



Global Insolvency: 2025 Reflections and 2026 Projections

Nigeria



Nigeria

Overview of Nigeria's economic landscape

Nigeria's economy has been navigating through challenging times, with high energy prices, inflation, rising interest rates, and substantial operational costs impacting businesses across all sectors. These hurdles have put pressure on profitability and sustainability. Notwithstanding this, the International Monetary Fund (IMF) has recently adjusted Nigeria's economic growth forecast upward to 3.4%. The Federal Government is also taking decisive steps to enhance the legal and regulatory framework, aiming to bolster economic recovery and growth.



Evolution of the corporate insolvency framework

The corporate insolvency landscape in Nigeria is evolving. Traditionally, insolvency practices focused on liquidation - winding up distressed companies and distributing their assets. But there's a shift towards business rescue and continuity, aligning with global leading practices.

A key development is the enactment of the Companies and Allied Matters Act (CAMA) 2020, replacing the outdated CAMA 1990. This new law introduces detailed provisions for insolvency and business rescue, including procedures like Administration and Company Voluntary Arrangements. These are designed to foster a rescue culture, enabling viable businesses in distress to restructure and continue operations rather than face outright liquidation.

Moreover, the Federal High Court of Nigeria has set up a specialised Insolvency Unit, with judges skilled in corporate law, finance, and insolvency. This initiative aims to modernise and simplify insolvency proceedings, ensuring cases are handled efficiently and with the necessary expertise.

Stakeholders, including the Business Recovery and Insolvency Practitioners Association of Nigeria (BRIPAN) [<https://bripan.org.ng/>], along with legal and financial professionals, are actively working to raise awareness and build capacity in the market regarding these new developments.

Macro-economic trends and their impact on insolvency

Nigeria's economy is showing signs of growth, with a 4.23% increase in Q2 2025, up from 3.48% in Q2 2024. The Services Sector is leading this positive trend. Inflation has eased to 20.12% in August 2025 from 32.15% in July 2024, thanks to stable exchange rates and base effects, although price pressures persist.

Oil production has risen by 5.5% year-on-year in August 2025, reaching an average of 1.43 million barrels per day compared to 1.36 million barrels per day a year earlier. Non-oil exports have surged by 55% year-on-year to NGN3.05 trillion in Q2 2025.

The exchange rate has remained stable, offering businesses and investors more certainty. Capital importation has jumped by 67.1% year-on-year to \$5.6 billion, indicating growing investor confidence in Nigeria's economic prospects.

Yet, businesses are still facing macroeconomic challenges such as steep naira depreciation, double-digit inflation, rising interest rates, and ongoing government reforms. These issues have squeezed liquidity, cut into profitability, and hindered operational efficiency, leading to more insolvency cases. While many business exits are quiet, some high-profile cases have caught public attention.

Key drivers of corporate distress:

- **High operational costs:** The removal of fuel subsidies in 2023 has sharply increased energy costs for businesses, compounded by global energy price volatility due to the Russia-Ukraine conflict.
- **High interest rates:** The Monetary Policy Rate (MPR) remains high at 27%, making borrowing costly and increasing the debt burden on businesses.
- **Global economic downturn:** International challenges, including inflation, high interest rates, and supply chain disruptions, have raised costs for Nigerian companies, especially those dependent on imports.

Sectors Most Affected by Insolvency



Manufacturing: This sector is facing significant challenges due to rising operational costs, especially energy expenses, which surged to NGN1.1 trillion in 2024 — a 42.3% increase from the previous year. Many manufacturers have had to downsize, pause production, or leave the market altogether.



Financial Services: Banks and financial institutions are under pressure from increasing interest rates, growing non-performing loans, and regulatory changes. These factors have led to business rescues, mergers, and sometimes liquidations. The Central Bank of Nigeria (CBN) has stepped in with regulatory forbearance, bailouts, and new recapitalisation requirements.



Agriculture: The sector is battling climate change, financing hurdles, rising input costs, and security issues. Infrastructure gaps have driven up food prices, with food inflation remaining high at 21.87% in August 2025. The government is responding by supplying farmers with inputs to enhance production.

Notable Insolvency and Business Rescue Cases



9mobile (T2) – Business Rescue: After years of financial and operational difficulties, including a major loan default and loss of market share, 9mobile rebranded as T2 in August 2025 under new ownership. The company initiated a USD3 billion transformation plan and teamed up with MTN to rejuvenate its market presence.



Unity Bank – Business Rescue: Facing severe financial distress and a negative capital adequacy ratio, Unity Bank merged with Providus Bank following a NGN700 billion bailout from the CBN. The merger is in the final stages of completion at time of publication of this perspective, forming a stronger financial institution.

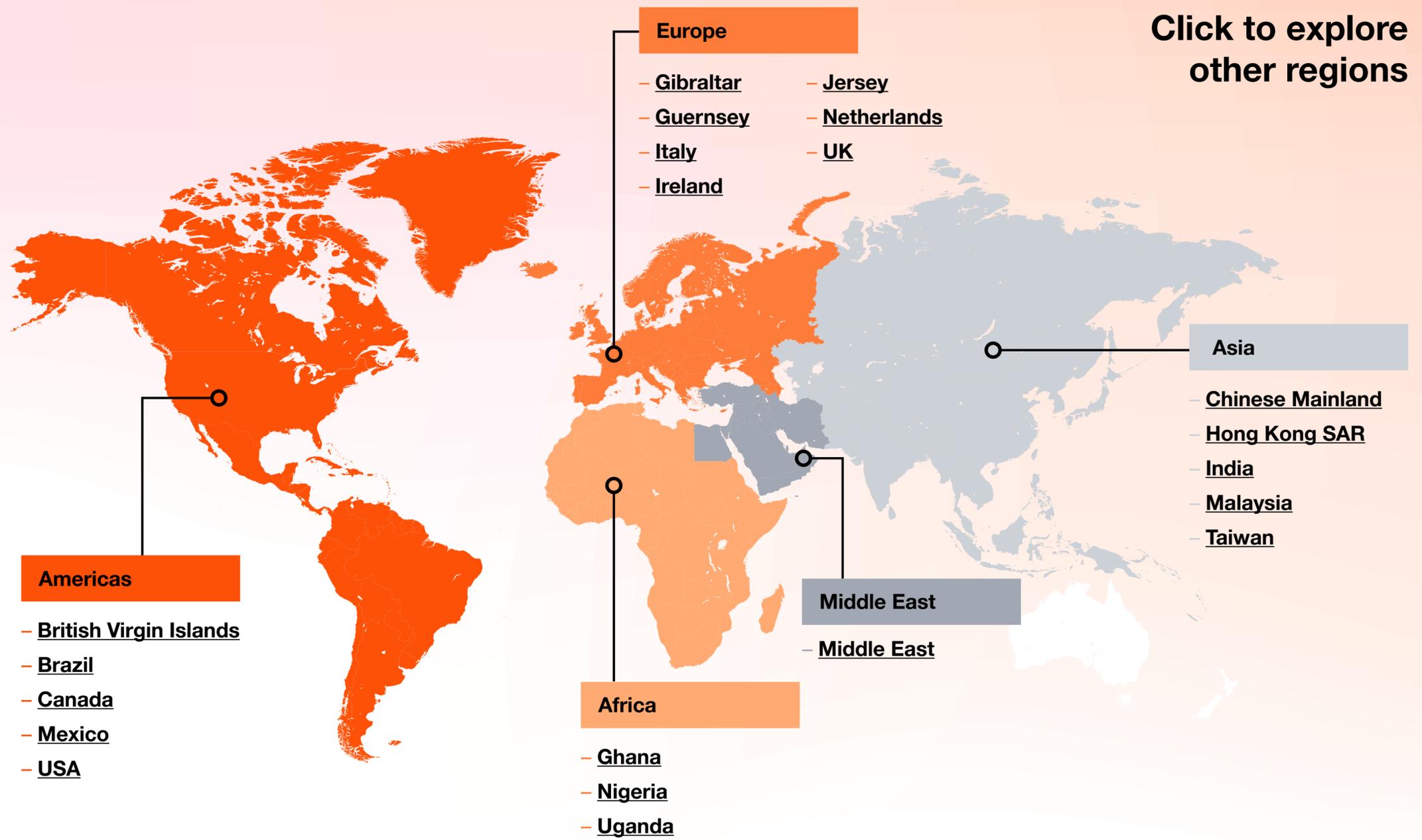


Heritage Bank – Liquidation: Ongoing financial instability, regulatory breaches, and high non-performing loans led to the revocation of Heritage Bank's licence. The Nigerian Deposit Insurance Corporation was appointed as liquidator after attempts to find a buyer were unsuccessful.

Conclusion

Nigeria's insolvency practice is shifting, with a growing focus on business rescue and restructuring rather than liquidation. Legal and regulatory reforms, along with specialised judicial capacity, are building a more robust insolvency framework. Yet, macroeconomic challenges continue to test the resilience of Nigerian businesses, especially in manufacturing, financial services, and agriculture. As the market evolves, stakeholders must stay alert and proactive in using available tools for business recovery and continuity.





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