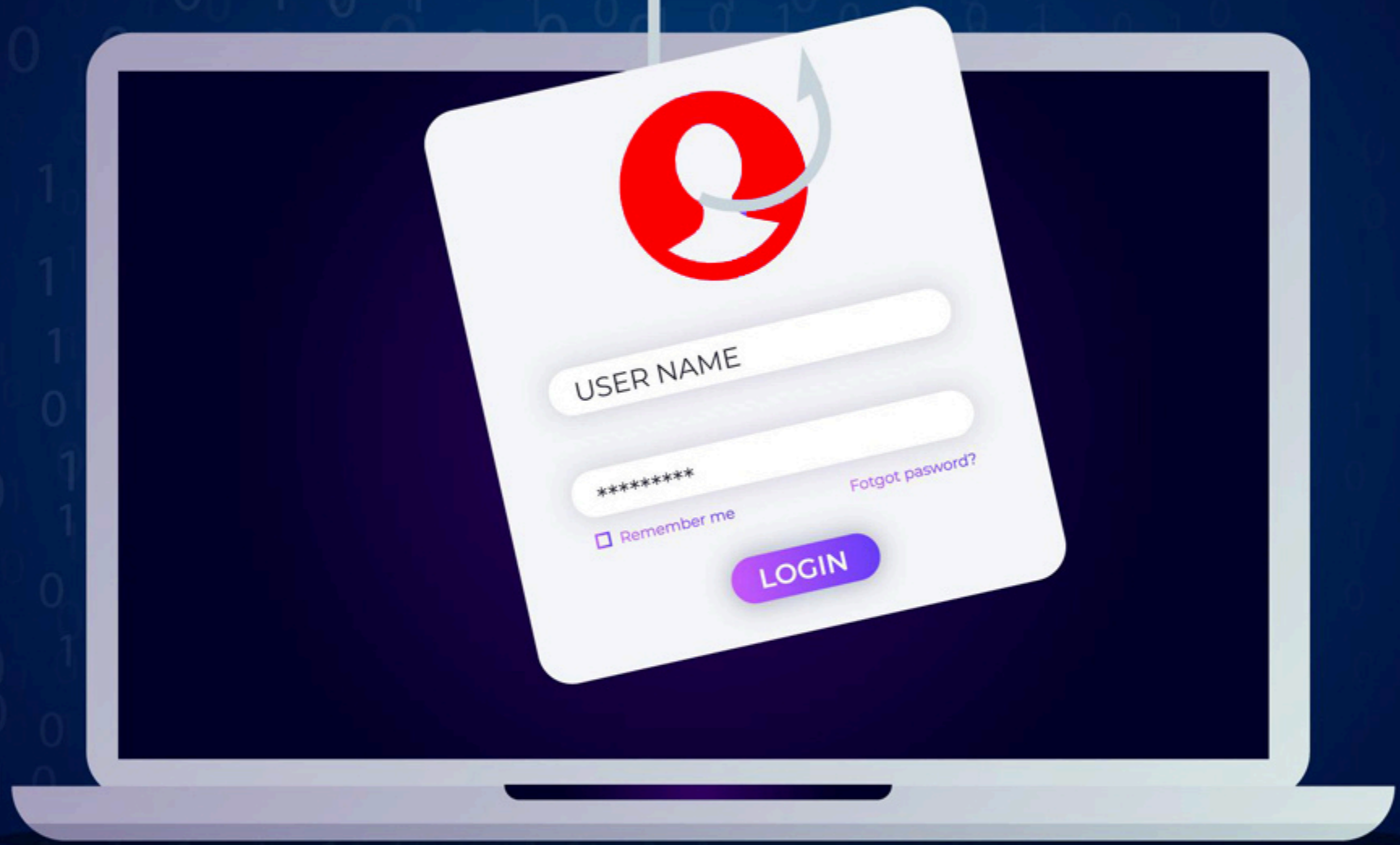




DUALE, OVIA &
ALEX-ADEDIPE



Strengthening Nigeria's Digital Economy with Fraud Desks

Introduction

At the center of Nigeria's National Policy on Digital Public Infrastructure is the development of a robust framework for the development, maintenance of a reliable payment ecosystem. In line with this, the Central Bank of Nigeria (**CBN**) has established frameworks to prevent and mitigate fraud perpetuated through the use of electronic payment.

One of the frameworks put in place is the establishment of the Nigeria Electronic Fraud Forum (**NeFF**) with the mandate of developing strategies for combating fraud associated with the growing adoption of electronic payments. Following NeFF's recommendations and consultations with industry stakeholders, the CBN issued a circular on the establishment of fraud desks by mobile money operators, deposit money banks, payment switches and payment service providers (the "**Circular**"). The Circular mandates these institutions to establish a dedicated fraud desk within their organizations.

In today's TMTThursday series, we examined the details of this Circular, focusing on NeFF, the roles of financial institutions fraud desks in preventing fraud, and the role of the Nigeria Interbank Settlement System (NIBSS) in supporting the establishment and operation of fraud desks within Fintech Companies.



The Roles of Nigeria Electronic Fraud Forum in Electronic Fraud Prevention

The NeFF is a collaborative assembly consisting of heads of financial institutions, security agencies, and other relevant stakeholders. It operates under the leadership of the CBN with the primary aim of curbing fraud and minimizing the incidence of fraudulent activities within the Nigerian financial system. Although not an independent entity, the NeFF plays a critical role in addressing electronic fraud through its collaborative efforts and strategic initiatives.

The specific functions of the NeFF, as outlined by the CBN, include:

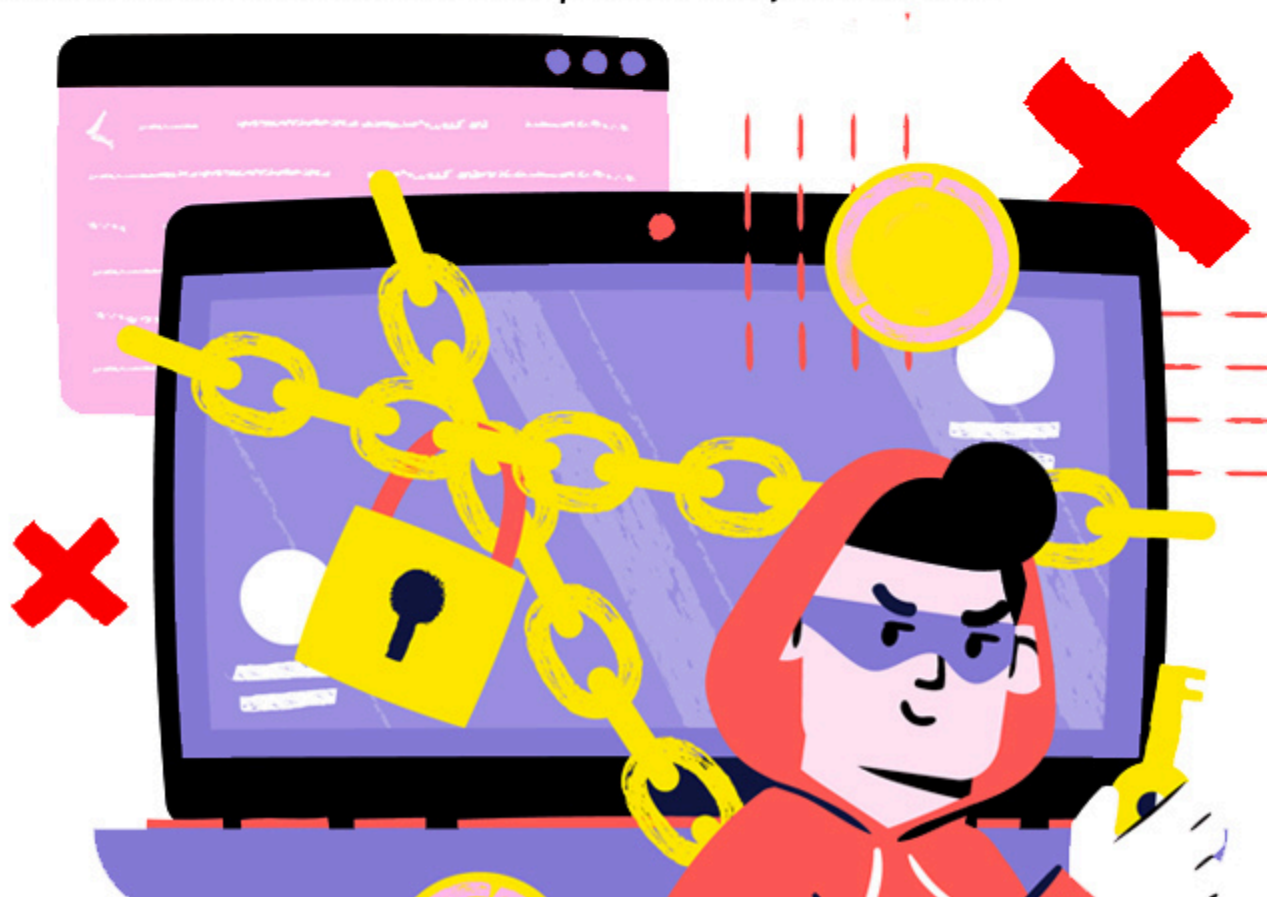
- a. taking proactive measures against fraud, implementing strategies and actions to combat and reduce fraudulent transactions.
- b. promptly reporting every instance of fraud as soon as it is identified and confirmed.
- c. providing detailed data on fraud incidents. This includes information on the type of fraud, its location, and the names of the involved merchants, among other relevant details.



The Role of Financial Institution's Fraud Desk in Combating Electronic Payments Fraud

The objective of financial institutions' fraud desks mainly is to promptly receive and respond to fraud alerts; and reduce the incidence of successful electronic payment fraud within the ecosystem. Each fraud desk is to be staffed with personnel trained in the latest fraud trends and techniques applicable to various electronic payment channels. Each fraud desk established by financial institutions must provide the following services:

- a. Offer support to customers on electronic fraud through a minimum of 10 dedicated phone lines that are staffed and available at all times.
- b. Ensure that calls relating to fraud alerts or complaints made to the contact centre are redirected to the fraud desk.
- c. Block or implement a "No Debit" restrictions on relevant accounts upon receipt of a fraud complaint.
- d. Receive and process stop-transaction instructions from customers to block their accounts via short code services provided by the banks.



- e. Log all customer fraud alerts and complaints, escalating them according to a predefined internal escalation path.
- f. Educate customers about e-fraud and the services offered by the Fraud Desk.
- g. Manage and resolve intra-bank fraud issues using an enterprise fraud management system.
- h. Maintain a mail group for communication among members of the fraud desk team.

The Role of NIBSS in Relation to Fintech Companies' Fraud Desks

The Circular designates NIBSS as the industry coordinator for the fraud desks across all financial institutions. NIBSS is responsible for the following:

- a. Providing an electronic platform for fraud desks in financial institutions to log reported fraud incidents.
- b. Maintaining direct and dedicated phone lines and email contacts for all Fintech Companies' fraud desks to facilitate information exchange and coordination of responses to fraud attempts.



- c. Offering an enhanced e-fraud portal/instant payment platform to enable banks to send “block” or “hold funds” electronic messages from one bank’s fraud desk to another.
- d. Developing operational rules for coordinating fraud desks across the industry and signing Service Level Agreements with financial institutions.
- e. Issuing “hold” instructions to banks concerning fraud matters and ensuring that accounts are frozen as required.

Additionally, the Circular stipulates that all interbank transactions on e-channels must pass through the central anti-fraud solution provided by NIBSS. NIBSS will also have access to records of fraudulent transactions from each bank and provide monthly reports.

Conclusion

The Circular on establishing fraud desks within Fintech Companies is a significant step toward strengthening Nigeria’s response to electronic fraud. By leveraging the collaborative efforts of NeFF and the coordination of NIBSS, this initiative ensures prompt fraud detection and effective industry-wide coordination. These measures are designed to enhance customer support, streamline fraud management, and reduce fraud incidence, thereby reinforcing the security of Nigeria’s financial ecosystem.

