

**Staff**

William Blackmon  
Senior Research Manager, Financial Inclusion Program

Brian Mwesigwa  
Associate Research Manager

FINANCIAL INCLUSION | AUDIT REPORT

**Inclusion for all**

**Measuring Fees and Transparency in Nigeria's Digital Financial Services**

*Using an Audit Study to Determine Reliability, Compliance, and Transparency of Provider Costs*

While digital financial services have evolved rapidly in Nigeria over the last decade, this growth is largely driven by the already banked population. A joint study by Innovations for Poverty Action (IPA) and Inclusion for All investigated three key barriers preventing many from joining the formal financial system: the reliability of financial services, the cost of using these services, and the limited transparency of cost information. The study found that financial transactions conducted by phone fail often, service providers make it difficult and costly to find accurate pricing information (less than 1 in 5 providers offer a toll-free customer care line), and the prices consumers pay can exceed caps set by the Central Bank of Nigeria (CBN).

**The findings suggest providers can build trust and usage of these services by strengthening their infrastructure, improving access to accurate pricing information, and increasing compliance with existing price caps.**

**Study Components**



Open accounts and audit true fees paid for real transactions



Compile stated fees from FSPs' customer care representatives



Review of pricing regulations

IPA and Africa Practice conducted a standardized audit of common mobile financial transactions and other activities with 19 deposit money banks and 10 mobile money operators, with a sample of 805 transactions. The audit measured fees for account opening, balance checks, and transfers. It also measured pricing transparency, collecting providers' stated fees by checking websites, calling customer care, and reaching out over social media. Finally, to assess compliance with regulated pricing caps, the audit reviewed pricing regulations set forth by the CBN and the Nigerian Communications Commission.

**Key Areas for Improvement**

**Reliability**

58% of USD transactions could not be completed successfully

**Transparency**

2 of 29 audited providers listed transaction prices publicly on their website.

**Transparency**

27% of stated prices for customer care matched real prices for audit.

**Compliance**

62% of providers required purchase of an ATM card to begin using an account, despite mandated free account opening.

**Product Reliability**

Transaction failures are common, particularly when conducted using USD menus and with mobile money operators.

**Transaction Success Rates**—Percent of audited transaction attempts that were completed successfully

**By Channel**

Mobile application 82%

USSD 42%

**By Provider Type**

Deposit money bank 64%

Mobile money operator 43%

# Brief | Measuring Fees and Transparency in Nigeria's Digital Financial Services

While digital financial services have evolved rapidly in Nigeria over the last decade, this growth is largely driven by the already banked population. A joint study by Innovations for Poverty Action (IPA) and Inclusion for All investigated three key barriers preventing many from joining the formal financial system: the reliability of financial services, the cost of using these services, and the limited transparency of cost information. The study found that: financial transactions conducted by phone fail often, service providers make it difficult and costly to find accurate pricing information (only 1 in 5 providers offer a toll-free customer care line), and the prices consumers pay can exceed caps set by the Central Bank of Nigeria (CBN). The findings suggest providers can build trust and usage of these services by

strengthening their infrastructure, improving access to accurate pricing information, and increasing compliance with existing price caps.

February 08, 2022