Global Scientific and Academic Research Journal of Economics, Business and Management
ISSN: 2583-5645 (Online)
Frequency: Monthly
Published By GSAR Publishers
Journal Homepage Link- https://gsarpublishers.com/journals-gsarjebm-home/

AUTOMATED BANKING AND CUSTOMER CHALLENGES IN NIGERIA

By

Adu, Cecilia Adurayemi (PhD)[1], Abdulkafeel, Safiyat Lami[2], Sadiq, Moshood Obasanjo[3]
[1,2,3]Department of Accounting and Finance Crawford University Igbesa Ogun State

Article History

Received: 21/08/2026
Accepted: 05/09/2026
Published: 07/09/2026

Vol –5 Issue – 9

PP: -30-32

Abstract

This paper examined the relationship between automated banking and challenges encountered by bank's customers in Nigeria. Empirical studies were drawn from the studies in Nigeria through Central Bank of Nigeria bulletins, and industrial statistics from the Nigeria Inter-Bank Settlement System. Issues were highlighted from persistent challenges like network interruption, POS fraud, deferred clash resolution, obscured charges, and low digital knowledge. Qualitative approach was adopted as a means of research method while recommendations were made that the Nigerian automated banking system should be strengthened and made more flexible.

Keywords: *automation, banking, customers, POS, ATM.*

1.0 Introduction

In Nigeria, automated banking has rapidly evolved for over twenty years. It has been driven by digital revolution, growing mobile distribution, and supervisory drives from the Central Bank of Nigeria (Adu&Ejiks,2026). The initial approval of Automated Teller Machines to the current thriving in payments facilitated by the NIBSS Instant Payment platform, electronic channels now support most retail payment flows. This development has upgraded accessibility, extended banking services to the unbanked and underbanked people through intervention of POS networks which has improved volumes of banking transactions intensely (NIBSS, 2022).

In Nigeria, a lot of studies on customer perceptions, assessments of service quality, investigations into operational risks, and evaluations of regulatory frameworks were carried out. Primary studies documented considerable enthusiasm for e-banking but also highlighted service quality gaps. More recent analyses emphasize the scale of digital payments growth alongside emergent cybersecurity threats and agent-level fraud (NIBSS, 2022; Daily Trust, 2022).

The mass adoption of mobile and agency banking as highlighted in local literature disclosed an increase in cyber-enabled fraud while some pointed out SIM swap fraud, phishing, social engineering, and fraudulent POS agents as significant risk vectors. Despite the efforts of regulatory authorities like Nigerian Communication Commission and law enforcement have made several attempts as interventions, but disjointed data safety practices and low digital sanitation among customers continue to increase risks (Adu&Majeobaje,2024).

Agency banking and POS deployments have been attributed with escalating access to financial services in rural Nigeria. However, studies show agent liquidity management, agent fraud, and uneven network coverage limit the effectiveness of agency banking models (Adu et al., 2015).

2.0 Methods of Automated Banking in Nigeria

Automated banking channels in Nigeria include ATMs, mobile banking apps, USSD, internet banking, POS/agent networks, and mobile money frameworks. Each channel has unique strengths and weaknesses that affect customer experience (Ighodalo et al., 2026)

Automated Teller Machines (ATMs)

ATMs remain a core channel for cash withdrawals and basic banking services. Challenges include card capture, cash dispensing errors (where customers are debited but do not receive cash), and long queues at networked ATMs. Interbank

*Corresponding Author: **Adu, Cecilia Adurayemi (PhD).**

switch failures may lead to inconsistency in ATM availability across locations (Adu&Ejiks, 2026).

Mobile Banking Applications
Smartphone banking apps provide rich functionality but depend on smartphone ownership and stable internet. Banks' mobile apps vary widely in usability and security features. App crashes and authentication delays can cause failed transactions, which require efficient back-office reconciliation to reverse (Adu et al., 2015).

USSD Banking
USSD enables basic banking without internet access, making it critical for financial inclusion. However, USSD sessions are vulnerable to interception and can be inconvenient for complex transactions (CBN, 2019).

POS and Agency Banking
POS terminals and agents extend services into markets and small businesses. Agent selection, training, and regulation are essential to mitigate fraud and ensure adequate liquidity during peak demand (NIBSS, 2023).

Fraud and Cybercrime
In Nigeria, common vectors include SIM swap fraud, phishing, social engineering, malware, and fraudulent POS agents which are complex evolving threats. SIM swap incidents allow attackers to take control of victims' mobile numbers and intercept OTPs used for transaction authentication. Phishing and social engineering lure users into revealing credentials. Compromised agents or collusion with criminals can facilitate cash-outs and money laundering (Olayemi&Abiola,2023).

The financial loss extended to customers goes beyond direct financial loss some of which are victims report anxiety, loss of trust in banking platforms, and reduced willingness to use digital channels. Law enforcement and telecom regulators (NCC) have issued guidelines and pursued enforcement actions, but coordination challenges between banks, telecoms, and regulators mean victims sometimes face a slow path to redress(Okoro, 2020).

Challenges of Automated Banking
Customers often spend weeks chasing reversals for failed transactions which are caused by weak internal escalation processes, manual reconciliation backlogs, and inadequate consumer protection enforcement. The CBN's Consumer Protection Framework (2016) and Consumer Protection Regulation (2019) mandate turnaround times and transparency, but enforcement is inconsistent (Ighodalo et al., 2026).

Digital literacy influences customers' ability to use and secure e-banking services while low awareness of phishing tactics, OTP safety, and secure password practices increases vulnerability (Adu&Ejiks, 2026).

There are some perceived 'hidden' fees transaction charges like SMS alert fees, and POS service charges which erode trust. Varying interbank charges or agent commissions that are not well disclosed deducted from customer's accounts. For micro-transactions, even small fees can be prohibitive and discourage digital usage (Adu et al., 2015).

Beyond telecommunication, infrastructural problems include unreliable power, limited rural broadband, and uneven ATM/POS distribution. These systemic issues create accessibility gaps which disproportionately affect women, rural populations, and small businesses(Okoro, 2020).

Regulatory and Policy Environment
The regulatory framework for e-banking in Nigeria includes multiple CBN instruments (E-banking guidelines, Consumer Protection Framework, Mobile Money Guidelines), as well as sectoral oversight from agencies like the Nigerian Communications Commission (NCC) for SIM and telecom-related issues (NIBSS, 2023).

Central Bank of Nigeria Guidelines
CBN guidelines set standards for security, privacy, and operations for electronic fund operators. The 2003 e-banking guidelines laid foundational rules while more recent frameworks emphasize consumer protection and instant payments regulation (CBN, 2003).

Consumer Protection and Complaint Handling
CBN's Consumer Protection Regulation (2019) mandates disclosure, fair treatment, and complaint handling timelines. However, monitoring and enforcement capacity vary across the banking sector, and many customers remain unaware of their rights under these regulations.

3.0 Methodology and Scope

The paper adopted the use of journal articles which were empirically reviewed on electronic/automated banking in Nigeria.

4.0 Summary

The paper summarized that automated banking in Nigeria has really caused a lot of challenges to the banks' customers.

5.0 Recommendations

The Nigerian automated banking system should be strengthened and made more flexible.

References

1. Adu,C.A&Ejiks, O.L (2026). Financial literacy and saving habits of Nigerian university students. *Jurnal Manajemen Pendidikan Isi Universitas Islam Negeri Sumatera Utara*, 11-14
2. Adu, C.A&Majeobaje, I.O (2024). Accounting information digitalization and Nigerian firms' financial performance. *International Journal of Sustainability in Research, 2 (3): 267-276*
3. Adu, C.A; Ojo, M.O.D,&Ojo R. (2015). Internet banking communication in Nigeria: Problems and the socio-technological problems, *Journal of Arts and Communication* 2(1):6-10.
4. Ighodalo,E.D;Adu,C.A&Abdulkafeel,S.L(2026). Digital transformation and financial services in Nigeria. *African Scholars Multidisciplinary Journal, 12, 112 – 117*

*Corresponding Author: **Adu, Cecilia Adurayemi (PhD).**

5. Ighodalo,E.D;Adu,C.A&Abdulkafeel,S.L(2026). Electronic marketing and bank performance in Nigeria. *International Journal of Arts, Languages and Business Studies* 17; 44 – 48
6. Central Bank of Nigeria. (2003). Guidelines on Electronic Banking in Nigeria. https://www.cbn.gov.ng/out/publications/bsd/2003/e-banking.pdf
7. Central Bank of Nigeria. (2019). Consumer Protection Regulation.
8. Daily Trust. (2022). POS operators meet police over fraudulent practices. Radio Nigeria.
9. NIBSS. (2022). E-payment transactions report. Nigeria Inter-Bank Settlement System.
10. Nigeria Inter-Bank Settlement System (NIBSS). (2023). Bank customers transfer N19.4 trillion over mobile in 2022. https://nibss-plc.com.ng/bank-customers-transfer-n19-4-trillion-over-mobile-in-2022/
11. Olayemi, S. M., & Abiola, R. O. (2023). Mobile and internet banking efficiency and bank profitability in Nigeria. *International Journal of Financial Studies*, 11(3), 88–105.
12. Okoro, O. (2020). Electronic banking and the challenges of Nigeria's financial sector. *Journal of Contemporary Banking*, 14(3), 39–50.

*Corresponding Author: **Adu, Cecilia Adurayemi (PhD).**