



COVID-19: A Catalyst for Digitization of Corporate Regulatory Processes in Nigeria

The Covid-19 (“the pandemic”) has accelerated the migration to digital platforms for most private sector business operations in Nigeria but has crippled the efficacy of corporate regulatory processes by at least 95% of the MDAs (Ministries, Departments and Agencies), thus escalating the requirement for the digitization of regulatory processes.

Although prior to the pandemic, businesses in Nigeria had begun to embrace digitization at varying levels: From the execution of documents to adopting data storage systems which rely on blockchain technology, internal processes for many companies in Nigeria were increasingly done via digital/online platforms.

On the contrary, very few government organizations were able to pivot to provide online support via digital platforms for simple regulatory processes thus rendering a significant number of business transactions inchoate and corporate regulatory processes, comatose. Most regulators in Nigeria have till date maintained analog and manually operated repositories, mandated in-person liaison and failed to migrate key regulatory

processes and applications online despite the global trends.

In the wake of the pandemic, it is apparent that digitization is no longer an option but a necessity. Government organizations are being forced to make decisions which involve agile migration of all aspects of interface that may be integrated to digital platforms.

Though not in the most desirable of circumstances, a useful catalysis has occurred, and it is necessary that the opportunities presented are not obviated by inaction. In the paragraphs that follow, we outline primary aspects of corporate regulatory processing which are undergoing digital transformation as well as key considerations which must be made in the process

of implementation to ensure seamless integration, safety and sanctity across the entire process chain network.

Digital Transformation of regulatory processes in Nigeria

Digital transformation is the process of using digital technologies to create new or modify existing business processes, culture, and customer experiences to meet changing business and market requirements. Digitization of corporate regulatory processes refers to the integration of these technologies into regulatory processes such as applications and submissions, review, retention of documents as well as general interface between corporate organizations and government organizations. This process will involve the creation of platforms or portals, storage and updates of data, remote interactions and processing of payments via online payment platforms and keys.

In recent times, several regulatory organizations in Nigeria have in managing the impact of the pandemic, adopted some form of digitization to enable business continuity.

Some of these amendments are as follows:

- The Federal Inland Revenue Service has enabled electronic filing of taxes and deadlines.
- Annual General Meetings are being held virtually and the competition authority is accepting remote filings on merger notifications.
- The Securities and Exchange Commission has adopted an electronic filing approach for capital market operators and stakeholders¹.
- The Federal Competition and Consumer Protection Commission has approved electronic submissions for certain merger notifications
- The courts have issued practice directions at various levels which facilitate remote hearing of judicial matters.

While this is progress, it is necessary to ensure that these changes are permanent. In implementing the digitization process, one must take into account that, regulatory organizations do not have the ability to adapt at the same speed as corporates, as such, any changes will need to be reviewed for practicality and effectiveness. Also, change management processes for enforcement have to be included to help policy makers navigate the domestic and international regulatory challenges that digitization will pose from time to time. This framework should be modifiable and should outline the plan for pacing the digitization process, aligning the process with underpinning legislation and ensuring regulatory cooperation across board.

Key Considerations impacting long-term digitization of corporate regulatory processes.

Review and Update of Enabling Legislation:

There is an urgent need to design fit-for-purpose legislation which will underpin the digitization of corporate regulatory processes. It is useful to note that the CAC has embarked on the rapid digitization of all legacy records into suitable electronic formats as a way of ensuring the integrity of its database and to provide easy access and retrieval of the registration records by staff and customers electronically. Also, the CAC has introduced a platform known as the Companies Registration Portal (CRP) which is an online platform that processes applications in real time.

The ongoing review of the Companies and Allied Matters Act (1990) is another transformative move by the CAC as a few critical regulatory processes have been digitized. Whilst this is a welcome development, the proposed bill has failed to recognize the need to incorporate e-filings of post-incorporation processes such as mergers, charges, and companies returns together with an integrated platform for due-diligence on a company with respect to corporate searches to limit physical interactions amidst a pandemic like the on-going Covid-19 attack. These lacunae need to be re-assessed in view of the peculiar challenges that the pandemic has presented.

Process Convergence:

Repetitive or conflicting legislation could also complicate digital transformation. There is

¹ registration@sec.gov.ng.

currently significant divergence and inefficiency of corporate regulatory processes. It is necessary to converge the processes and create “all-in” platforms which enable correlative references for the processing of approvals, accessibility and storage of data pertaining to these processes. This will create efficiency and coherence.

Data Protection and Privacy:

The migration of corporate regulatory processes online will trigger data protection and privacy concerns as the information being mined must be stored, mined, transmitted and processed under safe conditions.

Cyber Security and Infrastructure:

The digital transformation process would require the ramping up of infrastructure, procurement of impenetrable platforms and the creation of information data centres in Nigeria. While these may be capital intensive, these are the primary

factors that will create the assurance that will increase participation by stakeholders.

Conclusion

The longer-term success of Nigeria’s digitization initiative depends on concerted efforts to ensure systems security and stability, sustained awareness campaigns, continuous improvements to the user experience, and synergy through partnerships with the private sector and multilateral development organizations.

Given the technical expertise attending the digital transformation process, it is necessary that government organizations pool a diverse range of stakeholders and conduct preliminary assessments which are empirical and take into account international regulatory requirements. Effective policy formulation will be the bedrock of a successful digitization process and there is indeed no better time than now to commence this reform.

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