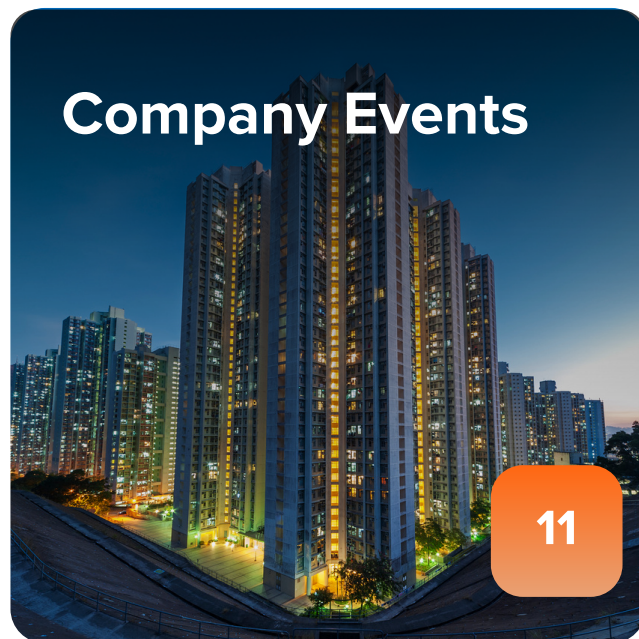


THE VERRAKI VIEW ISSUE TWO

Nigeria at a Turning Point: Growth, Reform & Opportunity

October 2025

Key Contents





Executive Introduction

As we enter the last quarter of 2025, Nigeria's economy is showing encouraging signs of resilience. The stronger-than-expected GDP growth in Q2, alongside the Central Bank's first interest rate cut since 2020 and PENCOM's bold reforms, all signal momentum for change. Yet, these gains also highlight the importance of policy execution, prudent investment, and corporate agility in navigating an environment still marked by inflationary pressure, FX volatility, and fiscal constraints.

In this edition, we unpack what these developments mean for businesses and investors — from preparing for “Detty December” consumer dynamics, to seizing opportunities from lower borrowing costs, to adapting to pension reforms that could reshape capital flows. At Verraki, we remain committed to helping our clients translate these shifts into practical strategies for growth and resilience.

Warm regards,



NIYI YUSUF

Managing Partner

Economic Outlook 2025



Nigeria’s recovery gained fresh momentum in Q2, but the path ahead still depends on policy execution, oil dynamics and robust corporate planning.

How we’ve performed so far

- Nigeria’s economy surged in Q2 2025, with real GDP expanding 4.23% year-on-year, the fastest growth in several years, driven by gains in oil production and non-oil sectors.
- At the start of the year, most forecasts predicted a modest recovery, constrained by inflation, FX volatility, and fiscal pressures. The IMF’s baseline projection now estimates growth of about 3.4% for 2025, suggesting that actual performance may modestly exceed expectations if reforms hold.
- Analysts from the NESG and other private institutions have painted a more optimistic path: if stabilisation policies take root and reforms persist, annual growth of 4–5.5% is within reach. That view, of course, depends heavily on execution and external conditions.

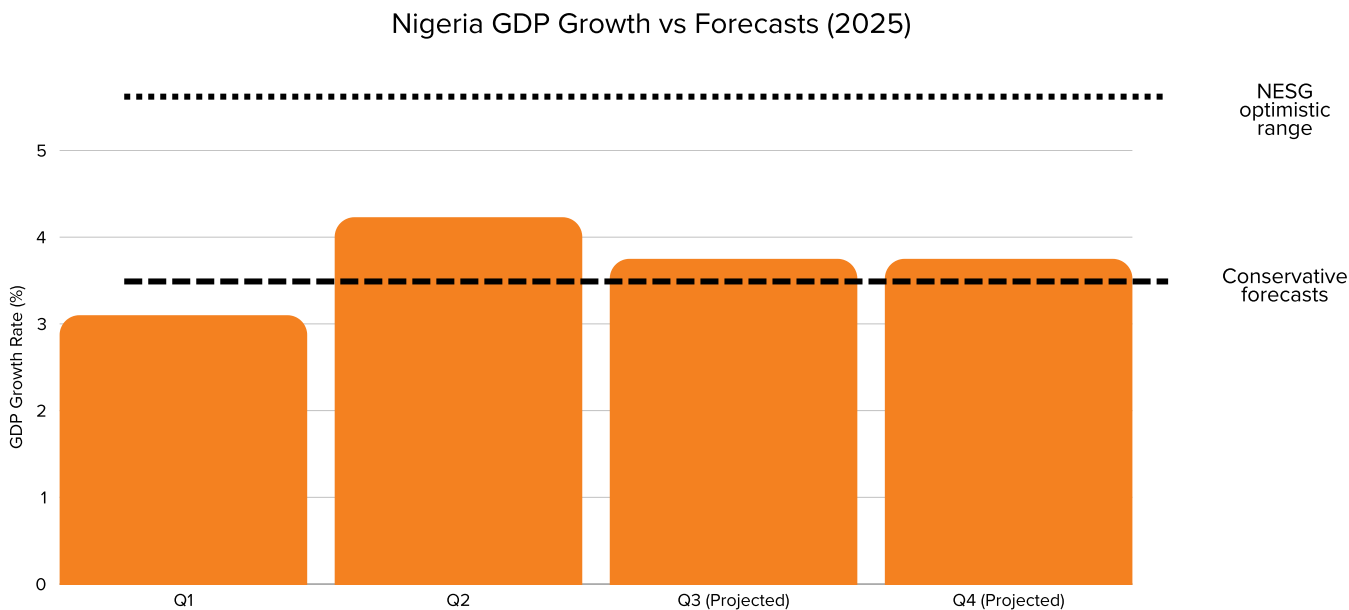
How that compares with our start-of-year view

At the start of 2025 many forecasts were cautiously optimistic (3–4% range for 2025) while

flagging high inflation, elevated interest rates and FX risks. Q2’s 4.23% growth rate is therefore ahead of the more conservative forecasts and signals that reforms (FX liberalisation, subsidy reform, improved oil output) and a stronger services sector are producing measurable gains. Still — headline growth masks distributional issues (high inflation, weak purchasing power, and liquidity/fiscal pressures remain) noted in the NESG analysis.

Comparing to Early 2025 Views

Many forecasts at the year’s start were cautious — 3–4% growth was considered realistic, with warnings about inflation, high interest rates, and foreign exchange instability. The Q2 performance, at 4.23%, exceeds those expectations and signals that reforms such as FX liberalisation and subsidy adjustments are beginning to have impact. However, broader challenges remain: inflation, constrained household incomes, and liquidity pressures still weigh heavily, as highlighted in the IMF’s 2025 Article IV consultations.



UPSIDE SCENARIO

If crude stays firm, infrastructure bottlenecks ease and private-market confidence rises (investment resume), growth could track toward the 4.5–5.5% band.

BASE CASE SCENARIO

Nigeria records moderate H2 momentum and ends 2025 with annual growth in the ~3.5–4.5% range — above IMF's more conservative 3% full-year estimate but below NESG's optimistic 5.5% ceiling unless reforms accelerate. (This balances higher oil output and services strength against inflation and fiscal constraints).

DOWNSIDE SCENARIO

A sharp global rate shock, oil disruption or policy backsliding could push growth lower and re-ignite inflation pressures.

Detty December & Q4 consumer dynamics (what to expect)

- Stronger consumer activity: Historically December drives elevated retail, hospitality and transport spending; with inflation still high but consumer confidence improving, expect a notable seasonal uplift in retail and services revenue in Q4. Rather than a precise headline number (which depends on sector and price levels), companies should plan for higher footfall and transaction volumes, but with tighter margins due to cost pressures.
- Practical implication: Retailers, hospitality operators and platforms should prepare inventory, staffing and promotions now; cash-management, dynamic pricing and FX hedging

(for imported goods) will be critical to protect margins.

What this means for clients — practical advice

Drawing on the IMF's recommendations for Nigeria to “unleash its potential” — and on NESG diagnostics — we suggest the following actions for businesses and investors:

1. Stress-test liquidity & FX exposure now. With policy still evolving, maintain cash buffers, stress-test scenarios for Naira moves, and manage working capital tightly.
2. Use Q4 seasonality strategically. Plan promotions and staffing for “Detty December” demand, but protect margins via targeted discounts and supplier negotiating.
3. Invest in digital sales & collections. Digital channels improve reach and lower unit cost; improve receivables management to reduce leakage.
4. Reassess pricing & product mixes. Where input inflation is high, consider product rationalisation and premium/lower-cost tiers to preserve volumes.
5. Position for infrastructure and private-market opportunities — carefully. PENCOM and other reforms are channeling capital into infrastructure and private markets; consider participation through well-vetted partnerships but beware of illiquidity and execution risk (do due diligence and limit lock-up exposure).
6. Engage with policy developments. Monitor regulatory changes (pension, tax, trade) and align strategy — consultancies can help translate regulatory change into commercial moves.

Final take

Q2's 4.23% growth is encouraging — showing the economy's response to reforms and stronger oil output. But sustaining it requires taming inflation, reviving private investment, and freeing fiscal space for growth. Businesses that plan ahead — securing liquidity, cutting costs, and aligning with policy shifts — will be best positioned to capture gains through Q4 and into 2026.

Key Economic Updates



Monetary Shift: CBN Cuts Interest Rate — What It Means for Business

Nigeria's Central Bank has made its first rate cut since 2020, trimming the benchmark Monetary Policy Rate (MPR) by 50 basis points to 27%. This move comes amid a softer inflation trend (headline inflation eased to ~20.12% in August) and signals a cautious shift toward monetary easing.

Key Implications for Business & Investment

- **Lower cost of borrowing:** While 27% remains high by global standards, the cut eases pressure on businesses, especially capital-intensive ones, by reducing interest burden.
- **Boost for private sector lending:** The cut is accompanied by a lower Cash Reserve Requirement (CRR) for commercial banks (reduced from 50% to 45%)—creating space for more credit to flow to businesses.
- **Investor confidence signal:** The move is largely symbolic, but it shows a willingness to recalibrate policy toward growth after many rounds of tightening.
- **Caution in public funds segment:** A tougher stance on public sector deposits (non-TSA deposits now attract 75% CRR) may limit liquidity from government flows.

What Businesses Should Do

- **Review debt and capital structure:** Refinance or renegotiate where possible to lock in lower interest terms.
- **Take advantage of new credit windows:** This is a moment to secure investment financing, particularly for growth and expansion projects.
- **Hedge interest risk:** Use tools or fixed-rate products if available to guard against possible re-tightening.
- **Monitor liquidity closely:** Even with easier policy, inflows depend on macro stability. Be prudent with working capital.
- **Advocate for complementary reform:** Monetary easing is one piece; fiscal discipline, infrastructure investment, and regulatory clarity are needed to sustain impact.



GAID 2025 Ushers in a New Era of Data Privacy Compliance for Nigerian Businesses

The Nigeria Data Protection Commission (NDPC) has officially rolled out the General Application and Implementation Directive (GAID) 2025, marking a new phase in Nigeria's data protection framework. Effective September 30, 2025, GAID introduces comprehensive compliance obligations for organisations handling personal data.

Key requirements:

- Registration with the NDPC and classification of data controllers/processors.
- Appointment of Data Protection Officers (DPOs) or accredited Data Protection Compliance Organisations (DPCOs).
- Mandatory compliance audits, filing of annual returns, and record-keeping.
- Enhanced data subject rights, breach notification, and rules for cross-border data transfers.
- Stronger training and accountability measures for staff and leadership.
- The penalties for non-compliance are steep, with fines up to 2% of Annual Gross Revenue or ₦10 million, whichever is higher.

For businesses, GAID 2025 is both a challenge and an opportunity: while it demands investment in compliance processes, it also builds customer trust, strengthens governance, and aligns Nigerian firms with international standards.

What this means for you:

If your business collects or processes personal data, GAID compliance is no longer optional. Now is the time to review your data protection framework, appoint compliance partners, and put robust privacy measures in place.



Company Updates

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are reflected in each other, creating a complex geometric pattern. The sky is a deep blue with scattered white clouds. The overall tone is professional and modern.

One Firm, One Vision – Meet The Andersen NG Firms

The Andersen global network is built on the principle of delivering world-class professional services through independent, client-focused firms. In Nigeria, this vision is brought to life by a family of firms that span tax, legal, investment banking, consulting, valuation and real estate advisory — providing integrated solutions to businesses, institutions, and individuals.



Andersen in Nigeria

Andersen is a leading tax and business advisory firm, recognised for its independence, professionalism, and client-first ethos. With a strong track record in taxation, transfer pricing, regulatory compliance, and business advisory, Andersen supports clients in navigating Nigeria's complex operating environment with precision and clarity.



NP (The New Practice)

TNP is a forward-looking commercial law firm with a global outlook. Its practice areas cut across corporate and commercial law, dispute resolution, energy and natural resources, fintech, and emerging sectors — positioning it as a trusted partner for enterprises operating in dynamic markets.



Boston Advisory Limited

Boston Advisory is a trusted investment banking and financial advisory firm. It provides corporates, public institutions, and high-net-worth clients with tailored solutions across capital raising, mergers and acquisitions, debt and equity structuring, and transaction services. Their expertise lies in its ability to combine market insight with execution capability.



Nelson Thorpe Alonge (NTA)

Nelson Thorpe Alonge is an independent professional real estate firm, offering a full suite of estate surveying and valuation services. Its expertise spans asset valuation, property sales and acquisition, landlord and tenant advisory, facility management, and property investment consultancy.

Company Events

A night photograph of several tall, modern apartment buildings. The buildings are illuminated from within, with many windows glowing with warm yellow light. The sky is a deep blue. The buildings have a repetitive architectural pattern with many windows and balconies. The foreground shows some lower-level structures and a paved area.

Beyond Compliance Webinar with Andersen Nigeria

Our Managing Partner, Niyi Yusuf, joined the Andersen Webinar Series as a panelist on “Beyond Compliance: Driving Corporate Growth Through Sustainability Initiatives.” In the session, he shared insights on how Nigerian businesses can move beyond regulatory requirements by embedding sustainability into their governance, operations, and culture to unlock long-term value.

Key themes he covered included:

- Strengthening investor confidence through sustainability
- Managing climate, supply chain, and reputational risks
- Driving innovation and competitiveness
- Measuring impact through robust sustainability KPIs

Click [here](#) to watch the recap video on YouTube.

Verraki at the Recently Concluded 31st Nigerian Economic Summit

Verraki was proud to sponsor the 31st Nigerian Economic Summit (NES #31), which took place from October 6–8, 2025, at the Transcorp Hilton, Abuja. The summit, themed around shaping policies and driving reforms for sustainable growth, remained Nigeria’s premier platform for engaging government, business, and civil society on the country’s development agenda.

Our Managing Partner, Olaniyi Yusuf, who also serves as Chairman of NESG, spoke on Nigeria’s reform agenda.

In addition, Verraki Partners’ Benson Uwheru, Toluwaleke Adenmosun, Abayomi Olarinmoye, and Olatunde Olajide facilitated workshops, contributing their expertise to critical national conversations shaping Nigeria’s future.

Press coverage from the event:

- [Arise News](#)
- [Daily Trust](#)
- [Business Day](#)
- [YouTube: NES #31 Highlights 1](#)
- [YouTube: NES #31 Highlights 2](#)



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