

# End-User Billing in Nigeria's Telecommunications Sector: Review of Regulatory Interventions and Implications for User Experience

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## BACKGROUND

Nigeria's telecommunications industry has long grappled with how to charge for Unstructured Supplementary Service Data ("USSD") banking services. USSD for mobile banking without internet access became critical for financial inclusion in Nigeria, as many Nigerians rely on feature phones and have limited internet access. Historically, Mobile Network Operators ("MNOs") billed banks for USSD sessions, which in turn charged customers for transactions and deducted the fees from the user's bank account. This billing model led to mounting disputes over unremitted fees to the MNOs. In December 2024, MNOs claimed that Nigerian banks owed a total of **₦250 billion** for unremitted USSD session fees.<sup>1</sup> By mid-2025, ALTON confirmed that **95% of the ₦180 billion** (the reconciled historical debt) had been recovered.<sup>2</sup>

Ultimately, regulators intervened to reshape the billing model, culminating in a 2025 shift to an End-User Billing ("EUB") model. Under the EUB, customers pay directly from their airtime for each USSD session, a change driven by both technology and policy. This article reviews the evolution of USSD billing, outlines the regulatory framework behind it, and examines the implications for customer experience.<sup>3</sup>

## EVOLUTION OF USSD BILLING

USSD was originally developed by telecoms service providers for network services, but Nigerian banks quickly adopted it for mobile banking (e.g. 737#), reaching widespread use by the mid-2010s.<sup>4</sup> Early on, the industry adopted a corporate billing approach; telecom operators charged the banks a fee for each USSD session. Banks then passed these costs to customers, often through monthly fees or embedded service charges. Over time, however, this arrangement broke down.<sup>5</sup>

In 2019, MTN briefly tried to bypass banks by charging customers directly for USSD, sparking a major row. The then Minister of Communications, Isa Ali Ibrahim Pantami, intervened and halted MTN's plan, noting that the Nigerian Communications Commission ("NCC") had not approved it. Between 2019–2020, the banks and telecommunications industry fought over rates. In July 2020, the

<sup>1</sup> NCC issues ultimatum to nine Nigerian banks on USSD debts, Developing Telecoms, 16 January 2025, <https://developingtelecoms.com/telecom-business/telecom-regulation/17856-ncc-issues-ultimatum-to-nine-nigerian-banks-on-ussd-debts.html#:~:text=As%20of%20December%202024%2C%2018,back%20as%20far%20as%202020>.

<sup>2</sup> Banks clear 95% of N180 billion USSD debt, 3 lenders still owing – ALTON, Naira Metrics, June 19, 2025, <https://nairametrics.com/2025/06/19/banks-clear-95-of-n180-billion-ussd-debt-3-lenders-still-owing-alton/>

<sup>3</sup> Nigerian Communications Commission, End User Billing (EUB) Policy for USSD Banking Transactions in Nigeria, <https://ncc.gov.ng/faqs/end-user-billing-eub-policy-ussd-banking-transactions-nigeria>

<sup>4</sup> Industry reports and data from the Nigeria Inter-Bank Settlement System (NIBSS) indicate that while over 67.8 million Nigerians had a Bank Verification Number (BVN) by the end of 2025, a significant portion of this group relied on USSD.

<sup>5</sup> CBN, 'Framework and Guidelines on Mobile Money Services in Nigeria' (July 2021) <https://www.cbn.gov.ng/Out/2021/CCD/Framework%20and%20Guidelines%20on%20Mobile%20Money%20Services%20in%20Nigeria%20-%20July%202021.pdf> accessed 8 August 2025.

NCC issued a Determination on USSD Pricing<sup>6</sup>, which mandated the corporate billing model and set a floor price of ₦1.63 per 20-second session to be negotiated between banks and operators.

This corporate model persisted into 2021, but disputes continued. Banks resisted paying large USSD bills, contending that pushing costs to consumers violated inclusion goals. In March 2021, the Central Bank of Nigeria (“CBN”) and NCC jointly announced a new flat fee of ₦6.98 per USSD transaction, to be collected through banks from customers’ accounts, replacing per-session billing.<sup>7</sup>

Despite that measure, Nigerian banks accumulated vast arrears due to telcos. According to sources available online, it was estimated that banks owed telecom operators roughly \$135.5 million – \$169.4 million in unpaid USSD charges by 2023–2024. In mid-2024, CBN and NCC ordered banks to pay 85% of the ₦250 billion debt by the end of 2024. The banks’ reluctance, some citing outdated USSD technology and unfair costs, led regulators to push for a new approach. In late 2024, the NCC announced that meeting payment milestones would trigger a migration to an end-user billing model, where subscribers, rather than banks, pay directly for USSD sessions.<sup>8</sup>

Regulators invoked provisions of the Nigerian Communications Act (NCA 2003) and its powers to issue determinations, as well as the Central Bank Act and m-banking guidelines. These set the stage for the 2025 reforms.<sup>9</sup>

## REGULATORY FRAMEWORK FOR USSD BILLING

The NCC, empowered by the NCA 2003, is the primary regulator of telecom services. It issues determinations and guidelines covering pricing and quality of service for telecom operators. The evolution of USSD billing has hinged on a series of such NCC directives (often developed jointly with the Central Bank of Nigeria). For example, as noted, the NCC’s 2020 Determination on USSD pricing explicitly forbade charging end users, mandating corporate billing. This was intended to protect consumers from double-charging, since banks also levied fees.<sup>10</sup>

Meanwhile, the CBN regulates banking and payments, including mobile financial services. Its guidelines (e.g. on mobile banking and m-money) define how banks can charge customers for electronic transactions. In practice, the CBN and NCC have jointly intervened on USSD. The 2021 flat-fee policy was announced via a joint CBN/NCC circular. More recently, in December 2024, the two agencies formally set repayment and billing conditions. A CBN/NCC memo ordered major banks to settle about ₦212.5bn (85% of the total debt) by year-end. That directive explicitly linked debt

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<sup>6</sup> Nigerian Communications Commission, 'Determination of USSD Pricing (Amended)' (24 July 2020) <https://ncc.gov.ng/node/235>

<sup>7</sup> Central Bank of Nigeria and Nigerian Communications Commission, 'Joint Statement — Flat fee ₦6.98 per USSD transaction' (16 March 2021) <https://www.cbn.gov.ng/out/2021/ccd/> accessed 8 August 2025.

<sup>8</sup> TechCabal, 'Banks must settle ₦212.5 billion USSD debt' (24 December 2024) <https://techcabal.com/2024/12/24/banks-must-settle-%E2%82%A6212-5-billion-ussd-debt/>

accessed 8 August 2025.

<sup>9</sup> Nigerian Communications Commission, 'End User Billing (EUB) Policy for USSD Banking' (11 June 2025) <https://www.ncc.gov.ng/faqs/end-user-billing-eub-policy-ussd-banking-transactions-nigeria>

<sup>10</sup> Nigerian Communications Act 2003 (No 19) [https://www.ncc.gov.ng/sites/default/files/2024-12/Legislation-Nigerian Communications Act 2003.pdf](https://www.ncc.gov.ng/sites/default/files/2024-12/Legislation-Nigerian%20Communications%20Act%202003.pdf)

clearance to the transition to end-user billing (EUB): only banks that meet certain criteria would adopt EUB.<sup>11</sup>

In early 2025, the NCC sent banking industry communications urging compliance. For instance, a March 2025 directive told banks to “deduct USSD charges from airtime” and to notify subscribers of the change. (This was carried in a UBA customer email and reported in the media.) Under Nigerian law, the NCC’s determinations on pricing and services are binding on licensees, and violations can incur sanctions. The NCC indicated it would strictly enforce this new structure: defaulters could face fines or disconnection. Thus, the current transition to EUB is firmly rooted in binding regulatory mandates and inter-agency agreements.<sup>12</sup>

### TRANSITION TO THE END-USER BILLING (EUB) MODEL

From June 2025, Nigeria’s telecom sector implemented the long-promised End-User Billing model for USSD. Under this model, each time a customer uses USSD for a banking transaction, a fixed fee (₦6.98) is deducted from the user’s mobile airtime instead of their bank balance. The shift was announced by ALTON on behalf of telcos and is based on the NCC’s “Determination of USSD Pricing and Services (2025)”. In announcing EUB, regulators emphasised that this will ensure a “sustainable, transparent, and customer-friendly framework” for USSD.<sup>13</sup>

### KEY FEATURES OF THE NEW EUB MODEL INCLUDE:

- **User consent and notification:** Before a USSD deduction, the user is prompted to approve the ₦6.98 charge. Only upon consent will the airtime be debited. This “opt-in” prompt is intended to prevent surprise charges. Users must have sufficient airtime before each session.
- **Fixed per-session rate:** The fee is set at ₦6.98 per 120-second session. (Longer transactions spanning multiple 120-second blocks incur multiple fees.) Regulators arrived at this flat rate after earlier experiments; it replaces the old per-20-second pricing.
- **No double-billing:** If a USSD session fails, no fee is charged. Only successful sessions incur the airtime deduction.
- **Bank compliance conditions:** The CBN and NCC stipulated that only banks meeting certain operational requirements may switch to EUB. Among these, banks must have cleared overdue debts and must notify customers of the billing change well in advance. In practice, this means major banks agreed to repayment schedules before going live.
- **Alternative channels remain:** Regulators and telcos have assured customers that if they prefer not to use USSD under the new billing, they may continue banking via mobile apps, internet banking, or ATMs at no extra cost.

**Regulatory oversight:** NCC and CBN jointly monitor implementation. The NCC has threatened sanctions for non-compliance, and the CBN has reiterated that banks must

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<sup>11</sup> Central Bank of Nigeria and Nigerian Communications Commission, 'CBN–NCC memo on USSD debt clearance (20 December 2024)' as reported in This Day and Tribune <https://www.thisdaylive.com/2025/01/01/cbn-ncc-dmbs-and-ussd-debts/>

<sup>12</sup> NCC press statement, 'USSD: Banks Owe Telcos N17bn, Says Danbatta' <https://www.ncc.gov.ng/media-centre/press-releases/press-statement-ussd-banks-owe-n17bn-says-danbatta>

<sup>13</sup> Nigerian Communications Commission, 'End User Billing (EUB) Policy for USSD Banking' (11 June 2025) <https://www.ncc.gov.ng/faqs/end-user-billing-eub-policy-ussd-banking-transactions-nigeria>

Period	Billing Model	Primary Payor	Rate/Mechanism
Pre-2019	Corporate Billing	Banks	Negotiated per session
2021–2024	Flat Fee	End-User (via Account)	₦6.98 per transaction
2025–Date	End-User Billing (EUB)	End-User (via Airtime)	₦6.98 per 120s (with consent)

## IMPACT ON CONSUMERS AND INDUSTRY

For end users, the EUB model brings both benefits and concerns. On the positive side, the change ends the opaque practice of banks quietly deducting variable fees from account balances. Consumers now see exactly when and how much they pay (₦6.98 per session) and must actively accept each charge. In principle, this transparency and consent mechanism enhances consumer protection. It also puts the customer “in the driver’s seat” by tying USSD usage to available airtime: if a user has no airtime, they cannot incur fees (though they can switch to an ATM or app).<sup>14</sup>

Consumer groups have generally welcomed the shift as ending unpredictable bank deductions. The National Association of Telecom Subscribers (NATCOMs) praised the change as giving subscribers control over their spending, while cautioning telcos to invest in network quality with the recovered funds. In other words, customers expect that the new fees will translate into better, more reliable service rather than wasted revenue.<sup>15</sup>

However, some analysts warn of downsides. The additional charge, even if modest, could discourage certain low-value transactions. TechCabal noted that USSD transactions average only ₦10,000 (versus ₦70,000 for online channels), so a flat ₦6.98 fee weighs more on small transfers. Mobile banking managers anonymously warned that frequent airtime deductions might reduce usage, especially for routine tasks like airtime top-ups, which low-income users often do by USSD. Critics argue that attaching a fee per session, however small, could somewhat hinder financial inclusion by disincentivising the very unbanked and low-income populations that rely on USSD. It remains to be seen whether USSD usage declines; regulators will likely monitor usage statistics via NIBSS in the coming months.<sup>16</sup>

From an industry perspective, end-user billing should greatly reduce the revenue risk for telcos. Under the old model, telecom operators often ceased service when banks failed to pay, causing service interruptions. Now, by billing end users directly (with customer opt-in), telcos can immediately recover fees. This resolves the long-standing “USSD debt crisis” that had been estimated at around ₦200–250 billion. Financially, it stabilises cash flow for network operators and eliminates costly

<sup>14</sup> ibid

<sup>15</sup> NATCOMs statement reported in industry media (see industry reports) <https://tribuneonline.ng/customers-ussd-access-intact-as-banks-settle-ussd-debt/>

<sup>16</sup> TechCabal, 'Banks must settle ₦212.5 billion USSD debt' (24 December 2024) <https://techcabal.com/2024/12/24/banks-must-settle-%E2%82%A6212-5-billion-ussd-debt/>

reconciliations. For banks, the impact is more neutral: they no longer must bill and collect USSD fees, but they also lose a small stream of fee revenue from customers.<sup>17</sup>

Operationally, regulators expect service quality improvements. Stakeholders have emphasised that telcos should use the EUB proceeds to enhance USSD platform reliability. Industry analysts note that USSD glitches are frustrating for customers, so reinvestment in network capacity or USSD aggregator infrastructure could improve the user experience. Both ALTON and NATCOMs have signalled that operators are under scrutiny: if subscribers face downtime or failures under EUB, the telcos “will face the wrath” of consumers.<sup>18</sup>

On the regulatory side, the success of EUB depends on continued oversight. The NCC and CBN have stated they will enforce compliance by sanctioning banks or operators that deviate. For example, the NCC threatened to suspend USSD services for defaulting banks. So far, major banks have cooperated, and the transition appears smooth.<sup>19</sup>

## LEGAL AND COMPLIANCE CONSIDERATIONS

### a. Contractual Realignment: VAS SLAs and Addendum

The migration to EUB fundamentally alters the consideration and payment obligations in existing **Value-Added Service (VAS) Service Level Agreements (SLAs)** between Mobile Network Operators (MNOs) and Deposit Money Banks (DMBs). Historically, these contracts were built on a corporate billing framework where banks were the primary obligors. With the transition to EUB, these agreements now require a formal **Addendum** to reflect:

- The cessation of bank-led collection for USSD.
- New reconciliation protocols for successful vs. failed sessions.
- Updated liability clauses for billing errors or unauthorised airtime deductions.

Failure to align these private contracts with the 2025 Regulatory Determination could lead to protracted commercial litigation, despite the regulatory intervention.

### b. Expanded Consumer Protection: The Role of the FCCPC

While the NCC remains the primary sector regulator, the **Federal Competition and Consumer Protection Act (FCCPA) 2018** creates a concurrent jurisdictional layer. The FCCPC’s mandate ensures that the flat-fee structure does not lead to 'price-gouging' or unfair trade practices, especially where session timeouts (the 120-second limit) might force a user to pay multiple times for a single transaction. Furthermore, the EUB model must be scrutinised under the **FCCPC’s Quality of Service standards**; if airtime is deducted for a failed transaction, it constitutes a 'failure of service' that may grant consumers a right of redress beyond the NCC’s internal dispute resolution channels.

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<sup>17</sup>TechCabal and industry reporting on USSD debt and EUB transition (see above) <https://techcabal.com/2024/12/24/banks-must-settle-%E2%82%A6212-5-billion-ussd-debt/>

<sup>18</sup> Industry commentary and NCC/ALTON statements (NCC press releases) <https://www.ncc.gov.ng/media-centre/press-releases>

<sup>19</sup> NCC press releases and EUB FAQ (see NCC sources) <https://www.ncc.gov.ng/faqs/end-user-billing-eub-policy-ussd-banking-transactions-nigeria>

### c. AML/KYC Accountability and Real-Time Monitoring

The transition to EUB does not absolve financial institutions or MNOs from their rigorous obligations under the Money Laundering (Prevention and Prohibition) Act 2022. With the Central Bank of Nigeria's (CBN) May 2025 circular on automated AML standards, there is now a heightened requirement for real-time monitoring of USSD transactions. While MNOs handle the billing, the underlying financial movement remains the bank's responsibility.

The legal risk here lies in 'disconnected compliance': if a USSD session is confirmed via airtime deduction but the transaction is flagged for suspicious activity, the coordination between the MNO's billing logs and the Bank's AML software must be seamless. Regulated entities must ensure that the EUB 'opt-in' data does not conflict with Know Your Customer (KYC) requirements, particularly for Tier-1 accounts where USSD is the primary channel. Failure to maintain this audit trail could lead to significant fines, as seen in the ₦1 billion penalties levied against neobanks in early 2025 for lax identity verification.

### d. Multi-Agency Dispute Resolution and Jurisdictional Overlap

One of the most complex legal hurdles in the EUB era is the 'Blame Gap' in dispute resolution. When a USSD transaction fails but airtime is deducted, the consumer is caught between two regulators: the NCC (for the airtime/session) and the CBN (for the banking transaction).

Under the 2025 framework, the regulators have attempted to clarify this: MNOs are liable for session-related failures, while Banks remain liable for transaction-related errors. However, from a litigation perspective, this creates a 'split cause of action.' Stakeholders must adopt an integrated Customer Redress Mechanism that satisfies both the NCC's Quality of Service (QoS) Regulations and the CBN's Consumer Protection Framework. Furthermore, the '10-Second Rule' (where sessions under 10 seconds are non-billable) must be strictly codified in the provider's terms of service to avoid class-action risks under the Federal Competition and Consumer Protection Act (FCCPA).

## CONCLUSION

The legal shift to EUB is firmly grounded in the statutory powers of the NCC and CBN. Stakeholders must ensure strict compliance with consent, billing transparency, and contractual adaptation, while regulators monitor financial inclusion impacts.

The rollout of EUB also illustrates how Nigeria's regulators have acted to protect consumer interests and ensure industry sustainability. The NCC and CBN's coordinated approach, requiring debt repayment, notifying customers, and monitoring quality, seeks to mitigate risks of the new model. Looking ahead, the key indicators will be USSD usage and complaint rates. If the EUB system runs smoothly, customers should enjoy uninterrupted mobile banking, and telcos should see their receivables cleared. However, attention must be paid to usage trends among vulnerable consumers; even small fees can influence behaviour.<sup>20</sup>

For industry professionals, the EUB system underscores the importance of adaptable billing policies in telecom. It is a case study in how regulatory intervention can resolve entrenched conflicts and realign

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<sup>20</sup> Commentary and industry reporting (see TechCabal, Vanguard, ThisDay) <https://techcabal.com/2024/12/24/banks-must-settle-%E2%82%A6212-5-billion-ussd-debt/>

incentives. The Nigerian experience will likely inform future discussions on telecom-user billing models in other sectors of the communications industry. For now, the focus is on ensuring that this latest evolution in billing delivers on its promise of transparency, efficiency, and consumer protection.<sup>21</sup>

The transition to EUB represents a significant shift in the regulatory management of telecommunications debt and consumer billing.

For advice on how these changes affect your service level agreements or regulatory compliance status, please contact our Telecommunications, Media, and Technology (TMT) practice group.

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