The Development of Consumer's Credit in Nigeria: Issues and Propects

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ABSTRACT

This paper examined some views from analysts who expressed concern about the growth of consumer debt and its effect on the Nigerian economy as well as many other third world countries. Some analysts are afraid that the combination of increasing debt and higher interest rates has impaired the ability of households to meet their monthly financial obligations. The idea of Fostering effective credit administration in Nigeria in order to encourage proper credit management development will become landmarks victory over poverty in Nigeria is the observation of this paper. This was one of the reasons for the establishment of the General Assembly of Banks' Chief Executives (GABCE) in Nigeria. However, this paper looked at payment of interests as a percentage of disposable income have actually fallen since the end of the recession in 2001. Assessing Consumer Credit tells us imperative things about our economy. The paper also ex-rayed the capacity of some individuals to borrow effortlessly and refund those debts on time as agreed to stimulate the economy and growth. Consumers and Consumer Credit are the instrument and brainbox of the economy, when credit is unavailable, consumers will face foremost complications in borrowing. In this circumstance, consumers would consume less since they have less access to credit. For this reason, manufacturers will sell less, and produce less. The importance of a viable Consumer Credit System cannot be overemphasized. This paper hypothesized that certain identified factors militate against the development of a strong Consumer Credit System in Nigeria. It examined and analysed these challenges and exposed their negative roles in the development of a strong Consumer Credit System. It focused on strategies that can improve consumer access to credit facilities and concluded that there is need for a paradigmatic change to a global digital financial technology. It therefore made recommendations that can challenge Nigerian policy makers to improve on, or evolve a stronger Consumer Credit System. This Paper also explored that part of the consumer indebtedness story not explicitly related to credit based on real estate collateral, related to stocks and bonds or other financial collateral, or used for business purposes. In other words, it examined the domain of consumer credit. It is the saga of wealth creation in the middle class over time that has led to demand for a wider range of financial products, including completely new forms of credit. It is also the story of the evolution and regulation of financial institutions that have grown to supply those needs and desires. It is simultaneously a tale of growth and competition among these financial providers and of the consequent pressures to attract customers while reducing production costs. Today these competitive forces continue to contribute to the ongoing revolution in product offerings. Innovations such as credit scoring, risk-based pricing, Automated Electronic Credit Reporting Systems, product delivery through automated teller machines (ATMs) and more recently the Internet, and virtually instantaneous access to billions of dollars of credit worldwide illustrate a progression without an ending Human Satisfaction, as markets continue to evolve and as institutions plan and implement new financial services and delivery mechanisms. Even periodic financial crises are unlikely to slow this long-term trend. This paper was segmented into numbered sub-topics for clarity and objectivity.

INTRODUCTION

There is no specific statute in Nigeria that governs product liability litigation or credit facilities[1]. Lending in

[1]Ajumogobia & Okeke, *Nigeria Product Regulation & Liability*. Accessed online on 19/11/2021

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Nigeria and indeed other developing countries like Ghana are usually faced with several unique challenges. Nigeria for instance, is the most populous country in Sub-Saharan Africa with a World Bank population figure of about 168.8 million people. Poverty in Nigeria remains significantly high with 65% of its inhabitants living on below $1 daily. There is income inequality which gets worse by the day. This leads to differential access to infrastructure and amenities. High unemployment rate renders personal income even more divergent. Less than 25% of Nigerians hold bank accounts and only a small fraction of that figure has access to credit facilities among the banking population in Nigeria (Popoola, 2009)[2]. A 2015 World Bank data puts the total credit relative to GDP in Nigeria to be 14.2 percent, while the world average is 128.8 percent. Countries like Switzerland, Thailand and the United Kingdom have 172.6 percent, 151.3 and 134.1 respectively[3]. This shows that access to consumer credit in Nigeria is extremely low. Poor access to banks and bank credits is however not purely a Nigerian problem. It is a problem that is common with developing economies (Mckinsey, 2009). This, coupled with little or no information to evaluate the credit worthiness of individuals, frustrates credit penetration. Even though the Nigerian credit system is still evolving, Nigeria has an array of financial institutions with 22 commercial banks according to a latest Central Bank of Nigeria's latest figures as at 2021. It has about 949 microfinance banks, over 100 primary mortgage institutions, discount houses, and a number of some special purpose financial institutions, (Popoola, 2015). In spite of this, the percentage of adults with bank accounts is abysmally low as earlier stated. Consequently, the percentage of Nigerians who have access to formal bank credit is also abysmally low, making consumer credit inevitable for this group of Nigerians. The idea of consumer protection in Nigeria is a fairly new phenomenon (Kanyib, 2005). Nigeria for instance has no Consumer Protection Act, no Consumer Credit Act and no effective and functional credit bureaus[4]. These and more exist in countries like the United Kingdom, United States and even South Africa. What Nigeria has is a Consumer Protection Council Act of 1992, which provides more of an administrative framework for the regulation of consumer issues[5]. The practical implication of this is that, there is no legal or regulatory framework for the operation of a formal Consumer Credit System in Nigeria, so consumers are easily cheated while credit providers are reluctant to extend credit. The need to develop effective and dynamic consumer credit laws to aid the highly industrious and dynamic Nigerian population cannot be over emphasized. The few normative instruments like the Hire Purchase Act 1965, The Money Lenders Laws in different states of the Federation and the Pawnbrokers Laws of different states, have all lost touch with reality and some have almost completely out-lived their usefulness as consumer credit instruments. Their provisions will be exposed here so as to help underscore their unsuitability. The sordid picture painted above affects the women folk even more, due to the nature of the legal, regulatory, and socio-cultural barriers in the Nigerian society. In this connection, the numerous challenges faced by female entrepreneurs can also be linked to the purported inferior status of women in many African societies, their underestimation as economic agents, as well as gender bias embedded in tribal and cultural norms.

Although a growing number of policies and programs are arising to address the needs of the growing number of women business owners and their enterprises worldwide, access to finance is still the single biggest obstacle facing women entrepreneurs particularly in Nigeria. It is therefore apposite to state that Nigerian female entrepreneurs are particularly constrained by their weak financial base and lack of collateral. This work therefore intends to examine the inability of Nigerians to access consumer credit and the factors, militating against their access to credit facilities. A corollary of this is that, the state of consumer credit in Nigeria leaves much to be desired. It is for this reason that attempt will be made to proffer reasons for the slow pace of consumer credit development and growth in Nigeria and the challenges therein as well as the global trend for improvement.

As stated by Charles worth and Percy, the category of persons who may be deemed to be ultimate consumers has been extended to include the user of the product as well as the person who comes into contact with it whether incidentally or deliberately. From the definitions above, a consumer is not one who purchases goods and services

[2] Mokutima Ekpo, Eni Alobo & Jacob Enyia, "Impediments to the Development of a Strong Consumer Credit System in Nigeria" (World Journal of Social Science: University of Calabar, 2017) Retrieved on 15/11/2021

[3] World Bank, 2017

[4] Mokutima Ekpo, Eni Alobo & Jacob Enyia, "Impediments to the Development of a Strong Consumer Credit System in Nigeria" (World Journal of Social Science: University of Calabar, 2017) Retrieved on 15/11/2021

[5] http://wjss.sciedupress.com World Journal of Social Science Vol. 5, No. 1; 2018 Published by Sciedu Press 37 ISSN 2329-9347 E-ISSN 2329-9355 consumer protection legislation. Accessed on 20/10/2021

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for trade or business purposes. This has been established in **Overy v. Paypal (Europe) Ltd**[6] and the definition proffered by the Federal Competition & Consumer Protection Act, 2018 (FCCPA). What is Consumer Protection? J.O. Enyia (Ph.D) defines the term consumer protection as the act of safeguarding the interests of consumers in matters relating to the supply of products and services from fraudulent and hazardous practices as well as environmental degradation. Consumer protection is all about the provision of appropriate and effective mechanism to protect the pecuniary, health, environment, safety and security interest of all legal persons against misleading, fraudulent and harmful business practices including manufacturing, trading, packaging, advertising, distribution and selling of goods and services to the ultimate consumers[7]. The issue of consumer protection became relevant since the reliance on the rule of caveat emptor (let the buyer beware) is no longer an adequate protective measure because the principle is based on the premise or assumption that the buyer knows what he wants and has knowledge necessary to choose wisely and has adequate contact with the sellers. Consumer protection therefore is the practice of safeguarding buyers of goods and services and the public against unfair practices in the marketplace. These protection measures are established by laws such as the FCCPA 2018, NAFDAC, SON, etc. such laws are intended to prevent businesses from engaging in fraud or specified unfair practices in order to gain an advantage over competitors or to mislead consumers. They may also provide additional protection for the general public which may be impacted by a product or its production even when they are not the direct purchaser or consumer of that product[8].

DEFINITION OF TERMS

Consumer: Section 167 (1)[9] defines a consumer to include; Any person who purchases or offers to purchase goods otherwise than for the purpose of resale but does not include a person who purchases any goods for the purpose of using them in the production or manufacture of any other goods or articles for sale; or A person to whom a service is rendered. The Black's Law Dictionary defines a Consumer as a person who buys goods or services for personal, family or household use with no intention of resale; a natural person who uses products for personal rather than business purposes. A consumer is also defined as someone who acquires gods or services for direct use or ownership rather than for resale or use in production or manufacturing. In **Bowe v. SMC Elec. Products**[10]**,** the United States of America's Court define consumer as individuals who purchase, use, maintain and dispose of products and services. Consumer is a member of that broad class of people who are affected by pricing policies, financing practices, quality of goods and services, credit reporting, debt collection and other trade practices for which the state and federal consumer protection laws are enacted. All of the foregoing definition centre on the consumer being the end user or the ultimate user of goods and services. The consumer's intention is to use such goods and services for his personal consumption or that of persons in his nearest vicinity and not for further production or manufacturing purposes. See also the authority of **Peraro Ex Rel. Castro V. Chemlawn Services Corp.**[11]

Credit: Credit may be defined as a situation where one party provides resources to another party who has no resources to reimburse the first party immediately or as agreed, but instead arranges to pay or return those resources at a later date. It includes all forms of differed payments. The resources provided may be financial, or they may consist of goods or services. The credit concept can be applied even in a barter economy. Broadly speaking therefore, credit takes two forms: loan credit and supply/sale credit. Loan credit is credit extended by payment of money to the debtor, or to a third party at the debtor's request, upon terms that the debtor is to make repayment[12]. Supply credit is simply the deferment of the debtor's obligation to pay the price of goods or service supplied/rendered. In practical terms therefore, loan credit involves repayment of an advance while supply credit involves deferment of payment (Essien, 2012). The English Consumer Credit Act 2006 defines credit as a cash

[6] (2012) EWHC 2659 QB
[7] http://dx.doi.org/10.5430/wjss.v5n1p36 Accessed on 21/11/2021
[8] http://wjss.sciedupress.com World Journal of Social Science Vol. 5, No. 1; 2018 Published by Sciedu Press 36 ISSN 2329-9347 E-ISSN 2329-9355 Accessed on 21/11/2021
[9] The Federal Competition and Consumer Protection Act, 2018
[10] INC, 935F Supp. 1126
[11] 692F Supp. 109
[12] Mokutima Ekpo, Eni Alobo & Jacob Enyia, Supra

loan and any other form of financial accommodation where the debtor is allowed time to pay. It includes a hire purchase agreement. In practical terms therefore, loan credit involves repayment of an advance while supply credit involves deferment of payment[13]. The English Consumer Credit Act 2006 defines credit as a cash loan and any other form of financial accommodation where the debtor is allowed time to pay. It includes a hire purchase agreement and other financial agreements.

Consumer Credit: The Black's Law Dictionary (Black, 1990) defines it as short-term loans given to individuals for the purchase of consumer goods and services[14]. It can also be defined as a short-term loan made to enable people purchase goods and services primarily for personal, family or household purpose. It is a short and immediate term loan used to finance the purchase of commodities for personal consumption.

The originator of a credit is the person or company who originally extended the credit, while the holder is the individual or business who obtained the debt at a discounted price in order to collect payment at a subsequent time. A car dealer who gives a car to a customer on credit is an originator of credit. Such credit facilities are sometimes. assigned to banks and other financial companies who become credit holders. Two types of companies are actively involved with consumer credits[15]. The first is the small loans company. This type of company as an originator gives loans to consumers directly, because it has direct contact with them. The second is the sales finance company, which purchases and holds consumer installment debts. These companies play vital roles in empowerments and economic development thereby ensuring a credit economy. that citizens can enjoy improved living standards, good housing systems, and holidays. A credit economy in Nigeria will simply stimulate a lot of buying and selling[16]. This will in turn increase productivity, boost employment by the production companies and this will affect the economy positively as there would be more savings. In simple terms, consumer credit is debt that is taken on by individuals who aim to expend the monies immediately. A person who borrows money to buy a bicycle or use a credit card to pay for a meal, is indulging in consumer credit. In other words, the operating intention for the debtor is to consume. The loans may be supplied by lenders in the form of sales credit. Consumer credit usually comes with a higher rate of interest than business loans. Most traditional forms of consumer credit like car loans have standard monthly payment and fixed repayment schedules with fixed or varied interest rates. Consumer credit enhances consumer satisfaction as it enables consumers to enjoy services of goods sooner than they otherwise would have done. It enables consumers who are unable to save money for the purchase of goods and services, to enjoy such goods and services if they are able to keep their contracts with their creditors. The originator of a credit is the person or company who originally extended the credit, while the holder is the individual or business who obtained the debt at a discounted price in order to collect payment at a subsequent time. A car dealer who gives out a car to a customer on credit is an originator of credit. Such credit facilities are sometimes assigned to banks and other financial companies who become credit holders. Two types of companies are actively involved with consumer credits. The first is the small loans company. This type of company as an originator gives loans to consumers directly, because it has direct contact with them. The second is the sales finance company, which purchases and holds consumer installment debts. These companies play vital roles in empowerments and economic development thereby ensuring a credit economy so that citizens can enjoy improved living standards, good housing systems, and holidays. A credit economy in Nigeria will simply stimulate a lot of buying and selling. This will in turn increase productivity, boost employment by the production companies and this will affect the economy positively as there would be more savings. In simple terms, consumer credit is debt that is taken on by individuals who aim to expend the monies immediately. A person who borrows money to buy a bicycle or use a credit card to pay for a meal, is indulging in consumer credit. In other words, the operating intention for the debtor is to consume. However, if one borrows money for investment purposes, to commence a business enterprise, or to acquire a home, such a person is not using consumer credit. The whole point of consumer credit is to consume something today that you would otherwise not have been able to afford until later.

[13] E. Essien, Law of Credit and Security. (Uyo: Toplaw Publishments Lid, 2012) p. 4
[14] H.C. Black, Black's Law Dictionary, (West Group, 6th ed., 1990)
[15] B.B. Kanyib, Consumer Protection in Nigeria, Law. Theory and Policy. (Rekon Books Ltd., 2005) p.2
[16] B. Ailhola, Law Refirm in a Military Era: Nigerian essays in jurisprudence. (Lagos, M. 1. J. Puh. Ltd, 1993). p. 199. Batuta, 1. (1929). Travels in Asia and Africa, 1325-54. London, cited in Essien, op.cit at p. 15.

BACKGROUND TO CONSUMER CREDIT IN NIGERIA

As already noted, the need for consumer credit facilities arise from the inability of the consumer to make immediate payment for goods and services he needs either personally or for his family's use[17]. This was seen as a sign of poverty. According to Essien, this was why the debtor in olden days was looked down upon the world over. He adds that from the 18th and 19th centuries, there were moral prohibitions with regards to the principles of credit and dislike for it was expressed in moralistic tones, especially by the wealthy and middle classes. Proverbs like "Better to go to bed without supper, than to rise in debt", or "He that borrows must pay again with shame and loss", etc. aptly exemplify the prevailing attitude towards consumer credit facilities at the time. With the advent of Christianity, the Holy Bible was immediately employed in this unwholesome practice of discouraging consumers from taking credit facilities. Certain verses in the Bible were thus quoted out of context; "…you shall lend to many. But you shall not borrow" "…it is more blessed to give than to receive", the rich rules over the poor, and the borrower is servant to the lender". These negative adaptations of biblical verses coupled with the very popular adage that the hand of the giver is perpetually on the head of the receiver seem to have influenced the negative attitude towards consumer credit in Nigeria at the time. The early forms of credit involved the borrowing of some commodities which were used as currency at that time. The local currencies in existence in Nigerian communities before the European trade is said to have consisted of brass rods, manilas, copper wires and cowries (Faloa, 1987). Manila for instance is speculated to have been first introduced into Nigeria in the 15th century by the Portuguese traders (Ekpo, 1979). The English traders who came later just adopted this mode of payment. It seems cowries were in use in Nigeria long before the Manila (Batuta, 1929). According to (Hiskett, 1966) it was the Malian cowries that must have found their way to Nigeria. Gin, gold dust, tobacco, salt and iron bars were also used in credit transactions in Nigeria. Though iron bars were more favoured in Southern Nigeria. British currency was introduced into Lagos (Nigeria) in 1881 and in 1904, the importation of cowries into Nigeria was abolished. In 1948, the Nigerian Legislative Council stopped the exchange of Manilas for British currencies. After this, the British currencies became the only means of credit transactions until 1973 when the Naira and Kobo was introduced by the Nigerian government. (Essien, 2012). In the Southern part of ancient Nigeria, the Ekpe and the Ekpo societies were used to enforce credit obligations. These societies were so effective such that some European traders were induced to join the Ekpe society in the 19th century. This enabled them to give credit to African traders with the confidence that it could be recovered (Holman, 1840). As the use of consumer credit began to grow and became popular, there was also a change of attitude towards its use and role in the credit system generally. Today, the view of consumer credit as a system for the poor is no longer popular. In a more commercial historical perspective, when banking commenced in Nigeria at about 1892, the need to develop consumer credit products was not imperative as few banks then were in operation[18]. The deregulation of the financial sector gave room for the formation and licensing of numerous new command and merchant banks. With this came aggressive competition among the commercial banks, which finally led to the introduction of new consumer credit products in Nigerian commercial banks.In spite of this, consumer credit remained nascent and undeveloped with consumers being unsatisfied with the credit products introduced in the financial market (Monye, 2003)[19].

HOUSEHOLD DEBT AND THE ECONOMY

Contrary to what the literature on the linkage between debt accumulation and hidden economy suggests, this paper advocates that the two relationships, tax-hidden economy size and inflation-hidden economy size, have to be inverse because it is the relative, not the absolute hidden economy size that matters, and it is this that should be the yardstick for empirical work on the subject[20]. Without question, the post–World War II decades have witnessed many significant changes to the American economy; not the least of them is the ongoing revolution in the money management habits of the large and growing middle class. In the early years after the war, the range of financial decisions for most people seems simple by today's standards: what proportion of savings to hold in

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[17] Mokutima Ekpo, Eni Alobo & Jacob Enyia, Supra.
[18] Mokutima Ekpo, Eni Alobo & Jacob Enyia, Supra
[19] Mokutima Ekpo, Eni Alobo & Jacob Enyia, Supra.
[20] Gerasimos T. Soldatos, An Anti-Austerity Policy Recipe Against Debt Accumulation in the Presence of Hidden Economy. (Asian Economic and Financial Review, 2016). Accessed on 17/11/12

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government savings bonds versus deposits, how to choose depository institutions to open savings and checking accounts, and where to obtain loans, either for split-level homes in the developing subdivisions or for the new car models finally available after the end of wartime restrictions[21]. Most of these financial decisions required relatively little investigation or intellectual effort for most people.

By contrast, today the variety and use of financial services have grown sufficiently to become a staple of discussion, even on talk radio and at lunchtime and evening seminars. Stock markets, mutual funds, exchange traded funds, variable annuities, IRAs, 401(k)s, 529s, tax-exempt bonds, defined benefit and contribution pension plans, health savings accounts, universal life insurance, and even formerly exotic products such as put and call options now are commonplace discussion topics[22]. On the household liability side, consumers must contend with adjustable-rate mortgages, balloon mortgages, subprime mortgages, home equity credit lines, other secured loans, unsecured credit lines, other unsecured loans, and even thin plastic devices that access credit accounts usable world-wide. Today it is possible to transact in these and other asset and debt instruments not only at the office of a financial institution or broker, in person or over the telephone, but also impersonally in one's own den on a computer or almost anywhere else using a computer or cell-phone wireless link. Consumer sector financial management even became a staple of the nightly television news during the financial crisis of 2008–2009. For some people, the understanding and management of personal finances has become a hobby; for others, it is a nightmare.

Within the breadth of new and redesigned consumer financial products and services, none is more ubiquitous (or more controversial) than the various types of products known as consumer credit. Obviously, loans of various kinds to finance real estate purchases are common today (and even provoked the worldwide financial crisis beginning in 2008), but even more common are smaller extensions of credit. Specifically, the term consumer credit as used here refers to all kinds of credit employed by individuals that are not collateralized by real estate (that is, not home loans and home equity credit, which are mortgage credit) or by specific financial assets such as stocks and bonds and that are not used for business purposes. Typical auto loans, home improvement loans, appliance and recreational goods credit, unsecured cash loans, mobile home loans, student loans, and credit card credit all fall into the consumer credit category.

From its origin as a small grouping of financial services used typically by the lower- to middle-income segments of the middle class between the world wars (and actually restricted by federal controls during World War II and the Korean War), modern consumer credit has grown so much that virtually all consumers are users at some point in their financial lives; certainly, almost all are at least aware of its benefits and risks. What has caused consumer credit to move so far into the mainstream? Providers of financial services would probably answer with something about the demands of customers.

Consumers would probably reply about the growth of useful product offerings by suppliers. Both would be right, of course, since it always takes both demand and supply to make a market. But these are simple answers, and, like so many easy responses, they are only part of a larger, more interesting, and arguably more important story. It is a truism that markets develop where demand meets supply, but consumer credit has grown so much, and the available financial products are now so numerous and their distribution system so extensive and diverse, that there must be a lengthier tale.

CHALLENGES AND PROSPECTS

Credit Access in Nigeria is a business-oriented economy, with an estimated 37 million micro, small and medium-sized companies (MSMEs). The entrepreneurial economy contributes roughly 48 percent of the country's gross domestic product and employs over 60 million people, making Nigeria the largest economy in the sub-Saharan region. Although these numbers look promising, few businesses are successful in obtaining loans from financial institutions. According to The Credit Crunch, a joint report by the Central Bank of Nigeria (CBN) and the International Finance Corporation (IFC), of the 840 MSMEs surveyed in Nigeria, only 31 percent successfully

[21]Gerasimos T. Soldatos, Supra
[22] Sean M. Davis, 'Household Debt and the Economy' online material; Accessed on 18/11/2021

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obtained a loan from a bank or microfinance institution. MSMEs are often burdened by a myriad of challenges like multiple taxation systems and high costs. The risks associated with credit access in Nigeria stem from many causes[23].

While the fintech sector is relatively new and still developing, there are challenges, which must be addressed to enable full integration of fintech services into the financial sector and optimise benefits for consumers.

Some of the challenges faced by the new sector are:

Regulatory factor– Although Regulators have shown some level of support for innovation and digitization by enacting several guidelines, the reality on ground is that Regulators are still trying to strike a balance between supporting innovation and ensuring financial stability and consumer protection. Recently, the CBN issued a regulation prohibiting financial institutions from transacting on Cryptocurrency. Again, very recently the Securities and Exchange Commission issued another policy, restricting unregistered companies from providing platform for trading in securities in Nigeria. While these policies have sparked several reactions among stakeholders in the sector, from the Regulator's perspective they are necessary to maintain a balanced and stable financial system[24].

To address this challenge Regulators will need to be open to dialogues with innovators on how existing regulations can support innovation and how their products can fit in with Regulations. Regulations should also take into account the fact that the playing field may sometimes be uneven. For example, if Fintech are to have the same capitalisation requirements as banks, this might be prohibitive. Regulators must also build their capacity and understanding of the risks that comes with innovation and develop knowledge on how to effectively manage same while allowing fintech companies to thrive.

Regulators should also explore regulatory sandboxes that allow fintech and other innovators to conduct live experiment in a controlled environment under regulatory supervision. Interestingly, the CBN recently released its exposure draft of regulatory framework for sandbox operation. The CBN also included Regulatory sandbox in its circular for approved licence categorization for payment system operators in Nigeria. From the Circular, fintech starts-up and industry innovators can easily obtain regulatory sandbox licence as there are no capital requirements to be entitled to same.

Low level of financial literacy– There is the wide perception among the unbanked and undeserved that they do not need the financial products provided by banks. A large number of persons in Nigeria, would rather resort to informal lending from family and friends than approaching a bank for a loan. Also, Savings in Nigeria generally has a very traditional look such as hiding the money in a safe place at home, or using informal saving clubs commonly called osusu. These challenges have made it difficult for fintech companies providing lending and saving services to break into the sector. Although we have seen players introducing digital savings tools to bridge the gap between formal and informal savings such as Piggyvest in Nigeria and Jumo, South-Africa, there is still the need to increase the level of financial literacy to access a larger pool of consumers[25].

Lack of consumer trust – Research has shown that people still do not fully trust fintech companies and this is majorly driven by fear of the unknown, limited Regulation and aversion to sharing of personal data. A lot of consumers are struggling to catch up with the pace of the fast growing fintech sector. Fintech companies will need to work hard to demonstrate both its social corporate and corporate governance credentials . Since major traditional banks have been able to garner a good level of trust over the years, strategic partnership with banks can help Fintech with the trust level needed to scale. Also, the CBN recently issued four approved licence categorisation for payment system operators and imposed certain recapitalization requirements that must be met by new and existing participants in the fintech payment sector. For example, mobile money operators (MMO) are required to have a minimum share capital of two billion naira. The circular also provides that only MMO are

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[23] A.T. Popoola, "The Challenges of a Strong Credit System in Nigeria" Credit Awareness. (2010) Retrieved from http://www.creditawareness.nigeri.com/nes-sph.p Accessed on 17/5/2023

[24] A.T. Popoola, Supra

[25] A.T. Popoola, Supra

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permitted to hold customer funds. Further, collaboration between licensed payment companies, banks and other financial institutions must be with CBN approval. This development will foster a more credible and stable fintech ecosystem which would in turn build trust in the sector[26].

Lack of Collateral: To secure a loan from financial institutions, collateral is one of the prerequisites. This protects the lending bank in case the borrower defaults on the loan. For MSMEs looking for small business loans, inadequate collateral is a major reason for not receiving loans. Secure land is the most common collateral for banks in Nigeria, but only 5 percent of the land is formally titled, mostly consisting of urban land or commercial farms. Low-income households own a large portion of rural land, which does not have validated titles. This acts as a major obstacle for microenterprise owners and low-income households that are keen to obtain affordable credit from formal financial institutions. Many analysts argue that the provisions and implementations of the Land Use Act of 1978 are largely responsible for limiting the authenticated titling of rural land. Since banks ask for land or buildings as collateral in 98 percent of loan applications, low-income loan seekers remain unable to secure loans[27].

But efforts are being made to allow greater use of moveable and reputational collateral in bank loans. The CBN recently established the National Collateral Registry to improve credit access in Nigeria. Additionally, it is supporting the development of a modern credit reporting system in Nigeria with backing from the World Bank.

No Awareness of Credit Reporting System: Many borrowers are unaware of their credit history, and despite having a good credit record, they are reluctant to apply for loans simply because they do not meet the collateral requirements. This becomes a concern for borrowers, particularly rural dwellers looking for microloans for their small businesses. They have been reluctant to approach banks for loans, which in turn has slowed down the entrepreneurial growth of small businesses that may have had a promising growth but could rarely take off due to a lack of financing. The country remains a part of a large-scale campaign, the Credit Reporting and National Collateral Registry Education and Awareness Campaign. The campaign’s goal is to create awareness of credit tools through the collateral registry and the credit reporting system and is a collaborative initiative of the CBN and IFC. Such efforts promise to promote responsible lending and borrowing among those borrowers.

CBN has also teamed up with other stakeholders to promote the Credit Awareness campaign. The campaign promises to educate consumers on rural financial services and shares information on issues that will improve and allow greater appreciation of the rights and responsibilities of microfinance institutions and other financial institutions, along with their clients and stakeholders. Subsequently, Credit Awareness Nigeria plans on launching another public campaign on credit awareness and financial literacy to bring together microfinance practitioner institutions, development partners, stakeholders and clients of microfinance institutions[28].

No Interaction with Financial Institutions: Of those surveyed, less than a third of MSMEs successfully acquired loans for their businesses. A reason for this is that rural borrowers do not have an established relationship with banks. Due to their lack of interaction with financial institutions, rural borrowers fail to understand the conditions of getting a loan or the required loan application procedures. This also causes problems for rural dwellers who do not have a credit history, resulting in borrowers resorting to informal savings and reinvested profits.

The need for a potent consumer credit system cannot be overemphasized: It would stimulate economic growth, as consumer credit and Gross Domestic Product (GDP) growth. A strong consumer credit culture and banking system would undoubtedly strengthen financial intermediation as this enhances the capacity to mobilize and deploy savings to critical sectors of the Nigerian economy[29]. The challenges of evolving a strong consumer credit system in Nigeria are multifarious and multidimensional. The consumer credit system in Nigeria is largely under-developed. For this reason, only few Nigerians like those in the upper class can access such facilities, and

[26] A.L. Krulick, Consumer Credit Protection Act; Laws protecting Consumer Rights. (2009) Retrieved from http://www.deb.org/credit/yourconsumer.rightsprotection-act2014 accessed on 17/5/2023
[27] A.L. Krulick, A. L., Supra.
[28] A.L. Krulick, Supra.
[29] N. Monye, Law of Consumer Protection. (Ibadan. Spectrum Books Ltd., 2003) p.11

for selected items only. Moreover, the extra-judicial methods usually resorted to for debt collection and recovery discourage prospective customers. Weak attempts by the government has been stymied by several factors ranging from weak and obsolete laws, cultural barriers and at times complete lack of the legal infrastructure to back up governmental policies and guidelines. In spite of the enviable array of financial institutions in Nigeria, extension of consumer credit to Nigerians is still very low. The question that may be asked here is why this is so? Popoola[30] lists the factors impeding the development as low income, unreliable macroeconomic statistics, high roles and weak rating systems for individual and corporate organizations. According to him, most hanks in Nigeria prefer to grant credit to the elites and highly placed individuals. He concludes that if the credit system is going to help in alleviating poverty, then the banks and other credit organizations will have to make themselves accessible to the less privileged in the society by making their rates affordable and conditions for accessing credit less cumbersome. These observations have undoubtedly highlighted some of the impediments to consumer's credit in Nigeria.

The Absence of a Concise Consumer Credit Act and other Consumer Credit Protection Laws concise. The Nigerian consumer needs more protection than what is currently the case. Nigeria does not have unified, comprehensive and recognizable law for the protection of consumers like a Consumer Credit Act. This means that there is lack of effective regulation, control and monitoring of matters relating to consumer credit. Thus, different laws like those already discussed exist and operate as consumer credit regimes. There is, therefore, need for a unified legislation like a Consumer Credit Act. This was hitherto the case in England before the emergence of the Consumer Credit Act 1974 which was later replaced by the Consumer Credit Act 2006. The Act swept away the piecemeal legislation/regulation and replaced them with a single code (Lowe & Woodroff, 2008). Equally, the South African Consumer Credit Act 2005, eliminates the piecemeal approach to consumer transactions in South Africa. It encourages fair and responsible credit transactions under section 4 (1) and creates the National Credit regulator to enforce compliance with the Act, in addition to the regulation of activities of credit bureaus in sections 43 and 70. The United States Consumer Credit Act 1968, standardizes and encourages honest credit transactions. In addition, the United States has other interesting consumer credit laws like the Fair Credit Reporting Act which attempts to ensure accurate reporting of consumers' personal information[31] and the Fair Debt Collection Practice Acts 1996. The provisions of the latter are interesting because what it prohibits are common occurrences in Nigeria, By this Act, a debt collector may not without prior and express consent of the consumer to the lender, contact or discuss the debt issue with the consumer at places and times considered to be inconvenient to the consumer. It prohibits debt collection through harassment, abuse, threat of violence or through unfair and unconscionable means. There are similar legislations in Nigeria and so Nigerian consumers grapple alone with all manners of difficulties. What Nigeria parades in this direction is a Consumer Protection Council Act 1992. What could have been a National Consumer Credit Regulatory Commission Act is still pending in the National Assembly since 2009. This dilemma may have informed the CBN to attempt to fill the gap in spite of the lack of legislative support. Thus in 2010, it introduced supervisory frameworks for Commercial and Micro-finance Banks. It prohibited universal banking and introduced tiered banking in an attempt to shield bank deposits from broad risks. In 2011, it introduced Islamic banking which is a non-interest financial service. Currently, the Consumer Protection Council which has no mandate to deal with Consumer Credit issues, forwards all unresolved financial complains to the CBN for resolution[32]. It has also introduced measures to address card and Automated Teller Machine (ATM) fraud. Consequently, all financial institutions in Nigeria are mandated to have consumer help desks to handle consumer complaints within a specified period and to give periodic reports to the CBN. Nigeria needs to salvage the CBN from the crisis management it has voluntarily undertaken, so it can concentrate on its traditional roles.

Lack of Effective Credit Bureaus: No economy can witness serious apsurge in consumer credit without a strong and reliable credit information sharing platform. The observation by Popoola that banks and other financial institutions only grant credit to the elites while ignoring the less privileged members of the public raises the issue

[30] A.T. Popoola, "The Challenges of a Strong Credit System in Nigeria Credit Awareness, (2010) Retrieved from http://www.creditawareness.nigeri.com/nes-sph.p. Accessed on 5 June, 2025

[31] A.L. Krulick, Consumer Credit Protection Act, Laws protecting Consumer Rights, (2009) Retrieved from http://www.deb.org/credit/yourconsumer.rightsprotection-act2014. Accessed on 5 June, 2025

[32] E.E. Eja, & E. Bassey, Money Lending Law and Regulation of Consumer Credit in Nigeria." (2010) Retrieved from http://www.ajoliinfor/index/ph/.naujij/articledownload82406/72558, accessed 5 June, 2025

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of the lack of an information data-base, The Central Bank of Nigeria (CBN) in an attempt to solve this problem established a Credit Risk Management System (CRMS) or Credit Bureau (CB) and provided guidelines for its operations in 2008. This was supposed to gather information on consumer's credit history from various sources so as to assist in assessing the credit of borrowers[33]. The availability of an effective CB encourages responsible financing, improved access to credit with lower interest rates for good turnovers. It reduces information asymmetries between lender and borrower and improves credit risk monitoring.

The presence of a viable CB tends encourage consumers access to available credit facilities. This is being suggested by a World Bank survey based on 5.000 firms in 51 countries. This shows that 49% of small firms reported high financing constrains in countries without a CB and 27% in countries with CB. Also, while only 28% had a probability of obtaining a bank loan for a small firm in countries without a CB, 40% had such probabilities in countries with CB. A functional CB provides an industry wide information repository on the credit profiles of consumers, thus enabling credit providers to make informed decisions. This means that with a CB one does not have to be formally employed or have physical assets as collaterals before being able to assess credit facilities and the incidences of failure and nonperforming loans which led to the collapse of many banks in Nigeria would be reduced[34]. insists that the CBN must put enabling legislation in place to enforce its guidelines so as to reduce the incidences of nonperforming loans.

The CB in Nigeria is plagued with the problem of lack of legal framework to enforce its guidelines or its operations. A bill for an Act to provide for such a framework is still pending in the National Assembly since 2009. Information collection from consurners in Nigeria may encounter constrains if not backed by law. Commenting on this, Poopola[35] emphasized that Nigerians are highly and naturally skeptical about giving out their personal information. Such enquiries may be mistaken as information for taxation or for diabolical purposes. The CBN's guidelines in 2008 which made consumer's consent necessary before his personal details are submitted to a CB, seemed to have. worsened the issue. This is so because there is no law which makes it mandatory for the consumer to give the information when properly sought. There is therefore the need to create strong, useful and effective credit bureaus to act as databanks for information on consumers. This will reduce incidences of bad debts from bank portfolios and consequently incidences of collapsed financial institutions. It will also make access to credit less cumbersome and thus more attractive to consumers[36].

Lack of a Standardized National Identification: Consumer credit. flourish in environment where the identification of the consumer is problematic Consumer identification is key to consumer credit transactions. Lenders need to know who they are dealing with, Nigeria is only currently experimenting with a uniform identification of her citizens[37]. Previous attempts had been unsuccessful and one hopes that this one will achieve its utility. Currently, various forms of identification of customers are employed by lenders. Identity cards from employers, international passports, permanent voters cards and drivers licenses are all used. Banks even go to the ridiculous. of asking for physical description of residential houses and production of utility bills. This could have been unnecessary with a standardized and recognizable identification system,

Illiteracy: In spite of the fact that a large percentage of Nigerians are highly literate, Nigeria still has a huge percentage of illiterate people, this could induce unconscionable lenders to exploit their illiterate customers. This set of consumers could be made to sign documents which are one sided and which impose undue burden on them[38]. Therefore, Nigeria needs to address its illiteracy problem if it must advance with consumer credit. Sadly, the illiteracy rate in Nigeria is still high in spite of numerous government programmes to encourage Nigerians of all strata to go to school. In this connection, Nigeria needs to improve on the illiteracy figure, the figure given by

[33] A.T. Popoola, supra

[34] B. Komolafe, "Legislation Hinders credit Bureaus Momentum Vanguard, Sept. (2009) Retrieved from http://www.crservicespic.com/legislation-hinders-credit. Accessed on 5 June, 2025

[35] A.T. Popoola, supra

[36] M.C. Okany, Nigerian Commercial Law. (Africana First Publishers Inc., 2009) p. 634

[37] E. Ekpo, "Nigeria and the Evolution of Money" CBN and Dept. of Antiquities, (Lagos, 1979) p. 59.

[38] T. Faloa, Nigeria and Britain: exploitation or development (London and New Jersy, Zed. Books Ltd., 1987) p. 14. Hiskett, M. (1966). "Materials Relating to the Cowries Currency of the Western Sudan", Vol. xxix, Bulletin of the school of Oriental and African studies, pp. 339-3666 cited in Essien. E. op.cit.

the Nigerian Acting Minister of Education in 2015 is shameful and a sad commentary on the state of education in Nigeria. The government needs more political will in order to actualize its numerous educational programmes meant to improve the literacy rate in Nigeria[39].

DRIVING GLOBAL FINANCIAL TECHNOLOGY

Globally, governments and financial institution around the world have been driving the principle of financial inclusion, which aims at getting financial services to the unbanked and the underserved population. While, financial inclusion is considered necessary to reduce poverty and accelerate economic growth, it is estimated that globally, about 1.7 billion adults are unbanked and this can be as a result of several factors ranging from low financial literacy, lack of access, affordability to lack of consumer trust. In 2012, The Central Bank of Nigeria in pursuing its goals for inclusion introduced the cashless policy which aimed to discourage use of physical cash for transactions. This policy provided an enabling environment for the growth of fintech companies providing mobile enabled services and also enhanced equal access and use of financial products for the unserved and undeserved population. Further to its drive for inclusive finance, the Central Bank of Nigeria in 2018 issued a National Financial inclusion strategy where it outlined its implementation approach and plan for distribution of financial services.

One fact that the past few years have revealed is that technology and digitization are a major tool for stimulating financial inclusion. This is more so for Nigeria, considering the high penetration rate of mobile phones in the country including rural settlements.

To achieve a fully banked Africa, it has been intimated that the goal should be to speed up the convergence between the industry's various players to stimulate financial inclusion. This convergence requires Regulators to play an active role and the CBN appears to understand this fact. Initially, Regulations in Nigeria do not allow non-financial institutions to provide financial services. This has been reviewed and amended with the introduction of the Guidelines on Mobile Money Services in Nigeria and the Guidelines for Licensing and Regulation of Payment Service Bank (PSB). For the purpose of this article, the major point of interest for both Guidelines is that they allow a convergence of industry players from fintech, banking and telecommunication sector providing mobile money services and digital bank services to accelerate financial inclusion[40].

Following the introduction of the Mobile Money Guideline a total of 21 mobile money operators' licences have been issued out to 16 non-bank operators and 5 bank operators. Tech giant, MTN is presently a mobile licence operator.

Also, under the PSB model, 3 licenses have been issued, two to subsidiaries of telecommunication companies. Considering the large subscription base of the telcos and their ability to reach an additional layer of customers that traditional bank ordinarily could not reach, introducing telcos to financial services is a brilliant move to achieve financial inclusion. These telcos are well equipped to easily penetrate and make financial products accessible to the unbanked. Also, with these arrangements, a lot of data about the unbanked Nigerian population will flow into the country's banking sector, making it easy for banks to target this population[41].

USING ARTIFICIAL INTELLIGENCE AND ADVANCED ANALYTICS FOR FINANCIAL INCLUSION

Most discussions on fintech focuses on how mobile payment can help drive financial inclusion. However, while the payment sector is the largest and most developed Fintech sector in Nigeria, Fintech covers the entire spectrum of financial services right from payments to investments, loans, insurance, and savings. All of these sub-sectors play a key role in stimulating inclusion. Some of the requirements for financial inclusion are quick and easy access, simplification and affordability. A digitized approach to lending meets these requirements.

[39] A.T. Popoola, supra

[40] Eddie Wen Morgan "How Digital is Changing the Trading Experience and What it Means for Market" https//events-risk.net/digitalmarketsglobal/agenda?utm.

[41] Eddie Wen Morgan, Supra

Under the traditional approach to credit scoring, there are certain requirements that create a barrier to access to credit by non-salaried customers and small companies such as requests for salary slips, corporate balance sheets etc. Artificial intelligence and advanced analytics for credit scoring will help to broaden the pool of credit worthy customers therefore allowing access to credit for those customers who ordinarily would not have access under the traditional credit scoring system. For example, Jumo, a platform for mobile network operators and banks which provide digital lending services, uses advanced data engine and runs machine-learning algorithms to build increasingly accurate credit profiles. Another example is Fair money, active in Nigeria, which uses artificial intelligence technology to leverage data from customers' mobile phones to help identify and segment their risk profiles. With these technologies, credit facilities are made available to an additional layer of customers[42].

Prospect for Fintech Sector and Consumer Credit in Nigeria:

There is a growing interest in the fintech sector in Africa, majorly due to the large market size and the several untapped opportunities that exist.

One major opportunity in the sector, going forward, is in the area of cybersecurity, KYC and AML solutions. Mobile technology-enabled services do not require the face to-face interaction that takes place with traditional banking and thus provide a more opaquer and anonymous experience which creates an enabling environment for criminal activities. Therefore, fintech companies that can institute a meaningful KYC process, solve issues around KYC, AML and provide secured app will feature prominently in the future.

Another opportunity for growth in Fintech, is the development of API Fintech Companies. The fintech space is fast growing. As demand for fintech services increases and various subsectors expand, there will be a high need for API companies that provide infrastructure which allows for seamless interaction and communication between multiple technologies, programs, platforms or servers[43].

DIGITISATION AND INCREASE IN CYBER ATTACKS

Following the emergence of Fintech companies, there have been heightened competition between banks and Fintech as the former thrive to stay relevant and the latter struggle to scale. Most banks have digitally transformed their existing operation and are entering into strategic partnership with Fintech for improved customer benefit and experience. Many countries in Africa are experiencing a significant transformation of their financial sectors as they move to digital financial services. However, on the heels of the increase in digitization is the threat of cyber-attacks to the digital financial infrastructure.

These cyber-attacks which are a threat to financial stability, have gained momentum since the covid 19 pandemic. In October 2020 in Uganda, major tech players were hacked for four days which disrupted service transaction. In Nigeria at about same period, major techs were also hacked with airtime and data distributed to mobile users by the hacker with the twitter account name "anonymous". There were also allegations that several other banks were hacked by this "anonymous". Although these banks have dismissed the allegations as mere rumours, the increase in cyberattack is a real time threat to stakeholders in the financial and technology sector. The question is how best to organize protection across governments, financial authorities and industry and how to leverage resources effectively and efficiently?

First, there is the need to build effective domestic relationships across the continent among financial authorities, law enforcement and relevant government actors. A co-ordinated regulatory framework and procedure will go a long way to curb the menace.

To strengthen cyber resilience, the Financial Stability Bank will need to develop a basic framework for supervising cyber risk management at financial institutions. Governments and industry should strengthen security by sharing information on threats and by creating financial computer emergency response teams (CERTs).

[42] E. Essien, Law of Credit and Security. (Uyo: Toplaw Publishments Ltd, 2012) p. 4
[43] E. Essien, Law of Credit and Security. (Uyo: Toplaw Publishments Ltd, 2012) p. 4

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Harmonization of laws on cyber security would be helpful for efficient and effective information sharing and cross border investigation and this can be easily achieved by signing and ratifying a common convention on Cybercrime or integrating the provisions of the convention into local law. One good example of a comprehensive legislation against cybercrime is the Budapest convention. Unfortunately, it has not been ratified by any Africa Country. Also, the importance of educating consumers and businesses on cybercrime and how to protect themselves cannot be overemphasized. Sensitization is key to combating cyber-attacks.

Nigerian Businesses Remain Hopeful: While there remain considerable concerns about inadequate credit access in Nigeria, not all hope is lost. MSMEs overall have confidence in Nigeria's economy and feel that economic growth will improve in the next five years as financial lenders become more willing to lend to smaller-scale businesses. Nigeria is one of the 25 priority countries to become a part of the World Bank Group's Universal Financial Access 2020 initiatives. The World Bank project aims to extend access to financial services to all adults by 2020. Moreover, many projects are joining hands to ensure that the rural dwellers get credit access, with programs being introduced to overhaul the obsolete land registration system and paving way for more credit options for rural farmers[44].

Credit Reporting: There is still need to increase the coverage of credit data suppliers (more Telcos, Landlords, Retailers, Courts and Collateral Registry) and create more awareness about the use of credit reporting as an enabler of credit in financial trans-actions and even measure of character in the fulfilment of specific roles or positions. It can also be used as a form of vendor management. Many entrepreneurs do not know that they can report credit defaults to credit bureaus to facilitate payments.

Credit bureau coverage needs to extend beyond 14%. The number of individuals and firms covered by the Credit Bureaus needs to expand beyond current levels. Credit Bureau coverage in the US and UK is 100%.

Credit Scoring: Institutional support for the advocacy of credit scores as a key financial inclusion and credit/trade financing product in Nigeria is critical to the credit framework. The use of credit scores has also become a trans-border/regional agenda with far reaching opportunities to increase trans-border/ regional transactions for MSMEs, especially with the recent AFCTA.

Lenders must increase internal capacity to use data and analytics to manage trade / consumer credit. Many lenders/credit providers do not have adequate internal capacity to manage consumer lending using data and analytics. The use of credit information to determine reputation can help in many transactions, such as applications for bank loan, insurance, apartment rental, utility, post-paid phone service, etc. Fintechs are already taking over this space.

Collateral registry usage must increase and all property registries linked to the registry. More financial institutions need to lend on movable assets, and subnational collateral registries should be encouraged. Some Recent Regulatory Reforms and Directives Relevant to the Achievement of Access to Finance Goals. The financial sector has witnessed several regulatory reforms in line with the focus of the CBN. Some of these include, the cashless policy,

1. Real Sector Financing Strategies: intervening in creative industry and facilitating exports.
2. Lower barriers to entry for mobile money wallet to attract more players: Ease in requirements. Telecoms in the mix with super agency licenses. Deposit Banks to no longer require prior approval from the CBN but notification before offering mobile money wallet services.
3. Boost availability of loanable funds in banks: set minimum loans to deposit ratio (LDR) requirements to 65% to compel banks to lend to the real sector; reduced remunerable Standing Deposit Facility to N2bn from 7.5bn to increase loanable funds and discourage idleness of funds.
4. Consumer Protection Guideline: Ensuring increased transparency and accountability in financial transactions by financial institutions with consumers.
5. Improve provision of financial products through issuance of product specific prudential guidelines to

[44] Deena Zaidi, Supra.

increase efficiency and transparency in mortgage refinancing companies (the CBN also made mortgage charges competitive rather than fixed); micro-finance banks; commercial, merchant and non-interest banks; the guidelines were to eliminate restrictive pricing and promote competition by allowing market forces to determine pricing.

6. Cross-Bank Loan Servicing: increased transparency and efficiency in tracking loan defaulters and enforcing repayment. Unveil serial industry defaulters.
7. Increased transparency in the operations of Development Finance Institutions-seeking full disclosures on subsidiaries.
8. Enhancing digital payments services: intensified efforts to in-crease digital transactions by compelling use of digital channels for amounts above N500,000 ($1,633) and reduction of mer-chants service charge rates on electronic transactions from 0.75% to 0.5%; New regulations on electronic payments and collections.

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He also powers www.jaraja.com.ng, an online platform that seeks to create market access for made-in-Nigeria products by bridging the value-chain and eliminating unproductive middlemen. For more on financial infrastructure and access, Nigeria's Long Term Economic Development Strategy: A Primer on Re-Orientation and Coordination[46]

CONCLUSION

From the foregoing, the central message of this presentation is that the time has come to effect a radical overhaul of the legal regime governing the credit activities of banks and other financial institutions in Nigeria so that both digital and Financial activities can be done cooperatively. The birth of General Assembly of Banks' Chief Executives (GABCE) is timely, and it is hoped that GABCE will catalyse the process of reform.

The act of studying and proposing reforms in respect of the legal structures and institutions of the credit and security administration process is very important. In 1991, there was a proposal for the formation of a Forum for Commercial Court Users (FOCCUS) to act as a pressure group to catalyse the process of reform. Some Learned Groups have also been working with the Association of Banks Lawyers (ABL) that has largely addressed concerns identical with those that motivated the conceptualization of FOCCUS. These groups have also liaised with the Equipment Leasing Association of Nigeria (ELAN) and the Money Market Association of Nigeria for progress.

Furthermore, this paper understudied various researches and contributions to various seminars on sub-jects related to credit and security administration. Having thus been involved in efforts to reform the credit administration process, it is necessary to recommend such further assistance as GABCE may require in respect of the concerns noted in this presentation.

Interestingly too, Fintech has disrupted the way traditional institutions provide financial services and how customers interact with the financial sector. Innovative financial technologies have a pivotal role to play in making financial products accessible to more people. While Fintech companies have been disruptive, they do not have to be the death knell for banks. There is the need for collaboration between the banks and the fintech companies to provide impactful new financial products that offers improved experience for existing consumer and expand outreach to the unbanked and undeserved population. As much as Regulators are focused on driving

[45] Ajibola Alfred, founder and director, Research & Strategy at Straplan Advisory Limited.
[46] ibid

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inclusion, there is the need to understand that fintech is a viable tool that can help achieve massive results if well regulated, developed and utilized.

Banks recently have been under serious attacks, there is the need to build effective domestic relationships across the continent among financial authorities, law enforcement and relevant government actors. A co-ordinated regulatory framework and procedure will go a long way to curb the menace.

To strengthen cyber resilience, the Financial Stability Bank will need to develop a basic framework for supervising cyber risk management at financial institutions. Governments and industry should strengthen security by sharing information on threats and by creating financial computer emergency response teams (CERTs).

Harmonization of laws on cyber security would be helpful for efficient and effective information sharing and cross border investigation and this can be easily achieved by signing and ratifying a common convention on Cybercrime or integrating the provisions of the convention into local law. One good example of a comprehensive legislation against cybercrime is the Budapest convention. Unfortunately, it has not been ratified by any Africa Country. Also, the importance of educating consumers and businesses on cybercrime and how to protect themselves cannot be overemphasized. Sensitization is key to combating cyber-attacks.

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