



## EMPOWERING NIGERIA'S TRADE: THE ROLE OF SPECIALIST INTERNATIONAL FIRMS, April 2025

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Nigeria, Africa's largest economy and one of its most dynamic markets, has long been a focal point for international trade and investment. With a population of over 230 million people, a burgeoning middle class, and an expanding manufacturing base, Nigeria's economic potential is immense. However, despite these opportunities, the country faces significant challenges when it comes to financing trade – a situation that has stifled growth and limited access to the broader global market. This is where international companies, with their expertise and robust understanding of global financial markets, can play a transformative role in bridging Nigeria's trade finance gap. At Sky British Enterprises we have facilitated over a billion dollars of Nigerian trade to date, allowing us to see first-hand the benefits that specialist international firms can provide, and the opportunities that the market presents.

The financing of international trade transactions includes the provision of loans, confirmation and discounting of letters of credit, and other forms of credit support. For Nigerian businesses, access to such financing has been hindered by several factors, including underdeveloped infrastructure, limited access to affordable credit, and political and economic instability. As a result, Nigerian companies often face significant hurdles in importing raw materials, exporting finished goods, and engaging in cross-border transactions.

Despite the Nigerian government's efforts to foster a more business-friendly environment, including various trade agreements and incentives, many small and medium-sized enterprises (SMEs) still struggle with obtaining the necessary liquidity to fulfil their trading needs. Large companies, too, often face a slow and cumbersome process when trying to secure the financing required to meet the demands of global markets.

A study undertaken by the International Finance Corporation in 2022 estimated the trade finance gap in West Africa stood at USD14bn, with a large portion of the region's businesses unable to secure financing on favourable terms. This shortfall not only hampers the growth of individual businesses but restricts Nigeria's broader economic growth, making it more difficult for the country to integrate into global value chains and expand its exports.

Specialist companies, many based in the UK, have long been at the forefront of international trade, with a history of establishing strong trade relationships across Africa, including in Nigeria. As the country seeks to diversify its economy away from oil dependency, there is an increasing demand for specialist firms to leverage their expertise in trade finance to help bridge the gap.

- **Providing Expertise in Trade Finance Solutions**

One of the key strengths of British firms is their depth of experience in structured finance, risk management, and international trade law. By establishing partnerships with Nigerian businesses and financial institutions, British companies can offer tailored solutions that address the specific challenges faced by Nigerian firms. This includes providing alternative financing models such as supply chain finance, trade credit, and letters of credit that can mitigate the risks of doing business internationally.



- **Access to Global Networks and Markets**

With unparalleled access to global financial markets specialist London based firms can provide Nigerian businesses with connections that they may otherwise struggle to establish. By offering trade finance solutions that tap into these global networks, access to capital from international investors can be secured, creating opportunities for growth and expansion into new markets. This is particularly crucial for SMEs that may not have the same resources or international reach as larger enterprises.

- **Building Trust and Risk Mitigation**

One of the major barriers to trade financing in Nigeria is the perceived risk associated with doing business in the country. Working with an international firm with an established reputation and governance frameworks that adhere to international regulatory standards, can help mitigate these risks. Combined with the added provision of guarantees, insurance products, and risk management tools that provide greater security for trade transactions, they not only boost investor confidence but also encourage the flow of capital into Nigeria's economy.

- **Enhancing Capacity Building and Knowledge Sharing**

British companies are well-positioned to provide technical assistance and training to Nigerian businesses and financial institutions. By sharing their expertise in trade finance, risk management, and global market trends, they can help enhance the capacity of Nigerian firms to engage in international trade more effectively. This kind of knowledge transfer can empower local businesses to navigate complex international trade regulations and improve their competitiveness on the global stage.

- **Supporting the implementation of the UN Sustainable Development Goals (SDGs)**

International firms can play a crucial role in supporting Nigeria's achievement of the UN Sustainable Development Goals, including facilitating the importation of renewable energy technologies like solar panels, wind turbines, and energy storage solutions, which are essential for meeting the country's energy needs while transitioning to cleaner energy sources. Through greater access to capital, financial products, and risk management services, specialist international companies can enhance Nigeria's trade capacity, stimulate economic growth, and support sustainable practices across various sectors. This collaboration not only helps businesses grow but also creates positive social and environmental impacts in line with the SDGs.

The benefits of greater involvement by specialist international firms in bridging Nigeria's trade finance gap extend far beyond the commercial realm. On a macroeconomic level, greater access to trade finance can help diversify Nigeria's economy, boost exports, and reduce reliance on oil revenues. This can lead to job creation, improved infrastructure, and overall economic growth, helping Nigeria to move towards a more sustainable and resilient economy.

On a social level, facilitating smoother trade between Nigeria and the global market can create opportunities for local entrepreneurs and SMEs to thrive, ultimately leading to improved livelihoods for millions of Nigerians. Trade finance can also facilitate the export of critical goods such as agricultural products, manufactured goods, and technology, which can enhance food security, healthcare, and educational outcomes across the country.



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The trade finance gap in Nigeria is a substantial challenge, but it also presents an incredible opportunity for specialist international firms to make a lasting impact on the country's economic development. By providing innovative trade finance solutions, leveraging digital technologies, offering risk mitigation strategies, and sharing expertise, British businesses can help Nigerian companies unlock their full potential. In doing so, they can foster stronger economic ties between the UK and Nigeria, contributing to mutual prosperity and the broader goal of economic growth across Africa.

***Sky British Enterprises is a UK-based multinational company dedicated to delivering innovative international trade finance and service solutions for frontier and emerging markets.***