



Consumer Protection in Digital Financial Services

Consumer survey: Nigeria, 2024



Key Findings

Innovations for Poverty Action (IPA) surveyed digital financial services (DFS) users in 24 states across Nigeria (note: not nationally representative) from February to April 2024. The survey interviewed consumers on their usage of four different types of financial services: mobile banking, mobile money, agents, and digital credit. The goal was to understand their experiences, identify challenges, and assess opportunities for improvement in consumer protection.

DFS Usage

Mobile banking was the most used service amongst Nigerian DFS users, and a majority had used an agent to complete a transaction in the past month. While we find increased mobile money usage, there is significant variation in usage by consumer segment, and the sector remains highly concentrated – one provider alone accounted for 66 percent of the market. Few respondents, only 5 percent, made use of digital credit.

Consumer choice and decision making

Respondents based their choice of providers on access, trust, cost, and service quality, and were unlikely to switch providers (17 percent had ever stopped using a mobile banking or mobile money provider). Few compared prices across different providers. Price awareness was low, with only a third of respondents correctly identifying the mobile banking fee of their most recent transaction.

Challenges and risks

Consumers frequently experienced challenges (84% reported at least one challenge), particularly related to network quality, unexpected fees, fraud, and agent overcharging. Fraud remains a significant consumer protection risk: 58 percent had at some point been targeted by a fraud attempt via phone call or text message. Older, urban, and less socioeconomically advantaged consumers were more exposed to fraud attempts. Six percent of consumers had lost money as a result of a challenge.

Glossary and acronyms

BVN: Bank verification number. Biometric identification system that is used for authenticating bank transactions

DFS: Digital financial services. Financial services which rely on digital technologies for their delivery and use by consumers. DFS users in this survey were defined as adults who in the past 90 days had either 1) used mobile money to send funds, receive funds, pay a bill, or make a purchase, 2) had used mobile banking to send funds, receive funds, pay a bill, or make a purchase, 3) had used their phone to take out a loan (digital credit), or 4) used a DFS agent, for example to withdraw funds or send money to another person.

DFS agents: Agents function as human ATMs, helping with transactions like deposits and withdrawals, making financial services easily accessible through a consumer's phone. Agents may serve multiple financial service providers.

Digital credit: A financial service that enables you to obtain loans through your mobile phone, offering a simple and convenient application process.

Mobile Banking: A service that allows you to access and manage your bank account via your mobile phone using USSD codes or a bank app. A bank account is required to operate a mobile banking account.

Glossary and acronyms *(continued)*

Mobile Money: An electronic wallet service that uses a phone number as the account number, allowing users to shop, send money, and perform other transactions without needing a bank account—just a phone number and ID are required.

NIN: National identity number.

Opportunity cost of time: Cost of time that could have been spent on other activities, for example forgone income.

OTC: Over the counter. OTC transactions are money transfers facilitated by an agent without relying on the customer's own account.

USSD: Unstructured Supplementary Service Data. A communication service that enables customers use mobile financial services (MFS) on nearly any phone, by sending instructions to the MFS provider along with their personal identification number (PIN) for authentication, while enabling MFS providers to send responses to clients and confirm transactions. Examples of usage includes making payments or sending funds with mobile money, checking account balances, and buying airtime and internet bundles.

Glossary - Subgroups

Gender:

Respondents were either male or female.

Age:

Grouped into brackets of 18-25 years, 26-45 years, and older than 46 years.

We use three categories of urbanicity: Urban (cities or towns with high population density/ economic activity), peri-urban (areas in between a city and a village, usually on the outskirts of larger cities) and rural (sparsely populated areas or villages).

Education:

For all analyses we have grouped respondents into those who have not completed a secondary education, those who have completed a secondary education, and those who have some post-secondary education. Post-secondary education includes diploma and higher national diploma.

Poverty:

Our definition is based on the poverty probability index (PPI) score. Individuals are grouped into more and less likely to be poor, where more poor individuals have a poverty probability higher than the sample median.

Financial Literacy:

Grouped into less financially literate (scoring less than 3/4 questions correctly) and financially literate (scoring at least 3/4 questions correctly)

Market vendor:

Respondents are divided into market vendors and market customers. Market vendors are individuals who either owned the business or managed/run stall.

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Introduction

Study Methodology



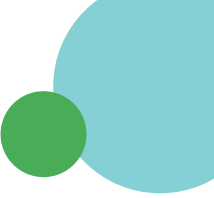
Study Methodology

Our sampling methodology involved a multi-tiered purposive sampling process, selecting states, local government areas (LGAs), markets, and respondents to ensure a diverse sample of DFS users, as summarized below:

State selection: Nigeria is comprised of 36 states spread across six geopolitical zones. Initially, we selected 2 states per zone (12 in total) to ensure regional diversity. However, after consultations with the Central Bank of Nigeria's Consumer Protection Department, the number of states was expanded to 24, with 4 states chosen from each zone. This expansion allowed for better representation of Nigeria's diverse demographics and market conditions.

States were selected based on three key criteria: safety and security, IPA's operational capacity, and continuity with previous surveys. Security conditions were a critical factor, leading to the exclusion of certain high-risk states, particularly in the northeast. In addition, we prioritized states where IPA had the capacity to deploy enumerators effectively. States such as Enugu, Lagos, and Kaduna were selected due to their inclusion in previous survey rounds, which facilitated continuity and deeper insights.

Study Methodology (continued)



Local Government Area (LGA) selection: In each selected state, we aimed to capture a balance of urban and rural dynamics by selecting one urban and one rural LGA. The criteria for defining each LGA type were based on its population density and centrality to financial activities.

*For **urban LGAs**,* we selected the state capital, which typically serves as the hub of financial and political activities within the state. These areas are characterized by higher population densities, better access to financial services, and more diverse economic activities, making them ideal for studying DFS usage in more developed settings.

*For **rural LGAs**,* we relied on geo-mapping and population density metrics to identify an LGA with a median population density within the state. Our goal was to select an LGA that was sufficiently rural to provide insights into the challenges and opportunities for DFS users in less-developed areas, but not so remote that it would be prohibitively costly or difficult to recruit participants.

Study Methodology (continued)

Market selection: In each LGA, field supervisors relied on their local knowledge to purposively select four distinct market types, ensuring a comprehensive representation of economic activity and consumer behavior. This approach was key to capturing a broad spectrum of DFS usage across varying market environments. To keep operational and supervisory costs manageable, travel time to each market was kept within 30 minutes.

The four types of markets selected were: **Main markets**, typically located in primary towns or LGA headquarters, serving as major business hubs where essential goods like groceries are traded; **upscale markets**, found in more affluent areas of the LGA, including malls, plazas, and supermarkets, with fixed, numbered shops catering to wealthier clientele; **main markets in secondary towns**, which, although not located in the central hub, are significant for local commerce and regional trade; and **smaller, non-daily markets**, often in rural communities, which offer unique insights into the financial behavior and DFS usage in more remote and less frequently accessed locations.



Study Methodology (continued)

Respondent Selection: Within each market, our goal was to recruit a total of 20 respondents, consisting of four market business owners or vendors and 16 non-vendors, such as people passing by or customers.

Participants were randomly approached by enumerators, who then sought their consent and screened them for eligibility. To qualify, participants needed to be over 18 years old and have used DFS within the past 90 days. This criterion ensured that the respondents had recent and relevant experience with digital financial services.

To maintain gender balance in the sample, enumerators alternated between recruiting male and female participants. For instance, if the first respondent was male, the next one recruited was female. This method helped achieve a balanced representation of gender in our data collection, contributing to a more comprehensive understanding of DFS usage across different demographic groups.



Study Methodology (continued)

Sample Representativeness: Our sample does not represent the entire population of DFS users in Nigeria. Instead, it provides a snapshot of those DFS users surveyed. We employed a purposive sampling approach that allows us to make comparisons between important consumer segments, without taking a resource-intensive nationally representative sampling approach. This approach allowed us to gather relevant data from a diverse range of respondents, but it means that the findings are specific to the surveyed sample and cannot be generalized to all DFS users across the country.

02

Sample Characteristics



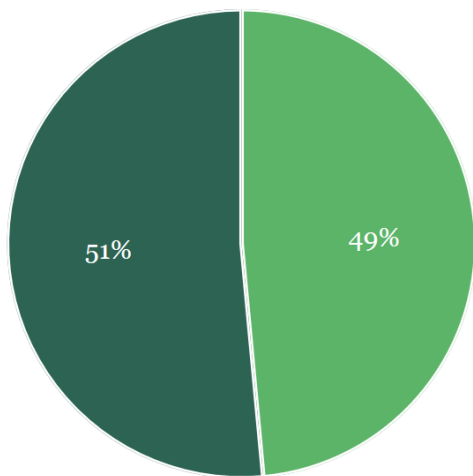
Our sample includes data from across Nigeria, including an oversampling of women and market vendors.

- The **Nigeria DFS survey was designed to ensure adequate sampling of smaller subgroups of DFS users**, including women and market vendors. As such, our analysis provides a national snapshot, but is not nationally representative of DFS users in Nigeria.
- The data used in this study are not weighted. In this section we characterize our sample to allow readers to understand the DFS users who are represented in our analyses.
- We note that the World Bank’s Nigeria Findex database is a nationally representative sample of Nigerian DFS users from 2021.
- The Findex sample was restricted to individuals who were 18 years or older and had an account with a financial institution, a mobile money account, or both.

Gender

GENDER

Female Male

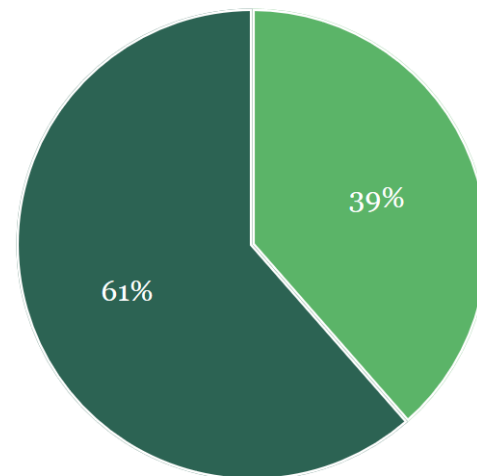


N= 3780

Our study oversampled women relative to their share of DFS users in the nationally representative Global Findex (2021) to ensure that we learned about their DFS experiences.

GENDER FINDEX SURVEY

Female Male

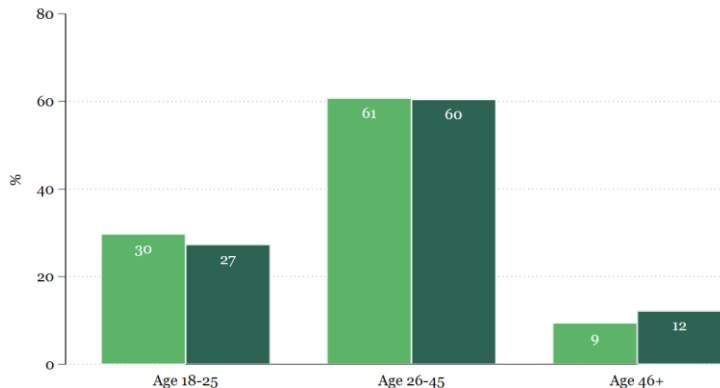


N= 607

Surveyed DFS consumers are primarily working age adults with at least a secondary education, similar to Findex DFS findings.

AGE

Consumer Survey Findex

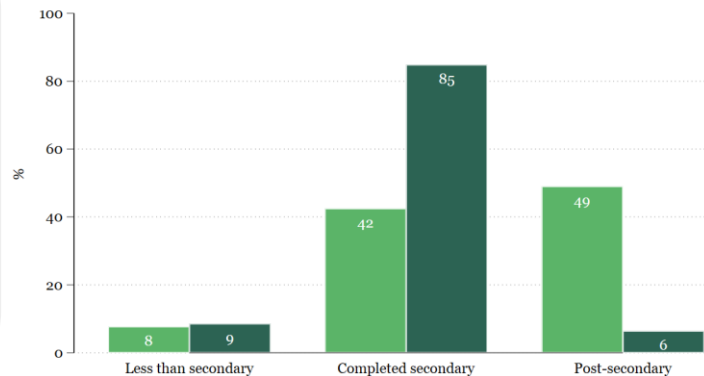


Consumer survey: N= 3780, Findex: N=607

Our respondents are more educated than typical DFS consumers, with 49% holding a university degree or diploma compared to just 6% in the Findex sample.

EDUCATION

Consumer Survey Findex

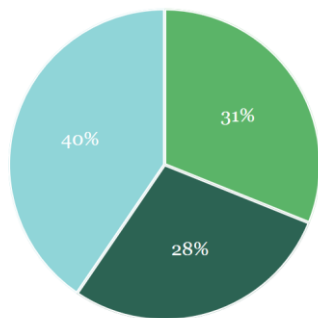


Consumer survey: N= 3750, Findex: N=606

Surveyed DFS consumers are primarily heads of household or their spouses.

RELATIONSHIP TO HEAD OF HOUSEHOLD

Head of household Spouse Other

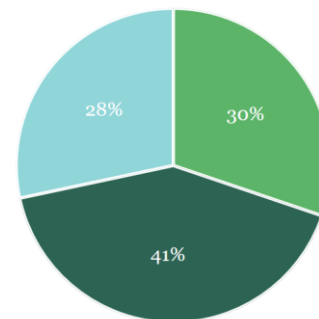


N=3778

The typical household has 4-6 members.

NUMBER OF PERSONS IN HOUSEHOLD

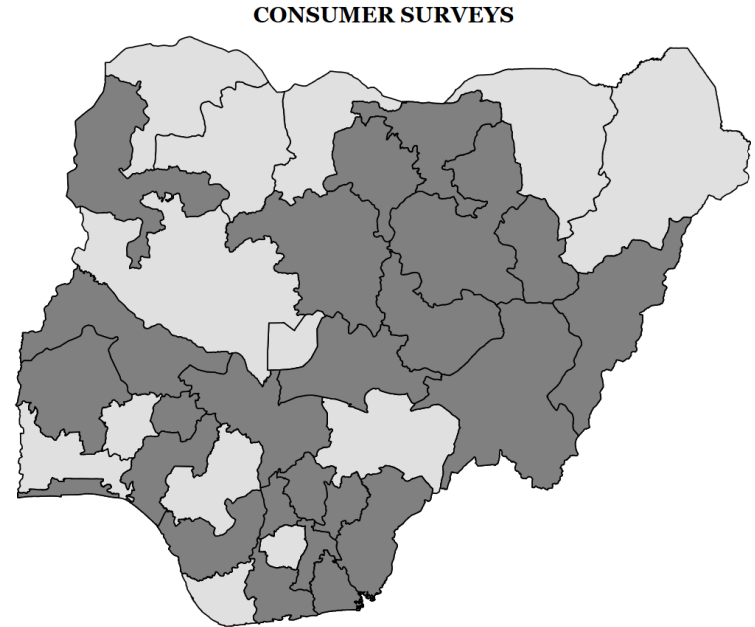
3 or less 4 to 6 More than 6



N=3780

Survey included respondents from four states in each geopolitical zone.

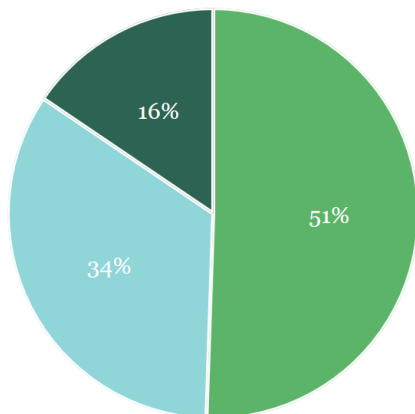
Surveys completed by zone	
North Central Kogi, Kwara, Nassarawa, Plateau	625
North East Adamawa, Bauchi, Gombe, Taraba	635
North West Jigawa, Kaduna, Kano, Kebbi	618
South East Abia, Anambra, Ebonyi, Enugu	640
South South Akwa Ibom, Cross River, Delta, Rivers	629
South West Ekiti, Lagos, Ondo, Oyo	633



Surveyed DFS consumers live predominantly in urban or semi-urban areas.

URBANICITY

Urban Peri-urban Rural



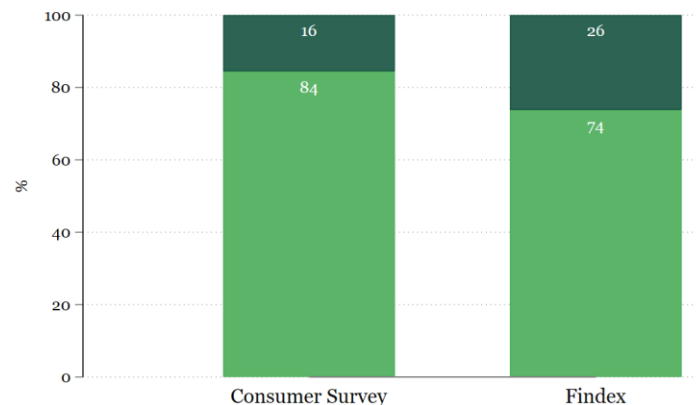
N=3780

Only 16% characterised their area of residency as rural

Our sample is thereby more urban than the typical consumer in the Findex survey

CONSUMER LIVES IN URBAN AREA

Rural Urban

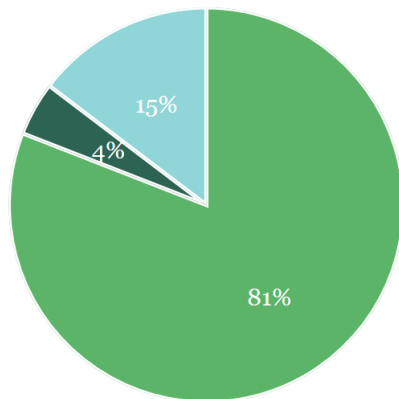


Consumer survey: N= 3780, Findex: N=607
Peri-urban is classified as urban for comparability

More than four out of five surveyed DFS users have a smartphone, with male and urban residents most likely to have one.

PHONE OWNERSHIP

Smartphone Feature phone Basic phone



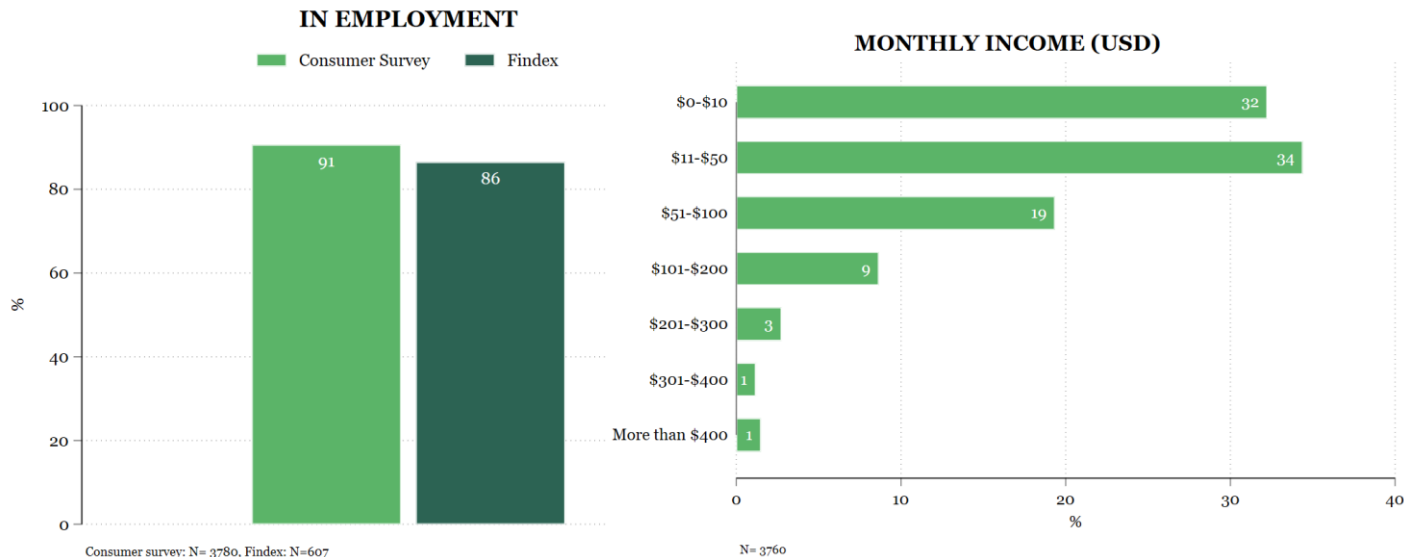
N=3763

Smartphone ownership differs significantly across all consumer segments: male, younger, urban, higher educated, less poor, and financially literate consumers are more likely to own a smartphone.

Most consumers are working, similar to the Findex sample.

Most consumers in both samples are working (either for someone else or self-employed)

Most of our respondents earn between 10-50 USD per month



Financial Literacy

In our study we relied on [Standard & Poor's global financial literacy survey](#), which is the world's largest global measurement of financial literacy. This measure probes knowledge of four basic financial concepts: risk diversification, inflation, numeracy, and interest compounding.

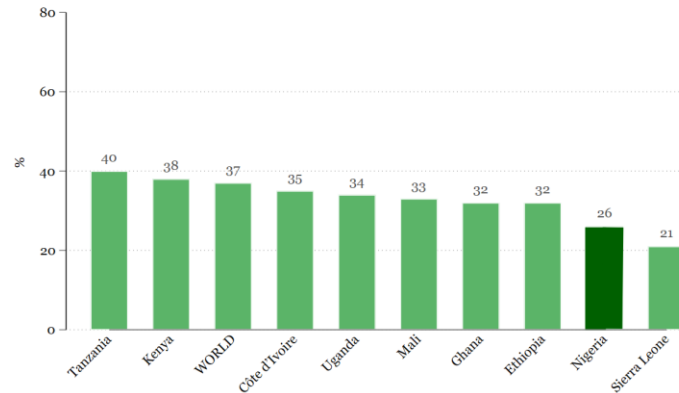
A person is considered financially literate if they answer three out of the four questions correctly.

Financial literacy is generally low in Nigeria, and also varies widely across states.

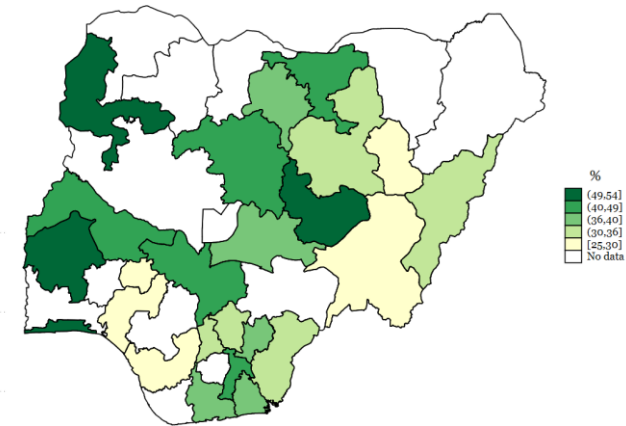
39% of respondents in our survey were considered financially literate, higher than Nigeria's national average (recognizing that national average data is outdated).

Nigeria ranked second lowest among major African DFS markets in the S&P Global Finlit survey in 2014.

PERCENT OF ADULTS WHO ARE FINANCIALLY LITERATE
S&P Global FinLit Survey (2014)



PERCENT OF ADULTS WHO ARE FINANCIALLY LITERATE

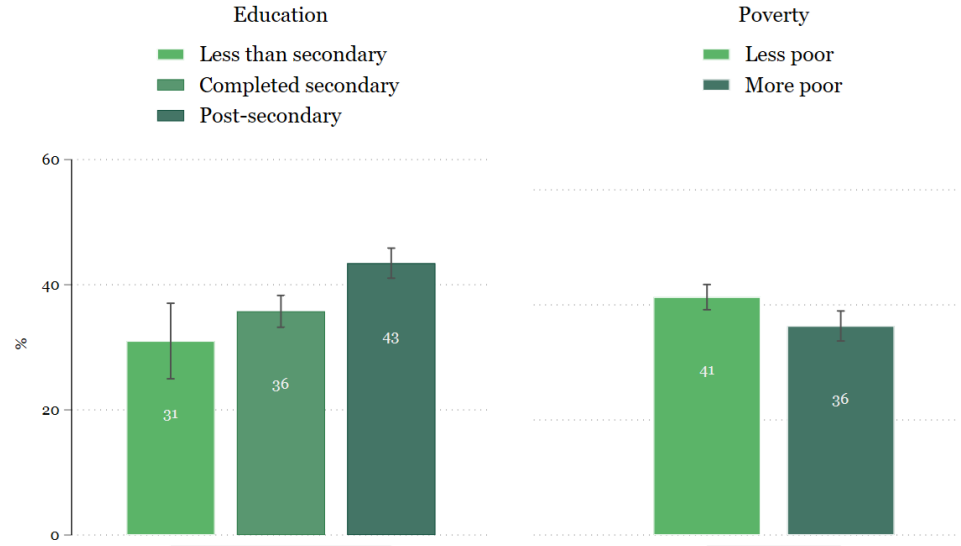


Wealth and education are associated with financial literacy.

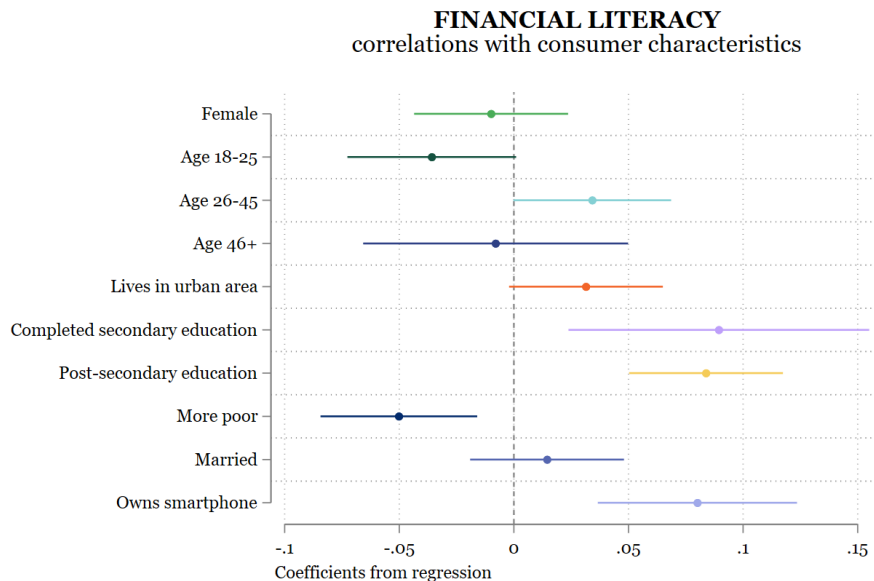
More educated and wealthier people have higher levels of financial literacy.

There are no significant differences in financial literacy by gender, age, urbanicity, or market vendor status.

PERCENT WHO ARE FINANCIALLY LITERATE

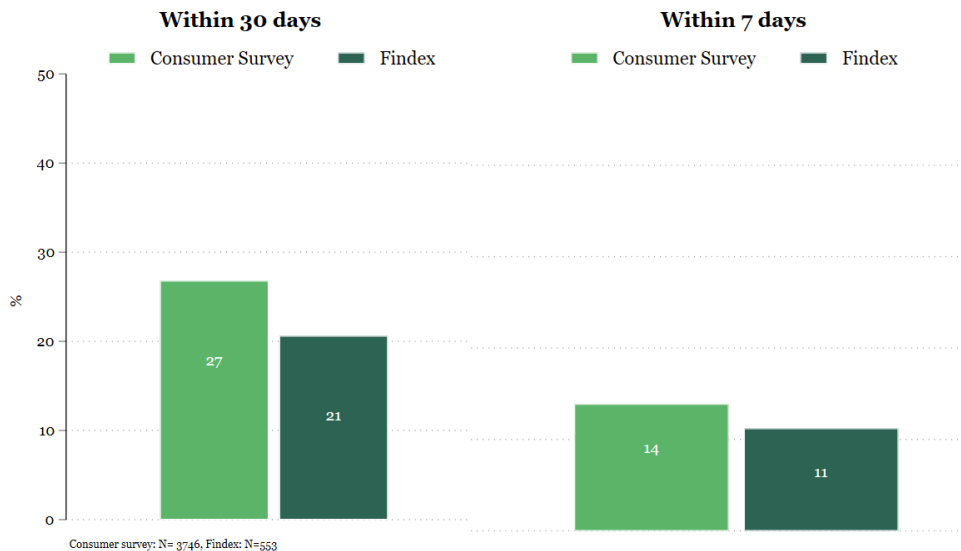


Financial literacy is correlated with education, urbanicity, and smartphone ownership, with no significant differences across gender, age, or marital status.



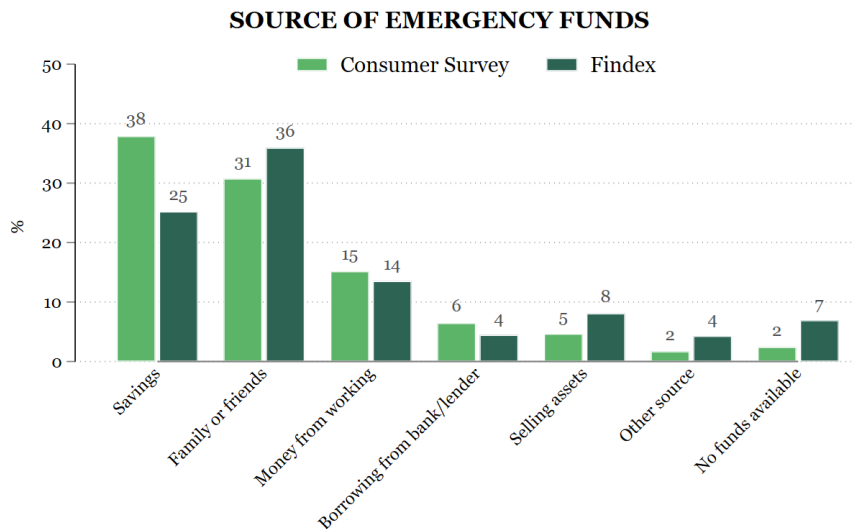
Most consumers did not achieve a minimal standard of financial health – the ability to come up with \$60 in a short period.

CONSUMERS THAT HAVE NO DIFFICULTY COMING UP WITH EMERGENCY FUNDS



This amount – USD 60 – represents approximately 1/20th of GDP per capita in Nigeria.

Most consumers would rely on savings, family or friends to cover a sudden financial emergency.

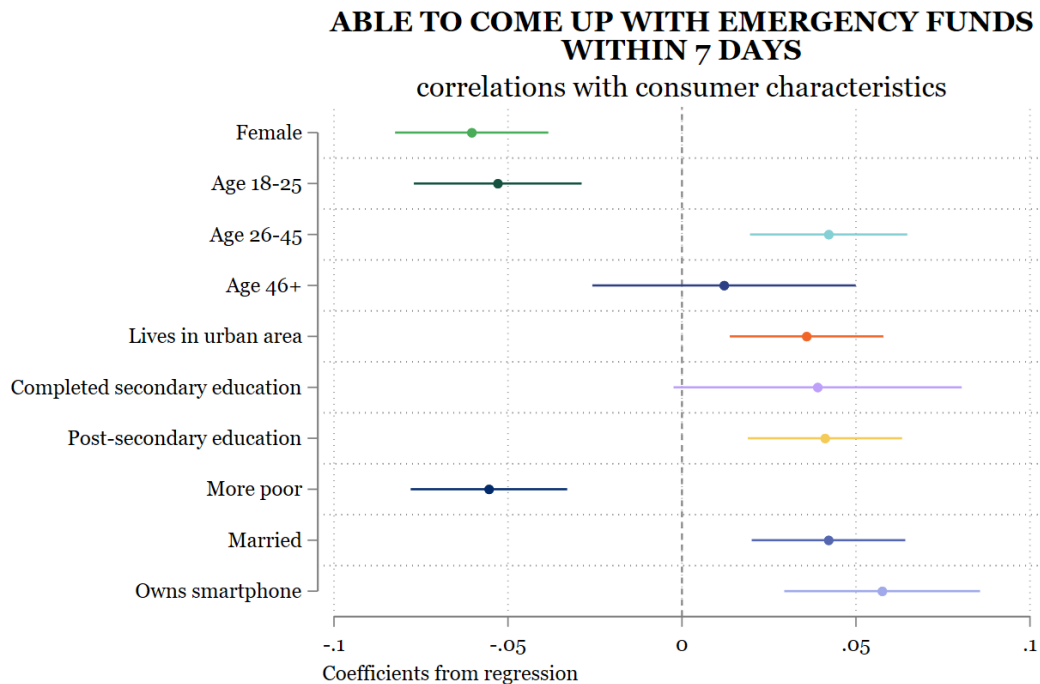


Consumer survey: N= 3746, Index: N=553

Most would rely on savings to cover an unexpected expense.

Only 2% said it would be impossible to come up with the funds.

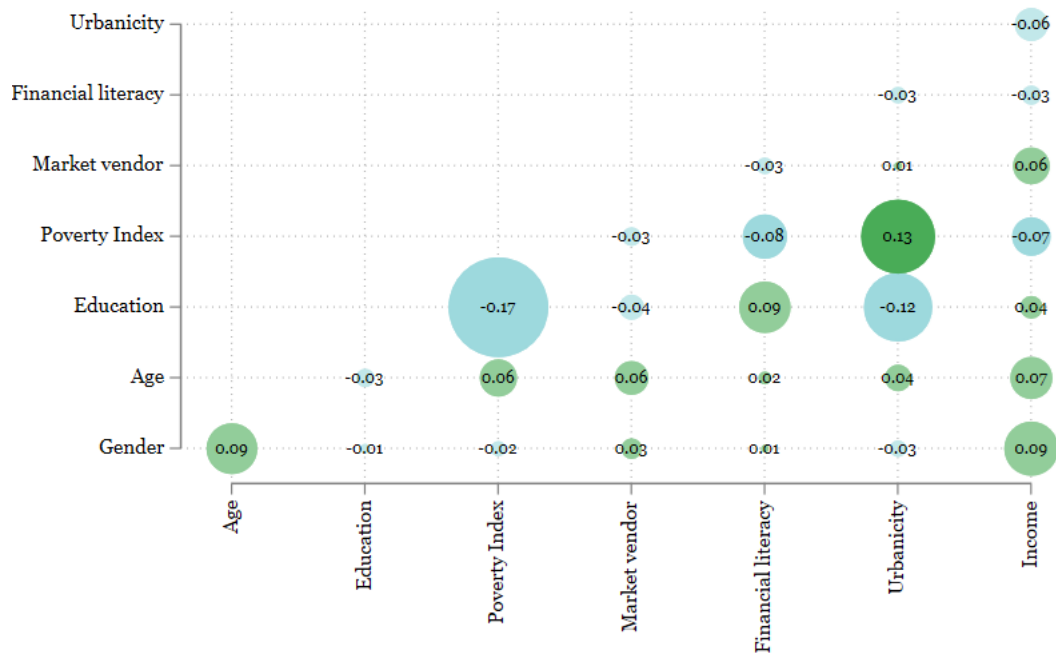
Financial health varies across key demographic subgroups.



Consumers are better prepared for a financial shock if they are... male, older, have a university degree, low poverty probability, live in urban areas, are married, and own a smartphone.

Several key demographic characteristics of our sample are correlated.

CORRELOGRAM OF RESPONDENT CHARACTERISTICS

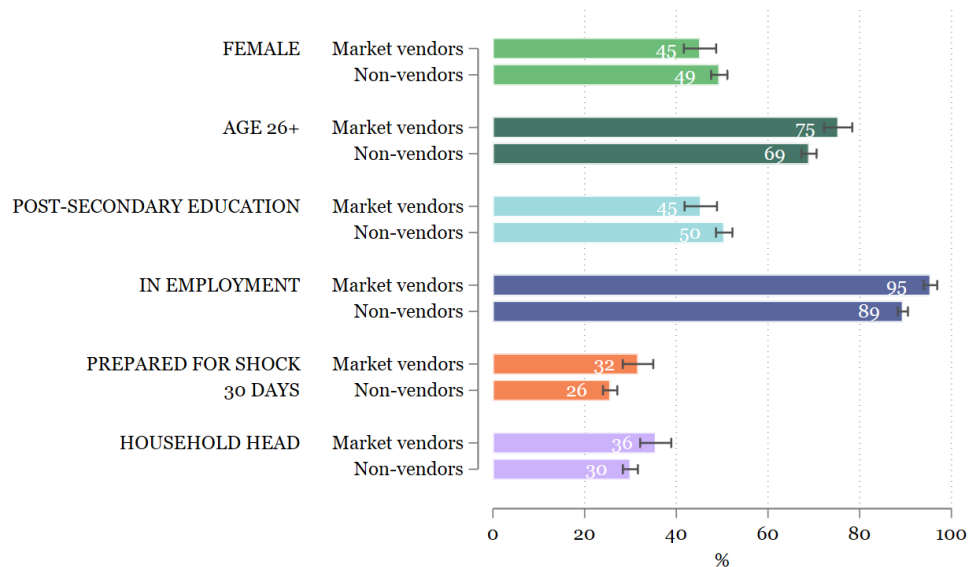


Stronger relationships are shown as larger circles, in light blue for negative correlations and green for positive correlations.

Education, poverty, urbanicity, and financial literacy are most correlated.

Market vendors differ in small but significant ways from other DFS customers.

MARKET VENDOR CHARACTERISTICS



Non-vendors: N= 3014, Market vendors: N= 766

Relative to customers, market vendors are more likely to be male, older, and have lower levels of education.

They are more likely to be in employment and better prepared for financial shocks.

There are no significant differences across urbanicity, poverty, or financial literacy.

Market vendors are equally likely to own a smartphone compared to regular customers.

03

Digital Financial Services Usage



Key terms: Digital Financial Services

Service types

Mobile Banking: A service that allows you to access and manage your bank account via your mobile phone using USSD codes or a bank app. A bank account is required to operate a mobile banking account.

Mobile Money: An electronic wallet service that uses a phone number as the account number, allowing users to shop, send money, and perform other transactions without needing a bank account—just a phone number and ID are required.

Digital credit: A financial service that enables you to obtain loans through your mobile phone, offering a simple and convenient application process.

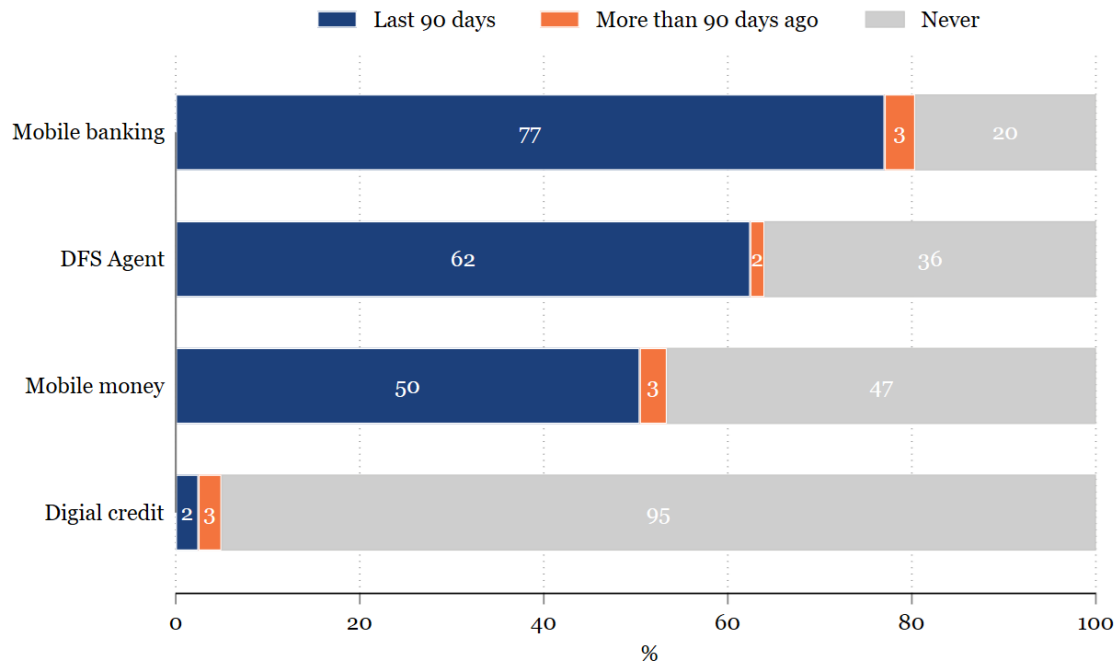
DFS agents: Agents function as human ATMs, helping with transactions like deposits and withdrawals, making financial services easily accessible through a consumer's phone.

Key Takeaways: Digital Financial Services Usage

- 01 Mobile Banking is the most-used DFS in Nigeria, and most consumers have used an agent to complete a DFS transaction in the past three months.
- 02 Nigeria's mobile money sector is far more concentrated than its mobile banking sector.
- 03 When assistance is needed to access DFS, consumers primarily rely on family members rather than DFS agents or customer care.
- 04 Digital credit is not widely used in Nigeria.

Among DFS users, mobile banking is the most used service.

DFS USAGE BY SERVICE TYPE



Among all DFS users:

80% have used mobile banking.

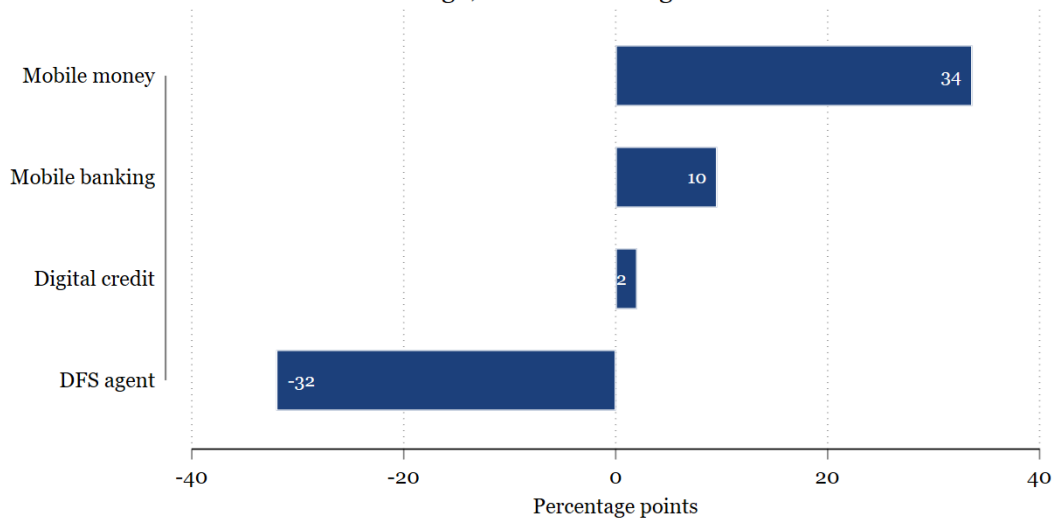
53% have used mobile money.

Only 5% have taken out a mobile money loan.

While mobile banking remains the most popular, mobile money is experiencing the fastest growth.

CHANGES IN DFS USAGE BETWEEN 2020 AND 2024

In Enugu, Kaduna and Lagos

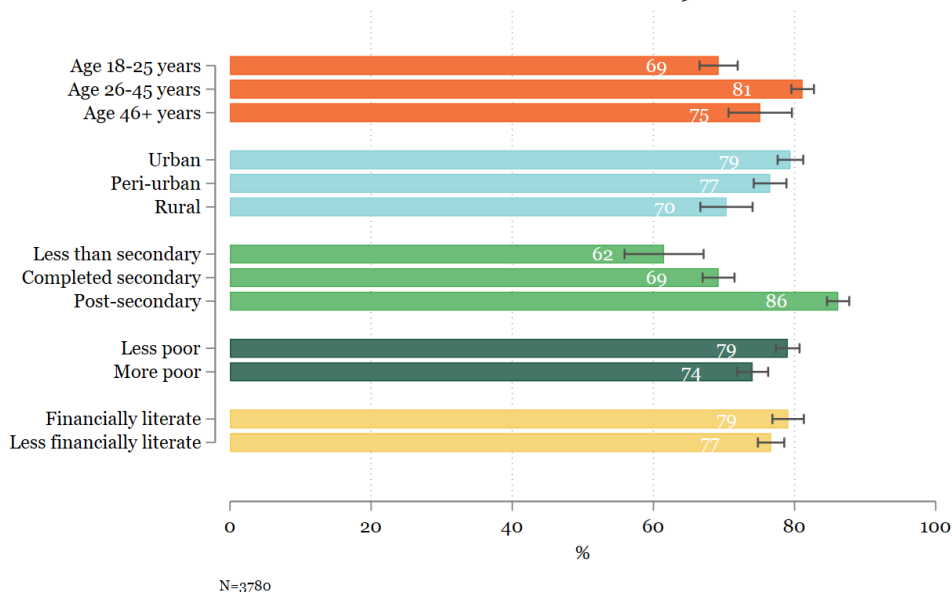


2020: N= 752, 2024: N= 478

Within Enugu, Kaduna and Lagos, more consumers did transactions on their own versus through agent accounts in 2024 compared to 2020.

Mobile banking is more commonly used by urban, prime working-age, and socioeconomically advantaged consumers.

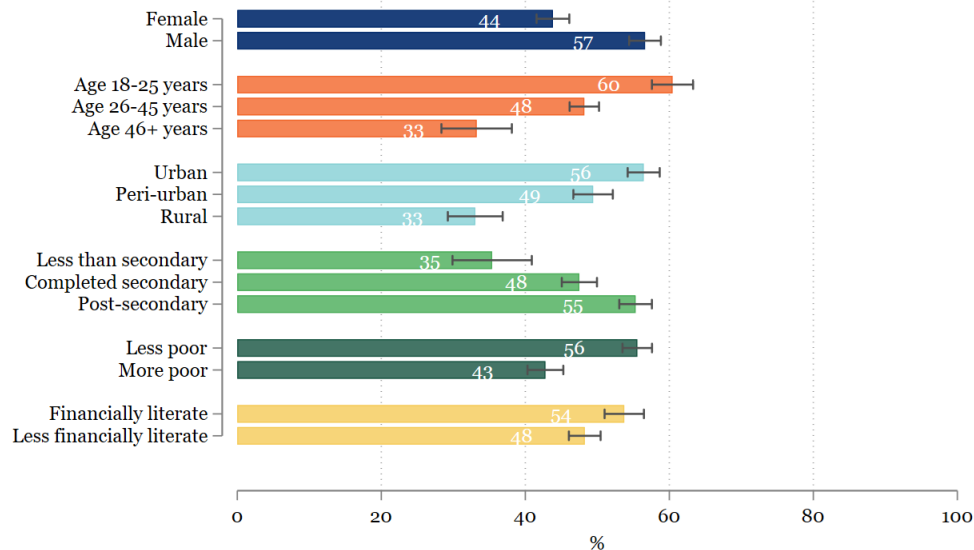
USED MOBILE BANKING IN THE LAST 90 DAYS



There are no significant differences in mobile banking usage by gender or market vendor status.

Mobile money has large usage gaps across most key demographic groups, including gender, age, rurality, and socioeconomic status.

USED MOBILE MONEY IN THE LAST 90 DAYS

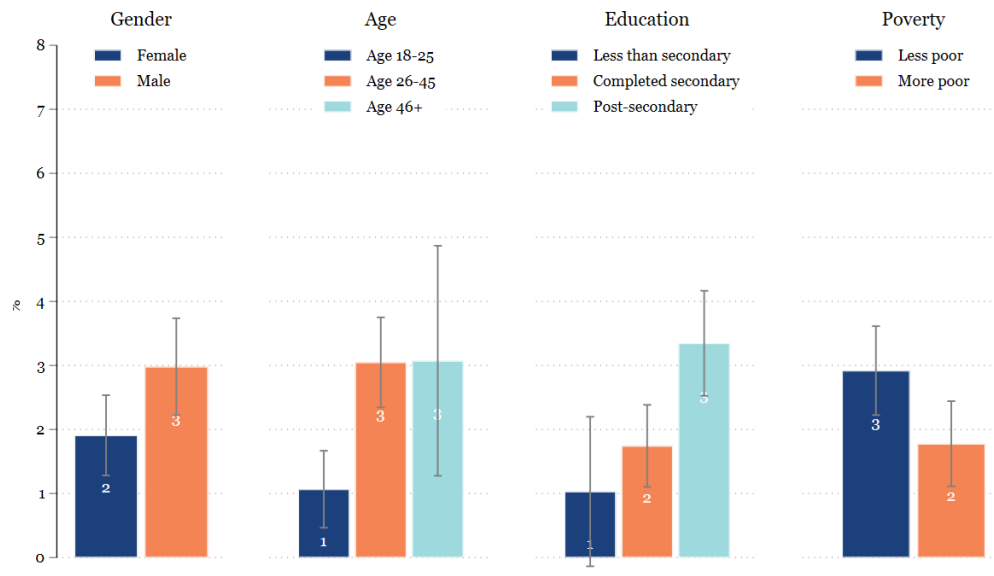


N=3780

There is no significant difference in mobile money usage by market vendor status.

Digital credit is not widely used by any demographic.

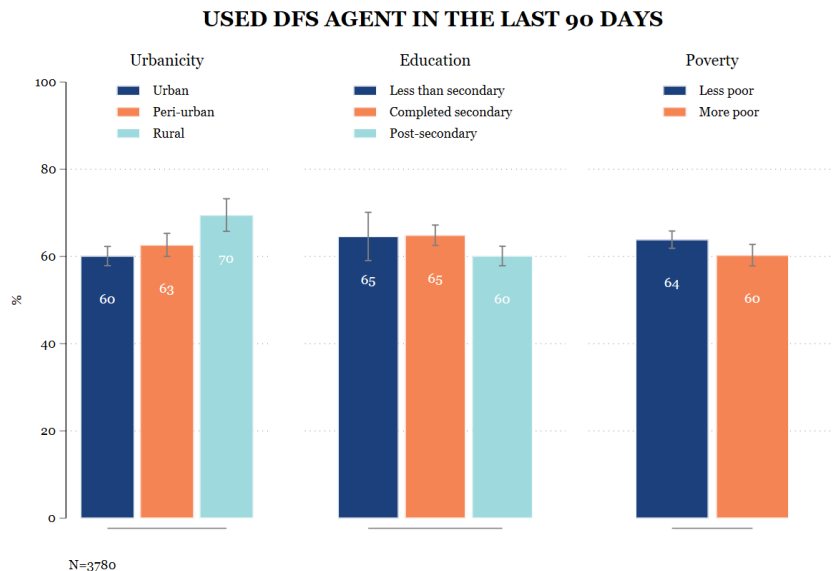
USED DIGITAL CREDIT IN THE LAST 90 DAYS



There are no significant differences in mobile loan usage by urbanicity, financial literacy, or market vendor status.

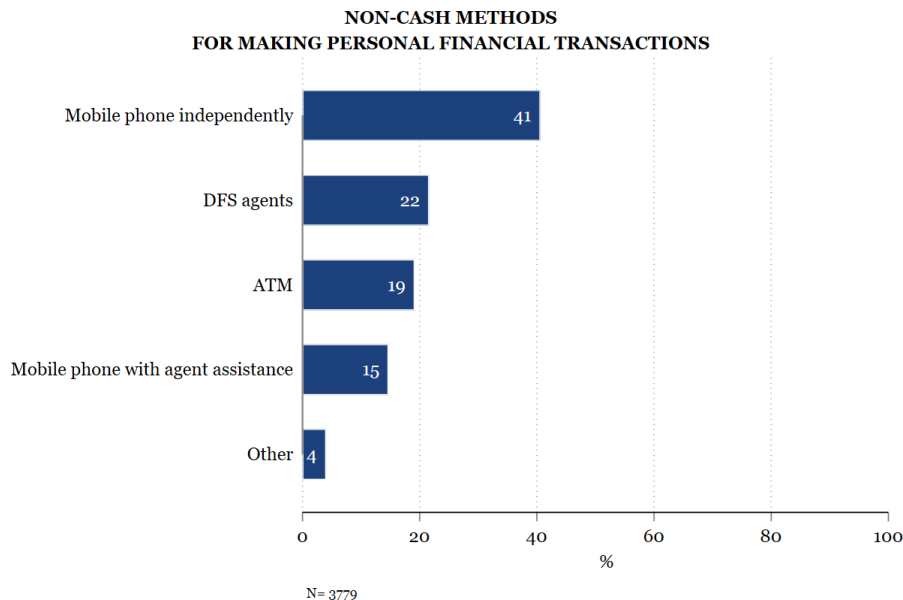
N=3780

The majority of DFS consumers have made a transaction with a DFS agent in the past three months.



There are no significant differences in mobile loan usage by gender, age, financial literacy, or market vendor status.

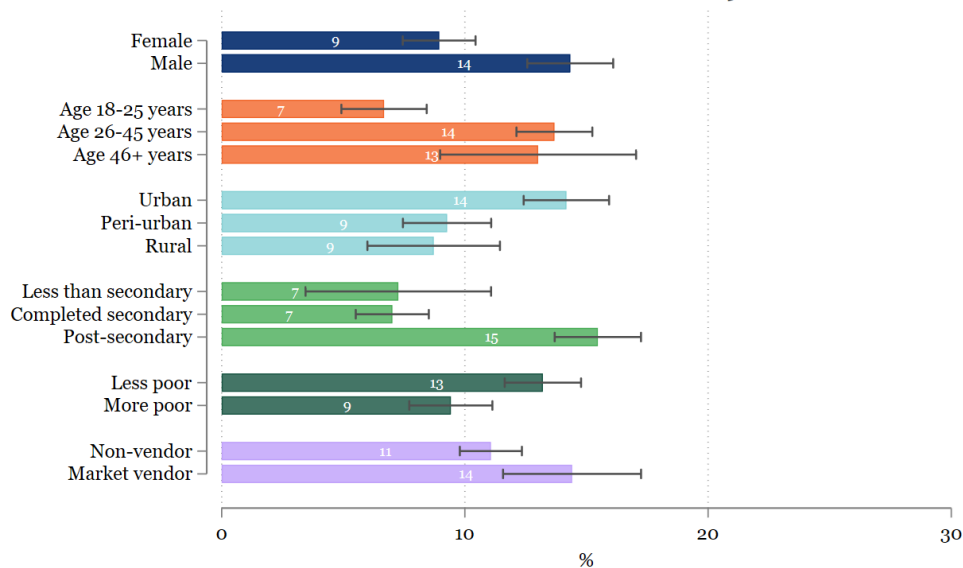
DFS consumers rely primarily on mobile phones for non-cash transactions.



There are no significant differences in payment methods by age, gender, poverty, education, financial literacy or market vendor status.

Male, older, socioeconomically advantaged and rural DFS consumers are more likely to patronize multiple banks.

ACCESSED MULTIPLE BANKS IN THE LAST 90 DAYS

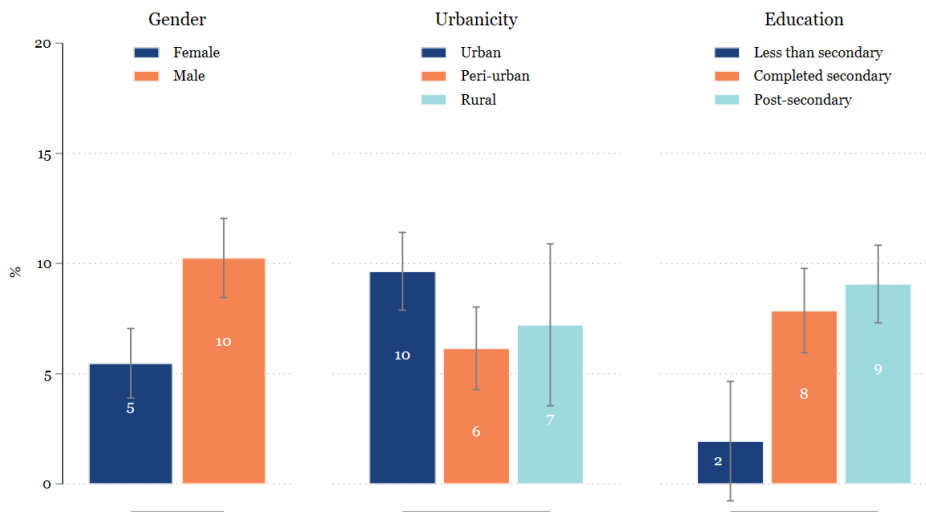


N= 2912

There are no significant differences by financial literacy.

Less than 10% of DFS consumers have used more than one mobile money provider in the past three months.

ACCESSED MULTIPLE MOBILE MONEY PROVIDERS IN THE LAST 90 DAYS

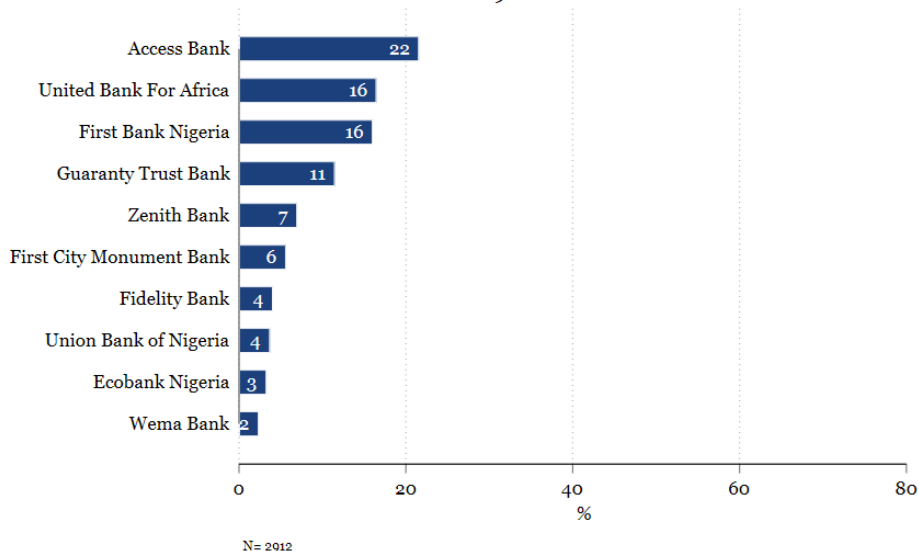


N= 1906

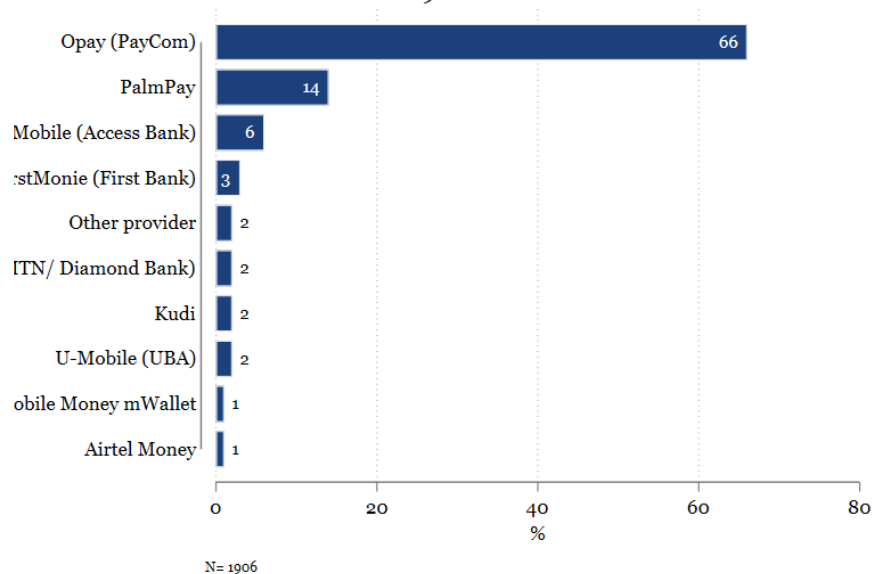
There are no significant differences by age, poverty, financial literacy, or vendor status.

Nigeria's mobile money market is far more concentrated than its mobile banking market.

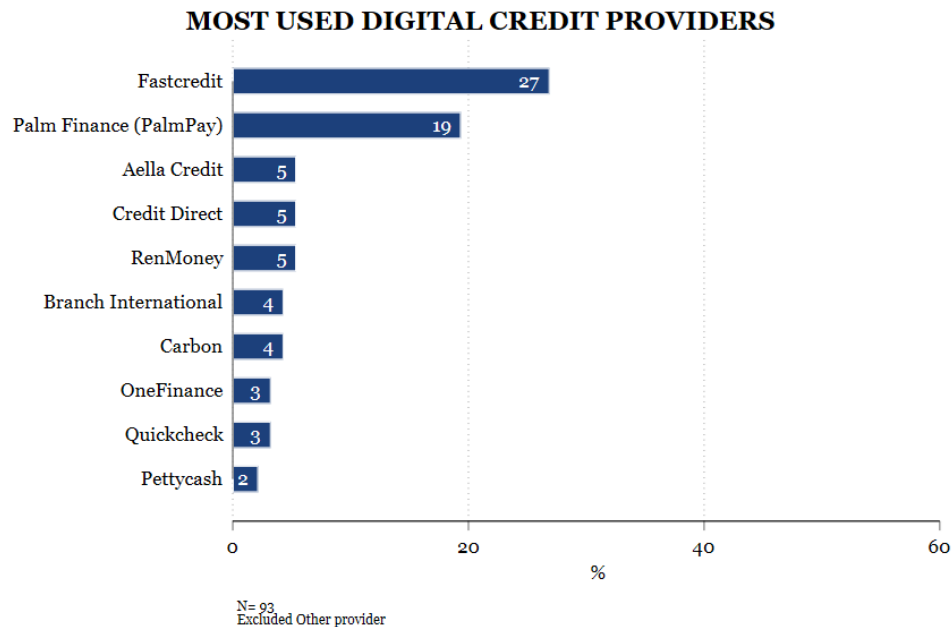
**MOST USED MOBILE BANKING PROVIDERS
IN THE LAST 90 DAYS**



**MOST USED MOBILE MONEY PROVIDERS
IN THE LAST 90 DAYS**

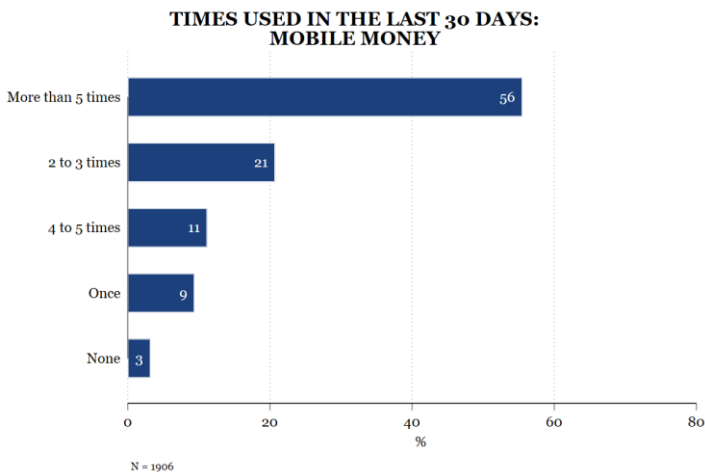


Among the 5% of DFS consumers who report having taken digital credit, two providers accounted for nearly half (46%) of the market.

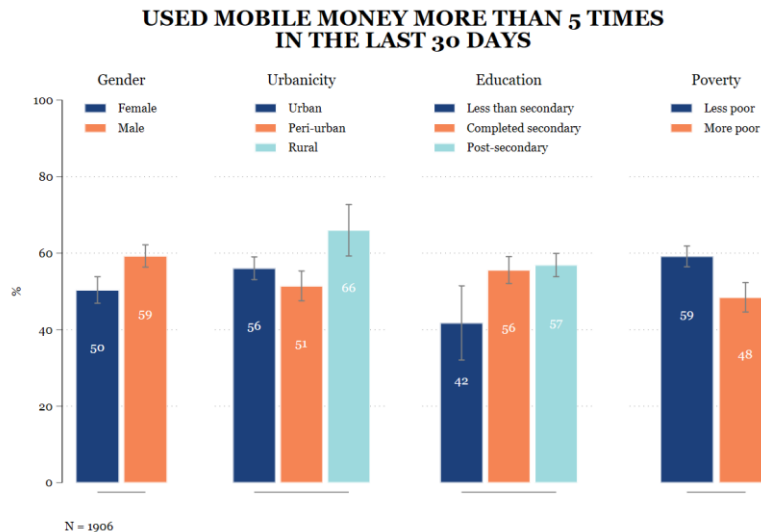


The emerging digital credit market is small, and highly concentrated.

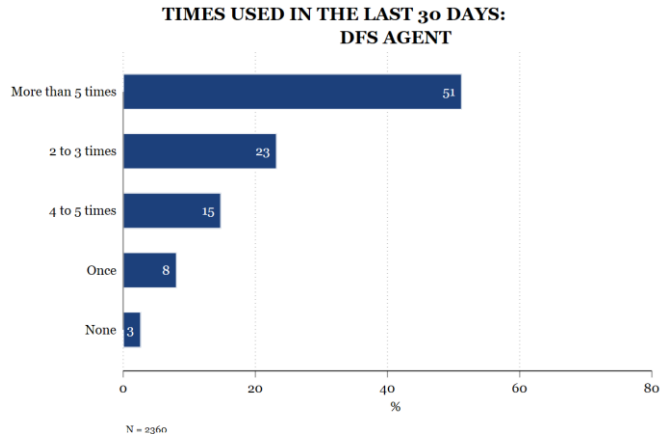
The majority of DFS consumers use mobile money at least five times a month.



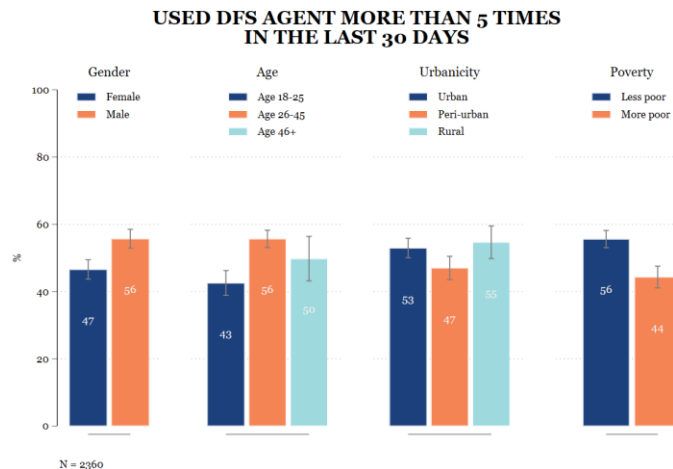
There are no significant differences in usage by age, financial literacy, or market vendor status.



Similarly, the majority of DFS consumers use agent services at least five times a month.

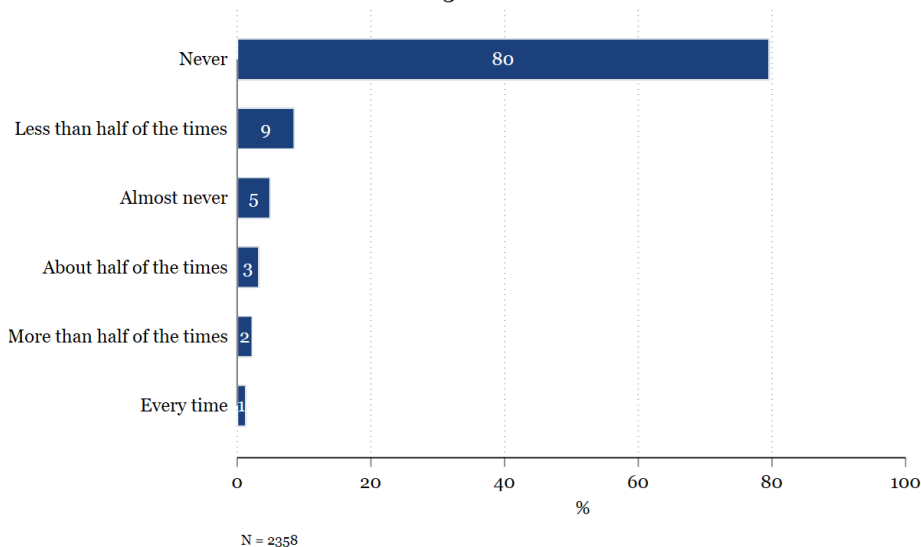


There are no significant differences in usage by education, financial literacy, or market vendor status.



Over-the-counter (OTC) transactions at agent locations are rare among DFS consumers.

**AGENT TRANSACTION WAS AN OTC TRANSACTION
LAST 30 DAYS**

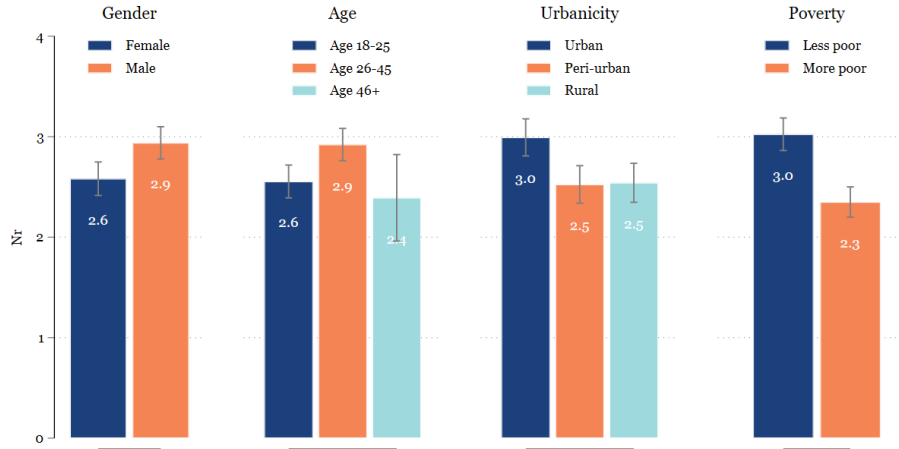


OTC transactions are money transfers facilitated by an agent without relying on the customer's own account.

80% of DFS consumers have never done an OTC transaction.

Consumers used on average 3 different mobile money agents in the past 90 days.

**NUMBER OF DIFFERENT DFS AGENTS USED
IN THE LAST 90 DAYS**



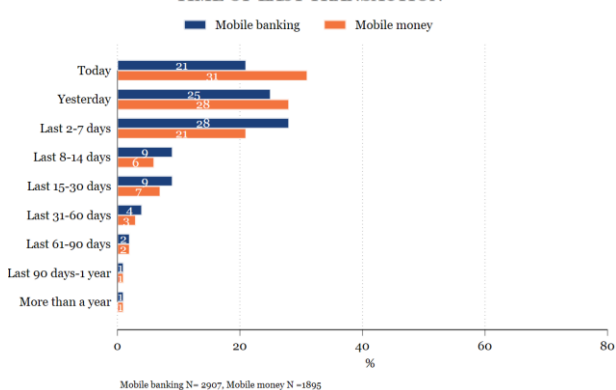
Female, rural and socioeconomically disadvantaged consumers typically use fewer different agents.

There are no significant differences by education, financial literacy, or vendor status.

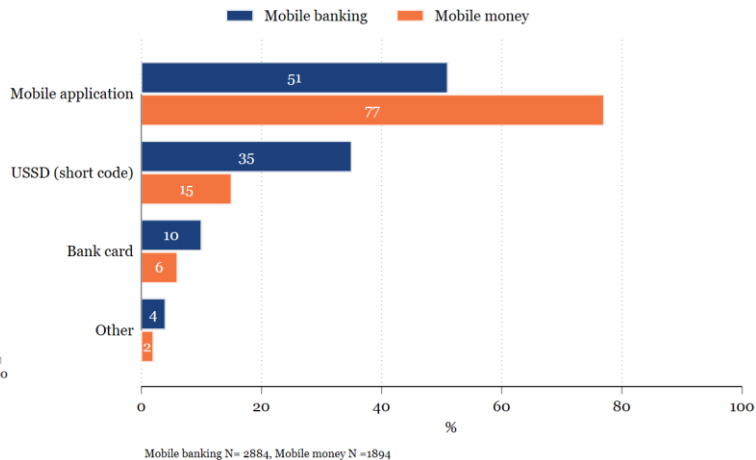
N= 2185

Last successful transaction.

TIME OF LAST TRANSACTION



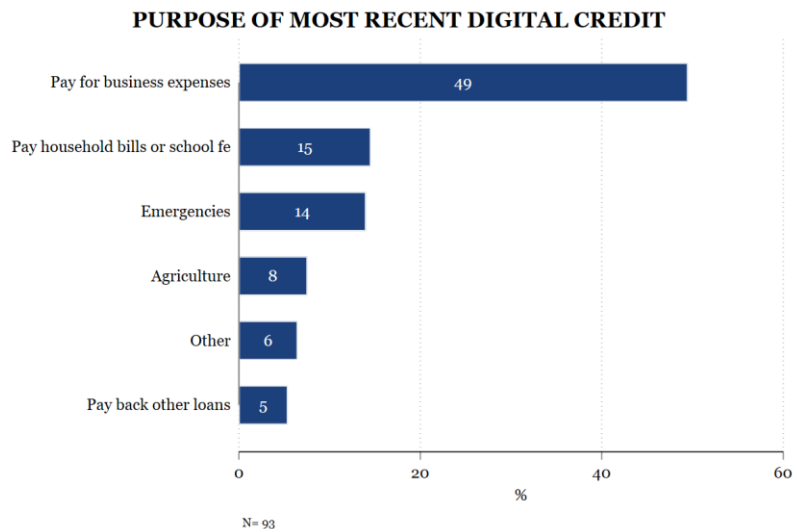
CHANNEL OF LAST TRANSACTION



Mobile money transactions are done more frequently (majority same day opposed to mobile banking within last week).

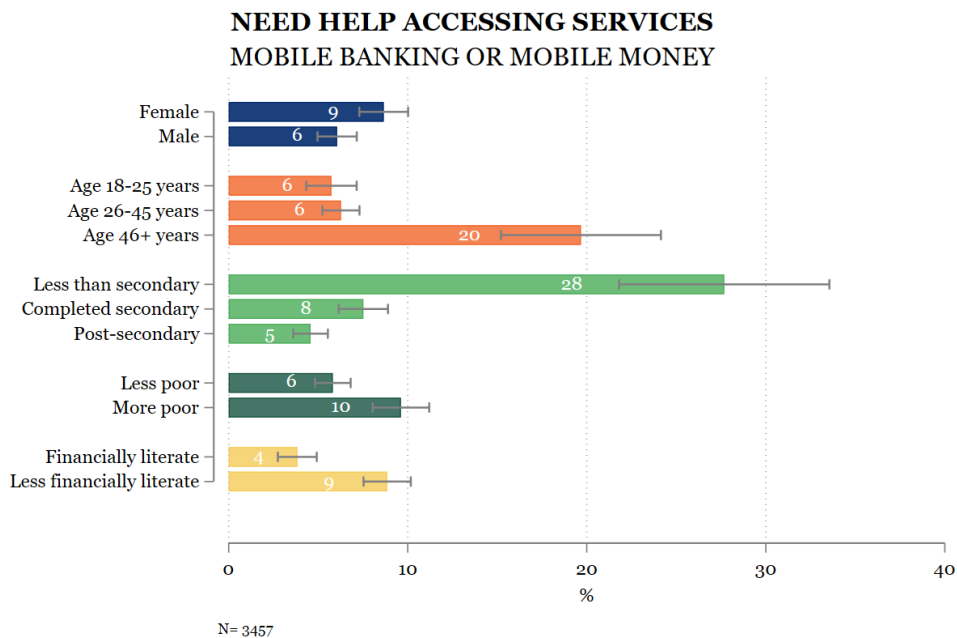
Most transactions were made using mobile phones, with smartphone apps more common than via USSD.

Among digital credit users, paying for business expenses is the most common usage, followed by household bills.



Within the small number of digital credit consumers, the majority use digital credit for business expenses.

Older and less educated DFS consumers are far more likely to need assistance in accessing mobile banking and mobile money.

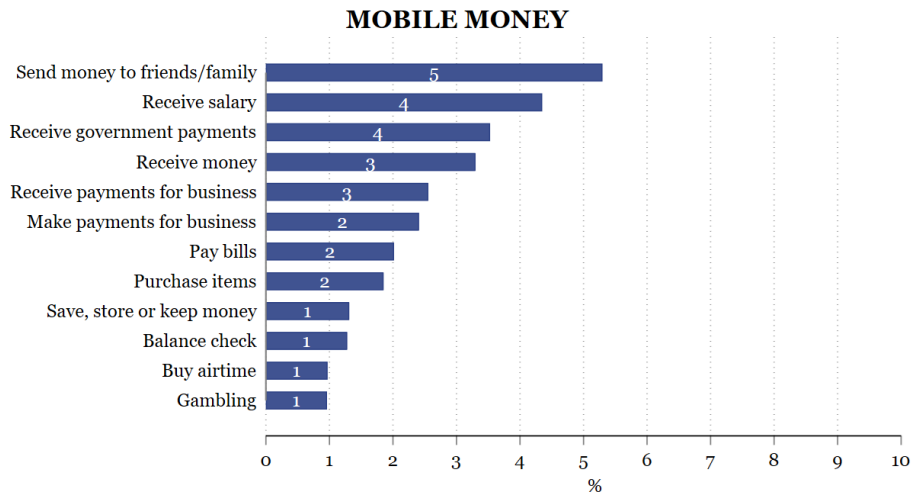


Only about 5% of consumers reported needing help with accessing mobile money or banking services.

There are no significant differences by urbanicity or market vendor status.

Mobile money consumers rarely need assistance, but when they do it is primarily with sending or receiving funds.

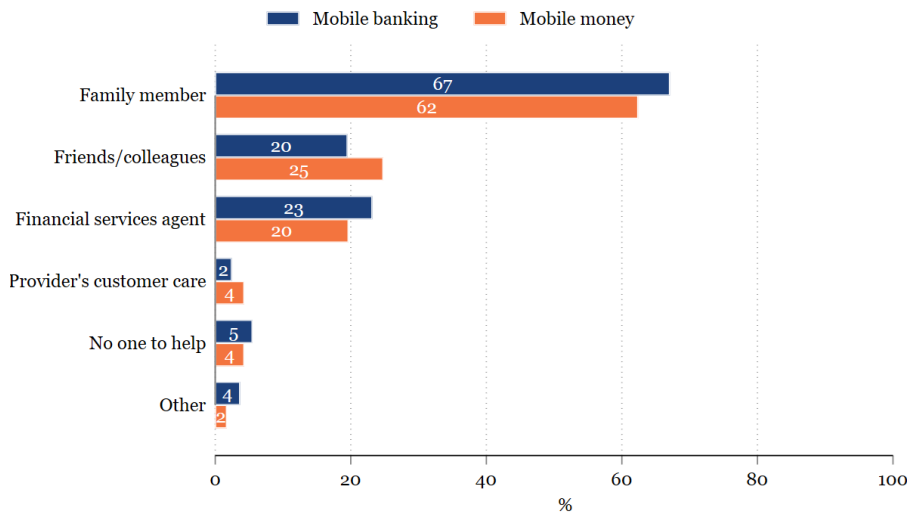
**TRANSACTIONS THAT HELP IS NEEDED WITH
as % of how much the transaction is done by consumers**



N= 117

Among DFS users who need help, most seek assistance from family, rather than agents or provider customer care.

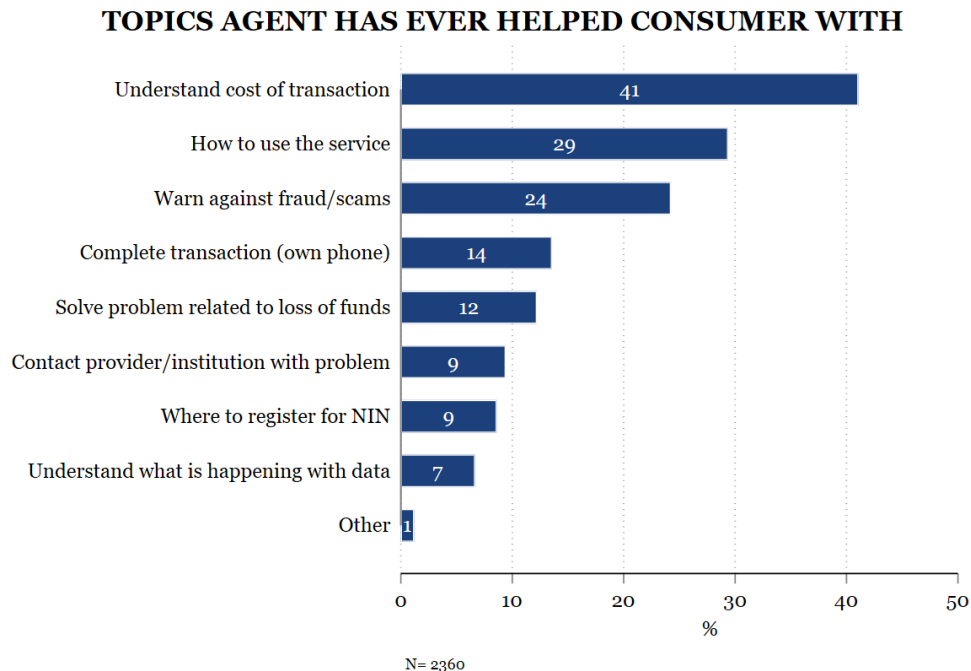
PERSON HELPING WITH USING SERVICE



Mobile banking N= 164, Mobile money N = 117
 Select multiple, asked to persons who reported needing help.

Only one in five DFS users needing assistance relies on agents. And less than one in twenty relies on the provider's customer care services.

Agents assist consumers with a wide range of ancillary services.



04

Consumer Choice and Decision-Making



Key Takeaways: choice and decision-making

01 Consumers value access, trust, cost, and service quality when selecting agents and providers.

02 Switching and comparison shopping is uncommon: less than one in four consumers report ever stopping use of a provider, and less than one third report comparison shopping provider fees. Women report both switching providers and comparison shopping less than men.

03 Consumer awareness of prices is low: only half of consumers report knowing the fee for their last mobile money or mobile banking transaction, and of those that report knowing the fee, only one third state the correct fee.

Why do consumers choose not to use financial services?

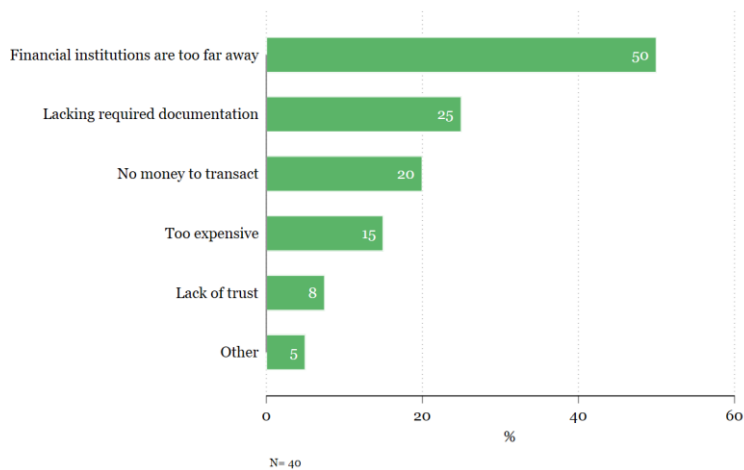
For each of the following types of financial services, we asked consumers **who did not use** each service **why** they chose not to use it:

1. Account with a financial institution
2. Mobile banking
3. Mobile money
4. Financial service agent
5. Mobile loan

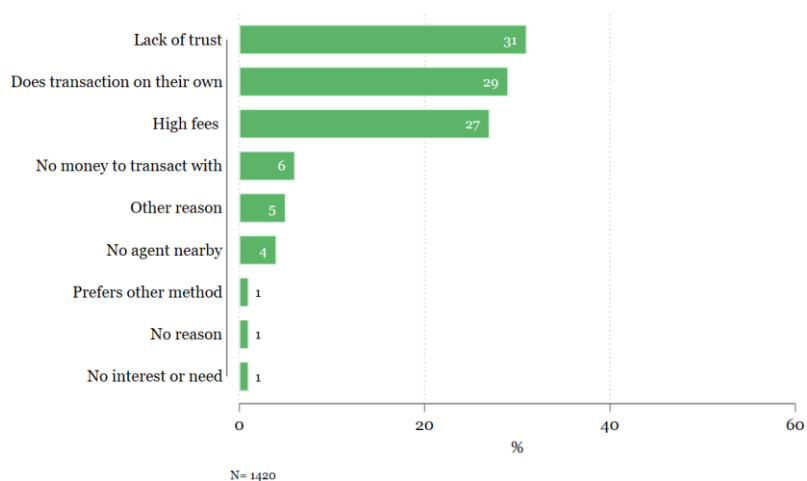
Note: responses to these questions are from consumers who do use some form of digital financial service. Individuals who do not use any financial services may differ from this group.

Why do consumers choose not to use...

AN ACCOUNT WITH A FINANCIAL INSTITUTION



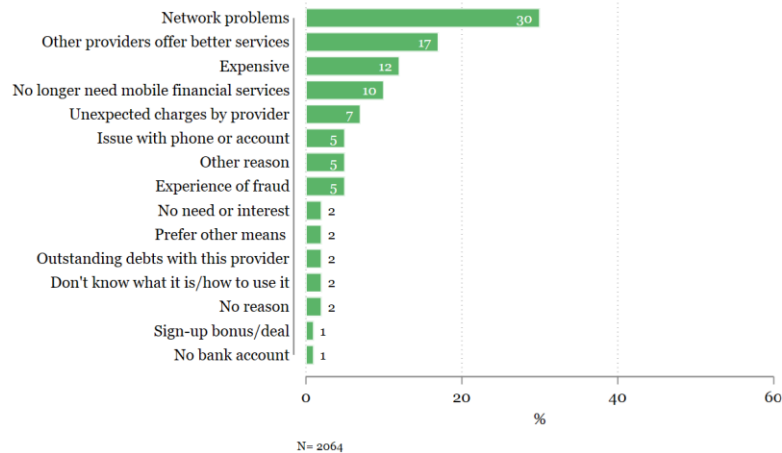
DFS AGENT



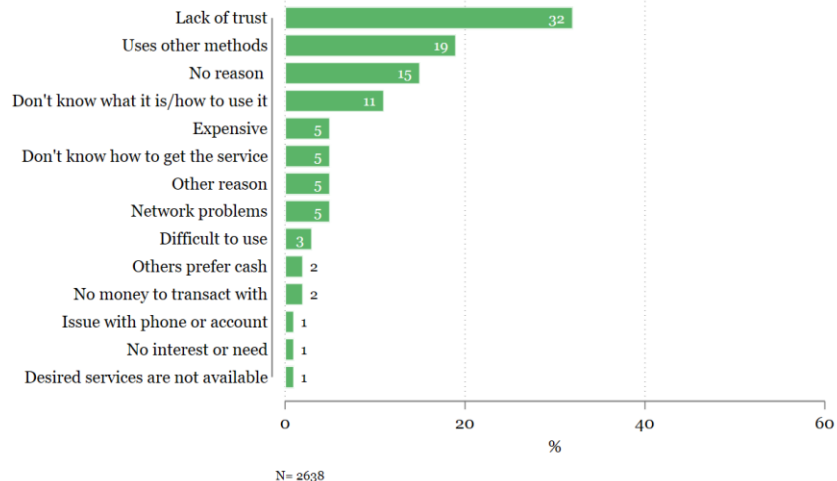
Access, trust, and cost are key barriers to usage of formal accounts and agents.

Why do consumers choose not to use...

MOBILE BANKING



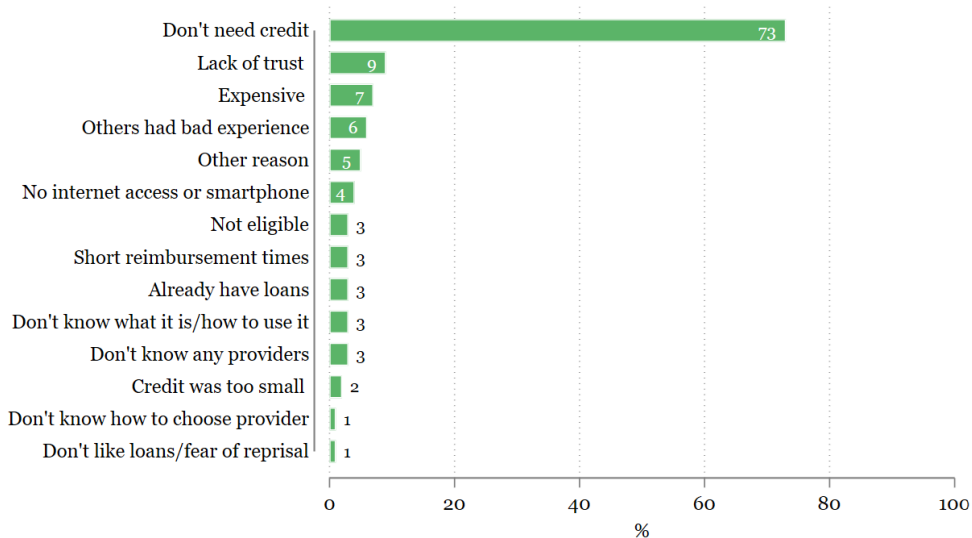
MOBILE MONEY



Service quality, trust, cost, and consumer knowledge are barriers to use of mobile banking and mobile money. One in ten consumers who don't use mobile banking report fraud as a reason for discontinuing usage.

Why do consumers choose not to use...

DIGITAL CREDIT

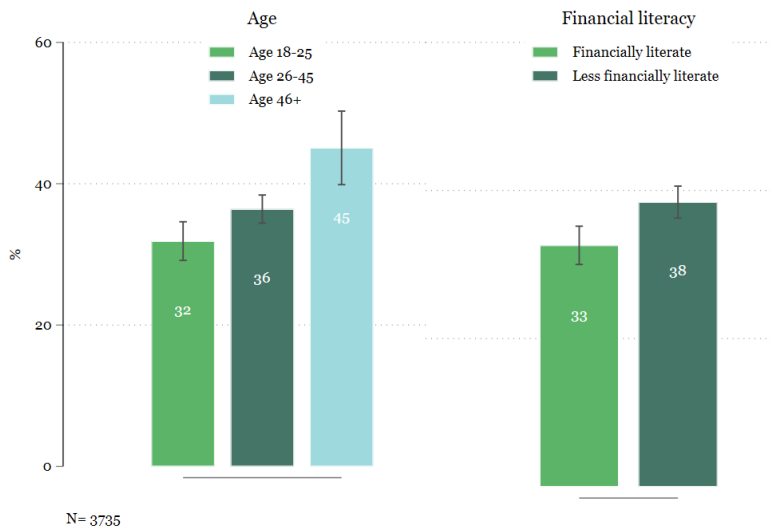


N= 3687

Cost, service quality, and trust again prevent consumers from accessing digital credit, though most also report not needing credit.

Trust acts as a barrier for older and less financially literate consumers.

REASON FOR NOT USING DFS: DOES NOT TRUST THE SERVICE



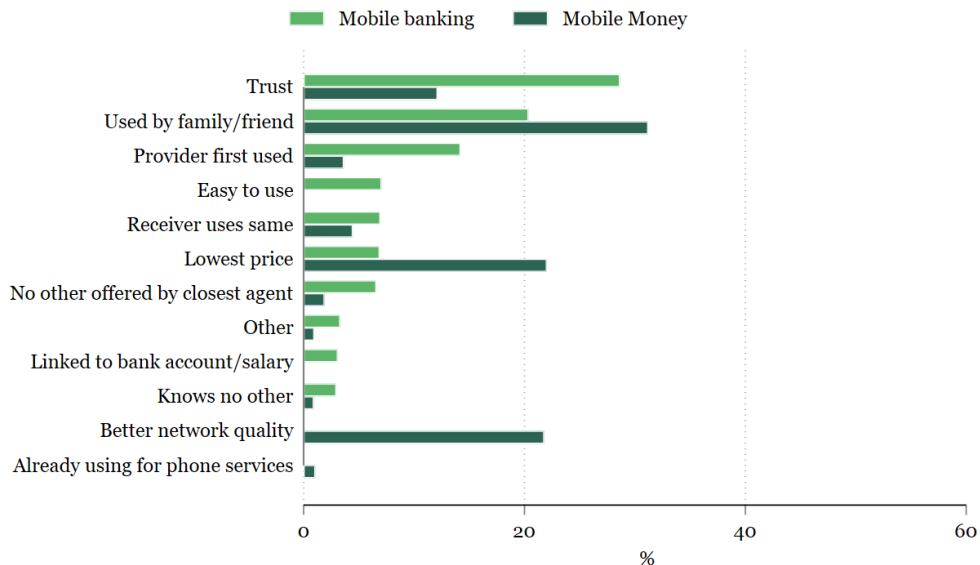
There are no significant differences by gender, age, urbanicity, education, poverty, or market vendor status.

35 percent of consumers cite trust as a reason for not using at least one service.

Trust is often seen as particularly important for women, but we do not find evidence that lack of trust differentially affects women's usage of DFS.

Consumers often choose providers based on trust and recommendations by friends and family.

REASON FOR USING MOST USED PROVIDER



Neither female nor male consumers have strong preferences regarding the gender of the DFS agent they use.

13 percent of women report preferring an agent of their same gender compared to 15 percent of men.

Relatively few consumers have stopped using a provider or compared prices. Those that do compare prices are more likely to discontinue use.

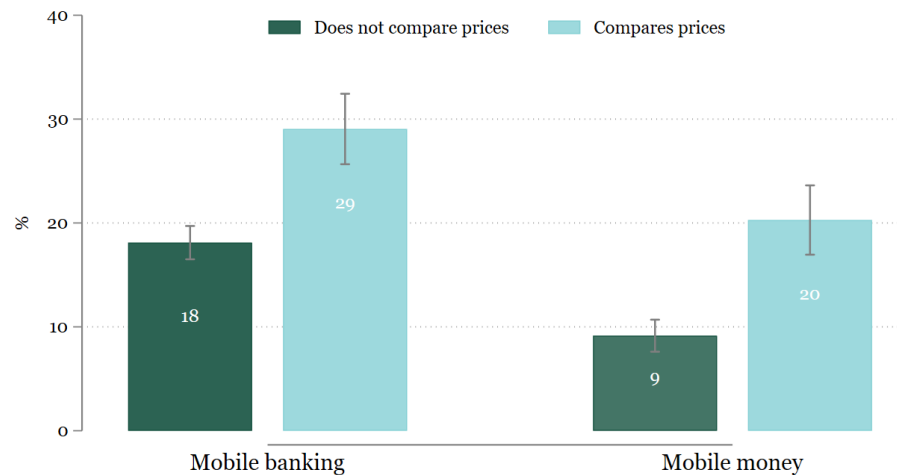
Ever stopped using a provider:

Mobile banking: 21%
 Mobile money: 12%

Compared prices between providers when last opened an account:

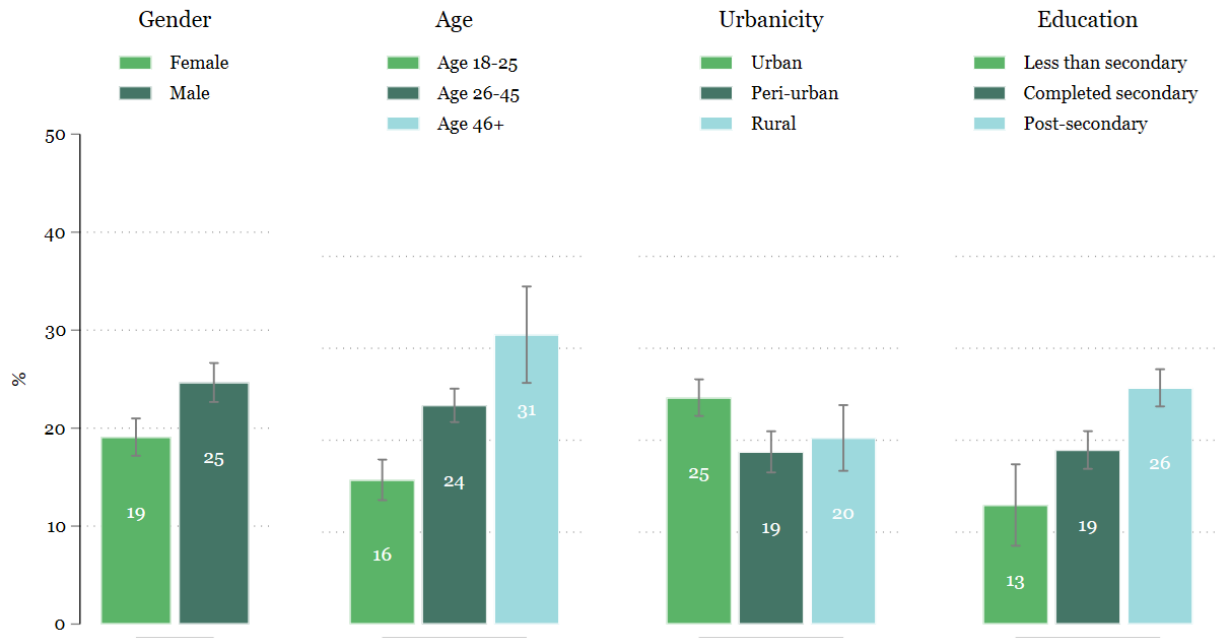
Mobile banking: 24%
 Mobile money: 29%

EVER DISCONTINUED USAGE OF A PROVIDER



Mobile banking: N= 2912, Mobile money: N= 1906

EVER DISCONTINUED USAGE OF A PROVIDER



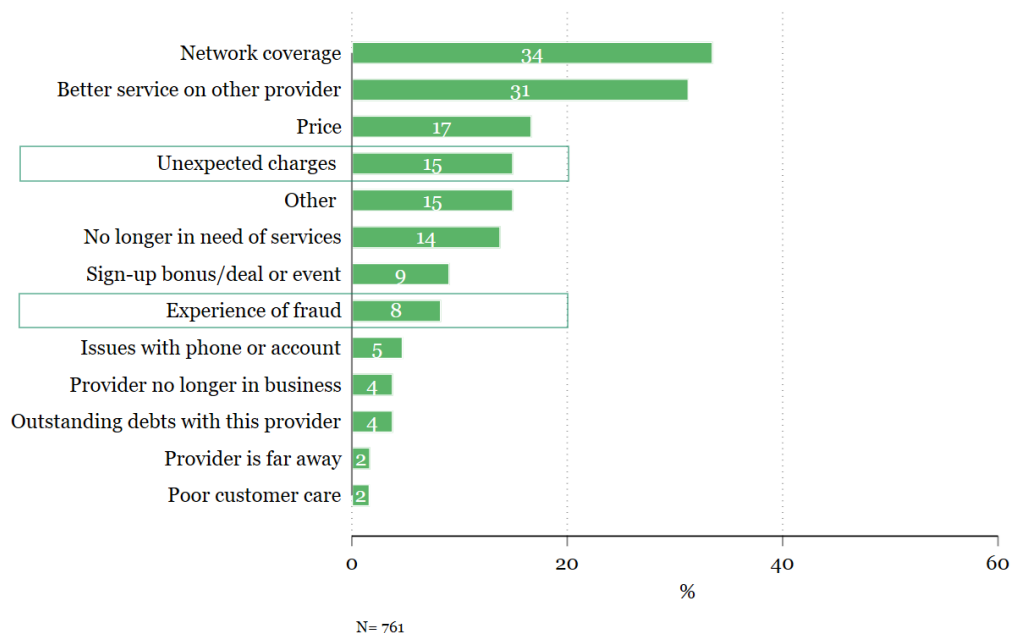
N= 3457

There are no significant differences by poverty, financial literacy, or market vendor status.

Service quality and costs cause consumers to discontinue use.

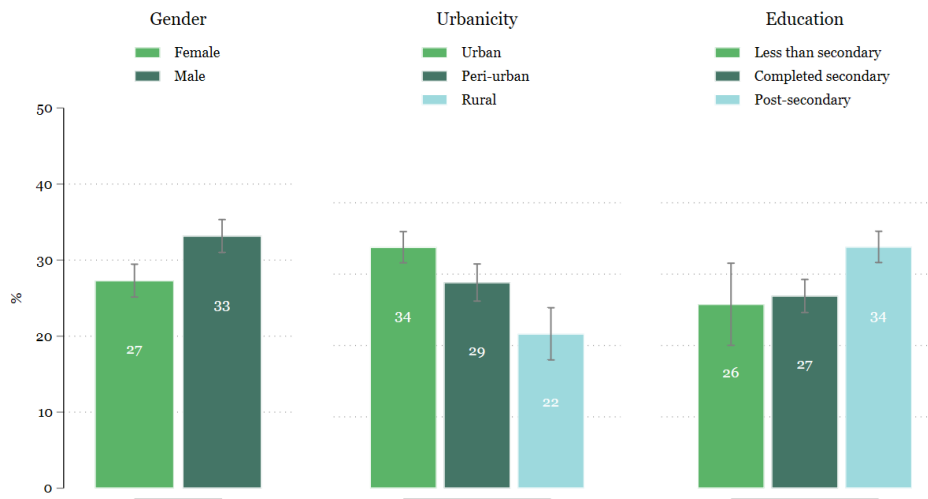
Consumer protection failures cause consumers to discontinue usage

REASON FOR DISCONTINUED USAGE OF PROVIDER



Male, more educated, and urban consumers are most likely to compare prices across providers.

COMPARES PRICES OF DFS



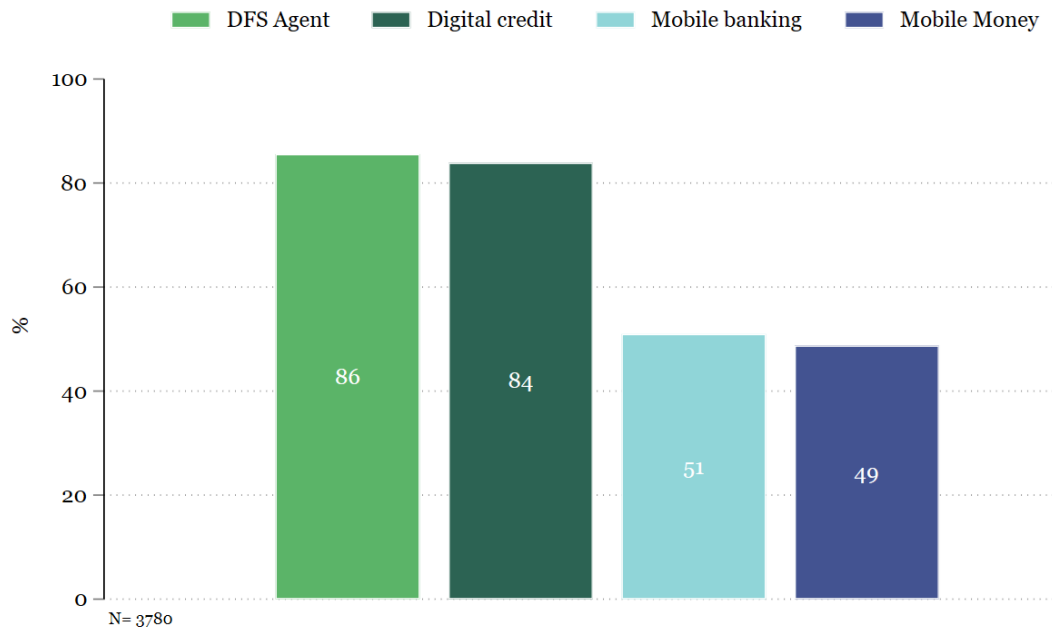
N= 3459

There are no significant differences by age, poverty, financial literacy, or market vendor status.

Most consumers report knowing agent and digital credit fees, with about half reporting knowing the fee on their last mobile banking or mobile money transaction.

Of those that report knowing the fee, only 32 percent state the correct fee for their last transaction.

REPORTS KNOWING FEE FOR LAST TRANSACTION OR DIGITAL CREDIT



05

Challenges and Risks



Key Takeaways: challenges and risks

01 Poor network, unexpected charges, and fraud are consumers' most commonly cited consumer protection failures.

02 Financial loss is common: 6 percent of consumer lost money due to fraud or transactions gone wrong in the past year.

03 Though digital credit remains nascent, users face significant risks: 37 percent of digital credit users were unable to repay one of their loans, and 17 percent reduced food expenditure to repay a loan.

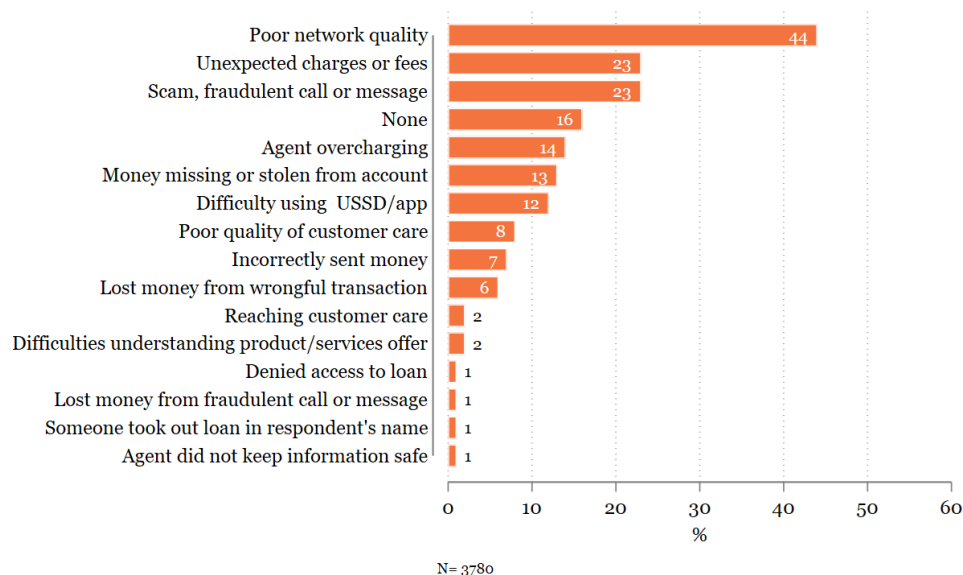
04 Women and men report experiencing challenges at similar rates, across all types of challenges we measured.

We asked consumers to report the types of challenges they experienced with their DFS provider over the past year.

Network quality was the most common issue, with many consumers reporting unexpected fees, exposure to scams, and missing money from account, and agent overcharging.

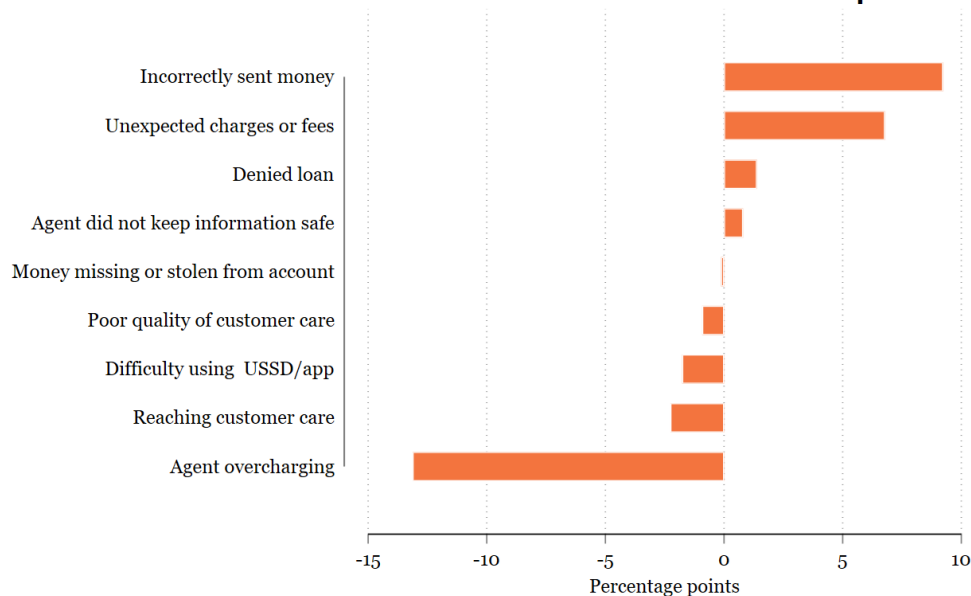
Agent overcharging occurs when consumers feel they are charged more than the market's expected pricing consensus for a transaction.

CHALLENGES EXPERIENCED IN THE LAST YEAR



Since 2020, respondents report more incorrectly sent money and unexpected fees, but less agent overcharging.

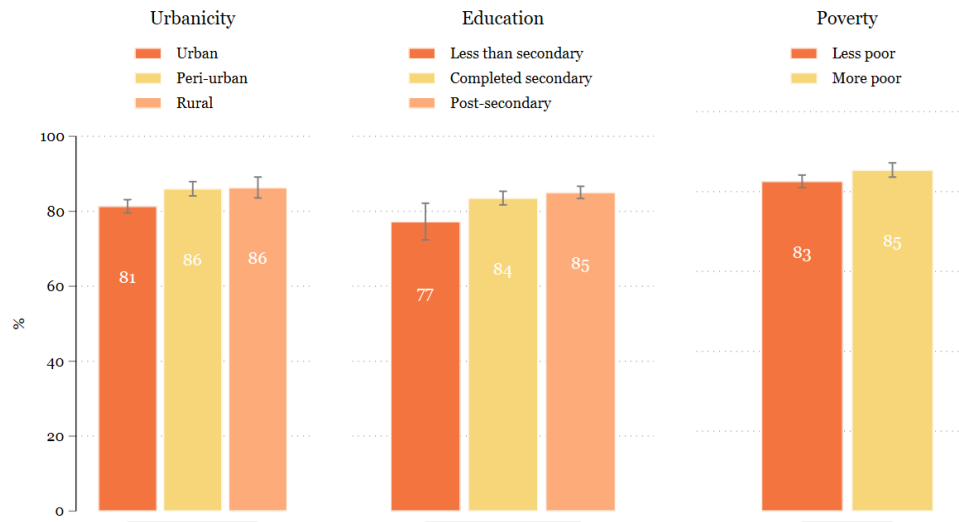
CHANGES IN CHALLENGES EXPERIENCED 2020-2024



Note: time series comparison restricted to states where 2020 survey was conducted: Kaduna, Lagos, and Enugu.

84% of respondents had experienced at least one challenge in the past year.

**EXPERIENCED AT LEAST ONE CHALLENGE
IN THE LAST 12 MONTHS**



More educated, rural, and poor consumers are more likely to report having experienced a challenge

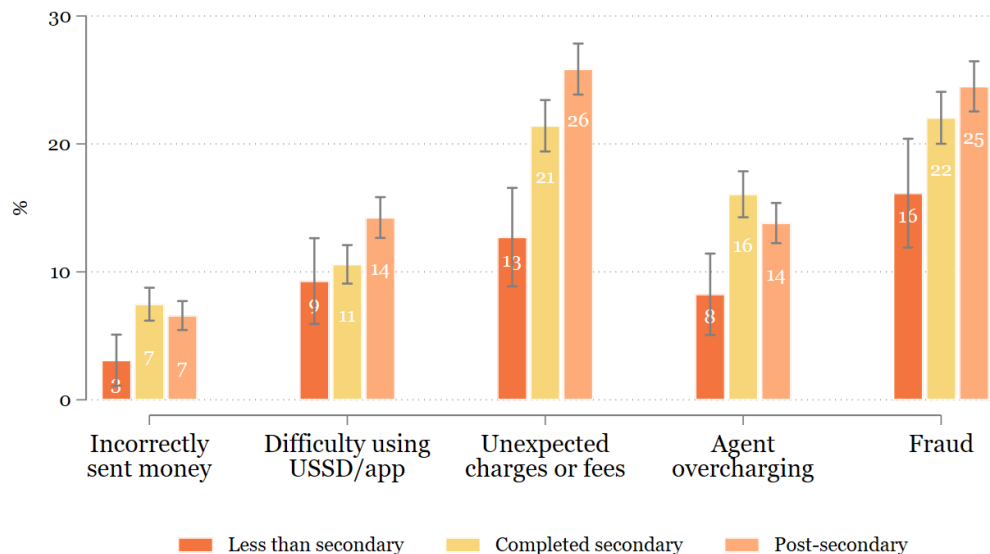
There are no significant differences by gender, age, financial literacy, or market vendor status.

Challenges by education level.

More educated users tend to report more consumer protection challenges. This may be driven by higher DFS usage, greater awareness of consumer protection failures, or more willingness to report these challenges to surveyors.

Note: only challenges with significant differences in prevalence by education level are presented. All other challenges showed similar rates regardless of education level.

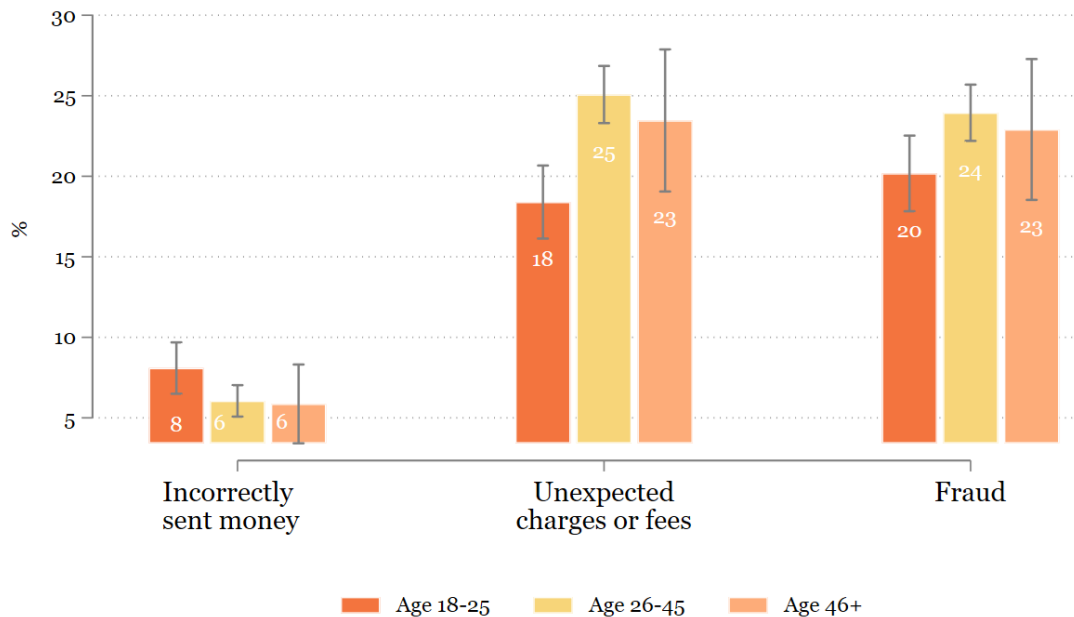
CHALLENGES EXPERIENCED IN THE LAST 12 MONTHS BY EDUCATION



N= 3761

Challenges by age

**CHALLENGES EXPERIENCED IN THE LAST 12 MONTHS
BY AGE**



Consumers aged 26-45 years are more likely to report challenges related to fees and fraud than younger consumers.

Note: only challenges with significant differences in prevalence by age are presented. All other challenges showed similar rates regardless of age.

N = 3761

Challenges by urbanicity

Urban (and peri-urban) consumers are more likely to report missing or incorrectly sent money than rural consumers. Rural consumers are more likely to reported unexpected fees.

Note: only challenges with significant differences in prevalence by urbanicity are presented. All other challenges showed similar rates regardless of urbanicity.

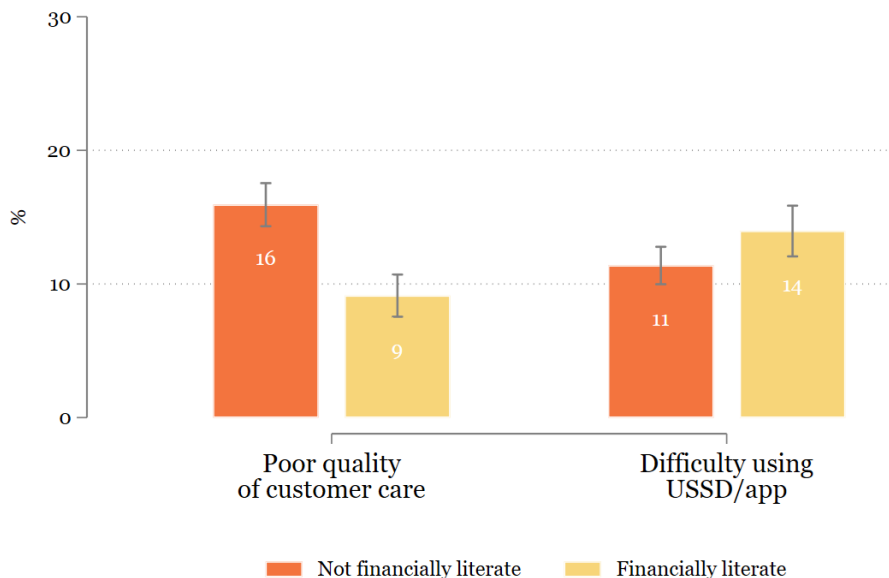
CHALLENGES EXPERIENCED IN THE LAST 12 MONTHS BY URBANICITY



N = 3761

Challenges by financial literacy

CHALLENGES EXPERIENCED IN THE LAST 12 MONTHS BY FINANCIAL LITERACY

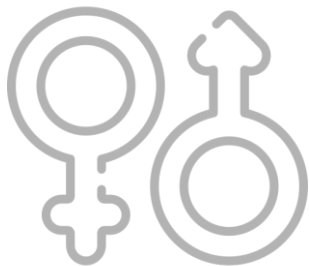


N = 2791

Less financially literate consumers experience more challenges with customer care and difficult engaging with USSD menus or smartphone applications.

Note: only challenges with significant differences in prevalence by financial literacy status are presented. All other challenges showed similar rates regardless of financial literacy status.

No statistically significant variation in the prevalence of individual types of challenges by...



Gender



Education



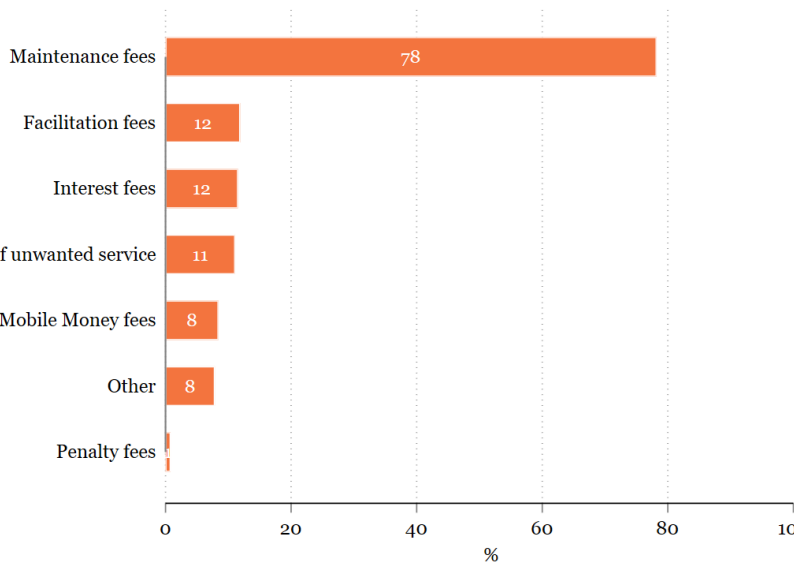
Poverty



Market vendor status

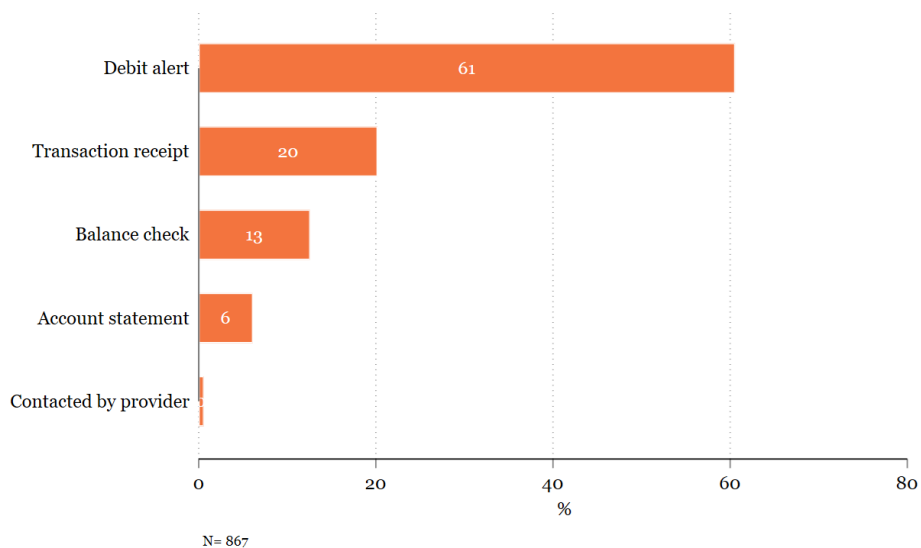
Consumers are most likely to be surprised by unexpected maintenance fees.

TYPES OF UNEXPECTED CHARGES OR FEES



N= 867

HOW CONSUMERS BECAME AWARE OF UNEXPECTED FEES

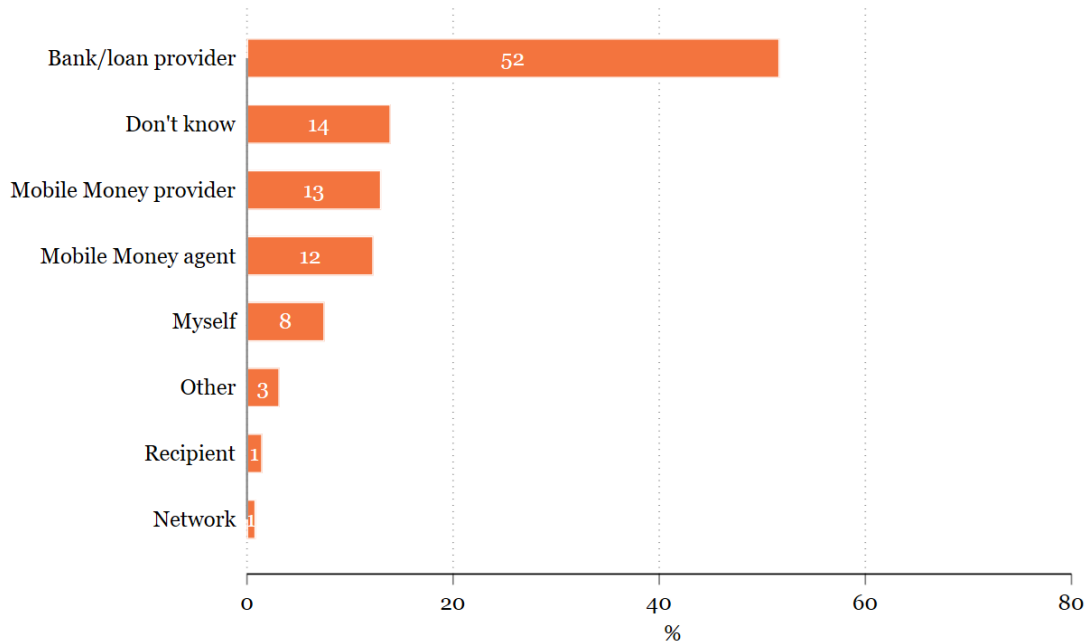


N= 867

Respondents place blame for their challenges on their provider.

Only 8 percent believe the issue was a result of a mistake they made.

WHO WAS TO BLAME FOR THE CHALLENGE



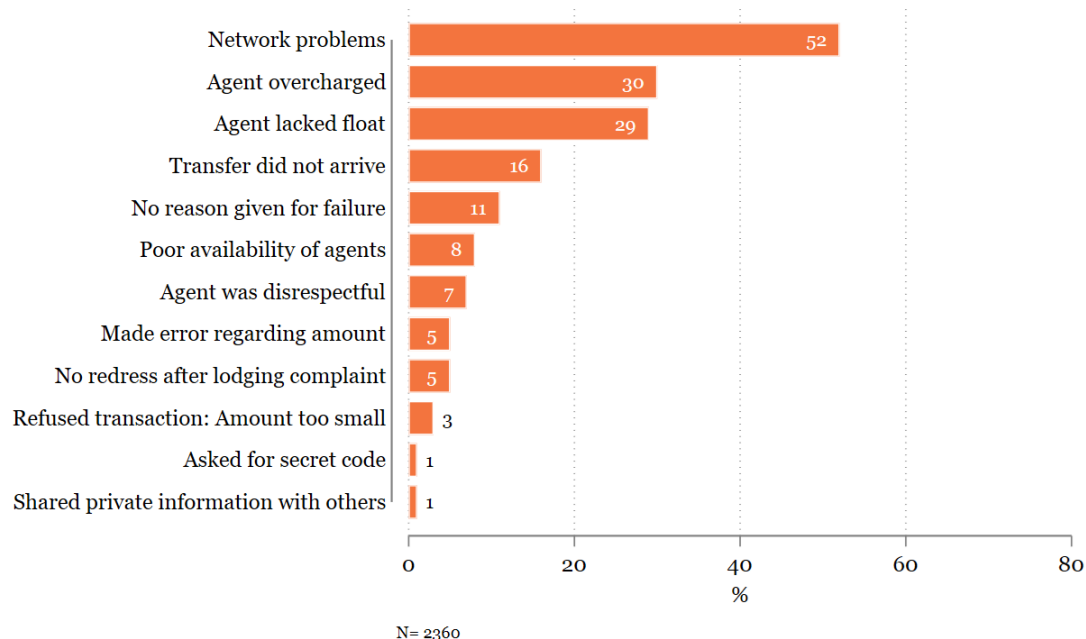
N= 1076

Reliability and overcharging are key issues when using agents.

Failed transactions are common due to network issues, lack of float, and technical issues. Nearly one third of users of agents report being overcharged.

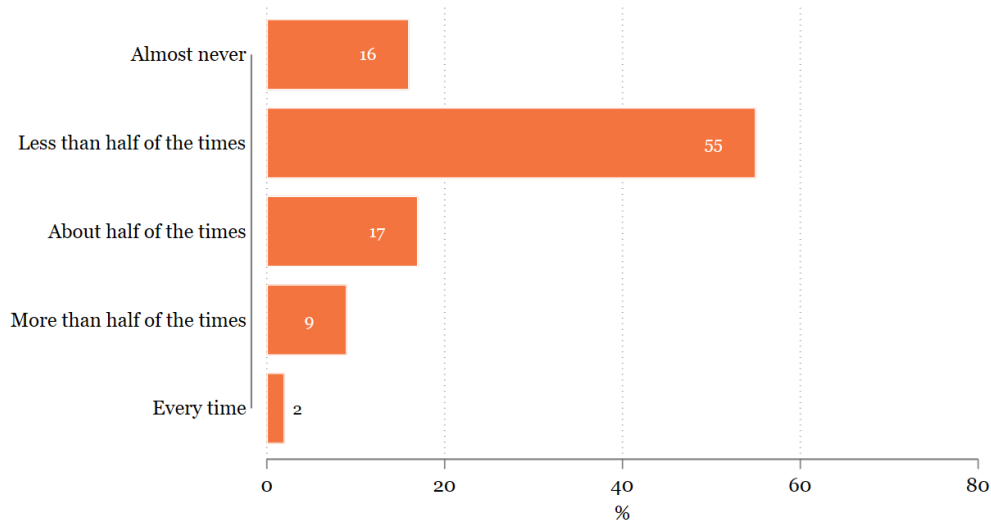
Note that in Nigeria providers do not restrict agent fees, so overcharging is relative to consumers' expectations rather than relative to provider-set rates.

DFS AGENT CHALLENGES EXPERIENCED IN THE LAST 12 MONTHS



Nearly 1 in 3 report experiencing challenges in half or more of their agent visits.

DFS AGENTS
HOW OFTEN CHALLENGES OCCURED IN THE LAST YEAR



N= 2360

Concern about agent misconduct is common.

BELIEVE THAT AGENTS CHEAT OR DECEIVE CUSTOMERS

Very likely Somewhat/not very likely Not likely



TRUSTS THAT AGENTS ACT IN THE BEST INTEREST OF CUSTOMERS

Not at all Somewhat Completely



BELIEVE THAT AGENTS KEEP CUSTOMER INFORMATION PRIVATE

Not at all Somewhat Completely



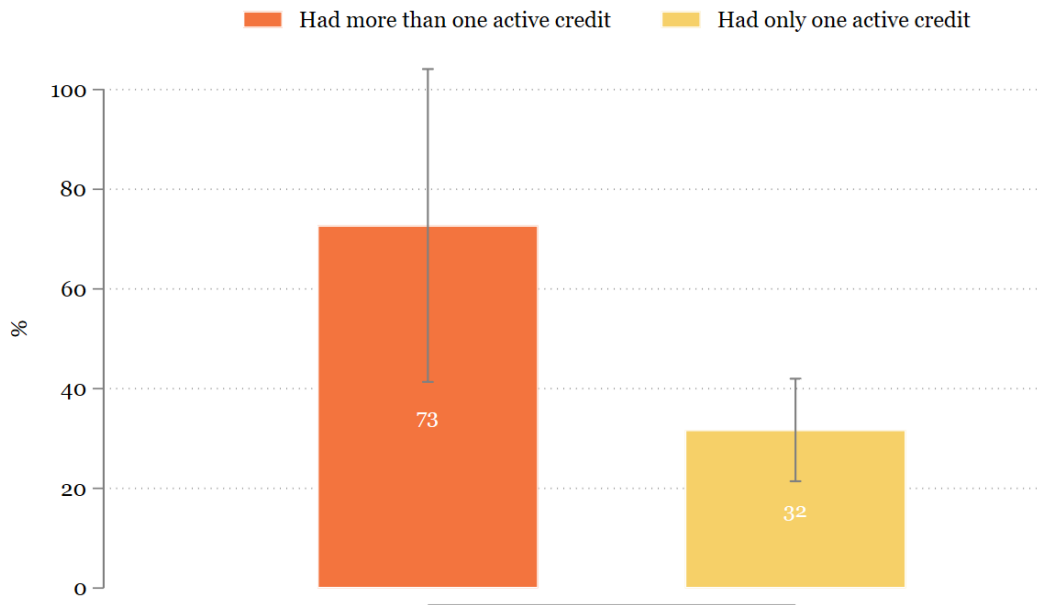
0 25 50 75 100

Many respondents struggle to repay digital credit.

37 percent of respondents with digital credits had ever been unable to pay one back.

Those who have taken multiple credits also report more difficulty with repaying them.

EVER BEEN UNABLE TO PAY BACK DIGITAL CREDIT



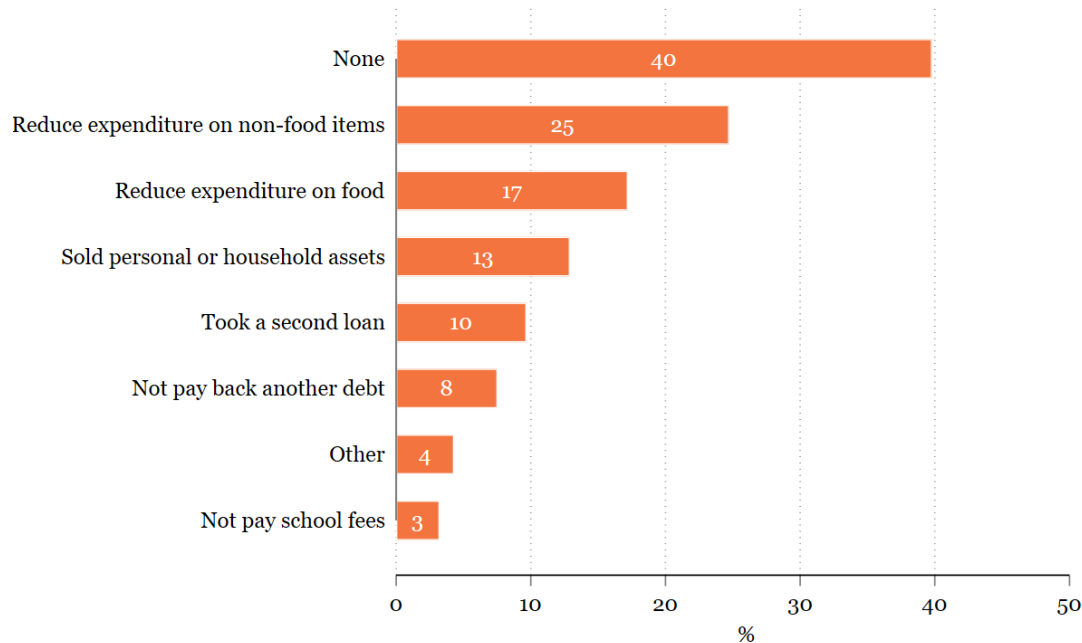
N= 93

More than half of loan users made sacrifices to repay.

60 percent of respondents who have taken a digital credit report making some type of sacrifice to repay it.

17 percent report reducing expenditure on food to repay.

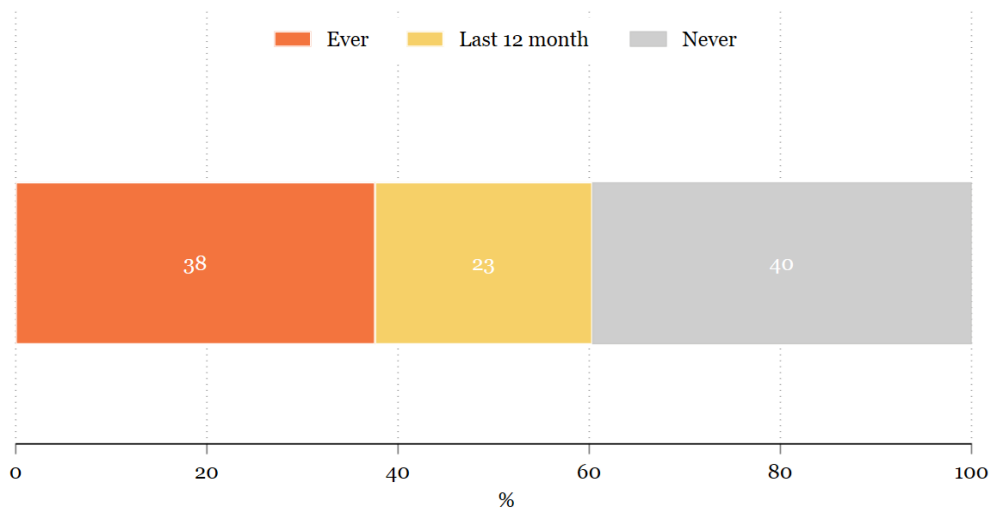
SACRIFICES EVER MADE TO PAY BACK DIGITAL CREDIT



N= 93

Attempts of fraud or scams by phone call or text are common, but fewer consumers report falling for it.

EXPERIENCED FRAUD OR SCAM

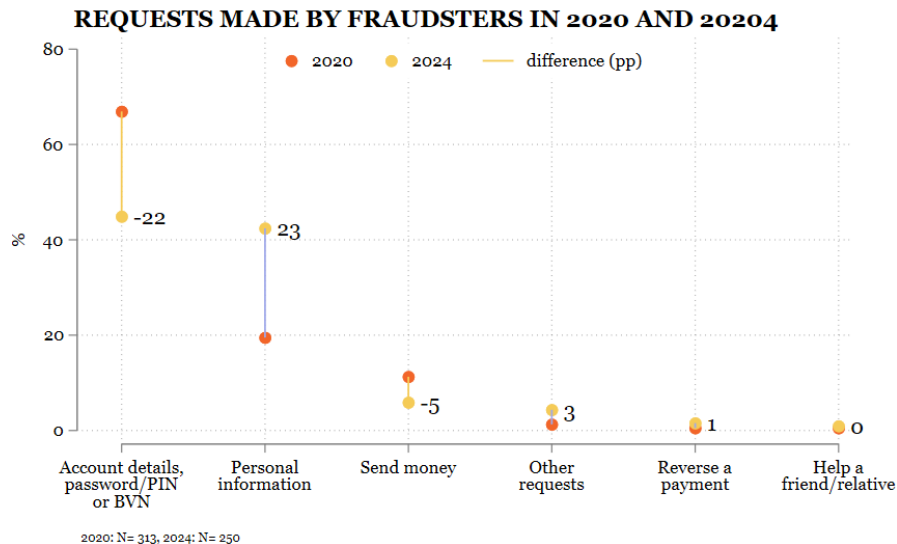
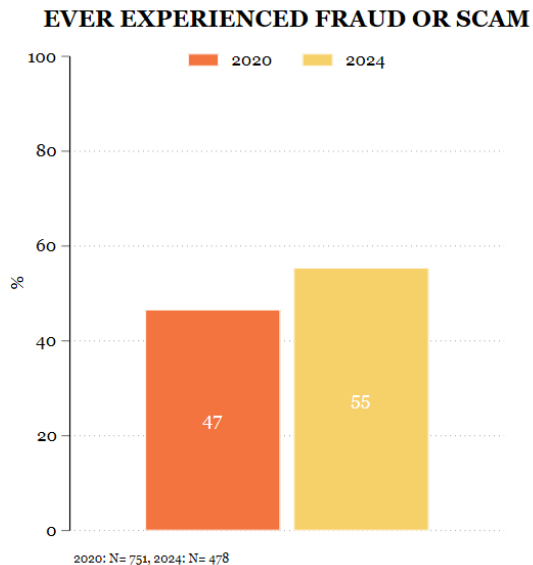


N= 3780

58 percent had ever received a phone call or text message that asked them to share a password, requested money, or offered a fraudulent service. 23 percent had experienced one of these in the past 12 months.

Only 1 percent of respondents said they had lost money from fraud in the past 12 months.

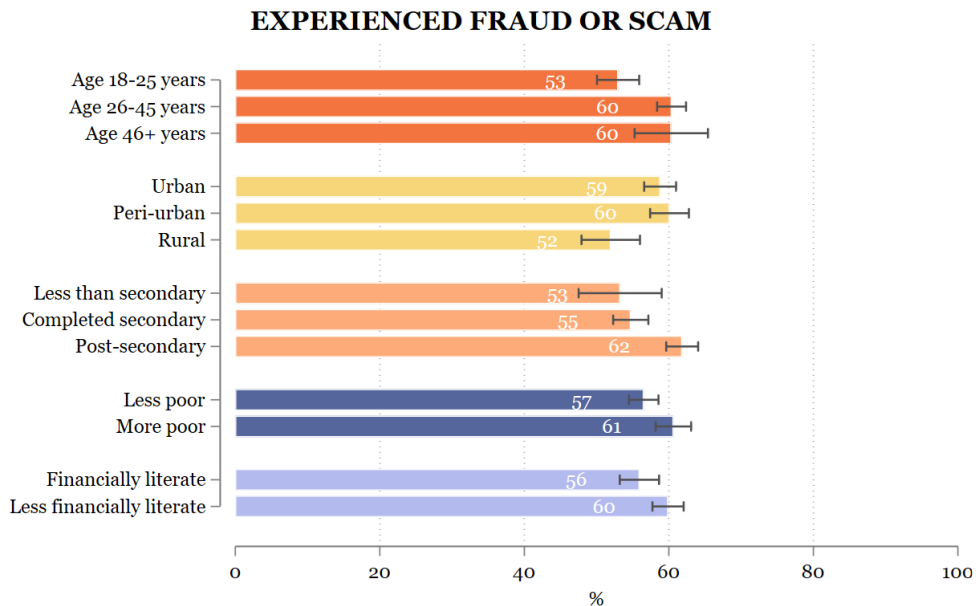
Fraud has grown since 2020.



Fraudsters have increased their solicitation of personal information since 2020, while requests for passwords and account details have declined.

Note: time series comparison restricted to states where 2020 survey was conducted: Kaduna, Lagos, and Enugu.

Older, urban, and less socioeconomically advantaged consumers report more fraud exposure.

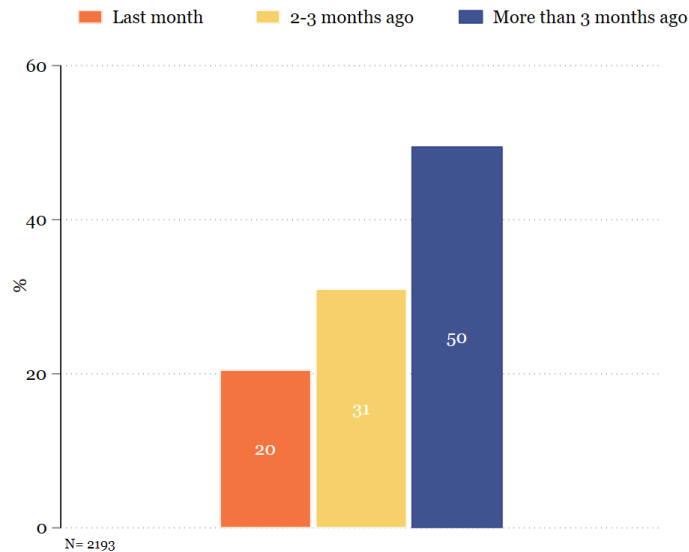


There are no significant differences by gender or market vendor status.

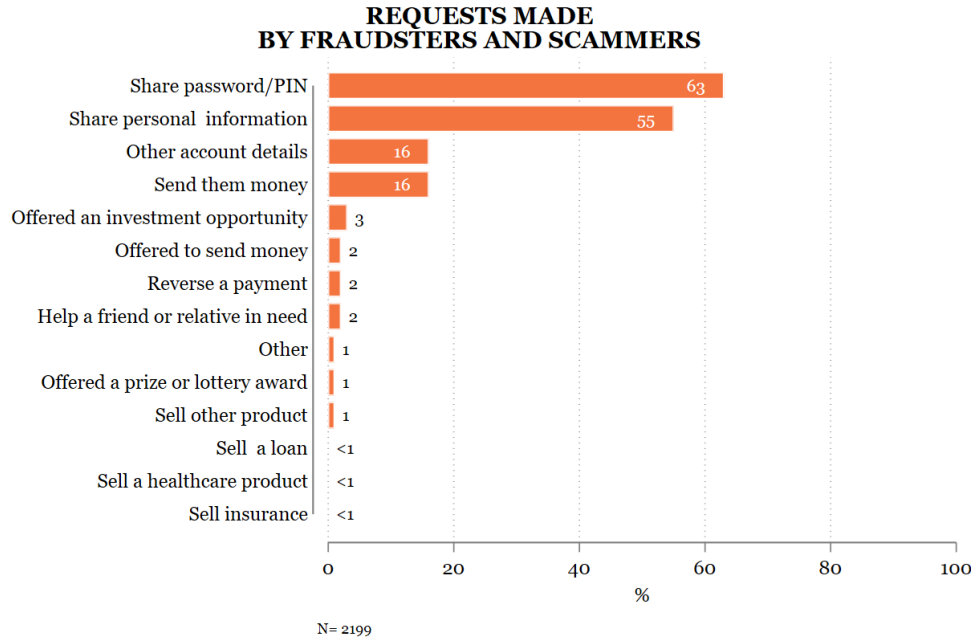
But highly educated consumers also report more scams.

20 percent of scam recipients received a scam SMS or call in the last month.

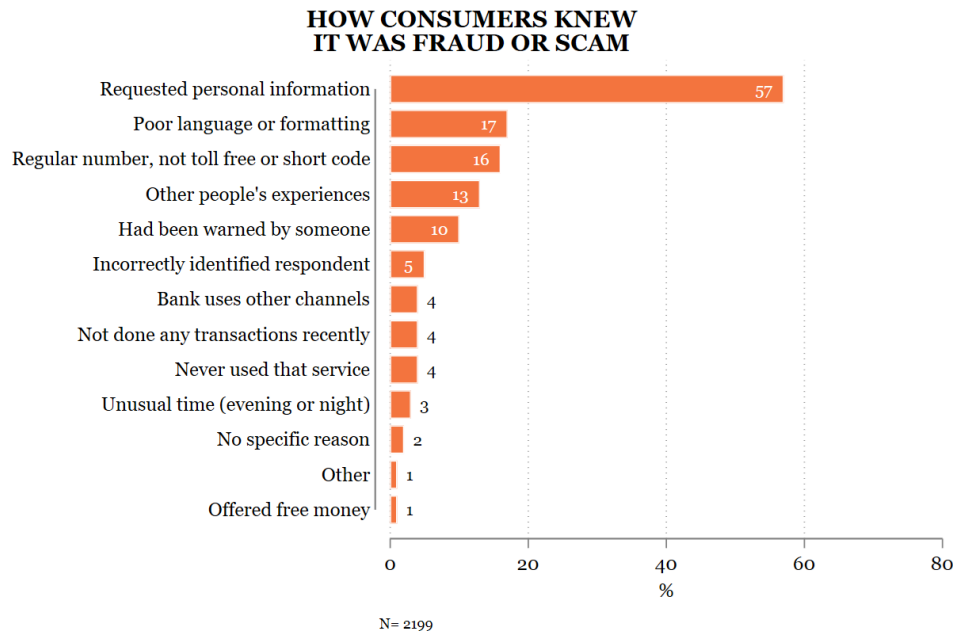
LAST TIME FRAUD OR SCAM WAS EXPERIENCED



Fraudsters typically request sensitive information or immediately ask for money to be sent.

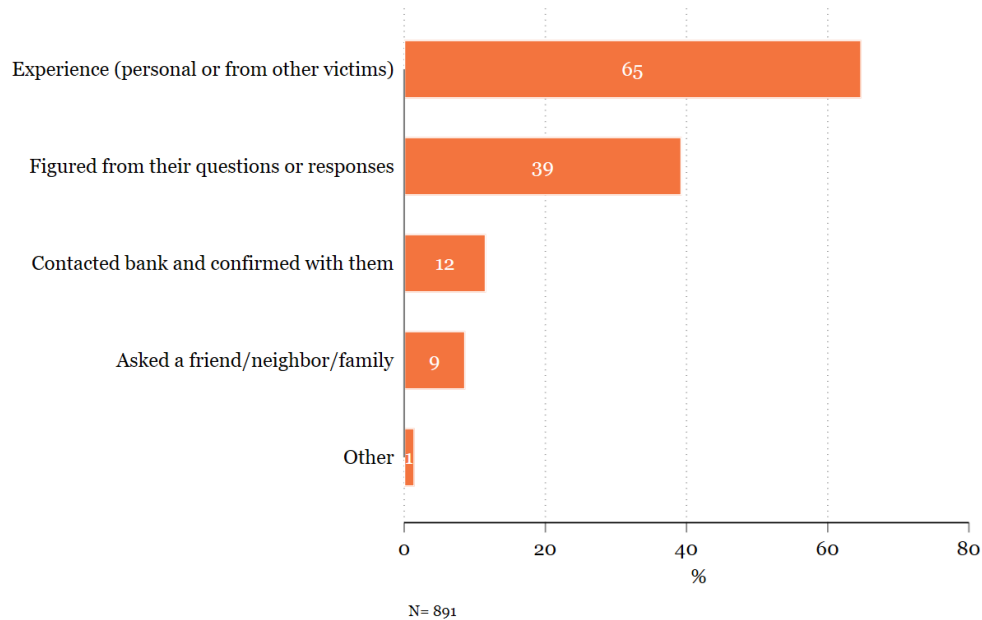


Respondents identify scams based on the type of information requested along with typos and use of personal phone lines.

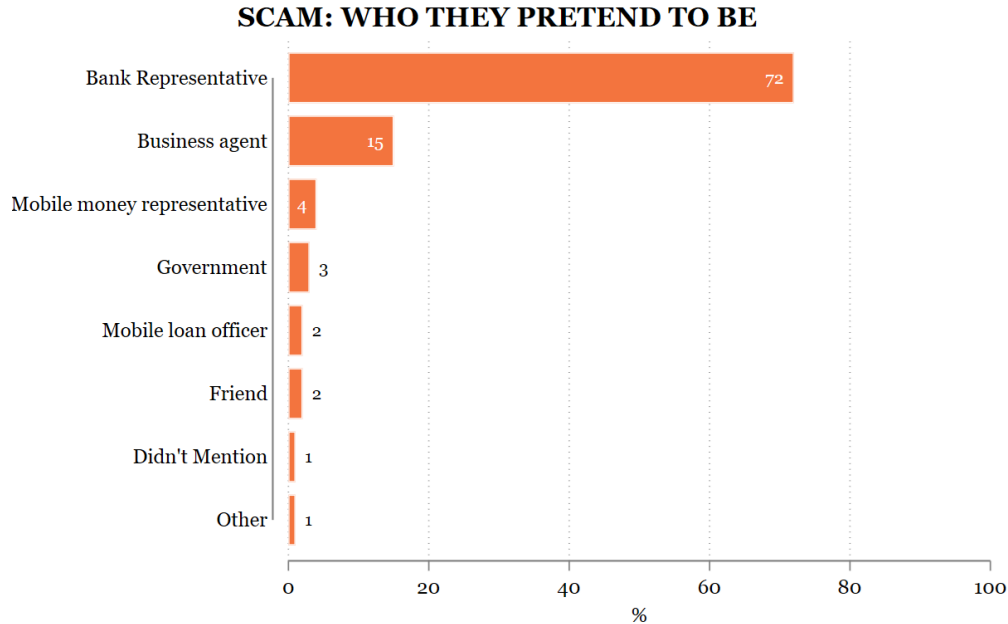


Respondents often learn to detect scams based on the experience of those in their social network.

HOW CONSUMERS DETECT A SCAM



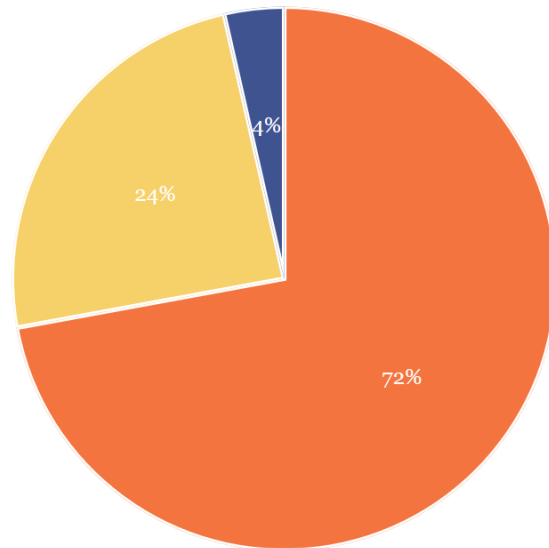
Scammers typically pose as financial service provider representatives.



Nearly all fraud attempts occur by phone or SMS.

FRAUD: HOW CONSUMERS WERE CONTACTED

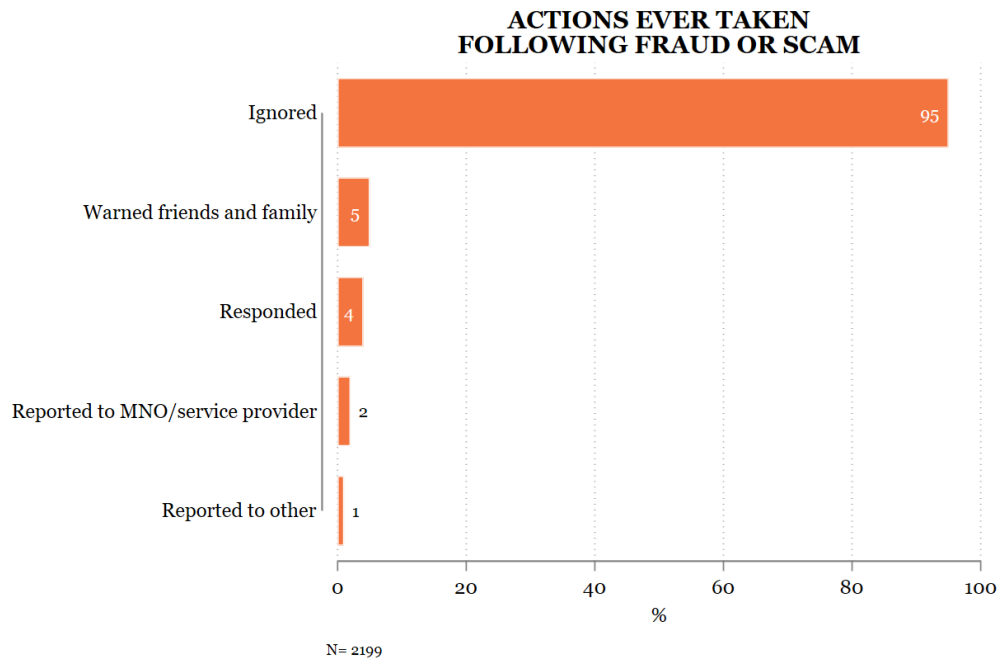
By phone call By SMS On social media



Social media scams remain relatively uncommon in this population

N= 2109

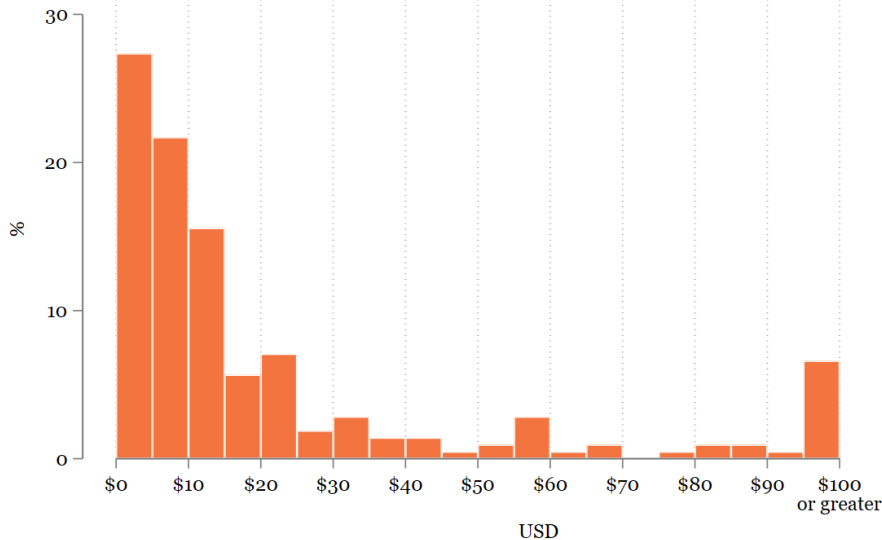
Reporting of fraud and scams is rare.



Most that lost money last year lost \$25 or less, though 6% lost \$100 or more.

6 percent of respondents report having lost money due to fraud or transactions gone wrong in the past 12 months.

MOST MONEY LOST IN THE LAST 12 MONTHS
from fraud, scam, or a transaction that went wrong



N= 212

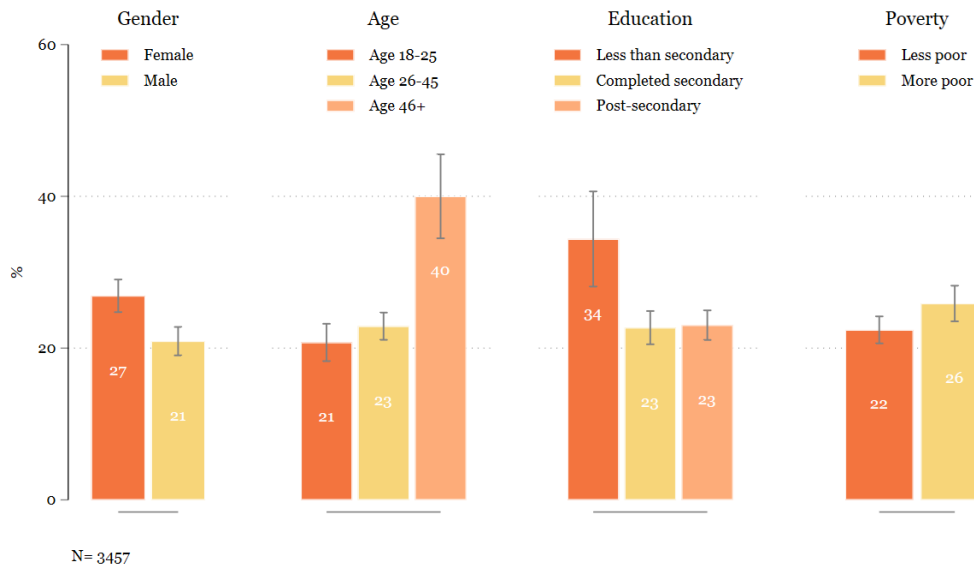
Sharing PINs.

Women, older adults, and the socioeconomically disadvantaged are more likely to share financial account PINs, typically with family members.c

Only 4% shared their mobile money PIN with an agent.

There are no significant differences by gender, urbanicity, financial literacy, or market vendor status.

SHARES MOBILE BANKING OR MOBILE MONEY PIN WITH OTHERS



06

Redress

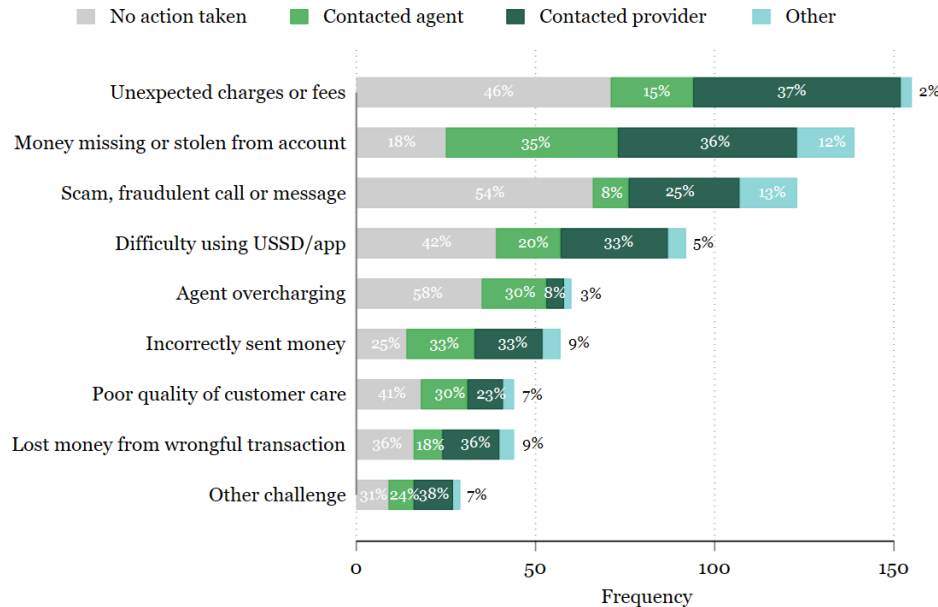


Key Takeaways: Redress

- 01 Utilizing redress: many consumers do not make use of formal complaints redress mechanisms, even for major issues such as unexpected charges.
- 02 Channel: most complaints are still lodged in person, rather than through digital channels.
- 03 Satisfaction: consumers are often unsatisfied with the resolution process; nearly 40 percent of complaints are not resolved to the consumer's satisfaction.
- 04 Impacts on usage: when complaints are not resolved successfully, consumers are more likely to reduce or stop their usage of the service.
- 05 Gender: women report using formal channels to seek redress and resolve complaints at similar rates as men.

Consumers seek redress for unexpected fees, overcharging and lost money.

ACTION TAKEN BY CHALLENGE

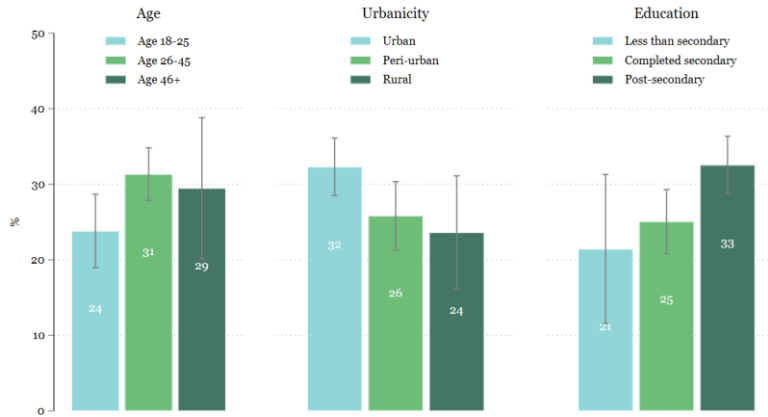


54 percent of consumers took any action to resolve their largest challenge experienced in the last year. Consumers were most likely to seek redress through their provider (29 percent) or agent (20 percent).

Consumers were least likely to seek redress for agent overcharging and fraud attempts.

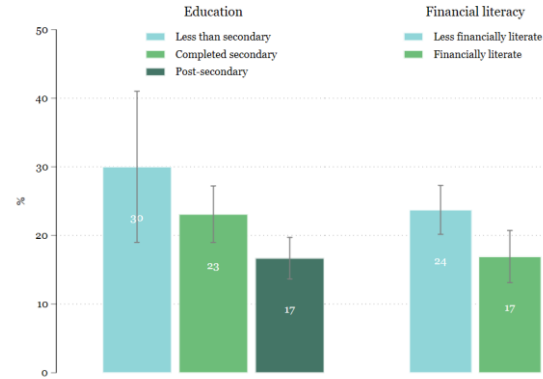
Urban, more educated, and older respondents are more likely to contact providers when facing a challenge. Less financially literate consumers are more likely to contact agents.

CONTACTED PROVIDER TO RESOLVE BIGGEST CHALLENGE



N= 1076

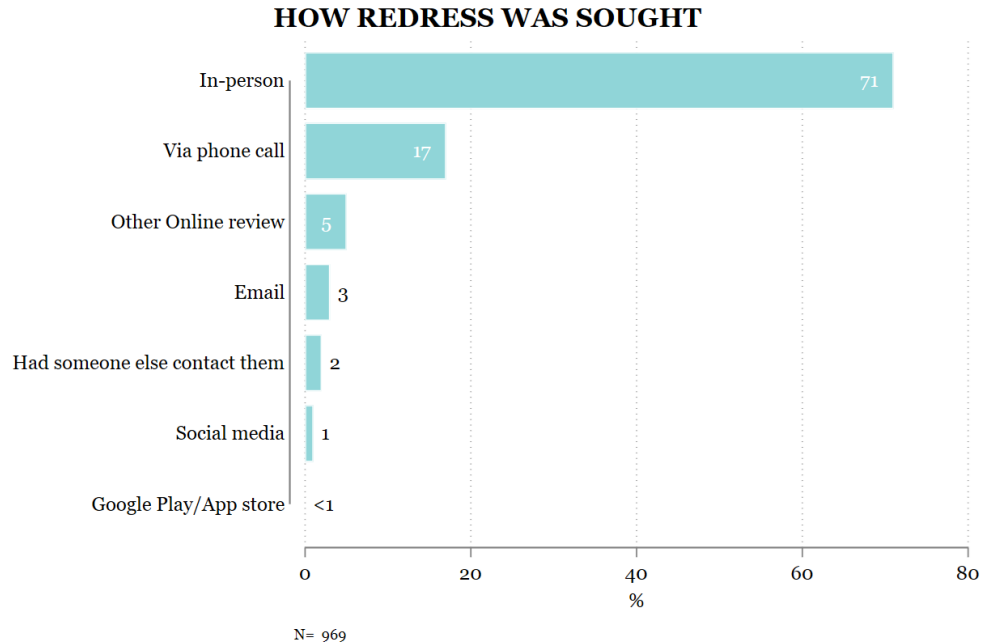
CONTACTED AGENT TO RESOLVE BIGGEST CHALLENGE



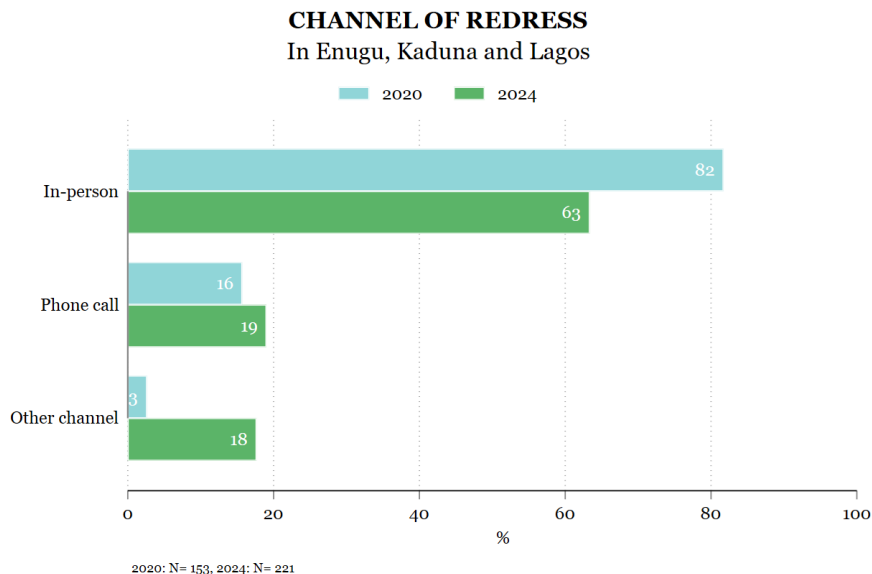
N= 1076

There are no statistically significant differences across other actions (no action taken or “other” action) or other demographic groups not included in the graphs.

Most DFS consumers seek in-person support to handle challenges.



Yet complaints handling is increasing via phone or other channels.



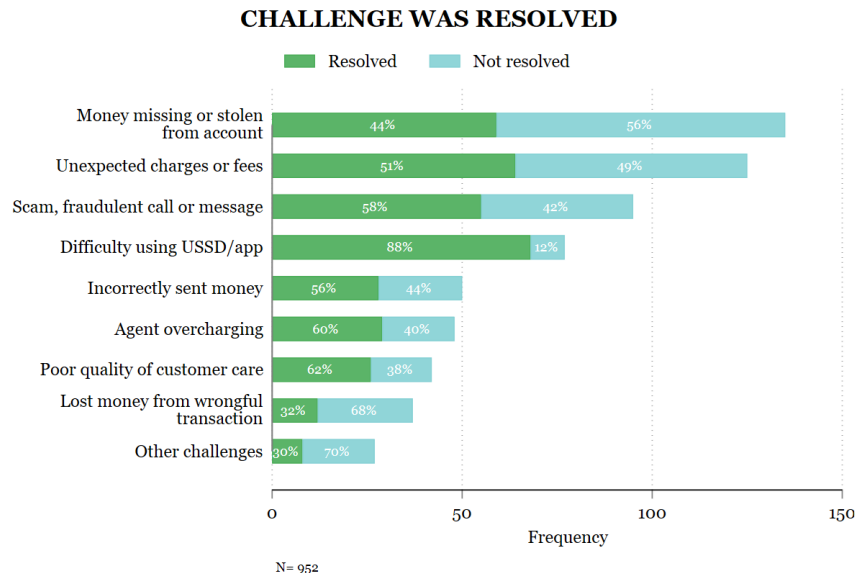
A comparison of data from Enugu, Kaduna and Lagos demonstrates that consumers have been moving away from in-person complaints handling.

A majority (61%) of challenges are resolved, but resolution for challenges involving lost or stolen funds is less likely.

Only 44% of cases where money was missing or stolen from the respondent's account were resolved.

One third of challenges involving loss of money were resolved.

NOTE: The graph plots the 8 most common challenges, combining the rest in "other"



Redress is more challenging in rural areas, and varies by level of education.

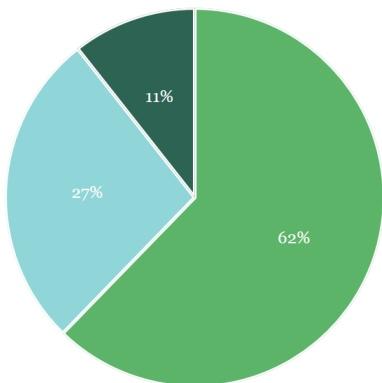


There are no significant differences by gender, age, poverty, financial literacy, or market vendor status.

Most complaints are resolved within a day, but those involving lost, missing or incorrectly sent money – as well as customer care – typically take longer.

CHALLENGE RESOLUTION TIME

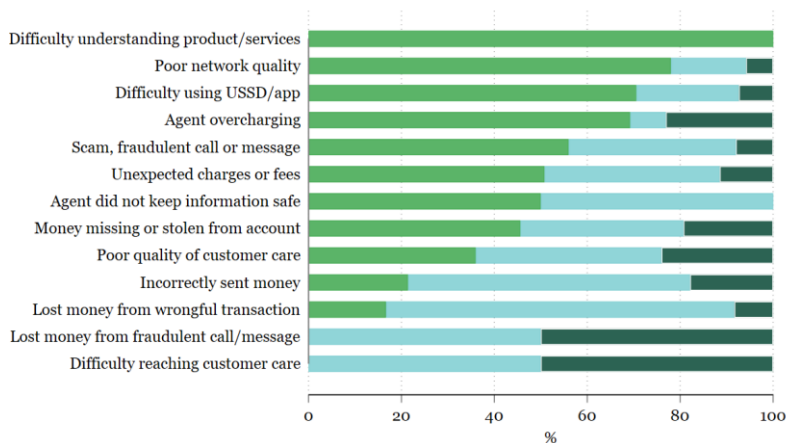
■ A day or less ■ 1-7 days ■ More than a week



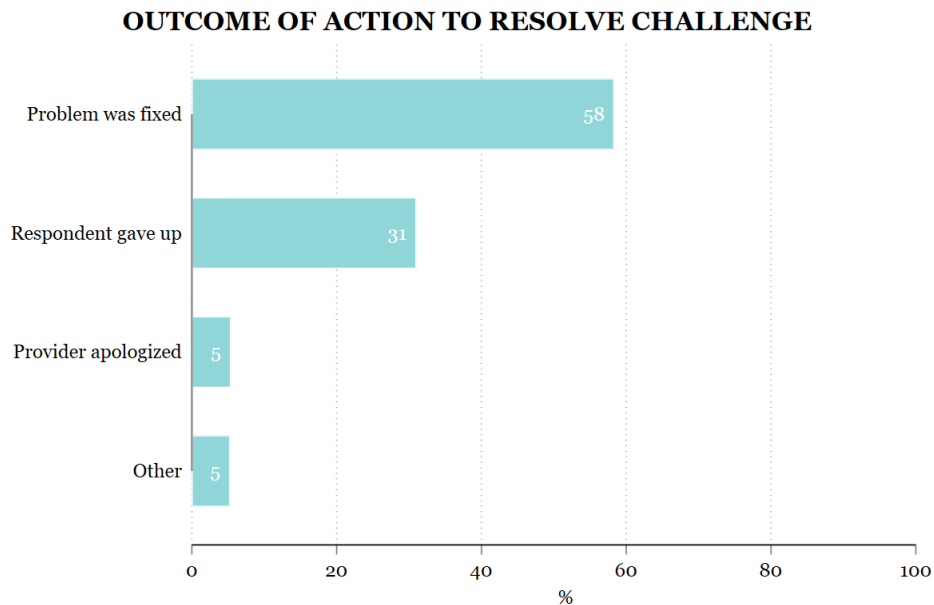
N= 575

RESOLUTION TIME BY CHALLENGE

■ A day or less ■ 1-7 days ■ More than a week



When consumers seek redress, the problem is often not resolved.

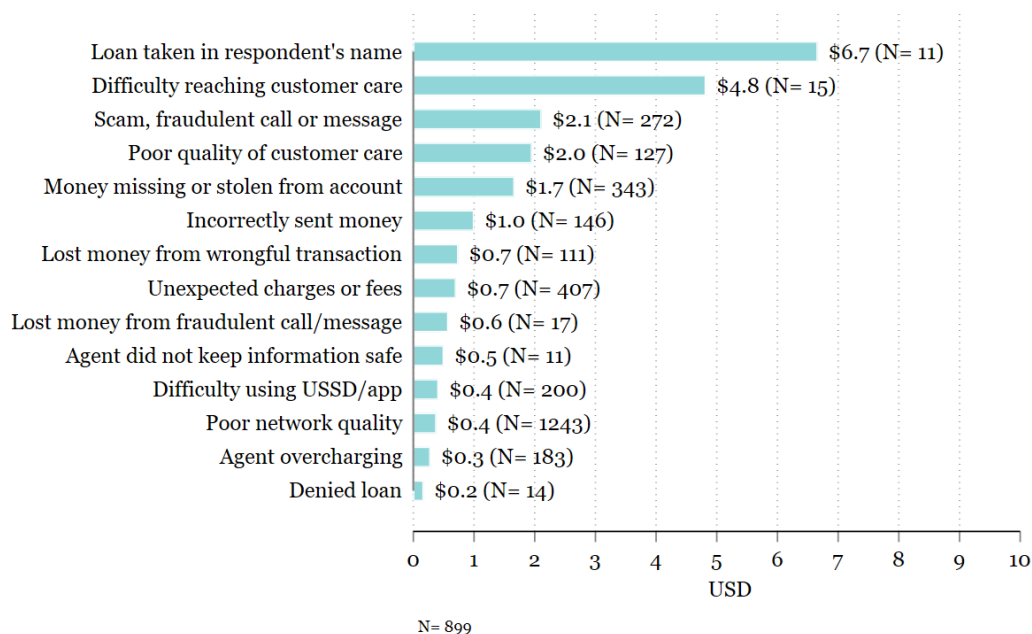


... but in a third of cases consumers give up without resolution.

Redress comes at a cost

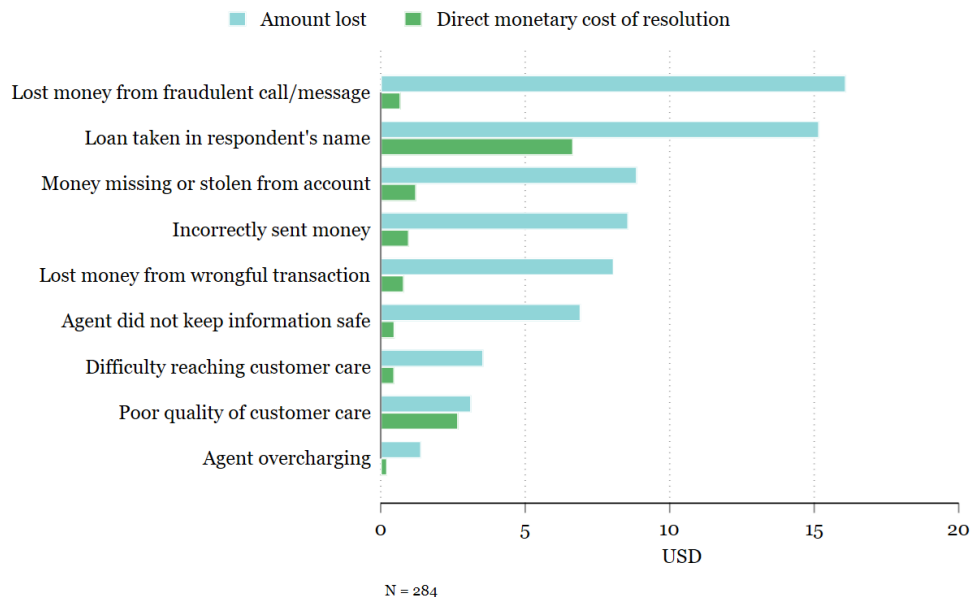
Consumers spent on average \$3.7 on resolving challenges in cases where any money was spent on resolution (or on average \$1.3 overall).

MONEY SPENT RESOLVING THE CHALLENGE



Cost of resolution can be sizable relative to the funds in dispute

MONEY SPENT RESOLVING THE CHALLENGE

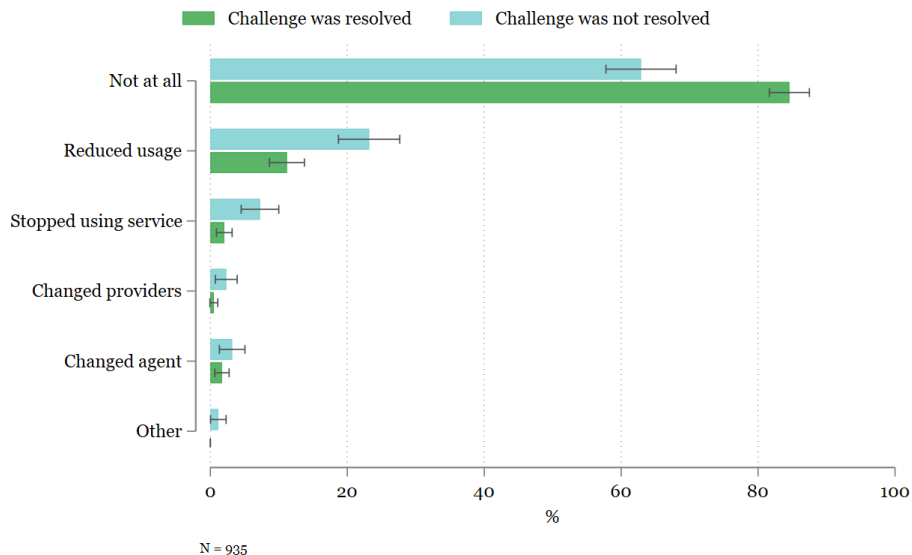


Consumers lost on average \$7.4 (from their biggest challenge), and spent \$1 in direct monetary costs to resolve it. Adding the opportunity cost of time would increase these resolution costs.

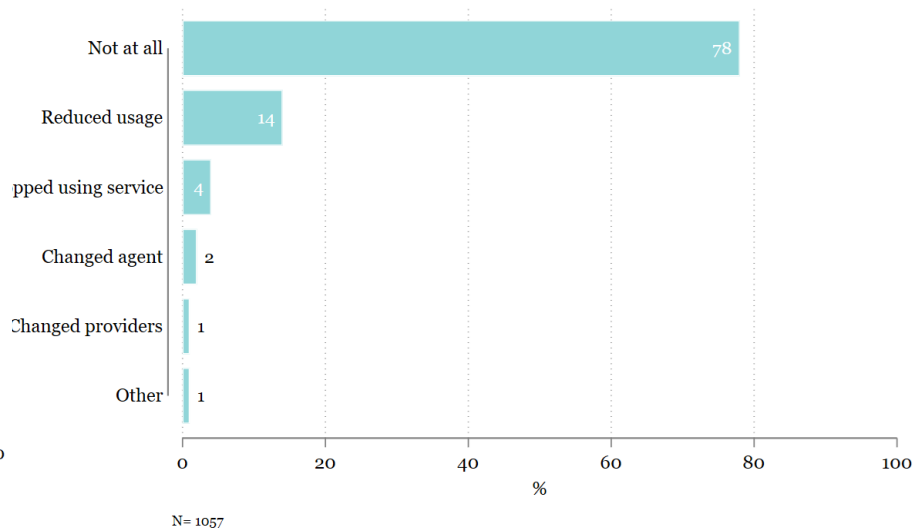
Note: graph only shows challenges for which money was both lost and spent

When complaints are not resolved successfully, consumers are more likely to reduce or stop their usage of the service

EFFECT ON USAGE OF THE SERVICE



HOW THE CHALLENGE AFFECTED USAGE OF THE SERVICE



07

Methodology: Additional information

Appendix 1



Methodology: additional information

Our sampling methodology involved a multi-tiered purposive sampling process, selecting states, local government areas (LGAs), markets, and respondents to ensure a diverse sample of DFS users, as summarized below:

State selection: Nigeria is comprised of 36 states and a capital territory spread across six geopolitical zones. We selected 4 states from within each zone to represent Nigeria's diverse demographics and market conditions.

States were selected based on three key criteria: safety and security, IPA's operational capacity, and continuity with previous surveys. Security conditions were a critical factor, leading to the exclusion of certain high-risk states, particularly in the northeast. In addition, we prioritized states where IPA had the capacity to deploy enumerators effectively. States such as Enugu, Lagos, and Kaduna were selected due to their inclusion in previous survey rounds, which facilitated continuity and deeper insights.

Methodology: additional information

Local Government Area (LGA) selection: In each selected state, we aimed to capture a balance of urban and rural dynamics by selecting one urban and one rural LGA. The criteria for defining each LGA type were based on its population density and centrality to financial activities.

*For **urban LGAs***, we selected the state capital, which typically serves as the hub of financial and political activities within the state. These areas are characterized by higher population densities, better access to financial services, and more diverse economic activities, making them ideal for studying DFS usage in more developed settings.

*For **rural LGAs***, we relied on geo-mapping and population density metrics to identify an LGA with a median population density within the state. Our goal was to select an LGA that was sufficiently rural to provide insights into the challenges and opportunities for DFS users in less-developed areas, but not so remote that it would be prohibitively costly or difficult to recruit participants.

Methodology: additional information

Market selection: We took a purposive sampling approach. In each LGA, field supervisors relied on their local knowledge to select four distinct market types, ensuring a comprehensive representation of economic activity and consumer behavior. This approach was key to capturing a broad spectrum of DFS usage across varying market environments. To keep operational and supervisory costs manageable, travel time to each market was kept within 30 minutes.

The four types of markets selected were: **Main markets**, typically located in primary towns or LGA headquarters, serving as major business hubs where essential goods like groceries are traded; **upscale markets**, found in more affluent areas of the LGA, including malls, plazas, and supermarkets, with fixed, numbered shops catering to wealthier clientele; **main markets in secondary towns**, which, although not located in the central hub, are significant for local commerce and regional trade; and **smaller, non-daily markets**, often in rural communities, which offer unique insights into the financial behavior and DFS usage in more remote and less frequently accessed locations.

Methodology: additional information

Respondent Selection: Within each market, our goal was to recruit a total of 20 respondents, consisting of four market business owners or vendors and 16 non-vendors, such as people passing by or customers.

Participants were randomly approached by enumerators, who then sought their consent and screened them for eligibility. To qualify, participants needed to be over 18 years old and have used DFS within the past 90 days. This criterion ensured that the respondents had recent and relevant experience with digital financial services.

To maintain gender balance in the sample, enumerators alternated between recruiting male and female participants. For instance, if the first respondent was male, the next one recruited was female. This method helped achieve a balanced representation of gender in our data collection, contributing to a more comprehensive understanding of DFS usage across different demographic groups.



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