

EXPOSURE OF THE DRAFT CONSUMER PROTECTION FRAMEWORK BY THE CENTRAL BANK OF NIGERIA

The Central Bank of Nigeria (CBN) in furtherance of its mandate “to promote a sound financial system” as enshrined in Section 2(d) of the CBN Act, 2007, embarked on the development of a Consumer Protection Framework (CPF). The purpose of the CPF is to amongst other things engender public confidence in the financial system with a view to enhancing financial inclusion.

The CPF would guarantee standards for customer service, market discipline and ensure that consumers are treated fairly by financial institutions regulated by the CBN. It was developed in line with international standards and best practice as well as principles established by Standards Setting Bodies. These include the World Bank Good Practices for Financial Consumer Protection, G-20 High Level Principles on Financial Consumer Protection and Financial Services Consumer Panel's 4 Pillars of Consumer Protection amongst others.

In order to ensure that the CPF meets the yearnings and aspirations of our stakeholders especially the consumers, we are pleased to present the draft **Consumer Protection Framework** for comments, observations and contributions to enable us come up with a final document that would meet international standards as well as the peculiarities of our environment.

Inputs should reach the following address within three (3) weeks from the date of this publication:

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Central Bank of Nigeria



Consumer Protection Framework ***Draft for discussion purposes only***

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Preamble

This Consumer Protection Framework is issued by the Central Bank of Nigeria [hereinafter referred to as 'the CBN' or 'the Bank'] in exercise of the powers conferred on it by the Central Bank of Nigeria Act of 2007, as amended [hereinafter referred to as 'the CBN Act'] and the Banks and Other Financial Institutions Act of 2007, as amended [hereinafter referred to as 'the BOFIA'].

This framework is a policy document intended to guide the effective regulation of consumer protection practices of Financial Institutions (FIs) under the regulatory purview of the CBN, in a bid to ensure that consumers of financial services are adequately protected and treated fairly. It documents the responsibilities of the regulator, the operators and the consumers in ensuring that the standards set, are met. Consumer protection will be guided by nine (9) key principles.

This guideline should be read in conjunction with the provisions of the CBN Act, the BOFIA, subsidiary regulations made under these Acts, as well as written circulars and guidelines that may be issued by the CBN.

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1 Introduction

The Nigerian financial crisis of 2009 will be a continual reference point on the need for robust structures to protect consumers' assets in the Nigerian Financial Services Industry. The crisis had significant adverse impact on the economy; N18bn of consumer deposits were trapped when 224 Microfinance banks had their licenses revoked, unethical use of customer deposits by some banks to purchase shares which were lost as a result of the near collapse of the capital market¹, and decline in consumer confidence which threatened financial system stability.

Following the crisis, the CBN introduced stringent measures to stabilize the banking system and rebuild consumer confidence in the industry. In 2009, the injection of N620bn liquidity into the banking sector and forcible replacement of the leadership of eight (8) deposit money banks were some of the measures taken by the Central Bank of Nigeria (CBN). Furthermore, the recapitalization of the three (3) failed banks by the Asset Management Corporation of Nigeria (AMCON) sought to further reassure customers of the overall safety of the financial system. These measures helped in restoring confidence to the system.

In a bid to give the consumer interest its deserved focus, the CBN upgraded the status of the Consumer Protection function from a unit to a Department in 2012. The CBN has recorded remarkable progress towards the elimination of unfair and unethical practices by financial services providers thereby further restoring consumer confidence.

Despite the major achievements and the increasing consumer confidence, prevalent issues still remain. Consequently, to enhance focus on the consumer agenda and ensure that consumers of financial services are protected and treated fairly, the CBN recognized the need to define a strong, effective and overarching regulatory/supervisory consumer protection framework. The ultimate aim of this framework is to ensure enhanced consumer/investor confidence in the Financial Services Industry and ultimately promote financial stability, growth and innovation over the long term. The framework which is a product of extensive engagement and consultations with critical stakeholders, sets out the minimum standards that must be followed by all stakeholders and is developed in conformity with international good practice and standards.

¹ The Nigerian Banking Industry, "What went wrong and the way forward" by Sanusi.L.Sanus (2010)



1.1 Objectives

The broad objective of the framework is to ensure enhanced consumer/investor confidence in the Financial Services Industry and promote financial stability, growth and innovation. Other specific objectives of the framework are to:

- protect consumers from fraud and sharp practices;
- enhance faster complaints handling and dispute resolution;
- enhance consumer risk management framework among financial services operators;
- empower consumers of financial services to make better decisions through education; and
- outline the rights and responsibilities of consumers of financial service.

1.2 Scope

This framework is a policy document intended to guide the effective regulation of consumer protection practices of Financial Institutions (FIs) under the regulatory purview of the CBN, in a bid to ensure that consumers of financial services are adequately protected and treated fairly. These Institutions include Commercial or Merchant Banks, Micro-finance Banks (MFBs), Discount Houses (DH), Development Finance Institutions (DFIs), Finance Houses (FHs), Bureaux-de-Change (BDCs), Primary Mortgage Banks (PMBs), Mobile Payment Companies, Mobile Money Operators or any other institution as may be designated by the CBN from time to time in line with the relevant provisions of BOFIA.

1.3 Definition of Key Terms

Alternative Dispute Resolution (ADR): refers to any means of settling disputes outside of the courtroom after complaints have initially been lodged with a financial institution.

CBN or The Bank: refers to the Central Bank of Nigeria.

Consultant: refers to an individual who files a complaint on behalf of a consumer and therefore acts as an agent of the consumer.

Consumer: refers to a person who uses, has used or is a potential user of financial products or services of a financial operator.



Consumer Protection Department (CPD): the department of the Central Bank of Nigeria charged with the primary responsibility of protecting consumer or customer as defined in this framework.

Customer: refers to a person that has a relationship, by reason of benefitting from products or services offered by the financial operator.

Complaints: is the expression of dissatisfaction by a consumer about the provision of a financial product or service which may/may not have caused financial loss.

Financial Consumer Protection: refers to laws, institutions, practices and policies in place to ensure rights of consumers and fairness in the provision of financial products and services by financial institutions regulated by the CBN.

Financial Dispute Resolution Institutions or Committees: refers to institutions or committees created with the mandate for financial dispute resolution such as the Consumer Protection Department of the CBN, the Sub-committee on Ethics and Professionalism of the Bankers' Committee and the proposed Financial Ombudsman or other similar committees or institutions.

Financial Education: is the process of impacting financial knowledge and skill to consumers to enable them manage their personal finances effectively and make informed decisions.

Financial Inclusion: The process of ensuring easy access by the adult population to a broad range of formal financial services that meet their needs at an affordable cost.

Financial Literacy: is the possession of knowledge, skill and confidence required to manage personal finances and make informed financial decisions.

Financial Operator: refers specifically to financial institutions (together with their staff, agents or representatives) regulated by the Central Bank of Nigeria. Financial operators include Commercial or Merchant Banks, Micro-finance Banks (MFBs), Discount Houses (DH), Development Finance Institutions (DFIs), Finance Houses (FHs), Bureaux-de-Change (BDCs), Primary Mortgage Banks (PMBs), Mobile Payment Companies, Mobile Money Operators or any other institution as may be designated by the CBN from time to time in line with the relevant provisions of BOFIA.

Financial Ombudsman: an organization, institution or office with the mandate to investigate and address complaints against financial institutions.



Vulnerable Groups: includes the elderly, less educated, physically challenged, foreigners, critically ill, refugees, immigrants, mentally challenged individuals, low income earners or any other category of persons that may face a higher risk of financial exclusion than the general population.

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2 Consumer Protection Principles

The Consumer Protection Framework is guided by principles which have been recommended by the following international standard setting bodies:

- a) G20 High Level Principles – These principles were developed by the Organization for Economic Cooperation and Development (OECD), the Financial Stability Board (FSB) and other relevant international organizations in response to the request by the G20 Finance Ministers and Central Bank Governors to develop common principles to guide consumer protection in the field of financial services. The principles were endorsed by the G20 in October 2011.
- b) World Bank Good Practices – These practices were developed in 2012 by the World Bank to complement the High Level Principles created by the OECD.
- c) Four Pillars of Consumer Protection–These principles were developed by the Financial Services Consumer Panel (FSCP) to guide the European Parliament in evaluating every element of the financial services legislations aimed at enhancing consumer protection.

This framework is based on nine (9) principles in recognition of the peculiarities of the Nigerian financial services industry as well as the aspirations of the CBN. The principles are:

1. Legal, Regulatory & Supervisory Structures
2. Responsible Business Conduct
3. Disclosure & Transparency
4. Consumer Financial Education
5. Fair Treatment
6. Protection of Consumer Assets, Data & Privacy
7. Complaints Handling & Redress
8. Competition
9. Enforcement



2.1 Legal, Regulatory and Supervisory Structures

There shall be effective legal, regulatory and supervisory structures to protect consumers of banking and other financial services regulated by the Bank. These structures evolve based on emerging market trends. Institutions responsible for consumer protection shall have; the necessary authorities to fulfil their mandate, clear responsibilities supported by appropriate governance structures, operational independence and high professional standards. The primary coverage areas to be addressed under this principle are:

- Legal and Regulatory Framework– periodically, laws and regulations may be required for the effective regulation of financial operators.
- Supervisory and Compliance Framework– effective institutional arrangements must be established for the enforcement of consumer protection.

2.1.1 Legal and Regulatory Framework

1. Financial consumer protection shall be carried out by the Central Bank of Nigeria (CBN) based on powers granted in Section 2 of the CBN Act and Section 57 of the Banks and Other Financial Institutions Act (BOFIA).
2. In pursuit of powers granted in Section 2 of the CBN Act and Section 57 of the Banks and Other Financial Institutions Act (BOFIA), the CBN may sponsor the enactment of legislation or make regulations for financial consumer protection, various principles as defined by the Consumer Protection Framework or financial products and services which pose considerable risk to consumers or have significant impact on the stability of the financial system.

2.1.2 Supervisory Framework

The CBN shall continue to develop mechanisms to ensure effective supervision of FIs in the area of consumer protection. The mechanisms shall include the following amongst others;

- **Consumer Protection Risk-Based Supervision:** This approach entails identifying and focusing on products and services which pose significant risk to consumers.

The Bank shall adopt proactive supervisory approach in assessing the consumer protection practices of financial operators. To examine operators, the Bank shall adopt a risk-focused approach which shall identify activities and practices of greater risk to



consumers. This approach shall discourage operators from engaging in practices which may put consumer assets at risk.

- **Compliance Plan:** Operators shall be required to institute internal processes and procedures to ensure compliance with the consumer protection framework. To this end, periodic compliance plans shall be submitted by operators for approval based on the Guidelines issued by the Bank. Financial operators shall also identify risks peculiar to their operations which could impede the effective implementation of this framework as well as measures to mitigate them. The Bank shall continuously monitor operators to ensure conformity to approved plans.
- **Periodic Reporting:** To foster transparency, operators shall periodically submit reports and publish (where required) information on their operations covering performance statistics (such as complaints statistics including value of refunds), current and planned initiatives amongst others.
- **Self-Regulation:** Operators shall be encouraged to develop structures for self-regulation either individually or collectively in line with the consumer protection principles. Operators are expected to develop codes of conduct/practices stating minimum standards of service as it relates to consumer protection matters. Compliance officers shall ensure that their operations align with the codes of conduct which shall amongst others address the following:
 - a) transparency and disclosure requirements;
 - b) fair contract terms;
 - c) sales promotion;
 - d) capability and suitability assessment; and
 - e) complaints handling.

To prevent practices that may hamper the effectiveness of its operations– such as conflicts of interest and weak sanctions– the CBN shall provide some degree of supervision over the self-regulatory environment including:

- a) ensuring objectivity in the remediation process; and
- b) interpreting relevant laws that pertain to financial protection.



- **Collaboration:** The Bank shall collaborate with key stakeholders to facilitate the protection of consumer rights. The Bank may execute Memorandum of Understanding (MOU) with these stakeholders to effectively coordinate the activities of the various bodies relating to consumer protection issues. Where necessary, the views of stakeholders shall be sought in the policy/regulatory development processes. Some of the Stakeholders may include:
 - a) The Consumer Protection Council: this is the agency established by the Consumer Protection Council Act No. 66 of 1992. It has overarching responsibility for consumer protection in Nigeria. The Council's mandate is to eliminate hazardous products from the market, provide speedy redress to consumers complaints, ensure that consumers interest receive due consideration at the appropriate forum amongst others.
 - b) Bankers' Committee: this is an umbrella body comprising the Central Bank of Nigeria (the Governor is the chairman), Deposit Money Banks (DMBs) and Discount Houses. The Committee has several subcommittees for various issues, one of which is the Subcommittee on Ethics & Professionalism which checks unethical practices in the industry including entertaining consumer complaints.
 - c) The Financial Ombudsman (proposed): the Office of the Nigerian Financial Ombudsman Bill seeks to establish the Financial Ombudsman. The Ombudsman is to resolve financial & related disputes arising from the financial services industry.
 - d) Consumer Advocacy Groups: the Consumer Advocacy Groups are organizations or entities set up to ensure that the rights and interests of Nigerian consumers are protected. Consumer Advocacy groups include the following; Consumer Empowerment group of Nigeria (CEON), Bank Customers Association of Nigeria (BCAN).
 - e) Consultants: these are individuals or entities who represent consumers and ensure that their rights are protected.
 - f) Other relevant Government Agencies: Nigeria Deposit Insurance Commission (NDIC), National Insurance Commission (NAICOM), Public Complaints Commission (PCC), National Human Rights Commission (NHRC), Economic and Financial Crimes Commission (EFCC), law enforcement agencies.



2.2 Responsible Business Conduct

Protecting the rights of consumers should be a fundamental principle for operators of banking services within the financial services industry. As such, financial operators are expected to consider both pecuniary motives as well as ethical considerations in reaching business decisions. As a matter of principle, financial operators shall be required to observe the highest ethical standards and professionalism in their business transactions with consumers of financial products and services.

Financial operators are required to assess the financial capabilities of consumers of financial products/services as well as confirm that products/services offered will address the needs of consumers. In addition, it is expected that financial operators will provide consumers ample opportunity for enquiries and resolution on matters requiring attention. The following specific areas will be addressed under Responsible Business Conduct:

- Communication: All requests for information must be responded to timely and with clarity.
- Provision of financial advice: operators shall provide consumers with objective advice to enable them make informed decisions.
- Responsible lending: operators shall carry out proper credit worthiness assessment on consumers before granting credit to avoid reckless lending.
- Debt collection: financial operators must adopt debt recovery processes that are courteous and fair to consumers. Consumers must be proactively engaged / given early notice of outstanding obligations prior to the enforcement / commencement of debt collection efforts.
- Sales promotion: marketing of products and services via a sales incentive process should be carried out in an ethical and professional manner.

2.2.1 Communication

1. All requests for information must be responded to in writing, with clarity and in a timely manner. For this purpose, mere acknowledgement of a request would not suffice as a response.
2. In any communication with customers, staff of operators shall act in the best interest of customers. Remuneration and incentives structure in the industry shall encourage ethics and integrity.



2.2.2 Provision of Financial Advice

1. Financial operators shall act in the best interest of consumers in the provision of advice and execution of transactions. For consumers to make informed decisions in choosing financial products and services, they must be acquainted with the features. Thus, before consumers sign up for any financial products, operators shall:
 - a) give clear information on the features of the services and products;
 - b) assess whether the products or services of interest suit the consumers' needs. Where a product requested does not meet the needs of the customer, the operator is obliged to advise or caution the customer in writing before granting such;
 - c) assess the consumers' ability to fulfil the terms and conditions associated with the financial products and services;
2. Financial operators are obliged to provide appropriate financial advice to consumers before the sale of any financial product or service. For contracts or classes of financial products or services which the CBN deems to be potentially risky to the consumer, financial operators shall be required to document records of pre-contractual deliberations with consumers. The records shall reflect the financial operators' efforts in taking the aforementioned steps (Section 2.2.2.(1)) before coming to an agreement with the consumer on the product or service. In addition, records of meetings must be acknowledged by the consumer.
3. The CBN shall use appropriate mechanisms (such as examining operators' records of pre-contractual deliberations with customers (see Section 2.2.2.(2)), mystery shopping amongst others) to monitor financial operators and ensure that they properly engage customers prior to the sale of financial products or services.

2.2.3 Responsible Lending

1. The CBN shall ensure that operators establish structures to prohibit predatory lending and hence support a positive credit culture in the industry.
2. Financial operators shall provide credit counselling to prevent consumers' indebtedness due to limited financial knowledge. Credit counselling is the process of educating consumers to prevent unnecessary debt and support in debt settlement.



3. Credit counselling facilities shall be available and accessible to all customers especially for customers that are most in need of this service or consumers that request this service. Consumers shall be made aware of such services and shall be encouraged to take advantage of such facilities provided by the operators.
4. Operators must provide detailed information on the terms and conditions of a loan agreement to consumers prior to executing the loan agreement. Such information must at a minimum include the pricing, repayment schedule, repayment amount, tenure and opt out options.

2.2.4 Debt Collection

1. The CBN shall set guidelines for ethical debt collection practices in the industry. These guidelines shall be based on dialogue, respect for the consumers' privacy and longevity of consumer-operator relationships amongst others.
2. In the event that consumers fail to meet their financial obligations, financial operators shall be encouraged to adopt ethical debt recovery practices such as recovery processes must be courteous, fair and non-coercive.
3. Operators shall ensure that personnel assigned to recover debts are properly trained. Consumers shall be informed in advance before a recovery process is initiated.

2.2.5 Sales Promotion

1. Sales promotions or related activities shall be conducted professionally and ethically. In a bid to generate increased business volumes or attract new customers, financial operators shall provide factual information and shall not seek to mislead consumers. Financial operators shall also not take advantage of consumers' inexperience, gullibility or lack of understanding.
2. Financial operators shall be required to meet the demands of promotional offers. In addition, before the launch of any sales promotion, operators must provide the CBN with evidence of capability to manage the influx of customers without diminishing service quality.



2.3 Disclosure and Transparency

Financial operators shall provide accurate information on financial products and services to consumers at all times to enable them make informed decisions. Such information must be timely, detailed, clear and unambiguous. The primary coverage areas to be addressed under this principle are:

- **Contract terms:** contract terms should contain adequate information that will enhance consumers' decision making process prior to execution of the contract. Financial operators shall also inform consumers of the possibility of variations in terms and conditions of contracts due to changes in economic conditions before such contracts are executed.
- **Notice of Variations:** operators shall give prior notice to consumers within the time specified in contracts, before implementing variations in terms and conditions of contracts.
- **Advertisement:** Advertisements and marketing materials must seek to convey as complete information as possible on the products and services being advertised.

2.3.1 Contract Terms

1. The CBN shall issue guidelines to set the minimum disclosure requirements for products and services in contract agreements between financial operators and consumers of financial products and services. These guidelines at a minimum shall cover areas such as:
 - a) fees and charges;
 - b) penalties (prepayment costs and default charges);
 - c) interests (payable or receivable); and
 - d) payment and termination modalities
2. All fees, charges or payments to be made by a consumer for a product or service must be documented. Financial operators shall also proactively inform consumers of the possibility of variations in terms and conditions of contracts should the condition upon which contract terms were reached change.
3. Contractual language shall be precise, clear and unambiguous. Information must be communicated in plain and simple language to limit the possibility of misinterpretation.



Contract documents must be in legible font size. Where technical terms are used, the financial operator shall take due care to ensure that such technical terms are clearly explained to the understanding of the consumer to avoid the occurrence of confusion or miscommunication.

4. Financial operators shall display specific information (such as interest rates, foreign exchange rates) in a conspicuous place at customer engagement areas such as branches, cash centers, website and other electronic channels, on a daily basis.
5. Financial operators shall provide financial calculation tools on their websites to assist consumers to perform simple calculations that may be required to ascertain the suitability of certain financial products. In addition, financial operators have a responsibility to make reasonable effort towards ensuring that consumers of financial products are knowledgeable about the products/service they may wish to purchase.
6. The CBN shall publish rates offered by financial operators to enable consumers make informed decisions in the selection of suitable products and services.

2.3.2 Notice of Variation

1. Within a minimum timeline specified by the CBN, financial operators shall notify consumers about changes to terms and conditions of contracts prior to the implementation of such changes.
2. Notice to consumers on variations to terms and conditions must at a minimum contain the following details:
 - a) changes in rates / charges (existing rate and new rate that is being introduced)
 - b) rationale for variation;
 - c) commencement date of new terms and conditions;
 - d) options available to the consumer.
3. Variation notice must be at no cost to the consumer and there must be evidence of receipt of notice by the consumer.
4. Operators shall provide periodic updates to consumers on outstanding obligations.
5. Operators shall respond to requests for waivers, concession or other variations on credit facilities within specified timelines, failing which such requests would be deemed to have been accepted.



2.3.3 Advertisement

1. Financial operators must be truthful and clear in all communication (including advertisements) with consumers. Communications/ advertisements on financial products and services must at a minimum:
 - a) not be misleading;
 - b) be clear and explicitly state the features of the products/services;
 - c) not seek to misrepresent or exaggerate the benefits of the products/services
2. The CBN shall ensure that adverts by operators align with approved product features. Adverts not in line with approved product features will attract appropriate penalty and can be recalled.
3. Adverts shall disclose all conditions associated with the products and services. For example, where a promotional material makes reference to interest rates, financial operators shall indicate all other applicable charges. In addition, measures shall be provided for consumers to make further enquiries.

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2.4 Consumer Financial Education

Consumer Financial Education is the process of impacting financial knowledge and skill to consumers to enable them manage their personal finances effectively and make informed decisions. To enable consumers know their rights and responsibilities and make informed financial decisions when purchasing financial products or services, the CBN and other relevant stakeholders shall work towards enhancing the quality of consumers' financial knowledge through the roll-out of a robust financial education or enlightenment program.

A critical objective of consumer financial education, amongst others is to have a more financially informed populace as well as help consumers understand financial matters towards managing their finances better. To enhance the financial knowledge of consumers, especially consumers that fall within the most vulnerable categories (such as elderly, less educated, physically challenged, foreigners, critically ill, refugees, immigrants, mentally challenged individuals, low income earners) the CBN (working with different stakeholders) shall develop a financial literacy framework to guide the implementation of financial literacy in Nigeria. Specifically, consumer financial education shall take the following into consideration:

- **Customer segmentation:** determine the approach for engaging with and disseminating information to various segments or target groups within the Nigerian population.
- **Content Development:** content shall be developed to reflect the needs of specific consumer target groups on the basis of consumer segmentation.
- **Strategy:** a comprehensive and overarching approach will be adopted to ensure coverage in the delivery of financial education programs.
- **Consultation & Collaboration:** frequent consultations and collaborations with relevant stakeholders shall serve as a platform for exchange of information and ideas that are of interest to the industry. Stakeholders shall collaborate towards the achievement of financial education objectives.
- **Monitoring & Evaluation-** there shall be a mechanism for monitoring the performance of stakeholders with respect to implementation of various consumer financial education initiatives.



2.4.1 Customer Segmentation

For the purpose of consumer education, the populace shall be segmented for effective consumer financial education. Consumer segmentation will reflect the diverse nature of the population and seek to address consumer education on a variety of basis including consumer demography (age, geographical location), level of education and sophistication, ability (physical & mental).

2.4.2 Content Development

1. The CBN shall in collaboration with relevant stakeholders provide the guide for content development or develop content on financial education in line with the peculiarities of consumer segmentation.
2. The guide or the content may be reviewed periodically in line with developments in the industry.
3. A common repository of financial education content shall be established for uniformity of information.

2.4.3 Strategy

- **Communication Strategy**

1. The CBN and relevant stakeholders shall define a communication strategy for financial education.
2. Financial education programs shall be conducted nationwide by the CBN and relevant stakeholders to create awareness on consumer rights and responsibilities. These programs shall be designed to address the peculiarities of various consumer segments. There shall be a mechanism for monitoring the performance of stakeholders with respect to implementation of various consumer financial education initiatives.
3. The CBN, financial operators and other relevant stakeholders shall leverage on a variety of media including traditional and new media to roll-out financial education programs. These materials may be developed in English and indigenous languages.
4. Stakeholders shall be encouraged to provide toll-free phone lines to support enquiring consumers on matters of consumer education or information which shall be operated by trained agents and recorded or monitored for quality assurance purposes.



5. The CBN shall encourage outreach programs through trade unions or trade associations as an avenue of providing consumer financial education to the general public or informal public.

- **Development of academic curriculum**

1. The CBN in collaboration with other relevant stakeholders shall ensure that financial education content is incorporated into the academic curriculum of Nigerian schools at all levels (basic, senior-secondary and tertiary).
2. CBN in collaboration with relevant stakeholders shall establish platforms that will encourage participation in interactive activities in schools such as mentoring programs, quizzes, competitions and seminars.

2.4.4 Consultation and Collaboration

1. The CBN shall collaborate with relevant stakeholders to develop a robust consultation program to serve as a platform for exchange of information and ideas that are of interest to the industry.
2. The CBN shall encourage cooperation with International Development Partners such as the Organization for Economic Co-operation and Development (OECD) and the World Bank and other international standard setting bodies to exchange information on global trends and leading practice in financial education.
3. The CBN shall collaborate with relevant stakeholders to effectively execute financial education programs.
4. Financial education shall be encouraged as part of the corporate culture of financial operators. Financial operators may organize educational programs in conjunction with the CBN, relevant professional bodies, consumer advocacy groups and agencies to enhance general financial knowledge of consumers.

2.4.5 Monitoring & Evaluation

There shall be mechanisms for monitoring the performance of stakeholders with respect to implementation of various consumer financial education initiatives.



2.5 Fair Treatment

The concept of fairness in the provision of financial services suggests that consumers shall be treated equitably without bias at all stages of their relationship with financial operators. Fair treatment suggests that every consumer should be given equal access to basic banking services with even more consideration accorded to the needs of vulnerable groups. Vulnerable groups include but not limited to the elderly, less educated, physically challenged, foreigners, critically ill, refugees, immigrants, mentally challenged individuals, low income earners or any other category of people that may face a higher risk of financial exclusion than the general population due to the possession of certain characteristics . Key themes to be addressed under fair treatment include:

- Access to finance: consumers must be granted access to financial products and services;
- Equity: operators shall not discriminate against consumers on any grounds;
- Unfair Contract Terms: contract terms must not undermine the rights of consumers giving operators undue advantage.

2.5.1 Access to finance

1. Access to basic banking and other financial services is a critical theme around consumer protection in the provision of financial products and services to consumers. The CBN shall establish policies and structures to enhance access to financial products/services, especially amongst vulnerable groups.

2.5.2 Equity

1. Financial operators shall not discriminate against consumers' access to financial products / services solely on the basis of attributes such as financial standing, physical ability, marital status, gender, age, religion or tribe.
2. Operators shall treat consumers with utmost respect and shall never engage in practices such as threats, intimidation, humiliation, misrepresentation, deception or unfair inducements.



2.5.3 Unfair Contract Terms

1. Terms and conditions must clearly set out the respective rights, liabilities and obligations of all parties to the transactions in simple language. The use of technical terminologies/languages shall be limited or avoided in contract documents, where they are used, operators must ensure that these terminologies are clearly explained to consumers.
2. Contract terms may be considered unfair where there is a significant imbalance in one party's rights and obligations to the detriment of the other. The following amongst others are considered to be unfair terms;
 - a) limiting the liability of the financial operator in the event of total or partial non-performance of contractual obligations;
 - b) excluding the liability of the operator in the event of its negligence detrimental to the consumer;
 - c) clauses binding a consumer while the corresponding obligation of the operator is conditional;
 - d) termination or alteration of clauses without the consent of the consumer or reasonable notice to the consumer;
 - e) limiting the operators' obligation with respect to liabilities/commitments undertaken by their agents;
 - f) giving the operator the possibility of transferring his rights and obligations under the contract, where this may reduce the rights of the consumers, without their agreement;
 - g) excluding or limiting the right of the consumer to take legal action should infraction occur.
3. It is the responsibility of consumers or other stakeholders to report contract terms that are in conflict with regulations. The CBN shall nullify such contract terms, apply appropriate sanctions and obtain an undertaking from the operators to desist from using such terms.



2.6 Protection of Consumer Assets and Privacy

Appropriate measures shall be established to guarantee protection of consumer assets and privacy. Consumers' financial and personal information shall be protected by operators at all times and shall not be released to a third party without the consent of consumers, except in cases provided by law.

The following information at a minimum are considered to be confidential and must be protected at all times; Contact details, account number and balance, statement of accounts and any other confidential information known to the financial operator by virtue of the existing banking relationship.

The Bank shall establish guidelines to enforce protection of consumer assets and privacy against unauthorized usage. The primary areas to be covered are:

- Fraud: the need for adequate controls to be put in place to prevent incidences of fraud.
- Data Privacy: the need for adequate controls to be put in place to prevent unauthorized access to consumers' confidential information.

2.6.1 Fraud

1. It is the responsibility of financial operators to establish policies and protocols covering operational, technical and risk controls in order to safeguard consumer assets against fraud. These policies and protocols may include the use of sophisticated software and transaction monitoring systems to monitor the internal processes/operations of financial service providers. Therefore, key policies shall include:

- a) segregation of duties, for example the initiation and conclusion of transactions shall not rest with one individual and necessary hierarchical controls, second level authentications amongst others, must be put in place to prevent the occurrence of braches or frauds;
- b) access to information: appropriate access control systems shall be established by operators. Operators shall restrict and monitor access to customer's data base;
- c) security (physical and electronic): consumer data and records must be securely stored at all times and accessed only by authorized personnel;



- d) adequate data storage infrastructure: specification of technical requirements for data storage infrastructure; and
 - e) periodic audit: financial operators shall ensure periodic audit of control systems to ascertain adequacy and effectiveness to guard against breaches.
2. Electronic payment instruments/systems shall be embedded with safety mechanisms; operators shall ensure regular systems updates to guard against possible security lapses. The CBN shall specify minimum technology standards for payments platforms.
 3. Financial operators shall perform periodic internal risk assessment to identify and assess data security risks on their systems.
 4. Financial operators shall enforce disciplinary actions against employees found guilty of fraud and report same to the regulator. Where required, the CBN shall blacklist such employee from further employment within the industry.
 5. Financial operators shall promptly refund customers for actual amounts lost due to fraud with interest at the CBN prescribed rate unless it can be proved that loss occurred as a result of customer's negligence or through fraudulent behavior.
 6. Within a timeline to be specified by the CBN, financial operators shall request customers to update their details. Customers are obliged to update their records as need arises in order to ensure data accuracy and ultimately enhance protection. Financial operators shall create convenient avenues through which customers can make these updates.
 7. Financial operators shall create sufficient awareness on emerging fraudulent practices and consumers' responsibilities to guide against such.

2.6.2 Data Privacy

1. All personal information of customers (including those with closed accounts) of financial operators shall be kept in confidence. As a duty of care, financial services operators are obliged to safeguard the privacy of their customers' data.
2. Financial operators shall not reveal consumers/customers information to a third party without the express permission of the customer, except in the following cases:
 - a) upon request by the CBN and other regulatory bodies;
 - b) where there is a valid court order;



- c) in pursuance of public duty/interest;
3. Appropriate data protection safeguards, security measures including staff training shall be put in place to prevent unauthorized access, alteration, disclosure, accidental loss or destruction of customer data.
 4. The consent of consumers must be obtained before their data is shared with unauthorized third parties.
 5. In addition, financial operators shall obtain the prior consent of customers before using such information for future promotional offers via e-mail, SMS, phone calls and other channels.
 6. Consumers partaking in sales promotions shall be informed before entry if they would be involved in any publicity or advertisement to be organized by the financial operator.

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2.7 Complaints Handling and Redress

Disputes are inevitable in all interactions and relationships including operator-customer relationship and as such, adequate measures should be established to address same when they arise. The existence of effective complaints handling mechanisms that are affordable, fair, timely, transparent, accessible and independent would enhance overall consumer confidence of the financial system. The primary areas to be addressed under complaints handling and redress include:

- Complaints channels: multiple avenues for lodging complaints shall be readily available and easily accessible to consumers. Consumers shall be made aware of the various recourse mechanisms.
- Complaints management processes or procedures: The processes and procedures for complaints management shall be simple and efficient supporting the effective resolution of consumer complaints.
- Complaints redress: provisions shall exist for the fair redress and compensation of consumers in the event of wrongful treatment.
- Collaborations with other bodies: effective collaborations with other dispute resolution bodies in the industry shall be established to ensure a full coverage of consumer complaints handling.

2.7.1 Complaints Channels

1. Financial operators shall have multiple channels (including electronic and non-electronic channels) for consumers to lodge complaints. Examples of complaints channels may include provision of dedicated email addresses, telephone numbers, help desk, web chat etc. It is envisaged that such channels will be toll-free, easily accessible and available to consumers or their agents.
2. Financial operators and Financial Dispute Resolution Institutions (FDRIs) shall provide consumers with information on available mechanisms for complaints handling. At a minimum, such information shall include:
 - a) available channels for complaints handling and redress;
 - b) timeline for complaints resolution;
 - c) responsibility of the complainant at each stage of the process;



- d) obligation of the financial operator or ADR institution; and
- e) escalation processes.

This information shall be provided at no cost to complainants either at the point of commencing a contractual relationship into the contract, upon request or when acknowledging a consumer complaint.

3. Complaints channels shall be adequately staffed by individuals who are courteous and possess considerable experience in handling consumer issues. Supervision of the complaints handling process must be carried out by relatively senior management staff with requisite skills and authority to make decisions on behalf of the bank.
4. Financial operators shall provide relevant trainings for staff involved in the development and approvals of complaints handling policies, practices and procedures as well as for staff who interface directly with consumers.
5. The CBN shall set minimum standards for the operations of the various complaints handling channels, including the electronic and non-electronic channels. Periodically, there shall be audits or checks on the availability and usefulness of these channels, as well as a comprehensive evaluation of financial operators' compliance with the minimum standards set.
6. The CBN shall promote the practice of Alternative Dispute Resolution mechanism in the industry for complaints not fully and satisfactorily resolved by financial operator's (and their authorized agents) internal dispute resolution process.
7. The Consumer Protection Department (CPD) shall be responsible for managing all consumer complaints at the CBN.

2.7.2 Complaints Management Processes or Procedures

1. Financial operators shall have clear procedures (including timelines) for receiving and resolving complaints. The preference will be for financial operators to automate their complaints management process or procedures.
2. Financial operators shall establish and implement effective and transparent processes for handling complaints.



- The complaints management processes of financial operators shall go beyond dispute resolution to include proactive measures to minimize the incidences of complaints. Complaints statistics shall be published in FIs financial statements.
- Consumer complaints shall first be lodged with the relevant FIs and shall only be escalated to alternate dispute settlement organs in the event that the consumer is dissatisfied. The schematic below represents a typical workflow for dispute resolution within the industry:

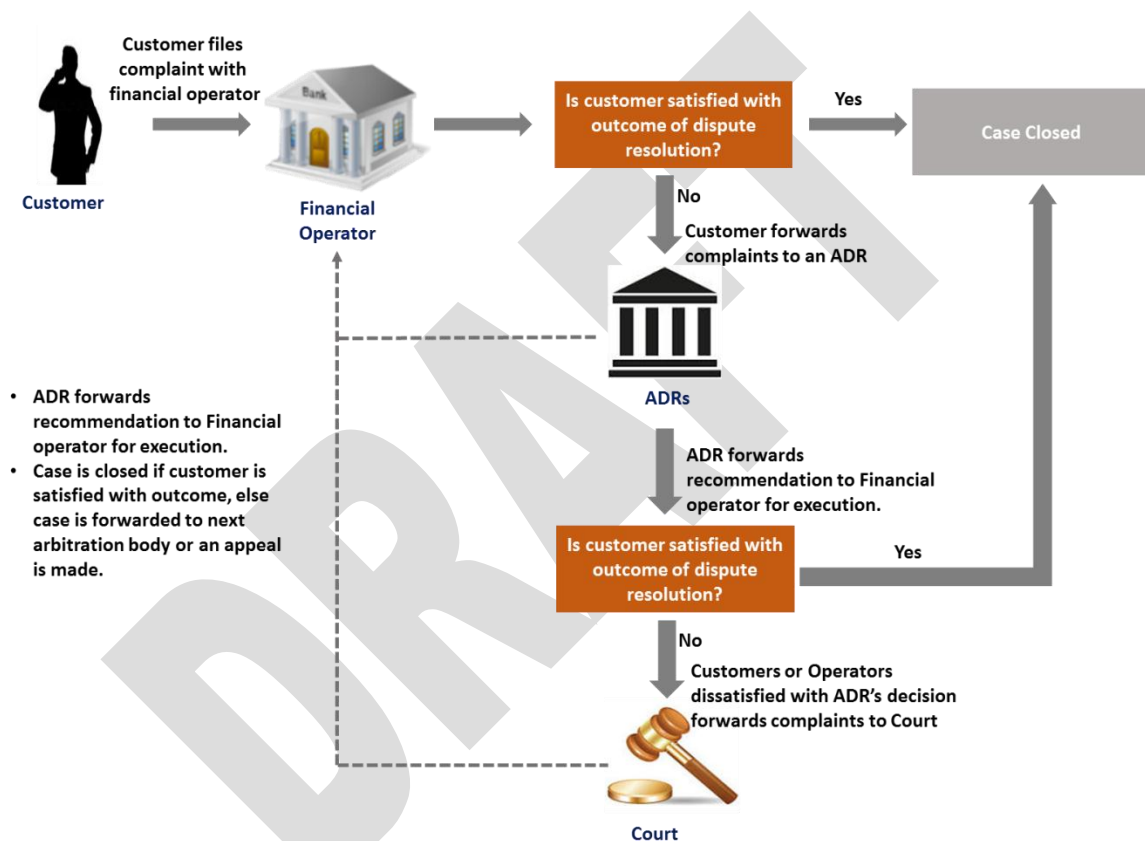


Figure 1: Dispute Resolution Workflow in the Industry

Notes

- ADRs refer to CPD, Sub-Committee on Ethics and Professionalism, proposed Financial Ombudsman.
- Consumers can make use of only one dispute resolution body at a time (see section 2.7.2.6).
- Consumers or Financial operators can appeal decisions by ADR institutions or the Courts through the appeal process prescribed by the institutions. (see section 2.7.3.5).
- This does not absolve the Consumers' or Operator's right to lodge a case at a Court at any time during the process.



- 5 If complaints are not resolved by the operator or consumers are dissatisfied with the outcome of the complaints handling process, the operators must inform consumers of the alternative recourse mechanisms available, and the processes involved in seeking redress through these channels.
- 6 However, to avoid duplication of efforts on the part of ADRs, consumers seeking redress shall lodge complaints at only one ADR at a time. Consumers must state categorically if complaints have been reported to other ADRs and provide the decision reached (where required).
- 7 Financial operators are encouraged to provide consumers with status update on complaints. Consequently, the following must be addressed in the course of managing a consumer complaints:
 - a) the timelines stipulated by the CBN;
 - b) financial operator's acknowledgement of complaints received stating the timeline within which a response will be made available;
 - c) provision of reference numbers or ID for all complaints received;
 - d) in the event of delays, reason for delayed resolution including status in the event that complaint remains unresolved at the expiration of the agreed/ communicated resolution or response timeline;
 - e) for complaints that have been resolved, resolution shall be provided in writing and acknowledged by the consumer. It is also advised that the consumer's concurrence or objection is sought or obtained within a stipulated time.
8. To ensure easy resolution of complaints, the CBN shall place a time limit or bar for lodging specific types or classes of consumer complaints. However, time restrictions shall however not apply to exceptional cases or classes of complaints such as fraud.
9. ADRs shall not investigate cases concurrently with financial operators; a case shall be admissible at the ADR only after a decision has been made by the operator. It is upon dissatisfaction with the decisions that such consumer may proceed to an alternate dispute resolution institution.
10. To fast-track resolution of complaints, ADR institutions shall encourage mediation or reconciliatory meetings between complainants and the operators. Such procedures



ensure that complainants and operators are willing to take part in such meetings are allowed to do so.

11. To promote disclosure and instil accountability amongst operators, information on consumer complaints shall be published by operators in their financial statements. The CBN shall in addition, publicize these statistics across operators on a regular basis. This would enable operators compare their performance against peers and provide consumers with additional source of information for financial decision making.
12. The CPD shall not handle cases that fall within these categories:
 - a) Time barred complaints;
 - b) cases before the courts or cases already ruled upon by the courts of law (except where directed by the court through an order);
 - c) cases previously ruled on by other Financial Dispute Resolution Institutions; and
 - d) cases involving 'Banks against Banks' or 'OFIs against OFIs'.

2.7.3 Complaints Redress

1. Each financial operator shall develop a Consumer Compensation Policy to address various classes of complaints and losses which may arise due to service failures. Operators must publicly display this policy on various media such as bank websites, branches.
2. The Customer Compensation Policy to be developed shall follow guidelines stipulated by the CBN and shall contain provisions for probable infractions such as:
 - a) unauthorized or erroneous debits;
 - b) excess charges; and
 - c) financial loss to consumers due to staff negligence/fraudulent activities.
3. Where there is a complaint on excess charges, operators shall carry out account reconstruction in order to put the account into proper perspective.
4. Financial operators shall notify customers of complaints resolution with evidence of notification.



5. Complainants shall provide written acknowledgement confirming satisfaction or otherwise with the outcome of the dispute resolution process within a specified time.
6. Where a complainant fails to acknowledge resolution within the specified timeline, the complainant would be deemed to be satisfied and the case closed.
7. Decisions made by ADR institutions may be appealed through the process prescribed by such institutions.

2.7.4 Collaborations with other bodies

1. Institutions involved in complaints handling shall collaborate in a bid to enhance the efficiency of the dispute resolution process. Memorandum of Understanding (MoU) shall be signed amongst financial and non-financial institutions—governmental organizations and law enforcement agencies—involved in financial consumer protection or dispute resolution. The details of the Memorandum of Understanding shall include amongst others:
 - a) roles and responsibilities of parties;
 - b) recourse in the event of non-resolution; and
 - c) escalation path along the various institutions during a dispute resolution process;



2.8 Competition

Competitive markets should be promoted in order to offer consumers diverse range of financial products and services, encourage innovation, excellent service delivery and ultimately ensure that consumers benefit from the practice of competition.

To enhance competition within the industry, financial operators shall establish effective collaborations and relations with financial regulators must be established. The critical themes to be covered under Competition are:

- Free Market: regulators should encourage innovation as well as free entry and exit in the industry.
- Switching Barriers: consumers should be allowed to terminate contracts or engage in banking transactions with their preferred financial operator without any restrictions.

2.8.1 Free market

1. The CBN shall encourage product development by financial operators to enable consumers have access to variety of innovative products and services.
2. The CBN shall closely monitor financial operators with significant market share to restrict the adoption of business practices which may inhibit competition.
3. The CBN shall discourage anti-competitive practices by financial operators such as:
 - a) price-fixing or pegging of charges – an agreement between financial operators to fix charges on products and services for their benefit shall be discouraged and the occurrence punishable by law;
 - b) market-concentration – an agreement between financial operators to form territories so that specific operators are found in certain regions to the exclusion of all other operators; and
 - c) oligopoly – agreements between or among operators who possess dominant market power or share and which will have an adverse effect on competition.



2.8.2 Switching Barriers

1. Consumers shall be allowed to terminate contracts or engage in banking transactions with their preferred financial operator without any restrictions.
2. Consumers shall have the right to change or switch service providers, products and/or services without restrictions. Thus, it will be unethical and anti-competitive for operators to place constraints on consumers in order to discourage switching.
3. In the event that current customers of a financial institution does decide to switch to a new financial institution the current financial institution is mandated to provide the necessary information to the new financial operators to support consumer's movement.

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2.9 Enforcement

To ensure compliance with consumer protection regulations within the financial industry, consumer protection regulators shall ensure effective enforcement of regulations, with the adoption of sanctions, where applicable. Enforcement shall be timely, objective, firm and publicized to increase awareness and promote consumer trust. Key themes to be addressed under Enforcement include are:

- Enforcement Processes or Procedures: this will address the need for guidelines for the efficient execution of the provisions in this framework.
- Enforcement Methods: The CBN shall employ supervisory mechanisms for the effective enforcement of consumer protection.

2.9.1 Enforcement Processes or Procedures

1. The CBN shall enforce consumer protection in the banking industry in collaboration with other relevant stakeholders.
2. To effectively enforce consumer protection, the CBN shall deploy adequate resources i.e. human, financial and material to support the consumer protection mandate of the CBN. Periodically, the Bank shall benchmark its internal capacity with consumer protection bodies of leading jurisdictions towards strengthening the operations/capacity of the consumer protection department.

2.9.2 Enforcement Methods

1. To instil confidence in the financial services industry, the CBN shall adopt effective mechanisms to support the enforcement of consumer protection regulations. These mechanisms shall be backed by relevant laws and regulations in the industry.
2. The Bank shall carry out investigations when necessary and findings may form the basis for disciplinary actions.
3. Contravention of the provisions of the framework or other rules and regulations on consumer protection shall attract sanctions. The following are some of the sanctions the Bank may employ:
 - a) refund to customers in line with relevant regulations and the provisions of the monetary and credit policy circular;



- b) institute limit on activities with the CBN;
 - c) suspension from inter-bank activities;
 - d) suspension/withdrawal of foreign exchange dealership license;
 - e) denial of approvals;
 - f) publication of infractions and sanctions;
 - g) monetary penalties;
 - h) product recall;
 - i) adverts cancellation;
 - j) personal warning letters to management staff/employees;
 - k) suspension/removal of management staff/employees;
 - l) referral to law enforcement agencies for prosecution; and
 - m) revocation of banking license.
4. In addition to remedial actions against financial operators, the CBN shall adopt other proactive mechanisms to monitor financial operators' compliance with the provisions of the Consumer Protection Framework.



3 Consumer Rights and Responsibilities

In a relationship between a financial operator and the consumer, both parties have rights and responsibilities which serve as the bedrock of any contractual relationship. Thus, to enhance confidence in the financial system, consumers shall have basic rights and responsibilities which shall be protected by all stakeholders. Some of the rights and responsibilities of consumers are listed below.

3.1 Consumer Rights

The basic rights of consumers shall be:

- a) **right to be informed**– financial operators shall provide accurate information on products and services to enable consumers make informed decisions.
- b) **right to consumer education** – Consumers shall be provided with knowledge needed to make informed and confident financial decisions to enhance their economic well-being.
- c) **right to choose**– consumers shall have the liberty to choose from a variety of products and services on offer at competitive rates without restrictions or compromising quality. This right extends to opting out when services are no longer satisfactory provided outstanding commitments are settled.
- d) **right to safety**– financial operators shall provide a safe and conducive banking environment.
- e) **right to confidentiality**– consumer information must be protected from unauthorised access and disclosure. Such information may be disclosed to third parties only under the conditions set out in Section 2.6.2 (2) of this framework.
- f) **right to redress**– consumers shall have access to an efficient redress mechanism for settlement of claims or disputes.
- g) **right to be treated fairly**– consumers shall be treated fairly regardless of their financial status, physical ability, age, gender, tribe or religion. However, subscription to certain products and services may offer consumers special benefits.
- h) Any other right that may emerge by law which is relevant to consumers.



3.2 Consumer Responsibilities

Where there are rights, corresponding responsibilities shall exist. Thus, while the objective of this framework is to ensure that financial operators act in the best interest of consumers, the consumers must at a minimum, carry out certain responsibilities as outlined below:

1 Duty of Knowledge and Understanding

The ability to make informed financial decisions that will be of benefit to the consumer is dependent on the depth of financial information acquired over time by the consumer. Therefore, it is important for consumers to acquire requisite financial knowledge that will help them manage personal finances. The responsibilities of a consumer in this regard include:

- a) Self-education about consumer rights and responsibilities as well as other financial matters.
- b) Endeavour to obtain accurate information from credible sources and make comparison before subscribing to financial products and services.
- c) Display mental alertness and probe deeply into features of financial products and services. It is the consumers' responsibility to read and seek clarification where necessary regarding financial products and services to ensure proper understanding of associated risks, contractual terms and conditions etc.
- d) Negotiate beneficial terms to ensure that financial products and services suit the consumers' need.

2 Duty to meet or honour Financial Obligation

- a) Consumers shall fulfil their obligations in contractual relationships with Financial Institutions.
- b) Consumers shall be required to always notify financial operators of challenges that are capable of hampering their ability to meet contractual obligations in order to explore possibilities of re-negotiations or reviews of contract.

3 Duty to Protect Payment Instruments and Information

- a) Consumers shall ensure that their personal information such as account numbers, Personal Identification Number (PIN), Bank Verification Number (BVN), access codes, payment instruments including cheques, Automated Teller Machine (ATM)



cards. are safely protected and not shared with third parties, including bank staff, for any reason.

- b) Records of transactions or communications between the bank and the consumer such as card receipts, account statements and transaction statements must be safeguarded or disposed of properly to avoid unauthorised access.

4 Duty to Provide Accurate and Up-to-date Information

- a) Consumers shall provide accurate and up-to-date information as may be requested by the financial institution.
- b) Consumers shall give clear mandate to operators and report any change to such orders in a timely manner.

5 Duty to Report Sharp and Unethical Practices (suspected fraud or error)

- a) Consumers shall obtain and review evidence of financial dealings with financial operators including periodic statement of accounts to enable them make observations known to the operators as and when due.
- b) Consumers shall take immediate steps to notify operators of observed compromise to personal information to avoid financial loss.
- c) Consumers shall lodge complaints promptly and honestly through established redress platforms.
- d) Consumers shall report cases of misconduct and malpractices by bank staff to the financial institutions and then to the regulator if dissatisfied with resolution by a financial institutions.
- e) Consumers shall report observed cases of sharp or unethical practices such as fraud, illegitimate charges and changes to interest rates (which the consumer is not notified of) by financial operators to the CBN.
- f) Consumers shall make themselves heard individually or collectively through organised groups.
- g) Consumers shall carry out due diligence to ensure that they deal with only licensed financial institutions. A list of financial institutions licensed by the Bank may be found on the CBN website (www.cbn.gov.ng).



4 Framework Implementation

In order to achieve the objectives of this Framework, the CBN shall establish appropriate structures to guide the roll out / implementation of the consumer protection framework. This section articulates the approach for the execution of the various principles established by the consumer protection framework.

4.1 Implementation enablers

The Bank shall put in place the following enablers which are fundamental to the successful implementation of this framework:



Figure 2: Framework Implementation Enablers

Management Buy-in: the commitment of the Bank’s management is crucial to the smooth implementation of this framework. To this end, the management shall provide necessary support through timely approvals, provision of required human capital, budget, IT infrastructure and other logistic requirements.

Human Capital: the CBN shall deploy personnel with the relevant skills and expertise to execute the provisions of this framework. The competency levels of staff shall be reviewed periodically to ascertain their technical know-how and build capacity for the fulfilment of the framework.



IT Infrastructure: The CBN shall develop and implement systems that will ensure efficiency and effective implementation of this framework. Compliance monitoring will be enhanced through system automation.

4.2 High level Implementation plan

The 5-year high-level implementation plan for this framework is below;

Action Plan	Responsibility	Timeline (Years)				
		2016	2017	2018	2019	2020
Set-up of overarching implementation committee for the framework	CBN	■				
Sensitisation of other departments, key stakeholders, operators and consumer groups on the framework.	General Implementation Committee	■				
Review and align existing internal policies & processes of the CPD to the framework	General Implementation Committee	■				
Establishment of implementation enablers	CBN	■				
Roll-out of the framework per principle (see “Implementation of Principles” for more details).		■				
• Set-up of relevant committee per principle	CBN	Short Term		Medium Term		Long Term
• Review framework provisions and develop detailed work plan for implementation of principle.	Implementation Committee per principle	■		■		■
• Develop policies and processes(where required) / Develop guidelines for operators	CBN	■				
• Roll out guidelines for the development of policies	CBN	■				
• Develop policies in accordance with guideline stipulated by the Bank	Operators	■				
• Approval of developed policies	CBN	■				
Monitor roll-out of consumer protection initiatives	CBN	■				

The Bank shall put in place all the implementation enablers as they serve as the underlying structures for the implementation of the framework. Stakeholder sensitization shall be carried out in a bid to ensure that key stakeholders have full awareness of the approved



framework and its provisions. The Bank shall monitor the impact of the roll-out of the various provisions to ensure outcomes are aligned with the framework objectives.

The principles of the framework shall be implemented within short, medium and long term as detailed below:

Short Term (first and second years)

1. Legal, Regulatory and Supervisory Framework
2. Consumer Education
3. Complaints Handling
4. Disclosure and Transparency
5. Enforcement

Medium Term (third and fourth years)

1. Responsible Business Conduct
2. Fair Treatment

Long Term (fifth year)

1. Protection of Consumer Assets and Privacy
2. Competition

4.3 Monitoring and Evaluation

4.3.1 Impact Assessment

Periodically, the CBN shall monitor the impact of the consumer protection framework on the industry. In order to effectively carry out this assessment, the following tools shall be utilized amongst others:

1. **Surveys:** A survey targeted at consumers of financial products and services shall necessarily be carried out to determine the effectiveness of the implementation of the consumer protection framework. The survey will support the capture or collation of data via interviews focus group sessions, one-on-one interviews or via questionnaires. The sample of survey respondents shall seek to be a representation of consumer variables such as location, age, gender. Mapping of baseline data prior to implementing the framework may be conducted to serve as a basis for comparing future data collected on



a periodic basis. Ultimately, trend analysis may be carried out to compare the information collected from various surveys to ascertain effectiveness of implementation. The CBN shall partner with select stakeholders to carry out the survey or leverage on existing industry surveys.

2. **Examinations:** Financial stability can be achieved when operators conform to regulations. To this end, the CBN shall carry out periodic examinations using various techniques to assess the compliance by operators to the provisions of this framework. These include;
 - Compliance on-site examinations
 - Spot checks
 - Investigations
 - Mystery shopping
 - Off-site supervision
3. **Stakeholder consultations:** Feedback from industry stakeholders is a valuable source of information on the effectiveness of the framework. Information gathered via stakeholder consultations shall enable the CBN ascertain the impact of consumer protection policies and guidelines issued, identify trends in consumer issues, observe challenges and make informed decisions.
4. **Any other approaches/ combination of approaches.**

4.3.2 Key Performance Indicators (KPIs) for Stakeholders

To measure stakeholders' performance in the execution of the various principles in this framework, KPIs shall exist for stakeholders. Data for measuring these KPIs shall be derived from the tracking processes highlighted in the previous section. The KPIs for key stakeholders include:

a) Consumer Protection Department

- Complaints resolution rate
- Average turnaround time for resolving complaints
- Number of sensitization programs along the principles of this framework
- Compliance rate of financial operators to regulatory provisions
- Number of avenues for lodging financial complaints



- Number of regulations issued per principle periodically
- Signing of Memorandum of Understandings with key stakeholders

b) Financial Operators

- Rate of compliance on the following:
 - Publication of complaints statistics
 - Availability of minutes of pre-contractual deliberations with consumers
 - Availability of data and asset protection mechanisms
 - Availability of documents guiding business conduct
 - Availability of counselling facilities
- Complaints resolution rate
- Average turnaround time for resolving complaints
- Number of channels for lodging financial consumer complaints
- Number of financial education programs and consumer protection trainings for staff
- Establishment of a fully functional consumer protection / complaints handling mechanism/ architecture.

4.4 Possible risks and their mitigation

It should be anticipated that the implementation of this framework will encounter some risks. Hence the CBN shall put measures in place to mitigate these risks. Some of the risks may include but not limited to:

S/N	Risks	Mitigation
1	Resistance to change by industry stakeholders	<ul style="list-style-type: none">▪ Identify all stakeholders and ensure periodic engagement.▪ Involve all stakeholders in the implementation process by assigning roles and responsibilities.▪ Implement changes in phases/gradually.▪ Establish help desk to enable formal escalation and resolution of issues.
2	Human Capacity <ul style="list-style-type: none">○ Sub-optimal capacity of the Bank to drive the	<ul style="list-style-type: none">▪ Articulate competency requirements for the Consumer Protection Department (and other relevant departments) and determine training



	<p>sustained success of implementation initiatives</p> <ul style="list-style-type: none"> ○ Insufficient human capacity 	<p>need/gaps.</p> <ul style="list-style-type: none"> ▪ Conduct necessary training programs and capacity building initiatives to bridge identified gaps. ▪ Recruit more staff to partake in the implementation process.
3	Budget constraints	<ul style="list-style-type: none"> ▪ Develop budget baseline considering all the initiatives to be rolled out from the framework. ▪ Conduct budget forecasting continuously to estimate future expenditure. ▪ Periodically review resource usage for efficient utilization.
4	Delay in implementing the provisions of the Consumer Protection Framework	<ul style="list-style-type: none"> ▪ Develop detailed implementation plan with specific timelines, responsibilities and KPIs. ▪ Periodically monitor implementation and report to management on delays ▪