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LEGAL CHALLENGES OF THE APPLICATION OF TECHNOLOGY TO CORPORATE GOVERNANCE IN NIGERIA

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Abstract

The emergence of technology in modern society has necessitated its deployment in various sectors of an economy. The utilisation of technology in the corporate governance of companies in Nigeria is a welcome development due to resultant efficiency and conveniences. However, it is not without legal challenges. The doctrinal design of the qualitative research methodology was employed in this research for insight on the applicable laws on corporate governance and technology and the legal issues associated with the use of technology as applicable. The research revealed that the application of technology in corporate governance in companies in Nigeria does not only lead to convenience and efficiency in operations but can also result in legal challenges which may mar the effective deployment of technology. It concluded that there is need to ensure the effective deployment of digital tools in corporate governance operations in order to address the legal challenges may arise from the use of technology.

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1.0 INTRODUCTION

Corporate governance plays a critical role in ensuring transparency, accountability and efficiency in the management of companies. Technological advancements have significantly influenced modern corporate governance practices by enabling electronic communication, digital record-keeping, virtual meetings and automated compliance mechanisms within corporate institutions.[1] However, its application within corporate governance also raises important legal issues relating to regulation, accountability, cybersecurity and the protection of stakeholders' interests and this is the focus of this paper.

2.0 REVIEW OF LITERATURE

2.1 Conceptual Framework

Corporate Governance

Corporate governance refers to the ways in which companies are governed and the purpose for which they are governed.[2] Bhagat and Bolton perceive corporate governance as the set of laws, procedures, and processes that guide and manage a company.[3] The concept of corporate governance comprises activities done in order to balance the needs of the many stakeholders of a company who include owners, consumers, vendors, senior management officials, financiers, the government, and the society.[4] It serves as a mechanism by which a

[1] Brian R Cheffins, *Company Law: Theory, Structure and Operation* (Clarendon Press 1997) 1–3.
[2] Masiye Banda and Austin Mwange, 'Corporate Governance: A Conceptual Analysis' (2023) 14(17) Research Journal of Finance and Accounting 41.
[3] Sanjai Bhagat, & Brian Bolton, 'Corporate Governance and Firm Performance: The Sequel' (2019) Journal of Corporate Finance 58, 19.
[4] ibid.

company achieves its goals.[5] Corporate governance has evolved in Nigeria and is shaped by statutory provisions, regulatory codes and judicial interpretations. The conceptual framework of corporate governance is founded on the principles of accountability, transparency, fairness, and responsibility.[6]

i. Technology

Broadly, technology refers to the systematic application of scientific knowledge for practical purposes and this could be in areas which include industry, commerce and organisational management.[7] The evolution of technology spans from mechanical and industrial innovation to the use of digital systems in contemporary times. On the subject matter of corporate governance, technology encompasses the use of digital tools, information systems, automated processes and emerging innovations that can be utilised to foster corporate administration, oversight, accountability and stakeholder engagement. Modern corporations have begun to increasingly deploy information and communication technologies (ICTs), blockchain technology, artificial intelligence (AI), digital reporting platforms and enterprise resource planning systems for corporate governance operations.[8] The change from analogue corporate governance processes to digital governance systems and structures impacts board processes, compliance monitoring, regulatory supervision and alters board processes.

[5] ibid.
[6] KPMG, The Nigerian Code of Corporate Governance 2018 Highlights and Implications (KPMG Nigeria, 2019).
[7] Tony Lawson, 'Technology and Isolation' (1987) 17 Cambridge Journal of Economics 341.
[8] Manuel Castells, *The Rise of the Network Society* (2nd edn, Wiley-Blackwell 2010).

In this research, technology is conceptualised as the aggregate of digital, electronic and automated systems applied to corporate governance processes, whose deployment generates both governance efficiencies and complex legal challenges. It is not limited to hardware or software, but extends to algorithmic decision-making systems and digital regulatory infrastructure that influence corporate control, accountability and transparency. In Nigerian corporate governance, technology includes electronic filing and digital incorporation systems operated by the Corporate Affairs Commission (CAC), Virtual board and shareholder meetings, Digital financial reporting platforms, Blockchain-based record systems, and Artificial intelligence tools. From a legal perspective, technology is used as a regulatory variable capable of reshaping duties, liabilities and accountability mechanisms within corporate structures. This is expressed by the Companies and Allied Matters Act's (CAMA) recognition of digital platforms enabling virtual meetings and electronic voting.

2.2 THEORETICAL FRAMEWORK

i. Stakeholder Theory

The Stakeholder theory whose proponent is Edward Freeman focuses corporate governance beyond shareholders to include employees, customers, regulators, and society whose interests in the company matters are given cognizance as much as those of shareholders.[9] Freeman opined that the interconnectedness of stakeholders of a company and the objectives of a company to satisfy them is necessary for the good of a company good.[10] Stakeholders being individuals or group of persons with stake in the activities of a company and who can

[9] Edward R Freeman, *Strategic Management: A Stakeholder Approach* (Vol. 46 Pitman 1984).

[10] Becky Simon, 'What is Stakeholder Theory and How Does It Impact an Organization?'< <https://www.smartsheet.com/what-stakeholder-theory-and-how-does-it-impact-organization> accessed 8 March 2024.

affect or can be affected by the achievement of the objectives of a company.[11] Stakeholder status arises from a party contributing resources to the firm or being exposed to risks arising from corporate activities.[12] Stakeholders are relevant to corporate governance, accountability and technological regulation, This theory is relevant this research because the inability of a company to manage the consequences of its adoption of technology in its processes can affect the company's stakeholders, in addition to the objectives of the company.

3.0 LEGAL CHALLENGES OF THE APPLICATION OF TECHNOLOGY IN CORPORATE GOVERNANCE IN NIGERIA

Some of the legal hurdles on deploying technology to corporate governance are examined below:

Corporate governance entails balancing the needs of a company's many stakeholders, who include owners, senior management officials, consumers, vendors, financiers, the government, and the society.

Corporate governance covers virtually any aspect of the following:

3.1 Uncodified Status of Core Digital Tools

Some of the core digital tools utilised in corporate governance include AI, blockchain, data analytics, cybersecurity, and e-governance platforms. The CAMA recognises the use of digital or electronic records for company record-keeping, board communication, and company registration by the CAC,[13] which would be useful for filing, accessing, and retrieving information about companies. A private company can

[11] R Edward Freeman and Andrew Hicks, 'Stakeholder Theory and Its Modern Applications' (2023) 178 Journal of Business Ethics 1021, 1024–1025.
[12] Thomas Donaldson and Lee E Preston, 'The Stakeholder Theory of the Corporation: Concepts and Implications Revisited' (2024) 32(2*)* Corporate Governance: An International Review 145, 146.
[13] CAMA 2020, s, 861.

hold its general meetings electronically, if it is conducted in accordance with the articles of the company.[14] By Section 11 of the Business Facilitation (Miscellaneous Provisions) Act (BFA),[15] the provision of the CAMA that allows virtual general meetings for only private companies[16] has been amended (by the deletion of the word 'private') to now allow both private and public companies to hold electronic meetings.[17]

Despite these, there is a lack of codification and therefore, express validation of blockchain registries, smart-contract voting or AI-generated compliance outputs or AI-generated committee and unit reports. For instance, a legal basis for the effective deployment of AI in corporate governance is lacking in Nigeria because there is no comprehensive legislation on AI in Nigeria.[18] This shows a lack of legally robust digital processes and creates uncertainty for boards that seek legally robust digital processes. This is a statutory gap that necessitates the amendment of laws to specify the use of core digital tools in corporate governance to validate them and prescribe the ethics for their use. Furthermore, current corporate governance codes do not explicitly address AI or analytics, and consequently, this makes their legal validity uncertain.

The CAC has authority to use electronic processes for board communication, record-keeping, and company registration.[19] One of the electronic tools the CAMA allows is to establish and maintain an

[14] CAMA 2020, s 240(2).
[15] Business Facilitation (Miscellaneous Provisions) Act (BFA) 2022.
[16] CAMA 2020, s. 240(2).
[17] BFA 2022, s 11.
[18] Moses Peace Richard, 'Legal Perspective on the use of Artificial Intelligence in Corporate Governance in Nigeria: Potentials and Challenges' (2024)34(48) Journal of Legal Studies 97, ISSN 2457-9017; Online ISSN 2392-7054.
[19] ibid (n 13).

electronic registry, which would be used for filing, accessing, and retrieving information about companies[20]. By this section, the Act institutionalises the use of electronic registry, by the CAC for monitoring and regulation of companies. [21]

3.2 Multiplicity of Regulators: The application of technological tools such as AI, Blockchain technology, data analytics, and cybersecurity platforms in Nigerian corporate governance faces legal challenges in the form of regulator overlap and inconsistent expectations. This challenge arises because various regulatory bodies (which include the Securities and Exchange Commission (SEC), Nigeria Data Protection Commission (NDPC), and Central Bank of Nigeria (CBN) and CAC exercise jurisdiction over corporate governance processes, issuing fragmented or conflicting directives. The SEC oversees listed companies, investor protection, and capital market conduct,[22] the CAC under the CAMA 2020 [23] regulates incorporation, filings, and corporate records, the CBN regulates financial institutions, including governance and risk management standards,[24] and the NDPC enforces the Nigeria Data Protection Act,[25] which governs data processing and privacy. Sector-specific regulators such as the Nigerian Communications Commission and National Insurance Commission also impose governance-related obligations.

These general regulators and the sector regulators issue overlapping guidance, causing firms to face compliance ambiguity over what

[20] ibid.
[21] ibid.
[22] Securities and Exchange Commission (Nigeria), Guidance on Virtual and Hybrid General Meetings (2020-2021).
[23] CAMA 2020.
[24] Central Bank of Nigeria, Risk-Based Cybersecurity Framework and Guidelines for Deposit Money Banks and Payment Service Providers (2023).
[25] NDPA 2023.

constitutes reliable or trustworthy digital evidence and acceptable automation in AGM and reporting systems. Consequently, Nigerian corporate governance experiences the legal challenge posed by inconsistent expectations arising from overlapping guidance from regulators. This is because multiple regulatory bodies exercise jurisdiction over corporate governance processes, often issuing fragmented or conflicting directives. For instance, various regulators create overlapping mandates, particularly when corporations deploy technological tools that cut across corporate filings, shareholder engagement, financial reporting, and data protection.

3.3 Conflicting and Fragmented Guidance

On Virtual Annual General Meeting (AGMs), the directive on the concept of virtual AGMs can be unclear due to conflicting guidance from various regulators on it. For instance, SEC circulars permit virtual and hybrid meetings, but the CAC filings still require traditional documentation formats, creating uncertainty about the legal validity of blockchain-based voting or AI-enabled shareholder verification, which are components of AGMs. Regarding Data Protection versus Transparency, the NDPA 2023[26] in its provisions require minimisation and lawful processing of personal data. Therefore, for the NDPA, there should be lawful basis for the processing of personal data.[27] Lawful processing will ensure the privacy of the personal data obtained. Technically, the privacy of personal data obtained does not align with the corporate governance principle of disclosure because it promotes privacy. On the contrary, the SEC demands extensive shareholder disclosures. This position complicates the use of analytics and blockchain registries that rely on personal data.

[26] NDPA 2023.
[27] NDPA 2023, s 25.

For Cybersecurity Standards, CBN circulars impose risk-based cybersecurity obligations on banks (commercial banks, merchant banks, and non-interest banks). For instance, the CBN issued a landmark circular in May 2024,[28] which introduced a Risk-Based Cybersecurity Framework and Guidelines for Deposit Money Banks (DMBs) and Payment Service Banks (PSBs). This circular sets minimum cybersecurity requirements and mandates full compliance by banks by July 1, 2024. It applies to Deposit Money Banks and Payment Service Banks and also establishes minimum cybersecurity programme requirements, including governance, risk assessment, monitoring, incident response, and reporting. The circular was designed to enhance resilience in the financial sector by mandating risk-based cybersecurity programmes.[29] However, the CAC and SEC, on the other hand, have no harmonised standards for non-financial corporations.

This inconsistency leaves boards of non-financial corporations uncertain about the minimum acceptable controls when adopting cybersecurity tools for governance. Therefore, based on the CBN Circular, the board of directors should provide oversight to ensure that cybersecurity governance is embedded into risk management structures banks.[30] They must, through their directors and management, foster compliance by ensuring that their internal policies align with the Framework,[31] they conduct regular risk assessments, and report incidents. The CBN Framework introduces binding obligations which overlaps with CAC and SEC governance expectations, creating regulatory fragmentation.

[28] CBN Circular BSD/DIR/PUB/LAB/017/008 (31 May 2024)
Title: Issuance of Risk-Based Cybersecurity Framework and Guidelines for Deposit Money Banks and Payment Service Banks.
[29] CBN, Risk-Based Cybersecurity Framework and Guidelines for Deposit Money Banks and Payment Service Banks (2024).
[30] ibid.
[31] ibid.

3.4 Legal Uncertainty and Compliance Burden

Regulators overlap on the application of technology in corporate governance generates legal uncertainty because companies become unsure which regulator's requirement take precedence. For example, a blockchain-based shareholder registry may satisfy the SEC's transparency goals but fail to satisfy the CAC's filing requirements because the provisions of the CAC do not expressly recognise blockchain technology. The complexity of financial reporting and corporate structures is increasing resulting in significant challenges to achieving transparency in governance.[32] Traditional financial reporting involves the use of subjective estimates and assumptions, and these may not showcase the true financial health of a company.[33] When financial reporting practices lack transparency, it can result in misinterpretations of financial records and a lack of accountability. Lack of transparency in financial dealings may result in fraudulent activities, which will erode stakeholder trust and diminish investor confidence. This can impact stakeholders such as investors, employees, and the public negatively. To mitigate these risks, enhanced transparency in corporate governance is needed, and the use of innovative technologies such as blockchain can facilitate real-time access to financial data and foster trust among stakeholders.[34]

Blockchain technology is a technological tool that presents a transformative opportunity for enhancing corporate governance

[32] O E Aro, M Nweze, and E K Avickson, 'Blockchain Technology as a Tool for Corporate Governance and Transparency' (2024)13(01) International Journal of Science and Research Archive 2479.
[33] S Sullivan, 'The Importance of Transparency in Financial Reporting' (2006) 20(5) Journal of Accounting and Finance 58.
[34] Y Zhao, S Fan, & Y Jiang, 'Blockchain Technology in the Public Sector: A Bibliometric Review and Research Agenda (2016) 33(4) Government Information Quarterly 845, <https://doi.org/10.1016/j.giq.2016.09.008> accessed 30 January 2026.

practices by increasing transparency in financial reporting and fostering stakeholder trust.[35] When more transparent governance practices are implemented, it can lead to better decision-making, increased stakeholder engagement, and improved overall performance.[36] Since transparency has become a transformative tool for enhancing transparency and corporate governance, and with the increasing need for accountability and ethical conduct in corporate practices, blockchain's offer of decentralised, immutable records of transactions has become desirable. However, the deployment of blockchain is corporate governance is a compliance burden and causes legal uncertainty in Nigeria because its recognition and use by the SEC and CAC are at par with each other.

Another legal challenge is that AI-driven compliance monitoring may align with CBN's risk-based governance; however, it may raise NDPA concerns about automated decision-making. This uncertainty increases compliance costs, as companies must design governance systems to satisfy multiple regulators, often duplicating controls and reporting obligations. Regulatory fragmentation, which is due to the diverse requirements of various corporate governance regulators, undermines technological adoption in governance. The implication of regulatory fragmentation is that it creates regulatory friction that discourages innovation in governance technology in Nigeria corporate law.[37] Furthermore, IT governance challenges in Nigeria have been identified to be caused by weak enforcement and overlapping mandates, and these complicate board-level adoption of cybersecurity tools.[38]

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[35] Sullivan (n 29).
[36] Aro, Nweze and Avickson (n 32).
[37] Richard (n 18).
[38] Ferguson Ogene, 'Cybersecurity and IT Governance Challenges in Nigeria: Strategic Investment Needs and the Path Forward for a Resilient Digital Economy' (2024) International Journal of Computer Applications (186)55, DOI: 10.5120/ijca2024924275.

In addition, it has been noted that digital governance in Nigeria is hindered by inconsistent regulatory expectations, leaving corporations vulnerable to cyber threats despite their efforts to adopt technological tools.[39] The position in the United Kingdon is at variance with what obtains in Nigeria with respect to regulation. The UK Corporate Governance Code 2018 provides a unified framework, and therefore, it reduces regulatory overlap because it embeds IT governance expectations directly into corporate governance codes.[40] In South Africa, the King IV Report on Corporate Governance 2016 integrates IT governance into board responsibilities, and this ensures consistency across regulators.[41] The status in Nigeria is that there is regulator overlap and inconsistent expectations from regulators, and these constitute legal challenges to corporations in their deployment of technology to their corporate operations. It creates uncertainty, increases compliance burdens, and discourages innovation. The Nigerian Code of Corporate Governance 2018 promotes transparency and risk oversight but lacks detailed IT governance provisions comparable to South Africa's King IV, leaving boards without normative benchmarks for technology adoption.[42]

3.5 Evidence and Admissibility of Digital Records

[39] Jeremiah Theophilus Nwaguiyi, Raymond Ezeh, Onyebuchi Christopher Okoye, 'Cyber Security Threats and Digital Governance in Nigerian Businesses,' (2024) p 23 <https://injasr.org/Oct2024/003%20CYBER%20SECURITY%20THREATS%20AND%20DIGITAL%20GOVERNANCE%20IN%20NIGERIAN.pdf>accessed 1 January 2026.

[40] Financial Reporting Council (UK), UK Corporate Governance Code 2018.

[41] Institute of Directors in Southern Africa, King IV Report on Corporate Governance for South Africa 2016.

[42] Dentons ACAS-Law, 'Corporate Governance in Nigeria - A Strategic Outlook for 2025' (2025) <https://www.dentonsacaslaw.com/en/insights/articles/2025/march/7/2025-corporate-governance-outlook> accessed 31 January 2026.

The integration of technological tools such as blockchain, artificial intelligence (AI), and digital compliance platforms into corporate governance in Nigeria poses legal challenges regarding the integrity and admissibility of electronic evidence. Electronic evidence in this context arises from the use of these digital tools. Corporate governance processes increasingly rely on electronic records (e.g., shareholder voting logs, board minutes, compliance alerts), yet Nigerian law requires strict standards of authenticity and reliability before such evidence can be admitted in judicial or regulatory proceedings. This tension between technological innovation and evidentiary law creates uncertainty for corporations seeking to embed digital tools into governance frameworks.

The Nigerian statutory framework on electronic evidence includes the Evidence Act,[43] which provides that electronic records are admissible, only if they can be properly certified as authentic and having integrity,[44] the CAMA which recognises electronic filings and records[45] but does not provide detailed evidentiary standards for blockchain or AI-generated outputs, and the NDPA[46], which is primarily focused on privacy, but indirectly affects the integrity of evidence by requiring lawful processing and secure handling of personal data. Therefore, though these Nigerian statutes acknowledge electronic records, they impose burdensome integrity requirements that may hinder the seamless application of technological tools in corporate governance. This is a legal impediment on the use of technology in corporate governance. One of the integrity requirements and governance implications of electronic evidence is that it must be proven to be

[43] Evidence Act 2011(as amended in 2023).
[44] Evidence Act 2011(as amended in 2023), s 84.
[45] CAMA 2020.
[46] NDPA 2023.

authentic.[47] This implies that there should be proof that the record was generated by a reliable system and that it has not been tampered with. Another is that there should be reliability. This means that there should be evidence of system integrity, including logs, audit trails, and chain-of-custody documentation.[48] There is also the need for certification, which implies that there should be a certificate identifying the device/system used to produce the record, signed by a responsible officer.[49] Regarding the admissibility of digital records in evidence for corporate governance, it means that blockchain-anchored shareholder votes, AI-generated compliance alerts, or digital board minutes may be challenged in court unless corporations can prove system reliability and provide statutory certification.

The Nigerian evidentiary framework is outdated, resulting in barriers to the admissibility of blockchain and AI records in corporate disputes.[50] Despite the usefulness of the integrity requirements in preventing fraud, the rigid certification process under Section 84 has been criticised as impractical for dynamic technological systems.[51] A further concern on the admissibility of digital record is on its probative value in governance litigation[52] because it has been argued that AI-generated compliance evidence lacks explainability. This concern raises doubt about the sufficiency of AI-generated compliance evidence in establishing a proof in trial. However, the integrity requirements have been perceived to be both necessary and burdensome because of weak IT governance in

[47] Evidence Act 2011(as amended in 2023), s 84.
[48] Association of Forensic Accountants, 'Electronic Evidence and Audit Trails in Corporate Investigations' (2023)
[49] ibid.
[50] Chukwuemeka Nwankwo, 'The Admissibility of Electronic Evidence in Nigeria: Challenges and Prospects' (2019) 10 Nigerian Journal of Commercial Law 45.
[51] Dejo Olowu, 'Electronic Evidence and Corporate Accountability in Nigeria: A Critical Appraisal' (2020) 12 African Journal of Law and Technology 88.
[52] Richard (n 37).

Nigeria which undermines the reliability of electronic records. But the integrity requirements are essential for fraud prevention because the strict evidentiary standards protect against manipulation of electronic records. Furthermore, it fosters judicial confidence because courts are more inclined to trust electronic evidence when integrity is demonstrably proven. However, the argument for integrity requirements loses its elasticity due to the demand for rigid certification. The Evidence Act requires certificate that are often difficult to produce, especially for blockchain systems where the decentralisation system makes it difficult to identify the officer in charge. Excessive Evidentiary burdens also discourage corporations from adopting AI and blockchain in governance. Therefore, while the integrity requirements protect against fraud and enhance judicial confidence, their rigidity creates barriers to technological adoption.

3.6 Directors' Duties, Liability, and Due Process

i. Directors' Duties and Technology Deployment

The emergence of AI technology in corporate governance has brought director liability under scrutiny. A director of a company is a person who has been duly appointed by the company to direct and manage its business.[53] The integration of AI, blockchain, and cybersecurity platforms in corporate governance in Nigeria raises profound legal challenges concerning directors' duties, liability, and due process. Directors are fiduciaries bound by duties of care, loyalty, and good faith.[54] When governance processes are mediated by technology, the questions that arise are whether directors can discharge these duties effectively, how liability is allocated when technological systems fail, and whether due process is preserved in automated decision-making?

[53] CAMA, s 269.
[54] CAMA 2020, ss 305-306.

Directors are obligated to their companies to act in good faith, in the best interests of the company, and with reasonable care, skill, and diligence.[55] This is in order to preserve the company's assets, further its business, and promote the purposes for which it was formed.[56] A director must do these in such manner as a faithful, diligent, careful, and ordinarily skilful director would act in the circumstances and, in doing so, shall take into consideration the impact of the company's operations on the environment in the community where it carries on business operations.[57]

By acting in the best interest of a company in order to preserve its assets, further its business, and promote the purposes for which it was established, a director will foster the use of technology. Therefore, the duties of directors extend to oversight of technological adoption in governance. For instance, by performing a duty of care towards the company, directors' duty of care should also be extended to technology risk. They must exercise oversight and competence in deploying technology. For instance, directors must ensure that AI compliance systems are reliable and explainable. If they fail to validate such systems, it may constitute negligence on their part.[58] It will also amount to a breach of their duty of care.

If directors are negligent in their adoption of technology for the company such as having unaudited AI technology and insecure voting, it can cause the board to be exposed to claims of breach of duty and regulatory sanctions. Moreso, directors must avoid conflicts of interest, such as using blockchain registries or digital platforms for personal

[55] ibid.
[56] ibid.
[57] ibid.
[58] Richard (n 52).

gain.[59] On the duty of observing utmost good faith towards the company in any transaction with it or on its behalf,[60] the board must act honestly when deploying technological tools, ensuring they serve shareholders and other stakeholders' interests rather than managerial convenience.[61] According to the UK Corporate Governance Code 2018, boards are responsible for overseeing risk management and internal controls of the company and this involves overseeing their IT systems.[62] It requires boards to oversee risk management and internal controls, including IT systems.[63] In South Africa, IT governance is embedded in the responsibilities of directors, thereby making technological oversight a normative expectation. The King IV Report incorporates IT governance into directors' duties, making technological oversight a normative expectation.[64] The Nigeria situation in this regard lags behind these jurisdictions because its governance codes do not explicitly codify directors' duties in relation to technological tools.

ii. Directors' Liability in Technology Deployment

Technology use in companies introduces new liability exposures on the board. For instance, regarding system failures, if blockchain voting systems malfunction, directors may be liable for invalid resolutions.[65] Moreso, regarding cybersecurity breaches, under CBN's Risk-Based Cybersecurity Framework, directors of banks must oversee adequate

[59] CAMA 2020, s 306.
[60] CAMA 2020, s 305(1).
[61] CAMA 2020, s 305(4).
[62] Financial Reporting Council (UK), UK Corporate Governance Code 2018.
[63] ibid.
[64] Institute of Directors in Southern Africa, King IV Report on Corporate Governance for South Africa 2016.
[65] Federal Ministry of Communications and Digital Economy, National Blockchain Policy for Nigeria (May 2023).

cyber controls.[66] And if they fail to do so, it may attract regulatory sanctions against them.[67] The NCCG recognises the board as responsible for technology governance.[68] The NDPA recognises the data controller and the data processor to be in charge of data governance.[69] Directors' liability in the use of technology in corporate governance can also be considered from the appointment and duties of directors vis-à-vis the appointment and duties of an AI system as a director. The appointment of an AI system as a director raises questions such as whether or not AI systems have legal personalities. This question is in view of the law that a director of a company registered under the CAMA is a person who has been duly appointed by the company to direct and manage the business of the company.[70] A question such as ''can the AI system be regarded as a person''? And if yes, can an AI system be said to be a legal personality, duly appointed by the company to direct and manage its affairs? The law provides that there is a rebuttable presumption in favour of any person dealing with the company that all persons who are described by the company as directors, whether as executive or otherwise, are duly appointed.[71] From this, the concern that arises is whether an AI system can be held liable and accountable in the event of breach of a fiduciary duty. If the answer is in the affirmative, can an AI system also be sanctioned as a director if it commits such an offence that a director could commit and, upon conviction, be imprisoned?

[66] Central Bank of Nigeria, Issuance of Risk-Based Cybersecurity Framework and Guidelines for Deposit Money Banks and Payment Service Banks (CBN Circular BSD/DIR/PUB/LAB/017/008, 31 May 2024).
[67] ibid.
[68] NCCG 2018.
[69] NDPA 2023, s 24.
[70] CAMA 2020, s 269(1).
[71] CAMA 2020, s 269(2).

Nigerian courts are yet to establish clear precedents on whether directors can be held liable for governance failures linked to technological tools. The liability of an AI system as a director can be uncertain and complicated in the case of its misjudgements. For instance, if an AI compliance monitoring produces false positives or negatives, directors may face liability if they relied uncritically on such outputs without having done proper scrutiny or relied on such outputs with a lack of criticism.[72] The adoption AI adoption in corporate governance raises liability risks because directors remain accountable for technological errors, thereby, making it necessary to have human input through technology oversight.[73] Therefore, despite the use and benefits of technology, directors of a company cannot abdicate responsibility to technology; they must demonstrate informed oversight and document reliance on expert systems.[74] Weak IT governance in Nigeria exacerbates directors' exposure, as boards often lack the expertise to evaluate technological risks.[75]

iii. Due Process in the Deployment of Technology

In corporate governance, the concept of due process refers to ensuring fairness, transparency, and the right to be heard as it concerns corporations and their operations. The use of digital tools results in a challenge to these principles of corporate governance. Regarding the use of AI systems, there is the issue of automated decision-making. This implies that AI systems may recommend sanctions or dismissals without adequate human review, undermining procedural fairness.[76] This can be a challenge to due process constituting a breach of fundamental human rights of fair hearing[77] in corporate disputes.

[72] Richard (n 58).
[73] ibid.
[74] Ogene (n 38).
[75] ibid.
[76] Richard (n 72).
[77] CFRN 1999, s 36(1).

Another angle in the issue of due process in the deployment of technology in corporate governance is with respect to shareholder participation. Virtual AGMs and blockchain voting must ensure inclusivity and accessibility, otherwise minority shareholders may be disenfranchised. And if they do, an efficient deployment of technology in corporate governance processes would not have been achieved.[78] Furthermore, on the issue of due process in deploying technology tools in corporate governance, for the sake of evidence integrity, electronic records used in governance disputes must satisfy the Evidence Act 2011, which requires certification of authenticity.[79] Thus, due process is jeopardised if technological systems lack transparency, inclusivity, or evidentiary robustness. Cyber threats undermine due process in digital governance, and therefore, directors are required to embed resilience and fairness into governance systems.[80] Directors' duties, liability, and due process form a triad of legal challenges to technological applications in corporate governance. Nigerian law imposes fiduciary obligations that remain binding even when governance is mediated by technology. Unless statutes and codes are updated to clarify directors' responsibilities in technological contexts, corporations' risk legal uncertainty, liability exposure, and erosion of due process.

3.7 Data Protection, Privacy, and Automated Decision-making

Lawful Processing and Minimisation: Another legal implication for the application of technology to corporate governance is as a result of the adoption of AI and data analytics in Nigerian corporate governance, which raises several legal issues. Compliance with Nigeria's Data Protection Act 2023[81] is essential, as misuse of analytics could infringe

[78] Securities and Exchange Commission (Nigeria) (n 606). Guidance on Virtual and Hybrid General Meetings (2020-2021).
[79] Evidence Act 2011 (as amended in 2023), s 84.
[80] Nwaguiyi, Ezeh and Okoye (n 39).
[81] NDPA 2023.

on shareholder privacy rights, and this is a legal concern. This Act requires that there should be lawful bases for the processing of the personal data of data subjects,[82] emphasises purpose limitation, and data minimisation; AI monitoring and digital AGM systems must avoid excessive processing of personal data and embed privacy by design (e.g., off-chain storage, encryption, role-based access).

3.8 Non-detailed Nature of Nigerian Legislation and Codes on Technology Adoption in Corporate Governance

The legislation, codes and policies on technology in Nigeria lack details and structure for technology and oversight for digital risk. This leaves the board of directors with the discretion on how to institutionalise technology governance leading to inconsistent practices in Nigerian companies. The Nigerian Code of Corporate Governance 2018 promotes transparency and risk oversight but lacks detailed IT governance provisions comparable to South Africa's King IV, leaving boards without normative benchmarks for technology adoption.[83]

3.9 Cybersecurity Issue: Cybersecurity risks are a significant concern for Nigerian corporations due to their extensive use of technology tools. The need to adopt cybersecurity measures to combat these risks cannot be overstated, as it will ensure that Nigerian companies are protected and comply with local and international regulatory frameworks. If a company fails to implement proper and adequate cybersecurity in its processes, it can result in financial and legal implications.[84]

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[82] NDPA 2023, s 25.
[83] Dentons ACAS-Law, 'Corporate Governance in Nigeria - A Strategic Outlook for 2025' (2025) <https://www.dentonsacaslaw.com/en/insights/articles/2025/march/7/2025-corporate-governance-outlook> accessed 31 January 2026.
[84] Rosewood Legal, 'The Impact of Cybersecurity Regulations on Corporate Compliance Practices in Nigeria' (2024)

Cyberthreats are on the increase and have become complex and frequent because technology and its adoption are evolving.[85] Consequently, it has become necessary for effective digital governance.[86] Lack of robust cybersecurity measures to combat the cyberattacks on the organisation's computers, information, and network systems can lead to privacy issues. Subsequently, when a company experiences privacy issues, it can cause financial losses and reputational damage.[87]

Corporate governance in Nigeria must also contend with cybersecurity risks. Governance frameworks increasingly require boards to adopt robust cybersecurity tools to protect sensitive corporate data. Cybersecurity governance is not only a technical issue but also a legal obligation, as directors may be held liable for breaches that compromise shareholder value. AI-enabled cybersecurity systems can detect anomalies in real time, thereby mitigating risks of fraud and data theft.

4.0 CONCLUSION

The emergence and evolution of technology, though commendable, attracts legal challenges. Therefore, legal safeguards are essential to ensure compliance with legal and regulatory frameworks to forestall or curb these challenges. Essentially, a proper deployment of technology by companies will be effective if legal challenges as examined in this paper are adequately addressed.

<https://www.mondaq.com/nigeria/security/1700558/the-impact-of-cybersecurity-regulations-on-corporate-compliance-practices-in-nigeria> accessed 1 January 2026.

[85] Nwaguiyi, Ezeh and Okoye (n 80).

[86] ibid.

[87] FNU Jimmy, 'Understanding Ransomware Attacks: Trends and Prevention Strategies,' (2023) 2(1) Journal of Knowledge Learning and Science Technology, P.181, ISSN: 2959-6386, DOI: <https://doi.org/10.60087/jklst.vol2.n1.p214> accessed 5 January 2026.

5.0 RECOMMENDATIONS

The following recommendations are made to with the expectation to resolve the legal challenges that have been highlighted in this research: The expectations of the various company regulators in Nigeria should be harmonised through statutory amendments to CAMA 2020. Unified SEC/CAC guidance, and integration of Information Technology governance into national codes would reduce friction and enable corporations to adopt technological tools confidently and lawfully.

Nigerian evidentiary framework, particularly, the Evidence Act should be further developed to eliminate barriers to the admissibility of blockchain and AI records in corporate disputes.

Nigerian law should evolve to codify privacy safeguards in corporate governance codes. This could be for the laws to require the integration of privacy by design, selective disclosure, and board accountability into technological governance.

The Governing body and management of corporations should ensure that the laws and regulations established on technology are effectively implemented in their various companies. Additionally, all relevant government regulatory agencies should ensure the implementation of laws and policies on technology in both private and public corporations.