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The Protection of Consumers of Banking Services in Nigeria's Cash-Less Economy- A Comparative Analysis with China and U.S.

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Abstract: *E-banking technology created a revolution by extending banking hours beyond office hours and national boundaries. Digital innovation has enabled broader financial inclusion but has also introduced complex regulatory and security challenges, exposing consumers of electronic banking services to challenges not limited to fraud, security breaches, and difficulties in determining liability for unauthorised transactions. While the drawbacks may or may not outweigh the benefits, consumers' complaints, grievances, and dissatisfaction caused by improper service delivery and inadequate review mechanisms are characteristic of the Nigerian e-banking sector. Furthermore, it has been observed that the absence of a law specifically addressing card-related crimes in Nigeria may provide thieves with a loophole to operate freely. The article delves into the regulatory framework governing consumer protection in the Nigerian banking sector, assessing the effectiveness of existing laws and regulations in safeguarding consumer interests in the context of cash-less transactions. The comparative analysis of Nigeria's consumer protection legal framework with those of other jurisdictions has identified existing gaps and provided recommendations for policy improvements. The recommendations of this research include but are not limited to, the need for financial institution to implement adequate risk control measures to manage such risks. Additionally, it recommends that a robust consumer protection framework tailored to the realities of a cash-less society is essential for fostering trust in banking services, ultimately aiding the successful adoption and sustainability of the cash-less policy in Nigeria.*

Keywords: consumers of banking services, Nigeria's cash-less economy comparative analysis, China, U.S.

INTRODUCTION

Electronic banking has tremendously improved the services of some banks to consumers in terms of satisfaction providing them with a wide range of financial benefits, such as lower transaction handling fees, higher deposit rates, opportunities to win prizes and extra credit card bonus points.[1] It allows consumers to save time by conducting their transactions quickly without having to either queue up or use paper documents. E-banking offers consumers the opportunities to interchange electronic data to communicate with bank staff with a view to enhancing consumer satisfaction. E-banking increases banks' dependence on information technology, thereby increasing the technical complexity of many operational and security issues and furthering a trend towards more partnerships, alliances and outsourcing arrangements with third parties, many of whom are unregulated. This development has been leading to the creation of new business models involving banks and non -blank entities, such as internet service providers, telecommunication companies and other technology firms

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[1] P Imiefoh, 'Towards Effective Implementation of Electronic Banking in Nigeria' (2012) 6(2), *An International Multi-Disciplinary Journal*. pp. 290-300.

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At the backdrop of these are a myriad of challenges. The CBN Financial Stability Report for 2024 indicates a significant increase of 45 percent incidents of financial fraud with 70 percent of the associated losses attributed to digital channels, particularly, unregulated virtual asset platforms. Additionally, the SEC and other regulatory bodies have identified more than 30 Ponzi-like investment schemes that exploit narratives surrounding digital currencies.[2] The next section of this paper examines these emerging issues as it affects the consumer of electronic banking services.

Emerging Issues in Electronic Banking Services in Nigeria

Cybersecurity Threats

As Nigeria transitions to cashless transactions, cybersecurity risks become a significant issue. The prevalence of cybercrime and fraud has raised concerns among users, dissuading them from fully embracing electronic payments. A report by the Nigeria Cybersecurity Policy and Strategy Nigeria[3] highlights that the country has witnessed increasing incidents of cyberattacks targeting financial institutions, which undermines public trust in cashless systems. Cybersecurity threats in electronic banking refer to the activities and techniques employed by cybercriminals to exploit vulnerabilities within online banking platforms. These can include data breaches, phishing scams, ransomware attacks, and other malicious activities aimed at stealing sensitive information, such as personal identification details, passwords, and financial assets. In Nigeria, the significance of cybersecurity threats in electronic banking has grown alongside the rapid adoption of digital banking solutions. With increasing numbers of Nigerians utilizing online banking services, the threat landscape has expanded, presenting several challenges:

1. Financial Loss: Cyber incidents can lead to substantial financial losses for both consumers and banks. In the Nigerian banking sector, cyber fraud has been reported to cost billions annually.

2. **Erosion of Trust:** A breach can erode consumer confidence, halting the growth of digital banking services. Trust is essential for the wider adoption of electronic financial systems.

3. **Regulatory Compliance:** The Central Bank of Nigeria (CBN) has established guidelines for cybersecurity practices, emphasizing the need for financial institutions to robustly secure their digital assets. Non-compliance can result in penalties or operational shutdowns.

4. **Economic Impact:** Cybersecurity breaches can have broader economic implications, potentially destabilizing the financial sector and affecting overall economic growth.

2.2.2 Statistics on Cyber Incidents in Nigeria

Statistics reveal a concerning trend regarding cyber incidents in Nigeria's banking sector:

1. **Increase in Cybercrime:** The latest on Nigeria Cybercrime statistics indicated that cybercrime incidents are increasing in volumes compared to previous years, with a significant portion targeting individuals and businesses.[4]

[2] Rosalia Ozibo 'Financial fraud in Nigeria surge by 45%, 70% of losses link to digital platforms-CBN' (2025), https://nairametrics.com/2025/07/10/financial-fraud-innigeria-surges-by-45-70-of-losses-link-to-digital-platforms-cbn/ accessed 13 July 2025.

[3] Cybersecurity Policy and Strategy. (2021). 'National Cybersecurity Policy.'

4Daniel Imber (2025) 'The latest Cybercrime Statistics (Updated June 2025)' https://aag-it.com/the-latest-cyber-crime-statistics accessed 12 July 2025.

2. **Cost of Cybercrime:** According to a report by the Nigerian Communications Commission (NCC), cybercrimes cost Nigeria approximately $500 million annually, with a notable percentage attributed to the banking sector.[5]
3. **Phishing and Fraud:** A report from Kaspersky highlighted that about 40% of Nigerian users encountered phishing attacks in 2022 and this continued to escalate in 2023, with online banking being a primary target for these schemes.[6]
4. **Data Breaches**: Unauthorised access of sensitive customer information through data breaches represents a substantial threat to the FinTech sector in Nigeria. A major data breach at a leading Nigerian FinTech company in 2021 compromised the personal and financial information of over 10 million customers.[7]
5. **Business Impact:** According to Check Point Software Technologies, a cyber security platform provider, Nigerian banks and financial institutions experience 182.01 percent higher incidence of cyberattacks than their international counterparts.[8] The report indicates a significant rise in the threat of cyberattacks across Africa, with Nigeria experiencing an alarming average of 4,718 weekly attacks aimed at its banking and financial sectors. This figure represents a 182.01 percent increase compared to the global weekly average of 1673 attacks faced by similar institutions worldwide.

Regulatory Challenges

The Central Bank of Nigeria (CBN) has developed various initiatives aimed at promoting cashless transactions, such as the Cashless Policy Initiative and the National Financial Inclusion Strategy. However, inconsistent regulatory frameworks can create confusion among stakeholders. For instance, the abrupt introduction of transaction fees for deposits and withdrawals in 2012 was met with public resistance, reflecting inconsistencies in the policy rollout. Multiple regulatory bodies govern the financial sector in Nigeria, including the CBN, the Nigerian Communications Commission (NCC), and the Federal Inland Revenue Service (FIRS). This fragmentation can lead to overlapping regulations that confuse financial institutions and consumers, hindering the smooth implementation of cashless systems.[9] Our regulatory framework lacks comprehensive consumer protection mechanisms for digital financial transactions. Issues such as fraud and unauthorized transactions have emerged, with insufficient recourse for affected customers. The absence of a robust legal structure discourages consumers from fully embracing cashless options due to apprehensions about security. On the other hand, some banks and electronic payment service providers do not fully comply with the regulations set forth by the CBN. Issues of inadequate Know Your Customer (KYC) compliance and Anti-Money Laundering (AML) measures remain prevalent, complicating efforts toward a seamless cashless environment.

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[5] Adeyemi Adepetun (2022) 'NCC puts cybercrime losses in Nigeria at $500m, sets to implement DMS' https://guardian.ng/news/ncc-puts-cybercrime-losses-in-nigeria-at-500m-sets-to-implementdms/#:~:text=NCC%20said%20PIM%20is%20presented,the%20telecommunications%20industry%20in %20Nigeria accessed 20 June 2025.

[6] Kaspersky (2024) 'Kaspersky reports phishing attacks grow by 40 percent in 2023' https://www.kaspersky.com/about/press-releases/kaspersky-reports-phishing-attacks-grow-by-40-percent-in-2023 accessed 11 March 2025.

[7] Afolabi Abiodun (2023) 'Nigeria's financial sector under siege: The alarming rise of cyber fraud and inadequate defenses' https://businessday.ng/opinion/article/nigerias-financial-sector-under-siege-the-alarming-rise-of-cyber-fraud-and-inadequate-defenses/ accessed 20 June 2025.

[8] Check Point (2024) 'Report: Cyber Security Report 2024' http://www.checkpoint.com/resources/report-3854/report-cyber-security-report-2024 accessed 20 June 2025.

[9] Simon Viaslina Akaaryor 'Revising the Legal and Regulatory Framework for banking Business in Nigeria' (2025) vol. 12 (1) *Nnamdi Azikiwe University Journals* p. 169-170.

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Non-compliance can result in regulatory penalties but also erodes consumer trust.[10] Important regulatory documents, such as the Guidelines for Payment Service Banks (PSBs) and the National Payment Systems Vision (NPSV) policy, can lack clarity, making it difficult for new entrants and existing players to navigate the regulatory landscape effectively. This vagueness can stall innovation and development of new financial technologies. As cashless transactions become more prevalent, concerns regarding data privacy and protection emerge. Nigeria lacks a comprehensive data protection law, raising apprehensions among consumers about how their financial data is stored and used. The lack of solid regulatory frameworks governing data privacy can hinder public acceptance of cashless systems.

Customer Trust and Awareness

Customer trust and awareness are critical factors influencing the success of e-banking services in Nigeria. As digital banking continues to expand, establishing trust and enhancing customer awareness are essential for encouraging more users to engage with these platforms. Trust is fundamental for customer willingness to adopt e-banking services. Consumers are more likely to embrace digital banking when they are confident in the security and privacy of their transactions.[11] Higher trust levels correlate with increased transaction volumes as customers are more likely to conduct frequent online payments and fund transfers if they feel their information is safe[12] Establishing trust enhances customer loyalty, leading to sustained relationships and long-term retention. Trustworthy banks can differentiate themselves in a competitive market.[13] Frequent reports of cyber fraud and data breaches create significant fear among users. High-profile cases of hacking can quickly erode confidence in digital banking platforms.[14] Poor service delivery, including slow transaction processing and frequent outages, can lead customers to distrust e-banking solutions. If consumers encounter technical difficulties, they may question the reliability of these services.[15] Insufficient customer service or slow response times can frustrate users and lead to distrust. When banks do not address customer issues promptly, it raises doubts about their commitment to user satisfaction. Many customers lack sufficient information about e-banking features and security protocols. This lack of awareness can lead to skepticism about the technology and its benefits. Customer trust and awareness are vital components of e-banking services in Nigeria. The importance of trust cannot be overstated, as it influences user adoption, transaction volume, and customer loyalty. However, issues such as cybersecurity concerns, service reliability, and lack of awareness hinder the establishment of trust. By implementing initiatives focused on enhancing security, educating customers, fostering transparency, and improving service, banks in Nigeria can significantly increase customer trust and awareness in their e-banking offerings.

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[10] *Ibid* (n. 30)

11 Clement Adewole, Blessing Akpamida & Seyi Adeoye 'Digital Banking and Customer Satisfaction in the Nigeria Financial System' (2024) vol. 12 no. 1 *International Journal of Advanced Studies in Economics and Public Sector Management* (IJASEPSM) 134, https://internationalpolicybrief.org/wp-content/uploads/2024/04/ARTICLE-8.pdf accessed 20 June 2025.

[12] Edwin Egwu, 'A Qualitative Study of the Problems and Prospects of Online Banking in Developing Economies – Case of Nigeria' *Journal of Internet Banking and Commerce, December* (2012) vol. 17, no.3 p 11 (http://www.arraydev.com/commerce/jibc/) accessed 2 February 2025.

13 Alison Clarke, Fico 'Forester Report: The Future of Banking is Built on Trust' https://www.fico.com/en/latest-thinking/analyst-report/forrester-report-future-banking-built-trust 2 February 2025.

14 Team DigitalDefynd 'Top 10 Banking Cybersecurity Case Studies' (2025) https://digitaldefynd.com/IQ/banking-cybersecurity-case-studies/ accessed 11 May 2025.

[15] *Ibid.*

Technology Infrastructure

The lack of adequate infrastructure poses a significant barrier to the implementation of a cashless policy. A significant portion of Nigeria's population lacks access to reliable internet services. Many rural areas are especially affected, limiting the ability to engage in digital transactions. According to the National Communications Commission,[16] internet penetration rates remain uneven, with rural communities often experiencing connectivity issues, which undermines the reach and efficacy of cashless platforms.[17] The erratic power supply in Nigeria also poses a major challenge for the functioning of electronic payment systems. Frequent outages disrupt transaction processes, leading to user frustration and reluctance to embrace cashless alternatives. Reports indicate that businesses often resort to alternative power sources, which increases operational costs and diminishes the efficiency of cashless transactions.[18] Limited availability of Point of Sale (POS) terminals and Automated Teller Machines (ATMs) in many regions makes cashless transactions difficult. A report by the CBN (2020) highlights that despite an increase in POS deployment, the distribution remains skewed towards urban areas, leaving rural citizens with limited access to cashless options.[19] System failures—such as outages and technical glitches—remain a persistent challenge for cashless transactions in Nigeria. Failures can result in transaction delays or failures, contributing to customer dissatisfaction. A report from the CBN[20] notes that frequent system failures erode confidence in cashless methods, especially in critical financial activities.

Electronic Fraud and Scams

Electronic fraud has become a global problem and phenomenon. Electronic fraud has increased tremendously in Nigeria; especially giving the complexities of the system.[21] The growth in ATM has been highly beneficial to both bank management and the household alike, but it has brought about a weak point system by creating a precise condition in which organised criminals carry out fraud. The problem of fraud in Nigerian is phenomenal because of the active connivance of bank officials. It was gathered that some bank staffs have been involved in this fraud by feeding the criminals, as a result of the technique advance through which they obtained card PIN numbers and the sensitive data held in magnetic strips. Criminals place false fascia containing magnetic strips readers on the front of genuine ATM to collect information and also install mini-cam masquerading as security cameras in order to record PIN number as they are entered on the ATM levy pads. Using this technique, they are able to fraudulently withdraw large amounts of amount of cash. In doing so, they fraudsters are striking at the very core of an individual. Measures need to be set in place to deal with these card fraud and other electronic banking problems. There are also computer hankers, who break in to a bank's computer system. They are computer wizards who breaks through passwords and locks in the banks computer system, making manufacturing and alteration to south their fraudulent desire. In the late 1980 and early 1990s Europeans institutions experience similar problems and was able to overcome them using different fraud detections measures.[22]

[16] National Communications Commission. (2021). "Annual Report 2021.
[17] *Ibid.*
[18] Olafusi, Adebiyi, & Oladosu, (n.10)
[19] Central Bank of Nigeria. (2020). Payment System Statistics.
[20] Central Bank of Nigeria. (2020). "Payment System Annual Report."
[21] Business day, April 2008.
[22] European Anti-Fraud Office (2024) Press Release '25 Years Fighting Fraud: CLAF marks 25th anniversary of its Operations https://anti-fraud.ec.europa/media-corner/news/25years-fighting -fraud-2024-06-03_en

CBN in its existing framework has issues guidelines to also cover the issuance of electronic money by banks in Nigerian. However, the distinctive of characteristics of the new technology is requires some new thinking and rules. All involved in e-banking must try to maintain adequate and reliable safeguards in order to present, protect and detect any possible threat to the security and integrity of scheme including the threat of counterfeit as well as unauthorised access or modification. It is in this regard that CBN warned that all banks offering that ATM services and other electronic banking services would be held accountable for case of fraud. In the guidelines of electronic banking in Nigeria sent to bank by the CBN, banks will be considered liable for fraud arising from card skimming, counter filtering and internet hacking,[23] worried about what the loss would be to the customer and the banking system, the CBN further directed that in view of demonstrating weakness in the magnetic strip technology, banks should adopt the chip /smart card and technology'.

To further ensure effective security of the customer as well as the scheme, central bank of Nigerian has directed that; banks are encouraged to install cameras at ATM locations, all ATM not located within the bank premises must be situated in a manner to ensure safety to customer using them, appropriate lighting most be available at all times and mirrors may be placed around the ATM to enable the individual using the ATM to determine the movement of persons in the immediate Vicinity. In Nigeria Electronic banking is becoming increasingly important in Nigerian because of the increasing competitions from non-bank financial institution and the demand for more efficient and convenient services in the competitive environment brought about by the deregulation coupled with the recent adoption of universal banking, technology seems now to be the single biggest strategic issue in banks.

As the numbers of ATM card holders continue to grow daily as a result of e-payment awareness in the country and the activities of card fraudsters appear to be on the increase. Majority of Nigerians banks notably United Bank for Africa, warned ATM card users nationwide against disclosing their ATM card details to a second party as a result of fraudsters who are said to be on the prowl.[24] In an effort to obtain actual cards, criminals have used a variety of card trapping devices comprised of slim mechanical devices, often encased in a plastic transparent film, inserted into the card reader throat. Hooks are attached to the probes preventing the card from being returned to the consumer at the end of the transaction. When the ATM terminal user shows concern due to the captured card, the criminal, usually in close proximity of the ATM, offers support, suggesting the user enter the PIN again, so that he or she is able to view the entry and remember the PIN. After the consumer leaves the area, believing their card to have been captured by the ATM, the criminal then uses a probe (fishing device) to extract the card. Having viewed the customers PIN and now having the card in hand, the criminal can easily withdraw money from the unsuspecting user's account.

Furst et all[25] observed that there are several and distinct ATM robbery patterns, each of which presents unique challenges in responding. The most common pattern is for the offender to rob the ATM user immediately after the victim makes a withdrawal. other patterns include the following the offender forcing the victim to go to an ATM to withdraw cash. In some circumstances, the offender robs the victim of his or her ATM card, forces the victim to reveal the PIN, and then uses the card. Sometimes the offender robs a victim standing at an ATM of other valuables (wallet, watch, jewelry).

[23] CBN Bulletin 2003 p.3.
[24] Diebold (2002) state some ATM Frauds in a paper titled 'ATM Fraud and Security'.
[25] K Furst, W Lang and ED Nolle, 'Internet Banking Development and Prospects: Working Paper', (2002) *Center for Information Policy Research,* Harvard University. pp. 71

The offender follows someone who has just withdrawn cash from an ATM and robs him or her away from the ATM.

Chris,[26] in his research on Bank ATM Security Advice states that ATM bank cash machines have been incorporated in our way of life. They offer a real convenience to those on the run, but at the same time offer an element of risk. Using a bank ATM machine safely requires awareness and a little planning. Just because a bank ATM machine is open and available 24-hours a day doesn't mean it is always safe to use it. He further revealed that Bank ATM robbers are usually males under 25 years of age and most work alone. ATM robbers usually position themselves nearby (50 feet) waiting for a victim to approach and withdraw cash. Half of the ATM robberies occur after the cash withdrawal. Many ATM robbery victims are women and were alone when robbed. Most claim that they never saw the robber coming. Most ATM robbers used a gun or claimed to have a concealed weapon when confronting the victim and demanding their cash.

The risk of fraud is pervasive throughout all transactions, both offline and online. Fraud can be perpetrated on individuals in a myriad of ways, but with respect to e-banking transactions, they are mostly perpetrated when the perpetrator gets control of an unsuspecting individual's bank card details, once those details are obtained, the fraudster may make unauthorised transactions out of the individual's account to his detriment. There are instances when these 'breaches of security' are caused by the negligence of the seller, or sometimes the negligence of the consumer, be that as it may, the law has put in place certain safeguards to ensure that the consumer is allowed some measure of restitution for instances when these breaches occur. In the European Union, the Distance Selling Directive (DSD)[27] which applies generally to distance sales provides that, member states shall ensure that appropriate measures exist for consumer protection. These measures include permitting the consumer to request cancellation of a payment where fraudulent use has been made using his payment card. In the event of fraudulent use, the consumer has the right to be re-credited with the sums paid or have them returned.[28] Therefore, what this provision creates is a secure safety net, the consumer may cancel fraudulent transactions upon being aware of them, and if the sums have already been advanced, then it can be re-credited to the owner of the card.

Lack of Education and Training

Financial illiteracy is a basic lack of understanding about how to manage your money effectively in everyday life. This encompasses various skills, including managing a bank account, paying bills on time, and recognizing the importance of saving and reducing debts over time. Individuals who are financially illiterate often lack knowledge about the financial products available to them, including loans, credit cards, and investment options. They may not understand how and when to use these products or the potential benefits they can provide, such as building wealth, improving financial security, and achieving financial goals. This gap in knowledge can lead to poor financial decisions, contributing to ongoing cycles of debt and financial exclusion, especially in regions with limited access to financial education resources. It is argued that the main reasons for financial exclusion in Nigeria are poverty and illiteracy.

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[26] EM Chris, 'Bank ATM Security Advice: Effective Method of Security Measures Virtual Banking' (2006) 11(1)
Journal of Internet Banking and Commerce, available at <http://www.arraydev.com/commerce/jibc/> accessed 22 June 2023.

[27] 27 Directive 97/7/EC of the European Parliament and of the Council of 20 May 1997 on the protection of consumers in respect of distance contracts OJ L 144, 4.6.1997, p. 19–27 n.24 32 Regulation 21.

[28] Defined in s.8(2) of the CCA as a personal credit agreement by which the creditor provides the debtor with credit not exceeding £25,000.

[29] As of 2015, the adult (15 years and over) literacy rate for Nigeria was 59.6%.[30] It is a popular belief that most financially illiterate Nigerians are the uneducated and the under-educated. Illiteracy has been linked, consciously or unconsciously, to financial illiteracy. This correlation highlights the challenges faced by individuals in accessing financial services and understanding financial concepts, further exacerbating poverty levels and limiting economic opportunities. Addressing these issues through education and awareness initiatives is crucial for fostering financial inclusion and empowering individuals to make informed financial decisions.

Digital Divide in E-Banking Services in Nigeria

The digital divide represents a significant emerging issue in the context of e-banking services in Nigeria. This divide highlights the disparities in access to, and usage of, digital banking services among different demographics and geographic areas, particularly between urban and rural populations. Access to e-banking varies significantly based on demographic factors such as age, gender, and income level. Younger, tech-savvy individuals are more likely to adopt e-banking services, while older populations often prefer traditional banking methods due to a lack of familiarity with technology. Furthermore, gender disparities exist, with studies showing that women in rural are as have less access to digital financial services compared to men.[31] Urban areas in Nigeria generally enjoy better access to e-banking services due to higher internet connectivity, better infrastructure, and a greater presence of financial institutions. In contrast, rural areas often suffer from inadequate telecommunications infrastructure and low internet penetration rates, hindering access to digital banking.[32] Reports indicate that internet coverage in rural Nigeria is approximately 34% compared to about 60% in urban areas, exacerbating the digital divide.[33] Companies like Interswitch and Paystack have introduced innovative solutions aimed at increasing access to digital banking services across Nigeria. By leveraging USSD technology and mobile platforms, these companies provide financial services to unbanked populations, particularly in rural areas. This approach has facilitated transactions without requiring high-end smartphones or stable internet connections, promoting greater financial inclusion. The Nigerian government has launched initiatives such as the National Broadband Plan, aimed at improving internet access across the country, particularly in underserved areas.[34] This plan seeks to reduce the digital divide by expanding network coverage and enhancing the quality of service, thereby enabling more people to access e-banking services.

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[29] Martin, O.N., (2008). *Basic thoughts on reversing the trend of financial exclusion in Nigeria*. Economic Reflections. Vol. B. №21. Retrieved from https://www.proshareng.com/admin/upload/reports/Basic%20Thoughts%20on%20Reversing%20the%20Trend %20of%20Financial%20Exclusion%20in%20Nigeria.pdf accessed 8 March 2025.

[30] *Nigeria — Adult (15+) literacy rate.* Knoema Database. Retrieved from https://knoema.com/atlas/Nigeria/topics/Education/Literacy/Adult-literacy-rate

[31] World Bank, "Closing Gender Gap in Digital Development," (2023) https://documents1.worldbank.org/curated/en/099022924054584089/pdf/P1805721f6ca4402c1905b12c4337f89bb8. pdf accessed 8 March 2025.

[32] Chioma G. Nkechika 'Digital Financial Services and Financial Inclusion in Nigeria: Milestones and New Directions' https://www.cbn.gov.ng/Out/2024/RSD/Digital%20Financial%20Services%20and%20Financial%20Inclusion%20in %20Nigeia,%20Milestones%20and%20New%20Direction.pdf accessed 8 March 2025.

[33] Omolara F. Oluda and Chimechefulam G. Josephs, 'The Causes of Digital Divide in Nigeria: The Context of the Nigerian Law Reform Commission' https://lup.lub.lu.se/luur/download?func=downloadFile&recordOId=9123699&fileOId=9123921 accessed 8 March 2025.

[34] The Federal Ministry of Communications, Innovation & Digital Economy 'Ministry Launches National Broadband Alliance for Nigeria (NBAN) to Drive Broadband Connectivity and Infrastructure Development'

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Despite these advancements, a significant gap remains. This highlights that while innovations exist, there are still barriers to access that need to be addressed to close the digital divide. The digital divide is a pressing issue for e-banking services in Nigeria, manifesting in accessibility and usage gaps among different demographics and between urban and rural populations. While fintech innovations and government initiatives aim to bridge this gap, significant challenges remain. Addressing these disparities is essential for achieving financial inclusion and enabling all Nigerians to benefit from the advantages of e-banking services. Achieving widespread financial inclusion is crucial for a successful cashless economy. Many individuals, particularly in low-income segments, remain unbanked or underbanked and do not have access to bank accounts or digital payment platforms. Targeted initiatives to educate and provide these individuals with the necessary tools for participation in the financial system will be key. Financial inclusion within the context of the 2018 revised CBN National Financial Inclusion Strategy, is achieved when adult Nigerians have easy access to a broad range of formal financial services that meet their needs and are provided at an affordable cost.[35]

OVERVIEW OF THE LEGAL FRAMEWORK FOR THE PROTECTION OF CONSUMERS OF BANKING SERVICES IN NIGERIA

In Nigeria, consumer protection in banking services is governed by a combination of laws, regulations, and institutional frameworks aimed at safeguarding the rights and interests of consumers.

Laws

(A) Banks and Other Financial Institutions Act (BOFIA) 2020

The Banks and Other Financial Institutions Act BOFIA 2020 is a total departure from the BOFIA 1991.[36] The Act primarily aimed to bring the legal framework in tandem with modern developments. The 2020 version of the Act is also aimed at driving efficiency in granting licenses to banks and other financial institutions. Particularly, the Act outlines the regulatory functions of the Central Bank of Nigeria (CBN) in the financial services industry. The Act is also very pivotal in providing a framework that addresses the issues of licensing and of financial technology companies in a digital age. The BOFIA 2020 is a necessary introduction and improvement on the erstwhile laws regulating banks and other financial institutions. The BOFIA is a response to the advent of technology and innovation, and in order to remain relevant the banking sector had to modernise and change with the times.[37] Mbakogu and Oyefeso state that the CBN must develop strategic means to ensure that the banks respond effectively to customers complaints. They emphasize the need for measures to hold errant banks accountable to established rules.

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https://fmcide.gov.ng/ministry-launches-national-broadband-alliance-for-nigeria-nban-to-drive-broadband-connectivity-and-infrastructure-development/ accessed 22 June 2025.

35 Central Bank of Nigeria (2018). National Financial Inclusion Strategy (Revised): Financial inclusion in Nigeria. www.cbn.gov.ng/national-financial-inclusion-strategy) 2 February 2025.

36 I Alley, 'BOFIA 2020 and financial system stability in Nigeria: Implications for stakeholders in the African largest economy' (2023) 24 *Journal of Banking Regulation:*184–205

37 U Mbakogu and O Oyefeso, 'A Review of the BOFIA 2020 – Effects on Nigeria's Fintech Ecosystem' https://www.alp.company/sites/default/files/ALP%20%20A%20REVIEW%20OF%20THE%20BANKS%20AND%20OTHER%20FINANCIAL%20INSTITUTIONS%20ACT%202020%20%20%E2%80%93%20EFFECTS%20ON%20NIGERIA%E2%80%99S%20FINTECH%20ECOSY STEM%20.pdf accessed 20 June 2023.

Many bank customers feel frustrated with the current complaint-handling procedures, as the dispute resolution mechanisms are often slow, tedious, and rarely produce satisfactory outcomes.

(B) Federal Competition and Consumer Protection Act 2018 (FCCPA)

The Federal Competition and Consumer Protection Act 2018 (FCCPA) [38] replaced[39] the Consumer Protection Act.[40] The FCCPA is superior to all other Laws or Regulations on consumer protection and competition except the Constitution.[41] The FCCPC has concurrent jurisdiction with all other Government agencies or sector regulators on issues of consumer protection.[42] The FCPA is a crucial legislation in Nigeria aimed at promoting fair competition, protecting consumers and ensuring market efficiency. Enacted in 2019, the FCCPA establishes the legal framework for competition and consumer protection in Nigeria.[43] The primary objective of FCCPA is to create a level playing field for businesses, prevent anti-competitive practices and enhance consumer welfare. The FCCPA fosters healthy competition in the marketplace by prohibiting monopolies, price fixing and other anti-competitive behaviors, which ultimately benefits consumers by offering them more choices and better quality products and services at competitive prices. In fulfilling its mandate, the FCCPC has implemented various measures to protect consumers of good and services in Nigeria. Some of the ways FCCP safeguards consumers are discussed.

The FCCPA under Section 125(1) provides that:

> *where in the marketing of any goods or services, any person acting on its behalf by way of undertaking, words or conduct, directly or indirectly expresses or implies a false, misleading or deceptive representation concerning a material fact to a consumer or prospective consumer; fails to correct an apparent misapprehension on the part of the consumer or prospective consumer, amounting to false , misleading or deceptive representation or permit or require any other person to do so, the undertaking is liable for damages to any person damaged, and shall be ordered to make monetary restitution.*

This study discusses sections of the FCCPA that seek to protect consumers of banking services. Section 3 of the FCCPA creates the Federal Competition and Consumer Protection Commission whose functions range from the administration and enforcement of the proposed Act to developing rules, guidelines and regulations that would ensure its effective implementation. The functions and powers of the Commission provided for in sections 17 and 18 of the Act are wide and far-reaching, giving the Commission the liberty to carry out its functions. The Commission has a broad discretion in carrying out its duties. It has power to make regulations prohibit anti-competitive agreements, misleading, unfair, deceptive or unconscionable marketing, trading and business practices,[44] and prohibit or approve mergers upon receiving notices.[45]

[38] At the time of writing this work a gazette copy of the Act was not available hence the citation of the Act under the Laws of the Federation was unavailable.
[39] Section 3 of the FCCPA, 2018.
[40] Consumer Protection Act, CAP C25, LFN 2004.
[41] Section 104 of the FCCPA, 2018.
[42] *Ibid* Section 105
Pricewater Coopers, 'Federal Competition and Consumer Protection Bill' (2018) 2 *Regulatory Alert* pp.1.
[43] Section 1 FCCPA 2018.

Other powers conferred upon the commission include; the power to make regulations relating to the charging and collection of fees, levies, fines and the imposition of administrative penalties;[46] as well as the power to prohibit the making or carrying out of an agreement or arrangement which relates to the Act in appropriate cases.[47]

Section 39 of the FCCPA establishes the Tribunal whose primary purpose is to adjudicate on conducts prohibited under the Act. The Tribunal has the power to hear appeals or review decisions of the Commission. Under the proposed Act, the Tribunal also has the power to hear appeals or review decisions from the exercise of the powers of any sector specific agency in a regulated industry in respect of competition and consumer protection matters.[48] However, section 48(2) provides that all appeals or requests for review of a sector specific authority shall first be heard and determined by the Commission before such appeals can be filed with the Tribunal.[49] The Act further states that an order, ruling, award or judgment of the Tribunal shall be binding on parties and shall be registered with the Federal High Court for enforcement purposes only.[50] If a party to a proceeding is dissatisfied with a ruling, award or judgment of the Tribunal, then the party may apply to the Federal High Court for judicial review, upon giving notice in writing to the secretary of the Tribunal and within thirty (30) days of the ruling, award or judgement of the Tribunal.[51]

The FCCPA in her provision does not appear to resolve the position by the BOFIA which limits the application of the FCCPA such that the FCCPA neither applies to any function, act, financial product/service or transaction by a bank nor the CBN, its Governor, other executive officer or its staff.[52] The FCCPA also appears to be an Act that saddles a ‘premature’ agency with a wide range of powers. The FCCPA would be better implemented with a collaborative effort such as with the Central Bank consumer protection unit. The FCCPA also glosses over the real issues of consumer protection, as there is a lack of detailed provisions that addresses the issues that consumers face. The consumer right to information although contained in the Act is not explicit enough to dictate the tunes in a largely capitalist system where consumers lack information and are only provided technical information especially in the banking sector.

(C) Nigerian Data Protection Regulation (NDPR)

The NDPR enacted in 2019, provides a comprehensive framework for the protection of personal data in Nigeria. This regulation significantly impacts how banking institutions handle consumer information, ensuring that consumers' rights to their data are respected and preserved. The NDPR mandates that banks must obtain explicit consent from consumers before processing their personal data. This consent must be informed and freely given, allowing consumers to

[44] Section 17 (1) (g) of the FCCPA, 2018.
[45] *Ibid* Section 17 (1) (k).
[46] *Ibid* Section 18(1) (i).
[47] *Ibid* Section 18 (3) (a).
[48] *Ibid* Section 48 (1) (b).
[49] *Ibid* Section 48 (2).
[50] *Ibid* Section 55 (1) (2).
[51] *Ibid* Section 56.
[52] *Ibid* Section 65.

understand how their data will be used and shared. The NDPR empowers consumers with several rights regarding their personal data. These rights include: the right to access their personal data held by banks; the right to rectification of inaccurate or incomplete personal data; and the right to erasure, allowing consumers to request the deletion of their data under certain conditions.

Banks are required to collect personal data only for specified, legitimate purposes and to inform consumers about these purposes. This provision prevents banks from using data for unrelated activities, thereby enhancing consumer trust. The NDPR enforces the principle of data minimization, which dictates that banks should only collect data that is necessary for the purpose for which it is being processed. This limits the exposure of consumers' personal data and mitigates risks associated with data breaches. Banking institutions must implement appropriate technical and organizational measures to protect personal data against unauthorized access, processing, or disclosure. In the event of a data breach that affects personal data, banks are obligated to notify affected consumers and relevant authorities. This provision ensures transparency and empowers consumers to take preventive measures to take preventive measures against potential harm arising from the breach. The NDPR sets out penalties for non-compliance, which may include fines and other sanctions. These penalties serve as a deterrent and encourage banks to adhere strictly to the data protection regulations, ensuring they prioritize consumer data protection. Banks are required to demonstrate compliance with the NDPR by maintaining records of data processing activities and appointing Data Protection Officers (DPOs). These measures enhance accountability and encourage banks to prioritize consumer protection in their data handling practices. The NDPR stipulates that personal data can only be transferred outside Nigeria if the receiving country provides adequate protection for data subjects. This provision seeks to protect consumers' data when banks engage in international transactions or partnerships. The NDPR outlines administrative procedures that must be implemented in the event of a data breach or violation. Banks are required to carry out specific steps to address the breach or violation. Banks are required to carry out specific steps to address the breach and rectify any harm caused to consumers. The NDPR provides for criminal prosecution against parties who breach data protection regulations. This provision aims to ensure accountability and deter non-compliance by imposing severe consequences for violation.

(D) Regulatory Framework for Mobile Payments Services in Nigeria

The regulatory framework for mobile payment services in Nigeria aims to adhere to international standards and best practices. This framework has been developed through extensive consultations with stakeholders to ensure that it meets the needs of the industry. The Central Bank of Nigeria has recognized the importance of person-to-person payments over mobile phone infrastructure as a key strategy for financial inclusion of the unbanked population. As a result, the creation of an enabling regulatory environment has been prioritized to promote the availability, acceptance, and usage of mobile payment services in the country. The ultimate vision of this regulatory framework is to establish a nationally utilized and internationally recognized payments system. To achieve this vision, the framework outlines several key objectives. These objectives include providing an enabling environment to reduce cash dominance in the Nigerian economy, specifying minimum technical and business requirements for industry participants, defining roles and responsibilities of participants in the provision and usage of mobile payment services, and offering guidelines for the implementation of mobile payment transactions.

In summary, the regulatory framework for mobile payment services in Nigeria is designed to support financial inclusion, ensure compliance with international standards, and promote the growth and development of the mobile payments industry in the country.[53]

The regulatory framework for mobile payment services in Nigeria covers a range of participants involved in the provision and utilization of mobile payment services. These participants include service providers, infrastructure providers, solution providers, scheme operators, and consumers.[54]

Consumers, as defined in the framework, are the end users of mobile payment services. They are individuals or entities who utilize mobile payment services for various transactions such as money transfers, bill payments, and purchases. Consumers play a crucial role in driving the adoption and growth of mobile payment services in Nigeria. As key stakeholders in the mobile payments ecosystem, consumers are expected to adhere to the guidelines and regulations outlined in the framework to ensure the smooth and secure operation of mobile payment services. It is essential for consumers to understand their rights and responsibilities when using mobile payment services to safeguard their financial transactions and personal information. By including consumers as participants in the regulatory framework, the aim is to enhance consumer protection, promote transparency, and foster trust in the mobile payments industry. Ultimately, empowering consumers with knowledge and awareness will contribute to the overall success and sustainability of mobile payment services in Nigeria. User protection is a critical aspect of the regulatory framework for mobile payment services in Nigeria. The framework outlines specific responsibilities for mobile payment scheme operators to ensure the protection and satisfaction of users.[55]

i. **Setting up a Dispute and Complaints Resolution Desk:** Operators must provide a functional desk equipped to receive complaints via phone calls, emails, and personal visits from users. The contact details of this desk should be easily accessible through various media channels and agent locations.

ii. **Timely Response and Resolution:** Upon receiving a complaint, operators must acknowledge it within 24 hours and aim to resolve it within 3 working days. All calls to the resolution desk must be recorded until the dispute is resolved.

iii. **Logging Complaints:** Complaints made through personal visits should be properly logged with the complainant's name and signature or thumbprint documented against the complaint.

iv. **Agent Accountability:** Operators must exercise due diligence in appointing agents and hold them accountable for their activities. Operators will be responsible if any lapses are found in the due diligence process.

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[53] Section 1.1 Regulatory Framework for Mobile Payments Services in Nigeria
[54] *Ibid* Section 1.3.
[55] *Ibid* Section 6.3.

v. **Consumer Education and Awareness:** Operators must undertake consumer education initiatives to promote ease of use, security, and adoption of mobile payment services among users.

In addition to outlining the responsibilities of scheme operators, the framework also defines the rights of users to ensure a positive experience with mobile payment services:

a. **Ease of Enrolment:** Users should experience a seamless enrolment process to access mobile payment services.

b. **Ease of Use:** Mobile payment services should be user-friendly, with menu-driven options and a limit of 25 keystrokes for transactions, including SMS and USSD interfaces, to enhance usability.

c. **Privacy, Trust, and Security:** Users have the right to privacy, trust, and secure transactions when using mobile payment services. Operators must prioritize the protection of users' personal information and ensure the security of transactions.

By delineating clear responsibilities for scheme operators and rights for users, the regulatory framework emphasizes the importance of user protection in the mobile payment ecosystem. These provisions aim to build trust, enhance user experience, and safeguard the interests of consumers engaging with mobile payment services in Nigeria.

The regulatory framework for mobile payment services in Nigeria also outlines specific responsibilities for users to ensure the safe and efficient use of mobile payment platforms:[56]

i. Protecting PIN/Password: Users are responsible for safeguarding their Personal Identification Numbers (PINs) or passwords to prevent unauthorized access to their accounts.

ii. Prompt Reporting: Users must promptly report any cases of fraud, attempted fraud, errors, or complaints to the relevant authorities or scheme operators.

iii. Confirmation of Transaction Details: Users should always verify the transaction details and recipients' mobile phone numbers before authorizing any transaction to prevent errors or fraud.

iv. Compliance with Security Rules: Users are required to comply with all security rules and guidelines provided by the scheme operators to ensure a secure transaction environment.

v. Escalation of Complaints: If the resolution to complaints is unduly delayed, users have the right to escalate their concerns to the ombudsman through the offices of the Central Bank of Nigeria for further assistance.

In addition to outlining user responsibilities, the framework also establishes the Office of the Ombudsman for dispute resolution within the mobile payment ecosystem. Their roles include to receive, investigate, and resolve complaints involving all participants in the mobile payment ecosystem, ensuring a fair and transparent dispute resolution process. By establishing the Office of the Ombudsman with representation from key stakeholders and defining clear roles for resolving disputes, the regulatory framework aims to provide users with a robust mechanism for addressing issues and ensuring accountability within the mobile payment landscape in Nigeria.[57] In the realm of compliance monitoring in the mobile payment

[56] *Ibid*.
[57] *Ibid* Section 6.4.

services sector in Nigeria, the Central Bank of Nigeria plays a critical role in overseeing and enforcing adherence to the regulatory framework. Key points regarding compliance monitoring are outlined as follows:[58]

1. **Establishment of Monitoring Processes:** The Central Bank of Nigeria is responsible for establishing and implementing appropriate processes and procedures designed to monitor compliance with the regulatory framework governing mobile payment services. These mechanisms aim to ensure that all stakeholders, including service providers, scheme operators, financial institutions, and users, comply with the established rules and guidelines.

2. **Sanctions for Non-Compliance:** Non-compliance with the provisions of the regulatory framework will not be taken lightly. The Central Bank of Nigeria reserves the right to impose appropriate sanctions on entities or individuals found to be in violation of the regulations. These sanctions may include fines, penalties, suspensions, or revocations of licenses, among other measures deemed necessary to uphold regulatory integrity and protect consumers. By emphasizing compliance monitoring and outlining the consequences of non-compliance, the regulatory framework seeks to maintain the integrity, security, and efficiency of mobile payment services in Nigeria. It underscores the importance of adherence to established rules and guidelines to safeguard the interests of all stakeholders and promote a trustworthy and resilient mobile payment ecosystem.

(E) The Cybercrimes (Prohibition, Prevention, ETC.) (Amendment) Act 2024

The Cybercrimes (Prohibition, Prevention, ETC.) Act, 2015, (As Amended) 2024, has one of its objectives to provide an effective and unified legal, regulatroy and institutional framework for the prohibition, prevention, detection, persecution and punishment of Cybercrimes in Nigeria. The Act contains laudable provisions that not only promote cyber security but also play a crucial role in protecting consumers of banking services in the country. This legislation was put in place to combat cybercrimes and ensure the safety and security of individuals using online banking services. One of the key ways in which the Act has protected consumers of banking services is by imposing strict penalties on individuals or groups found guilty of engaging in cybercrimes such as identity theft and Impersonation[59], phishing spamming[60] and electronic card related fraud[61]. This serves as a deterrent to potential offenders and helps ensure that consumers can trust the banking system to keep their personal and financial information safe.

Institutions

(A) The Central Bank of Nigeria (CBN)

The CBN plays a critical role in safeguarding consumers of banking services in Nigeria. Established under the CBN Act of 1958, the bank's mandate has evolved to include supervisory

[58] *Ibid* Section 7.0.
[59] Section 22 of the Cybercrimes (Prohibition, Prevention , Etc) 2024, As Amended
[60] *Ibid* Section 32
[61] *Ibid* Section 33

functions over the financial system to promote monetary stability and maintain a sound financial environment. One of the key aims of the CBN is to protect consumers by ensuring the stability and integrity of the banking sector.[62] The current governor, Mr. Olayemi Cardoso, has emphasized the importance of managing disinflation amid persistent economic shocks, indicating the necessity of robust policies and coordinated actions between fiscal and monetary authorities.[63] This approach aims to anchor expectations and maintain investor confidence, critically relevant to consumer protection in banking.[64] To reinforce its consumer protection strategies, the CBN has implemented various legal and regulatory frameworks. For instance, the CBN Consumer Protection Framework (CPF) aims at enhancing consumer rights and promoting fair treatment in banking transactions. The CPF establishes standards for service delivery, ensuring transparency and accountability from financial institutions. It also facilitates consumers' access to redress mechanisms for grievances.[65] The revised 'National Financial Inclusion Strategy' (2018) demonstrates the CBN's commitment to ensuring that all Nigerians can access basic financial services, thus protecting consumers' interests and enhancing their economic participation.[66] In light of emerging technologies in the financial sector, the CBN has also focused on addressing consumer protection in digital banking, ensuring that consumers are safeguarded against online fraud and misinformation. The CBN issued guidelines for mobile payments and e-banking, which set minimum standards for consumer protection in electronic transactions.[67] The central bank is not oblivious to the plethora of issues that come with the cashless policy. In 2020, the Central Bank of Nigeria issued a revised timeframe for resolution of failed transactions. The directives included instant reversal or within 24 hours of failed ATM transactions when customers withdrew from their own banks; not more than 48 hours reversal when customers withdrew from other bank's ATMs. Also, banks were to resolve all failed point of sale (POS) and online/web transactions within 72 hours[68]. In reality, failed transactions could take weeks or months, and in some cases, never resolved until customers give up fighting.

Furthermore, the CBN works collaboratively with other regulatory bodies and stakeholders like EFCC, NDIC among others to establish a more robust framework for consumer protection. Recent initiatives, such as the launch of the Nigerian Foreign Exchange Code (FX Code), aim to promote accountability, ensure compliance, and engender transparency in the country's foreign exchange market, further benefiting consumers in the financial landscape.[69]

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[62] CBN Act 1958, Cap C4, Laws of the Federation of Nigeria 2004.
[63] CBN, Monetary Policy Communique No. 156 <https://www.cbn.gov.ng/Out/2025/CCD/Central_Bank_of_Nigeria_ComminiqueNo.156_20_February_2025.pdf> accessed 10 March 2025.
[64] CBN, Governor's Remarks, Recap of the 299th Monetary Policy Committee Meeting (February 20, 2025) <https://www.cbn.gov.ng> accessed 10 March 2025.
[65] CBN, Consumer Protection Framework (2016) <https://www.cbn.gov.ng/out/2016/cfpd/consumer%20protection%20framework%20(final).pdf> accessed 10 October 2023.
[66] CBN, National Financial Inclusion Strategy (2018, revised edition) <https://www.cbn.gov.ng/out/2019/ccd/national%20financial%20inclusion%20financial%20inclusion%strategy.pdf > accessed 10 October 2023.
[67] CBN, Guidelines on Mobile Payments and E-Banking (2015) <https://www.cbn.gov.ng/out/2019/ccd/national%20financial%20inclusion%20strategy.pdf> accessed 10 October 2023.
68 https://www.cbn.gov.ng/out/2020/ccd/press%20release%20on%20payment%20channels.pdf accessed on 19th December, 2023

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(B) The Nigerian Deposit Insurance Corporation (NDIC)

The NDIC was established in 1988 with the primary aim of instilling confidence in the banking sector. Its foundational goal is to protect consumers of banking services by ensuring that depositors' funds are safeguarded, thus promoting stability and trust within Nigeria's financial system. This initiative is crucial, particularly in a country that has faced banking crises and financial instability in the past. The NDIC's multifaceted approach towards protecting consumers of banking services in Nigeria is vital for promoting a stable and trustworthy banking environment. Through deposit insurance, financial education, regulatory oversight, and crisis management, the NDIC significantly contributes to safeguarding the interests of depositors, ultimately fostering economic growth and public confidence in the financial system. By offering deposit insurance, the NDIC plays a significant role in preventing bank runs, where panic leads to mass withdrawals and further destabilizes the banking sector.[70] The NDIC works closely with other regulatory bodies, such as the Central Bank of Nigeria (CBN), to ensure that financial institutions adhere to sound banking practices. Regular examinations and evaluations are conducted to assess the financial health of banks. These overs.[71] During financial crises, the NDIC also plays a crucial role in managing and resolving distressed banks.[72]

(C) The Consumer Protection Council

The Consumer Protection Council (CPC) is a vital agency in Nigeria dedicated to safeguarding the rights and interests of consumers, including those utilizing banking services. Established under the Consumer Protection Council Act of 1992, the CPC aims to promote consumer welfare, ensure fair practices, and provide necessary redress mechanisms in various sectors, including the financial industry. A primary focus of the CPC is to enhance consumer protection within the banking sector. This is achieved through the implementation of policies and regulation that promote transparency, accountability, and fairness in banking services. The CPC's advocacy for consumers is based on principles that ensure they receive quality services and are treated equitably by financial institutions.[73]One of the CPC's significant objectives is to educate consumers about their rights. This includes the right to fair treatment, safety, and access to information regarding financial products and services. By conducting public awareness campaigns and providing resources, the CPC empowers consumers to make informed decisions in relation to banking services. Such education initiatives also address common issues such as hidden charges, unfair terms, and deceptive marketing practices within the banking industry.[74]

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[69] CBN, Launch of the Nigerian Foreign Exchange Code (FX Code) <https://www.cbn.gov.ng/Out/2026/CCD/LAUNCH%20OF%20THE%20NIGERIA%20FOREIGN%20EXCHANG E%20CODE.pdf> accessed 10 October 2023.
[70] A.A Adeleke and Y.A. Babalola, 'The Role of Nigeria Deposit Insurance Corporation in Banking Sector Stability' (2020) vol 31, no 2, Journal of Banking and Finance Law and Practice 134-150.
[71] A.O Folawewo and A. Olufemi, 'The Impact of the Deposit Insurance System on the Stability of the Nigerian Banking Sector' (2019) International Journal of Banking and Finance vol 15, no 3, 201-220.
[72] C. Ibi Ajayi, 'Assessment of Financial Safety Nets and Banking Sector Stability in Nigeria: A Study on NDIC' (2018) Nigerian Law Review vol 10, no 4, 89-105.
[73] Consumer Protection Council Act 1992, Cap C25, Laws of the Federation of Nigeria 2004, s 1.

The CPC also collaborates with other financial regulators, such as the Central Bank of Nigeria (CBN) and the Nigeria Deposit Insurance Corporation (NDIC), to ensure that consumer interests are prioritized in financial regulation. Furthermore, the CPC serves as a mediator and adjudicator for consumer complaints.[75] It provides a platform for aggrieved consumers to voice their concerns against banking institutions and seek redress. The Council's ability to investigate these complaints ensures that consumers have a reliable avenue for addressing grievances, which fosters confidence in the banking system. The regulatory oversight of monitoring banking practices is crucial for identifying and addressing systemic issues that may negatively impact consumers, thereby enhancing overall consumer trust in the banking sector.[76] As part of its mandate, the CPC is also concerned with promoting ethical conduct in the financial services industry. This includes advocating for responsible lending practices and ensuring that financial products marketed to consumers are suitable, transparent, and fairly priced. This effort directly protects consumers from exploitative practices that can arise in a competitive banking environment.

COMPARATIVE ANALYSIS OF REGULATORY FRAMEWORK FOR THE PROTECTION OF CONSUMERS OF BANKING SERVICES BETWEEN NIGERIA AND OTHER JURISDICTIONS; CHINA, AND UNITED STATES

This analysis compares the regulatory framework of Nigeria, with China, and U.S., highlighting their robust mechanism that Nigeria currently lacks. This analysis outlines the significant gaps in Nigeria's regulations compared to these Jurisdictions under reference, emphasising areas for potential improvement.

Comparative Analysis of Regulatory Framework for the Protection of Consumers of Banking Services in Nigeria with China

The primary legislation for consumer protection in Nigeria includes the Federal Competition and Consumer Protection Act (2018), which repealed the Consumer Protection Act CAP C25, LFN 2024. The Act is broad and not specifically tailored to banking services. That is to say, Nigeria banking regulations lacks specific consumer protection mandates. China has specific laws for consumer protection related to banking, such as Consumer Rights Protection Law (2013) and various banking regulations under the People's Bank of China (PBOC). These laws of China provide clear definitions of consumer rights, including the right to information, choice and fair treatment.[77]

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74 CPC: Enhancing Service Delivery Through Consumer Awareness http://archive.businessday.ng/features/article/cpc-enhancing-service-delivery-through-consumer-awareness/ accessed 10 October 2024.

75 Section 2 (a) Consumer Protection Council Act.

76 D. Atoki 'Consumer Protection and Competition Highlights (The Nigerian Situation' Fifth Annual African Dialogue
Consumer Protection Conference Livingstone Zambia 10-12 (2013) <https://www.ftc.gov/sites/default/files/documents/public_events/fifth-annual-african-consumer-protection-dialogue-conference-livingstone-zambia/nigeriasession1.pptx> accessed 10 October 2023.

The CBN regulates bank while the Federal Competition and Consumers Protection Commission (FCCPC) oversees general consumer protection in Nigeria. This disjointed approach may result in deficiencies or gaps in enforcement and oversight. As opposed to what is obtainable in Nigeria, the China Banking and Insurance Regulatory Commission (IBIRC) is responsible for both oversight and the protection of consumer interest within the banking sector. This consolidation of oversight helps ensure comprehensive consumer protection.

In terms of consumer education, Nigeria has limited consumer education initiatives focused on banking services. The CBN has launched some campaigns but they are not comprehensive as resources and reach are limited. The Chinese government actively promotes financial literacy through nationwide campaigns and educational programs targeting banking customers.[78] In China, banks are also required to provide clear information about products and services, enhancing consumer understanding.[79]

The CBN has established an online portal for dispute resolution but response time are often slow. The legal process can be lengthy and complex, thereby dissuading consumers from pursuing claims. China has established specialised consumer dispute resolution mechanisms through financial regulators, allowing for more efficient complaint handling.[80] In China, mediation and arbitration services are available creating a quicker resolution process compared to Nigeria lengthy litigation. While both Nigeria and China recognise the importance of Consumer Protection in banking, China's legal and regulatory framework provide better defined structures and mechanisms as Nigeria continues to reform its consumer protection strategies, adopting lessons from China could significantly enhance the safeguarding of consumers in banking services.

Comparative Analysis of Regulatory Framework for the Protection of Consumers of Banking Services in Nigeria with United States

CBN plays a dual role of regulation and promotion of financial inclusion which can dilute its focus on consumer protection due to potential conflicts of interest the Consumer Financial Protection Bureau (CFPB) of U. S. operates independently and focus solely on consumer protection, providing a specialized approach that enhances regulatory efficiency. In Nigeria, there is no comprehensive legislation equivalent to a site of laws in the U.S., which provides clear mandates about disclosure of interest rates,[81] terms and fees.[82] The CFPB, established after the 2008 financial crisis, the CFPB is dedicated to protecting consumers in Financial Services. Equal Credit Opportunity Act (ECOA), prohibits discrimination in lending. Dodd-Frabk Wall Street Reform and Consumer Protection Act (2010) is a comprehensive legislation that enhances consumer protections post-financial crisis.[83]

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77 A. Kaja, J. Balzano "China Releases Draft Implementating Regulations for Consumer Rights Protection Law" https://www.globalpolicywatch.com/2016/08/china-release-draft-implementing-regulations-for-consumer-rights-protection-law/ accessed 12th February, 2024.

78 Devex 'China Banking Regulatory Commission (CRBC)' https://www.devex.com accessed 20 June 2025.

79 Chapter iii, Article 17 Anti-Telecom and Online Fraud Law

80 Hong Kong Monetary Authority (2025) 'Complaints Handling and Redress Mechanisms https://www.hkma.gov.hk/eng/key-functions/banking/banking-conduct-supervision/complaints-handling-and-redress-mechanism/#~:text=The%20key%20elements%20of%20effective,monetary%20disputes%20with%20financial%20i nstitutions accessed 30 July 2025.

81 Fair Credit Reporting Act (FCRA)

82 Truth in Lending Act (TILA).

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Enforcement and accountability capabilities are often eroded by corruption and lack of resources. There is also limited consumer recourse for complaints. In U.S., the CFPB has the authority to enforce regulations, investigate complaints and impose penalties, ensuring accountability of criminal institutions. Consumer education and awareness in Nigeria are not accorded enough attention as they are often underfunded and inconsistent across regions. The CFPB of U.S. actively engages in public awareness campaigns to educate consumers about their rights and responsibilities, fostering an informed consumer base.[84] Dispute Resolution mechanism in Nigeria is not effective as many disputes are often settled in lengthy procedures or prolonged, expensive and tedious court processes. US framework includes multiple mechanisms such as arbitration and mediation services supported by the CFPB.

The framework for the protection against fraud and identity theft in Nigeria though have put measures in place, the prevalence of online fraud and lack of proper cybersecurity regulations remain significant issues. U.S. regulations like the Fair Credit Reporting Act (FCRA) empowers consumers to protect themselves against identity theft, with mechanisms in place for reporting and resolution.[85]

International Best Practices and Standards for Liability: A Case Study of China, and U.S.

Lessons for Nigeria

A common theme observed in the legislation of various countries is the prioritization of bank customer protection. Extensive research highlights this notion; however, in Nigeria, customers often find themselves inadequately supported, frequently having to assertively advocate for their rights. When individuals are unaware of their rights, they may be at a disadvantage against banks or financial institutions that may exploit this lack of knowledge.

Understanding liability standards across different jurisdictions is vital for banks and consumers alike. In China the emphasis is on banks ensuring secure transaction processes, holding them accountable for their systems' robustness. Established mechanisms allow consumers to address disputes related to banking liabilities, fostering accountability. In United States Bank Liability is defined under the Electronic Fund Transfer Act (EFTA), banks are liable for unauthorized transactions if consumers report them within a specified timeframe. Banks must clear information about transaction fees, account terms, and consumer rights. In South Africa, banks are liable for losses resulting from unauthorized transactions if negligence can be demonstrated. Regulations provide consumers with clear recourse avenues regarding liability issues, enhancing consumer protection.

Nations such as the China, and United States, have developed well-established and comprehensive legislative frameworks that provide extensive consumer protections. While all jurisdictions acknowledge fundamental consumer rights, there are significant disparities in the implementation and enforcement of these rights.

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[83] M.N. Baily, A.D. Klein "The Impact of the Dodd-Frank Act on Finacial Stability and Economic Growth" (2017)

3 (1) *RSF: The Russell Sage Foundation Journal of the Social Sciences* 20.

[84] New York City Comptroller BRAD LANDER (2025) 'Standing up for New York-Consumers' New York City Comptroller BRAD LANDER 'Standing up for New York-Consumers/#:~:text- accessed 22 July 2025.

[85] Federal Trade Commission 'Consumer Reports: What information Furnishers Needs to Know' (2025) Federal Trade Commission 'Consumer Reports: What information Furnishers Needs to Know' accessed 22 July 2025.

There is an urgent requirement to update and enhance the Consumer Protection Framework and related banking regulations to close any gaps in consumer rights, focusing on issues like transparency, informed consent, and fair treatment. Introduction of Specific Consumer Protection Legislation. Develop comprehensive laws that explicitly outline consumer rights in banking, similar to the United States' Consumer Financial Protection Act. There exists a pressing necessity to empower the Central Bank of Nigeria (CBN) by strengthening the CBN's authority and resources to enforce consumer protection laws effectively ensuring it can intervene in cases of unfair practices. Create a Dedicated Consumer Protection Agency, by establishing an independent agency focused solely on consumer rights within the financial sector, providing a specialized body to handle grievances and oversee compliance. Unlike Nigeria, where protective mechanisms are still evolving, countries like China and the United States provide clearly defined avenues for consumer redress. Furthermore, the US display more effective enforcement mechanisms and consumer advocacy initiatives, with substantial penalties for non-compliance acting as strong deterrents against unfair practices. It is crucial for Nigeria to enhance dispute resolution mechanisms by mandating all banks to implement simple, efficient, and cost-effective procedures for consumers to submit complaints. In addition, establish ombudsman services specifically for banking and financial disputes, providing consumers with an independent platform for seeking redress without resorting to courts, similar to the UK.

Among many others, the most cardinal challenges with electronic banking is its exploitation to commit fraud, coupled with the ignorance of the consumer as regards their rights. Research has proven that the 3 most prevailing ways that exacerbate fraud are insider fraud, outsider fraud or collaborative fraud. None of which is peculiar to Nigeria but we can see the concerted efforts in other jurisdictions to evolve in a way that reduces or curbs this ill wind. For example, in the USA under the Electronic Fund Transfer Act (EFTA) and Regulation E: if there is a fraud which is reported as at when due, the bank refunds the customer his or her money by default. In Nigeria, the process of refund is not only protracted, most times customers are not compensated at all. In the same breath, when they make transfers and it is unsuccessful, the banks insist on waiting for several days before it is reversed, leaving the customer in a precarious situation. Banks are therefore encouraged to aim towards refund or reversal within hours at most. Also, the campaign to inform customers on the inherent risk of sharing their bank details must not cease. In addition, punitive measure to deter internal, external and collaborating fraudsters should be emphasized.

Banks should be mandated to adhere to clear disclosure requirements by implementing regulations that require them to disclose all terms, conditions, fees, and risks associated with financial products, making it mandatory for this information to be presented in simple language and accessible formats. Ensure regular Audits and Compliance Checks to conduct regular audits of banks to ensure compliance with transparency regulations, imposing penalties for non-compliance to deter unfair practices. Banks should leverage technology to develop Consumer Protection Apps, enabling consumers to easily access information about their rights, file complaints, and seek assistance. An Online Information Portal should be established to provide resources, guidelines, and a database of consumer rights, available products, and complaint channels. Stakeholders should collaborate by engaging with financial institutions to foster collaboration among regulatory bodies, banks, consumer advocacy groups, and academia, promoting best practices in consumer banking. Partnerships with NGOs should be formed to work with non-governmental organizations focused on consumer rights and education to amplify outreach and impact. Monitoring and evaluation should involve establishing a Consumer Protection Monitoring Body tasked with collecting data on consumer complaints, banking practices, and outcomes to regularly assess the effectiveness of consumer protection initiatives. Institutions should be required to submit reports on consumer protection status and outcomes, ensuring accountability for compliance and responsiveness. By implementing these strategies, Nigeria can significantly enhance its consumer protection landscape in the banking sector. This will foster a culture of transparency, fairness, and consumer awareness, which will protect consumers and promote trust in the financial system, ultimately benefiting the economy as a whole

CONCLUSION AND RECOMMENDATIONS

The study demonstrates that while Nigeria has established a framework intended to protect consumers, gaps remain that hinder its effectiveness. The Consumer Protection Act (CPA) and specific banking regulations provide foundational protections; however, they often lack rigorous enforcement and are sometimes inadequately aligned with contemporary digital challenges faced by consumers. Several challenges hinder the full efficacy of Nigeria's legal framework, ranging from ambiguity in Regulations, vague definitions and guidelines regarding consumer limited awareness, and Regulatory Compliance Issues to mention but a few.

A comparative analysis with the consumer protection frameworks of the United States, and China reveals several key insights. The U.S. employs a robust framework with various federal and state laws designed to protect consumers, emphasizing transparency, informed consent, and dispute resolution. The Consumer Financial Protection Bureau (CFPB) plays a critical role in enforcing consumer rights. China's evolving legal landscape places a significant emphasis on strengthening consumer rights in the digital economy, backed by laws that mandate clear information disclosure and mechanisms for addressing consumer complaints.

E-banking was adopted by CBN so as to improve banks service delivery, decongest queues in the banking hall, enable customers withdraw cash 24/7, aid international payment and remittance, track personal banking transaction, request for online statement, or even transfer deposit to a third-party account. Despite the effort of banks to ensure that customers reap the benefits of e-banking, customers are faced with challenges, ranging from failed and unauthorized transactions, theft and fraud amongst others. To mitigate some of these this article recommends the following:

1. The government should establish a comprehensive legal framework and a more robust agency for consumer protection in banking services to address emerging challenges such as electronic fraud and disputes.
2. The CBN should prioritize the implementation of robust security measures to protect consumers in a cashless economy, thereby reducing the incidence of fraudulent transfers.
2. The apex regulatory body should carry out audits of electronic transactions by banks and apportion fines and other deterrent measures to ensure that the challenges faced by consumers receive the prime attention it deserves.
3. The establishment of a less cumbersome, transparent and efficient dispute resolution mechanism is vital to increase consumer confidence in electronic payment systems.
4. The CBN should ensure that financial institutions adhere to regulatory directives pertaining to data protection and thoroughly implement all necessary measures for authenticating financial transactions conducted via third-party platforms (online payments) before authorizing payment from customers account

5. Financial Institutions should enhance public awareness and education about the benefits and procedures of the cashless policy is crucial. This can be achieved through comprehensive campaigns using various media platforms to ensure that all segments of the population understand how to engage with new banking methods safely and efficiently.