

Frequently Asked Questions (FAQs)

1. Q: Why did it become necessary to establish a Consumer Protection Department in the Central Bank of Nigeria?

A: The Consumer Protection Department (CPD) was created in April 2012 in furtherance of one of CBN's core mandates of promoting a sound financial system. The CPD was established to develop and implement an effective consumer protection framework that would promote consumer confidence in the financial system.

2. Q: What are the functions of the Consumer Protection Department?

A: The Department performs 3 primary functions:

Complaints Management: This involves resolving consumer complaints against financial institutions under the purview of the CBN;

Market Conduct & Development: This is to entrench fair and responsible market conduct amongst the financial institutions in relation to their customers;

Consumer Education/Financial Literacy: This is to promote and disseminate financial education and awareness amongst existing and prospective consumers for the enhancement of their economic well-being.

3. Q: What is the expected impact of the Consumer Protection Department?

A: A major expected impact is the entrenchment of fair and responsible business conduct amongst financial service providers as well as the existence of a consultation and feedback mechanism to periodically determine the extent of consumer satisfaction.

Another expected impact is a general improvement in financial capability as a result of the various financial literacy programmes which would ultimately result in an increase in participation.

Although there is the likelihood of an increase in the level of consumer complaints against financial institutions due to the growing awareness of a redress mechanism in the CBN, the Department will continue to ensure fair and responsible market conduct among the financial institutions under the purview of the CBN. In the long-run, this would lead to a reduction in the number of complaints.

4. Q: What is Financial Literacy?

A: Financial literacy means possession of knowledge and skills by individuals to manage financial resources effectively to enhance their economic well-being. It also includes knowledge and understanding of financial products and services, the service providers, the terms and conditions and the benefits derivable from accessing these financial products and services.

5. Q: How does the Consumer Protection Department intend to succeed in achieving its financial literacy objectives?

A: The financial literacy framework articulates a multi stakeholder approach to the delivery of financial education across various target groups. To this end, several programmes are being developed and implemented with the active collaboration of other stakeholders to reach several target groups. For instance, the Department is collaborating with relevant agencies towards introducing financial education into the school curriculum at the primary and secondary levels. The Department is also partnering with the media for mass education and enlightenment as well as organizing Mentoring Programmes in Primary and Secondary Schools in Nigeria.

6. Q: What are the benefits of becoming financially literate?

A: Financial Literacy enables Nigerians to be empowered with relevant knowledge, understanding and the ability to evaluate financial products and services in order to make informed decisions. In the end, the citizenry would become capable and confident in managing their financial matters. This would ultimately promote

greater participation in the formal financial system which is crucial to the economic growth of the nation.

7. Q: What is Financial Inclusion?

A: Financial Inclusion simply means enhancing access and usage of financial services at affordable costs to the vast majority of disadvantaged and vulnerable low income groups; it is the availability and accessibility of financial products and services to the entire population without discrimination.

8. Q: Why is Financial Inclusion Important to Nigeria?

A: Financial Inclusion is important due to its capacity to unlock the huge potential of the large population of Nigerians that are excluded from the formal financial system. Providing them access would enable the excluded take advantage of the opportunities the formal financial system presents and ultimately promote economic growth and development.

9. A: What is the relationship between Financial Literacy and Financial Inclusion?

A: Financial Literacy is a prerequisite for financial inclusion. Even if all necessary structures are put in place to make financial products and services available and affordable, it is only the possession of knowledge and skills that can engender trust and confidence in the use of these products and services. It is this knowledge (Financial Literacy) that would empower the financially excluded to come on board the formal financial system. Financial Literacy enhances Financial Inclusion.

10. Q: What significant milestones has the Consumer Protection Department achieved since its inception?

A:

- i. Automation of Consumer Complaints Management System (CCMS);
- ii. Establishment of Help-Desks in banks to manage customer complaints;

- iii. Review of the “Guide to Bank Charges” (GBC);
- iv. Compliance Examination of banks to ensure adherence to regulations;
- v. Development of the National Financial Literacy Framework;
- vi. Conduct of Financial Literacy Sensitization and Awareness Workshops;
- vii. Stakeholder Engagement;
- viii. Financial Literacy Mapping Exercise;
- ix. Conduct of Financial Literacy Baseline Survey to determine the Financial Literacy levels of Nigerians; and
- x. Development of Financial Literacy Publications.

11. Q: Does the Consumer Protection Department treat complaints against all financial institutions in Nigeria?

A: The Consumer Protection Department treats complaints from Financial Institutions that are under the regulatory purview of the Central Bank of Nigeria; the Department handles complaints against institutions that are licensed by the CBN.

12. Q: What is the complaint recourse process in the Consumer Protection Department?

A: Customers are required to forward their complaints in writing firstly to their banks/Other Financial Institutions (OFIs). If the Bank/OFI fails to respond or resolve the complaint satisfactorily, the customer

could escalate the matter to the Consumer Protection Department of the CBN.

13.Q: How does one escalate an unresolved case to the CBN?

A: The Complainant should forward his/her complaint in writing to:

The Director, Consumer Protection Department

Central Bank of Nigeria,

Abuja

OR

Send an Email to: cpd@cbn.gov.ng

14.Q: Since its establishment, how many cases of complaints against financial institutions under the purview of the CBN have been reported to the Consumer Protection Department?

A: As at July, 2015, the Complaints Management Division of the department had received 5621 complaints from customers of banks and OFIs.

15.Q: In monetary terms, how much was refunded by banks to their customers through the intervention of the Consumer Protection Department?

A: A total of **N19.079 billion** had been refunded to customers that made claims against banks/FIs as at end of July 2015.

16.Q: Are these refunds kept in any special fund?

A: Refunds to customers are credited back into their accounts by the banks or OFIs as the case may be. No part of these funds is kept in any special account.

17.Q: How long does it take the Consumer Protection Department to resolve a complaint brought against a Financial Institution?

A: This depends on the complexity of the complaint in question. Based on the provisions of the Help-Desk Circular, banks are required to resolve complaints from their customers within 2 weeks. However, complaints on excess charges and loans **MUST** be resolved within 30 days.

18.Q: What is the CBN doing to address unauthorized/excess charges by banks?

A: The CBN in collaboration with banks, industry experts, practitioners, consultants and relevant stakeholders developed guidelines on permissible charges known as the "Guide to Bank Charges" (GBC). The Department conducts periodic checks on banks/OFIs to ensure adherence.

19.What is the CBN doing to address problems bank customers encounter as a result of using ATMs?

Answer: Banks are required by the CBN to resolve all ATM dispense errors within 48 hours of occurrence. The Department also intervenes where customers report other issues encountered as a result of using ATMs that are not resolved by the banks. Where CBN establishes genuine claims against any bank, such a bank is compelled to make refunds to the affected customers.

20.Who are bank customers?

Answer: Generally, any person who has a legal relationship (usually by way of maintaining an account) with a bank is regarded as a customer of such a bank. There are however circumstances where a person may be treated as if he/she were a customer, for instance where such a person has subscribed/enjoyed service(s) of the bank for a consideration.

21.What is the aim of the consumer sensitization programme/campaign?

The aim of the consumer education programme is to bridge the knowledge gap between providers of financial services and consumers such that the consumers are equipped with the

knowledge, skills and ultimately confidence to deal with financial institutions from an informed position.

22. How can the CBN assist banks' customers who do not have acceptable means of identification to participate in the formal financial system?

In order to ensure that customers who do not meet the acceptable requirements of identification are not left out of the financial system, the CBN issued a policy directing all banks to adopt the 3 tiered Know-Your-Customer (KYC) scheme which makes the requirements for means of Identification more flexible such as identification by a known 3rd party, etc.

The CBN is also adopting a biometric identification scheme where bank customers are identified using their unique biological attributes like fingerprints, etc.

23. Does the CBN compensate victims of "Wonder Banks"?

The CBN is at the forefront of the fight against "Wonder Banks" in collaboration with the law enforcement agencies. Where there are reported cases of suspected "Wonder Bank" Operators, thorough investigations are conducted and the operators prosecuted. Assets of such operators are confiscated and proceeds from sales used to pay off their depositors.

24. Is it right for bank customers to pay charges when they make payments through the POS? If yes, how much is the charge?

Bank customers are not required to pay ANY charge for using Point of Sale (POS) terminals.

25. Why are the ATMs not dispensing N500, N200 and N100 notes? Is it a policy issue?

There is no CBN policy that prevents banks from dispensing any denomination through ATMs. However, where customers require

lower denominations, the banking halls at CBN branches nationwide are open for exchange.

26. How are cash deposits made through Automated Teller Machines (ATMs)?

Not all ATMs accept cash deposits. Customers are advised to contact the customer service desks of their banks for guidance on how to make deposits using ATMs.

27. What are the measures put in place to protect users of mobile money/banking in the event of loss of their phones?

The money in customers' account is not in any way affected by the loss of their mobile phones, provided customers' confidential information are not compromised.

28. What effort is the CBN making to ensure that ATM transactions are carried out in conducive environments?

Banks are required to ensure that certain standards are met in deploying ATMs, particularly those located outside the premises of banks. Some of the requirements include: security, illumination, protection from sunlight, privacy for users, etc.

29. Is a complainant expected to pay CBN to access its redress system?

The CBN does not charge ANY fees to access its redress mechanism. What is required however is that the customer must first lodge the complaint with his/her Financial Institution. Where the financial institution fails to address the complaint or where the customer is not satisfied with the outcome of the resolution, he/she can then escalate the complaint to the CBN by writing to:

The Director,
Consumer Protection Department,
Central Bank of Nigeria, Abuja.

Or send an email to:

cpd@cbn.gov.ng

attaching documentary evidence.

30. How does the CPD deal with petitions that already with the law courts or law enforcement agencies?

The CBN does not entertain petitions that are pending before the courts or under litigation. However, the CBN could receive petitions for cases under investigation by law enforcement agencies like the police, EFCC, etc.