MOBILE VIRTUAL NETWORK OPERATORS (MVNOS) IN NIGERIA: LICENSING OBLIGATIONS

By Olawale Adedipe, Aminat Adepoju, Kemisola Ajayi and Oluwatobi Akinola

1.0. INTRODUCTION

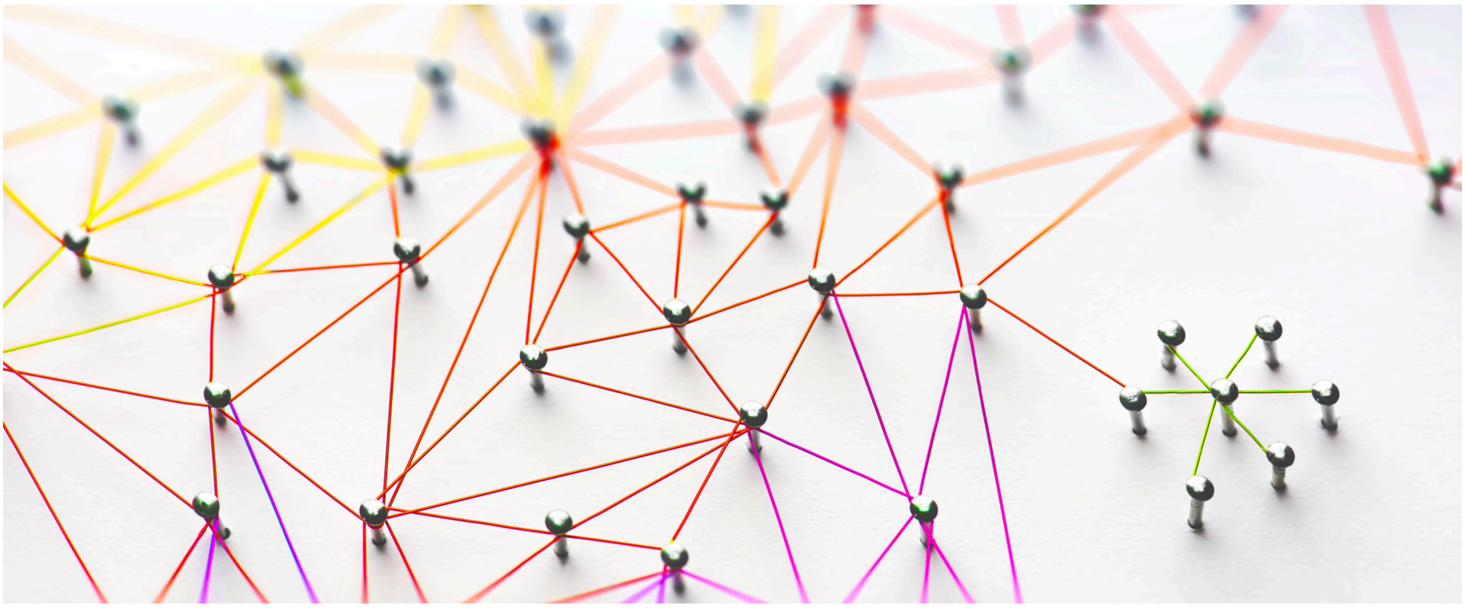
Nigeria's Information and Communication Technology (ICT) sector is a critical driver of the country's digital economy. It contributed approximately 10.29% to Nigeria's Nominal Gross Domestic Product (GDP) and 10.59% to the real GDP in the first quarter of 2025, with the telecommunications sub-sector accounting for about 14.40% to the GDP in the fourth quarter of 2024.[1]

Despite over 220 million active mobile subscriptions, mobile internet usage remains relatively low, with only about 29% of Nigerians regularly accessing internet services. In response to the growing demand for improved connectivity and service diversity, the Nigerian Communications Commission (NCC) introduced a Licensing Framework for the establishment of the Mobile Virtual Network Operators (MVNOs).[2] As of 2024 more than 40 MVNO licenses have been issued, highlighting the strong market interest and potential for this model to enhance competition and expand digital access across the country.[3]

2.0. WHAT IS AN MVNO?

An MVNO is defined as a telecommunications product and service operator that rides on top of the capacity of a fully Licensed Telecommunications Service provider or Mobile Network Operator (MNO). Unlike Mobile Network Operators (MNOs), MVNOs are not required to own infrastructure like spectrum or base stations. Instead, they reach a wholesale or revenue-sharing agreement with a host MNO and lease radio access capacity to provide mobile voice and data services to end users under their own brand, often targeting niche or underserved markets with tailored services.

1 Nigerian Communications Commission, 'Industry Statistics' (2023)https://www.ncc.gov.ng/market-data-reports/industry-statistics accessed 14 August 2025.
2 Nigerian Communications Commission, 'Licensing Documents & Frameworks' (16 December 2024) https://www.ncc.gov.ng/industry/licensing/licensing-documents-frameworks accessed 14 August 2025.
3 Akim Benamara, 'Is Nigeria Ripe for MVNOs —or Are We Just Licensing Hope?' (3 July 2025) https://techafricanews.com/2025/07/03/is-nigeria-ripe-formvnos-or-are-we-just-licensing-hope/accessed 14 August 2025.



Key points about MVNOs[4]

• Network Access: MNVOs reach an agreement with one or more MNOs to use their network. The MVNO then provides mobile services to its customers on the host MNOs' network. This way, subscribers only see the MVNO's brand on their phone.

• Independent Branding and Pricing: MVNOs operate under their own brand name and set their own retail prices. Most times the prices of MNVO's services are cheaper due to the fact that they do not have to incur costs in owning a Network or Spectrum.

• Operational Autonomy: An MVNO is more customer focused and does not have to bother with maintenance of network infrastructure as that will be borne by the MNO. The MVNO focus more on the business aspect, such as billing, customer service, marketing and sim card distribution.

• Affordability: MVNO's increase competition and consumer choice. Because MVNO can avoid huge network investment, they can pass savings to consumers through lower prices. For example, prepaid deals, special international call packages or data-centric plans.

The key distinction between MNOs and MVNOs lies in the ownership of physical infrastructure such as network equipment, spectrum, and base stations. MNOs such as MTN, Airtel, and Globacom are required to own and maintain these assets to operate effectively within the telecommunications space. In contrast, MVNOs are not required to own such infrastructure as they operate by leasing network capacity from MNOs and delivering services under their own brand, leveraging on the existing networks established by licensed MNOs (which may be a Host Network Provider or National Carrier).[5] The advantage is that a company seeking to operate as an MVNO can significantly reduce capital expenditure by leveraging on existing MNO infrastructure, allowing it to focus on enhancing customer experience and delivering innovative services.

4 Effortel, 'MVNO – Ultimate Guide to Mobile Virtual Network Operators' (2025) https://www.effortel.com/resources/mvno-mobile-virtual-network-operator-the-ultimate-guidefor-businesses accessed 14 August 2025.
5 Chioma Egboh, Ayomipo Adeniyi and Iyanuoluwa Adeyemo , 'Licensing Mobile Virtual Network Operators in Nigeria' [2023] SSRN Electronic Journal https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4398728 accessed 28 July 2025.

3.0. TIERS OF LICENCE GRANTED TO MVNOs

The Licensing Framework provides for a 4-tier system with a fifth tier Unified Virtual Operator that can decide the level of service it desires to offer ranging from tier – 1 to tier – 4. This permits a Tier 5 operator freedom of choice to deploy its services the way it deems fit as long as it has a valid license. It defines the regulatory obligations, license fees, service scope and permitted infrastructure. Each tier grants different permissions and responsibilities, allowing operators to scale their operations according to capacity and business objectives.[6]

- **Tier 1 - Service Virtual Operator:** The MVNOs within this tier leverages its ability to offer services to its customers without owning any switching or intelligent network infrastructure[7]. They primarily focus on branding, marketing, and customer service.

- **Tier 2 – Simple Facilities Virtual Operator:** They do not have core switching and interconnect capabilities but can set up their own Intelligent Network infrastructure to provide their own Intelligent Network services to the customer. In other words, they do not have the infrastructure to provide basic services like voice calls, fax, or text services, however they can provide value added services to their customers.

- **Tier 3 – Core Facilities Virtual Operator:** This tier permits the MVNO to establish and operate more advanced infrastructure, including core network elements like switches and gateways. It provides greater operational independence and service flexibility. MVNOs within this tier may also engage in interconnect agreements with other network providers.[8]

- **Tier 4 – Virtual Aggregator/Enabler:** This tier is intended for operators who act as intermediaries, either as aggregators or enablers for multiple MVNOs. These operators typically offer platforms and shared infrastructure to support smaller MVNOs.

Tier 5 – Unified Virtual Operator: This tier, allows an MVNO to operate almost as a full MNO, with extensive infrastructure and broad service offerings. It provides the most autonomy and is suited to operators with significant technical and financial capacity.

The following licenses are considered subsumed within the MVNO licence
depending on the tier of MVNO licence obtained:

- Sales and Installation
- VAS provider
- Internet service
- International Data Access.

6 Paragraph 4.2 of the Licensing Framework for the Establishment of Mobile Virtual Network Operators in Nigeria.
7 Chioma Egboh, Ayomipo Adeniyi and Iyanuoluwa Adeyemo, 'Licensing Mobile Virtual Network Operators in Nigeria' [2023] SSRN Electronic Journal https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4398728 accessed 28 July 2025.
8 Chioma Egboh, Ayomipo Adeniyi and Iyanuoluwa Adeyemo, 'Licensing Mobile Virtual Network Operators in Nigeria' [2023] SSRN Electronic Journal https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4398728 accessed 28 July 2025.

4.0. GENERAL LICENSING GUIDELINES [9]

To obtain a license under any of the five tiers, applicants must meet specific criteria outlined by the NCC.[10] These include:

• The applicant must be a corporate entity duly registered under Nigerian law, with proof of registration submitted to the Commission during the application process.

• The applicant is required to file with the Commission, a full contract agreement with at least one Host Network Operator or National Carrier (MNOs).

• The applicant must demonstrate financial capability to cover both capital expenditures (CAPEX) and operational expenditures (OPEX) necessary for the implementation of their strategic operations.

• The applicant must satisfy the technical requirements prescribed by the Commission for the specific tier under which they intend to operate.

• Where applicable, the applicant should have secured reservation or assignment of essential resources required for operation, such as numbering resources.

• The applicant must acknowledge and disclose the need to obtain any other relevant licenses necessary for the provision of their full range of services at the time of application.

• Applicants are obligated to provide all necessary information as specified under Schedule 1 of the *Licensing Regulation Document, 2019.*

• In accordance with the Executive Order on contracts and services, the applicant should demonstrate proof of local content in both ownership structure and service delivery.

5.0. LICENSE DURATION AND RESTRICTIONS

Once granted, an MVNO license is valid for a period of ten (10) years, with an option for renewal for an additional ten-year term.[11] Renewal requests must be submitted by the licensee to the NCC no later than twelve (12) months before the expiration of the current license period.[12]

The licensing framework also outlines specific limitations for holders of an MVNO license regarding the provision of their services. These limitations include;

a. A licensee can only provide services specified in the license.
b. A licensee is prohibited from utilizing spectrum resources outside designated underserved or unserved regions.
c. A licensee seeking to provide additional services outside the scope of its license must obtain a separate license to cover for the additional services.

11 Paragraph 6.5 of the Licensing Framework for the Establishment of Mobile Virtual Network Operators in Nigeria.
12 Paragraph 6.6 of the Licensing Framework for the Establishment of Mobile Virtual Network Operators in Nigeria.

6.0. CONCLUSION

MVNOs offer a cost-effective route to expand telecoms services, drive competition and reach underserved populations in Nigeria. The NCC's licensing framework provides a structured pathway with clearly defined tiers, fees and obligations. Prospective operators must carefully assess their capabilities, negotiate robust agreements with host MNOs and comply with comprehensive regulatory requirements covering quality of service, consumer protection, data privacy and local content. Although the temporary suspension of new licenses indicates an evolving regulatory landscape, the long-term outlook for MVNOs remains positive. Strategic collaboration between MVNOs, MNOs and regulators, coupled with innovative service offerings tailored to Nigeria's diverse market, will be critical to unlocking the full potential of virtual networks in the country.

Babalakin & Co. is a firm with broad experience on the subject of Telecommunications and all matters encompassing it. If you have any questions or would like information on the issues discussed, please contact:




OLAWALE ADEDIPE
Associate
oadedipe@babalakinandco.com

AMINA ADEPOJU
Associate
aadepoju@babalakinandco.com

KEMISOLA AJAYI
Associate
kajayi@babalakinandco.com

OLUWATOBI AKINOLA
Trainee Associate
oakinola@babalakinandco.com

—OFFICE LOCATIONS—

LAGOS OFFICE

1261A Adeola Hopewell Street
Victoria Island, Lagos State.
(+234)2012718700, 2718806, 2718808, 2718711, 27188004, (+234)2702802

ABUJA OFFICE

4, River Benue Street,
Off Ibrahim Babangida Boulevard,
Maitama District, Abuja.
(+234) 9-2780930, 2780933-9

PORT HARCOURT OFFICE

3, Williams Jumbo Street,
Old GRA, Port Harcourt
Rivers State.
(+234)703506876