



# Open Banking in Nigeria

## Misconceptions and Realities

### Welcome to Open Banking in Nigeria!

The Central Bank of Nigeria is set to go live with the Open Banking implementation in Nigeria in 2025, as part of measures to deepen financial inclusion in Nigeria. But, what is open banking?

Imagine walking into a retail outlet that already knows what you like, what you're looking for and what you can afford—but only because you gave permission to share that information. That's the core idea behind Open Banking. Open Banking is a technological innovation that allows your financial information to be shared (with your permission) with trusted financial services providers like banks and FinTechs through Application Programming Interfaces (APIs). This facilitates your access to improved financial services—like getting better loan offers in faster and smarter ways, accessing better investment products, and making payments more easily. Open banking works through secure connections called APIs, which allow banks and financial institutions to “talk” to trusted third parties without compromising your data or privacy.

### Open Banking vs. What We Have Today

Today, many Nigerians use apps and fintech services that require full access to their phone data—including contacts, messages, and sometimes even photos—just to apply for a loan. These apps often get permission through long, unclear consent forms, then use the data however they want. Some providers (lenders) even violate the privacy rights of their borrowers by sending messages to borrowers' contacts without permission. Similarly, some financial services providers engage in screen scraping—a method that uses your bank login to pull data without your consent, and share the information with third parties.

Open banking changes all of that. Instead of exposing your entire digital life, you grant access only to the data needed, and only to licensed, regulated entities. It's a shift from 'data grabbing' to 'data sharing'—with you in control because:



Imagine Ngozi, a market woman in Aba who downloads a loan app. To get a ₦5,000 loan, the app demands access to her phone contacts, photos, and SMS. Two weeks later, when she defaults due to an emergency, the app sends her photo to all her contacts, shaming her. This is the reality many Nigerians face today—where apps use screen scraping or demand full access to personal data with minimal consent. There are platforms that have enabled data sharing in the past, but not always in regulated or secure ways.



Now, imagine Ngozi again—**this time under Open Banking**. She uses a loan app from a licensed lender that connects securely to her mobile wallet history through an API provided by her bank. After reviewing the

- You no longer need to provide your personal and sensitive login details.
- You no longer need to hand over your entire phone directory.
- You only share the data that you wish to share, and only with companies licensed by the Central Bank of Nigeria (CBN).

“It’s about consent, control, and security-not exposure.”

request to share data and is satisfied with the Terms & Conditions for sharing her data, she then grants consent (permission) to her bank to share only the information needed with the licensed lender, to enable her to get the loan. No photos accessed, no contacts scraped, no threats made. Just access, and strictly on her terms. The day she is no longer comfortable, she can revoke the consent through the same means she used in granting it, provided she is not owing the lender at that time. This is what open banking is about.


## Misconceptions and Realities

S/N	Misconceptions	Realities
1.	Open banking is a new product from the banks.	It’s a national framework supported by the Central Bank of Nigeria (CBN) to improve how financial services can better benefit customers.
2.	<div></div> <p>“Open Banking means anyone can access my bank data”.</p> <p>Imagine Chika, a civil servant, heard on the radio that “data will be open for all.” Worried, she deleted all her mobile banking apps.</p>	Not everyone can access your data. It can only be accessed by a CBN-regulated financial services provider (FSP) that you have permitted your bank to share it with, and only for designated purposes. You may withdraw your consent at any time, and the FSP will be required to stop using the previously shared data.
3.	<div></div> <p>“It’s just for tech people or the rich, not me”.</p> <p>This is what Baba Idris, a farmer in Katsina, thinks about Open Banking. For Baba Idris, this whole open banking thing is for new businesses and rich people in the city.</p>	Open Banking is built to benefit everyday Nigerians. For instance, account owners will be able to access better credit products. As the benefits become evident, both the unbanked and underserved will see the need to be part of the formal financial system.
4.	<div></div> <p>“My bank account is at risk. Hackers will steal my money through APIs”.</p>	No, there is no increased risk of data breaches due to open banking because if you do not give permission for your data to be used, no financial institution can use your data. Nigeria has a data protection law and strong safeguards in place to keep

		your information safe. Any financial services provider who violates the rules will be severely sanctioned. All grievance redress processes and mechanisms in the event of customer loss will follow the financial industry dispute resolution process.
5.	<i>"I'll be forced to give away my data."</i> This was the story of Julie, who said that in the past, she clicked "accept" on a financial app without understanding it. Later, she found her data was used for marketing.	Unlike what you experienced in the past, consent in open banking is voluntary, revocable, and specific.

# Benefits of Open Banking


## For Everyday Nigerians



Imagine Musa, a carpenter in Kaduna. He doesn't have a salary account but regularly tops up his phone and receives payments via mobile money. With Open Banking, lenders can review Musa's airtime purchase history and mobile wallet income, which Musa agrees to share, and use this information to determine his eligibility for a micro-loan. No paperwork, no collateral. This means:

- Faster access to credit, as you won't need piles of paperwork. Lenders can use your digital financial history to approve small loans faster, even if you don't have a salary account.
- Personalized services through apps can help you save, budget, or send money based on your habits.
- You choose who can see your financial data, and can stop sharing at any time. This gives you greater control.

## For the Unbanked and Underserved



Picture Aisha, a trader in a rural community. She saves with a women's cooperative but has no formal account. Through Open Banking, her savings records can be provided by her cooperative to a Fintech to offer her a micro-pension plan and insurance— services she couldn't access before. This means:

- Insurance or pension products and services can be accessed with very limited paperwork. Providers can now use customers' digital financial history to decide which type of insurance or pension the customer needs. Also, all the approval processes will be very fast, even if the customer does not have a salary account.
- Open Banking can connect digital wallets, savings groups, or cooperative accounts to the formal system.
- Credit scoring without a bank account will be possible by using phone payment history or airtime top-ups to allow lenders to assess customers' creditworthiness.

- Innovation will be localized, enabling developers to build applications (solutions) in local languages or with voice commands for low-literate users.

## For Financial Institutions, FinTechs and API Developers & Providers

- Expanded reach that enables FSPs to serve more people in rural or informal areas with data-driven products.
- Collaboration made easier, using APIs to reduce integration costs and increase speed to market.
- Trust and compliance through a unified framework that encourages secure growth.
- Banks can verify creditworthiness with richer data, reducing risk. Fintechs can offer tailored products. Costs of onboarding and fraud checks drop significantly.
- Simplified and secure API access to standardized bank data allows faster innovation and seamless product rollouts.

## Potential Impact on Financial Inclusion and Adoption

By leveraging historical data on DFS uptake/scale-up in sub-Saharan Africa, EFInA’s 2023 Access to Financial Services in Nigeria Survey, and adoption figures from global Open Banking case studies in the UK, Brazil, and India, we estimate that Open Banking implementation in Nigeria is expected to boost access across key services:



**Digital Payments:**  
Between 25 and 30 million new users over 3 years



**Microcredit:**  
Up to ₦1 trillion more in inclusive lending



**Insurance Uptake:**  
50% rise in digital microinsurance uptake



**Pensions:**  
15% growth in informal pension users



**Savings:**  
15–20% growth in digital savings users



**Investments:**  
Stronger uptake of retail investment platforms via embedded finance.



**Mortgages:**  
An estimated 10–12% expansion in access to digital mortgage over 3 years

## Potential Challenges & Risks

**Data Misuse/ Privacy rights breaches:** If personal financial data is shared without proper consent or misused, it could lead to fraud or privacy violations.

- **Impact:** Loss of consumer trust, potential fraud and legal consequences.
- **Mitigation:** Only licensed and CBN-regulated providers are allowed to access customer data, only after the customer has given his/her permission (consent). Consent is mandatory for all data sharing through the open banking registry's consent management system. In addition to the risk management and shared information frameworks contained in the operational guideline and regulatory framework for open banking, consumer education will be reinforced to promote informed choices.

**Low Digital Literacy:** Many consumers may not fully understand how Open Banking works or the implications of sharing data.

- **Impact:** Misuse of data due to misunderstanding consent options or being manipulated into accepting unsafe terms.
- **Mitigation:** Roll-out community campaigns and multilingual content (visuals, radio, town halls) to explain Open Banking simply and accessibly. These will be disseminated on only approved platforms that CBN will announce from time to time.

**Cybersecurity Threats:** Open APIs introduce the risk of malicious attacks if systems are not properly secured.

- **Impact:** Breaches can compromise sensitive financial data and damage confidence in the framework.
- **Mitigation:** Adoption of industry-approved data protection mechanisms, single Open Banking standard (API) enforcement, continuous API monitoring, periodic validation of security certification requirements, and incident response protocols, as well as revocation of the cryptographic key of non-compliant FSPs. In the event of data losses, the Open Banking operational guideline provides for disaster recovery and business continuity.

**Mistrust of New Technology:** Many Nigerians are cautious about digital systems, especially given the history of fraud, increasing failure in customer dispute resolution, and poor redress mechanisms in the DFS space.

- **Impact:** Slow adoption due to public skepticism.
- **Mitigation:** An effective customer dispute reporting and redress system will be in place across FSPs, supported by the ecosystem fraud desk. Transparency and successful use cases will be highlighted in communication campaigns.

## Red Flags to Watch Out For

- Avoid apps asking for ATM PINs or login credentials.
- Avoid apps and services that demand access to your contacts, messages, or photos.
- Double-check offers that sound too good to be true—like instant loans with no risk.
- Avoid FSPs, apps, or platforms that don't clearly explain what data they collect or how they'll use it.
- Avoid financial services providers (FSPs) or companies that are not regulated by the CBN, SEC, PENCOM, or NAICOM. Always check the regulators' official websites to confirm that FSPs are genuine or ask an expert.
- Avoid suspicious or unstable apps.

# What You Should Know & Do

- ▶ **You are in control:** No company can access your data without your consent. More importantly, you can revoke access at any time. You own your data!
- ▶ **Know who you're sharing your data with:** You should ONLY give consent for your data to be shared with trusted licensed providers listed on official CBN, NIBSS, and the Open Banking Nigeria websites.
- ▶ **Choice:** Compare offers from banks, Fintechs, and insurers using your own data. Before sharing your data, ensure that you review the terms and conditions that apply to the products offered by various providers.

Open Banking in Nigeria is not something to be afraid of; you just need to understand and use it wisely. With the right safeguards, public awareness, and industry discipline, it can help more Nigerians access better, fairer, and safer financial services. Stay informed. Stay empowered. Your data, Your choice.

The EFInA Explainer Series is an advocacy tool that highlights transformative developments in Nigeria's financial services ecosystem, spanning policies, regulations, and innovations in financial products and services. Designed to educate and inform the public in an accessible format, the series draws on our vast knowledge, expertise, and network to clarify misconceptions and promote informed understanding and decision-making.



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