



# Competition in the ECOWAS Cross-Country Digital Market

The ECOWAS Regional Competition Authority (ERCA) conducted a comparative market study across nine member states, examining competition in e-commerce and digital financial platforms, consumer protection issues at national and cross-border levels, gaps in regulatory frameworks, and market dynamics affecting entry and harmonization. This study focused on two of the most dynamic and strategically significant sectors, analyzing the regulatory and market structures that govern them, their alignment with competition principles, and their capacity to ensure effective consumer protection. It aimed to foster a market where competition is undistorted, barriers to entry are low, and transactions are transparent, fair, and secure. It considered market contestability, dominance, vertical restraints, and restrictive practices, while balancing the need to encourage innovation against the risks of market concentration and diminished consumer confidence.

#### *Key regional trends*

The digital economy in the ECOWAS region is expanding rapidly, propelled by mobile penetration, increased internet accessibility, and the behavioral shift towards online transactions following the COVID-19 pandemic. E-commerce platforms, often dominated by a small number of large operators, serve as the primary point of contact for consumers, while digital financial services have become integral to payment systems and financial inclusion strategies. However, the pace of market development is uneven. Some jurisdictions have mature ecosystems with multiple competing operators and evolving regulatory oversight, while others face infrastructural and institutional deficits that constrain market efficiency.

From a competition law standpoint, the presence of high concentration levels in both e-commerce and digital finance raises concerns regarding the potential abuse of dominance, foreclosure of rivals, and the imposition of exploitative or exclusionary terms. The absence of adequate cross-platform compatibility frameworks exacerbates market fragmentation, reinforcing the market power of incumbent operators. In cross-border contexts, regulatory inconsistencies impede the creation of a seamless regional digital market, particularly where restrictions exist on cross-border payments or remittances between West African Economic and Monetary Union (WAEMU) and non-WAEMU Member States.

#### *Major competition concerns*

Upon analyzing these markets through the lens of competition policy and law, several recurring issues emerge. Firstly, market concentration frequently reaches levels that prompt legal scrutiny. In certain markets, one or two operators hold predominant market shares, creating highly concentrated structures. This limits competitive pressure, discourages innovation, and increases the risk of coordinated behavior or unilateral abuse.

Secondly, barriers to entry are often both regulatory and technical. Licensing requirements, access to essential and limited network resources, and the necessity for integration with existing payment infrastructures can all delay or deter market entry. In some instances, vertical integration, where telecom operators or financial institutions control both the infrastructure and the retail platform, creates structural advantages that can be exploited to engage in self-preferencing or deny access to competitors.

Thirdly, interoperability deficits hinder the ability of new entrants to achieve scale, as consumers are unable to transact seamlessly across different platforms. This absence of technical and regulatory interoperability also raises concerns

regarding potential refusals to grant access to essential facilities, within the framework of ECOWAS competition regulations.

Finally, cross-border transaction restrictions undermine regional integration. Where digital wallets or payment systems cannot operate seamlessly across ECOWAS borders, particularly between different monetary zones, limits opportunities for efficiency gains and stronger competition.

#### *Major consumer protection concerns*

From a consumer law perspective, there is an observable lag between the sophistication of digital market practices and the adequacy of consumer protection frameworks. Many Member States operate under general consumer protection laws drafted prior to the proliferation of digital commerce, leaving critical areas unregulated. This includes the absence of mandatory disclosures of total price, terms and conditions, and applicable fees, insufficient regulation of online advertising and marketing claims, and a lack of robust return and refund obligations enforceable against e-commerce platforms.

Data protection and cybersecurity are emerging as primary risks. In jurisdictions lacking comprehensive data protection legislation, or where enforcement is weak, consumers are exposed to the misuse of personal data, identity theft, and fraud. In digital financial platforms, system downtime, inaccessible funds, and poor customer service undermine trust and may constitute breaches of statutory obligations relating to the provision of services with due care and skill. Furthermore, the absence of accessible dispute resolution, particularly online dispute resolution, means that consumer rights often exist only on paper.

#### *Regulatory and policy gaps*

The legislative frameworks across most Member States exhibit fragmentation and often lack currency. Competition laws, where they exist, are not always adequately tailored to the unique characteristics of digital markets, such as network effects, platform multi-sidedness, and rapid innovation cycles. Consumer protection statutes frequently omit provisions specific to digital transactions, and sectoral regulations do not consistently impose interoperability or access obligations on dominant players. Institutional capacity constraints further impede enforcement effectiveness, as many authorities lack the requisite technical expertise or resources to conduct digital market investigations or monitor compliance with competition and consumer protection standards. The absence of harmonization across ECOWAS exacerbates these challenges. Divergent standards and enforcement practices engender increased compliance costs for cross-border operators, discourage market entry, and diminish the efficacy of regional oversight by ERCA. Without coordinated reform, the region risks perpetuating a fragmented digital economy, characterized by entrenched incumbents and diminished consumer choice.

The ECOWAS digital economy demonstrates significant growth potential, yet structural and regulatory challenges continue to limit competition and innovation. High concentration among a few operators, gaps in system compatibility, and barriers to entry create inefficiencies and entrench market power. Consumer protection frameworks lag behind evolving digital practices, leaving users exposed to unfair or opaque practices. Addressing these challenges through harmonized rules, stronger enforcement, and improved access measures is essential to foster a more transparent, competitive, and resilient digital market.



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