

# Price Fixing in Nigeria: Risks, Rules, Compliance & Enforcement

# 1. Why Fair Competition Matters to Consumers and the Economy?

In an economy, market competition is not merely desirable; it is essential. It fosters innovation, drives economic growth, and ensures that consumers are offered a variety of quality products at competitive prices. Issues arise when businesses collude to fix prices, which undermines these benefits.

The Federal Competition and Consumer Protection Commission, in an official communiqué published on the 3rd of September 2024, described price fixing as a phenomenon that “occurs when competitors or market associations, without their own products, collude to set prices”.<sup>1</sup>

The resulting impact of market collusion is particularly damaging in an inflation-prone economy like Nigeria’s. According to recent CPI data published by the National Bureau of Statistics (NBS), Nigeria’s headline inflation rate stood at approximately 15.38% as at March 2026.<sup>2</sup> In this context, price fixing becomes an accelerant; from essential commodities like food, cement, pharmaceuticals and transportation to digital services, collusion among competitors removes the basic market safeguards and ultimately affects consumers who are left with inflated prices, limited market choice, and deteriorating economic prospects. This is no longer an abstract concern; it reflects the lived reality of many Nigerians who pay more for essential goods and services with few or no viable alternatives. The importance of fair competition and its economic implications for consumers and the wider economy now becomes paramount, reinforcing that a thriving economy is, in part, defined by the presence of a free and competitive market.

## 2. FCCPA and FCCPC: The Law and the Watchdog

The Federal Competition and Consumer Protection Act 2018 (“FCCPA”) is the primary legislation regulating competition and consumer protection. It establishes a robust framework for maintaining market integrity and is administered by the Federal Competition and Consumer Protection Commission (“FCCPC”).

1. See the Constitution (Third Alteration) Act 2010

2. According to historical inflation data released by the National Bureau of Statistics, Nigeria experienced significantly higher inflation levels in previous periods. For instance, the headline inflation rate rose to approximately 33.69% in April 2024 and remained above 30% for much of 2024 -National Bureau of Statistics (NBS): Consumer Price Index April 2024.

Competition and Consumer Protection Commission (“FCCPC”).

The FCCPA applies to all commercial activities within or having effect in Nigeria and binds both private and public enterprises. Section 1(a)–(e) of the FCCPA sets out its core objectives, including promoting competitive markets and economic efficiency, protecting consumer welfare, ensuring access to a wider variety of quality products at competitive prices, prohibiting restrictive or unfair business practices (including abuse of dominance), and contributing to sustainable economic development.

The FCCPA, by section 17(a), confers on the FCCPC a wide range of responsibilities, including investigative and enforcement powers to tackle anti-competitive conduct. These include the power to summon and examine witnesses, conduct searches, impose administrative penalties, and initiate proceedings before the Competition and Consumer Protection Tribunal.<sup>3</sup>

Historically, there has been a tendency among businesses to treat pro-competitive regulation as theoretical or academic. That would be ill-advised in light of the current competition framework in Nigeria. The FCCPC in recent times has demonstrated its willingness to act through investigations, compliance directives, and enforcement measures, with recent examples of the Commission clamping down on conduct amounting to market collusion and price fixing. In July 2023, the FCCPC issued a Cease & Desist Order against the Association of Mobile Money & Bank Agents (AMMBAN) and affiliated PoS operators for jointly deciding to standardize withdrawal fees.<sup>4</sup> It warned that violating this order could lead to fines of up to ₦10 million for corporate entities and ₦1 million, as well as three months' imprisonment, for individuals. The message is therefore clear from the law and the regulator that collusion will not be tolerated, and the consequences for those who disregard the law are severe.



### 3. Overview of the provisions of the FCCPA on Price Fixing

The FCCPA, towards its objective of protecting the interest and welfare of consumers and promoting a competitive market by providing consumers with a wider variety of quality products at competitive prices, has also laid out rules against price fixing and restrictive agreements and exceptions to these rules, which are discussed below

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3. Section 18 (1)-(4) FCCPA

4. <https://fccpc.gov.ng/update-on-potential-anti-competitive-conduct-in-association-of-pos-operators-statement-of-setting-prices-for-services/>

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## • Prohibition of Price Fixing

Section 107 of the FCCPA prohibits price fixing in Nigeria and restricts undertakings from engaging in conduct aimed at influencing or controlling the pricing behaviour of other undertakings in a manner that undermines competitive market pricing.

Specifically, Section 107(1)(a) prohibits an undertaking from directly or indirectly attempting to influence or conspiring to influence the price at which another undertaking supplies, offers to supply, or advertises goods or services. In addition, Section 107(1)(b) prohibits an undertaking from refusing to supply goods or services to, or otherwise discriminating against, another undertaking because of that undertaking's pricing policy. Beyond section 107 of the Act, under Section 59(2)(a), it is unlawful for competitors to directly or indirectly fix the purchase or selling price of goods or services, or any other trading conditions.

From the foregoing, price fixing typically arises where independent competitors coordinate their pricing conduct instead of independently determining their prices or allowing prices to be determined by market forces. The provisions of the Act therefore target situations where a business attempts to influence another undertaking's pricing decisions or penalises another undertaking for adopting an independent pricing strategy. This includes conduct designed to encourage an upward adjustment of prices or discourage the reduction of prices through agreements, threats, promises, or other forms of influence.

Price fixing may occur in several forms, including:

- Direct price agreements: where competitors expressly agree on a specific price or price range for goods or services. For example, two competing beverage manufacturers agreeing to increase the retail price of soft drinks to a fixed minimum amount.
- Minimum resale price coordination among competitors: where competing suppliers collectively agree to impose uniform minimum resale prices, thereby eliminating downstream price competition.
- Indirect price fixing: where competitors agree on pricing components such as discounts, rebates, credit terms, margins, or formulas for calculating prices, even if they do not fix a specific numerical price.

In addition to direct coordination, Section 107(3) addresses indirect forms of price influence. The provision states that the publication by an undertaking, other than a retailer, of a notice or advertisement stating a resale price may constitute an attempt to influence the selling price of those goods or services unless it is clearly stated that the goods may be sold at a lower price. However, Section 107(2) provides an exception where the undertakings involved are interconnected undertakings within the meaning of the Act or where the relationship between them is that of principal and agent. Although Section 59 also prohibits practices such as market allocation, output limitation, and collusive tendering, these are relevant to this discussion only to the extent that they reinforce or facilitate price coordination. For instance, an agreement to limit production

may serve as a mechanism to artificially inflate prices, but the competition harm arises from the coordinated distortion of price-setting behaviour.

It is also important to distinguish price fixing from other forms of pricing conduct. Price fixing requires coordination between competitors. It does not extend to unilateral pricing decisions, government-imposed price controls, or excessive pricing by a dominant firm acting alone. The defining feature of price fixing is the substitution of competitive rivalry with collusive agreement. As outlined in the foregoing paragraphs, price fixing and other forms of market collusion are prohibited under Sections 107 and 59 of the FCCPA.

Specifically, under Section 107(4) a-e of the Act, an undertaking found guilty of price fixing is liable to the following penalties:

- A natural person is liable to imprisonment for a term not exceeding three years, or to a fine not exceeding ₦10,000,000, or to both.
- A corporate body is liable to a fine not exceeding 10% of its turnover in the preceding business year.
- In addition, each director of the corporate body may be personally liable and may be proceeded against and punished in the same manner as a natural person.

In addition, pursuant to its powers under the FCCPA to make regulations imposing administrative penalties.<sup>5</sup> The FCCPC issued the FCCPC Administrative Penalties Regulations 2020. Under this Regulation, violations of Section 107(1) and Section 107(4) may attract administrative sanctions, including a fine of ₦5,000,000 for individuals or up to 2% of annual turnover for corporate entities, subject to the methodology prescribed under the Regulations.

## • Exemptions

Section 60 of the FCCPA provides a limited exemption for certain agreements that would otherwise be considered anti-competitive provided such agreements satisfy the prescribed requirements and are authorized by the FCCPC. Specifically, the exemption may apply where the agreement:

- contributes to the improvement of the production or distribution of goods and services, or promote technical or economic progress, while ensuring consumers receive a fair share of the resulting benefit;
- imposes only those restrictions on the participating undertakings that are strictly necessary to achieve these objectives; and
- does not enable the undertakings to eliminate competition in respect of a substantial part of the relevant market.

However, authorisation is unlikely for hardcore cartel conduct such as price fixing, market allocation, or output limitation, because it will rarely satisfy section 60's strict consumer-benefit and indispensability thresholds. In essence, the law recognises the possibility of

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<sup>5</sup> Section 18 (1)h

justifiable collaboration but draws a hard line at collusion.

The foregoing outline the legal framework for curbing anti-competitive practices and preserving the integrity of the Nigerian market. The FCCPA delineates the boundaries of lawful commercial conduct by expressly prohibiting all forms of price fixing and market manipulation. While it recognises the possibility of pro-competitive collaborations through narrowly defined exemptions, the Act draws an uncompromising line where such agreements threaten consumer welfare or distort competition. Through its robust enforcement mechanisms and explicit statutory provisions, the FCCPA not only empowers the FCCPC to act decisively against restrictive trade practices but also reinforces the broader objective of creating a fair, efficient, and inclusive economic environment.



## 4. The Risk of Enforcement is Real

The FCCPC has demonstrated a proactive stance on anti-competitive conduct that may signal coordinated distortion of price-setting behaviour. As earlier indicated in this article, in 2023, the Commission announced investigations into alleged price-fixing among point-of-sale (PoS) operators. The FCCPC emphasised that individual PoS operators may set prices, but uniform fee-setting under an association is unlawful.<sup>6</sup>

In the aviation sector, on the 26th of February 2026, the Commission published an interim report stating it had identified patterns suggestive of price fixing during the December 2025 festive period, noting that the actions of players within the sector had possible relevance to section 107 and 59 among other provisions of the Act with further actions expected by the Commission upon assessment of all the facts at the end of the review exercise.<sup>7</sup>

The FCCPC has also sued MultiChoice Nigeria Limited in 2025 for defying regulatory directives related to pricing conduct, indicating broader enforcement engagement with pricing decisions that impact competition. Also, in 2020, during the COVID-19 pandemic, the FCCPC investigated several retailers over alleged excessive price increases in hygiene and medical products. While these examples concerned exploitative pricing rather than horizontal price fixing, they underscore the Commission's readiness to scrutinize pricing conduct, including exploitative pricing in periods of market stress.

As indicated earlier in this article, the FCCPC Administrative Penalties Regulations 2020 prescribe administrative penalties for certain contraventions, including price fixing and

6. FCCPC, "Potential Anti-Competitive Conduct in Association of PoS Operators: Statement on Setting Prices for Services", 5 July 2023, <https://fccpc.gov.ng/potential-anti-competitive-conduct-in-association-of-pos-operators-statement-of-setting-prices-for-services/>

7. <https://fccpc.gov.ng/fccpc-establishes-case-of-price-fixing-by-local-airlines/>

refusal to supply under section 107(1) and (4), with turnover-based penalties for companies (2% of annual turnover) and a ₦5,000,000 penalty for individuals. Beyond the monetary exposure, there is also the risk of reputational damage and loss of consumer trust.

Several sectors have already come under regulatory scrutiny, including pharmaceuticals, building materials, fast-moving consumer goods, and ride-hailing platforms. These are markets where the impact of collusion is particularly harmful, given their relevance to the everyday lives of consumers.

While larger corporations are beginning to embed compliance into their operations, a significant gap remains among SMEs and players in the informal market. The FCCPC has indicated that its enforcement efforts will not overlook these segments.<sup>8</sup> Compliance is therefore not optional but a legal imperative for all categories of business.



## 5. Challenges of Enforcement

While the FCCPC has made commendable strides in enforcing the FCCPA, particularly through high-profile investigations and sanctions, the extent and consistency of enforcement in certain areas are not always publicly evident. Although the Commission's statutory toolkit is robust in design, some advanced mechanisms commonly utilised by competition authorities in more mature jurisdictions appear to be either still evolving in implementation or less visible in practice. For instance, there is limited publicly available information on the use of the Commission's Leniency Rules 2022. This globally recognised tool incentivises cartel members to self-report in exchange for reduced penalties. Cartel members in this context refer to a group of similar independent companies who join together to control prices and limit competition.<sup>9</sup> The ineffectiveness of such programme in Nigeria hinders the proactive detection and dismantling of cartels, especially in markets where collusion is systemic but difficult to prove.

Moreover, enforcement challenges also persist in informal and fragmented markets, where local businesses operate without standard pricing frameworks or visible governance structures. These markets account for a significant portion of Nigeria's retail economy yet remain largely outside the reach of formal regulation. The complexity of these informal networks presents a major hurdle to price monitoring and legal accountability.

8. <https://www.thecable.ng/fccpc-vows-tougher-action-on-fake-goods-price-fixing-in-markets/>

9. Cambridge Business English Dictionary (CUP 2020) <https://dictionary.cambridge.org/dictionary/english/cartel>

Nonetheless, the FCCPC has shown adaptability in addressing market-wide collusion in more organised sectors. Notable interventions include the stakeholders' engagement following allegations of coordinated fare increases and a probe into collusive pricing by market unions in the distribution of perishable food items.<sup>10</sup> These cases reflect a growing assertiveness by the Commission to extend the reach of the FCCPA into sectors that directly affect the average Nigerian.



## 6. Recommendations

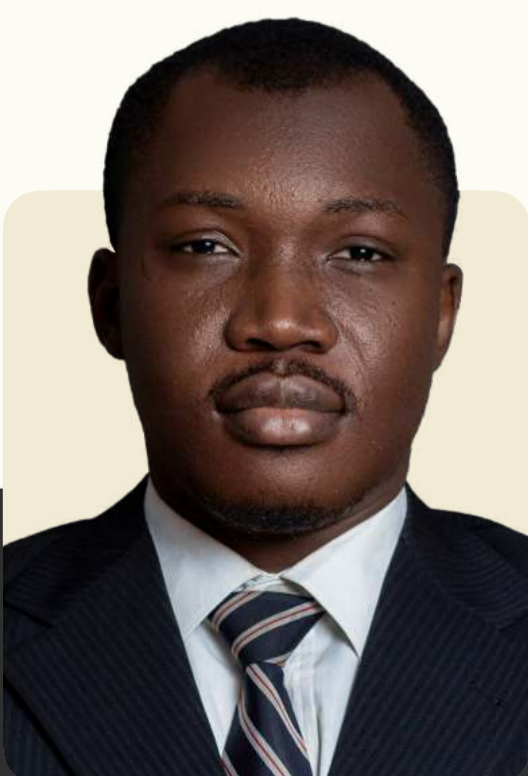
- To strengthen Nigeria's competition law framework and improve market outcomes, several reforms and proactive steps by organisations are urgently required.
- First, the FCCPC should publicise its Leniency Rules 2022—through clear procedures, confidentiality assurances, practical guidance and predictable outcomes—to increase cartel detection and deterrence. This approach has proven successful in jurisdictions such as South Africa and the EU, where it helps deter cartels and promote competition.
- Additionally, the publication of more straightforward compliance guidelines tailored to specific industry sectors would help businesses, especially small and medium-sized enterprises (SMEs), to understand their obligations under the FCCPA.
- Businesses must structure pricing and supply arrangements carefully to avoid penalties, litigation, and reputational damage.
- Businesses should adopt a Competition Compliance Policy that bans restrictive practices and manages competitor-facing interactions. This should include (i) prohibiting competitor discussions on future prices, fees, discounts, margins, capacity, or bid intentions; (ii) forbidding verbal or written pressure on distributors or retailers to maintain minimum or fixed resale prices, including threats, penalties, or supply restrictions for discounting; and (iii) requiring prior legal review for arrangements that may restrict competition, including exclusivity, territorial allocation, or customer/market sharing.
- Consumers should be educated on their rights and price-fixing and encouraged to report suspected anti-competitive conduct.

<sup>10</sup>. [https://dailytimesng.com/fccpc-seeks-stakeholders-support-on-curbing-price-fixing-other-unethical-practices/?utm\\_](https://dailytimesng.com/fccpc-seeks-stakeholders-support-on-curbing-price-fixing-other-unethical-practices/?utm_)

- Finally, enhanced regulatory coordination between the FCCPC and other key institutions is essential.<sup>[1]</sup> Sector regulators are often more closely embedded within their respective industries and are therefore better positioned to identify early indicators of collusive behaviour, including pricing coordination and other cartel-like practices. Strengthened cooperation would enable the timely sharing of relevant intelligence with the FCCPC, support more effective investigations, and facilitate proactive engagement with industry participants through compliance guidance and sensitisation on the illegality of price fixing.

## Conclusion

In practice, exposure often begins with 'pricing talks' with competitors, whether in trade association meetings, competitor calls, or informal WhatsApp coordination on fees, discounts, margins, or timing. For businesses, the path forward is clear: compliance must become a strategic priority. This includes training internal teams on competition law principles, reviewing pricing structures and commercial agreements to ensure they do not contain restrictive clauses, and establishing internal reporting mechanisms to detect and respond to potential violations.



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