DIGITAL FINANCIAL INNOVATION AND CONSUMER PROTECTION IN NIGERIA: ASSESSING THE ROLE OF FINTECH REGULATION

By

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Abstract

The rapid growth of digital financial innovation has transformed the delivery of financial services in Nigeria, expanding access to mobile payments, digital lending, electronic banking and other technology-enabled financial products. However, this expansion has also raised concerns relating to consumer protection, data privacy, cybersecurity, financial fraud, excessive lending practices and transparency in digital transactions. This paper examines the role of fintech regulation in promoting digital financial innovation while safeguarding consumer interests in Nigeria. The paper adopts a conceptual approach based on a review of relevant literature and regulatory perspectives on fintech innovation, financial regulation and consumer protection. It examines the regulatory challenges associated with Nigeria's evolving fintech ecosystem and explores how regulatory oversight can encourage innovation without imposing excessive compliance burdens that may constrain emerging financial technologies. The paper argues that effective fintech regulation requires a balanced approach that combines risk-based supervision, regulatory flexibility, corporate governance, consumer education, data protection and effective mechanisms for addressing consumer complaints and financial misconduct. It further highlights the potential of regulatory technology (RegTech), inter-agency coordination and adaptive regulatory frameworks in addressing emerging fintech risks. The paper concludes that a balanced and responsive regulatory environment is essential for sustaining digital financial innovation, strengthening consumer confidence and promoting an inclusive, secure and resilient financial ecosystem in Nigeria.

Keywords: Digital Financial Innovation, Fintech Regulation, Consumer Protection, Financial Technology, Regulatory Governance, Nigeria.