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Entering Nigeria's Sports Betting Market:

Key Legal, Licensing and Compliance Considerations

Navigating Nigeria's current licensing regime following the 2024 Supreme Court decision

INTRODUCTION

The Nigerian sports betting market is increasingly becoming attractive to investors. The reasons are not far-fetched. Nigeria is not only the most populous country in Africa; its large youth population, strong interest in sports, and growing participation in online betting (particularly sports betting) are among the factors that have made the country one of the biggest gaming markets on the continent.

However, in recent times, this large and promising market has undergone rapid regulatory changes and developments. It is, therefore, important for any prospective operator or investor to understand the key legal and compliance requirements relevant to their operations before commencing operations.

This article examines the essential issues operators seeking to successfully enter, remain and thrive in the Nigerian sports betting market must consider. It provides a brief background to the current state-based regulatory framework following the Supreme Court's decision of 22 November 2024. It also highlights the key licensing and compliance issues operators need to consider and provides practical insights into market entry for prospective operators and investors.

REGULATORY BACKGROUND

The most important starting point is the Supreme Court's 22 November 2024 decision in *Attorney-General of Lagos State & Ors v Attorney-General of the Federation & Ors*. The decision held that lotteries and games of chance fall within the legislative competence of the states. The Federal law - National Lottery Act 2005 ("Act") - which previously regulated gaming nationwide, was consequently nullified. Prior to this decision, operators primarily relied on federal licenses issued by the then National Lottery Regulatory Commission under the Act, and in some cases, additional licenses from the State gaming regulators. This created a complex and often expensive regulatory framework. Those federal licenses have now been nullified by this decision of the Supreme Court.

CURRENT LEGAL AND LICENSING CONSIDERATIONS

The practical consequence of the decision referenced above is that state licensing becomes critical to gaming operations. As such, a sports betting operator needs to first consider if it wants its operations limited to a specific state or nationwide. The regulatory requirements differ from state to state, so it is expedient to confirm the specific requirements from the particular state of interest or seek legal help on this, before commencement of operations.

This article will only highlight the basic licensing requirements for Lagos State, being the biggest gambling market in Nigeria and that of the Federation of State Gaming Regulators of Nigeria ("FSGRN"). For a sports betting license in Lagos, its regulator, the Lagos State Lotteries and Gaming Authority, requires the operator to have a minimum share capital of N20,000,000, pay an application fee and a licensing fee determined by the Authority. It also requires the operator to show proof of a guarantee contract with a reputable commercial bank/financial institution.

It is pertinent to state that obtaining a sports betting license from a state does not give an operator the permit to operate sports betting activities in other states, without getting appropriate licenses from those other states. An

operator licensed in a state is expected to implement geofencing in its system to ensure its activities are only limited and accessible in the state it is licensed and not in other states, lest it will be liable to the other state regulators for its illegal and unlicensed operations in their state(s).

Perhaps the most notable regulatory development following the 2024 judgment is the establishment of the FSGRN. An operator desirous of operating nationwide now has a central body of State regulators to issue and coordinate its licensing and compliance obligations. The FSGRN comprises state regulators collaborating to establish structures designed to reduce the regulatory burden on operators. Under this arrangement, an operator approved by the FSGRN can obtain a license and operate in all member states without needing to apply separately in each state.

The FSGRN currently has 25 member states, which include Abia, Adamawa, Akwa Ibom, Anambra, Bayelsa, Benue, Borno, Cross River, Edo, Ebonyi, Gombe, Imo, Kaduna, Kano, Kogi, Kwara, Lagos, Nasarawa, Niger, Ondo, Osun, Oyo, Plateau, Rivers, and Taraba. Although entry into non-FSGRN states requires a distinct regulatory process, the FSGRN is shaping the evolution of gaming regulation in Nigeria.

Currently, obtaining a sports betting license from the FSGRN requires the operator to have a minimum share capital of N100,000,000, pay an application fee of N5,000,000 and a licensing fee of N150,000,000. It also requires the operator to show a bank guarantee in the sum of N100,000,000 with a reputable financial institution, and the license has a validity of one year.

COMPLIANCE CONSIDERATIONS

As noted earlier, gaming regulation in Nigeria is state-based. Thus, compliance requirements may also differ from state to state. However, there are certain common compliance requirements across the states and the FSGRN worth considering by operators. Beyond obtaining and maintaining the relevant state gaming licence, other core compliance obligations that should be addressed include:

Meeting corporate and ownership requirements.

Complying with KYC and AML/CFT obligations.

Implementing responsible gaming and consumer protection measures.

Ensuring the integrity and security of betting platforms and systems.

Complying with applicable advertising and promotional rules.

Protecting customer data.

Paying applicable taxes, levies and regulatory fees.

Maintaining appropriate records, and complying with periodic reporting, inspection and audit requirements.

PRACTICAL INSIGHTS INTO MARKET ENTRY

Market entry should not be approached merely as a licensing exercise. For prospective operators and investors, market entry should begin with identifying the states that offer the most commercially viable opportunities and assessing the regulatory environment in each. This should be followed by a clear assessment of the proposed business model, target customers, distribution channels, technology and payment infrastructure, projected regulatory costs and overall investment requirements.

Investors considering an existing operator should also conduct due diligence on its licences, regulatory history, financial obligations and actual operating footprint. Given the current regulatory landscape, a phased entry strategy, beginning with selected states like Lagos, and expanding as the business establishes itself, may offer a more practical approach than attempting nationwide operations from the outset.

CONCLUSION

The regulatory landscape in the sports betting and gaming sector, in general, is fast-evolving. Many states are either enacting fresh laws and guidelines or updating certain aspects of their laws to reflect new realities. Thus, the legal and regulatory considerations detailed above may change from time to time.

We have addressed the key considerations which we have seen in the course of our practice in this sector over time to remain relevant. However, expert advice should be sought while preparing to enter the Nigerian sports betting market.

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