

AN EVALUATION OF THE LEGAL REGIME OF ELECTRONIC COMMERCE IN NIGERIA

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Abstract

The Nigerian Government has recognized the potential of e-commerce in boosting economic growth and job creation. Technological advancement, availability of Android phones and a large population of young tech-savvy Nigerians has created a fertile ground for e-commerce. There is however no clear and comprehensive legislation to regulate the space. Existing and supportive legislations have been introduced to encourage the growth of the digital commerce ecosystem. These laws focus primarily on improving digital infrastructure, enhancing cyber security, and promoting a more inclusive and accessible digital economy. This work aims to evaluate these legislations in the light of operational challenges in the space like cyber security and data protection, trust deficit, delivery and payment issues, regulatory and infrastructural challenges. This paper employs a doctrinal method of legal research and finds that there are no clear legislation regulating the sector though there are supportive legislations on digital commerce. It is recommended that a comprehensive legislation on e-commerce business, with a healthy synergy with insurance companies will provide the needed boost in the sector. The laws on e-commerce are not adequate to address the gamut of issues in the space and cannot properly regulate the space

Keywords: E-commerce, Technology, laws, cyberspace

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1.0 Introduction

The Federal government is planning to develop regulations to guide the operations of e-commerce platforms in the Country as well as Cyber insurance for the users. This plan is contained in the draft National Digital Economy and E-commerce Bill currently before the National Assembly.¹ The Bill is sponsored by the Ministry of Communications, Innovations and Digital Economy and currently going through public engagement phase.² The draft bill contains some provisions on guidelines for e-commerce.³

According to the minister, the Bill when passed into law, would provide a legal framework and accelerate progress in our digital economy because there is no clear legislation in that space.⁴ The growth in technology for commercial activities has encouraged electronic based commerce and paying instruments.⁵ Electronic commerce has no doubt been regarded as an important issue with the development of internet.⁶ The general public can now go to the internet to either buy or sell goods or services. It then goes without saying that commercial transactions in this realm cannot be conducted and completed without information and Communication Technology (ICT) infrastructures.⁷ In Nigeria today,

¹ S. Akintola, *Digital economy: FG to develop regulations, Cyber insurance for e-commerce in Nigeria*. [https://nairametrics.com.Digital economy project.org](https://nairametrics.com/Digital%20economy%20project.org). accessed 19th July, 2024

² Ibid

³ s 40 of the Bill specifically focused on information requirements for all the e-commerce platforms. Sub section 2 of that section mandates e-commerce platforms to provide “accurate and accessible information describing the goods and services offered.” Subsection of 3 harps on providing clear terms and conditions.

⁴ S. Akintola, *Digital economy: FG to develop regulations, Cyber insurance for e-commerce in Nigeria*. <<https://nairametrics.com>.> Digital economy project.org. accessed 19th July , 2024

⁵ <<https://sell.amazon.com/learn>.> What is Ecommerce? Definition, Types, Advantages accessed on 15/07/2024. On the technical side, the trans actin depends on data, logistics, warehousing, supply chains and other system and processes.

⁶ ibid

⁷ Ibid E-commerce offers people the convenience of shopping from their computers, phones, tablets, and other devices. They visit websites, social media passages and

the most preferred way of selling or buying goods or services is to advertise goods online or place an order for goods advertised on an online store or market. Cyberspace has become the market venue for online stores where goods can be displayed by vendors or for customers. In the same vein, rendering of services can also take place in the cyber space as the market venue where the services of professionals may be required and rendered. The delivery of the goods may be with the use of delivery service provider, but where the goods are in electronic form, the soft copies are delivered through e-mail or any other agreed channel of delivery of the goods in its electronic form.⁸ There has been both spurious and meditated attempt to control and regulate electronic commerce in Nigeria, but it is left to be seen how adequate and comprehensive these legislations have been especially in the light of persistent challenges faced in the space. While we wait for the passage of the proposed Bill to be passed into law, it is imperative to review the existing legislations that affect e-commerce for a robust operation of business in the space.

1.1 Conceptual Framework on E-commerce

Many scholars have differently defined e-commerce but the meaning has remained the same. It has been defined as the use of the internet for marketing, identification, payment and delivery of goods and services.⁹ . E-commerce has also been seen as a process of buying and selling goods and Electronic commerce has also been defined as a process of buying and selling tangible products and services online¹⁰

other virtual channels to find what they are looking for Entrepreneurs, start-ups, small and medium sized businesses and large retailers can all use e-commerce to reach customers across the globe.

⁸ <https://sell.amazon.com/learn>. What is Ecommerce? Definition, Types, Advantages assessed on 13th October, 2024..

⁹ <https://globallawexperts.com>. E-commerce in Nigeria: Legal framework and challenges. Accessed on 8th September, 2024

¹⁰ Andrew Bloomenthal (12th March (2024) E-commerce Defined, Types, History and Examples' investopedia <https://www.investopedia.com/terms/e/ecommerce>

Electronic commerce involves a situation whereby internet connected ICT infrastructures are used for the marketing of goods and services in online stores by the market vendor, the identification and purchase of the displayed goods by the interested customers or consumers as well as a medium by which the goods bought may be delivered.¹¹ Electronic commerce relies on technological and digital platforms, including websites, mobile App and social media to make trade possible.

Electronic consumers are individuals or a group of individuals who purchase or use goods and services solely for personal use and not for manufacturing or resale. They are the end users in the sale distribution chain. They are people or individuals who prefer to make their shopping via internet.¹²

Electronic business is a process that a business organisation conducts over a computer-mediated network. Electronic business are online market place and websites that facilitate the buying and selling of goods and services between merchants and customers. Examples of electronic market businesses are Amazon, eBay, Etsy, Airbnb and even Uber.¹³ Electronic business is similar to electronic commerce except that electronic commerce goes beyond the simple buying and selling of products and services online.¹⁴

Electronic market is a process of planning and execution of the conception, distribution, promotion and pricing of products and services in a computerised, networked environment such as the internet and the World Wide Web to facilitate exchanges and satisfy customer demands.

1.2 Legal Framework on E-Commerce

¹¹ Ibid.

¹² ibid

¹³ <https://www.purchasecommerce.com>> Different Types of E-marketplace: Comparisons with Examples. Assessed on 15th October, 2024

¹⁴ Ibid.

The Nigerian government, in recognition of the pivotal role of e-commerce in the nation's economic development has made several legislations to support the existing laws so as to foster its growth and ensure a conducive environment for businesses to thrive in this sector. It is imperative to examine these legislations to evaluate their adequacy in achieving the desired goal.

1.2.1 The Companies and Allied Matters Act, 2020.

The CAMA 2020 was among other objectives, designed to simplify the procedure for incorporating private and small businesses in Nigeria by introducing certain provisions that will aid the ease of doing business in Nigeria. The CAMA applies to e-commerce businesses that are registered in Nigeria and requires that e-commerce businesses should comply with Company registration regulations in Nigeria.¹⁵ Failure to comply with the Act has consequences ranging from revocation of Company's registration to fines and other penalties.

To enhance e-commerce CAMA made provisions for electronic transfer of shares,¹⁶ electronic filing of documents with CAC,¹⁷ holding of virtual meetings by private Companies,¹⁸ use of electronic signature,¹⁹ forming of a Company by one person²⁰ etc.

¹⁵ Section 863 of CAMA 2020 makes it obligatory for e-commerce businesses to be registered in Nigeria. E-commerce businesses are required to properly register their businesses by incorporating their companies in accordance with the relevant laws and obtaining Certificate of Incorporation. This is provided for in section 41 of CAMA 2020. E-commerce businesses in Nigeria are also required to submit their Annual returns to CAC in accordance with section 42(1) of CAMA 2020. Section 388 of CAMA also requires e-commerce businesses to ensure proper maintenance of accurate financial records. E-commerce businesses are also required to disclose beneficial ownership and filing of financial statements under section 388(3) of the Act.

¹⁶ Section 176(1) of CAMA.2020

¹⁷ Section 860(1) of CAMA 2020

¹⁸ Section 240(2) of CAMA 2020

¹⁹ Section 101 of CAMA 2020

²⁰ Section 18(2) of CAMA 2020

1.2.2 The Federal Competition and Consumer Protection Act (FCCPA) 2019.

The government of Nigeria promulgated the Federal Competition and Consumer Protection Act 2019 (FCCPA) and this piece of legislation has introduced new developments in our economy by promoting fair, efficient and competitive market in Nigeria. It also safeguards citizens from consumption of hazardous products, goods and inefficient services while encouraging competitive price rates among various brands of commodities in the market.²¹ The Federal Competition and Consumer protection Act established the Federal Competition and Consumer protection Commission (FCCPC) to protect the interests and welfare of consumers by providing consumers with a wide variety of products at competitive prices and to prohibit unconscionable business practices. Prior to the enactment of the Act, the Consumer Protection Act (CPA) 2004²² protected the rights of consumers in Nigeria and established the Consumer Protection Council (CPC). The FCCPA repealed the CPA²³ and the FCCPC assumed all rights, powers and functions of the CPC. To aid the FCCPC in discharging its functions and duties, the FCCPA empowered the FCCPA to make rules and regulations for the effective implementation and operation of the provisions of the Act.²⁴ The Act empowered consumers with the following rights: a. Right to select supplies.²⁵ b. Right to cancel advance Reservation booking order.²⁶ c. Right to choose or examine goods.²⁷ d. Right to safe, good and quality goods and services.²⁸ e. Right to return goods.²⁹ Consumers within the context includes online consumers. As long as the online business is registered in the country, the implications of the Act affects it. It is

²¹ <https://www.lexworth.com>. The Federal Competition and Consumers Protection Act, Assessed on 15th September, 2024

²² Cap C25LFN, 2004.

²³ S 165 of the Act

²⁴ *Ibid*. S 163 of FCCPA

²⁵ *Ibid* S 199 of FCCPA

²⁶ *Ibid* S 120 of FCCPA

²⁷ *Ibid* S 121 of FCCPA

²⁸ *Ibid* S 130 of FCCPA

²⁹ *Ibid* S 122 of FCCPA

important to note that FCCPA provides that the provisions of the Act shall override the provisions of any other law in all matters relating to competition and consumer protection, subject to the Provisions of the Constitution of the Federal Republic of Nigeria.³⁰

1.2.3 The Cybercrime (Prohibition, Prevention, Etc.) Act 2015.

The Act provides for an effective, unified and comprehensive legal framework for the prevention and prohibition of cybercrime in Nigeria. The Act made quite some extensive provisions in relation to e-commerce. It provided that electronic signature in respect of purchases of goods and any other transaction shall be binding. Whenever such signature is in question, the burden of proof that the signature does not belong to the purported originator of such electronic signature shall be on the contender. It further provides that any person who with the intent to defraud or misrepresent, forges through electronic devices another person's signature or Company mandate commits an offence and shall be liable on conviction to imprisonment for 7 years or a fine not more than #10,000,000.00 or both.³¹ The Act also provided for penalty for data manipulation.³² The Act criminalized interception of electronic messages, mails and electronic money transfer.³³ Service providers must keep all traffic data and subscriber information as may be prescribed by any relevant authority responsible for the regulation of communication services in Nigeria.³⁴ By criminalizing cybercrimes and providing victims with legal remedies, the Act helps to enhance

³⁰ Section 104 of FCCPA

³¹ Section 17 of Cybercrimes Act 2015

³² Section 13 of the Cybercrimes Act 2015 provides that "a person who knowingly accesses any computer or network and inputs, alters, deletes or suppresses any data resulting in inauthentic data with the intention that such inauthentic data will be considered or acted upon as if it were authentic or genuine, regardless of whether or not such data is already readable or intelligible, commits an offence and is liable on conviction to imprisonment for a term of not less than 3 years or a fine of not less than #7,000,000.00 or both." This provision it is hoped will deter criminal minds from manipulating data in the cyber space.

³³ Section 15 of the Cybercrimes Act 2015.

³⁴ Section 38 of the Act

confidence, trust, and security in the e-commerce sector. The courts have heavily relied on the provisions of this Act to regulate commercial activities in Nigeria. See the case of *UBA Plc v Vertex Agro Limited*³⁵ This is a banker –customer dispute, where the Respondent as plaintiff at the trial court took out a writ complaining of the negligent conduct the Bank in the handling of his account in an online transaction which amounted to a breach of its duty of care and fiduciary duty. His claim was acceded to both at the trial court and on Appeal. See also *Julius v FRN*,³⁶ *Incorporated Trustees of Paradigm Institute for Preformation Technology Development & Ors. V A.G.F & Ors.*³⁷

1.2.4 The Finance Act 2020

Finance Act is an annual legislation that introduces changes to the tax laws in Nigeria. The Finance Act 2020 made some significant changes to the principal tax legislations in Nigeria. The Finance Act 2020 made changes in the Nigerian Companies' Income Tax as regards non-resident companies providing digital services and products to persons in Nigeria and also imposed value Added Tax on supplies of intangible products (with the exception of interests in land). By virtue of the Company Income Tax Act,³⁸ non-resident companies in Nigeria is now subjected to Company Income Tax.³⁹ Provided such companies have significant economic presence in Nigeria and the profit is generated on account of such a presence.

1.2.5 The Central Bank of Nigeria (Establishment) Act 2007 (CBN Act) and the Banks and other Financial Institution Act (BOFIA).

³⁵ (2019) LPELR -18742 (CA)

³⁶ (2021) LPELR- 54201 (CA)

³⁷ (2018) LPELR-46655 (CA)

³⁸ Section 13(2) of CITA

³⁹ This is where the Company 'transmits, emits or receives signals, sound, messages, images or data of any kind by cable, radio, electromagnetic system or any other electronic or wireless apparatus to Nigeria in respect of any activity, including electronic commerce, application store, high frequency trading, electronic data storage, online adverts, participative network platform, online payments, etc.

The Primary legislation governing banks in Nigeria is the Banks and other financial institutions Act 2020 (BOFIA) and the Central Bank of Nigeria (Establishment) Act 2007 (CBN ACT). The Central Bank Act established the Central Bank of Nigeria as a body to enforce the CBN Act and BOFIA. The CBN Act mandates the CBN to among other duties to supervise the development of electronic payment systems.⁴⁰ The CBN has also issued Regulations⁴¹ that aims to facilitate and develop efficient mechanisms for making and receiving payments at any time through electronic means. These Regulations promote and contribute to effective e-commerce business. This law ensures efficiency and engenders confidence in online consumers and sellers of goods. the regulations made by the CBN are primarily for the protection of e-commerce in their payment of goods and services purchased. See *UBA Plc v Vertex Agro Limited*⁴²

1.2.6 Sale of Goods Act 1893

Sale of goods Act 1893 has significant implication for e-commerce. Though the law has some provisions that are outdated, it has relevance for the business of e-commerce in Nigeria. The law gives the buyer the right to examine the goods to be sure it conforms with the Agreement.⁴³ The Act made provision for delivery of goods within a reasonable time frame where time frame is not specifically provided for.⁴⁴ The Act mandates the seller to deliver the goods to the buyer

⁴⁰ Section 47(2) of CBN Act.

⁴¹ Guidelines on Operations of Electronic Payment Channels; The Central Bank of Nigeria's Regulation on Electronic payments and collections for Public and Private sectors in Nigeria 2019; guideline on Electronic Banking in Nigeria.(E-Banking Guidelines); Guideline on International Money Transfer Services in Nigeria, 2014'Regulatory Framework for Mobile Payments Services in Nigeria (M-payment Service Regulations)

⁴² Supra

⁴³ Section 34 of SOGA 1893

⁴⁴ Section 29(2) of Sale of Goods Act 1893.

while the buyer has the responsibility of accepting and paying for the goods.⁴⁵ The Sale of goods Act has strong implication for e-commerce business. E-commerce business has the same features⁴⁶ with the regular businesses except it's conducted online.

1.2.7 The Nigerian Data Protection Act, 2023

This Act established the Legal framework for the regulation of personal data in Nigeria and replaces the Nigerian Data Protection Regulations (NDPR) 2019 and the NDPR Implementation Framework 2019 issued under the National Information Technology Development Agency. The Act ensures the safeguard of the fundamental rights and freedoms, and the interests of data subjects as guaranteed under the 1999 Constitution of the Federal Republic of Nigeria.⁴⁷ The Act established the Nigeria Data Protection Commission⁴⁸ which is imbued with the responsibility of regulating some forms of electronic communication transaction and impose penalty on infraction. This law protects personal data. It contributes to a safer digital environment which in turn fosters trust among individuals, businesses and the government. Leading to increased participation in online activities and e-commerce transactions.

1.2.8 The Startup Act 2022

Start-up Act is aimed at fostering a conducive environment for technology – enabled start-ups in Nigeria. A start up under the law must be a limited liability Company that has operated in the country for not more than 10 years. It must have at least one-third of Nigerians as its shareholders.⁴⁹ The object of the Act is to create, innovate, produce, develop or adopt a unique digital technology innovative products,

⁴⁵ Section 27 *ibid*.

⁴⁶ There is provision for price ascertainment, conditions and warranties and remedies on default.

⁴⁷ See section 1(1) (a) of NDPA and section 37 of the 1999 Constitution of FRN.

⁴⁸ Section 4 of NDPA

⁴⁹ Section 13(2) (d) of Startup Act 2022

service or process.⁵⁰ The Act is expected to have a remarkable impact on business in the technology and innovation space.⁵¹

1.3 Remedies for Failure of online Payments

A critical aspect of e-commerce is ascertaining how losses arising from online payments are managed. The Cybercrimes (Prohibition, Prevention, Etc) Act 2015 makes the financial institution to bear liability where there is breach of duty. The Act provided for effective counter-fraud measures to safeguard the customer's sensitive information.⁵² In cases of breach of duty, the Act makes provision for restitution for any loss suffered by any person on account of the electronic fraud. In addition to any other penalty prescribed under this Act, the Act mandates Courts to order a person convicted to pay to the victim an amount equivalent to the loss sustained by the victim where the property involved is money; and in any other case to return the property to the victim or to a person designated by him; or pay an amount equal to the value of the property, where the return of the property is impossible or impracticable. The Act⁵³ places certain duties on financial institutions in Nigeria in relation to their customers. They are to provide clear legal authorisation for a debit to reverse the debit within 72 hours where a customer notifies the financial institution of an unauthorized debit on his account.

Banks will be considered liable for fraud and counterfeiting except where it is proven that the merchant is negligent.⁵⁴ Any person or legal person concluding contracts with merchants concerning acceptance of payment by means of an electronic payment token should also install

⁵⁰ S 7 (d) *idid*.

⁵¹ *Ibid* S 33

⁵² Cybercrimes (Protection, Prohibition Etc.) Act 2015. S.19(3)

⁵³ *Ibid* s.37

⁵⁴ CBN Guidelines on Electronic Banking in Nigeria s. 1.4.2 (d)

appropriate mechanism to immediately initiate refunds without the prompting of the issuing bank or the customer.⁵⁵ See the case of *UBA Plc v Vertex Agro Limited*⁵⁶

There is also CBN Regulation on instant (inter Bank) Electronic Transfer services due to Bank errors.⁵⁷ These and many more are the laws and guidelines meant to boost e-commerce in Nigeria. There is remedy for every infraction on e-commerce.⁵⁸

1.4 Jurisdictional issues in E-commerce on case Disputes

E-commerce has enabled companies to sell goods and services to customers located anywhere in the globe without establishing presence in those places. This raises immediately, jurisdictional problems because in a physical market, a Company must have a presence in a Country to be subjected to the laws and regulations of that Country. In e-commerce, where a company sells its goods and services on the internet to global customers who are obviously not in the Country where the Company's web site and server is located. . Chiefly among the concerns will be which court will have jurisdiction and which laws will be applicable. How can the terms of the contract be determined or evidenced?

It is important to note that where the contract is negotiated by email, the same principles that apply where the contract is physically negotiated will apply. The courts will consider the various exchange in the email, the conduct of the parties, the terms implied by industry customs and the terms implied by law to decide the case. For other types of contract

⁵⁵ CBN Guideline on Automated Teller Machine s.1.3 (v) (iv)

⁵⁶ Supra

⁵⁷ Regulation on instant (interbank) Electronic Funds Transfer 2018. S.10.23

⁵⁸ <https://www.iiste.org>. A Comparative Analysis of civil liability in Electronic Payment; Accessed on 9th October, 2024

through websites, and other email services, usually, the purchaser completes a pre-set order form and transmits it back to the seller. When the seller/ Company accepts the order, whether by sending an acknowledgement or howsoever means like delivering the goods or billing the purchaser, the contract has been entered into.

Online contract like many other contracts may be either unilateral or bilateral. The contract is unilateral when it is non-negotiated agreement entered into electronically and is actually a proposed contract that becomes binding if assent is obtained. Many of the online contracts are unilateral as the buyer does not have any bargaining power over the terms and conditions expressed by the seller. The opposite is the case for a bilateral online contract. Both of the two are binding on the parties to the contract.⁵⁹

1.5 Effects of Online Market on Digital space

Online marketing and shopping is now a trend that emerged as a result of usefulness of the internet. The attraction being mostly the convenience and the reasonable price of commodities at the market. Online markets or key players such as Jumia and Konga operate with much consistency and at reduced cost of transaction. Konga and Jumia are fostering cashless and financial inclusion by encouraging Nigerians to move away from brick- and –mortar malls to selling and shopping online and making payments for goods online thereby promoting the digital economy.⁶⁰

The use of Konga and Jumia online market place, usage of electronic transactions in Nigeria continues to increase, banks are becoming more

⁵⁹ <https://repository.nls.ac.in/cgi> Jurisdiction and enforcement of e-contracts. Assessed 9 October 2024

⁶⁰ <https://www.researchgate.net>. The Impact of Internet Marketing in E-commerce: An Analysis Study. Accessed 9 October, 2024

innovative with electronic banking products and services while more fintech companies are investing in the economy.

Also, Konga and Jumia are promoting the growth of MSMEs and large businesses by offering sellers its online marketplace, logistics and last-mile platforms to increase their customer base, reach the target market faster and become more competitive, profitable and sustainable. There are some other markets like Jumia and Konga springing up targeting millions of internet users. Facebook is also a market place where people can buy and sell items from others in their local community. The impact of online markets on digital space is unquantifiable.

1.6 Limitations of E-Commerce Business in Nigeria

1.6.1 Security challenges.

There is still real fear in the e-commerce business sector as regards cyber fraud that might negatively affect the business. Fraudsters could employ every ingenious means to hack into the personal data of both consumers and the sellers. The threat could be in form of financial fraud. There are many kinds of financial fraud⁶¹ e.g Credit Card fraud. Credit card fraud occurs when a cyber-criminal uses stolen credit data to buy products on an e-commerce store. Usually in such cases, the shipping and billing addresses vary. There is also a case of Fake return and refund fraud. Here, the criminal performs unauthorised transactions and clear the trail, causing businesses great losses. There is also a security threat called Phishing. E-commerce shops may receive a message or emails from hackers pretending to be legitimate customers etc. These situations therefore call for a robust security measures that can guarantee safety and boost interest in e-commerce business in Nigeria.

⁶¹ <https://www.apgads.com>. Lu.lv. E-commerce in Nigeria: Benefits and challenges. Accessed on 8 September, 2024

1.6.2 Trust deficit

A lot of Nigerians are still sceptical about e-commerce. The concept of seeing is believing still lies at the heart of average Nigerian who will probably prefer physical market than having an on-line shopping experience. Though there are legislations that permit a return of the product if what was ordered was significantly different from what was delivered. These provisions are most times observed in the breach. More has to be done by the Nigerian government to encourage and build trust in the e-commerce business sector. The Nigerian government should massively invest in infrastructure that will consolidate e-commerce and thereby engender public confidence in the system. An impartial judiciary that will inspire the confidence of the people in its capacity to deal with defaulters will boost confidence and trust in digital market.

1.6.3 Delivery issues.

Delivery system should be improved if e-commerce is to be given its pride of place in Nigeria. A situation where goods ordered are delayed for one flimsy reason or the other will not enhance e-commerce. The Government of Nigeria should provide enabling environment for delivery companies to thrive. It could come by way of legislation or outright investment in the delivery system of e-commerce. The sale of Goods Act made ample provision on Rules for delivery of goods. A decision on whether it is for the buyer to take possession of the goods or it is for the seller to send them to the buyer depends in each case on the terms of the contract express or implied between the parties.⁶² Where however under the contract, the seller is meant to send the goods to the buyer but no time for delivery is specified, the time for delivery should be within a reasonable time.⁶³

⁶² S.29(1) of SOGA

⁶³ S. 2992) of SOGA

Payment logistics

A payment platform or gateway is a service that facilitates the transfer of payments or electronic payments between a business and its customers. It can also be referred to as an interface that allows customers to pay for goods or services through different methods. Examples of such gateways are Paystack, Flutterwave, RexPay, Interswitch, VgUEpay, Monnify, Remita, Suad, DusuPay and Opay.⁶⁴

E-Payment platforms that are easy to access and use should be invested in by the government of Nigeria. Some of the platforms are not user friendly. An investment in a user-friendly payment platform will offer seamless operation in the e-commerce business.

1.6.4 Regulatory challenges

There are numerous laws that affect e-commerce business but there is no one comprehensive legislation that regulates e-commerce business. The world has gone digital and Nigeria should brace up with the changes by having a complete legislation on e-commerce. This will cause growth in the digital business.

1.6.5 Infrastructure challenges

Improvement in the availability and quality of internet access are an important pre-condition for e-commerce. One of the core challenges faced by e-commerce business in Nigeria is limited internet access and slow speeds. This can make it difficult for consumers to shop on line and invariably hinder the growth of e-commerce. A study conducted in 2023,⁶⁵ showed there were 112.5 Million internet users in Nigeria as at January 2023. The internet penetration rate stood as 55.4 percent of the

⁶⁴ <<https://devathon.com>> 'Best OlinePaymentGatewas in Nigeria for E-commerce' accessed on 9 September, 2024

⁶⁵ <<https://datareportal.com>. 'Digital'> 2023:Nigeria. Accessed 9 October, 2024

total population at the start of 2023. Kepois⁶⁶ analysis indicate that internet users in Nigeria increased by 2, 5 Million (+24 percent between 2022 and 2023). Data published by Ookla⁶⁷ indicate that internet users in Nigeria could have expected the following internet connection speeds at the start of 2023.

Median Mobile internet connection speed via cellular networks: 19.84 Mbps. Median fixed internet connection speed: 11.84 Mbps. Ookla's data reveals that the median mobile internet connection speed in Nigeria increased by 2.47 Mbps (+14.2 percent) in the twelve months in the start of 2023. Meanwhile Ookla's data shows that fixed internet connection speeds in Nigeria increased by 1.78 Mbps (+17.7 percent) during the same period. The implication of this is that expectations in growth of speed and penetration is not achieved.

As at today in Nigeria, there is no robust infrastructure to support e-commerce. The internet and connectivity system are not as reliable as they should to meet the demands of e-commerce. The whole chain of purchase and delivery of goods or services needs an overhaul to inspire confidence in e-commerce. Government should invest in Digital infrastructure to support e-commerce.

1.7 Recommendations and Conclusion

E-commerce thrive on collection and storing of sensitive personal and financial information from customers. Without a robust and comprehensive cyber security measures, the fear of cyber-attacks and data breaches could frustrate the growth of e-commerce business in Nigeria. It is recommended that Nigeria invests in protection of consumers through improved or enhanced cyber security and data privacy.

⁶⁶ ibid

⁶⁷ ibid

Secondly, a clear and definitive legislation regulating e-commerce in Nigeria will provide leadership in the face of multiple and complex legislation on the sector which can conflict at times. Operators will be clear of legal implications of their operations instead of labouring to find a legal path to toe at any moment in time.

Thirdly, Tax incentives on e-commerce businesses will ultimately encourage more entrants into the sector which will lead to growth. Multiple taxation could on the other hand, stifle and frustrate potential operators in the business. It is recommended that taxation in the sector should be lightly applied.

Finally, clear legislation on digital payment is advocated. E-Commerce transactions involve online payments. There are a number of payment regulations and policies in Nigeria. However a streamlined legislation on e-payment is essential for e-commerce business to facilitate secure and compliant transactions.

While the shift from physical trading space to digital space has been embraced in Nigeria, corresponding legislation to comprehensively address issues around the digital market has not received commensurate attention. The bigger the digital market gets, the bigger the need for the National Assembly to take up the challenge of harnessing the potentials in the sector through legal intervention. The laws as we have seen are not adequate and the efficacy to drive the growth of the sector as presently constituted is questionable