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LETTER TO ALL FINANCIAL CONSUMER PROTECTION STAKEHOLDERS: CBN LICENSED/SUPERVISED INSTITUTIONS, CONSUMERS OF FINANCIAL PRODUCTS AND SERVICES, ETC

EXPOSURE DRAFT OF THE REVISED CONSUMER PROTECTION REGULATIONS 2.0

The Central Bank of Nigeria (CBN) in furtherance of its mandate to promote a safe, and sound financial system, as enshrined in Section 2(d) of the CBN Act, 2007 and in its efforts to entrench responsible business conduct in the banking industry, as enshrined in Section 30 (1) of the Banks and Other Financial Institutions Act, 2020 initiated the review of the Consumer Protection Regulations issued in 2019.

The review became necessary to address new and emerging consumer risks in the financial services ecosystem, occasioned by the adoption of financial technology (Fintech) in the delivery of financial products and services to consumers. The revised Consumer Protection Regulations will help to ensure improved customer service standards, responsible business conduct and fair treatment of consumers by financial institutions licensed and/or supervised by the CBN.

In view of the above, we attach herewith, the draft revised Consumer Protection Regulations 2.0 for comments and observations to enable the Bank to come up with a final draft that meets international standards whilst taking into consideration the peculiarities of our environment.

Kindly submit your inputs not later than 29th February 2024 via e-mail, to doakoma@cbn.gov.ng, cobisike-oji@cbn.gov.ng and ooatanda@cbn.gov.ng.

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CENTRAL BANK OF NIGERIA

CONSUMER PROTECTION REGULATIONS

DECEMBER 2023

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1.0 INTRODUCTION

The financial services industry has undergone significant transformation with evolving market trends, proliferation and widespread adoption of technology in the delivery of a broad range of financial products and services through digital channels.

While these changes have provided enhanced consumer choices, convenience, and accessibility, they have also exposed consumers to new challenges and risks. Safeguarding the interests and ensuring greater protection of consumers in the evolving financial services landscape necessitated the review of the 2019 Consumer Protection Regulations.

Pursuant to the object of the Central Bank of Nigeria (CBN) in Section 2 (d) of the Central Bank of Nigeria Act, 2007 and in exercise of the powers conferred by Section 30 of the Banks and Other Financial Institutions Act (BOFIA), 2020, the CBN hereby issues the revised Consumer Protection Regulations to give effect to the Principles contained in the Consumer Protection Framework for institutions licensed and/or regulated by the CBN, and reflect current realities of consumer protection practices, improve good consumer outcomes and access to financial services.

2.0 OBJECTIVES

The objective is to promote a safe, trustworthy and consumer-friendly financial services environment by:

- a. Promoting transparency and disclosure through the provision of accurate and clear information to consumers in a timely manner.
- b. Protecting consumers from unethical and predatory practices that undermine confidence in the use of financial products and services.
- c. Ensuring that consumers have control over their personal information and are informed before they are used for other purposes.
- d. Ensuring access to complaint redress mechanisms that are free, fair, timely, transparent, accessible, and independent.
- e. Promoting financial literacy and inclusion.

3.0 SCOPE

The Regulations shall apply to all Financial Service Providers (FSPs) licensed and/or regulated by the CBN. FSPs shall also ensure that the provisions of the Regulations form part of any consumer related transaction, product or service agreement they may enter with any other institutions which are otherwise not regulated by CBN.

4.0 FAIR TREATMENT AND RESPONSIBLE BUSINESS CONDUCT

4.1 FAIR TREATMENT

FSPs shall comply with the following minimum standards at all stages of the relationship with consumers:

- 4.1.1 Treat consumers with courtesy and honesty
- 4.1.2 Communicate in plain language, devoid of technical terms that would make it difficult for consumers to understand their rights and obligations.
- 4.1.3 Provide access to basic financial services without regard to demographic status such as gender, age, religion, literacy level, region and disability.
- 4.1.4 Provide support to consumers with special needs such as multilingual assistance, ramp, visual and hearing aids.
- 4.1.5 Promptly oblige consumers' request for account closure or to switch providers, without unreasonable closing/switching barriers.
- 4.1.6 Execute variations to contracts, including interest rate, fees or charges, only if expressly provided for in the contract and notify customers at least five (5) working days in advance of execution.
- 4.1.7 Acknowledge enquiries from consumers within 24 hours.
- 4.1.8 Respond to customers' enquiries within five (5) working days of receipt.
- 4.1.9 Not charge early liquidation fee on Consumer and Micro, Small and Medium Enterprise loans with variable interest rate.
- 4.1.10 Be accountable for improper functioning of their banking applications.
- 4.1.11 Deploy flexible banking applications to meet regulatory requirements for good consumer outcomes.
- 4.1.12 Disclose similar product offerings within the institution to enable consumers to make comparisons and informed choices.

- 4.1.13 Not engage in bundling or cross-selling practices that unduly limit consumer choices.
- 4.1.14 Be held accountable for employing any practice that could be considered unfair.

4.2 BUSINESS ETHICS

To promote good business practices, FSPs shall comply with the following minimum standards:

- 4.2.1 Conduct business in a responsible, professional, and ethical manner.
- 4.2.2 Train staff to promote competence, efficiency, and professionalism in the discharge of their duties.
- 4.2.3 Provide clear information about product features, terms and conditions as well as the applicable charges.
- 4.2.4 Comply with the rates, fees, charges, or prices published or disclosed at the engagement points.
- 4.2.5 Obtain relevant and sufficient information about consumers, before providing advice or concluding a contract, to enable it to offer suitable products that meet the consumer's needs and financial capacity.
- 4.2.6 Not impose product, service, or channel on consumers.
- 4.2.7 Not charge fees for issuance and renewal of products or services which have not been requested by the customer.
- 4.2.8 Not compel consumers to buy a product or service as a pre-condition for the purchase of another product or service unless where the products or services are directly dependent.
- 4.2.9 Apply non-credit related fees/charges only to the extent of the balance in the account and defer the outstanding fees/charges until the account is funded and the customer notified accordingly.
- 4.2.10 Communicate a decision (acceptance or decline) on applications for waivers, extensions, and other concessions to a customer within ten (10) working days, otherwise the application shall be deemed granted.
- 4.2.11 Be responsible for digitally generated advise, recommendations and evidence of transactions.
- 4.2.12 Notify customers within twelve (12) hours of service interruptions and at least 48 hours for anticipated disruptions and take measures to mitigate the impact.

- 4.2.13 Sale of products through digital channels should only proceed after customers have confirmed that they have read mandatory information.
- 4.2.14 Avoid offering incentives that promote misconduct.
- 4.2.15 Structure remuneration of employees and authorized agents to promote responsible business conduct.
- 4.2.16 Avoid conflict of interest in dealing with consumers. Where conflicts cannot be avoided, disclose and establish mechanisms to manage such conflict, or decline to provide the service.
- 4.2.17 Carry out impact assessment where an issue has been identified on an account with a view to addressing other accounts in similar circumstance. The resolution should be communicated to the affected customers.

4.3 SALES PROMOTION AND ADVERTISEMENT

FSPs shall be required to ensure that their advertising and promotional materials comply with the following minimum standards:

- 4.3.1 Disclose contact details and its regulatory authority.
- 4.3.2 Disclose cost of products, including all fees and other associated charges.
- 4.3.3 Disclose the nature and value of benefits, where an advertisement refers to, or is linked to other value adding benefits.
- 4.3.4 Avoid mentioning the names of or making comparisons with competitors.
- 4.3.5 Avoid making reference to unaudited financial statements.
- 4.3.6 The content of advertisements shall be factual, unambiguous, not offensive, misleading, deceptive, or likely to cause damage.
- 4.3.7 The overall impression of advertisements shall not emphasize benefits while de-emphasizing its associated risks.
- 4.3.8 Unsolicited advertisements shall be at no cost to consumers.
- 4.3.9 Honor obligations in sales promotions as advertised and offered.
- 4.3.10 Establish a process to periodically evaluate the competence and conduct of employees.
- 4.3.11 Provide consumers with the option to opt-out of receiving marketing materials.
- 4.3.12 Not make opt-in for promotional materials a prerequisite for on-boarding consumers to products.

- 4.3.13 Be accountable for downplaying or dismissing warnings or cautionary statements in written sales materials.
- 4.3.14 Disclose to consumers potential or actual conflict of interest, particularly when the customer receives advice before executing agreements.
- 4.3.15 Promotional materials shall not use terminologies such as “free”, “zero cost”, or similar words or phrases, where associated costs to the product or service exists.
- 4.3.16 Use the word “free”, “zero cost”, only to indicate that the specific component of the product would not attract charges.
- 4.3.17 Notify the Director, Consumer Protection Department of the CBN prior to the commencement of advertisement by submitting a description of the content of the advertisement.

4.4 UNFAIR CONTRACT TERMS

FSPs shall comply with the following minimum standards to ensure that terms and conditions in contracts are fair and reasonable:

- 4.4.1 Contracts with consumers shall not contain unfair terms. A contract term shall be considered unfair if it:
 - a. Eliminates or limits the liability of an FSP to loss caused to a consumer by misrepresentation, negligence or misleading information on its products or services.
 - b. Binds a consumer to an obligation while the corresponding obligation on the FSP is conditional.
 - c. Eliminates or limits FSP’s liability with respect to actions or commitments undertaken by their employees, agents, or intermediaries.
 - d. Allows unilateral change to a contract without stating the circumstances under which the change could be made.
 - e. Excludes or restricts any legal requirement on the part of an FSP to act with skill, care, diligence, or professionalism toward the consumer in connection with the provision of any product or service and/or any liability for failing to do so.
- 4.4.2 Unfair terms used in contracts are void and shall not be binding on consumers.
- 4.4.3 Where there is any doubt or ambiguity about the meaning of a term used in a

contract, the interpretation most favorable to the consumer shall prevail.

4.5 LENDING PRACTICES

FSPs shall comply with the following requirements:

- 4.5.1 Apply lending fees only to the extent of the amount disbursed in respect of term loans, except for fees that are applicable to committed facility.
- 4.5.2 Obtain customers' written authorization where repayment of facility is sought before due date.
- 4.5.3 Assess customers' capability to repay facilities in a sustainable manner taking into consideration their financial circumstances.
- 4.5.4 Monitor loan performance and upon early detection of repayment difficulties, engage customers on repayment options.
- 4.5.5 Not compel consumers to buy products or services, such as insurance or valuation from a particular third-party provider as a pre-condition for the grant of a credit facility, but can provide the option to choose from at least three (3) providers or as may be prescribed by CBN from time to time.
- 4.5.6 Ensure that guarantors confirm in writing that they have read and understood their commitments, potential implications, and the maximum amount they are guaranteeing.
- 4.5.7 Provide update to Guarantors immediately a facility is in default to enable parties (lender, borrower and guarantor) engage on repayment options, until the facility returns to performing status and the likelihood of the guarantors being called upon to discharge their commitments in the loan agreement becomes minimal.
- 4.5.8 Issue a Discharge Letter at no cost to customers within 5 working days after loan liquidation, and where the loan is guaranteed, the guarantor be notified accordingly.
- 4.5.9 Notify customers where loan requests are declined with reason(s) within 10 working days from the date of receipt.

4.6 DEBT RECOVERY

To ensure that debt recovery processes are transparent, courteous, and fair, regulated entities shall:

- 4.6.1 Engage and give customers notice(s) of outstanding obligations prior to the

commencement of a debt collection.

4.6.2 Initiate foreclosures only when other recovery options have been unsuccessful.

4.6.3 Give customers the option of a private sale, to be exercised within 30 days before commencing foreclosure, except where the customer waives the right.

4.6.4 Ensure that the net proceeds from foreclosures are immediately applied to the loan account and customers informed of the balance.

4.6.5 Provide customers with a report of the sale of the collateral. At a minimum, the report shall state the process, proceeds, incidental expenses, and net proceeds.

4.6.6 Be liable for the actions of their agents engaged for debt collection.

4.6.7 Not contact friends, employer, relatives, or neighbors of a customer for any information other than information on employment status, telephone numbers or address, except where the person has guaranteed the loan or has consented to be contacted.

5.0 DISCLOSURE AND TRANSPARENCY

To promote transparency and enhance disclosure practices, FSPs shall comply with the following minimum standards:

5.1 FORMAT AND MANNER OF DISCLOSURE

5.1.1 Documents provided to consumers shall:

- a. Be written in clear, simple English language and legible with a minimum font size of 10 and spacing of 1.0.
- b. Not be misleading or deceptive
- c. Be provided in a durable form for ease of future reference.
- d. State the name and contact details of the FSP.
- e. State the type of license of the FSP and provide the name as well as contact details of the regulatory authority.

5.1.2 Clearly explain technical terms to consumers to aid understanding and decision.

5.1.3 Disclose the agreed communication channel(s) to be used for all correspondences and adopt same for information dissemination.

5.1.4 Display at customer engagement points, accurate information on all products and

services, including:

- a. Prime and maximum lending rates.
- b. Deposit rates.
- c. Applicable exchange rates for transactions that require currency conversion.
- d. How to lodge a complaint to the FSP and escalation option to the CBN where necessary.

5.1.5 Ensure that their websites and other information dissemination channels are functional and regularly updated with the current features of products and services offered.

5.2 DISCLOSURE OF TERMS AND CONDITIONS

FSPs shall comply with the following minimum standards during the lifecycle of contractual relationship with consumers:

5.2.1 Disclose in writing, all terms and conditions of a product or service on offer, as well as the features, risks, benefits, fees, and other associated charges.

5.2.2 Provide oral explanation on contractual agreements:

- a. At customer's request; or
- b. If it is obvious that the customer is vulnerable or cannot understand the agreement.

5.2.3 The phrase "Terms and Conditions Apply" or any other phrase conveying a similar meaning shall not be used, except where such terms have been disclosed in the contract. Where terms and conditions are disclosed in other medium accessible to consumers, the consumers attention shall be drawn.

5.2.4 Make opt-out option available for customers to unsubscribe from digital services at the time of establishing the contractual relationship.

5.2.5 Provide information on cancellation or switching procedures, including when products and services are delivered through agents or digital channels.

5.2.6 Disclose in contracts, the possibility of variations in interest or foreign exchange rates due to changes in market conditions.

5.2.7 Allow consumers a minimum of two (2) working days from date of receipt, to review draft contract before execution except where they waive this in writing.

5.2.8 Give consumers a cooling-off period of three (3) working days after the execution of

a credit contract, within which they may cancel without having to pay any penalty or charges. However, the consumer may waive the option with written notification.

- 5.2.9 Embed a pre-read or pause function before any purchase decision or transaction via digital channels, to enable brief time to review transaction and key terms and conditions before authorization or consent.
- 5.2.10 Provide information on product usage and how to obtain support services when the need arises.
- 5.2.11 Credit contracts shall contain the following:
 - a. Name and contact details of customer.
 - b. Type, purpose of credit, tenor of the contract, amount or credit limit, and moratorium (where applicable).
 - c. Applicable interest rate, details of lending fees including late payment/default (where applicable), variable rate information (where applicable) and total cost of the credit.
 - d. Key features and risks, conditions precedent to drawdown, insurance requirements (where applicable), early liquidation terms.
 - e. Applicable Annual Percentage Rate (APR) to be calculated using the formula stated in Annexures B and C.
 - f. Repayment schedule for term loans, collateral pledged and its estimated value.
- 5.2.12 Provide consumers, a Key Facts Statement (KFS) in the format attached as Annexure A stating a summary of key information on consumer loans.
- 5.2.13 State the rights and responsibilities of consumers, including the conditions that may lead to termination or cancellation of contract.
- 5.2.14 State how disputes can be resolved and the contact information of the established internal complaints handling units as well as the details of the external complaints' resolution unit.
- 5.2.15 Implement disclosures that are commensurate to targeted consumer segments.

5.3 **NOTIFICATION OF CHANGES IN RATES, TERMS AND CONDITIONS**

FSPs shall comply with the following minimum standards to promote transparency in dealing with customers:

- 5.3.1 Not vary terms and conditions, without the consent of customers. However, this does not apply to interest rate variations.
- 5.3.2 Notify customers of possible variations in interest rates and other terms and conditions, through the agreed channel of communication. In the case of interest rates, the notice shall state:
 - a. Reason for the variation.
 - b. Commencement date.
 - c. Revised repayment schedule (where necessary).
 - d. Alternatives available such as concession, restructuring, re- negotiation, opt-out or termination of the contract.
- 5.3.3 Notify consumers in default of credit repayment within 3 working days from the day of default, that a default charge would be applied after 7 working days in the case of Deposit Money Banks (DMBs), and 3 working days for Other Financial Institutions (OFIs).

5.4 **ACCOUNT STATEMENTS**

FSPs shall comply with the following minimum standards to promote disclosure of financial transactions:

- 5.4.1 Provide monthly statements (confirmation/investment advice as the case may be) for all products and account types, at no cost.
- 5.4.2 Make account balances and statements available on customers' request.
- 5.4.3 Notify consumers of transactions on their account immediately it occurs. At a minimum, the notification shall include date, currency, amount, payer, transaction reference, channel, and the cleared account balance.
- 5.4.4 Notify consumers when their accounts have become inactive or dormant, and the related consequences.
- 5.4.5 Ensure clarity in descriptions on account statements. At a minimum, it shall include, transaction reference, payer transaction channel, location, and account balance.

- 5.4.6 Disclose default charges in account statements separate from the interest charge.
- 5.4.7 Provide consumers with a closing statement when a contract is terminated or concluded.

6.0 PROTECTION OF CONSUMER ASSETS AND PRIVACY

To ensure adequate protection of consumer assets and privacy, FSPs shall comply with the following minimum standards:

6.1 DATA PROTECTION

- 6.1.1 Protect the privacy and confidentiality of consumer information and assets against unauthorized access and be accountable for acts or omissions in respect thereof.
- 6.1.2 Embed personal data protection in the design of products or systems.
- 6.1.3 Obtain written consent of consumers to collect and process their personal data for specific purposes and provide them with the option to withdraw the consent at any time.
- 6.1.4 Not share personal data of consumers to a third party without their express consent and provide details of information to be shared.
- 6.1.5 Design clear and simple “Opt-in” and “Opt-Out” options for data sharing with 3rd parties.
- 6.1.6 Review data processing and privacy procedures to ensure that consumers’ data are accurate and used only for the purposes for which it was initially obtained.

6.2 FRAUD PREVENTION

- 6.2.1 Protect customers’ assets against fraud or misuse at all times and be liable for losses arising from breach of required controls.
- 6.2.2 Test product suitability with consumers and make necessary modifications to reduce the incidence of fraud or transaction errors.
- 6.2.3 Implement the following measures across transaction channels:
 - a. Multi-variant customer identification and multifactor authentication mechanisms for transactions consummated.
 - b. Automated transaction monitoring, alert functions and behavioral monitoring to detect and prevent fraud.
- 6.2.4 Sensitize customers on fraud threats or scams.

- 6.2.5 State and periodically communicate procedures for reporting suspicious, unauthorized, fraud, lost or stolen payment instruments and/or authentication information to consumers.
- 6.2.6 Provide secure and simple user interfaces for digital financial services that will minimize the risk of mistake or double transactions.

7.0 FINANCIAL LITERACY AND AWARENESS

To enhance financial literacy and awareness, FSPs shall comply with the following minimum standards:

- 7.1 Design and implement consumer education programs for various segments, to:
 - a. Build skills, knowledge, understanding and confidence in the use of financial products and services.
 - b. Safeguard account and confidential information.
- 7.2 Disseminate consumer education and awareness programs through diverse channels that are appropriate for various consumer segments.
- 7.3 Disseminate fraud prevention tips in English or local languages (where applicable) to all customer segments through appropriate channels.
- 7.4 Provide information that will enable consumers differentiate digital financial services from conventional banking products.
- 7.5 Render quarterly returns on financial literacy programs conducted.
- 7.6 Provide user education at product sign-up stage.
- 7.7 Ensure access to information on all product offerings to enable consumers make informed decisions.
- 7.8 Contribute resources towards industry-wide implementation of financial literacy and capability programs.

8.0 COMPLAINTS RESOLUTION

8.1 INTERNAL COMPLAINT RESOLUTION

Complaints shall first be lodged with the FSP for timely resolution. For effective resolution of complaints, FSPs shall:

- 8.1.1 Provide access to efficient and free complaint resolution mechanisms.

- 8.1.2 Develop policies and processes on complaints handling that will guarantee fairness, transparency, responsiveness, and independence of the complaint handling mechanism.
- 8.1.3 Allocate adequate resources and structure for complaints handling under the oversight of an Executive Compliance Officer or its equivalent in Other Financial Institutions.
- 8.1.4 Designate a function for complaints handling independent of other business functions taking into consideration, the nature and complexity of their business.
- 8.1.5 Provide information on how to lodge a complaint, including the type of information to be provided by the complainant.
- 8.1.6 Disclose contact details, channels for lodging complaints, timelines for resolution and options for escalation at all customer engagement points. Where it is not practicable to comply with this, refer customers to where the information required could be obtained.
- 8.1.7 Make available a range of channels (such as walk-in, telephone, email, call center, portals, website, and social media) for submitting complaints appropriate to the type of consumers served.
- 8.1.8 Upon receipt of a complaint (inclusive of oral submission), communicate to the consumer immediately an acknowledgment containing:
 - a. A unique identification or tracking number,
 - b. Contact details of the complaints desk,
 - c. Expected resolution timeline,
 - d. Escalation options; and
 - e. An assurance that the complaint is being addressed.
- 8.1.9 Ensure that staff responsible for handling complaints declare any conflict of interest that may affect their objectivity.
- 8.1.10 Integrate all complaints collection channels to the enterprise complaints management platform.
- 8.1.11 Provide toll-free telephone lines for customers to make enquiries and lodge complaints.

- 8.1.12 Continuously engage customers until complaints are fully resolved.
- 8.1.13 Use the unique identification or tracking number in all correspondence with the complainant.
- 8.1.14 Keep records of all complaints, including transcripts of verbal complaint for a minimum of 6 years.
- 8.1.15 Provide emergency channels for reporting time-sensitive issues especially fraud - related complaints at all times.
- 8.1.16 Reconstruct customers' accounts to establish underpayment or excess charges, where applicable.
- 8.1.17 Refund identified excess charges, non-payment, under-payment of interest on deposits or unauthorized debits to the customer's account along with interest as provided in the extant Monetary, Credit, Foreign Trade and Exchange Policy Guidelines or any regulation issued by the CBN.
- 8.1.18 Resolve complaints received within the time specified in the Timelines for Complaints Resolution by Institutions.
- 8.1.19 Provide a Summary Resolution Communication (SRC) for resolved complaints to the complainant within 24 hours after resolution. The summary shall convey at a minimum:
- a. The basis of the decision(s).
 - b. The right of appeal available to the complainant for a second level review by the entity.
 - c. The right of escalation to the CBN, or other Alternative Dispute Resolution (ADR) where the complainant is dissatisfied.
- 8.1.20 Where a complainant is dissatisfied with a decision of an FSP, the complainant shall, within 30 days from the date of the receipt of the SRC, request in writing for a second level review.
- 8.1.21 A complaint shall be considered resolved where the complainant has indicated acceptance of the resolution in writing within 30 days after the receipt of the SRC, otherwise the complaint shall be deemed resolved or closed in the records of the FSP.

- 8.1.22 Upon receipt of a request for a second level review, the FSP shall review and communicate decision(s) within the timelines for complaints resolution for second level review.
- 8.1.23 Submit a Root Cause Analysis Report (RCAR) on quarterly basis to capture recurring complaint types, category and code, number of occurrences, root cause(s), planned remedial actions and implementation timelines. The report should be submitted to the Director, Consumer Protection Department, CBN on or before the 5th day of January, April, July, and October respectively.
- 8.1.24 Report complaints statistics in annual reports and the abridged Financial Statement in line with the approved format provided in Annexure D or any other format as may be prescribed by the CBN from time to time.

8.2 COMPLAINTS RESOLUTION AT THE CENTRAL BANK OF NIGERIA

A complaint shall only be escalated to the CBN, if:

- a. The complainant has exhausted the internal complaints resolution processes.
- b. An FSP fails to acknowledge complaint after 3 days.
- c. Within 90 days from the date of the receipt of decision from an FSP.
- d. It is not undergoing the process of resolution or already considered and resolved by a recognized alternate dispute resolution channel.
- e. It is not under litigation or already adjudicated upon by a court of law, except where the issue before the court is distinct from the matter brought to the CBN or where the court is dealing with the criminal aspect of the matter.

9.0 COMPLIANCE, MONITORING AND AMMENDMENTS

9.1 COMPLIANCE

The Executive Compliance Officer shall be responsible for ensuring compliance with this Guidelines. In the case of Other Financial Institutions, the responsibility shall expressly be assigned to a Senior Management staff.

9.2 MONITORING AND ENFORCEMENT

The CBN shall monitor and enforce compliance with this Guidelines through off-site surveillance and on-site routine examinations.

The CBN may adopt the following enforcement measures:

- a. Cease-and-desist orders.
- b. Reprimands, such as confidential caution or reprimand letters, reprimand meetings with the authority, or public reprimand notices.
- c. Enforceable undertakings, that is the power to apply an enforcement measure such as a fine in case an action agreed upon with a regulated entity is not implemented within an agreed timeline.
- d. Suspension or withdrawal of a product or advertising material.
- e. Penalties in line with the provisions of BOFIA 2020.
- f. Suspension, dismissal, or replacement of management or staff.
- g. Imposition of conditions or restrictions or suspension of a regulated activity.
- h. Imposition of conditions, restrictions, or cancelation of registration or license to operate.
- i. Disqualification of management from carrying out regulated activities.
- j. Compensation and refunds to affected customers.
- k. CBN may require FSPs to complete an acceptable readability test of all documents before they are availed to consumers.
- l. Issuance of letter of apology to complainant where necessary.

9.3 **AMENDMENT**

The Regulation may be amended by the CBN as the need arises.

10.0 GLOSSARY

TERMS	DEFINITION
Advertisement	Information disseminated to the public through displays, exhibitions, sales promotions, publications, press releases, notices, etc.
Annual Percentage Rate (APR)	Annual rate charged for borrowing expressed as a percentage that constitutes the interest rate charged and annualized fees/charges for the tenor of the facility.
Complaint	An expression of dissatisfaction with a service rendered by an Institution.
Conditions Precedent to Drawdown	Requirements a borrower must fulfil before accessing approved loan.
Consumer	A person or an entity that uses, has used or a potential user of financial products or services of an Institution.
Consumer loan	Loan granted to an individual (whether secured or unsecured) for personal, family, or household purposes.
Cooling-off period	A period after a sale contract is agreed during which the buyer can cancel the contract without incurring a penalty.
Customer	A person or entity that has a relationship with an Institution by reason of purchase of products or services offered by the institution.
Customer engagement points	Location or medium (physical or virtual) where interactions between a consumer and the Institution take place.
Consumers with special needs	Consumers who have specific requirements or challenges due to disabilities, health conditions or other unique circumstances.
Default charge	A type of fee or charge that is added to a customer's account when he has failed to comply with the terms and conditions governing a legal agreement with another party
Early liquidation Fee	The amount charged by an Institution when a consumer pays down a loan before the agreed time.
Foreclosures	A legal process in which a lender attempts to recover the balance of a loan from a borrower who has stopped making payments to the lender by forcing

the sale of the asset used as the collateral for the loan.

Internal Complaint Resolution	Procedure within an Institution for the resolution of consumer complaints.
Moratorium	A period during a loan term when the borrower is not required to make repayment.
Loan Discharge Letter	A letter issued by an Institution to customers as evidence of discharge of credit obligation.
Non-credit related fees/charges	Fees and charges other than repayments of credits or other credit related obligations.
Opt-in	The customers choice to be onboarded for a Financial Institutions products or services.
Opt-out	The customers choice not to be onboarded for Financial Institutions products or services.
Private Sale	Sale of collateral by a customer.
Summary Resolution Communication	A written communication from an Institution informing a complainant that a complaint has been resolved with the option of escalation to CBN, if dissatisfied with the outcome.

ANNEXURE A - KEY FACTS STATEMENT (THIS IS NOT AN OFFER OF CREDIT OR CONTRACT)

This Key Facts Statement (KFS) summarizes key information of the loan you are interested in and can be used for comparison purposes between different credit providers.

DISCLOSURE DATE: Include date at which information is correct. This is the date at which the information is correct. Note that the final loan features may differ because of your personal financial position or due to a change in the information provided, including interest rates and fees and charges.

THE LOAN	
Loan amount:	₦ _____
Tenor:	___ months / years (delete whichever is not applicable)
Interest rate:	___% Variable/Fixed (delete whichever is not applicable)
Collateral:	Yes/No (delete whichever is not applicable)

TOTAL COST TO CONSUMER	
Total amount you will pay back	₦ _____
This means you will pay back	₦ _____ for every ₦ _____ borrowed
Annual Percentage Rate (APR)	_____ %
This reflects the total cost of the credit on a yearly basis expressed as percentage, using the information at the disclosure date. It is a useful tool for comparison with similar loans	

Specific information about your loan

Loan received ₦ _____

Interest rate _____ %
(Variable interest rates may change)

Total interest charges (Total interest you will pay) ₦ _____
(Total interest may increase for variable interest rates)

Total fees and charges* ₦ _____
(Total other charges you will pay throughout the duration of the loan).

Total cost of credit ₦ _____
(This is made up of total interest and all other charges for the tenor of the loan.)

Repayments

Repayment amount (see attached repayment schedule) ₦ _____ month/quarter for
Amount you will need to repay on due date _____ tenor of loan

Date of first repayment ___/___/___

Date on which other repayments are due

in each week / month
for tenor of loan after the
first repayment period

Total number of repayments _____

*Note that the amount required to be paid (for each repayment and total) does not include fees which are dependent on events that may not occur (for example, late payment fees)

Fees and charges comprise of:

(A) credit prover's fees <i>(List all applicable lending fees)</i>		(B) Third party fees/charges <i>(List all applicable 3rd party fees)</i>	
(1) _____	N_____	(1) _____	N_____
(2) _____	N_____	(2) _____	N_____
Total (A)	N_____	Total (B)	N_____
Total Fees and charges (A+B)	N_____		

Penalties and Additional Requirements

- **Late Payment:** If a payment is more than 7 days late from the due date, you will be charged 1% flat per month on the overdue amount.
- **Early Liquidation of the Loan:** You may be charged a fee if you pay off your loan before maturity, the amount of which will depend on the terms of your contract.
- **Cooling Off Period:** You may cancel your loan contract within 3 days after signing.
- **Variations:** The interest rate, and fees and charges, disclosed here may change, including during your contract. You should receive notice of any change after your contract is entered into.

Have a complaint or a query?

Do not hesitate to reach out to your lender through the following

Telephone

Address:

Email:

If dissatisfied with the resolution of your complaint, you can escalate the complaint to the Consumer Protection Department of the Central Bank of Nigeria by writing to the Director, Consumer Protection Department, CBN, Abuja or send an email to: cpd@cbn.gov.ng.

ANNEXURE B - ANNUAL PERCENTAGE RATE

FORMULA FOR CALCULATING ANNUAL PERCENTAGE RATE (APR) FOR TERM LOANS OF ONE YEAR AND ABOVE

$$APR = \frac{2nc}{P(N+1)}$$

Where:

n = Number of payment periods in 1 year

c = Total cost of the loan made up of total interest payments and all other feescharges (including third parties' charges such as insurance etc)

P = Principal or net amount borrowed

N = Total number of payments to pay off the loan

ANNEXURE C - ANNUAL PERCENTAGE RATE
FORMULA FOR CALCULATING ANNUAL PERCENTAGE RATE (APR)
For overdrafts and other short term loans below 1 year:

$$APR = \frac{C}{L} \times \frac{365}{t}$$

Where:

C = Total cost of the loan made up of total interest charge and all other fees charges (including third parties' charges such as insurance etc.)

L = Loan amount

t = Tenor in days

Assumptions:

For overdraft facility, the limit is assumed to be taken as a whole on day 1.

ANNEXURE D - COMPLAINTS STATISTICS

FORMAT FOR PRESENTATION OF COMPLAINTS STATISTICS

S/N	DESCRIPTION	NUMBER		AMOUNT CLAIMED		AMOUNT REFUNDED	
		YYYY	YYYY - 1	YYYY	YYYY - 1	YYYY	YYYY - 1
1	PENDING COMPLAINTS B/F						
2	RECEIVED COMPLAINTS						
3	RESOLVED COMPLAINTS						
4	UNRESOLVED COMPLAINTS ESCALATED TO CBN FOR INTERVENTION						
5	UNRESOLVED COMPLAINTS PENDING WITH THE BANK C/F						

**CONSUMER PROTECTION DEPARTMENT
DECEMBER 2023**