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TEMPLARS ThoughtLab

Digital Transition and Cross-Border Confidence in Nigeria's Trade Eco-System: *is Nigeria witnessing a new dawn?*

Introduction

As the global digitalisation wave continues to reshape every sector, international trade, trade finance, and the financial instruments that support that ecosystem are finally catching up with the pace. For decades, cross-border commerce relied on physical paper documents to establish ownership and evidence payment obligations. Paper-based bills of lading, promissory notes, warehouse receipts, and bills of exchange served as both proof of title and instruments of payment. However, the paper-based form of these instruments is time-consuming to process, costly, and exposes traders and financiers to significant risks of loss, delay, and fraud.

With global trade generating an estimated four billion pieces of paper circulating between the physical and financial supply chains each year, every manually handled document increases the likelihood of errors, delays, and operational losses. A single trade document may be duplicated multiple times along the supply chain, from shipment to customs clearance to final discharge. A typical trade banker may also spend hours a day reviewing and manually verifying export documentation.¹

In response to these challenges, the United Nations Commission on International Trade Law produced the Model Law on Electronic Transferable Records in 2017 (**MLETR**), which provides a robust legal foundation for the recognition and enforceability of electronic transferable records (**ETR**). The MLETR is designed to support the legal use of electronic transferable records, both within a country and internationally. It focuses on electronic records that serve the same purpose as paper-based documents or instruments, which allow the holder to demand performance of a stated obligation, and allow this right to be passed on by handing over the document itself.

By establishing functional equivalence between traditional paper instruments and their electronic counterparts, the MLETR enables negotiable documents such as bills of lading, promissory notes, warehouse receipts, and bills of exchange to exist electronically without losing their legal validity.

¹ The vulnerabilities of paper-based trade documentation became even more apparent during the COVID-19 era, when border closures and restricted physical movement made the circulation, verification, and exchange of hard-copy instruments significantly more difficult for traders, banks, and logistics operators. Available at <https://academy.iccwbo.org/digital-trade/article/mletr-an-overview-of-uncitral-model-law-on-electronic-transferable-records/>, accessed on 16 November 2025.

This treatment plays a crucial role in enhancing trade facilitation, trade finance, and the ease of conducting business.

Several jurisdictions have since adopted or aligned with the MLETR, and Nigeria appears to be ushering in a new dawn by moving in a similar direction through the National Digital Economy and E-Governance Bill 2025 (the “**Bill**”), which we understand is to be signed into law soon. The Bill adopts the operative principles of the MLETR, recognises the electronic form of transferable instruments, reduces trade barriers, and enhances commercial efficiency.

This article examines the Bill’s core provisions relative to the MLETR, draws insights from select jurisdictions, and outlines the significant commercial implications for businesses, financiers, and key stakeholders in cross-border trade.

A Look at the Relevant Provisions of the Digital Economy Bill

Although the Bill is not a single dedicated legal framework on ETRs, it provides the essential legal foundation currently missing in Nigeria. Under the existing legal framework, the full legal validity and negotiability of electronic instruments used for cross-border trade and finance are largely uncertain, as traditional laws require physical possession for title transfer. The Bill resolves this challenge by providing the necessary certainty.

Part V of the Bill, which addresses ETRs, is particularly significant for commercial parties that rely on negotiable instruments in domestic and international trade, as it establishes the new legal status for these instruments. Some core provisions worth highlighting include:

1. **Legal Validity:** The Bill establishes full legal validity for ETRs, treating them as digital equivalents of traditional transferable documents such as bills of exchange, promissory notes, bills of lading, and warehouse receipts. Both the Bill and the MLETR ensure that ETRs function legally in the same way as their paper counterparts.²

To clarify, for an electronic record to meet the legal requirement of a transferable document/instrument, it must satisfy the following key criteria:

- a) The electronic record must contain all the information required to be in the paper document;
 - b) The electronic record must be identified as the electronic transferable record;
 - c) A reliable method must be used to render that electronic record capable of being subject to control from its creation until it ceases to have effect or validity; and
 - d) A reliable method must be used to retain the integrity of the electronic record. Integrity means the information must remain complete and unaltered, apart from authorised changes.³
2. **Control:** In traditional finance law, the person who physically holds a negotiable instrument (for example, a bill of lading or promissory note) is recognised as the person in control and is the lawful holder of the instrument. The Bill replicates this principle in digital form by identifying when a person is deemed to have control of an ETR.⁴

² Section 27 of the Bill and Article 10 of the MLETR.

³ Section 37 of the Bill.

⁴ Section 28 of the Bill and Article 11 of the MLETR.

A person is legally deemed to have control where the electronic transferable record is created, stored, and managed in a system that satisfies the following elements:

- a) There must exist one authoritative copy of the ETR that is unique, identifiable, and, except in specific permitted circumstances, unalterable;
 - b) The authoritative copy must show the person to whom the ETR was originally issued, or the person to whom it was most recently transferred;⁵
 - c) The authoritative version must be held or maintained either by the person asserting control or by a custodian designated by that person;
 - d) To protect the integrity of transfers, no copy or revision that alters the identified assignee of the authoritative copy can be made without the consent of the person asserting control;
 - e) Any transmitted or retained version of the ETR must be clearly identifiable as a copy and not the authoritative version; and
 - f) To reduce fraudulent manipulation, any modification to the authoritative copy must be clearly recognisable as either authorised or unauthorised.
3. **Replaceability:** In the course of commercial transactions, it is contemplatable that parties may need to switch from a paper-based transferable instrument to an electronic version, or vice versa, and this is recognised and permissible under the Bill.⁶ However, such a transition must be carried out through a reliable method and once the change is effected, a clear statement of the conversion must be inserted into the new format, and the prior version immediately ceases to be legally valid.
4. **Reliability:** There exists an overarching test for determining whether a method or system used for creating, storing, or transferring an ETR is sufficiently reliable for legal and commercial purposes. A method is deemed reliable where it satisfies either of the following:⁷
- a) it is *as reliable as is appropriate* for the function it is intended to fulfil, taking into account all relevant circumstances;⁸ or
 - b) it is proven in fact to have fulfilled the function it was used for, whether by itself or supported by additional evidence.
5. **Recognition of Foreign ETRs:** The Bill also recognises ETRs consummated outside Nigeria.⁹ Put differently, the mere fact that an ETR originated in a foreign jurisdiction does not detract from its validity or enforceability in Nigeria, provided that it satisfies the reliability standard prescribed under the Bill. In effect, the jurisdiction of creation is immaterial; what matters is that the electronic instrument meets the threshold of integrity, security, and functional soundness set out in the Bill.

⁵ This mirrors the endorsement and delivery principle applicable to traditional negotiable instruments.

⁶ Section 33 and 34 of the Bill and Article 17 and 18 of the MLETR.

⁷ Section 36 of the Bill and Article 12 of the MLETR.

⁸ This includes the operational rules governing the system, the assurance of data integrity, the ability to prevent unauthorised access or use, the security of the underlying hardware and software, the regularity and extent of independent audits, any declaration of reliability issued by a regulatory agency, accreditation body or voluntary compliance scheme, and any applicable industry standard.

⁹ Section 35 of the Bill and Article 19 of the MLETR.

From a commercial perspective, the Bill validates electronic financial instruments for use both domestically and across borders. For banks, development finance institutions, export credit agencies, and exporters, they have the comfort that electronic bills of lading, digital promissory notes, and similar documents have (or will, upon the Bill becoming law, have) enforceable legal standing under Nigerian law.

Global Recognition and Comparative Perspectives

For international parties, a great deal of assurance that their electronic instruments will be recognised and enforceable across borders is crucial. The global adoption of MLETR-based frameworks exemplifies growing alignment and mitigates commercial concerns regarding enforceability and interoperability.

For instance, Bahrain became the first country to enact the MLETR through its *Electronic Transferable Records Act 2019*,¹⁰ expressly designed to strengthen investor confidence and establish a legal foundation for digital trade. It introduced an accreditation system to certify the reliability of ETR platforms. Singapore amended its *Electronic Transactions Act* in 2021¹¹ to incorporate MLETR provisions, extending coverage to bills of exchange, promissory notes, and bills of lading. Under this regime, systems approved by an accredited ETR management provider enjoy a presumption of reliability.

Similarly, the United Kingdom followed suit through the *Electronic Trade Documents Act 2023*,¹² addressing the common-law challenge that intangible assets cannot be “possessed.” The Act provides that a digital trade document transfers when the transferee gains control, aligning English law with MLETR’s functional equivalence. The United States also recognizes ETRs through the Uniform Commercial Code.¹³ To be valid, it must meet certain criteria, including singularity, integrity, reliability, and exclusive control.

On the African Continent, the African Continental Free Trade Area (**ACFTA**) Digital Trade Protocol, adopted February 2024, provides for a robust framework towards enhancing digital trade within the continent. This is in line with fast-tracking the creation of a unified continental market, deepening economic ties, and fostering sustainable development by eliminating trade barriers and harmonising rules across member states.

On the whole, Nigeria’s alignment with this global tide signals a new dawn and readiness to position itself as a global player, whilst putting in place the much-needed legal and commercial framework to incentivize foreign investments.

¹⁰ Kingdom of Bahrain, *Electronic Transferable Records Act* (2019).

¹¹ Singapore, *Electronic Transactions (Amendment) Act* (2021).

¹² United Kingdom, *Electronic Trade Documents Act* (2023).

¹³ United States, Uniform Commercial Code (2022).

Takeaways for Businesses and Trade Stakeholders



What stakeholders in cross-border trade and finance should know

A few takeaway points for businesses and stakeholders in the domestic and cross-border trade industry are:

- Upon the Bill becoming law in its current form, electronic trade documents created through reliable systems will meet enforceability standards under Nigerian law.
- Given the statutory safeguards put in place, ETRs will be largely credible, secure, and susceptible to minimal manipulations.

Cross-border partners can rely on Nigerian-issued electronic instruments where reliability standards match global practice.

- Trust Service Providers (TSPs) can now operate in Nigeria. The Bill creates an entirely new regulated industry segment to be known as Trust Service Providers.¹⁴ A TSP is a certified entity that provides digital security services, such as creating, verifying, and validating electronic signatures, seals, and time stamps, which are essential for ensuring the integrity and authenticity of ETRs. These entities sit at the heart of the ETR framework and will provide the digital infrastructure required for ETRs to be recognised as legally reliable.¹⁵ For businesses, fintechs, and potential investors, this represents a major opening in Nigeria's emerging digital trade infrastructure with prospective opportunities for new entrants and other interested parties.

¹⁴ The TSP will be required to be licensed by the agency to carry out their functions, section 17 of the Bill. Additionally, the regulatory agency is expected to issue regulations for the management and operations of TSPs.

¹⁵ A Trust Service Provider (TSP) is any person certified by the Regulatory Agency to provide "certified trust services", which include: the creation, verification, and validation of electronic signatures, electronic seals, electronic time stamps, and related certificates; the creation, verification, and validation of certificates for website authentication; the preservation of electronic signatures, seals, or certificates; and any additional trust-related services prescribed by the Regulatory Agency—section 83 of the Bill.

Conclusion

The market anticipates presidential assent to the Bill, which will mark a defining moment for Nigeria's trade and digital commerce landscape. On the one hand, domestic and international businesses can take confidence that under the Bill, ETRs are fully valid and enforceable under Nigerian law once the statutory conditions are satisfied.

On the other hand, the framework opens up a new frontier of commercial opportunities, particularly for investors and innovators. The integration of electronic trade registries and trust services into Nigeria's legal framework is expected to catalyse broader adoption of digital solutions across supply chains and financial services, further streamlining operations and reducing transaction costs. As Nigerian businesses and their international counterparts embrace digital documentation, the potential for increased cross-border trade, enhanced transparency, and improved compliance standards is substantial. This transformative shift not only aligns Nigeria with global best practices but also empowers local innovators to develop technologies and services that can drive sustainable economic growth, positioning the country as a leader in Africa's evolving digital trade landscape.

If you require any further clarification, do not hesitate to contact us