TIT-BITS

Vol.132

THE BURDENS OF MISTAKEN MOBILE TRANSFERS IN THE NIGERIAN BANKING SECTOR

TOLG

For more articles from TOLG
Visit - www.tolegalgroup.com/resources

In recent years, mobile banking has transformed financial transactions in Nigeria, offering convenience, speed, and accessibility. However, alongside these benefits, a growing concern has emerged: the increasing frequency of mistaken transfers to wrong account numbers. Unfortunately, the process of recovering such funds has become a nightmare for the average Nigerian, often leaving victims financially and emotionally drained.

Currently, when a customer reports a mistaken transfer to their bank, they are typically advised to obtain a court order before the reversal of funds can take place. On the surface, this requirement protects account holders from arbitrary deductions and ensures due process. However, in practice, it imposes a disproportionate burden on ordinary Nigerians. To obtain a court order, the customer must hire a lawyer, file an application, and await court hearings. This process may take weeks or even months, far longer than the window within which the funds are often withdrawn by the unintended recipient. The cost of engaging a lawyer further compounds the problem, making recovery impractical for small sums. In many cases, victims simply forfeit the money.

This situation reveals a glaring gap in Nigeria's financial regulatory framework. While protecting individual rights is essential, there must also be a balance that ensures efficiency and fairness in resolving mistaken transfer disputes. Several measures can help ease this challenge:

1.Centralized Dispute Resolution Framework: The Central Bank of Nigeria (CBN) can establish a dedicated dispute resolution mechanism where customers can lodge complaints. Banks, in collaboration with regulators, should be empowered to place temporary holds on mistakenly credited accounts pending investigation.

2.Digital Reversal Protocols: With advancements in technology, automated systems that allow quick reversals within a specified timeframe can be developed, especially if the recipient has not yet withdrawn or used the funds. Similar models exist in other jurisdictions where mistaken transfers can be reversed within 24–72 hours.

3.Public Awareness and Responsibility: Customers must also be educated on the need to carefully confirm account numbers and beneficiary details before making transfers. Banks can improve user interfaces by introducing enhanced confirmation prompts.

4.Legal Reform: Amending current regulations to allow administrative, rather than judicial, intervention in small claims recovery will make the process faster, less costly, and more accessible.

Mistaken transfers should not become a financial death sentence for Nigerians. With the right policies, digital safeguards, and consumer-friendly regulations, the financial system can protect both efficiency and fairness, reducing the unnecessary hardship currently borne by ordinary citizens.