

# Inclusion for all

## Measuring Fees and Transparency in Nigeria’s Digital Financial Services

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

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

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

### Study Components



**Open accounts and audit true fees paid for real transactions**



**Compile stated fees from FSPs’ customer care representatives**



**Review of pricing regulations**

IPA and Africa Practice conducted a standardized audit of common mobile financial transactions and other activities with 19 deposit money banks and 10 mobile money operators, with a **sample of 895 transactions**. The audit measured fees for **account opening, balance checks, and transfers**. It also measured pricing transparency, collecting providers’ stated fees by checking websites, calling customer care, and reaching out over social media. Finally, to assess compliance with regulated pricing caps, the audit reviewed pricing regulations set forth by the CBN and the Nigerian Communications Commission.

### Key Areas for Improvement

**Reliability**

**58%** of USSD transactions could not be completed successfully.

**Transparency**

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

**Transparency**

**27%** of stated prices from customer care matched real prices from audit.

**Compliance**

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

### Product Reliability

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

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

**By Channel**

Mobile application **82%**  
 USSD **42%**

**By Provider Type**

Deposit money bank **64%**  
 Mobile money operator **43%**

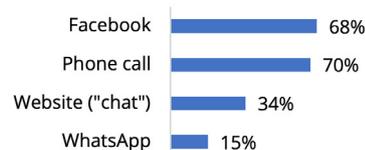
## Pricing Transparency

Providers rarely list prices on their websites and reaching out to customer care is difficult and sometimes costly. Even when pricing information is provided, it is unlikely to match the true price measured in the audit.

### Customer Care Availability

Only 2 of 29 providers listed prices on their website. Reaching out to customer care was slow (ex. 3-4 hours for Facebook and WhatsApp conversations) and expensive (only 14% of customer care lines were toll free).

#### Availability Rates<sup>2</sup>



### Accuracy of Prices Stated by Customer Care

Prices stated by customer care representatives matched the true audited price less than one-third of the time.

Accuracy of Prices Stated by Customer Care	
Unable to collect stated price from customer care	12%
Inconsistent information from customer care <sup>3</sup>	39%
<b>Stated price equal to audit price</b>	<b>27%</b>
Stated price different from audit price	22%

## Regulatory Compliance

Compliance with pricing regulations is inconsistent. App-based transactions and mobile money transactions appear compliant, while account opening and USSD transactions have gaps in compliance.

Compliance with Regulatory Caps		True Price Exceeds Cap
Channel	Mobile application	0%
	USSD	11%
Provider type	Deposit money bank	17%
	Mobile money operator	0%
Transaction type	Account opening	62% <sup>4</sup>
	N1,000 transfer	8%
	N6,000 transfer	1%

App-based transactions and transactions with mobile money operators in the audit universally complied with CBN price caps. USSD transactions occasionally exceeded the cap. More than half of providers charged a mandatory ATM card fee when opening an account, potentially circumventing regulations stating account opening should be free.

1. The EFlNA Access to Finance surveys finds overall financial inclusion remains relatively stagnant, increasing only slightly from 63% in 2018 to 64% in 2020.
2. Customers were able to connect with a representative and obtain pricing information.
3. Different representatives stated different prices for the same transaction.
4. No providers charged an explicit account opening fee. These reflect mandatory ATM card fees charged at account opening.

#### RESEARCHERS

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#### TIMELINE

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