

DOING BACKGROUND CHECKS AROUND THE WORLD



Licensing and Regulatory Requirements for Background Check Companies in Nigeria

Insights by Akinsanya Dideoluwa, Chief Executive Officer, Checkfacts Services Limited

The background-check, screening, and verification industry in Nigeria is growing rapidly, driven by technological advancements, improved data accessibility, and increasing demand for trusted identity and integrity verification across various sectors. While Nigeria does not yet have a single, overarching regulatory framework that governs all background check companies, several important licensing, compliance, and regulatory obligations apply depending on the types of checks being conducted. These include identity verification using national identity systems, criminal history verification, employment and education checks, and the handling of personal and sensitive data.

This document provides a detailed overview of the licensing and regulatory requirements for background check companies in Nigeria, as well as the compliance expectations for firms that wish to operate lawfully and professionally.

The Evolving Background Check Landscape in Nigeria

Nigeria's background-check industry is fast developing and ranks among the strongest in Africa. Increased digitalization, improved record-keeping, and the growth of centralized databases such as the National Identity Number (NIN) system have contributed to a more structured verification environment. Despite this progress, the sector does not have a single, broad regulatory framework that specifically governs all background-check companies.

However, while there is no unified law dedicated solely to background-check firms, companies operating in this space must comply with a variety of licensing, registration, and regulatory requirements. These obligations depend on the nature of services offered, especially where identity verification, criminal record checks, or personal data processing is involved.

Key Legal and Regulatory Frameworks Background Check Companies Must Consider

Even without a standalone regulatory framework, background-check companies in Nigeria must comply with several existing laws and oversight bodies. These regulatory areas include company incorporation, identity verification licensing, and data protection compliance.

1. Company Registration — Incorporation under CAC / Corporate Compliance

All background-check firms must first be registered and incorporated under the Corporate Affairs Commission (CAC). This establishes the company as a legally recognized business entity.

Key requirements include:

- Formal incorporation: Any organization intending to operate as a background-check or verification service provider must be registered with CAC as a business name or limited liability company.
- Mandatory NIN for directors: Recent regulatory updates require the use of a valid National Identification Number (NIN) for directors or individuals submitting applications to CAC.
- Correct business objects: The company's Memorandum and Articles of Association must explicitly authorize the

business to provide verification, screening, identity-verification, or data-processing services.

Proper corporate foundation is essential because most other licenses (such as NIMC licensing) require proof of CAC registration, tax compliance, and evidence of operational legitimacy.

2. National Identity Management Commission (NIMC) — Licensing for NIN-Based Verification

The National Identity Management Commission (NIMC), established under the NIMC Act of 2007, is responsible for maintaining the national identity database, assigning NINs, and regulating how identity data may be accessed and used.

Why NIMC licensing matters

If a background-check company intends to verify identities using NIN information or interact with NIMC's verification infrastructure, it must obtain a license according to NIMC's Frontend Services Regulations.

Requirements for obtaining NIMC licensing include:

- CAC incorporation documents
- Memorandum & Articles specifying verification services
- Tax compliance certificates (FIRS)
- Staff credentials and technical capacity evidence
- Company profile and proof of financial capability
- Data protection policy specifying retention periods, processing purposes, consent, and safeguards
- Evidence of previous experience, where applicable

Legal implications

Without a valid NIMC license, no company is permitted to conduct NIN-based verification. Offering unauthorized NIN verification services is considered illegal, and enforcement actions have increased in recent years.

3. Nigeria Data Protection Commission (NDPC) & the Nigeria Data Protection Act 2023 (NDPA)

Background check companies routinely handle large amounts of personal and sometimes sensitive data. As such, they fall squarely under the provisions of Nigeria's Data Protection Act (NDPA) 2023.

Key data protection obligations include:

- Companies processing personal data must comply with all NDPA principles, including purpose limitation, minimal data collection, transparency, and security safeguards.
- Companies that process large volumes of data or sensitive categories may be classified as Data Controllers or Processors of Major Importance (DCPMIs).

Requirements for DCPMIs:

- Mandatory registration with the Nigeria Data Protection Commission (NDPC)
- Appointment of a qualified Data Protection Officer (DPO)
- Maintenance of internal data-protection policies and procedures
- Conduct of periodic compliance audits
- Filing of annual Compliance Audit Returns (CAR)

Consequences of non-compliance

Background-check firms that fail to meet NDPA obligations may face regulatory penalties, fines, or enforcement measures, especially when breaches or unauthorized use of personal data occur.

Key Risks & What to Watch Out For

Operating in the verification industry comes with several compliance risks that companies must manage carefully.

1. Unlicensed NIN verification services

Some companies or websites advertise NIN verification without the required NIMC license. These operations are illegal and may expose users and clients to regulatory sanctions.

2. Increased enforcement

News reports in 2024 and 2025 indicate that NIMC licensees are under heightened scrutiny due to alleged data breaches. This underscores the importance of maintaining sound data-protection practices.

3. Heightened obligations under NDPA/GAID 2025

Recent updates to NDPC's General Application and Implementation Directives (GAID) have increased reporting obligations, compliance audits, and penalties for non-compliance.

Background check companies must remain vigilant and maintain up-to-date compliance documentation.

What This Means for You (If You Operate or Plan to Operate a Background-Check Company)

To operate a legitimate background-check or verification service in Nigeria, the company must take regulatory compliance seriously. This includes:

- Securing a NIMC license before conducting any NIN-based identity verification.
- Establishing strong data-protection practices consistent with NDPA 2023.
- Registering with NDPC if classified as a Data Controller or Processor of Major Importance.
- Following good corporate governance, including CAC registration, tax compliance, and proper documentation.
- Ensuring transparent and lawful processing of personal data.

These steps are essential for building credibility with clients and avoiding regulatory sanctions.

Checklist: Requirements for Licensing and Operating a Background-Check Company in Nigeria

The following checklist summarizes the major regulatory and compliance steps required for a Nigerian background check or screening company.

Step 1: Incorporate the Company

- Register the company with CAC.
- Ensure the company's objectives include verification, data-processing, or identity screening services.
- Provide NINs for directors or individuals as required during registration.

Step 2: Apply for NIMC Licence (If Conducting NIN Verification)

- Submit an application under the NIMC Frontend Services Regulations.
- Provide all supporting documents including CAC certificate, tax compliance proof, company profile, staff CVs, data-protection policy, technical capacity documentation, and evidence of financial strength.

Step 3: Register with the NDPC (If Processing Data at Scale)

- Determine whether the company qualifies as a DCPMI.
- If yes, register with NDPC as a Data Controller or Processor of Major Importance.

Step 4: Appoint a Data Protection Officer (DPO)

- Assign a DPO with expertise in privacy, data protection, and regulatory compliance.
- Ensure the DPO oversees all data-processing activities.

Step 5: Establish Data-Protection Policies and Procedures

- Create internal policies including:
 - o Data collection and retention policy
 - o Privacy notices
 - o Consent procedures
 - o Security safeguards
 - o Data-subject rights procedures
 - o Breach-response procedures

Step 6: Conduct Regular Data-Protection Audits

- Perform an initial audit within 15 months of commencing data processing.
- File annual Compliance Audit Returns (CAR) as required.

Step 7: Maintain Ongoing Compliance

- Renew NIMC licenses as required.
- Update NDPC registration if circumstances change.
- Maintain proper internal records.
- Ensure up-to-date compliance with CAC, FIRS, NIMC, and NDPC requirements.

Closing Thoughts:

The background verification industry in Nigeria is experiencing rapid growth, with broader regulatory frameworks expected to emerge in the coming years. As of today, this comprehensive framework provides background-check companies with the information and guidance required to operate responsibly and in compliance with Nigeria's existing regulatory environment. Firms that adhere to these guidelines not only mitigate legal risks but also strengthen client trust, enhance their reputation, and position themselves as reputable players in the fast-growing verification industry.

Profile:

Dideoluwa Akinsanya is the Founder and CEO of CheckFacts Services Limited and the Founder of the Founders Shelf Book Club. With over a decade of experience in background screening, due-diligence, investigative research, and corporate compliance, she has built CheckFacts Services Limited into a trusted verification partner.

Her leadership is guided by integrity, operational excellence, and a commitment to ethical service. Through the Founders Shelf Book Club, she inspires continuous learning, fosters leadership growth, and cultivates a community for knowledge sharing. Her work empowers professionals, supports informed decision-making, and advances Nigeria's verification industry and broader professional development landscape.

dideoluwa@checkfactsservices.com

hello@checkfactsservices.com

Phone: +234 816 3505 505

Web: <https://checkfactsservices.com>