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Regulatory Silence and Financial Arbitration: Lessons from Banks and Other Financial Institutions Act 2020(Bofia 2020) and the Central Bank of Nigeria (Cbn) Regulatory Framework for Sandbox Operations

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Abstract. Nigeria's banking sector has undergone rapid digital transformation, driven by electronic payments, fintech innovation, and regulatory initiatives such as the Banks and Other Financial Institutions Act 2020 (BOFIA 2020) and the Central Bank of Nigeria's Sandbox Operation Framework. While these instruments actively facilitate technological advancement, they remain institutionally silent on dispute resolution mechanisms for conflicts arising from technology-driven financial transactions. This article argues that such regulatory silence reflects a structural gap within Nigeria's financial governance architecture. Innovation has been formally embedded, but adjudication has not. Adopting a doctrinal and comparative methodology, the article examines BOFIA 2020, the CBN Sandbox Framework, and the Arbitration and Mediation Act 2023, situating Nigeria's approach within broader regulatory theory and comparative experience from leading financial jurisdictions. This article argues that arbitration, particularly in its technology-enabled form, should be conceptualised not merely as private contractual ordering but as regulatory infrastructure essential to digital financial systems. In complex environments involving electronic evidence, cross-border payment disputes, cybersecurity risks, and finTech collaborations, arbitration offers procedural flexibility, confidentiality, and enforceability under the New York Convention. The article proposes targeted reforms to integrate arbitration into Nigeria's financial regulatory design, including express statutory recognition within BOFIA and structured disputes planning within the Sandbox Framework. It concludes that regulatory coherence requires alignment between innovation policy and adjudicatory architecture. Embedding arbitration within Nigeria's financial governance framework would transform regulatory silence into institutional resilience and enhance investor confidence in the country's evolving digital economy.

1. INTRODUCTION

The Nigerian banking and financial services sector has experienced rapid digitisation over the past decade, driven by technological innovation, regulatory reforms, and increasing demand for efficient and inclusive financial services. Digital banking platforms, mobile payment systems, fintech partnerships, and algorithmic credit assessment, and cross-border electronic transactions now constitute core elements of banking operations in Nigeria. This transformation has been reinforced by policy initiatives of the Central Bank of Nigeria (CBN), including the cashless policy, the licensing of payment service banks, and regulatory measures designed to promote financial technology (fintech) innovation.[1] As financial services become increasingly data-driven and technologically complex, disputes arising from banking relationships now frequently involve issues such as system failures, cybersecurity incidents, digital contracts, and the allocation of risks between banks and fintech providers.

Nigeria's regulatory response to this transformation has been marked by an explicit recognition of technology within financial regulation. The Banks and Other Financial Institutions Act 2020 (BOFIA 2020) modernised banking supervision by acknowledging electronic banking, digital financial services, and the expanded regulatory powers of the CBN over technology-enabled financial activities.[2] Similarly, the CBN Regulatory Framework for Sandbox Operations 2020 reflects a deliberate policy choice to support innovation by permitting controlled experimentation with novel products and services.[3] These instruments signal Nigeria's alignment with global trends in digital finance regulation and its ambition to position itself as a leading fintech hub in Africa.

However, unlike leading financial centres such as the United Kingdom and Singapore, Nigeria's regulatory framework does not expressly integrate arbitration or alternative dispute resolution mechanisms into its financial technology governance. In the United Kingdom, regulatory guidance and institutional practice encourage the use of arbitration and technology-enabled dispute resolution for complex financial disputes, supported by institutions such as the London Court of International Arbitration (LCIA) and the Financial Conduct Authority's innovation initiatives.[4] Similarly, Singapore has deliberately embedded arbitration within its fintech ecosystem, with the Monetary Authority of Singapore (MAS) promoting disputes resolution frameworks that align technological innovation with efficient and enforceable arbitration processes.[5] These jurisdictions recognise that regulatory certainty in dispute resolution is essential to sustaining innovation, investor confidence, and cross-border financial transactions.

By contrast, BOFIA 2020 and the CBN Sandbox Framework remain largely silent on dispute resolution mechanisms for technology-driven banking activities. This regulatory silence is significant given that digital financial transactions often give rise to disputes that are technically sophisticated, confidential and frequently cross-border. Conventional litigation may be ill-suited to

[1] Central Bank of Nigeria, Payments System Vision 2025 (CBN 2020); Enhancing Financial Innovation and Access (EFInA), Access to Financial Services in Nigeria 2023 Survey (EFInA 2023)
[2] Banks and Other Financial Institutions Act 2020, ss 2, 47-48.
[3] Central Bank of Nigeria, Regulatory Framework for Sandbox Operations 2020.
[4] Financial Conduct Authority, Guidance on the Regulatory Sandbox (FCA 2020); London Court of International Arbitration Rules 2020.
[5] Monetary Authority of Singapore, FinTech Regulatory Sandbox Guidelines (MAS 2022)

such disputes due to procedural rigidity, delays and limited technical expertise, whereas arbitration, particularly when supported by digital case management systems, virtual hearings, and secure data platforms, offers a more flexible and commercially responsive alternative.[6] The absence of express arbitration provisions within Nigeria's financial regulatory instruments, therefore raises concerns about legal certainty, dispute management efficiency, and Nigeria's competitiveness as an investment destination.

Against this backdrop, this article examines the implications of regulatory silence on arbitration within BOFIA 2020 and the CBN Sandbox Framework, situating Nigeria's experience within a comparative context that draws lessons from the United Kingdom and Singapore. It argues that the failure to integrate arbitration into financial regulatory instruments represents a missed opportunity to align Nigeria's dispute resolution architecture with the realities of a digitised banking system, and that targeted regulatory reform is necessary to fully harness the benefits of technology in financial arbitration.

Despite the rapid digitisation of Nigeria's banking and financial services sector, the legal and regulatory framework governing financial innovation has not evolved in a manner that adequately addresses the resolution of disputes arising from technology-driven financial activities. While BOFIA 2020 and the CBN Regulatory Framework for Sandbox Operations recognise and encourage the use of digital banking models and fintech experimentation, they do not provide a clear, coherent, or institutionalised framework for resolving disputes emanating from such activities. This omission is particularly problematic in an environment where financial transactions are increasingly characterised by algorithmic processes, shared digital infrastructures, cross-border payment systems, and extensive data exchange between banks and fintech firms.

The absence of express arbitration or alternative dispute resolution mechanisms within Nigeria's financial regulatory instruments creates uncertainty for banks, fintech operators, and investors regarding how complex technology-related disputes should be managed. In practice, this regulatory silence results in fragmented and inconsistent dispute resolution approaches, often leaving parties to rely on ad hoc contractual clauses or default litigation processes that may be ill-suited to the technical, confidential, and time-sensitive nature of financial disputes. The lack of regulatory guidance also weakens the systematic adoption of technological tools, such as secure electronic case management platforms, virtual hearings, and digital evidence management systems within arbitration for financial disputes.

Moreover, Nigeria's regulatory approach contrasts sharply with jurisdictions such as the United Kingdom and Singapore, where financial regulation and dispute resolution frameworks are more deliberately aligned. In those jurisdictions, arbitration is recognised as a central mechanism for resolving complex financial and fintech disputes, supported by regulatory guidance and institutional rules that promote the use of technology in arbitral proceedings. Nigeria's failure to integrate arbitration into its financial regulatory architecture risks undermining investor confidence, increasing dispute resolution costs, and limiting the effectiveness of technological innovation within the banking sector.

Accordingly, the core problem addressed in this article is the disconnect between Nigeria's technology-oriented financial regulation and the absence of an explicit arbitration framework capable of supporting the resolution of technology-driven banking disputes. This disconnect raises critical questions about regulatory coherence, dispute resolution efficiency, and Nigeria's preparedness to manage the legal risks associated with a digitalised financial system. Without targeted legal and regulatory reform, the full benefits of technology in financial arbitration may remain unrealised, potentially constraining the sustainable development of Nigeria's banking and fintech ecosystem.

This article argues that Nigeria's financial regulatory framework promotes technological innovation without embedding a corresponding dispute resolution architecture, and that arbitration must be institutionally integrated into financial governance to achieve regulatory coherence.

2. EVOLUTION OF DIGITAL BANKING AND FINTECH IN NIGERIA

The evolution of digital banking and financial technology in Nigeria reflects a deliberate shift from branch-based, paper-driven banking to a technology-centred financial ecosystem characterised by electronic payments, platform-based services, and data-driven financial decision-making. This transition has been shaped by a combination of regulatory intervention, market demand, and infrastructural developments, particularly the widespread adoption of mobile telecommunications and internet services. By 2023, Nigeria had become one of Africa's largest digital financial markets, with electronic payments accounting for a substantial proportion of retail and wholesale banking transactions.[7]

One of the earliest drivers of digital banking in Nigeria was the Central Bank of Nigeria's cashless policy, introduced to reduce the reliance on physical cash and promote electronic payment channels.[8] This policy led to the rapid expansion of automated teller machines (ATM), point- of – sale (POS) terminals, internet banking platforms, and mobile banking operations. Nigerian banks such as Guaranty Trust Bank (GT Bank), Access Bank, and Zenith Bank increasingly invested in proprietary digital platforms, enabling customers to open accounts, transfer funds, access credit, and manage investments without physical interaction with bank branches.[9] These developments fundamentally altered the banker-customer relationship, shifting transactions into virtual environments, governed by electronic contracts and digital interfaces.

The rise of fintech has further accelerated this transformation. Payment service providers such as Flutterwave, Paystack, Interswitch, and Moniepoint introduced application programming interfaces (APIs) and digital payment gateways that facilitated real-time payments, merchant services, and cross-border transactions.[10] These fintech firms often operate in partnership with traditional banks, creating complex contractual and operational relationships involving shared digital infrastructure, data exchange, and risk allocation. Disputes arising from failed transactions, delayed settlements, or system downtime increasingly involve questions of technological responsibility rather than traditional banking negligence.

Digital lending platforms provide another illustration of the changing nature of financial services and disputes. Fintech firms now deploy algorithmic credit scoring models that rely on alternative data, such as mobile phone usage and transaction history, to assess creditworthiness.[11] While these innovations have expanded access to credit, they have also generated disputes relating

[6] Gary Born, *International Commercial Arbitration* (3rd edn, Kluwer Law International 2021); Stavros Brekoulakis, Arbitration and Commercial Law (Oxford University Press 2023).
[7] Enhancing Financial Innovation and Access (EFInA), Access to Financial Services in Nigeria (2023) Survey
[8] Central Bank of Nigeria, Cashless Nigeria Policy (CBN 2019)
[9] Central Bank of Nigeria, Payments System Vision 2025 (CBN 2020)
[10] Marc Jean Yves Lixi, *Nigeria Digital Economy Diagnostic Report (English)* (World Bank 2020).
[11] Organisation for Economic Co-operation and Development (OECD), 'Consumer Policy' <https://www.oecd.org/en/topics/policy-

to automated loan approvals, interest calculations, data accuracy, and consumer protection. Such disputes are often ill-suited to conventional litigation, as they require technical understanding of algorithms, data processing, and platform governance.

Cross-border digital payments further underscore the technological complexity of modern Nigerian banking. Nigerian banks and fintech firms increasingly facilitate international remittances and foreign exchange transactions through digital platforms, linking Nigeria to global payment systems.[12] These transactions expose banks to multi-jurisdictional regulatory requirements and disputes involving foreign counterparties, settlement delays, currency conversion errors, and cybersecurity breaches. In such cases, arbitration, supported by technology-enabled procedures, offers a neutral and enforceable dispute resolution mechanism that litigation may not easily provide.

The COVID-19 pandemic marked a critical inflection point in Nigeria's digital banking evolution. Restrictions on physical movement accelerated customer reliance on electronic banking channels, while banks and fintech firms rapidly scaled digital infrastructure to maintain service delivery.[13] This period revealed both the resilience and vulnerabilities of technology-driven financial systems, including increased incidents of electronic fraud, service disruptions, and data breaches. Disputes arising from these incidents highlighted the need for dispute resolution mechanisms capable of handling technically complex and sensitive financial data in a secure and efficient manner.

Overall, the evolution of digital banking and fintech in Nigeria has transformed not only how financial services are delivered but also the nature of disputes arising from banking relationships. Transactions are increasingly governed by digital processes rather than human discretion, and financial disputes now frequently involve questions of system integrity, data security, and technological accountability. This reality underscores the importance of aligning Nigeria's financial regulatory framework with dispute resolution mechanisms, particularly arbitration, that are capable of accommodating technological complexity and supporting the effective resolution of modern banking disputes.

3. REGULATORY OBJECTIVES AND SCOPE OF BOFIA 2020 IN A DIGITISED BANKING ENVIRONMENT

The Banks and Other Financial Institutions Act 2020 (BOFIA 2020) represents a significant recalibration of Nigeria's banking regulatory framework in response to structural changes within the financial sector, including the increasing digitisation of banking operations. Enacted to replace the BOFIA 1991, regime, the 2020 Act strengthens the supervisory and enforcement powers of the Central Bank of Nigeria (CBN) and reflects an explicit regulatory intention to accommodate modern banking practices driven by technology.[14] In this sense, BOFIA 2020 constitutes an important legal acknowledgment of the technological realities shaping contemporary banking in Nigeria.

One of the central objectives of BOFIA 2020 is to enhance financial system stability by empowering the CBN to regulate a broad range of banking activities, including electronic banking, payment services, and other technology-enabled financial operations.[15] The Act adopts an expansive definition of 'banking business', enabling the CBN to exercise regulatory oversight over digital platforms through which banks deliver services such as mobile banking, electronic fund transfer, and online credit facilities. This broad regulatory scope allows BOFIA2020 to function as a flexible instrument capable of adapting to innovation without constant legislative amendment.

BOFIA 2020 also strengthens the CBN's powers to issue binding guidelines, circulars, and prudential standards relating to banking operations.[16] In practice, this has enabled the CBN to regulate electronic banking risks through instruments such as cybersecurity guidelines, risk-based supervision frameworks and consumer protection regulations. For example, the *CBN's Risk-Based Cybersecurity Framework and Guidelines for Deposit Money Banks and Payment Service Providers* imposes obligations on banks to manage digital risks associated with online platforms and data processing.[17] These developments demonstrate that BOFIA 2020 functions as an enabling statute through which technology-related banking regulation is operationalised.

However, despite this extensive regulatory reach, BOFIA 2020 remains silent on the mechanisms for resolving disputes arising from technology-driven banking activities. BOFIA 2020 reflects a regulatory approach that prioritises technological innovation and supervisory control without embedding a dispute resolution architecture capable of addressing technology-driven banking disputes.[18] While the Act addresses prudential regulation, licensing, supervision and enforcement, it does not provide guidance on how disputes involving electronic transactions, fintech partnerships, platform failures or cybersecurity incidents should be resolved. This silence is particularly striking given that BOFIA 2020 expressly recognises electronic banking and grants the CBN oversight over technologically mediated financial relationships.

In practice, disputes arising under BOFIA-regulated activities increasingly involve issues such as failed digital transactions, erroneous automated debits, service outages, data breaches, and liability allocation between banks and third-party fintech providers. These disputes are often technically complex and involve sensitive financial data. Yet, BOFIA 2020 does not encourage or mandate the use of arbitration or alternative dispute resolution mechanisms, nor does it provide a regulatory framework for technology-enabled dispute resolution. As a result, banks are left to rely on general contractual clauses or conventional litigation, both of which may be ill-suited to resolving technology-intensive financial disputes efficiently and confidentially.

The omission has broader regulatory implications. As the primary statute governing banks and other financial institutions, BOFIA 2020 shapes compliance culture and risk management priorities within the banking sector. Its failure to integrate dispute resolution, particularly, arbitration into its regulatory architecture prevents the institutionalisation of arbitration as part of Bank's internal governance and dispute management systems. This weakens the potential synergy between BOFIA 2020 and the Arbitration and Mediation Act 2023, which seeks to modernise arbitration practice in Nigeria, including through the recognition of electronic processes.

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issues/consumer-policy.html> accessed 2 December 2025.

[12] International Monetary Fund, 'Fintech: The Experience so Far' <https://www.imf.org/en/publications/policy-papers/issues/2019/06/27/fintech-the-experience-so-far-47056> accessed 2 January 2026.

[13] Central Bank of Nigeria, 'Financial Stability Report' <https://www.cbn.gov.ng/Documents/financialstabilityreport.html> accessed 2 November 2025.

[14] Banks and Other Financial Institutions Act 2020.

[15] ibid ss 2 and 33.

[16] Banks and Other Financial Institutions Act 2020, ss 47-48.

[17] Central Bank of Nigeria, 'Risk-Based Cybersecurity Framework and Guidelines for Deposit Money Banks and Payment Services Providers' <https://securiti.ai/blog/cbn-issues-risk-based-cybersecurity-framework/> accessed 4 November 2025.

[18] Chris Brummer and Yesha Yadav, 'Fintech and Innovation Trilemma' (2019) 107 Georgetown Law Journal 235.

Furthermore, the silence of BOFIA 2020 contrasts with international best practices, where financial regulation increasingly incorporates dispute resolution considerations as a part of fintech governance. In jurisdictions such as the United Kingdom and Singapore, regulatory frameworks recognise that effective dispute resolution is essential; to maintaining confidence in digital financial systems. BOFIA 2020's failure to address this dimension, therefore represents a missed opportunity to align Nigeria's banking regulation with global standards and to support the use of technology-enabled arbitration in resolving modern banking disputes.

4. THE CBN REGULATORY FRAMEWORK FOR SANDBOX OPERATIONS: INNOVATION WITHOUT DISPUTE RESOLUTION ARCHITECTURE

The Central Bank of Nigeria (CBN) Regulatory Framework for Sandbox Operations was introduced as part of Nigeria's broader strategy to promote innovation in the financial services sector while maintaining regulatory oversight. The framework allows eligible fintech firms, banks and other financial institutions to test innovative products, services and business models within a controlled regulatory environment for a limited period.[19] Its core objective is to balance innovation with consumer protection, financial stability and systemic risk management in a rapidly evolving digital financial ecosystem.[20]

The Sandbox Framework reflects a recognition by the CBN that traditional regulatory approaches may be inadequate for governing emerging technologies such as digital payments, blockchain-based solutions, open banking interfaces, and algorithmic credit products.[21] By permitting live testing under regulatory supervision, the framework enables financial institutions and fintech firms to experiment with novel technologies without immediately triggering the full weight of regulatory compliance obligations. In practice, Nigerian fintech firms operating payment gateways, digital lending platforms, and cross-border remittance services have relied on sandbox approvals to pilot products that later scaled into mainstream financial services.

Importantly, the Sandbox Framework establishes eligibility criteria, testing parameters, consumer safeguards, and reporting obligations for participants.[22] It requires sandbox operators to implement risk mitigation measures, ensure data protection, and provide disclosures to consumers participating in sandbox experiments. These provisions acknowledge that sandbox activities inherently involve heightened legal, operational, and technological risks, including the possibility of service failures, erroneous transactions, and data security incidents.[23]

However, despite this recognition of risk, the Sandbox Framework does not provide any express mechanism for resolving disputes arising from sandbox operations. There is no guidance on how disputes between banks and fintech firms, or between service providers and consumers, should be resolved during or after sandbox testing. This omission is particularly significant given that sandbox activities often involve untested technologies, shared digital infrastructure, and experimental contractual arrangements, all of which increase the likelihood of disputes.

In practical terms, disputes arising from sandbox operations may involve failed pilot transactions, losses caused by system malfunctions, algorithmic errors in credit decisions, or data breaches affecting consumer information.[24] Such disputes are frequently technical in nature and may require expertise in software architecture, data analytics, or platform governance. Yet, in the absence of regulatory guidance, parties are left to rely on standard-form contracts or default litigation mechanisms, which may be ill-suited to the complexity and confidentiality requirements of sandbox-related disputes.

The regulatory silence on dispute resolution also undermines the broader policy objectives of the Sandbox Framework. Regulatory sandboxes are intended to foster innovation by reducing uncertainty and encouraging responsible experimentation.[25] However, uncertainty regarding dispute resolution can deter participation by banks and fintech firms, particularly where disputes may expose sensitive intellectual property or commercially confidential data. In contrast, jurisdictions such as the United Kingdom and Singapore complement their sandbox regimes with arbitration-friendly environments, enabling disputes arising from innovative financial activities to be resolved efficiently and confidentially.

Nigeria's financial regulatory regime promotes technological innovation without adequately embedding arbitration as a governance tool for managing the legal risks associated with that innovation. While the framework carefully regulates entry, testing, and risk management, its silence on dispute resolution creates a regulatory gap that limits the effective use of technology in financial arbitration. By failing to integrate arbitration, particularly technology-enabled arbitration into the sandbox architecture, the framework weakens legal certainty and constrains the development of a coherent dispute resolution ecosystem capable of supporting Nigeria's fintech-driven banking sector.

5. COMPARATIVE PERSPECTIVES: UNITED KINGDOM AND SINGAPORE

Comparative experience from the United Kingdom and Singapore demonstrate how advanced financial jurisdictions have increasingly aligned financial innovation with arbitration and technology-enabled dispute resolution. Both jurisdictions combine sophisticated fintech regulation with mature arbitral infrastructures, thereby reducing the regulatory-dispute resolution gap identified in the Nigerian context.

5.1. United Kingdom

The United Kingdom remains one of the world's leading financial centres and a dominant seat for international arbitration.[26] London's prominence in financial dispute resolution is supported by the Arbitration Act 1996, which provides a stable and

[19] Central Bank of Nigeria, Regulatory Framework for Sandbox Operations (CBN 2020)
[20] Chris Brummer and Yesha Yadav, 'Fintech and Innovation Trilemma' (2019) 107 Georgetown Law Journal 235.
[21] Central Bank of Nigeria, 'Payments System Vision 2025' <https://proshare.co/articles/nigeria-payments-system-vision-2025?menu=Reports&classification=Read&category=Fintech> accessed 4 December 2025.
[22] Regulatory Framework for Sandbox Operations, paras 4-6.
[23] Iris H-Y Chiu, 'Regulatory Responses to Fintech Innovation: Dispute Resolution and Consumer Risk' (2020) 21 European Business Organisation Law Review 321.
[24] Susan Block-Leib, 'Algorithmic Governance and Financial Disputes' (2021) 74 Vanderbilt Law Review 1181.
[25] Guidance on the Regulatory Sandbox.
[26] Queen Mary University of London, 'International Arbitration Survey 2021: Adapting Arbitration to a Changing World' <https://www.qmul.ac.uk/arbitration/media/arbitration/docs/LON0320037-QMUL-International-Arbitration-Survey-2021_19_WEB.pdf> accessed 4 December 2025.

arbitration-friendly legislative framework, reinforced by consistent judicial support for party autonomy and limited court interventions.[27]

The UK's fintech ecosystem has expanded rapidly over the past decade, supported by the Financial Conduct Authority (FCA) Regulatory Sandbox.[28] While the sandbox itself does not mandate arbitration, financial institutions operating within the UK frequently incorporate arbitration clauses in cross-border finance agreements, derivatives contracts, and fintech collaboration arrangements.[29] The London Court of International Arbitration (LCIA) has also modernised its procedures to facilitate electronic filings, remote hearings, and digital case management, particularly under the LCIA Rules 2020.[30]

Importantly, English courts have demonstrated a pro-arbitration stance in complex financial disputes, reinforcing London's attractiveness as a seat. In *Enka Insaat Ve Sanayi AS v OOO Insurance Company Chubb,* the UK Supreme Court reaffirmed principles governing the law applicable to arbitration agreements, underscoring predictability in cross-border commercial disputes.[31] such judicial clarity enhances legal certainty for financial institutions structuring technology-driven transactions.

Moreover, the UK Law Commission's 2023 review of the Arbitration Act 1996 recommended targeted modernisation to ensure continued competitiveness, including clarification of arbitrator duties and summary disposal mechanisms.[32] This reflects an ongoing commitment to ensuring that arbitration remains responsive to complex commercial and financial disputes. In practice, London-seated arbitrations frequently involve disputes arising from syndicated lending, structured finance, fintech platform agreements, and cryptocurrency exchanges.[33] The integration of digital hearing platforms and secure electronic bundles, accelerated during the COVID-19 pandemic, has normalised technology-enabled arbitration in the financial sector.[34]

5.2. Singapore

Singapore represents an even more deliberate integration of financial regulation and arbitration infrastructure. Positioned as Asia's leading arbitral hub, Singapore has strategically aligned fintech innovation with dispute resolution capabilities. The Singapore International Arbitration Act (Cap 143A) incorporates the UNCITRAL Model Law and provides a robust statutory framework supportive of international arbitration.[35] The Singapore International Arbitration Centre (SIAC) has adopted technologically advanced case management systems and permits remote hearings and electronic filings.[36]

Singapore's monetary Authority (MAS) established one of the earliest fintech regulatory sandbox in Asia.[37] Unlike Nigeria, however, Singapore's broader regulatory architecture operates within a jurisdiction that has explicitly positioned arbitration as central to its commercial dispute resolution ecosystem. The coexistence of fintech innovation and a strong arbitration culture reduce the systemic risk of regulatory silence. Singapore has also pioneered institutional innovation. The Singapore International Commercial Court (SICC) and SIAC operate within a coordinated dispute resolution environment, offering hybrid procedural flexibility attractive to financial institutions.[38] SIAC's emergency arbitrator provisions and expedited procedures have been invoked in financial disputes requiring urgent interim relief, including cases involving asset preservation and shareholder conflicts in a financial venture.[39]

Further, Singapore has embraced digital resolution tools. During the pandemic, SIAC and other institutions seamlessly transitioned to fully virtual hearings.[40] The Singapore courts have endorsed remote proceedings and electronic service, reinforcing procedural legitimacy in technology-enabled dispute resolution.[41] Academic commentary has recognised Singapore's approach as a model of regulatory coherence, where financial innovation policy is supported by strong dispute resolution institutions.[42] This contrasts with Nigeria's fragmented framework, where fintech promotion exists without systematic arbitration integration.

6. LESSONS FROM THE COMPARATIVE ANALYSIS AND RECOMMENDATIONS

The analysis in this article demonstrates that Nigeria's financial regulatory framework recognises technological innovation but does not structurally integrate arbitration as a dispute resolution mechanism for technology-driven banking disputes. This section proposes targeted reforms aimed at institutional coherence rather than wholesale legislative overhaul.

6.1. Statutory Recognition of Arbitration within BOFIA 2020

BOFIA 2020 should be amended to include a provision expressly recognising arbitration as an approved dispute resolution mechanism for contractual disputes arising from banking and financial technology operations.[43] While arbitration is already legally enforceable under the Arbitration and Mediation Act 2023, the absence of express recognition within the primary banking statute

[27] Arbitration Act 1996; *Dallah Real Estate and Tourism Holding Co v Ministry of Religious Affairs of Pakistan* (2010) UKSC 46.
[28] Regulatory Sandbox Guidance.
[29] Philip R Wood, *Law and Practice of International Finance* (Sweet & Maxwell 2022).
[30] LCAI Arbitration Rules 2020, arts 4 and 19.
[31] (2020) UKSC 38.
[32] UK Law Commission, 'Review of the Arbitration Act 1996. Final Report and Bill' <https://cdn.websitebuilder.service.justice.gov.uk/uploads/sites/54/2025/12/Arbitration-final-report-with-cover.pdf> accessed 4 December 2025.
[33] Gary Born, *International Commercial Arbitration* (3rd edn, Kluwer Law International 2021).
[34] Queen Mary University of London, 'International Arbitration Survey 2021: Adapting Arbitration to a Changing World' <https://www.qmul.ac.uk/arbitration/media/arbitration/docs/LON0320037-QMUL-International-Arbitration-Survey-2021_19_WEB.pdf> accessed 4 December 2025.
[35] International Arbitration Act (Cap 143 A, Singapore).
[36] SIAC Rules 2016 (as amended); SIAC Annual Report 2022.
[37] Monetary Authority of Singapore, 'FinTech Regulatory Sandbox Guidelines' <https://www.mas.gov.sg/-/media/mas-media-library/development/regulatory-sandbox/sandbox/fintech-regulatory-sandbox-guidelines-jan-2022-v12.pdf> accessed 4 February 2026.
[38] Sundaresh Menon, 'International Commercial Courts and the Future of Dispute Resolution' (2020) 34 Singapore Academy of Law Journal 1.
[39] SIAC Annual Report 2022
[40] Queen Mary University of London, 'International Arbitration Survey 2021: Adapting Arbitration to a Changing World' <https://www.qmul.ac.uk/arbitration/media/arbitration/docs/LON0320037-QMUL-International-Arbitration-Survey-2021_19_WEB.pdf> accessed 4 December 2025.
[41] Re PT Garuda Indonesia (Persero) Tbk (2021) SGHC 46.
[42] Douglas W Arner, Ross P Buckley and Dirk A Zetzsche, 'FinTech and RegTech in a Nutshell, and the Future in a Sandbox' <https:https://doi.org/10.2139/ssrn.3088303> assessed 4 December 2025.
[43] Banks and Other Financial Institutions Act 2020.

creates regulatory fragmentation. Comparative financial centres demonstrate that arbitration flourishes where it operates within a predictable statutory environment supported by judicial consistency and commercial culture.[44] In leading arbitration jurisdictions, financial contracts routinely incorporate arbitration clauses, and courts adopt a deferential approach to arbitral autonomy.[45] This institutional confidence reduces uncertainty in high-value financial transactions.

For Nigeria, an amendment to BOFIA 2020 could clarify that arbitration clauses in banking and fintech contracts are valid and enforceable. It would authorise regulated institutions to adopt model arbitration clause in cross-border financial agreements. It would also encourage incorporation of expedited and emergency arbitration mechanisms for urgent financial disputes.

6.2. Integrating Dispute Resolution into the CBN Sandbox Framework

The CBN Sandbox Framework currently facilitates FinTech experimentation without articulating a dispute resolution pathway for conflict arising during sandbox operations.[46] Given that sandbox testing inherently involves heightened operational risk, regulatory design should anticipate dispute externalities. Other innovation-oriented jurisdictions demonstrate that fintech ecosystems function most effectively when supported by mature dispute resolution infrastructure.[47] The lesson for Nigeria is not to replicate foreign models mechanically but to ensure regulatory coherence between innovation policy and adjudicatory capacity.

The Sandbox Framework should therefore be amended to require sandbox participants to include arbitration clauses in participant and consumer agreements. It should be amended to mandate disclosure of dispute resolution mechanisms as part of sandbox approval conditions. It should also be amended to permit referral sandbox-related commercial disputes to recognised arbitral institutions. It should also encourage adoption of cybersecurity protocols consistent with international arbitral standards. Such integration would reduce uncertainty for investors and FinTech operators, particularly in cross-border collaborations.

6.3. Promoting Technology-Enabled Arbitration in Financial Disputes

Nigeria's Arbitration and Mediation Act 2023 already accommodates electronic communications and procedural flexibility.[48] Institutional rules of bodies such as the Lagos Court of Arbitration also permit electronic filings and virtual hearings.[49] However, regulatory policy has not yet leveraged this capacity strategically. Financial disputes increasingly involve electronic evidence, transaction logs, algorithmic outputs, and cybersecurity audit trails. In leading arbitration jurisdictions, digital case management systems and remote hearings are now standard in complex financial arbitrations.[50] This procedural evolution has improved efficiency without undermining due process.

Nigeria should therefore encourage financial regulators to recognise technology-enabled arbitration as compatible with supervisory objectives. The arbitration framework should develop sector-specific arbitration panels comprising experts in banking technology and digital finance. It should also promote alignment with international cybersecurity protocols to protect sensitive financial data in arbitral proceedings.[51] These reforms would position Nigeria as a credible regional seat for financial arbitration, particularly within West Africa.

6.4. Regulatory Coherence

The central reform objective is coherence. Financial innovation policy, banking supervision, and dispute resolution architecture must operate as complementary components of a single governance ecosystem. Where technological regulation proceeds without dispute planning, regulatory silence generates uncertainty. Where arbitration operates without regulatory recognition, its systemic potential remains underutilised. Comparative experience illustrates that sophisticated financial centres achieve stability not merely through innovation-friendly regulation but through parallel investment in arbitration infrastructure and judicial predictability.[52] Nigeria has already modernised its arbitration statutes, the next step is institutional integration.

Embedding arbitration within financial governance would reduce litigation congestion, enhance confidentiality in sensitive banking disputes, improve cross-border enforceability and increase investor confidence in Nigeria's fintech ecosystem. The proposed reforms would transform arbitration from a peripheral contractual mechanism into a structured pillar in Nigeria's financial regulatory architecture.

7. CONCLUSION

Nigeria's financial sector is no longer merely digitising; it is structurally digital. Electronic payments, platform-based lending, fintech partnerships, and cross-border data-driven transactions now define the architecture of banking practice. Yet, Nigeria's principal financial regulatory instruments, BOFIA 2020 and the CBN Sandbox Framework, promote technological innovation without embedding a corresponding dispute resolution framework. This regulatory silence creates institutional asymmetry. Innovation is systematically planned, but dispute resolution remains contractually incidental.

This article has argued that arbitration, particularly in its technology-enabled form, offers a structurally appropriate response to modern financial disputes. Its flexibility, confidentiality, cross-border enforceability under the New York Convention, and procedural adaptability to electronic evidence make it especially suited to disputes involving digital transactions and FinTech experimentation. Nigeria's Arbitration and Mediation Act 2023 provides a modern statutory foundation. However, statutory modernisation alone does not resolve fragmentation if arbitration remains external to financial regulatory design.

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[44] Gary B Born, *International Commercial Arbitration* (3rd edn, Kluwer 2021).
[45] *Enka Insaat Ve Sanayi As v OOO Insurance Company Chubb* (2020) UKSC 38.
[46] Regulatory Framework for Sandbox Operations 2020.
[47] Dirk A Zetzsche and others, 'Regulating a Revolution: From Regulatory Sandboxes to Smart Regulation' (2020) 23 Fordham Journal of Corporate and Financial Law 31.
[48] Arbitration and Mediation Act 2023.
[49] Lagos Court of Arbitration Rules 2021.
[50] Queen Mary University of London, 'International Arbitration Survey 2021: Adapting Arbitration to a Changing World' <https://www.qmul.ac.uk/arbitration/media/arbitration/docs/LON0320037-QMUL-International-Arbitration-Survey-2021_19_WEB.pdf> accessed 4 December 2025.
[51] ICCA-NYC Bar-CPR, *Cybersecurity Protocol for International Arbitration* (ICCA 2020).
[52] Arbitration Act 1996 (UK); International Arbitration Act (Singapore).

Comparative experience confirms that financial innovation and arbitration infrastructure must evolve in tandem. Developed financial centres have secured investor confidence not only through fintech-friendly regulation but through predictable, technologically responsive adjudicatory systems. This lesson is not replication but coherence. Regulatory policy and dispute architecture must operate within the same governance ecosystem. The proposed reforms, statutory recognition of arbitration within BOFIA, structured dispute planning within the Sandbox framework, sector-specific arbitral expertise, and alignment with international cybersecurity standards, would reduce uncertainty, enhance confidentiality in sensitive banking disputes, strengthen enforcement reliability, and reinforce Nigeria's credibility as a regional financial hub.

Technological progress inevitably generates dispute. A regulatory framework that anticipates innovation but neglects its adjudicatory consequences is incomplete. Embedding arbitration within Nigeria's financial governance structure would transform regulatory silence into institutional resilience. In a digital financial system, dispute resolution is not peripheral infrastructure; it is part of the system itself.

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