. It enables businesses to target specific customer segments effectively and measure the success of their campaigns.
- 1.2.9 E-Commerce Analytics and Logistics<sup>49</sup>:** This aspect focuses on order confirmation, inventory management, and product delivery. Logistics processes, including standard and expedited shipping, are critical in determining customer satisfaction. Businesses increasingly leverage drones and autonomous vehicles to streamline delivery processes.
- 1.2.10 Online Banking and Financial Services:** Online banking enables users to conduct financial transactions such as fund transfers, bill payments, balance inquiries, and loan applications via the internet or mobile apps, eliminating the need for in-branch visits.<sup>50</sup> Its convenience, accessibility, and time-saving features have made it popular among individuals and businesses.<sup>51</sup> In Nigeria, the rapid expansion of online banking has been a key driver of e-commerce growth, supported by rising internet penetration, a youthful demographic, and an expanding middle class.<sup>52</sup>

#### 4. THE IMPORTANCE OF REGULATING E-COMMERCE IN NIGERIA

Technological advancement has transformed the world into a global information marketplace, enabling instantaneous sharing of ideas and commerce across borders.<sup>53</sup> This shift led to the emergence of Cyber Law or ICT Law, evolving from early computer law focused on intellectual property and software contracts.<sup>54</sup> Information technology now profoundly impacts economies and human livelihoods globally, with particular disruption in business and commerce through the digitization of transactions.<sup>55</sup> These developments necessitate legal systems to adapt and embrace electronic contracts and transactions.<sup>56</sup>

E-commerce, as a subset of this digital evolution, has grown globally, bringing challenges such as trust, security, and the adequacy of legal frameworks.<sup>57</sup> Legal scholars argue that traditional legal systems must either evolve radically like in past industrial revolutions or adapt incrementally to these digital disruptions.<sup>58</sup> In Nigeria, e-commerce is rapidly growing, with internet subscriptions exceeding 163 million by March 2024 and over ? 1 billion worth of transactions recorded monthly.<sup>59</sup> Major platforms like Jumia, Konga, and Slot have redefined retail, aided by the rise of fintech and an upsurge in cashless payments, which hit ? 39.58 trillion in January 2023.<sup>60</sup>

<sup>47</sup> <<https://robots.net/fintech/online-banking-is-an-example-of-what-type-of-e-commerce/#::~:~:text=Online%20banking%20is%20a%20prime%20illustration>> accessed 21/09/2024

<sup>48</sup> Punjabi University, <<https://www.studocu.com/in/document/punjabi-university/bachelor-of-business-administration/e-commerce-and-its-scope/46500336?origin=home-recent-1>> accessed 12/09/2024

<sup>49</sup> Punjabi University, <<https://www.studocu.com/in/document/punjabi-university/bachelor-of-business-administration/e-commerce-and-its-scope/46500336?origin=home-recent-1>> accessed 12/09/2024

<sup>50</sup> Central Bank of Nigeria, Digital Banking Report (CBN 2023).

<sup>51</sup> NIBSS, Instant Payments Statistics (2022).

<sup>52</sup> National Information Technology Development Agency, E Commerce Outlook (NITDA 2023).

<sup>53</sup> N. Negroponte, *Being Digital* (1995) at 12.

<sup>54</sup> Kesan, J.P., *Cyber Law and the Law of the Internet* (2002) 79 Ind. L.J. 683.

<sup>55</sup> UNCTAD, *Information Economy Report* (2017) < <https://unctad.org/publication/information-economy-report-2017>> accessed 12/09/2024

<sup>56</sup> Ibid.

<sup>57</sup> OECD, *Electronic Commerce: Opportunities and Challenges for Government* (1999)<<https://archive.org/details/electroniccommerce0000orga/page/n91/mode/2up>> accessed 12/09/2024

<sup>58</sup> Goldsmith, J. & Wu, T., *Who Controls the Internet?* (2006) at 28 Faculty Books. 175.<<https://scholarship.law.columbia.edu/books/175>> accessed 12/09/2024

<sup>59</sup> Nigerian Communications Commission, *Subscriber Statistics Report*, March 2024.

<sup>60</sup> NIBSS, *Instant Payments – 2023 Annual Report*, and *Tier-1 Banks Financial Reports*.

Despite progress, adoption rates remain low. Only 32% of Nigerians familiar with e-commerce actually use it, largely due to trust issues and inadequate regulation.<sup>61</sup> In response, the Nigerian government has introduced initiatives like the National Digital Economy Policy and Strategy (NDEPS), Startup Act, and reforms under PEBEC.<sup>62</sup> Legal instruments such as the *Nigerian Communications Act*, *Cybercrimes Act 2015*, and the *FCCP Act 2018*, which aim to secure digital transactions and consumer rights.<sup>63</sup> Furthermore, the *Finance Act 2023* includes provisions for taxing digital goods, reflecting the government's intent to regulate and benefit from the digital economy.<sup>64</sup>

However, the global nature of the internet complicates regulation, as e-commerce actors may operate beyond national jurisdictions.<sup>65</sup> While countries like the UK have made significant regulatory strides in digital commerce, Nigeria must strengthen its regulatory enforcement to foster consumer trust and fully harness the economic potential of e-commerce.<sup>66</sup>

## 5. ECONOMIC IMPACT AND POTENTIAL OF E-COMMERCE IN NIGERIA.

Torbjörn Fredriksson<sup>67</sup>, Chief of UNCTAD's ICT policy section aptly noted that “e-commerce is a powerful means to connect the unconnected to global trade.” In Nigeria, a country marked by rapid technological growth and a vibrant youth demographic, the e-commerce industry has flourished. Driven by widespread internet accessibility and a tech-savvy population, online businesses have transformed how Nigerians shop, from groceries and electronics to services. Prominent platforms such as Jumia, Konga, Jiji and Glovo exemplify this evolution.

As obtainable in other parts of the world, e-commerce has transformed the business and economic landscape of Nigeria<sup>68</sup>. According to Statista, Nigeria's e-commerce revenue is expected to show an annual growth rate of 11.78 per cent between 2021 and 2025, resulting in an estimated market volume of approximately \$10bn by 2050<sup>69</sup>.

## 6. CURRENT STATE OF THE E-COMMERCE SECTOR IN NIGERIA

Globally, Nigeria is the 56th largest market for e-commerce with projected revenue of US\$2,225.2 billion by 2024, surpassing Slovakia<sup>70</sup>. Revenue is expected to grow at a compound annual growth rate (CAGR 2024-2028) of 12.8%, between 2024 and 2028<sup>71</sup>. With an expected increase of 16.5% in 2024, the Nigerian e-commerce market has contributed to the worldwide growth rate of 10.1% in 2024. In Nigeria, global e-commerce sales are expected to increase over the next years<sup>72</sup>.

As at August 2024, the monthly e-commerce revenue of the Nigerian e-commerce market was US\$193 million. This refers to a growth of -8.1% compared to July 2024<sup>73</sup>. In the last 12 months, the monthly revenue share was the highest in July 2024 with 9.5% of the total 2024 revenue of the Nigerian e-commerce market and the lowest was in April 2024 with 7.3% of the total 2024 revenue<sup>74</sup>.

<sup>61</sup>Konga.com, E-commerce Adoption Survey (2015).

<sup>62</sup>National Information Technology Development Agency (NITDA), \*NDEPS Framework\*, 2021.

<sup>63</sup>Cybercrimes (Prohibition, Prevention, etc.)Amendment Act 2024; FCCPA 2018; Nigerian Communications Act 2003.

<sup>64</sup>Finance Act 2023 (Nigeria), s. 14.

<sup>65</sup>Johnson, D.R. & D.G Post, Law and Borders —The Rise of Law in Cyberspace (1996) 48 Stan. L. Rev. 1367

<sup>66</sup>Financial Conduct Authority (UK), Guidelines on Online Banking Regulations, 2022.

<sup>67</sup>Chief of UNCTAD's ICT policy section <<https://tradeandinvestmentpromotion.com/e-commerce-is-a-powerful-means-to-connect-the-unconnected-to-global-trade/#:~:text=Based%20on%20lessons%20learned,%20UNCTAD%20offers>> accessed 12/09/2024

<sup>68</sup>C. F. Agbata Jnr., State of Nigeria's e-commerce industry: Growth and challenges' <<https://punchng.com/state-of-nigerias-e-commerce-industry-growth-and-challenges/#:~:text=As%20obtainable%20in%20other%20parts%20of%20the%20world%2C,estimated%20market%20volume%20of%20approximately%20%2410bn%20by%202050>>.accessed 12/09/2024

<sup>69</sup>ibid

<sup>70</sup>eCommerce Industry in Nigeria, <<https://ecommercedb.com/markets/ng/all>> accessed 14/09/2024

<sup>71</sup>ibid

<sup>72</sup>eCommerce Industry in Nigeria <<https://ecommercedb.com/markets/ng/all>> accessed 14/09/2024

<sup>73</sup>ibid

<sup>74</sup>ibid



The Nigerian online share of e-commerce refers to the proportion of the retail volume that is transacted via the Internet<sup>75</sup>. It includes purchases via desktop computers, tablet or smartphone, both via websites or apps. Only the retail of physical goods is taken into account. In the Nigerian retail market, the online share is 1.6% and it is projected to decrease by an average of 2.7% to 1.5% by 2028<sup>76</sup>.

According to Statista, the most valuable e-commerce sector in Nigeria in 2022, was electronics, which achieved 2.4 billion U.S. dollars in consumer spending. Overall, the number of visitors to online marketplaces grew constantly, exceeding 242 million in 2020<sup>77</sup>. In addition, the results of different surveys conducted by Statista in 2023 show that Nigerians have a very positive attitude towards online shopping. Clothing, shoes, and bags and accessories were the most common items purchased online among Nigerian respondents.

E-commerce in Nigeria has expanded rapidly, transforming how businesses and consumers interact. In Nigeria, Online shopping, digital payments, and electronic services are now commonplace due to the growth of the internet and mobile technology, which has fueled this expansion. Large categories of businesses and sizes now leverage e-commerce to reach broader markets and improve efficiency.

## 7. LEGAL AND REGULATORY FRAMEWORK FOR E-COMMERCE IN NIGERIA

Nigeria has experienced a steady rise in internet penetration and digital connectivity, with approximately 84 million users recorded in 2022 and projections estimating 117 million users by 2027. Internet penetration stood at over 38% in 2022 and is expected to increase to 48% by 2027.<sup>78</sup> While digital growth has improved access to services, it has also facilitated the emergence of cybercrimes, making criminal activities easier to perpetrate and harder to trace geographically over time.<sup>79</sup>

Given the on-going rapid digital transformation, understanding e-commerce laws is critical for navigating Nigeria's evolving online business environment. These laws are essential in regulating electronic transactions, ensuring consumer protection, and fostering ethical business conduct.<sup>80</sup> They address core issues such as data privacy, digital payments, and electronic contracts, providing legal certainty for businesses and consumers alike.<sup>81</sup>

Although Nigeria lacks a single, comprehensive e-commerce law, several statutes, regulations, and policy instruments collectively form the country's e-commerce legal framework. These laws aim to promote safe, fair, and transparent online commercial practices while encouraging trust in the digital economy.<sup>82</sup> To respond to the growing complexities of internet commerce, broader laws with wider applicability have been introduced to provide regulatory oversight and guide the conduct of online businesses in Nigeria.<sup>83</sup> The key components of this framework are highlighted and briefly discussed below:-

**A. Electronic Transactions Act (ETA), 2023<sup>84</sup>:** This Act establishes Nigeria's principal legal framework for digital commerce, encompassing electronic contracts, payments, and consumer protections.<sup>85</sup> It seeks to bolster confidence in the digital economy by setting clear standards for online transactions. S.16(1) mandates that e-commerce businesses to disclose comprehensive information

<sup>75</sup>eCommerce Industry in Nigeria, <<https://ecommercedb.com/markets/ng/all>> accessed 14/09/2024

<sup>76</sup>eCommerce Industry in Nigeria, <<https://ecommercedb.com/markets/ng/all>> accessed 14/09/2024

<sup>77</sup>Doris Dokua Sasu, **E-commerce in Nigeria - statistics & facts, Dec. 14 2023** <<https://www.statista.com/topics/6786/e-commerce-in-nigeria/#topicOverview>> accessed 12/10/2024

<sup>78</sup>Doris Dokua Sasu, **E-commerce in Nigeria - statistics & facts, Dec. 14 2023** <<https://www.statista.com/topics/6786/e-commerce-in-nigeria/#topicOverview>> Statista, Number of Internet Users in Nigeria 2022–2027, (2023)

<sup>79</sup>UNODC, *Cybercrime: Understanding the Threats* (2021).

<sup>80</sup>M.E. Okoro, "Legal Framework for E-commerce in Nigeria" (2022) 14(1) *Journal of Cyber Law Studies* 45.

<sup>81</sup>NITDA, *Guidelines for Electronic Commerce* (2020).

<sup>82</sup>FCCPA 2018; Cybercrimes (Prohibition, Prevention, etc.) Act 2015.

<sup>83</sup>Adebayo, O., "E-commerce Regulation in Nigeria: A Legal Perspective" (2021) *Nigerian Law Review* 73.

<sup>84</sup>The ETA was adopted by the National Assembly on June 22, 2023 and will replace the 2005 Law on Electronic Transactions (LET 2005) when it takes effect on July 1, 2024.

<sup>85</sup>Electronic Transactions Act 2023, s'1–5 (preamble).

about goods or services, including total costs.<sup>86</sup> S.16(2) requires platforms to allow consumers to correct input errors before finalizing transactions,<sup>87</sup> and S. 16(3) grants consumers a penalty-free withdrawal right within a specified period, subject only to return costs.<sup>88</sup>

Overall, the ETA 2023 represents Nigeria's commitment to modernizing its legal regime in step with global digital trends. By clarifying transaction rules and safeguarding consumer rights, the Act aims to enhance trust and participation in the national digital marketplace, thereby stimulating growth in the country's digital economy.

**B. Companies and Allied Matters Act 2020<sup>89</sup>:** This Act prohibits the transaction of business in Nigeria without due registration with the Corporate Affairs Commission. The 2020 CAMA made provisions for electronic signature of a director, secretary, or other authorized officer of a company, with respect to the authentication and service of company's documents<sup>90</sup>, electronic instrument of transfer of shares and electronic register of transfer<sup>91</sup> etc. Section 860 of the Act provides that any document required to be filed with the Commission may be filed electronically.

**C. Evidence Act, 2011<sup>92</sup>:** - This Act made provisions for the admissibility of electronically generated evidence<sup>93</sup> to prove the existence of electronic transactions, in case of any dispute arising therefrom. S. 93, recognizes electronic signature, which is vital to electronic transactions.

**C. Cybercrimes (Prohibition, Prevention, etc.) Act:<sup>94</sup>** - This Act addresses cybercrimes and online fraud provides measures to protect consumers from fraudulent activities on e-commerce platforms. It prohibits fraudulent online transactions, including those conducted through e-commerce platforms. S. 16 CCPA criminalizes unauthorized access to computer systems, networks, or electronic devices with the intent to commit fraud. Interestingly, S. 17 validates the use of electronic signatures in respect of the purchase of goods and places the burden of proof of the genuineness or otherwise of the electronic signature, on the contender<sup>95</sup>. It further outlines the legal and regulatory measures for preventing and prosecuting cybercrimes, ensuring cyber security, and protecting electronic communications and data. This Act is crucial for e-commerce as it aims to provide a secure environment for online transactions.

**D. Nigerian Communications Commission Act 2003:** The Act established the Commission to regulate telecommunications services, including aspects related to e-commerce, such as online transactions and data protection. It regulates electronic commerce, protects consumers, licenses e-commerce service providers, and establishes dispute resolution mechanisms.

**E. The Advance Fee Fraud and Other Fraud Related Offences Act,<sup>96</sup>:** This Act also impacts e-commerce by requiring businesses involved in telecommunications or internet services to register with the Economic and Financial Crimes Commission, maintain customer registers, and submit usage reports, enhancing transparency and security in e-commerce operations.

**F. National Information Technology Development Agency Act<sup>97</sup>:** This Act mandates the National Information Technology Development Agency Act, to develop Information Technology in

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<sup>86</sup>ETA 2023, s16(1).

<sup>87</sup>ETA 2023, s16(2).

<sup>88</sup>ETA 2023, s16(3).

<sup>89</sup>CAMA, 2020

<sup>90</sup>S.101 CAMA, 2020.

<sup>91</sup>Ss. 175 &176 CAMA 2020

<sup>92</sup>EA (Amended) 2023

<sup>93</sup>S.84 EA 2011

<sup>94</sup>*Cybercrimes (Prohibition, Prevention, Etc.) Act* was first enacted in 2015 and was recently amended and signed into law on the 28<sup>th</sup> of February, 2024 by President Bola Ahmed Tinubu.

<sup>95</sup>S. 17(2) CPPA, 2024 (as amended)

<sup>96</sup>AFF Act 2006

<sup>97</sup>NITDA Act

Nigeria through the use of regulatory instruments.<sup>98</sup> In the exercise of the powers conferred on it by S.32, of the Act, the Agency developed the Nigeria Data Protection Regulation (NDPR), for electronic governance, to monitor the use of electronic data interchange and other forms of electronic communication transactions which are alternative to paper based methods in government, commerce, education, private and public sectors, labour and other fields where the use of electronic communication may improve the exchange of data and information. The NITDA is the regulatory body responsible for the development of the framework of rules for the governance and monitoring of the exchange of data and conduct of transactions online.<sup>99</sup> Thus, e-commerce regulations now fall under the scope and authority of the NITDA<sup>100</sup>.

Due to the fact that any information fed into the internet could be accessed anywhere in the world, consumers transacting online require assurances that their personal information would be protected<sup>101</sup> and not compromised by e-commerce merchants. The data required from e-consumers, most often than not, range from personal details, addresses, delivery addresses, bank details e.g credit card or debit card details etc. S 37 of the 1999 Constitution (as amended), recognizes the right to privacy as a fundamental human right. The section provides as follows:

“The privacy of citizens, their homes, correspondence, telephone conversation and telegraphic communication is hereby guaranteed and protected”.

Pursuant to the provisions of the NITDA Act, Regulations and Guidelines, customers whose data or privacy has been compromised are entitled to seek redress.

**G. Federal Competition and Consumer Protection Act<sup>102</sup>:** This Act established the Federal Competition and Consumer Protection Commission (FCCPC) to ensure fair and competitive markets, safeguard consumer rights, and guarantee access to safe products in Nigeria. As a regulatory agency under the Federal Ministry of Trade and Investment, the FCCPC is charged with overseeing business conduct to prevent consumer deception or exploitation. S 73 of the Act expressly prohibits businesses from engaging in unfair practices likely to mislead consumers. Entities offering goods and services are obligated to comply with FCCPA provisions and associated regulations. Key mandates include transparent price display, truthful product descriptions, fair pricing, and delivery of goods as agreed. Under S 17(h), the FCCPC is empowered to resolve disputes, impose sanctions, and investigate complaints. Aggrieved consumers may lodge complaints with the Commission for redress.

**H.** Importantly, the FCCPA now holds overriding legal authority in matters of competition and consumer protection, superseding sector-specific laws like the Nigerian Communications Act and Civil Aviation Act.<sup>103</sup> The Act also vests a dedicated Tribunal with original jurisdiction over FCCPC decisions, positioning the Commission as both regulator and adjudicator.

**I.** To address the growing e-commerce sector, the FCCPC released the Business Guidance on E-commerce in August 2021. It mandates clear and accessible terms of service, product and price transparency, pre-payment disclosures, and consumer-friendly complaint mechanisms. These rules aim to enhance trust and accountability in Nigeria's digital marketplace.

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<sup>98</sup>S. 32, NITDA permits the Board to make such regulations as in its opinion are necessary or expedient for giving full effect to the provisions of the Act and for due administration of its provisions.

<sup>99</sup>S. 6 *NITDA Act, 2007*

<sup>100</sup>Prior to its mandate NITDA has, since its creation in 2007, issued a number of guidelines for the purpose of regulating the e-commerce industry, an example of a constructive regulation issued by NITDA is its Guidelines on Data Protection (September 2013)

<sup>101</sup>Adeniji Kazeem, *Nigerian Law of Electronic Transactions*, West African Book Publishers Ltd., (Lagos, 2024) p. 123

<sup>102</sup>FCCPA 2018

<sup>103</sup>NCC 2003 and CAA 2006

**J. Consumer Protection Council Act:**<sup>104</sup> The CPC Act establishes the Consumer Protection Council, which is tasked with protecting consumers from unfair trade practices, including those prevalent in e-commerce. S 3(a) of the Act provides that “The Council shall have power to conduct investigations into complaints, allegations, and situations regarding or touching on the quality of goods and services, misleading advertisement, unfair trade practices and other matters relevant to the protection of consumers.”

**J. Nigerian Data Protection Act:**<sup>105</sup> The objectives of this Act are to provide for the regulation of processing personal data; to promote data processing practices that safeguard the security of personal data and privacy of data and to ensure that personal data is processed in a fair, lawful, and accountable manner. The provisions of the Act extend to automated and non-automated data processing, where:

- a. The data controller or data processor is domiciled or resident or operating in Nigeria<sup>107</sup>;
- b. The processing of personal data occurs within Nigeria; or
- c. The data controller or data processor is NOT domiciled or resident or operating in Nigeria but is processing personal data of a data subject that is in Nigeria.

The Act confers on the Nigeria Data Protection Commission, the power to entertain complaints, conduct investigations, and enforcement of compliance orders.<sup>108</sup> In order to breach the gap to justice, for data subjects whose privacy rights have been violated, the Act has established an outlined procedure for making and investigating complaints at the Data Protection Commission<sup>109</sup>.

**K. Finance Act, 2020:** By virtue of S 3 of the Act, titled “Amendment of S 2 of the Principal Act,” changes to the Value Added Tax Act were introduced by expanding the scope of taxable goods and services to include intangible products, assets, or property. Therefore, online vendors and businesses dealing with intangible products are required to account for VAT on their supplies in accordance with this provision of the Finance Act<sup>110</sup>.

**L. Regulation on Various Electronic Payments in Nigeria Issued by the Central Bank of Nigeria:**

The Central Bank of Nigeria (CBN) in the exercise of its oversight functions pursuant to the powers conferred on it by the CBN Act, 2007<sup>111</sup> to promote good financial system in Nigeria issued guidelines to regulate and facilitate the development of efficient electronic payments system in Nigeria<sup>112</sup>. Some of the Regulations issued by the CBN are as follows: -

- a. **Framework for Quick Response (QR) Code Payments in Nigeria, 2021:** The CBN issued this regulation to ensure the safety and stability of the Nigerian Financial System, to promote the use and adoption of electronic payments and foster innovation in the payments system. The Quick Response (QR) Codes are a kind of matrix barcode representing information presented as square grids, made up of black squares against a contrasting background that can be scanned by imaging device, processed, and transmitted by appropriate technology<sup>113</sup>. Imaging device such as smart phone cameras, tablet cameras etc.
- b. **Regulation for Bill Payment in Nigeria, 2018:** This regulation was issued for the purpose of identifying the stakeholders<sup>114</sup> in the Bill payment space, to ensure adequate protection for the stakeholders in the Bill payment, to provide clarity on the minimum standard that must be

<sup>104</sup>CPC Act, 1992

<sup>105</sup>NDPA, 2023

<sup>106</sup>S 5, Nigerian Data Protection Act (NDPA), 2023

<sup>107</sup>S 2, NDPA, 2023

<sup>108</sup>Ss 46 and 47 of the Nigerian Data Protection Act

<sup>109</sup>Adeniji Kazeem, *Nigerian Law of Electronic Transactions*, West African Book Publishers Ltd., (Lagos, 2024) p. 129

<sup>110</sup>Finance Act, 2020 (Amendment) [https://firs.gov.ng/wp-content/uploads/2021/01/finance-act-2020\\_signed.pdf](https://firs.gov.ng/wp-content/uploads/2021/01/finance-act-2020_signed.pdf) accessed 17/09/2024

<sup>111</sup>Ss 2(d), 33(1)(b) and 47(2) of the Central Bank of Nigeria Act, 2007

<sup>112</sup>Adeniji Kazeem, *Nigerian Law of Electronic Transactions*, (West African Book Publishers Ltd, 2024), p.49

<sup>113</sup>*Ibid*, p.50

<sup>114</sup>Or 2.0 of the Regulation on Bill Payment in Nigeria, 2018; Adeniji Kazeem, *Nigerian Law of Electronic Transactions*, (West African Book Publishers Ltd, 2024), p.50

complied with for the facilitation of bill payment transactions amongst other reasons<sup>115</sup>. This regulation covers Bill payments on various platforms that seek to integrate the payment side of commercial activity and merchant aggregators in Nigeria. The payment methods include Cheques, Cards, Direct Debit, Instant Payments, and Automated Clearing House, etc.<sup>116</sup>

- c. **Regulation on Instant (Inter-Bank) Electronic Funds Transfer Services, 2018:** This regulation sets out the rules and minimum standards for electronic funds transfer services.<sup>117</sup>
- d. **Regulation on Mobile Payment Services in Nigeria:** This regulation addresses business rules governing the operation of mobile payment services in Nigeria. It specifies basic functionalities expected of any mobile payment service and solution in Nigeria. It also set the basis for the regulation of mobile payment services offered at different levels and by diverse participants (participants include service providers, infrastructure providers, solution providers, scheme operators and the consumers). However, this framework does not cover the use of mobile phone as an access point to the internet for the purpose of using internet banking services.<sup>118</sup>
- e. **Regulation on Electronic Payments and Collections for Public and Private Sectors in Nigeria 2019 (Revised):**  
This regulation aims to provide guidelines and standards for electronic payments and collections across various sectors, including e-commerce. This regulation encompasses provisions that impact online businesses and e-commerce activities in Nigeria. Some key provisions related to online business and e-commerce include<sup>119</sup>: -
- f. **Payment Gateway Integration<sup>120</sup>:** The regulation sets standards for integrating payment gateways with e-commerce platforms to ensure secure and efficient payment processing.
- g. **Transaction Security<sup>121</sup>:** The Central Bank Nigeria's regulation emphasizes the importance of transaction security for online payments. It mandates the implementation of robust security measures, such as encryption and authentication protocols, to protect sensitive financial information during electronic transactions.
- h. **Customer Protection<sup>122</sup>:** The regulation mandates e-commerce businesses to offer transparent terms of service, refund policies, and dispute resolution mechanisms to protect consumer interests in online transactions.
- i. **Anti-Money Laundering (AML) and Know Your Customer (KYC) Compliance<sup>123</sup>:** The regulation requires online businesses to comply with AML and KYC requirements, ensuring thorough customer due diligence to prevent financial crime.
- j. **Cross-Border Transactions:** The regulation offers guidelines on foreign exchange transactions, settlements, and adherence to global payment standards.
- k. **Bankruptcy Act and the Council for the Regulation of Freight Forwarding in Nigeria Act.** This regulation provides additional regulatory layers that affect e-commerce indirectly by governing business solvency and logistics operations, respectively.

<sup>115</sup> Ibid

<sup>116</sup> Ibid

<sup>117</sup> Or 3.0 of the Regulation on Instant (Inter-Bank) Electronic Funds Transfer Services, 2018

<sup>118</sup> Adeniji Kazeem, *Nigerian Law of Electronic Transactions*, (West African Book Publishers Ltd, 2024), p.51; See parts Or 1.2 of the Regulation for Mobile Payment Services in Nigeria.

<sup>119</sup> CBN circular "REGULATION ON END-TO-END ELECTRONIC PAYMENT OF SALARIES, PENSIONS & OTHER REMITTANCES, SUPPLIERS AND REVENUE COLLECTIONS IN NIGERIA"

<<https://www.cbn.gov.ng/out/2019/psmd/circular%20and%20guideline%20on%20e-payment.pdf>> accessed 18/09/2024

<sup>120</sup> Aarndale Solicitors <<https://www.mondaq.com/nigeria/dodd-frank-consumer-protection-act/1465156/e-commerce-in-nigeria-legal-framework-andchallenges#:~:text=Payment%20Gateway%20Integration:%20The%20regulation%20sets%20standards%20for%20integrating>> accessed 5/10/2024

<sup>121</sup> Ibid

<sup>122</sup> Aarndale Solicitors <<https://www.mondaq.com/nigeria/dodd-frank-consumer-protection-act/1465156/e-commerce-in-nigeria-legal-framework-and-challenges#:~:text=Payment%20Gateway%20Integration:%20The%20regulation%20sets%20standards%20for%20integrating>> accessed 5/10/2024

<sup>123</sup> Ibid

In terms of digital infrastructure and promotion of ICT, the Nigerian government has implemented policies such as the Nigeria ICT Innovation and Entrepreneurship Vision (NIIEV) by the National Information Technology Development Agency (NITDA)<sup>124</sup>. This policy aims to foster a conducive environment for technology and innovation, crucial for the growth of e-commerce.

## 8. Comparative Analysis of E-Commerce Regulatory Framework in Other Jurisdictions

As at 2023, China led the global e-commerce market, with nearly 50% of its retail transactions conducted online, followed by Indonesia (32%), the UK, and South Korea (both over 30%). Rapidly growing markets like the Philippines and India recorded annual growth rates exceeding 20%.<sup>125</sup> Global e-commerce sales reached \$5.8 trillion in 2023, with projections of over \$8 trillion by 2027—a 39% increase.<sup>126</sup> Alibaba held a dominant 23% market share, though Amazon is projected to surpass it with \$1.2 trillion in sales by 2027.<sup>127</sup>

Despite this growth, regulatory frameworks lag behind. Global institutions such as WIPO, WTO, UNCITRAL, ICC, and OECD have played pivotal roles in addressing legal gaps and shaping effective regulations.<sup>128</sup> Since the 1990s, the WTO has recognized e-commerce as integral to production and trade<sup>129</sup>, while WIPO has improved systems for registering digital identifiers to combat cyber threats. UNCITRAL's 1996 Model Law on Electronic Commerce (UMLE) provides a harmonized legal foundation for digital transactions.<sup>130</sup>

Regional Trade Agreements (RTAs) have also adopted e-commerce provisions, with countries like the USA, EU, Japan, Korea, and Singapore including rules on customs duties, e-signatures, and paperless trade. Developing nations such as Chile, Colombia, and Mexico have followed suit.<sup>131</sup> Although international and regional efforts are vital, the importance of strong domestic legal systems remains; the USA, China, and the EU are seen as benchmarks in building robust e-commerce regulations.<sup>132</sup>

## 9. Overview of E-Commerce Regulations in Leading Countries: European Union, United States of America, and China

E-commerce legislation regulates online commercial activities, encompassing consumer protection, data privacy, online contracts, and intellectual property rights. Regulations vary across nations, including laws on taxation and export controls, all aimed at safeguarding consumers and ensuring fair online transactions.<sup>134</sup>

### A. European Union

The European Union (EU) has established comprehensive legal frameworks to support e-commerce while ensuring robust consumer protection.

<sup>124</sup> <<https://nitda.gov.ng/wp-content/uploads/2020/11/National-Digital-Economy-Policy-and-Strategy2.pdf#:~:text=ul%20implementation.Muhammadu%20BuhariFOREWORDThe%20National%20Digital%20Economy%20Policy>> accessed 5/10/2024

<sup>125</sup> Daniela Coppola, Statista, Global E-Commerce Retail Share by Country 2023 (2024). <<https://www.statista.com/statistics/664814/global-e-commerce-market-share/>> accessed 5/10/2024

<sup>126</sup> UNCTAD, Global E-Commerce Outlook (2023) < <https://tradedecouncil.org/unctad-forecasts-global-trade-outlook-for-2023-anticipates-5-ontraction/#:~:text=In%20a%20recent%20Global%20Trade%20Update%2C%20the%20United,report%20also%20presents%20a%20cautious%20outlook%20for%202024>> accessed 5/10/2024

<sup>127</sup> McKinsey Global Institute, Digital Trade Report (2024) <<https://www.mckinsey.com/mgi/our-research/mckinsey-global-institute-2024-in-charts>> accessed 5/10/2024

<sup>128</sup> WTO, WIPO, UNCITRAL, ICC & OECD, Joint Initiatives on E-Commerce (2023)

<sup>129</sup> WTO, Work Programme on E-Commerce (1998) < <https://www.wto-ilibrary.org/content/books/9789287054364c010>> accessed 5/10/2024

<sup>130</sup> UNCITRAL, Model Law on Electronic Commerce (1996) <

<sup>131</sup> OECD, E-commerce in Trade Agreements (2022) <[https://one.oecd.org/document/TAD/TC/WP\(2022\)11/FINAL/en/pdf](https://one.oecd.org/document/TAD/TC/WP(2022)11/FINAL/en/pdf)> accessed 12/10/2024.

<sup>132</sup> USTR, 2023 National Trade Estimate Report on Foreign Trade Barriers < <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2023/march/ustr-releases-2023-national-trade-estimate-report-foreign-trade-barriers>> accessed 12/10/2024

<sup>133</sup> Kaitlin Culmo, *eCommerce Laws and Regulations: What You Should Know* <<https://hostadvice.com/blog/monetization/ecommerce/ecommerce-law/>> accessed 12/10/2024.

<sup>134</sup> Ibid.

- **Data Protection Directive:** Protects individual privacy during data processing to enhance consumer trust and ensure uniformity across member states.<sup>135</sup>
- **Directive 97/7/EC:** Provides rights for consumers in distance contracts, aiming to equate online and in-store transactions. Exclusions include contracts for financial services, food delivery, or services tied to specific dates, which are governed by other directives such as Directive 2002/65/EC for financial services and Directive 90/314/EEC for package travel.<sup>136</sup>
- **Electronic Commerce Directive 2000 (ECD):** Establishes rules for transparency, commercial communications, electronic contracts, and intermediary liability. It harmonizes EU member states' laws and offers legal certainty to businesses and consumers.<sup>137</sup>
- **Electronic Identification and Trust Services Regulation:** Enhances the ECD with legal recognition of electronic signatures.<sup>138</sup>

The EU prioritizes consumer protection, evidenced by Article 4(f), 11, and Title XV of the Treaty on the Functioning of the European Union (TFEU). These provisions aim to protect consumers, enhance market access, and increase competition.<sup>139</sup>

### B. United Kingdom

Before Brexit, the UK followed EU directives, enacting the *Electronic Communications Act 2000* to facilitate electronic contracts. While it provided legal recognition of electronic signatures, it did not guarantee equivalence to traditional forms, aligning only minimally with EU directives and the UNCITRAL Model Law on E-Commerce.<sup>140</sup>

### Comparative Insights

The EU's regulatory approach, in contrast to the USA and China, is consumer-centric and defensive, with a focus on protecting its market while enhancing predictability and market access for businesses.<sup>141</sup>

This robust framework makes the EU a leading force in e-commerce regulation globally, though its market dominance is limited compared to the USA and China.

### C. The United States of America

In the United States, e-commerce is regulated by federal and state entities. The Federal Trade Commission (FTC) enforces consumer protection laws and ensures fair business practices. The U.S. takes a liberal approach to digital platform legislation, allowing it to host many global digital companies. Federal laws such as the *Electronic Signatures in Global and National Commerce Act (E-Sign Act)* recognize electronic records and signatures in interstate and foreign transactions, ensuring documents cannot be invalidated due to their electronic nature. Similar legislation exists in all 50 states under the *Uniform Electronic Transactions Act*.<sup>142</sup>

The U.S. adopted the *UNCITRAL Model Law on E-Commerce*, known domestically as the *Uniform Electronic Transactions Act 1999*. Personal data protection is regulated under laws like the U.S. Privacy Act, the *Computer Matching and Privacy*<sup>143</sup> States like California have advanced data privacy laws, including the *California Consumer Privacy Act (CCPA)*, which grants residents broad rights over their personal data. Amendments to the CCPA in 2023 imposed stricter compliance requirements on e-commerce organizations. Other states, including Virginia, Colorado, Utah, and Connecticut, have enacted comprehensive data privacy laws.<sup>144</sup>

<sup>135</sup> Jörg Binding and Kai Purnhagen, *Regulations on E-Commerce Consumer Protection Rules in China and Europe Compared – Same Same but Different?* <[https://www.jipitec.eu/archive/issues/jipitec-2-3-2011/3173/binding\\_purnhagen.pdf](https://www.jipitec.eu/archive/issues/jipitec-2-3-2011/3173/binding_purnhagen.pdf)> accessed 12/10/2024.

<sup>136</sup> Ibid.

<sup>137</sup> Adeniji Kazeem, *Nigerian Law of Electronic Transactions*, West African Book Publishers Ltd, 2024, pp. 56-58.

<sup>138</sup> Ibid.

<sup>139</sup> Ibid.

<sup>140</sup> W. Harry Thurlow, *Electronic Contracts in the United States and the European Union*, Electronic Journal of Comparative Law, Vol. 5.3, 2001

<sup>141</sup> Firat Çetiner, *Law of E-commerce and its Regulations Around The World*, 8th July 2023 <<https://www.byarcadia.org/post/law-of-e-commerce>> accessed 12/10/2024.

<sup>142</sup> K. Culmo, *eCommerce Laws and Regulations: What You Should Know* <<https://hostadvice.com/blog/monetization/ecommerce/ecommerce-law/>> accessed 12/10/2024; Baker McKenzie, *In brief: e-Commerce in USA* <<https://www.lexology.com/library/detail.aspx?g=385c70d8-0dc5-40aa-8eb0-d3f52b55bbd4>> accessed 12/10/2024.

<sup>143</sup> *Protection Act*, and the *Patriot Act* [Firat Çetiner, *Law of E-commerce and its Regulations Around the World* <<https://www.byarcadia.org/post/law-of-e-commerce>> accessed 12/10/2024].

<sup>144</sup> Peter Stockburger, *E-commerce in the US: A Complicated Legal Landscape* <<https://www.dentons.com/en/insights/articles/2022/june/20/e-commerce-in-the-us-a-complicated-landscape>> accessed 12/10/2024.

## D. People's Republic of China

China's *E-commerce Law*, effective January 1, 2019, provides a comprehensive framework for regulating e-commerce, extending legal protections to consumers and brand owners. The law requires key e-commerce platforms to combat counterfeit goods and establishes categories of operators: platform operators, third-party merchants, and micro-businesses operating through personal websites or social media.<sup>145</sup>

The law mandates intellectual property protection mechanisms, bans fake reviews, and prohibits unfair competition practices such as market dominance abuse. Platforms face joint liability for counterfeit goods sold, with penalties up to \$30 million.<sup>146</sup>

The *Online Transaction Measures* (effective May 1, 2021) provide additional guidelines to address evolving e-commerce practices, ensuring effective consumer protection. Administrative regulations govern the pre-trade, trading, and post-trade stages, addressing areas such as permits, electronic contracts, consumer rights, and logistics.<sup>147</sup>

## 10. Key Elements of Effective E-Commerce Regulation

Effective e-commerce legislation fosters a secure, transparent, and efficient online marketplace. Insights from global jurisdictions highlight several essential components:

1. **Data Protection and Privacy:** Ensuring personal data is protected and used responsibly is fundamental. Nigeria's *Data Protection Act, 2023* establishes a robust legal framework for data regulation, replacing the *Nigerian Data Protection Regulations (NDPR) 2019*. S.37 of the Nigerian Constitution guarantees privacy as a fundamental right, aligning with global standards such as the GDPR.<sup>148</sup>
2. **Cyber security:** Legislation must safeguard against online threats like data breaches and cyber-attacks. Nigeria's *Cybercrimes (Prohibition, Prevention, Etc.) Act* provides a comprehensive framework for addressing cybercrimes, securing critical infrastructure, and protecting computer systems.
3. **Consumer Protection:** E-commerce laws should guarantee fair trade practices, clear contractual terms, and remedies for disputes. Nigeria's *Consumer Protection Council Act* and the *Federal Competition and Consumer Protection Act* address these concerns.<sup>149</sup>
4. **Intellectual Property Rights (IPR):** Legislation must address counterfeit goods, copyright infringement, and intellectual property violations in online marketplaces.
5. **Electronic Transactions and Signatures:** Legal recognition of electronic contracts and signatures is crucial to establish their equivalence with traditional agreements.
6. **Taxation and Revenue:** E-commerce taxation frameworks must provide clear guidelines for domestic and cross-border transactions to ensure fair competition and proper revenue collection.
7. **Dispute Resolution:** Mechanisms such as online dispute resolution (ODR) platforms or dedicated e-commerce courts should address conflicts arising from online transactions.
8. **Intermediary Liability:** Legislation should define the responsibilities of intermediaries like online marketplaces for user activities or hosted content.
9. **Market Access and Fair Competition:** Regulations must ensure a competitive e-commerce environment, preventing monopolistic practices.<sup>150</sup>

<sup>145</sup>Michael Tan et al, *China: Legal Framework for E-commerce* <<https://www.taylorwessing.com/en/insights-and-events/insights/2021/06/china-legal-framework-for-e-commerce>> accessed 12/10/2024; Michele Ferrante, *China's New E-commerce Law: Tools in the Fight Against IP Rights Infringement* <<https://www.worldtrademarkreview.com/global-guide/anti-counterfeiting-and-online-brand-enforcement/2020-obe/article/chinas-new-e-commerce-law-tools-in-the-fight-against-ip-rights-infringement>> accessed 12/10/2024].

<sup>146</sup>Lauren Eiko Fujino, *China's New E-commerce Law: Businesses Should Ready for Stronger Compliance Norms* <<https://www.china-briefing.com/news/china-new-e-commerce-law-businesses-ready-new-compliance-norms-2019/>> accessed 12/10/2024.

<sup>147</sup>Jörg Binding and Kai Purnhagen, *Regulations on E-Commerce Consumer Protection Rules in China and Europe Compared – Same Same but Different?* <[https://www.jipitec.eu/archive/issues/jipitec-2-3-2011/3173/binding\\_purnhagen.pdf](https://www.jipitec.eu/archive/issues/jipitec-2-3-2011/3173/binding_purnhagen.pdf)> accessed 12/10/2024].

<sup>148</sup>NDPA, 2023. A Review of the Key Compliance Provisions and their Implications for Nigerian Businesses <<https://assets.kpmg.com/content/dam/kpmg/ng/pdf/the-nigeria-data-protection-act-2023.pdf>> accessed 20/10/2024.

<sup>149</sup>Ss 114 to 133 FCCPA 2018.

<sup>150</sup>S 91, NCA, 2003



**10. Accessibility and Inclusivity:** E-commerce platforms should be accessible to all, including individuals with disabilities and those from economically disadvantaged backgrounds.

In Nigeria, frameworks like the *Cybercrimes Act*, *FCCPA*, and the Consumer Protection Council contribute significantly to addressing these key issues.

**11. CHALLENGES OF E-COMMERCE IN NIGERIA**

Despite the advancements in the e-commerce sector in Nigeria, the sector faces challenges such as logistical issues, payment system inefficiencies, and a gaping digital divide between urban and rural areas. Additionally, there is a lack of adequate equipment to fully utilize the internet, like computers or mobile devices. In order to develop its digital potential and create millions of jobs, the country needs, among other things, to further invest in infrastructure, improve skills, and implement investment opportunities. Moreover, another aspect which might influence digital shopping in Nigeria, as well as the rest of Africa, is the low penetration of online payments technology. Only one percent of men and 0.8 percent of women in Nigeria own a credit card, while some 6.3 percent make purchases or pay bills online. However, many digital platforms in Nigeria accept cash as a payment method, known as “cash-on-delivery”, which is very popular among customers.

Addressing these challenges requires continuous regulatory improvements and investment in infrastructure such as broadband connectivity, which is supported by policies like the Nigerian National Broadband Plan that aims for widespread internet coverage.

**12. FAIR COMPETITION AND ANTI-FRAUD MEASURES**

In Nigeria, fair competition and antifraud guidelines in e-commerce are primarily governed by the Federal Competition and Consumer Protection Act (FCCPA), which aims to promote competitive markets and protect the rights and interests of consumers. The Act addresses issues such as prevention of anti-competitive practices, unfair pricing, and deceptive market conduct<sup>153</sup>.

Also, the Cybercrimes (Prohibition, Prevention, Etc.) Act, provides specific provisions against fraudulent activities online, including identity theft<sup>154</sup> and electronic fraud<sup>155</sup>.

These laws are supported by various regulations and guidelines issued by relevant authorities, such as the Nigerian Communications Commission and the Consumer Protection Council, to ensure that e-commerce operations are conducted in a fair and transparent manner, safeguarding both the consumers and the integrity of the digital market.

Overall, Nigerian law provides a robust framework for the protection of consumer rights in the e-commerce sector, ensuring that consumers can engage in online transactions with confidence in their legal protections.

**13. ENFORCEMENT MECHANISM FOR E-COMMERCE REGULATIONS IN NIGERIA**

Laws and regulations serve as the backbone of e-commerce, ensuring trust, fairness, and security in online transactions. They establish standards for the conduct of businesses, protect consumers' rights, and provide recourse in case of disputes<sup>156</sup>. Without proper regulations, e-commerce platforms may become breeding grounds for fraudulent activities, leading to loss of consumer confidence and hindering the growth of the digital economy. Consequently, the necessity to regulate e-commerce in Nigeria is mainly due to its rapid growth, the inherent opportunities, benefits and challenges of e-commerce to its citizenry and the economy of Nigeria.

From the above elucidation, it is apparent that the regulation of e-commerce in Nigeria is governed by various laws and regulations that aim to ensure transparency, security, and fairness in online

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<sup>151</sup>See S.59 FCCPA,

<sup>152</sup>Ibid Ss. 62- 65

<sup>153</sup>Ibid S. 66

<sup>154</sup>S.14 Cybercrimes (Prohibition, Prevention, etc.) Act 2024 (as amended)

<sup>155</sup>Ibid S. 22

<sup>156</sup>Naija Scholar 'E-commerce Law and Regulations in Nigeria' <<https://disciplines.ng/e-commerce-law-and-regulations/>> accessed 12/10/2024

transactions. The multiple regulatory bodies each have specific roles and responsibilities to ensure and enforce compliance with various laws and regulations, which addresses legal issues related to online transactions, data protection, protect consumers, and promote a healthy business environment

#### **14. PENALTIES FOR NON-COMPLIANCE WITH E-COMMERCE REGULATIONS.**

E-commerce businesses in Nigeria are legally required to comply with a range of regulatory frameworks to operate successfully. Non-compliance can attract serious penalties, including fines, imprisonment, and forfeiture of goods, aimed at safeguarding consumer interests and promoting fair competition. However, Nigerian courts have issued conflicting decisions on whether regulatory agencies have the authority to impose fines directly or whether such powers are exclusive to the judiciary.

Notably, in *Premiere Academy Ltd v. Federal Competition and Consumer Protection Commission & 2 Ors.*<sup>157</sup> the Federal High Court affirmed the FCCPC's broad mandate under the Federal Competition and Consumer Protection Act (FCCPA) 2018, upholding its powers to investigate consumer-related complaints, even when such issues have criminal elements. The court emphasized that courts cannot restrain statutory agencies from carrying out their functions, reinforcing the doctrine of separation of powers as essential to regulatory accountability.

Key regulatory laws include the Nigeria Customs Service Act 2023, which imposes penalties of up to ₦20 million or five years' imprisonment for non-compliance; the Standards Organization of Nigeria Act, which penalizes sale of substandard goods; and Central Bank of Nigeria regulations, which address electronic payment infractions and data security violations.

In conclusion, strict compliance with these legal and regulatory provisions is essential for e-commerce businesses to operate lawfully and avoid punitive measures

#### **15. CONCLUSION AND RECOMMENDATIONS**

In conclusion, the legal and regulatory framework for e-commerce in Nigeria is designed to support the sector's growth while protecting the rights of stakeholders. Due to its rapid expansion, e-commerce has introduced complex legal issues that require urgent attention. A diverse array of laws and regulatory bodies currently govern some aspects such as data protection, consumer rights, taxation, and cross-border transactions. However, gaps in enforcement and the absence of a unified legal framework have hindered effective oversight.

While agencies like the FCCPC lead in consumer protection, they lack sufficient legal authority to address data privacy breaches on e-commerce platforms. Nigeria's legal environment is evolving, but comprehensive reforms are essential for long-term success in the e-commerce sphere.

##### **Recommendations:**

1. Stakeholders should integrate both local and international best practices to strengthen Nigeria's e-commerce legislation.
2. Nigeria should adopt a comprehensive e-commerce law, like China's, that addresses data privacy, consumer protection, and intellectual property.
3. FCCPC's presence should be expanded nationwide for better advocacy and enforcement.
4. The FCCPA 2018 should be amended to include modern cyber-related violations and support digital business environments.
5. The jurisdiction of the FCCPC Tribunal should extend to online dispute resolution for e-commerce conflicts.
6. All stakeholders must actively ensure compliance with existing laws to enhance Nigeria's digital economy.

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<sup>157</sup>Suit No: FHC/ABJ/CS/26/2022: *Premiere Academy Ltd v. Federal Competition and Consumer Protection Commission & 2 Ors.*, decided Tuesday, June 27, 2023 (unreported)