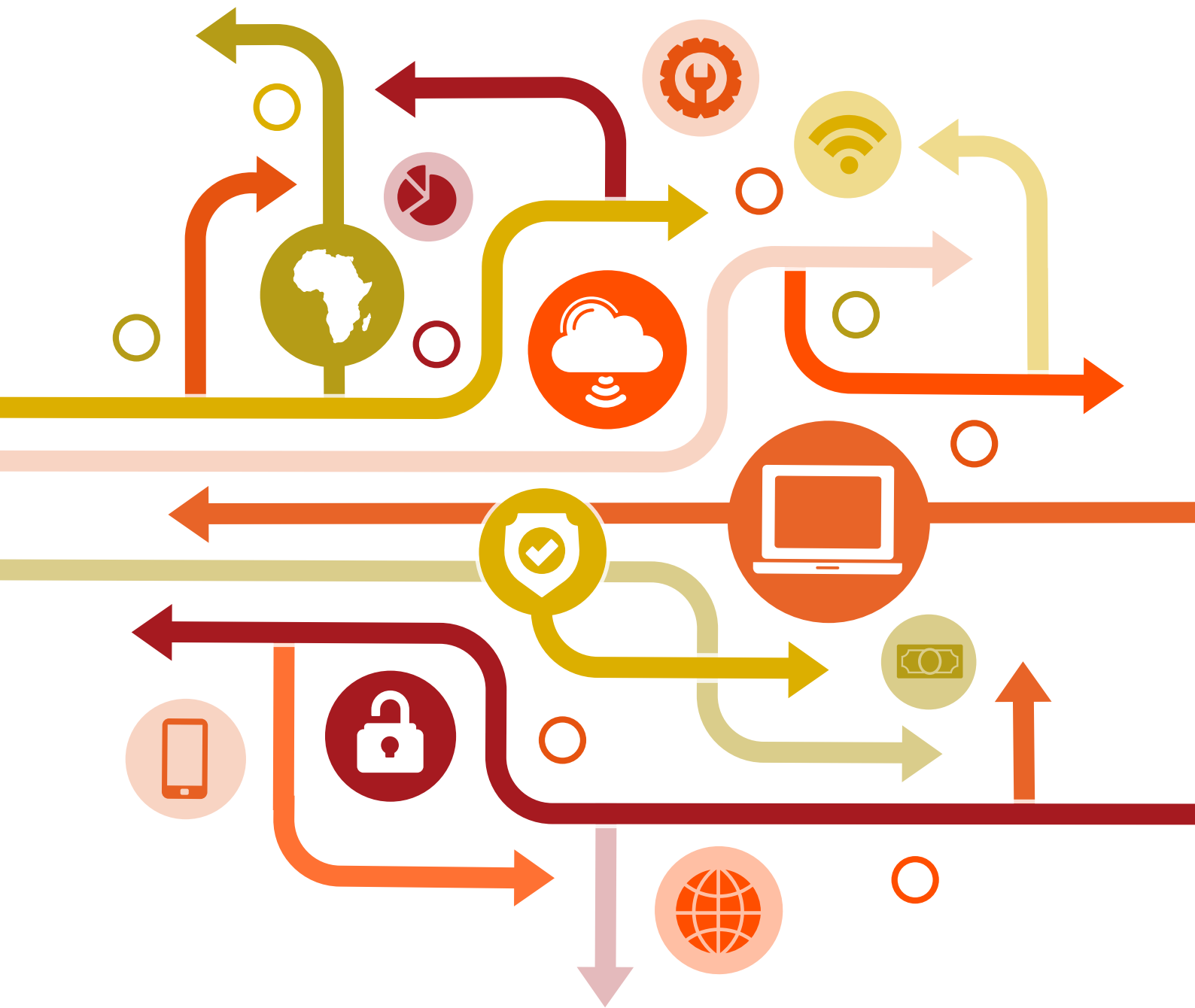


# POLICY MODEL ON CONSUMER PROTECTION FOR DIGITAL FINANCIAL SERVICES IN AFRICA



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## EXECUTIVE SUMMARY

**This report presents findings from evaluating the Alliance for Financial Inclusion's (AFI) 2020 Consumer Protection for Digital Financial Services (CP4DFS) policy model among its African member institutions.**

The assignment aligns with the broader AFI goal of promoting financial inclusion through effective consumer protection, especially in the context of rapidly growing digital financial services. This review aims to assess how well AFI member institutions in Africa have implemented the CP4DFS policy model and to evaluate its effectiveness in improving consumer protection by examining its impact on consumer trust, market stability, and financial inclusion. Progress in implementing the CP4DFS policy model was assessed using a structured, data-driven approach. The main method for data collection was an online survey sent to AFI's African member institutions, covering the sub-guidelines across each of the five pillars of the policy model:

- > Policy and regulatory environment
- > Product development and service delivery
- > Consumer awareness, complaint and redress
- > Supervision and enforcement
- > Cross-cutting issues, covering promotion of consumer protection principles for vulnerable segments, and responding to a disaster/emergency in the context of DFS

Survey responses received from 20 member institutions were aggregated and scored to determine summary scores for each pillar. Additionally, key informant interviews (KIIs) were conducted with selected member institutions to provide practical examples of progress in implementing the model guidelines. Furthermore, a webinar was held on 21 October 2025, during which additional input was also gathered collated.

### GOOD PROGRESS, YET MUCH REMAINS TO BE ACCOMPLISHED

The scores per pillar and sub-guideline indicate overall progress in adopting financial consumer protection. The highest-performing pillar is consumer awareness, complaints, and redress, while the lowest is “cross-cutting issues”. This shows a focus on digital literacy and capabilities as an immediate priority, with only a few respondents currently prioritizing the review and adaptation of existing consumer protection frameworks for emerging topics like customer vulnerability and climate response. The results also reveal that implementation is least advanced for the more detailed and prescriptive sub-guidelines, either due to limited supervisory capacity or because aligning member institutions’ regulatory and supervisory frameworks with these specific guidelines is challenging or time-consuming. These findings suggest a gradual implementation path, where initial efforts concentrate on establishing the basics of the financial consumer protection framework before shifting attention to DFS-specific topics. Insights from key informant interviews confirm this trend, showing progress in general consumer protection frameworks, while DFS-specific provisions remain more immature. Building on this progress, it is crucial to move from focusing on adoption to ensuring real implementation of the model’s guidelines - from progress on paper to progress in practice. Further guidance from AFI on implementation is requested to support this transition journey.



**Consumer Protection for  
Digital Financial Services  
(CP4DFS) Policy model**

[> View here](#)

# 1 INTRODUCTION



**Consumers face increasing risks in digital finance, underscoring the need for tailored, effective protection and empowerment measures.** Digital financial services (DFS) are financial services accessed through digital channels, such as payments, credit, savings, remittances, and insurance.<sup>1</sup> The rapid growth of DFS has expanded access, as attested by the 2025 Global Findex findings, which shows that, globally, 79% of adults now have an account - an 11% increase from 2017<sup>2</sup>, while in Sub-Saharan Africa, account ownership reached 58% of adults in 2024.<sup>3</sup>

However, this came with new risks, including serious fraud and cybercrime amounting to an estimated USD 1 trillion lost globally to scams in 2023-2024 and

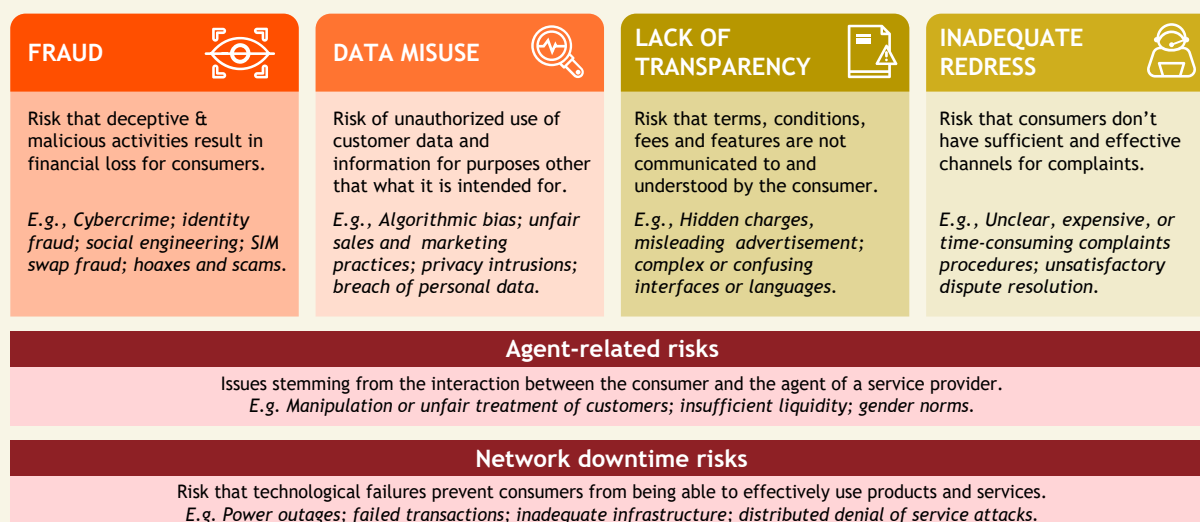
nearly half of consumers targeted by scams every week.<sup>4</sup> In Africa, cyber-attacks caused losses of more than USD 3 billion between 2019 and 2025, making up over 30% of all reported crime in Western and Eastern Africa.<sup>5</sup> These risks are felt directly by DFS customers, with 68% to 90% of sampled users in the West African Economic and Monetary Union (WAEMU) region reporting problems, such as scam messages and non-transparent service costs in the past year.<sup>6</sup> Confidence in current responses is low, with more than 70% of sampled mobile money providers (MMPs) viewing law enforcement as ineffective against mobile money fraud.<sup>7</sup>

DFS users also face numerous issues and risks, as illustrated in Figure 1<sup>8</sup> which create an urgent need for consumer protection frameworks tailored to the realities of DFS.<sup>9</sup>

- 1 Alliance for Financial Inclusion. 2020. Policy Model on Consumer Protection for Digital Financial Services. Kuala Lumpur. Available at: [https://www.afi-global.org/sites/default/files/publications/2020-11/AFI\\_CEMC%2BDFS\\_PM\\_AW3\\_digital.pdf](https://www.afi-global.org/sites/default/files/publications/2020-11/AFI_CEMC%2BDFS_PM_AW3_digital.pdf)
- 2 Norris, A., & Singer, D. 2025. Digital technology is unlocking financial inclusion. 17 July. Available at: <https://blogs.worldbank.org/en/developmenttalk/digital-technology-is-unlocking-financial-inclusion>
- 3 World Bank. 2025. The Global Findex Database 2025: Connectivity and Financial Inclusion in the Digital Economy. Available at: <https://www.worldbank.org/en/publication/globalfindex/report>

- 4 Global Anti-Scam Alliance. 2024. International Scammers Steal Over \$1 Trillion in 12 Months in Global State of Scams Report 2024. Available at: <https://www.gasa.org/post/global-state-of-scams-report-2024-1-trillion-stolen-in-12-months-gasa-feedzai>
- 5 Interpol. 2025. Interpol Africa Cyberthreat Assessment Report 2025. Fourth edition. Lyon: Interpol. [https://www.interpol.int/content/download/23094/file/INTERPOL\\_Africa\\_Cyberthreat\\_Assessment\\_Report\\_2025.pdf&ved=2ahUKewJtZeMnduQAxZzVPEDHuf-OmEQFnoECBgQAQ&usq=AOvVaw3W-bTyToqhXgYjNm-byaf](https://www.interpol.int/content/download/23094/file/INTERPOL_Africa_Cyberthreat_Assessment_Report_2025.pdf&ved=2ahUKewJtZeMnduQAxZzVPEDHuf-OmEQFnoECBgQAQ&usq=AOvVaw3W-bTyToqhXgYjNm-byaf)
- 6 CGAP. 2024. Surveys Reveal a Path to Responsible Digital Finance in WAEMU. Available at: <https://www.cgap.org/blog/surveys-reveal-path-to-responsible-digital-finance-in-waemu>
- 7 GSMA. 2025. The State of the Industry Report on Mobile Money 2025. <https://www.gsma.com/sotir/>
- 8 CGAP. 2022. The Evolution of the Nature and Scale of DFS Consumer Risks A Review of Evidence. Washington, D.C.: CGAP. Available at: <https://www.cgap.org/research/reading-deck/evolution-of-nature-and-scale-of-dfs-consumer-risks-review-of-evidence>
- 9 Consumers International. 2023. Digital Finance: The Consumer Experience. London: Consumers International. Available at: <https://www.consumersinternational.org/media/451453/digital-finance-the-consumer-experience-2023-final.pdf>

**FIGURE 1. CGAP'S DFS CONSUMER RISKS TYPOLOGY**



Source: CGAP, 2022

**Financial consumer protection aims to ensure that providers treat users fairly, disclose information clearly, secure data, resolve complaints, and prevent fraud or exploitation.** Consumer protection refers to the set of laws, policies and practices that ensure consumers are treated fairly, have access to accurate information, and are safeguarded from unsafe or misleading products or services.<sup>10</sup> Financial consumer protection (FCP) is the system of laws, regulations, and institutional frameworks that safeguard consumers in the financial marketplace.<sup>11</sup> FCP policies play an important role in promoting quality financial products and services.<sup>12</sup> Indeed, FCP is a global priority not only to protect consumers from abusive practices but also to build trust, support financial inclusion, and strengthen financial sector stability.<sup>13</sup> Frameworks should be inclusive, especially for vulnerable and first-time users,

and proportionate to risks without stifling innovation or access. Figure 2, below, highlights the set of high-level FCP principles to consider for a sustainable and inclusive financial system.

**The Alliance for Financial Inclusion (AFI) Consumer Protection for Digital Financial Services (CP4DFS) policy model** enhances regulatory responses to consumer risks caused by rapid growth in DFS. While the high-level principles mentioned earlier generally apply to FCP, the AFI's CP4DFS policy model specifically concentrates on the application of FCP within the DFS environment. Developed by the Digital Financial Services Working Group (DFSWG) along with the Consumer Empowerment and Market Conduct Working Groups (CEMCWG), and published in September 2020, it summarizes a decade of experience and products from AFI member institutions. It offers guidelines and measures to tackle risks unique to DFS, such as fraud, misuse of personal data, and consumer misunderstanding in digital channels.<sup>14</sup> Table 1, on page 6, outlines the five pillars making up AFI's CP4DFS policy model (herein referred to as "the model"), and provides a brief explanation of each pillar and its sub-guidelines.

10 UNCTAD. (2016). United Nations Guidelines for Consumer Protection. New York and Geneva: United Nations Trade and Development. Available at: [https://unctad.org/system/files/official-document/ditccplpmisc2016d1\\_en.pdf](https://unctad.org/system/files/official-document/ditccplpmisc2016d1_en.pdf)

11 World Bank. (2017). Financial Consumer Protection. Available at: <https://digitalfinance.worldbank.org/topics/financial-consumer-protection#:~:text=Financial%20Consumer%20Protection%20is%20an,inclusion%2C%20and%20broader%20economic%20growth>

12 Organization for Economic Co-operation and Development. 2022. G20/OECD High-Level Principles on Financial Consumer Protection 2022. OECD Publishing, Paris. Available at: <https://doi.org/10.1787/48cc3df0-en>

13 World Bank. (2017). Financial Consumer Protection. Available at: <https://digitalfinance.worldbank.org/topics/financial-consumer-protection#:~:text=Financial%20Consumer%20Protection%20is%20an,inclusion%2C%20and%20broader%20economic%20growth>

14 Alliance for Financial Inclusion. 2020. Policy Model on Consumer Protection for Digital Financial Services. Kuala Lumpur. Available at: [https://www.afi-global.org/sites/default/files/publications/2020-11/AFI\\_CEMC%2BDFS\\_PM\\_AW3\\_digital.pdf](https://www.afi-global.org/sites/default/files/publications/2020-11/AFI_CEMC%2BDFS_PM_AW3_digital.pdf)

FIGURE 2. KEY FINANCIAL CONSUMER PROTECTION PRINCIPLES



Source: OECD, 2022

TABLE 1. AFI'S CP4DFS POLICY MODEL

PILLAR	SUB-GUIDELINE	DESCRIPTION
1. POLICY AND REGULATORY ENVIRONMENT	1.1. Clear DFS relevant legal and regulatory provisions in consumer protection frameworks. 1.2. Clear and harmonized governance framework. 1.3. Clear legal/regulatory framework for regulating market competitiveness.	Regulators should establish a strong legal and governance framework for DFS consumer protection. This involves embedding DFS-specific provisions in laws and policies and setting up clear inter-agency coordination frameworks.
2. PRODUCT DEVELOPMENT AND SERVICE DELIVERY	2.1. Safeguarding privacy and protection of consumer data. 2.2. Strengthen cybersecurity. 2.3. Fair treatment and responsible business conduct. 2.4. Product suitability: customer centricity, inclusiveness, relevance and usability. 2.5. Adoption of a risk management approach.	Member institutions should ensure DFS products are designed and delivered in a way that protects consumers and their data. This includes requiring providers to embed customer-centric product design, ensure fair treatment, use transparent marketing and pricing, and maintain cybersecurity systems.
3. CONSUMER AWARENESS, COMPLAINT, AND REDRESS	3.1. Promotion of digital financial literacy and capability. 3.2. Responsible marketing/advertisement and sales (disclosure and transparency). 3.3. Mechanism to ensure complaints and redress resolution.	Regulators must ensure consumers are financially literate, DFS marketing is transparent and timely, as well as providers having clear, timely, and accessible systems for complaints and redress.
4. SUPERVISION AND ENFORCEMENT	4.1. Supervisory techniques and tools specific for DFS. 4.2. Standardized supervisory governance framework. 4.3. Effective enforcement mechanism.	Regulators must have effective systems to oversee the application of DFS consumer protection rules. This includes taking enforcement action when providers fail to comply and maintaining inter-agency cooperation for risk-based supervision
5. CROSS-CUTTING ISSUES	5.1. Promotion of CP principles for vulnerable segments. 5.2. DFS in disaster/emergency response.	The focus is on recognizing and making provisions for the unique risks vulnerable groups, such as women, youth and older persons face when engaging with DFS products.

Source: CGAP, 2022

This report considers the application of the model among AFI member institutions in Africa to assess effectiveness, track adoption, and share progress for peer learning. The DFS environment has changed rapidly since the model's release in 2020, making it worthwhile to assess its role in strengthening consumer protection and its impact on consumer trust, market stability, and financial inclusion. The study identifies and documents successful practices and strategies implemented by different institutions and provides actionable insights and guidance to facilitate further implementation and improvement of the model across Africa.

Progress is tracked via a survey questionnaire and supported by key informant interviews (KIIs). The main source for the evaluation is an online survey that was distributed to AFI's African member institutions through the AFI's Africa Regional Office (ARO). The questionnaire addresses each sub-guideline within every model pillar, and responses provide insight into trends across well-performing and underperforming pillars.

KIIs were also conducted with selected member institutions to explore member institutions' CP4DFS practices, implementation challenges and successes, as well as learnings for other jurisdictions.

Box 1, below, outlines the methodology and approach in more detail.

## BOX 1. METHODOLOGY AND APPROACH

### Online survey:

- > 40 questions to capture member institutions' progress in each of the five pillars of the model.
- > 20 completed survey responses received out of a pool of 43 African member institutions.
- > Survey respondents include representatives of central banks and financial regulators.

### KIIs:

- > Conducted to inform the write-up of AFI member institutions' experiences of their consumer protection frameworks journeys in the context of DFS.
- > Online consultations with representatives from the central banks of Zambia, São Tomé and Príncipe, Uganda, and the Banque Centrale des États de l'Afrique de l'Ouest (BCEAO).

### Online survey results:

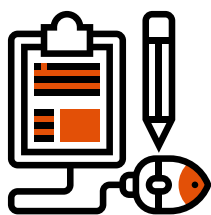
- > Scored on a scale of 0 to 3 per sub-pillar guideline and then averaged per pillar and across pillars - per country as well as across countries.
- > Results are color coded, using a traffic light system.

3	Regulatory practices are fully aligned with all principles (sub-guidelines) of the model.
BETWEEN 2 AND 2.9	Regulatory practices are partly aligned, reflecting several but not all principles (sub-guidelines) of the model.
BETWEEN 1 AND 1.9	Regulatory practices show limited alignment, incorporating very few of the sub-guidelines in the model.
BETWEEN 0 AND 0.9	Regulatory practices do not reflect any of the model principles (sub-guidelines).

## THIS REPORT IS STRUCTURED AS FOLLOWS:

- > Section 2 outlines the overall findings and a more detailed overview of findings for each pillar of the model.
- > Section 3 concludes with a discussion on cross-cutting findings and recommendations.

## 2 THE STATE OF AFRICAN CONSUMER PROTECTION FRAMEWORKS IN DFS



The findings indicate significant progress in policy development, regulatory measures, and consumer awareness initiatives; however, there has been comparatively less emphasis on enforcement mechanisms and DFS-specific provisions to date.

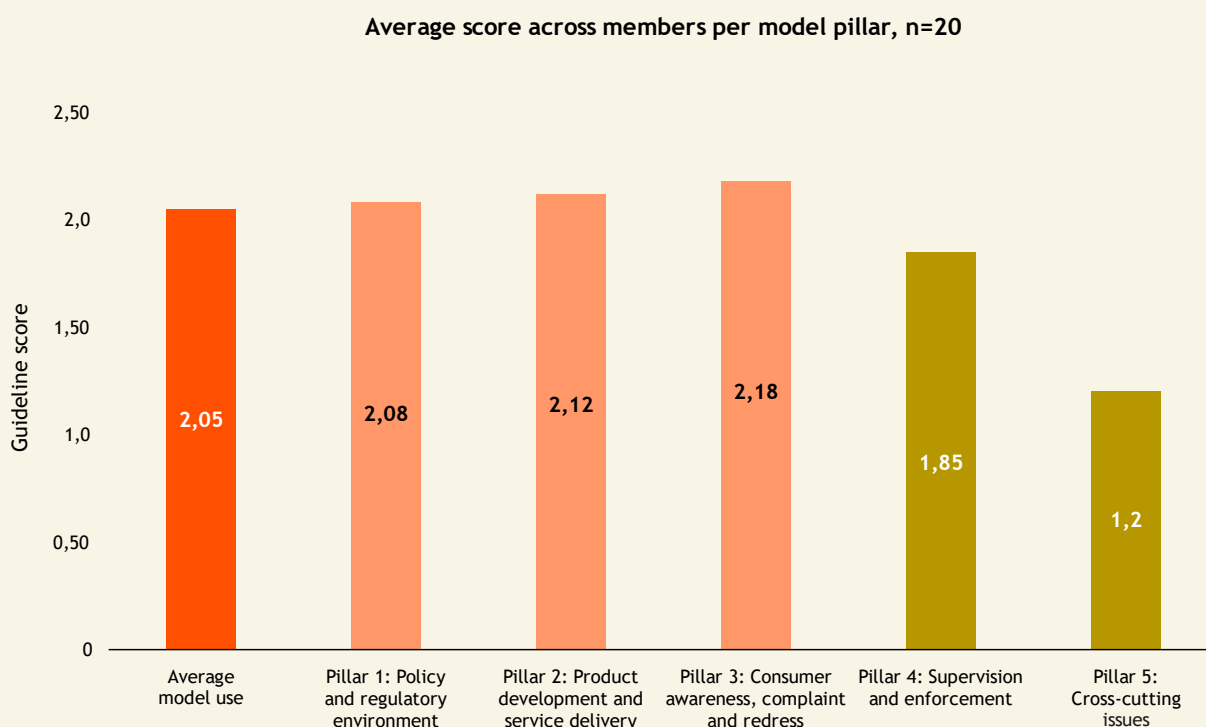
Figure 3 provides a summarized overview of the member institutions that responded to the survey, assessing their overall performance against the pillars of the model. The highest-ranking pillar is Pillar 3,

Guidance on Consumer Awareness, Complaint, and Redress, with a score of 2.18. This reflects a robust promotion of digital financial literacy, responsible marketing practices, and mechanisms for addressing complaints and redress. Conversely, the lowest-ranking pillar is Pillar 5, Cross-Cutting Issues, which received a score of 1.2. This score indicates that many respondents have not yet established explicit frameworks to manage vulnerable consumers or to provide safeguards during disasters or emergencies, thereby exposing customers to potential service disruptions, loss of funds, and limited access to redress in times of crisis occurs.

The first column in Figure 3 shows engagement with the CP4DFS policy model. The average score of 2.05 shows good progress but implies that not all member institutions are yet actively drawing on the policy model in informing their consumer protection frameworks for digital financial services.

The discussion to follow takes a closer look at what constitutes the score for each pillar.

FIGURE 3. AVERAGE SCORE ACROSS THE 20 AFRICAN AFI MEMBER INSTITUTIONS, PER MODEL PILLAR



Source: Authors' own

## 2.1. PILLAR 1: POLICY AND REGULATORY ENVIRONMENT

**Strong DFS policy and regulatory frameworks.** The first pillar assesses whether consumer protection frameworks have clear and relevant DFS provisions, and if there is a coordinated governance framework to support this. The average Pillar 1 score is 2.08, with 14 member institutions scoring 2 or higher, thus showing progress in incorporating DFS provisions into consumer protection frameworks.

**Nevertheless, gaps remain as member institutions increasingly include DFS risks into coordination and consumer protection frameworks, but fewer implement clear measures to manage them.** Figure 4 shows that many member institutions formally include DFS-related risks and priorities in their national coordination structures. Eleven out of 20 surveyed member institutions report having a dedicated FCP market conduct department or unit, with DFS explicitly included in its mandate. These regulatory efforts reflect a broad shift towards more comprehensive and clear consumer protection frameworks that consider DFS risks. However, as DFS requirements become more

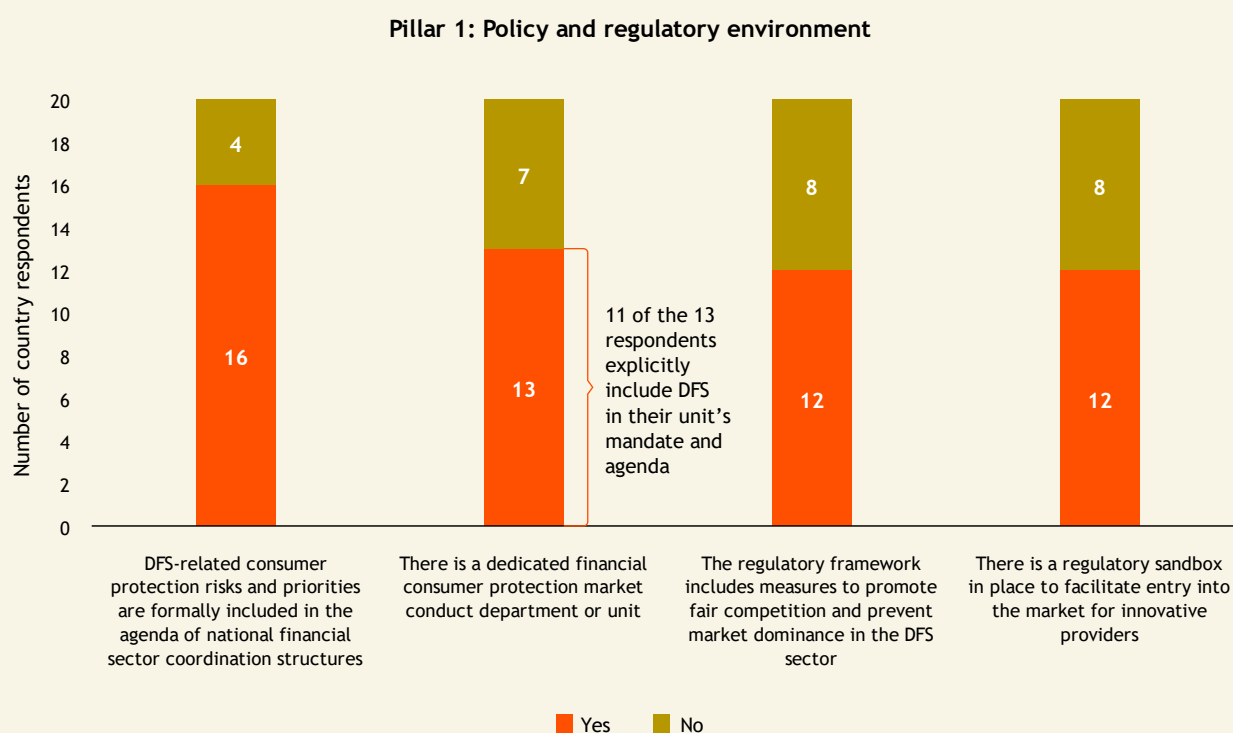
nuanced, fewer member institutions report that they apply these measures. For instance, while 16 member institutions include DFS-related risks or priorities in national coordination structures, only 12 reported having specific market measures or tools for the DFS sector.

**Facilitate entry for new players.** A key aspect of this pillar is how respondents actively support new providers entering the market. As shown in Figure 4, 12 respondents report using a regulatory sandbox for this purpose. Besides sandboxes, various tools such as tiered licensing, innovation hubs, and proactive two-way communication with potential entrants are also available to promote innovation and market entry. These will become increasingly vital for regulators to balance DFS risk management with fostering market innovation.<sup>15</sup>

Box 2 on page 10 discusses examples of member institutions already incorporating or planning to address DFS in their regulatory environments.

<sup>15</sup> Cenfri. 2024. R3Lab Toolkit: Regulating and enabling innovation. Available at: <https://cenfri.org/articles/r3lab-toolkit-regulating-and-enabling-innovation/>

**FIGURE 4. STATUS OF PILLAR 1: POLICY AND REGULATORY ENVIRONMENT SUB-GUIDELINES ACROSS AFI'S AFRICAN MEMBER INSTITUTIONS**



Source: Authors' own

## BOX 2. MEMBER INSTITUTION EXAMPLES: STRENGTHENING THE POLICY AND REGULATORY ENVIRONMENT FOR DFS CONSUMER PROTECTION

Column 1 in Figure 4 shows that member institutions are increasingly incorporating DFS risks and priorities into consumer protection frameworks. The Bank of Zambia (BoZ) and the Bank of Uganda (BoU) have introduced directives and models to safeguard e-money transfers, reflecting the need for tailored oversight in the fast-growing e-money ecosystem. The BCEAO has committed to developing a unified DFS framework, which, if implemented, could create greater consistency in consumer protection across its member states.

To support fair competition and prevent market dominance in the DFS sector (column 3 in Figure 4),

central banks are testing new approaches to cross-agency cooperation. For example, BoZ has formalized partnerships with the Competition and Consumer Protection Commission (CCPC) and the Zambia Information and Communications Technology Authority (ZICTA) through memoranda of understanding. These collaborations are designed to strengthen coordination across sectors where DFS risks cut across financial, competition, and telecommunications boundaries.

Together, these initiatives show a dynamic shift from general consumer protection to purpose-built frameworks for digital finance.

## 2.2. PILLAR 2: PRODUCT DEVELOPMENT AND SERVICE DELIVERY

**Survey respondent member institutions have made progress in data protection and inclusion, although gaps remain in DFS risk management and customer centricity.** This pillar focuses on safeguarding consumer data and ensuring that the DFS sector is responsible, fair, and inclusive. The average score is 2.12, with 13 out of 20 respondents scoring 2 or higher. This indicates that protecting consumer data and having an ethical and accessible DFS sector are increasingly being addressed by member institutions. The number of member institutions scoring below 2 highlights uneven progress and ongoing gaps in DFS risk management and customer-centric practices.

**Strong presence of data and cybercrime protection practices.** A key component of DFS consumer protection is ensuring that regulators address both data privacy and protection.<sup>16</sup> Figure 5 shows that most of the 20 surveyed member institutions ensure DFS providers are subject to data privacy and protection regulations. The digitization of finance requires robust systems to protect consumer data from increasing cyber threats. Fourteen member institutions report applying cybersecurity frameworks for DFS-specific risks. This is encouraging and aligns with the 2024 Global Cybersecurity Index (GCI), which shows that Africa achieved the greatest progress in cybersecurity since 2021.<sup>17</sup>

**Uneven focus on DFS risk management.** DFS risk management is essential since digital risks emerge quickly, requiring regulators and providers to be proactive and pre-emptive in protecting consumers.<sup>18</sup> Only 11 member institutions reported adopting a risk-based approach to managing DFS-specific risks, while 12 have either developed or planned to develop a DFS-specific industry Code of conduct. This uneven uptake of DFS risk management tools raises concerns about the lack of specific provisions to address consumer protection risks in DFS.

**Customer centricity in DFS product development remains inconsistent.** Fair treatment and responsible business conduct are key principles to address within a DFS industry.<sup>19</sup> In Figure 5, the second column shows that 18 out of 20 member institutions promote DFS access and inclusion.

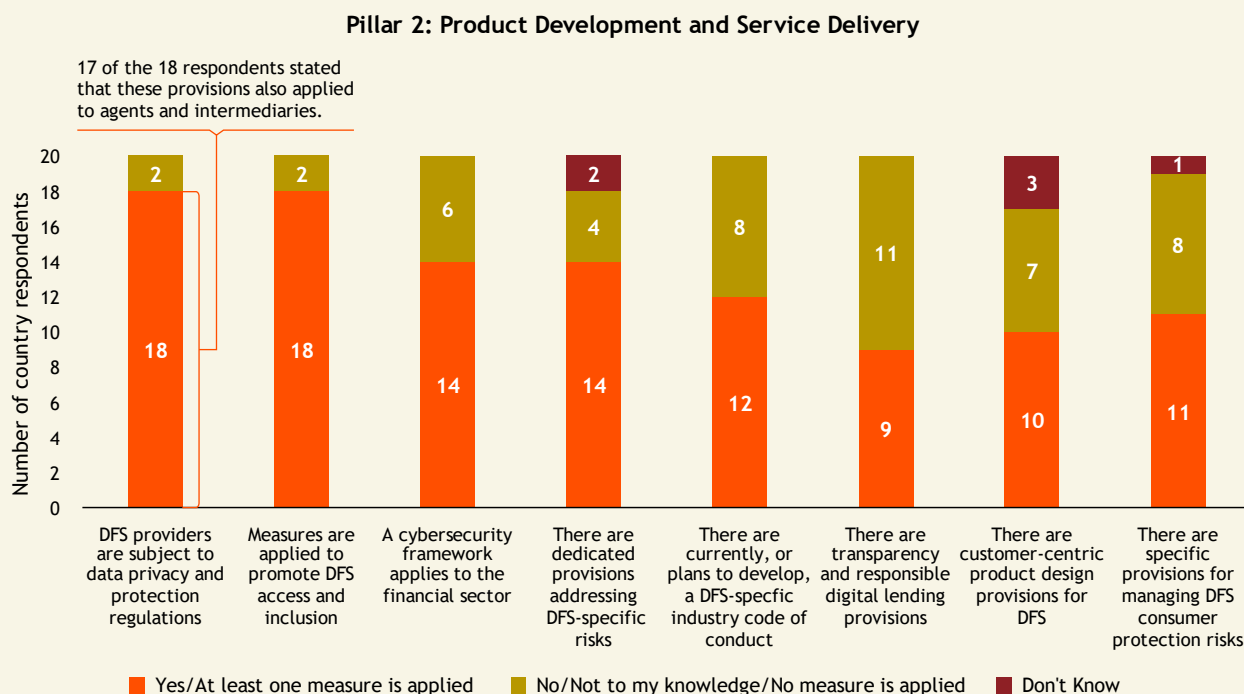
This is encouraging and shows initiative among member institutions to ensure financial inclusion comes through in DFS. Only 10 respondents ensure customer centricity in DFS product development. This makes fair treatment difficult among the remaining 10 respondents, because DFS providers will often prioritize speed and innovation over customer protection. Similarly, just nine member institutions report having transparency requirements for digital lending, meaning that among the outstanding 11 consumers risk facing hidden fees and unclear repayment terms.

<sup>16</sup> Alliance for Financial Inclusion. 2020. Policy Model on Consumer Protection for Digital Financial Services. Kuala Lumpur. [https://www.afi-global.org/sites/default/files/publications/2020-11/AFI\\_CEMC%2BDFS\\_PM\\_AW3\\_digital.pdf](https://www.afi-global.org/sites/default/files/publications/2020-11/AFI_CEMC%2BDFS_PM_AW3_digital.pdf)

<sup>17</sup> International Telecommunication Union. 2024. Countries strengthening cybersecurity efforts, but increased action still required. Available at: <https://www.itu.int/en/mediacentre/Pages/PR-2024-09-10-Global-Cybersecurity-Index.aspx>

<sup>18</sup> Alliance for Financial Inclusion. 2020. Policy Model on Consumer Protection for Digital Financial Services. Kuala Lumpur. Available at: [https://www.afi-global.org/sites/default/files/publications/2020-11/AFI\\_CEMC%2BDFS\\_PM\\_AW3\\_digital.pdf](https://www.afi-global.org/sites/default/files/publications/2020-11/AFI_CEMC%2BDFS_PM_AW3_digital.pdf)

<sup>19</sup> Ibid

**FIGURE 5. STATUS OF PILLAR 2: DFS PRODUCT DEVELOPMENT AND SERVICE DELIVERY SUB-GUIDELINES ACROSS AFI'S AFRICAN MEMBER INSTITUTIONS**

Source: Authors' own

**BOX 3. MEMBER INSTITUTION EXAMPLES: PROGRESS ON PROVISIONS TO ACCOUNT FOR DFS REALITIES**

KIIs reconfirm the progress towards DFS-relevant regulatory provisions:

- > In Zambia, the BoZ passed a Data Protection Act in 2021 and issued new rules on electronic money and complaints handling in 2023. These reforms were informed by AFI guidance and show that regulators understand the need for stronger oversight as digital services grow. The BoZ also included systemic risks such as fraud, cybercrime, and failures in the national switch in its National Payment System Strategy (2023-2027).
- > Uganda introduced National Payment Systems Consumer Protection Regulations in 2022 to give legal support to consumer rights. Furthermore, the BoU created a National Fraud Task Force to address fraud and scams.

These steps show regulators are aware of rising digital risks and the need to empower consumers. They are also taking steps to balance risk and innovation:

- > In São Tomé and Príncipe, the BCSTP launched a sandbox in 2025 to test new digital financial services products and identify risks before they reach the market.

However, implementation challenges persist. In Uganda, many data privacy breaches are reported, but courts and law enforcement lack skills or resources, and penalties are weak. In Zambia, responsibilities for consumer protection are split among BoZ, CCPC, and ZICTA, with roles still clarifying and limited enforcement after a 2023 restructuring. In São Tomé and Príncipe, complaints are handled by the supervision department, as no specialized consumer protection unit exists. At the regional level, BCEAO includes consumer protection in regulations, but no formal mediation system exists.

More progress is needed to fully meet legal intents. Sandboxes, awareness campaigns, and directives help but require stronger enforcement, clearer roles, and meaningful penalties to ensure effective consumer protection.

### 2.3. PILLAR 3: CONSUMER AWARENESS, COMPLAINTS AND REDRESS

**Strong focus on digital financial literacy and consumer data protection.** This pillar focuses on digital financial literacy, responsible marketing, and effective redress mechanisms for consumer recourse in the context of DFS. The average score is 2.18, with 12 member institutions scoring 2 or higher. This is the highest average score across all pillars and indicates that digital financial literacy and consumer data protection are highly rated national policy objectives.

**Digital financial literacy is increasingly recognized as essential for consumer protection.** To address financial inclusion and effectively use DFS products and services, consumers must be sensitized and trained in how to use digital financial instruments.<sup>20</sup> Figure 6 shows that 15 member institutions have strategies to not only build financial literacy among consumers, but also digital literacy and capability.

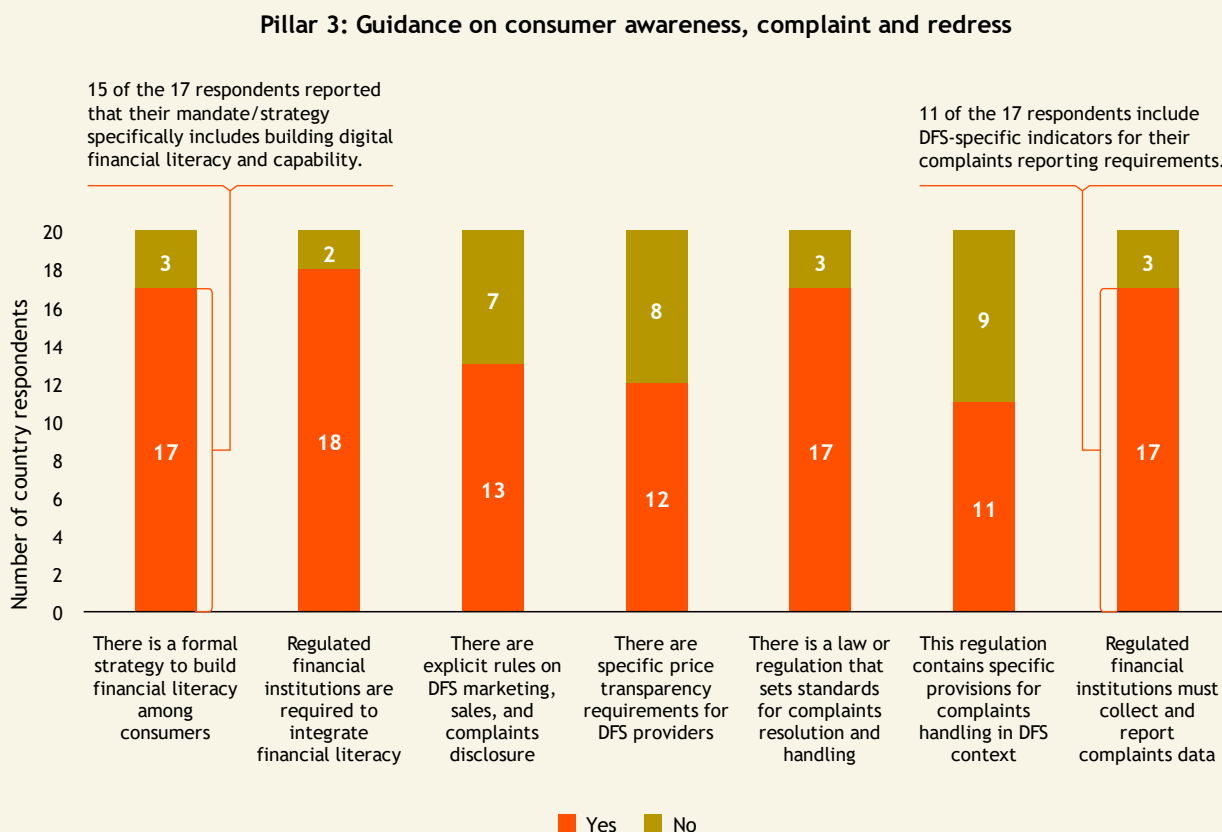
20 Alliance for Financial Inclusion. 2020. Policy Model on Consumer Protection for Digital Financial Services. Kuala Lumpur. Available at: [https://www.afi-global.org/sites/default/files/publications/2020-11/AFI\\_CEMC%2BDFS\\_PM\\_AW3\\_digital.pdf](https://www.afi-global.org/sites/default/files/publications/2020-11/AFI_CEMC%2BDFS_PM_AW3_digital.pdf)

Similarly, 18 member institutions require regulated financial institutions to integrate literacy and awareness in their services. This reflects a clear drive among most member institutions to prioritize digital financial education and prepare consumers to effectively use more sophisticated financial products.

**Transparency and redress mechanisms vary across member institutions.** Transparency, disclosure and an efficient redress mechanism are central to building consumer trust in DFS<sup>21</sup>, but only 13 member institutions are addressing disclosure practices regarding DFS marketing, and 11 specifying pricing transparencies for DFS providers. Alternatively, 17 member institutions have set either a law or regulation for complaints resolution standards, supported by providers collecting and reporting data on complaints. Only 11 member institutions report addressing DFS-specific complaints handling in their regulation. This suggests that recourse channels are unclear to customers, which weakens trust in the ability of regulators and providers to address DFS-specific issues.

21 Ibid.

**FIGURE 6. STATUS OF PILLAR 3: CONSUMER AWARENESS, COMPLAINT AND REDRESS SUB-GUIDELINES ACROSS AFI'S AFRICAN MEMBER INSTITUTIONS**



Source: Authors' own

#### BOX 4. MEMBER INSTITUTION EXAMPLES: COMPLAINTS HANDLING

KII respondents recognize the need for robust, well-capacitated consumer recourse systems, but their differing experiences on the ground confirm the variance in complaints handling systems as discussed above. In São Tomé and Príncipe, the central bank does not yet have a consumer protection unit, and complaints are managed within the supervision team. At the regional level, the BCEAO added consumer protection rules, but no mediation system has yet been set up. Recognizing the limitations if there are no ringfenced resources for complaints handling,

the BoU in Uganda is planning to create a consumer protection division to deal with complaints. In Zambia, following the creation of the Consumer Protection and Market Conduct unit in 2023, the BoZ is now looking to create an Independent Ombudsman Office for consumers.

Member institutions welcome AFI's guidance, training, and peer learning as ways to close remaining gaps and build stronger and more consistent systems for consumer recourse.

#### 2.4. PILLAR 4: SUPERVISION AND ENFORCEMENT

**Enforcement of DFS rules and regulations is fragmented among member institutions.** This pillar focuses on DFS supervisory techniques and a standardized governance framework. The average score is 1.85, with 12 member institutions scoring 2 or higher. Most member institutions scored well, but very low scores from a few pulled the average down, reflecting gaps in DFS tools, governance, and enforcement.

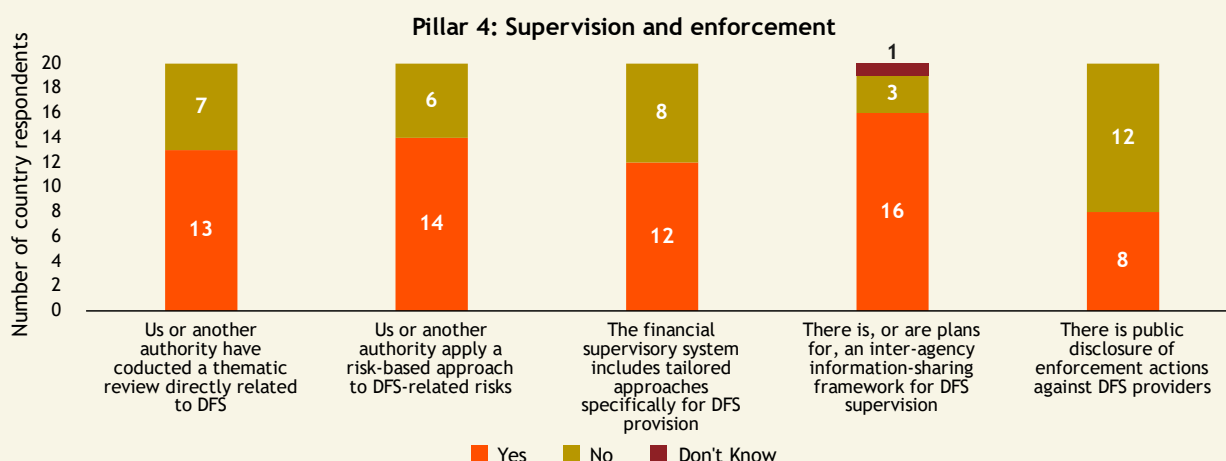
**Momentum is growing to incorporate DFS risks into supervisory systems, and for inter-agency information sharing, but few member institutions disclose enforcement actions.** New digital products and risks mean regulators need specialized tools, data, and technology to supervise DFS effectively.<sup>22</sup>

Member institutions differ in how they apply the tools and techniques under this pillar, showing uneven capacity. Figure 7 shows that 13 out of the 20 surveyed member institutions have done thematic reviews, 14 apply a risk-based approach, and eleven use tailored processes. Sixteen member institutions have either established or intend to establish inter-agency collaboration. Such cooperation among authorities enhances supervisory oversight due to opportunities for capacity building and knowledge sharing. With only eight member institutions out of the 20 respondents publicly disclosing enforcement actions, it remains unclear to consumers that DFS providers are being held accountable for their actions.

<sup>22</sup> Alliance for Financial Inclusion. 2020. Policy Model on Consumer Protection for Digital Financial Services. Kuala Lumpur.

Available at: [https://www.afi-global.org/sites/default/files/publications/2020-11/AFI\\_CEMC%2BDFS\\_PM\\_AW3\\_digital.pdf](https://www.afi-global.org/sites/default/files/publications/2020-11/AFI_CEMC%2BDFS_PM_AW3_digital.pdf)

FIGURE 7. STATUS OF PILLAR 4: SUPERVISION AND ENFORCEMENT SUB-GUIDELINES ACROSS AFI'S AFRICAN MEMBER INSTITUTIONS



Source: Authors' own

### BOX 5. MEMBER INSTITUTION EXAMPLES: PROGRESS IN DFS SUPERVISION

Recognizing the consumer protection risks posed by DFS, regulators in many surveyed countries are improving DFS supervision:

> In Uganda, the BoU made progress by gazetting the NPS Consumer Protection Regulations in 2022, setting a legal base for consumer rights and making payment service providers more accountable in the DFS space.

> In Zambia, the BoZ included consumer protection in the Banking and Financial Services Act of 2017. Noting the need to bridge gaps in enforcement and coordination, the Act is currently under review to clarify roles across the BoZ and authorities such as the CCPC and ZICTA.

> In São Tomé and Príncipe, the central bank notes that better coordination with other government is needed to improve its ability to monitor DFS risks.

> At the regional level, the BCEAO has established “observatoires” in all eight member countries to monitor consumer protection. This is a positive step, but without a strong regional oversight system, supervision remains fragmented, with large differences in practice and enforcement across countries.

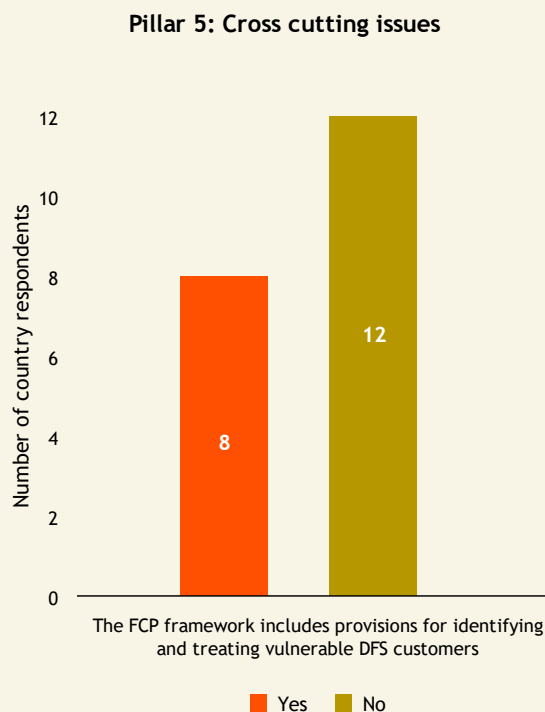
These examples show the importance of strong coordination and consistent enforcement to the success of consumer protection in DFS.

## 2.5. PILLAR 5: CROSS-CUTTING ISSUES

**The least well-advanced pillar member.** This pillar covers two distinct sub-pillars: promoting consumer protection principles for vulnerable segments and responding to a disaster/emergency in the context of DFS. The average score is 1.2, with eight out of 20 surveyed member institutions scoring 2 or higher. This is the lowest performing pillar<sup>23</sup> member.

**Few instances of targeted DFS consumer protection measures for vulnerable groups.** Vulnerable groups (women, youth, older persons, refugees, and persons living with disabilities) face higher risks in DFS, and regulators must ensure that they are protected so financial inclusion gains are not lost.<sup>24</sup> Figure 8 shows that 12 out of 20 surveyed member institutions report not incorporating any DFS-specific provisions to support vulnerable consumers in their FCP regulatory frameworks. This may be because many member institutions view consumer protection broadly, not considering the unique risks faced by vulnerable consumers.

FIGURE 8. STATUS OF PILLAR 5: DEDICATED PROVISIONS FOR VULNERABILITY ACROSS AFI'S AFRICAN MEMBER INSTITUTIONS



Source: Authors' own

<sup>23</sup> Note that the survey did not ask member institutions about their response to a disaster or emergency in the context of DFS. Instead, DFS consumer protection during a crisis builds on existing principles such as disclosure, transparency, fair treatment, product suitability, and cybersecurity. What matters during an emergency is ensuring that DFS does not create new risks for consumers and that supporting systems remain strong. Therefore, regulators must rely on current DFS regulations, policies and practices as covered in the other pillars.

<sup>24</sup> Alliance for Financial Inclusion. 2020. Policy Model on Consumer Protection for Digital Financial Services. Kuala Lumpur. Available at: [https://www.afi-global.org/sites/default/files/publications/2020-11/AFI\\_CEMC%2BDFS\\_PM\\_AW3\\_digital.pdf](https://www.afi-global.org/sites/default/files/publications/2020-11/AFI_CEMC%2BDFS_PM_AW3_digital.pdf)

**BOX 6. MEMBER INSTITUTION EXAMPLES: DFS CONSUMER PROTECTION MEASURES OVERLOOK VULNERABLE GROUPS**

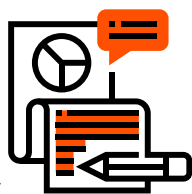
The examples of CP4DFS provisions as highlighted throughout the example boxes in Pillars 1 to 4 address financial consumer protection in general, rather than being tailored to the special risks or circumstances faced by vulnerable consumers (including women, young people, older persons, and persons living with disabilities, or those with lower digital or financial literacy):

> In São Tomé and Príncipe, the regulatory sandbox does not yet target the unique risks of DFS, such as unfair digital lending, hidden fees, exclusion from agent networks, or how they manifest for vulnerable users.

> In Zambia, awareness campaigns have focused on fraud prevention but not on how risks affect different groups.

> At the regional level, the BCEAO started a financial education programme in 2020 for the youth, informal workers, and small businesses. This was a strong step toward inclusion, but implementation has been uneven across BCEAO members.

### 3 CONCLUSION AND RECOMMENDATIONS



#### Broad uptake of CP4DFS principles set the foundation for a move from adoption to implementation.

The AFI's CP4DFS policy model is well known among member institutions, and provides structure through its pillar-based framework, emphasizing inter-agency collaboration, digital literacy and awareness campaigns, and dynamic legislation to address diverse DFS risks. The survey findings and case studies confirm the focus areas are well-grounded, with most member institutions having relevant financial consumer protection laws, directives, and data protection measures, reflecting progress in DFS frameworks. However, gaps remain between policy and enforcement, and not all institutions have tailored their frameworks to DFS realities. This highlights the need for investing in supervisory capacity to address digital finance challenges and prevent implementation gaps from weakening protections impact.

#### Scope to expand impact by facilitating innovation.

Results show not all member institutions cover areas like competition or innovation in digital financial markets. This highlights the need to balance consumer protection with innovation. Regulatory sandboxes, like BCSTP's in Sao Tomé and Príncipe, allow testing new DFS products and identifying consumer protection gaps before market entry. However, they are not a cure-all without broader efforts to balance risk mitigation innovation.

The results suggest five recommendations for supporting full implementation:

#### 1. Focus on improved enforcement and public disclosure.

Pillar 4 results reveal few member institutions make enforcement actions public, limiting provider accountability and causing consumer uncertainty. To close this gap, institutions could enhance enforcement by adding stronger, proportionate penalties and mandating public disclosure actions.

**2. Ensure consistent coordination.** The Pillar 4 results show most member institutions have strong inter-agency collaboration on paper. The next step is to put coordination into practice. Cases like BoZ and BoU have used memoranda and task forces to improve cooperation. BCEAO is still developing standards, and BCSTP lacks cross-government coordination. Clear, enforceable mandates are vital to ensure consistent coordination as DFS risks span financial, competition, and telecommunications sectors boundaries.

**3. Build DFS risk resilience strategies.** Member institutions recognize risks like fraud, scams, and cybercrime but few have DFS crisis plans. The Pillar 5 results show that protecting consumers during emergencies remains the least developed area. They could improve resilience by creating monitoring systems to assess initiatives like digital-literacy campaigns, ensuring they effectively support consumer protection.

**4. Complement awareness-raising efforts with measuring impact.** Many member institutions run fraud awareness and digital literacy campaigns, showing a strong focus on consumer education for financial protection. But few monitor or evaluate these efforts, making it hard to assess if they change behaviors or reach vulnerable groups. Developing systems to measure campaign effectiveness is crucial to ensure awareness translates into real consumer protection. Examples like BCEAO's regional education program and BCSTP's consumer protection pillar under NFIS illustrate targeted, scalable literacy initiatives strategies.

**5. Build more engagement with the model.** To help member institutions fully adopt the model, AFI could add benchmarks, adaptable scaling tools, and implementation guidance. Regional events and webinars foster engagement, while member institutions must invest in supervisory capacity and tools. Peer learning, both in person and virtual, will support adopting the model's key practices amid ongoing reforms enablers.

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