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POLICY TRACKER

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Editor's Note

Financial Consumer Protection



Financial consumer protection dates back to usury laws and moneylenders legislation. Modern consumer protection law is relatively new in Nigeria. The Consumer Protection Council Act¹ was enacted in 1992. However, consumer laws are neither comprehensive nor coherent still. They are largely scattered in various legislation and common law rules. The Federal Competition and Consumer Protection Commission Act of 2019 has updated aspects of the law on consumer sales and services but is yet to upscale monitoring and supervision significantly.

All markets require effective information and interactional institutions between suppliers and consumers for their effective functioning and to avoid market failure, not least financial markets. Unimpeded consumer access, protection, redress and empowerment is imperative for effective financial systems. In an increasingly digital world, the lack of financial literacy and sophistication of the average consumer, effective financial consumer protection is more important than ever. Financial systems performance hinges ever more critically on adept risk based consumer protection and supervision. Financial stability, financial integrity, and financial consumer protection are mutually reinforcing, interdependent and must be simultaneously advanced.

There are several international standards for financial consumer protection supervision, such as the G20/OECD

High-Level Principles on Financial Consumer Protection (HLPs) and the Effective Approaches (EAs).² The principles cover the following areas: (1) the legal framework and supervisory mandate; (2) disclosure and transparency; (3) financial education and awareness; (4) responsible business conduct of pension services providers and their authorized agents; and (5) complaints and redress. The Central Bank of Nigeria (CBN), issued the Consumer Protection Framework in 2016³ and the Consumer Protection Regulations in December 2019.⁴ The regulations aim to install global best practices.

This month's Tracker reports the concerns and resolve of the National Assembly to investigate complaints of excessive and illicit charges by commercial banks on customers account. It also directed CBN to do the same and to effect regulatory remedies to review charges downwards. CBN's Consumer Protection Regulations prescribe boiler plate provisions for fair treatment of consumers, information disclosure mandates, and responsible business conduct, complaints and redress mechanisms and processes. Although, the Nigerian Sustainable Banking Principles appear to be concerned with environmental and social sustainability issues, they reflect ethical principles of corporate social responsibility and have been in place long enough for assimilation by operators.

¹ Decree No 66 of 1992.

² C.f., G20/OECD (2019). Effective Approaches for Financial Consumer Protection in the Digital Age: FCP Principles 1, 2, 3, 4, 6 and 9, 4 October 2019. Available at: http://www.oecd.org/finance/financial-education/Effective-Approaches-FCP-Principles_Digital_Environment.pdf

³ Available at:

[https://www.cbn.gov.ng/Out/2016/CFPD/Consumer%20Protection%20Framework%20\(Final\).pdf](https://www.cbn.gov.ng/Out/2016/CFPD/Consumer%20Protection%20Framework%20(Final).pdf)

⁴ Available at:

<https://www.cbn.gov.ng/Out/2019/CCD/CBN%20Consumer%20Protection%20Regulations.pdf>

Financial consumer protection goes beyond legislative and regulatory standard setting, supervision and monitoring. There is a big role for operators to play, as aptly captured in the high level principle of responsible business conduct. Part Four of the CBN Consumer Protection Regulations adequately specifies the requisite rules. The Executive Compliance Officer is charged with oversight of the internal dispute resolution processes and frameworks⁵. Penalties can be levied personally on officers responsible for persistent defaults.⁶

Perhaps there is now need to enforce personal liability for certain levels of consumer infractions on Compliance Officers and Chief Executive Officers, apart from the penalties levied on the organization? ‘Responsible officer’ in article 7.5 should be so construed, since operating staff will not go out of line unless top management cultivates or allows a culture of corporate social irresponsibility. The formation of an array of consumer protection associations to help aggregate and promote consumer rights and redress in the financial sector is also necessary. The regulations should assign them a role to help with co-regulation.

Other measures are required to move corporate governance and consumer protection to the next level of voluntary and substantive self-regulation that can help win the trust of consumers and accelerate financial inclusion in Nigeria? Let the conversation begin in earnest!



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⁵ Article 6.3.1.

⁶ Article 7.5.

Global Identity Management / Know Your Customer

National Identification Numbers (NIN)

The National Identity Management Commission (NIMC) has pledged to enroll and issue unique NINs to Nigerians and legal residents at the rate of 500,000 to 2.5million monthly. However, it solicited for the federal government's support and intervention in terms of material resources to accomplish the commission's set objectives.⁷

Police partners with NIMC

The Lagos Police Command directed police personnel in the state to register with NIMC and plans to employ biometric technology in order to reverse a rising tide of criminality.⁸ It will leverage the technical expertise of the National Identity Management Commission (NIMC). The intuitive will help in the proper forensic identification of residents of the metropolis and deter criminal action.

Expiry Dates on National ID Card

The federal government is working towards removing the expiry date feature from the national identity card, according to the Minister of Communications and Digital Economy, Dr. Isa Pantami.⁹ The expiry date actually applied only to the bank component of it for cashing money.

Consumer Protection, Privacy and Data Protection, Cybercrime and Fraud

Cyber Security Awareness and Education

To commemorate the global month of cybersecurity awareness and sensitisation (October), the Nigerian Communication Commission (NCC) through its social

media platforms has begun sensitising consumers on protecting themselves while on the cyberspace from any breach of their security.



Also, NITDA has put together a national cybersecurity awareness programme through October addressed to mass audiences of parents, children and youth in all the geopolitical zones and legislative officers with the following campaigns and through physical/virtual channels and traditional/social media platforms.¹⁰

Excessive and Illicit charges by commercial banks

On Wednesday, 7 October 2020, the Senate directed its Committee on Banking, Insurance and other Financial Institutions, to investigate complaints of excessive and illicit charges by commercial banks on customers account. This investigation followed a motion by Senator Abba Moro. The Senate also directed CBN to investigate the complaints of Nigeria in this regard and review the charges on their bank accounts downwards.¹¹

⁷ NIMC Pledges to deliver 2.5 million NIN Enrolment Monthly, NIMC Website, 26 October 2020. Available at: <https://www.nimc.gov.ng/nimc-pledges-to-deliver-2-5-million-nin-enrolment-monthly/>

⁸ Ayang Macdonald, Police partner with NIMC for biometric criminal identification in Nigeria's largest city, Biometricupdate.com, 1 October, 2020. Available at: <https://www.biometricupdate.com/202010/police-partner-with-nimc-for-biometric-criminal-identification-in-nigerias-largest-city>

⁹ Oghenevwe Ohwovoriole, Nigeria: Govt. to Remove Expiry Dates from National ID Card, This Day Newspaper, 20 October 2020. Available at:

<https://www.thisdaylive.com/index.php/2020/10/20/fg-to-remove-expiry-dates-from-national-id-card/>

¹⁰ NITDA National Cybersecurity Month Programme, NITDA Website. Available at: <https://nitda.gov.ng/event/nitda-national-cybersecurity-month-programme/>

¹¹ Kamarudeen Ogundele, Senate to probe banks, CBN over excessive bank charges, BusinessDay Newspaper, 7 October 2020. Available at: <https://businessday.ng/banking-finance/article/senate-to-probe-banks-cbn-over-excessive-bank-charges/>

Financial Crimes on the Rise



CBN has advised all banks and other financial institutions to update the Alerts Protocol in their AML/CFT monitoring tools, to combat the increasing incidence of financial crimes, such as cybercrimes, fraud, counterfeiting, among other trends and red flags in the financial services sector. This followed an advisory report submitted to it by the Nigerian Financial Intelligence Unit (NFIU).

DFS Environment: Interoperability, Collaboration and Competition

Multi-Sector Engagement for 5G Policy

To formulate policies for the 5th generation (5G) mobile network in Nigeria, ecosystem stakeholders have been convening and working collaboratively. The stakeholders include the Nigerian Communication Commission, Federal Ministry of Communication and Digital Economy, Nigerian Society of Engineers (NSE) and Office of the National Security Adviser (ONSA), Association of Telecommunications Companies of Nigeria (ATCON), Association of Licensed Telecommunication Operators of Nigeria (ALTON) and Nigerian Medical Association (NMA) amongst others.¹²

The aim of this multi-stakeholder approach to 5G policy formulation, is to:

- ✓ Ensure the safety of Nigerians, by carrying out environmental impact analysis on the use of 5G and the electromagnetic fields on humans; and
- ✓ Ensure that any policy which the federal government ultimately establishes to drive 5G will be for the benefit of Nigerians.

¹² NCC Rallying Stakeholders to Formulate 5G Policies – Danbatta, Nigeria Communications Week, 16 October 2020. Available at: <https://www.nigeriacommunicationsweek.com.ng/ncc-rallying-stakeholders-to-formulate-5g-policies-danbatta/>

MFB's DFS platform/collaboration



The Nigeria Deposit Insurance Corporation (NDIC), at a workshop for members of Finance Correspondents Association of Nigeria (FICAN), appealed to all Micro-Finance Banks (MFBs) to key in their data into the National Microfinance Bank Unified Information Technology (NAMBUIT) platform for better service delivery.¹³ NAMBUIT was financed by CBN and NDIC and is meant to lower the cost of operation, aid decision making and assist MFBs to upscale in order to increase the financial inclusion in the country. At the workshop, Dr Kabir Katata, the Deputy Director, Research Department of NDIC, stressed the need for authorities and players to collaborate in order to accelerate the financial inclusion agenda and called for improved digital infrastructure to achieve the plan.

Enabling Financial Inclusion at the Last Mile

Digital/Financial Literacy

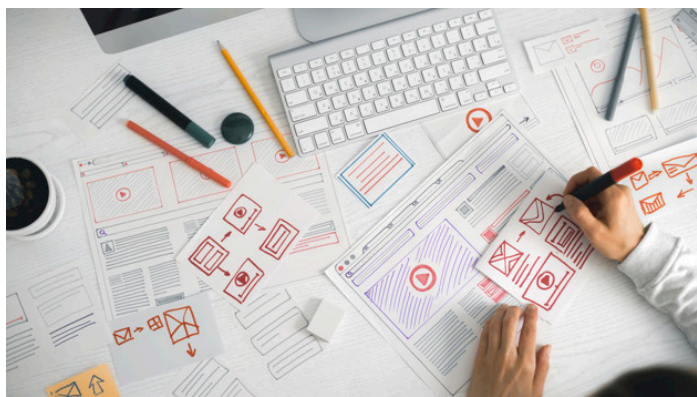
The Minister of Digital Economy, Dr Isa Pantami has commissioned a Digital Awareness Programme (DAP) executed by NCC and the Universal Service Provision Fund (USPF) for secondary schools, to expose students to Information and Communication (ICT) awareness and usage. Beneficiaries include Methodist Girls' High School,

¹³ Ginika Okoye, NDIC wants all micro finance banks to key into NAMBUIT platform, Naija247News, October 21, 2020. Available at: <https://naija247news.com/2020/10/21/ndic-wants-all-micro-finance-banks-to-key-into-nambuit-platform/#.X6cB9ohKg2w>

Yaba, Lagos State and Bishop Okoye Girls' Secondary School, Ukpok, Anambra State.¹⁴

Stanbic IBTC has also launched the New School Money Initiative which aims at improving and deepening the financial knowledge of Nigerian children. Recently, a virtual session was held to educate 703 pre-teens and teenagers on how to develop a savings and investment culture.¹⁵

Development of Inclusive Financial Products



In a bid to intensify deposit mobilisation and promote financial inclusion, the CBN has asked banks to allow zero balances for account opening and simplify account opening processes, while adhering to Know-Your-Customer requirements. This was stated in the Monetary, Credit, Foreign Trade and Exchange Policy Guidelines for Fiscal Years 2020/2021, published by the apex bank. Also, the CBN encouraged banks to develop new products that would provide greater access to credit.¹⁶

CBN drives lending to MSMEs

CBN debited banks of Cash Reserve Ratio (CRR) worth N926.4bn for breach of its lending policy Loan to Deposit Ratio (LDR) meant to grow the economy through making credit available to the real sector of the economy, including to MSMEs.¹⁷ This policy has led to lower lending and deposit interest rates.

¹⁴ Press Statement: Pantami Commissions NCC, USPF and NITDA Projects, NCC Website, 21 October 2020. Available at: <https://www.ncc.gov.ng/media-centre/news-headlines/889-press-statement-pantami-commissions-ncc-uspf-and-nitda-projects>

¹⁵ Stanbic IBTC educates preteens, teenagers on financial literacy, Nairametrics, 25 October 2020. Available at: <https://nairametrics.com/2020/10/25/stanbic-ibtc-educates-preteens-teenagers-on-financial-literacy/>

¹⁶ Section 3.2.13, Monetary, Credit, Foreign Trade and Exchange Policy Guidelines for Fiscal Years 2020/2021, CBN Website, April 2020. Available at: <https://www.cbn.gov.ng/Out/2020/CCD/Credit%20Guidelines%202020-21.pdf>

Financial Inclusion of Farmers



According to the World Bank, a national smallholder's survey by the Consultative Group to Help the Poor (CGAP) reports that only 2% of Nigerian farmers have bank accounts.¹⁸ This severely constrains their economic inclusion and productivity. Digitization of agribusiness payments would help them build transaction histories for greater access and inclusion. Therefore, it recommended that rural DFS ecosystems should be strengthened, including by increasing the density of cash-in-cash out (CICO) agents and widening the opportunity of rural residents to use e-money.

Enabling Environment for DFS Ecosystem

Licensing of New Spectrum to support New Technology

NCC commits to creating additional areas of investments with the licensing of new spectrum that would usher in new technologies, especially for broadband deployment in both urban and rural areas. The EVC/CEO of NCC, Prof. Umar Danbatta affirmed this commitment of the Commission to the provision of infrastructure, transparency and ease of doing business in Nigeria during a virtual webinar tagged "Nigeria's Telecommunication Industry-Post COVID" held on 15 October 2020.¹⁹

¹⁷ Aina Ojonugwa, CBN Debts Banks N926.4bn for Breaching LDR, The Will Media, 28 October, 2020. Available at: <https://thewillnigeria.com/news/cbn-debits-banks-n926-4bn-for-breaching-ldr/>

¹⁸ Okafor Endurance, Why less than 2% of Nigerian farmers receive payments through bank accounts, Business Day Newspaper, 7 October 2020. Available at: <https://businessday.ng/financial-inclusion/article/why-less-than-2-of-nigerian-farmers-receive-payment-through-bank-accounts/>

¹⁹ NCC to accelerate licensing of new spectrum to facilitate new technologies, The Guardian Newspaper, 15 October 2020. Available at: <https://guardian.ng/news/ncc-to-accelerate-licensing-of-new-spectrum-to-facilitate-new-technologies/>

National Roaming Services



The NCC has granted approvals to Mobile Telecommunication Network (MTN) Nigeria and Emerging Markets Telecommunication Service Limited (EMTS), trading as 9Mobile in Nigeria, to carry out a trial on National Roaming service for three months, commencing 1 August 2020 and ending 31 October 2020.²⁰ Roaming service enables a mobile subscriber to automatically make and receive voice calls, send and receive data or other mobile services when travelling outside a particular network geographical area by utilizing the network coverage of other networks with roaming arrangements to access service. The trial approval covers a few local governments, designated as the National Roaming geographic area, in Ondo State.

Compliance with the SWIFT Universal Payment Confirmations

In ensuring full compliance with the Society for Worldwide Interbank Financial Telecommunication (SWIFT) Universal Communications requirements, the CBN has informed all financial institutions that their operations will be measured based on their compliance with confirming 80% of their weekly payments.²¹ The deadline for compliance is 22 November 2020.

Expedited E-Registration/Services at CAC



The Corporate Affairs Commission has issued a revised guideline for service timeline to expedite the E-registration of businesses/companies and some post-registration services.²² Notable highlights include:

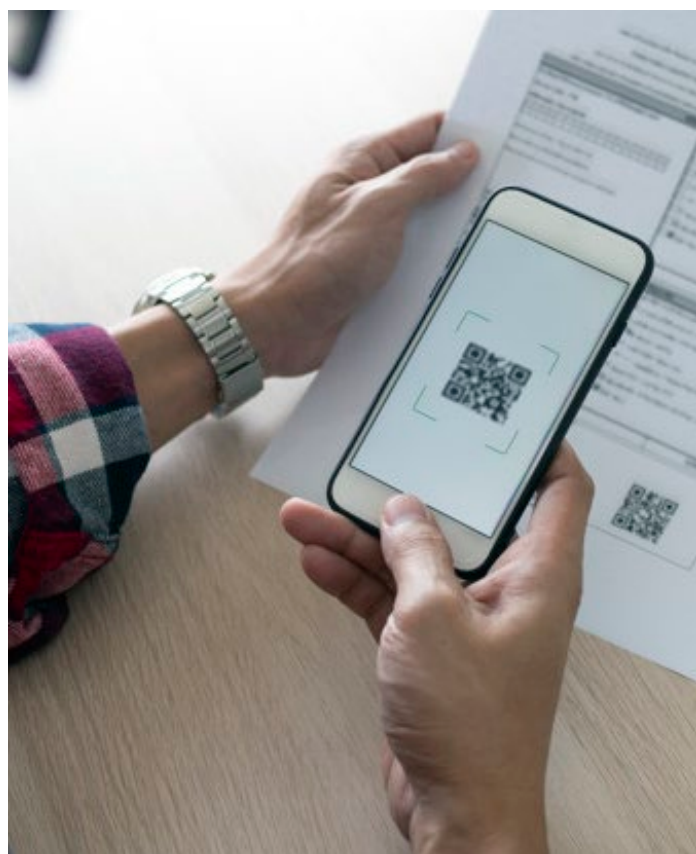
- New Registration of Companies, Businesses or Incorporated Trustees, from the upload of all relevant documents or compliance with a query, cut to 48 hours;
- Name reservation/availability time set to be within 48 hours, Correction of availability to 24hrs, and
- Consent for restricted names, limited by guarantee & incorporated trustees, will be done in 5 working days;
- Customer complaints to be handled in 72 hours;
- Post Registration for all Business Names Applications (upon receipt of an email or physical submission by courier companies or compliance with any issued query) to be processed in 3 working days;
- Post Registration Services (upon receipt of an email or physical submission by courier companies or compliance with any issued query) –
 - Processing of charges, a notice of change of authorised share capital, alteration of memart, etc. cut to 5 working days;
 - Certified True Copy of certificates cut to 5 working days etc. Change of name and deed of release to be within 7 working days.

²⁰ Press Statement: NCC Grants MTN, 9mobile Approval for National Roaming Service, NCC Website, 25 October 2020. Available at: <https://www.ncc.gov.ng/media-centre/news-headlines/894-press-statement-ncc-grants-mtn-9mobile-approval-for-national-roaming-service>

²¹ Compliance with the SWIFT Universal Payment Confirmations, CBN Website, 23 September 2020. Available at: <https://www.cbn.gov.ng/Out/2020/CCD/swiftcompliance.pdf>

²² Revised Service Timelines for the Period of COVID-19 Registration, CAC Website. Available at: <https://www.cac.gov.ng/4341-2/>

RSA Transfer System



In anticipation of the formal launch of the Retirement Savings Account (RSA) Transfer system within the last quarter of 2020, the National Pension Commission has announced that the completion of Data Recapture Exercise (DRE) is a compulsory requirement for processing any RSA transfer request by RSA holders who registered before 1 July 2019. The objective of the RSA Transfer system is to allow all RSA holders to exercise their rights of transferring their RSAs from one PFA to another.

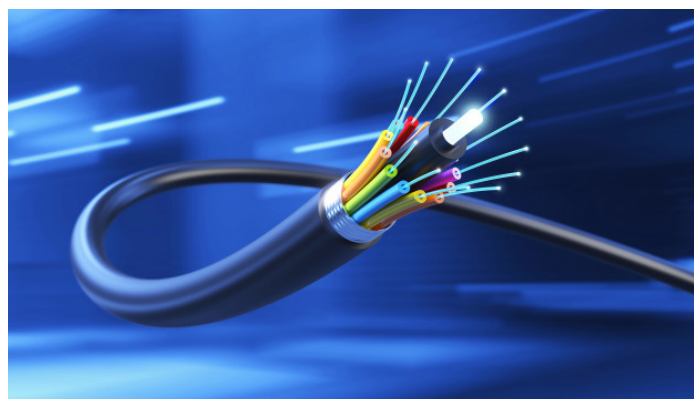
To fast track the DRE exercise, the Commission has approved the proposal of the Pension Operators' Association of Nigeria (PenOP) for an Industry Shared Service Initiative. This Initiative not only allows Pension Operators to take the DRE to organisations where the RSA holders are working but also to engage agents to conduct DRE on behalf of all PFAs. As such, an agent can recapture all RSA holders in the same organisation for all PFAs.²³

²³ DRE is a Compulsory Requirement to change PFA – PenCom, Pension Nigeria Website, 21 October 2020. Available at: <https://www.pensionnigeria.com/pension-news/dre-is-a-compulsory-requirement-to-change-pfa-pencom/>

²⁴ These committees include: the Inter-Ministerial Review Committee on Multiple Taxation on Telecommunications Operators over Right-of-Way (RoW) and the Technical Sub-Committee on Right-of-Way for Deepening Broadband Penetration in Nigeria.

DFS Infrastructure

Framework for the Licensing of Infrastructure Companies



In a quest to meet the requirements of the new [Nigerian National Broadband Plan \(NNBP\) 2020-2025](#), and reports of relevant committees²⁴ set up by the Federal Executive Council (FEC), the Nigerian Communications Commission (NCC) has constituted a committee to review the framework for the licensing of Infrastructure Companies (InfraCo). The committee is also charged with the responsibility of recommending sustainable funding options for effective implementation of the proposed national fibre project.

This review is aimed at addressing the need for the InfraCo framework to cater for the delays in take-off, change in exchange rate, supply chain and other challenges imposed by the COVID-19 pandemic, as well as challenges facing the InfraCo project, means of mitigating the exorbitant Right-of-Way charges among others.²⁵

Framework for Financing of National Mass Metering Programme (NMMP)

The CBN has issued a framework for financing support to Distribution Companies (Downstream) and Local Meter Manufacturers (Upstream). The framework seeks to help close the metering gap in the Nigeria Electricity Supply Industry (NESI) so as to improve efficiencies in the electricity value chain, consumer protection and economic activity/inclusion.²⁶

²⁵ Press Statement: NCC Reviewing InfraCo Framework, Funding Options, NCC Website, 19 October 2020. Available at: <https://www.ncc.gov.ng/media-centre/news-headlines/887-press-statement-ncc-reviewing-infraco-framework-funding-options>

²⁶ Framework for Financial of National Mass Metering Programme (NMMP), CBN Website, October 2020. Available at:

NBP Implementation Stakeholders' Forum



The Minister of Communications and Digital Economy, Dr Isa Pantami on 19 October 2020, engaged relevant industry players and agencies under the Ministry to discuss ways of accelerating the implementation and achievement of targets in the new Nigerian [National Broadband Plan \(NBP\), 2020-2025](#). The Minister stated that the forum would continually be held as it will serve as a platform to share ideas and ensure that all stakeholders are on the same page for effective implementation of the NBP 2020-2025.²⁷ CEOs of agencies under the Ministry and representatives of telecoms companies attended the programme.

https://www.cbn.gov.ng/Out/2020/CCD/Mass%20Metering%20Financing-Procurement_Guidelines_updated_18-10-20.pdf

²⁷ Yinka Okeowo, Pantami engages with stakeholders on broadband implementation, Techeconomy, 20 October 2020. Available at: <https://techeconomy.ng/2020/10/pantami-engages-with-stakeholders-on-broadband-implementation/>

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