



**NAVIGATING NIGERIA'S NASCENT
MVNO LANDSCAPE: OPPORTUNITIES,
OBSTACLES, AND PATHWAYS TO GROWTH**

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Nigeria's telecommunications sector is at a critical juncture. With over 170 million active mobile subscriptions¹ and a population exceeding 230 million², there is a growing demand for affordable, innovative, and accessible digital services. To meet this demand and stimulate competition, the Nigerian Communications Commission (NCC) in 2022 introduced the licensing framework for Mobile Virtual Network Operators (MVNOs), granting licenses to 43 operators.³

MVNOs are operators that provide mobile services without owning physical network infrastructure and hold significant potential to disrupt and diversify the telecoms market. They offer opportunities to reach underserved demographics, deliver niche services, and reduce the cost burden on consumers. However, despite the licensing momentum, no MVNO has successfully launched operations in Nigeria. This disconnect between regulatory intent and market reality signals deeper challenges that must be addressed urgently.

This article explores the rationale behind MVNO development in Nigeria, the current

barriers preventing market entry, and strategic considerations, legal, commercial, and operational, for launching and scaling MVNO businesses in this complex environment.

WHY MVNOS MATTER IN NIGERIA



MVNOs represent a transformative opportunity for forward-looking investors, brands, and technology partners to tap into the opportunity to introduce agile, customer-centric solutions that go beyond the traditional service models of Mobile Network Operators (MNOs).

Capturing a Young, Digitally Engaged Market

Nigeria boasts one of the youngest and most connected populations in the world. As of 2023, nearly 30 per cent of Nigerians aged 18 to 35 owned a smartphone. In contrast, smartphone ownership among those aged 35 and above stood at 24 per cent.⁴

This digitally savvy generation is highly brand-conscious, socially connected, and increasingly value-driven. They are open to exploring new digital experiences,

¹ Latest stat on NCC website as at August 2025 <https://www.ncc.gov.ng/market-data-reports/industry-statistics> Accessed September, 2025

² Population Stat available on Worldometer, Nigeria Population (LIVE), <https://www.worldometers.info/world-population/nigeria-population/> Accessed June 02, 2025.

³ Read our previous article titled [Review of the NCC License Framework for the establishment of Mobile Virtual Network Operators in Nigeria](#) for clear understanding of the licensing

framework. See also our article on [Legal and Contractual Considerations in an MVNO-MNO Agreement](#). See also Rotimi Akapo's article on IBA website titled; [The Communications Commission's Licensing Framework for the Establishment of Mobile Virtual Network Operators in Nigeria: a review](#).

⁴ Statista, Share of population using smartphones in Nigeria as of 2023, by age group <https://www.statista.com/statistics/1454586/share-of-population-using-smartphones-in-nigeria-by-age/> Accessed June 02, 2025.

personalised services, and lifestyle-oriented telecom brands. MVNOs can leverage this to create niche, youth-focused propositions, such as gaming data bundles, music streaming partnerships, or influencer-led mobile brands, that resonate deeply with specific segments.

Bridging the Digital Divide in Underserved Markets



Despite urban connectivity growth, vast rural and peri-urban areas remain underserved due to the high operational costs faced by traditional MNOs. MVNOs can step in with leaner, more flexible business models that prioritise affordability, accessibility, and inclusion.

Through innovative prepaid plans, localised content, and region-specific customer engagement strategies, MVNOs can extend connectivity to millions who are currently excluded from digital access. This expansion of connectivity has the potential to empower low-income populations by providing access to crucial digital financial services, educational resources, and healthcare information, ultimately strengthening social impact while simultaneously unlocking new revenue streams for the MVNOs themselves.

Driving Competition and Service Innovation

MVNOs challenge the status quo, pushing the industry toward more innovation and

consumer-centricity. By introducing tailored offerings, whether it is data-only plans, IoT connectivity, eSIM-based services, or sector-specific solutions (e.g., for agriculture, logistics, or fintech), MVNOs enhance the diversity of services available and drive down costs through competitive pressure.

This dynamic creates benefits not only for consumers but also for MNOs, regulatory bodies, and the wider digital ecosystem. These benefits include an increase in overall mobile service penetration, the expanded adoption and use of digital platforms, and improved user retention achieved through the provision of differentiated and tailored experiences.

1. Low Capex, High ROI Business Model

Unlike MNOs, MVNOs do not need to invest heavily in infrastructure. Instead, they leverage existing network capacity through commercial agreements, allowing for faster market entry, lower capital expenditure (CapEx), and scalable growth.

Consequently, for various entities such as established brands, financial technology companies, content platforms, or retail corporations, launching an MVNO presents a strategic avenue to more deeply monetise their existing customer relationships, gain end-to-end ownership of the digital customer experience, and create bundled service offerings that enhance customer stickiness and loyalty.

The Challenges Facing MVNOs in Nigeria

While the licensing of MVNOs by the NCC signals a regulatory commitment to liberalise the telecoms market, the actual deployment

of MVNO services has yet to take off. This delay stems from a confluence of structural, commercial, and regulatory bottlenecks that require urgent attention.

Lack of Connectivity with MNOs

One of the most pressing issues is the unwillingness or hesitation of incumbent Mobile Network Operators (MNOs) to provide wholesale access to MVNOs.⁵ Despite the regulatory framework in place, none of the licensed MVNOs has successfully launched operations due to their inability to conclude interconnection agreements with MNOs or Host Networks.⁶

This raises concerns around compliance with the NCC’s licensing conditions and questions the effectiveness of current enforcement mechanisms.

Inflation and Rising Infrastructure Costs

Following the award of MVNO licenses, many prospective operators have struggled with the economic realities of inflation and currency volatility, which have significantly increased capital expenditure and operational costs. The cost of leasing bandwidth, acquiring technology stacks, and staffing operations becomes a major hurdle, especially when pricing models must remain affordable to compete.⁷

Poor Stakeholder Coordination

The MVNO ecosystem relies on multi-stakeholder alignment between regulators (NCC), MNOs, infrastructure providers, investors, and consumers. Currently, it appears that the engagement level is fragmented. Without a harmonised platform for policy dialogue and commercial negotiations, MVNOs are left without a clear path to market entry.

High Churn Rates and Affordability Issues

In a low-ARPU (Average Revenue Per User) market like Nigeria, customer loyalty is fragile. Price-sensitive consumers frequently switch providers for marginal gains in pricing or promotions.⁸ This will make it hard for MVNOs, especially digital-first brands with limited marketing budgets, to build a loyal customer base.

Market with Low ARPU

While Nigeria boasts a high mobile penetration rate, revenue per user remains among the lowest in Africa.⁹ MVNOs will be compelled to operate with razor-thin margins, making scalability and sustainability difficult.

MVNOs, therefore, need to adopt lean operational models, structured performance-based partnerships with MNOs, and commercial agreements that incentivise

⁵ IPLOOK, The Challenges MVNOs Face in Africa, <https://www.iplook.com/info/the-challenges-mvnos-face-in-africa-i0037611.html> Accessed June 02, 2025

⁶ Read our article on the Legal and Contractual Considerations in an MVNO-MNO Contract, <https://advocaat-law.com/wp-content/uploads/2023/08/Legal-and-contractual-considerations-in-an-MVNO-%E2%80%93-MNO-Contract.pdf>. Read also

⁷ Business Day, ‘MVNOs cannot extend network coverage to unserved areas’, <https://businessday.ng/technology/article/mvnos-cannot-extend-network-coverage-to-unserved-areas> Published May 27, 2025 Accessed June 02, 2025

⁸ Recent NCC data as of August 2025 shows significant fluctuations in incoming porting across operators, with MTN consistently attracting the highest number of incoming ports, peaking in January 2025 with 5,551 incoming ports. This trend highlights how price-sensitive consumers are increasingly switching providers in search of better value, improved service quality, or more attractive promotions, especially amid rising tariffs, economic pressures, and persistent infrastructure challenges. See stat on NCC website <https://www.ncc.gov.ng/industry-statistics>

⁹ It is expected that this will however improve with the recently approved 50% tariff hike by the government

long-term collaboration rather than short-term gains.

1. Standardised Wholesale Pricing and SLA Enforcement

The lack of regulatory clarity and consistency on wholesale pricing and service-level agreements (SLAs) between MNOs and MVNOs continues to be a major obstacle. Without a standardised framework, MVNOs are at the mercy of dominant MNOs who may delay, overprice, or dilute service offerings.

How to Scale MVNOs in Nigeria

To move beyond theoretical frameworks and achieve tangible market success, a strategic and legally sound approach, informed by international best practices, is crucial. The following refined pathways incorporate global examples and address the scaling of MVNOs in other regions:

Identify and Own a Niche



Nigerian MVNOs must move beyond broad target markets and embrace hyper-segmentation. Instead of attempting to compete directly with established Mobile

Network Operators (MNOs), the focus should be on deeply understanding and serving specific, underserved verticals and communities.¹⁰

Globally successful MVNOs thrive by catering to niche demographics. For instance, **Lycamobile** in Europe and Australia targets the international calling market with specific pricing plans and multilingual customer support.¹¹ **Giffgaff** in the UK focuses on a tech-savvy community with a unique, community-driven support model and flexible tariffs.¹² **Consumer Cellular** in the US specialises in the senior citizen market, offering simplified plans and excellent customer service tailored to their needs.¹³

By deeply understanding the needs of faith-based groups (offering religious content and community features), fintechs (providing embedded connectivity solutions), cooperatives (enabling member-specific communication and services), or youth-centric offerings (with relevant content and social media integration), Nigerian MVNOs can build strong brand loyalty and reduce churn. Customised agreements with these niche audiences can create mutually beneficial partnerships, ensuring consistent usage and revenue streams.

2. Robust Regulatory Enforcement: Learning from Global Successes

The NCC's active and consistent enforcement of regulations is paramount to

¹⁰ Wireless Technology Lab, Cracking the Code: What It Takes to Launch a Successful MVNO in Nigeria, Published April 15, 2025, <https://wtl.be/cracking-the-code-what-it-takes-to-launch-a-successful-mvno-in-nigeria/>, Accessed June

¹¹ Lycamobile, https://www.lycamobile.us/en/rates/international/?srsltid=AfmBOopKcZjApPjfAQE7_Ks3_y01eitRPEZOgmuCYFz49nRCzUP4wpH

¹² Vizologi, Why Giffgaff's Business Model is so successful? <https://vizologi.com/business-strategy-canvas/giffgaff-business-model-canvas/>, Accessed June 02, 2025

¹³ Citizen Times, Consumer Cellular Empowers North Carolina Seniors with Affordable Mobile Plans, Published May 12, 2025, <https://www.citizen-times.com/story/special/contributor-content/2025/05/12/consumer-cellular-empowers-north-carolina-seniors-with-affordable-mobile-plans/83589958007/>, Accessed June 02, 2025

move things forward. This includes ensuring MNOs adhere to fair wholesale pricing obligations, transparent interconnectivity terms, and non-discriminatory access to infrastructure.

In markets where MVNOs have flourished, strong regulatory frameworks and proactive enforcement have been key. The European Union's regulations on wholesale access and roaming have fostered a competitive MVNO market.¹⁴ In Australia, the Australian Competition and Consumer Commission (ACCC) plays a crucial role in ensuring fair access for MVNOs.¹⁵ The regulatory bodies in countries like the UK (Ofcom) actively monitor and intervene to prevent anti-competitive practices by MNOs.

The NCC must establish clear legal mandates regarding service access, infrastructure sharing (including cell sites and fibre), and efficient dispute resolution mechanisms. Transparent guidelines on wholesale pricing methodologies and obligations for MNOs to negotiate in good faith are not only essential, but must also be enforced. Active monitoring and penalties for non-compliance will create a level playing field, encouraging MNO collaboration and fostering MVNO growth.

3. Build a Lean, Digital-First Operation: Embracing Agility and Efficiency

Nigerian MVNOs must be "*digital natives*" from inception. This involves leveraging

cloud-based infrastructure, automating processes, and prioritising digital customer engagement channels.

Successful MVNOs globally operate with lean structures and prioritise digital channels for customer acquisition, service delivery, and support. **Mint Mobile** in the US relies heavily on online sales and a subscription-based model, significantly reducing overhead costs.¹⁶ **Tello** in the US and Europe offers customizable plans and manages customer interactions primarily through its online platform.¹⁷

Selecting the right technology stack that allows for rapid deployment and scalability is critical. Avoiding costly physical retail footprints and focusing on efficient digital marketing strategies will be key to sustainable growth.

4. Strategic Alignment with MNOs: Fostering Collaboration, Not Conflict

Instead of viewing MNOs as competitors, Nigerian MVNOs should position themselves as strategic partners that can help MNOs reach new customer segments, optimise network utilisation, and offer innovative services.

Successful MVNO ecosystems often involve strong collaborative relationships between MVNOs and MNOs. In many European countries, MNOs have dedicated wholesale

¹⁴ MVNO Europe, MVNO Europe calls on the European Commission to keep competition at the core of any future reflection following the EC White Paper on the EU's digital infrastructure needs, February 22, 2024, <http://mvnoeurope.eu/mvno-europe-calls-on-the-european-commission-to-keep-competition-at-the-core-of-any-future-reflection-following-the-ec-white-paper-on-the-eus-digital-infrastructure-needs/>. Accessed June 02, 2025.

¹⁵ Mark Gregory. 2022. *Regional Mobile Telecommunications Access, Competition and Public Benefits*. JTDE, Vol 10, No 2, Article 595. <http://doi.org/10.18080/JTDE.v10n2.595>. Published by

Telecommunications Association Inc. ABN 34 732 327 053. <https://telsoc.org>.

¹⁶ Business Insider, Mint Mobile review: The top budget carrier for long-term value, May 01, 2025, https://www.businessinsider.com/guides/tech/mint-mobile-review?r=US&IR=T&utm_source=copy-link&utm_medium=referral&utm_content=topbar. Accessed June 02, 2025

¹⁷ Digital Nomad World, Tello Review: The Best eSIM for Travel in 2025, April 27, 2025, <https://digitalnomads.world/tips/tello-esim-review/>. Accessed June 02, 2025.

units to manage MVNO partnerships. **Virgin Mobile** in various countries has achieved scale by leveraging the network infrastructure of established MNOs while focusing on its strong brand and customer experience.¹⁸ These partnerships often involve revenue-sharing agreements and clear roles and responsibilities.

Well-structured commercial agreements that clearly define service levels, pricing, and responsibilities are crucial. Exploring joint marketing initiatives and leveraging the MNO's infrastructure for wider reach can also be beneficial.¹⁹

5. Deep Understanding of Market Realities

Nigerian MVNOs must deeply understand the nuances of the local market, including cultural preferences, language diversity, regional pricing sensitivities, and prevalent payment methods.

Global MVNOs that have expanded successfully into new markets prioritise localisation. This includes offering content and services in local languages, adapting pricing models to local economic conditions, and integrating with local payment systems. Branding, content, and service delivery must resonate with the target audience. Understanding regional variations in mobile usage patterns and tailoring offerings accordingly will drive adoption.

6. Get Your Pricing and Cost Model Right

Pricing strategies must be simple, transparent, and aligned with the target audience's willingness to pay. A clear understanding of costs and revenue streams is essential for long-term viability.

Successful MVNOs employ diverse pricing models tailored to their niche. **Republic Wireless** in the US gained traction with a hybrid Wi-Fi-first model.²⁰ **Lebara Mobile** focuses on low-cost international calls.²¹ Transparent pricing with no hidden fees is a common trait. Legal teams of MVNOs should work closely with finance teams to support financial modelling, cost-accounting structures, and the development of clear and legally sound contractual terms that reflect viable margins and accurately allocate responsibilities between the MVNO, the MNO, and the end-user. Exploring innovative pricing models, such as usage-based billing or bundled services relevant to the niche, can enhance competitiveness.

CONCLUSION:

For MVNOs to transition from conceptualisation to sustainable market presence in Nigeria, a holistic approach that integrates robust strategies with sound business acumen, informed by international best practices, is indispensable. By focusing on niche markets, advocating for strong regulatory enforcement, building lean digital operations, fostering strategic MNO partnerships, understanding local market

¹⁸ Open Signal, Slow but steady: The quiet growth of brand MVNOs, April 29, 2025, <https://www.opensignal.com/2025/04/29/slow-but-steady-the-quiet-growth-of-brand-mvnos/dt> Accessed June 02, 2025

¹⁹For more details on this , read our article on the Legal and Contractual Considerations in an MVNO-MNO Contract, <https://advocaat-law.com/wp-content/uploads/2023/08/Legal-and-contractual-considerations-in-an-MVNO-%E2%80%93-MNO-Contract.pdf>

²⁰ Venture Beat, Republic Wireless relies on Wi-Fi for dirt-cheap \$19 mobile, November 8, 2011, <https://venturebeat.com/mobile/republic-wireless-hybrid-calling/>

²¹ Olimit, Lebara UK Review: Affordable International Calls, Flexible SIM-Only Plans, and Reliable Coverage, December 18, 2024, <https://olimit.co.uk/lebara-uk-review-affordable-international-calls-flexible-sim-only-plans-and-reliable-coverage/>

realities, and implementing sound pricing models, Nigerian MVNOs can unlock their potential and contribute significantly to the country's telecommunications landscape. Legal advisors must be integral to this journey, guiding, negotiating wholesale agreements to ensuring regulatory compliance and structuring intellectual property protections, ultimately shaping viable and sustainable MVNO ventures.

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