



Central Bank Of Nigeria

Consumer Protection Department
Central Business District
P.M.B. 0187, Garki, Abuja.
Telephone: 0946236801
Email: cpd@cbn.gov.ng
Website: www.cbn.gov.ng

CPD/CED/PUB/CES/05/125

5th July 2022

CIRCULAR TO ALL BANKS, OTHER FINANCIAL INSTITUTIONS AND NON-BANK FINANCIAL INSTITUTIONS

EXPOSURE DRAFT ON THE DIGITAL FINANCIAL SERVICES AWARENESS GUIDELINES

The National Financial Inclusion Strategy and the current policy thrust of the Central Bank of Nigeria identifies promotion of Digital Financial Services (DFS) as a priority area.

Furthermore, the Country is witnessing exponential increase in the provision and use of Digital Financial Services and products following the advent of Corona Virus Disease - 2019 (COVID-19).

This development has made it imperative to put in place a Guideline to address gaps in consumer knowledge and practices with DFS. The broad goal of the Guideline is to provide a set of principles and expectations for financial service providers to integrate in the provision of DFS, fair treatment and enhanced consumer understanding in order to ensure positive outcomes.

To reduce misrepresentation and ambiguity, a Glossary of Terms has also been developed to provide clear and simple definition of terms used in the proposed Guide.

In view of the need to carry along all relevant stakeholders, coupled with the desire of the CBN to uphold the spirit of cooperation among regulators, it is essential to expose the draft DFS Awareness Guideline for comments prior to its release.

Consequently, we attach herewith, the draft Guide as an exposure draft for comments/inputs from stakeholders to enable the CBN finalize the document and issue same subsequently. The exposure draft can be accessed at the CBN website www.cbn.gov.ng.

Your comments/inputs can be forwarded to the CBN either in hard or soft copies **while hard copies should be sent to the Director, Consumer Protection Department Central Bank of Nigeria, Abuja. Soft copies should be e-mailed to CJNWOBILOR@cbn.gov.ng, OOATANDA@cbn.gov.ng; ABALBASU2@cbn.gov.ng; AEYIDENGHAN@cbn.gov.ng and SEELACHI@cbn.gov.ng within four (4) weeks from the date of this circular.**



**Rashida Monguno (Mrs.)
Director of Consumer Protection**

CENTRAL BANK OF NIGERIA



DIGITAL FINANCIAL SERVICES AWARENESS GUIDELINES

Draft for discussion purposes only

July 2022

Version 1.0

Contents

Preamble

1.0	Introduction.....	3
1.1.	Scope.....	3
1.2	Objectives.....	3
1.3	Definition of Key Terms.....	4
2.0	Digital Awareness Principles.....	5
2.1	Promoting DFS Awareness and Education.....	5
2.2	Disclosure, Transparency and User Privacy upon Service adoption.....	5
2.3	Product Usability and Market Testing.....	5
2.4	Fraud Prevention and Risk Management.....	6
2.5	Awareness and Access to Redress and Compliant Handling.....	6
2.6	Monitoring and Evaluation.....	6
3.0	Glossary.....	7

EXPOSURE DRAFT

CBN DFS Awareness Guide Outline

1.0. INTRODUCTORY STATEMENT:

The Central Bank of Nigeria has developed the Digital Financial Services Awareness Guidelines to address gaps in consumer knowledge and practices with Digital financial Services (DFS). DFS have the potential to expand access to financial services for the Nigerian population and spur innovation in the financial services industry. The Guidelines provides for a set of principles and expectations for financial service providers to integrate in the provision of DFS to ensure consumer understanding, good treatment, and positive outcomes.

1.1. SCOPE:

The provisions of this Guidelines shall apply to institutions providing DFS including the following:

- i. Deposit Money banks
- ii. Merchant banks.
- iii. Other Financial Institutions.
- iv. Payment Service Banks, and
- v. Other Payment Service Institutions as licensed by the CBN.

1.2. OBJECTIVES:

The objectives of the Guidelines include the following:

- i. To set Digital Financial Literacy (DFL) standards for Digital Financial Services Providers (DFSP).
- ii. To align product development, promotion, and consumer awareness to DFS amongst DFSP
- iii. To enhance transparency and proper disclosure on DFS.
- iv. To provide for the development of Financial Literacy and Consumer Education materials on DFS.
- v. To ensure evidence driven DFL approach.
- vi. Integrate DFL in existing financial education programmes.
- vii. To drive targeted DFL approach to the underserved population.
- viii. To provide standard for the promotion of DFL.

2.0. DFS AWARENESS PRINCIPLES

Digital Financial Services providers are required to comply with the following principles

2.1. Promote DFS Awareness and Education

DFS providers shall:

- i. Provide information that will enable consumers differentiate DFS products from conventional banking products and services
- ii. Ensure ease of access to information on all product offerings to enable consumers make informed decisions.
- iii. Provide information on products in simple english and local languages.
- iv. Conduct outreach to underserved populations regarding DFS options available to them.
- v. Provide information on product usage and how to obtain support services when the need arises.
- vi. Develop and deliver educational materials to prospective and existing customers through basic channels such as Short Message Service (SMS), Unstructured Supplementary Service Data (USSD) and at agent locations, in addition to app, web and social media platforms.
- vii. Submit developed educational materials to the Director of Consumer Protection, CBN for review.

2.2 Disclosure, Transparency, and User Privacy upon Service Adoption.

DFS providers shall:

- I. Disclose all terms, conditions, fees, and other associated charges on product offerings prior to enrollment.
- II. Ensure integration of data privacy and protection standards into internal policies.
- III. Conduct evidence -based awareness campaigns to sensitize consumers on how to protect their assets and sensitive details.
- IV. Develop default settings on DFS which are by nature “opt-out” not “opt-in” of data sharing with third parties, and clear and simple “opt-in” language for sharing of data.
- V. Ensure privacy to data collection and sharing during product enrollment.
- VI. Ensure easy opt-out process for data sharing

2.3 Product Usability and Market Testing

DFS providers shall:

- I. Ensure that products deployed are suitable for the target customers.
- II. Test product usability with users and modify as necessary to reduce transaction errors.
- III. Provide consumers with reliable and easily accessible channels to enable them obtain support services.

2.4. Fraud Prevention and Risk Management

DFS providers shall:

- I. Provide fraud prevention messages and tips for consumers using both audio and virtual modes of communication in local languages.
- II. Monitor fraud reports to identify emerging fraud issues and sensitize their customers on how they can protect their assets.

2.5. Awareness and Access to Redress and Complaints Handling

DFS providers shall:

- I. Disclose information on consumer complaints channels, resolutions, and Service Level Agreements (SLAs) in product enrollment materials.
- II. Ensure periodic training of agents and complaints handling staff.

2.6 Monitoring and Evaluation

DFS providers shall:

- I. Put in place strategies to assess their policies on raising consumer awareness and product usage.
- II. Develop indicators and performance measures to assess changes in awareness and usage.
- III. Forward their strategies and performance measures to the Director of Consumer Protection, CBN bi-annually for review.
- IV. Forward monthly returns on consumer awareness programs/initiatives conducted to the Director, Consumer Protection, CBN.

3.0 Glossary

TERM	DEFINITIONS
Awareness:	Knowledge or perception of a situation or fact.
Consumer:	A person or an entity that uses, has used or a potential user of products or services of an Institution.
Customer	Refers to a person that has a relationship, by reason of benefitting from financial products or services offered by a Financial Institution.
Digital Financial Services	Financial services delivered through digital channels, including electronic money, mobile financial services, online financial services, i-teller and branchless banking, whether through bank or non-bank institutions”.
Digital Financial Literacy	Involves acquiring the knowledge, skills, confidence and competencies to safely use digitally delivered financial products and services, to make informed financial decisions and act in one’s best financial interest per individual’s economic and social circumstance.”
Data Privacy	The concept of keeping individuals' personal data as private as possible.
Data privacy and protection standards	Keeping individual personal data in line with Nigerian Information data Act (NITDA) standards
Financial Service Providers	Organizations that provide financial services in the form of banking, loans, money transfers, financing and financial options to customers.
Underserved:	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 be at risk of financial exclusion.
Consumer Education	The preparation of consumer through the provision of materials and engagement to enable them make informed decisions when it comes to purchasing products and services
Conventional banking products	These are products (usually loans and advances) that are distinct from the Digital Financial Products of Financial institutions
Product offering	These are range of products provided by a Financial Institutions to its customers

Please note that failure to comply would attract necessary sanctions.

Consumer Protection Department

July, 2022.

EXPOSURE DRAFT