

Consumer Protection Department

Frequently Asked Questions (FAQs)

Q1: Why did it become necessary to establish a Consumer Protection Department in the Central Bank of Nigeria?

Ans: The Consumer Protection Department (CPD) was established in April 2012 in furtherance of one of CBN's core mandates to "promote a sound financial system in Nigeria as enshrined in the CBN Act 2007. The CPD was established to develop and implement an effective consumer protection framework to promote consumer confidence in the financial system.

Q2: What are the functions of the Department?

Ans: The Department performs three primary functions, namely:

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 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 consumers and prospective consumers for the enhancement of their economic well-being.

Q3: What is the expected impact of the Consumer Protection Department?

Ans: 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 which would ultimately result in an increase in participation in the formal financial system amongst consumers.

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 consumer complaints.

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Q4: What is Financial Literacy?

Ans: 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.

Q5: How does the Consumer Protection Department intend to succeed in achieving its financial literacy objectives?

Ans: The financial literacy framework articulates a multi stakeholder approach to the delivery of various financial education programmes across different target groups. Several programmes are being developed and implemented on a continuous basis with the active collaboration of other stakeholders to reach the target groups. For instance, the Department is collaborating with relevant agencies towards introducing financial education into the educational curriculum at all 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.

Q6: What are the benefits of becoming financially literate?

Ans: A financially literate person is empowered with knowledge and skills to evaluate financial products and services in order to make informed decisions. Such a person would ultimately 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.

Q7: What is Financial Inclusion?

Ans: Financial Inclusion 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.

Q8: Why is Financial Inclusion Important to Nigeria?

Ans: Financial Inclusion has the 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

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take advantage of the opportunities the formal financial system presents and ultimately promote economic growth and development.

Q9: What is the relationship between Financial Literacy and Financial Inclusion?

Ans: 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.

Q10: What significant milestones has the Consumer Protection Department achieved since its inception?

Ans: Some of the achievements of the Department include:

- i. Establishment of Help-Desks in Banks to manage customer complains; ii. Review of the Guide to Bank Charges (GBC); iii. Compliance Examination of Banks to ensure adherence to regulations;
- iv. Development of the Financial Literacy Framework;
- v. Conduct of Financial Literacy Sensitization and Awareness Workshops;
- vi. Stakeholder Engagement to obtain their buy in on the importance of collaboration to drive Financial Education in Nigeria; vii. Financial Literacy Mapping Exercise; viii. Establishment of the Financial Literacy (now Financial Inclusion) Governance Structures; ix. Conduct of Financial Literacy Baseline Survey to determine the Financial Literacy levels of Nigerians;
- x. Development of Financial Literacy Publications; xi. Development of the Consumer Protection Framework;

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- xii. Collaboration with numerous stakeholders to drive consumer protection in financial institutions;
- xiii. Development of Financial Education Curriculum for Basic and Senior Secondary Schools;
- xiv. Commenced of Targeted Financial Education Programme for MSMEs and Farmers across the Six Geopolitical Zones of the Country

Q11: Does the Consumer Protection Department treat complaints against all financial institutions in Nigeria?

Ans: The Consumer Protection Department treats complaints against Financial Institutions regulated by the CBN.

Q12: What is the complaint resolution process in the Consumer Protection Department?

Ans: Customers are required to forward their complaints in writing firstly to their Banks/Other Financial Institutions (OFIs). If the Bank/OFIs fail to respond or resolve the complaint satisfactorily, the customer could escalate the matter to the Consumer Protection Department of the CBN.

Q13: How does one escalate an unresolved case to the CBN?

Ans: 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

Q14. In monetary terms, how much was refunded by banks to their customers as a result of the intervention of the Department?

Ans: A total of NGN 44.7 billion and USD15.8 million have so far been refunded to customers that made claims against banks as at the end the December 2016.

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Q15: Are these refunds kept in any special fund?

Ans: 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 or fund with CBN.

Q16: How long does it take the Consumer Protection Department to resolve a complaint brought against a Financial Institution?

Ans: 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.

Q17: What is the CBN doing to address unauthorized/excess charges by banks?

Ans: The CBN has developed a Consumer Protection Framework arising from which will be guidelines to regulate how banks and other financial institutions relate with their customers

The CBN in collaboration with banks, industry experts, practitioners, consultants and relevant stakeholders also developed guidelines on permissible charges known as the "Guide to Bank Charges" (GBC).

The Department also conducts periodic checks on banks/OFIs to ensure adherence to its various policies and guidelines.

Q18: What is the CBN doing to address problems bank customers encounter as a result of using ATMs?

Ans: Banks are required by the CBN to resolve all ATM dispense errors within 72 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.

Q19: Who are bank customers?

Ans: Generally, any person who has a legal relationship (usually by way of

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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.

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Q20: What is the scope of the consumer sensitization programme/campaign?

Ans: 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.

Q21: How can the CBN assist bank's customers who do not have acceptable means of identification to participate in the formal financial system?

Ans: As part of the CBN's efforts to simplify the account opening process and ensure Nigerians are not left out of the financial system, the Bank issued a policy directing all Commercial banks to adopt the 3 tiered Know- Your-Customer (KYC) scheme which makes account opening requirements more flexible and easier to achieve.

Q22: Does the CBN compensate victims of "Wonder Banks"?

Ans: 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. However, the CBN during its sensitization and awareness campaign drive is alerting the public to beware of these kinds of unlicensed organizations and schemes.

Q23: Is it right for bank customers to pay charges when they make payments through the POS? If yes, how much is the charge?

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

Q24: Why are the ATMs not dispensing N500, N200 and N100 notes? Is it a policy issue?

Ans: 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.

Q25: How are cash deposits made through Automated Teller Machines

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(ATMs)?

Ans: 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.

Q26: What are the measures put in place to protect users of mobile money/banking in the event of loss of their phones?

Ans: 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.

Q27: What effort is the CBN making to ensure that ATM transactions are carried out in conducive environments?

Ans: 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.

Q28: Is a complainant expected to pay CBN to access its redress system?

Ans: 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 Nigeria, Abuja

Or

Send an email to: cpd@cbn.gov.ng attaching documentary evidence.

Q29: How does the CPD deal with petitions that are already before the law courts or law enforcement agencies?

Ans: 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 or where matters are referred to it by the courts.

Q30: Why do banks charge customers N65 for using Automatic Teller Machines (ATMs) that do not belong to them?

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Ans: This ₦65 is a service charge approved to be debited to a customer's account after the third withdrawal on another bank's ATM in a particular month. This charge is not applicable on the first, second and third withdrawals in a month, but ₦65 will be debited to the customers' account on each withdrawal after the third one for that particular month.

Q31: What is Financial Inclusion Strategy?

Ans: The Financial Inclusion Strategy is a national strategy aimed at reducing the number of people who do not have access to basic financial services (financially excluded) from 46.3% in the year 2010 to 20% by the year 2020. The strategy was launched by the President on 23rd October 2012.

Q32: What is the CBN doing to reduce the number of complaints lodged by customers against banks?

Ans: The CBN is continually reviewing its policies to address any identified gaps to prevent banks from taking undue advantage of its customers. This is also supported by periodic compliance examinations of banks to detect areas of infractions and address same holistically. The CBN also develops different strategies to educate members of the public on financial services and financial service providers so as not to be shortchanged.

It has also developed the Consumer Protection Framework which will give rise to regulations and guidelines on how banks and other financial institutions will relate with their customers.

Q33: How can I lodge a complaint against my bank?

Ans: You can walk freely into any branch of your bank and submit a written complaint. Ensure that you obtain an acknowledgement copy of the submitted complaint from the bank for your records.

You can also contact the bank via its telephone lines and their official email addresses to lodge your complaint.

Q34: What are my rights as a customer of a bank/Financial Institution licensed by the CBN?

Ans: As a bank customer, you have the following rights amongst others:

- Right to basic financial information
- Right to choice of financial service

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- Right to good and quality services
- Right to decline from any service with no clear cut information

In addition the customer has the followings responsibilities when operating a banking relationship with a bank.

- Duty of Knowledge and understanding
- Duty of financial obligation
- Duty to protect instruments and information
- Duty to provide factual information and not to mislead the bank
- Duty to report suspected fraud or error
- Duty of personal safety and safety of assets

Q35: What is the relationship between budget and savings?

Ans: Budget is a planned expenditure or expected income over a period of time, usually one year; on the other hand, savings is that part of income not spent on consumption expenditures.

Q36: What are “Wonder banks”?

Ans: These are private organizations that operate by collecting money from their customers with the promise of paying high “too good to believe” returns on investments. These banks are not licensed by the CBN and also not insured) by the Nigeria Deposit Insurance Corporation (NDIC).

Q37: How can the public access the =N=220 Billion MSME Funds?

Ans: Apply for the Fund through a Microfinance Bank, Finance Company, Financial Cooperatives or NGO-MFI.

Q38: When money is saved in a bank and the bank goes into distress, what happens to the savings?

Ans: The NDIC insured limit is currently a maximum of N500,000 for each depositor in respect of deposits held in each insured commercial bank and N200,000 for each depositor in Microfinance Bank and Primary Mortgage Institutions in same right and capacity.

Q39: Why is it difficult to link BVN to all accounts operated by a customer?

Ans: You can easily approach any bank or the bank with which your account is domiciled to link your BVN to any other account opened with the same identity and KYC data.