



The Current State of Lottery and Gaming Regulation in Nigeria

In a landmark decision on November 22, 2024, the Supreme Court of Nigeria fundamentally reshaped the regulatory landscape of the country's gaming industry. The Court ruled that the National Assembly lacked the constitutional authority to legislate on lottery and gaming activities, rendering the National Lottery Act of 2005 void. This judgment effectively transfers regulatory control from the federal government to individual state governments.

Prior to the Judgement, the National Lottery Act 2005 (NLA) established a centralized framework for regulating lotteries and gaming in Nigeria, with the National Lottery Regulatory Commission (NLRC) overseeing the issuance of various licenses and permits. These included:

- Lottery licenses
- Sports betting permits
- Interactive/mobile lottery permits
- Promotional lottery permits
- Casino gaming permits and
- Remote/offshore operator permits





The NLRC also set specific licensing requirements, and entities falling under these categories only needed to obtain the relevant federal licenses to operate nationwide. However, individual states maintained that gaming operators must secure state-issued licenses, regardless of their federal approval. As a result, operators often had to acquire both state and federal licenses to avoid regulatory conflicts. The recent Supreme Court ruling has now altered this regulatory landscape.

Several states in Nigeria have implemented laws to oversee lotteries and games of chance, ensuring that such activities within their jurisdictions are well-regulated and adhere to state-specific requirements. These states include Lagos, Rivers, Kano, Ogun, Oyo, Delta, Enugu, Ekiti, Abia and Imo.

Legally, this implies that state lottery laws will be applicable solely within the territories where gaming activities take place. Also, it is worth noting that not all Nigeria states have established specific lottery regulations. The Supreme Court's ruling has reaffirmed the authority of states to develop and implement their own lottery laws.

The Attorney General of the Federation (AGF) raised the issue of online gambling in defense of the NLA. However, the court did not address this argument in its ruling. Consequently, the regulation of online lotteries and the potential jurisdiction conflicts they may create across states remain unresolved. It is unclear whether a lottery license issued by a single state would allow an operator to conduct online lottery activities in other states or nationwide. Given the widespread nature of online gaming, which easily crosses state boundaries, this issue is likely to attract further regulatory scrutiny or judicial clarification, potentially leading to additional legal disputes and complexities.

Background of the Supreme Court Judgment

The case originated in 2008 when the Lagos State Government challenged the federal government's authority to regulate lotteries and gaming nationwide. The contention was that such activities are not listed in the Exclusive or Concurrent Legislative Lists of the 1999 Constitution, thereby placing them within the Residual Legislative List under state jurisdiction. The Supreme Court's unanimous decision affirmed this position, stating that only state legislatures possess the power to enact laws governing lottery and gaming activities within their territories.

Implications of the Judgment

- 1. Dissolution of the National Lottery Regulatory Commission (“NLRC”):** With the nullification of the National Lottery Act, the NLRC, established under this Act, has been rendered defunct. Consequently, it no longer holds the authority to issue licenses or regulate lottery activities outside the Federal Capital Territory (FCT), Abuja.
- 2. State-Level Regulatory Authority:** The ruling empowers each of Nigeria's 36 states to regulate and license lottery and gaming operations within their jurisdictions. States with existing regulatory frameworks, such as Lagos State, will continue their oversight, while others may need to develop new legislation to govern these activities.
- 3. Impact on Existing Licenses:** Licenses previously issued by the NLRC to operators outside the FCT are now considered invalid. Operators must obtain licenses from the respective state authorities where they intend to conduct business, leading to potential increases in compliance obligations for multi-state operations.

4. Online Gaming Regulation: The Supreme Court's decision did not specifically address the regulation of online gaming, leaving a gray area concerning jurisdiction over internet-based lottery and gaming activities that transcend state boundaries. This omission suggests that further legislative or judicial clarification may be necessary to establish a cohesive regulatory approach for online gaming.

5. Increased Regulatory Complexity for Operators: With each state responsible for its own gaming regulations, operators looking to provide services across multiple states will face a more complex regulatory environment. This could result in higher operational costs, as companies will need to comply with varying licensing fees, tax rates, and compliance requirements in each state.

6. Potential for Regulatory Fragmentation: The decentralized regulatory framework may lead to inconsistencies across states, with some having robust regulations while others may lag behind. This fragmentation could create loopholes, complicate enforcement, and potentially encourage illegal operations in states with weaker regulatory systems.

7. Economic Opportunities for States: States now have the opportunity to generate significant revenue from licensing fees, taxes, and other charges associated with gaming activities. This could lead to increased investment in local infrastructure, job creation, and economic development, particularly in states that establish attractive regulatory environments for operators.

8. Need for Consumer Protection Mechanisms: As states take control of gaming regulation, there will be a heightened need for comprehensive consumer protection measures. States must ensure that operators provide fair gaming experiences, safeguard user data, and implement responsible gaming initiatives to protect consumers from exploitation and addiction.

9. Technological Innovation and Digital Regulation Challenges: With online gaming transcending physical borders, states will need to invest in advanced technological tools to monitor and regulate digital gaming activities effectively. This may include the development of state-level online monitoring systems, cybersecurity measures, and partnerships with technology providers.

10. Opportunities for Collaboration and Standardization: The ruling presents an opportunity for states to collaborate on creating standardized regulatory frameworks, thereby reducing the burden on operators and ensuring a level playing field. Inter-state agreements or a national council of gaming regulators could help harmonize rules and facilitate smoother operations across state lines.

11. Impact on Foreign Investment: The shift to state-level regulation could influence foreign investors' perceptions of Nigeria's gaming market. While some may see the decentralized framework as a challenge, others may view it as an opportunity to negotiate directly with state governments for favorable terms, potentially leading to an influx of foreign investment in states with more business-friendly policies.

12. Industry Response and Future Outlook: In response to the ruling, the Federation of State Gaming Regulators of Nigeria (FSGRN) has expressed support, viewing it as an opportunity to foster innovation, responsible gambling, and economic growth at the state level. The FSGRN is advocating for inter-state collaboration to harmonize regulatory standards and streamline licensing processes, aiming to create a thriving and well-regulated gaming ecosystem across Nigeria.

This Supreme Court judgment marks a pivotal shift in Nigeria's gaming industry, decentralizing regulatory authority to the states. While this empowers states to tailor regulations to their unique contexts, it also presents challenges, particularly for operators navigating multiple regulatory environments. The industry now stands at a crossroads, requiring concerted efforts from state governments, operators, and stakeholders to establish a coherent and effective regulatory framework that addresses both land-based and online gaming activities.

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