

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.¹ A joint study by Innovations for Poverty Action (IPA) and Africa Practice's Inclusion for All initiative investigated three key barriers preventing many from joining the formal financial system: the reliability of financial services, the cost of using these services, and the limited transparency of cost information. The study found that: financial transactions conducted by phone fail often, service providers make it difficult and costly to find accurate pricing information (only 1 in 5 providers offer a toll-free customer care line), and the prices consumers pay can exceed caps set by the Central Bank of Nigeria (CBN).

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

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 **total sample of 969 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

55% of USSD transactions could not be completed successfully.

Transparency

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

Transparency

30% of stated prices from customer care matched real prices from audit.

Compliance

61% 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	83%
USSD	45%

By Provider Type

Deposit money bank	66%
Mobile money operator	47%

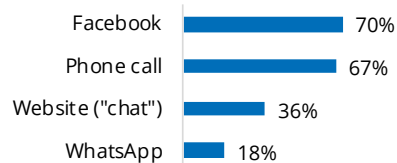
Pricing Transparency

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 20% of customer care lines were toll free).

Availability Rates²



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 ³	38%
Stated price equal to audit price	30%
Stated price different from audit price	21%

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	61% ⁴
	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 EFinA 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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