



DATA BRIEF

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Electronic Payment Fraud Trends in Nigeria's Banking Sector — 2025 Data, Emerging Risks, and Legislative Imperatives

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Executive Summary

In 2025, Nigerian banks and financial institutions recorded losses of ₦25.85 billion to electronic payment fraud, representing a significant 51% reduction from the ₦52.26 billion lost in 2024, according to data presented by the Nigeria Inter-Bank Settlement System (NIBSS) at the 2026 Nigeria Electronic Fraud Forum (NeFF). The number of reported fraud cases also declined to about 67,515 in 2025, continuing a five-year downward trend. These improvements reflect coordinated efforts by regulators, financial institutions, and security agencies, as well as progress in identity management initiatives such as the Bank Verification Number (BVN) and its integration with the National Identification Number (NIN).

Notwithstanding these gains, electronic payment fraud in Nigeria is becoming more sophisticated, targeted, and technologically enabled. High-value, low-volume fraud, particularly through internet banking, continues to generate disproportionate losses, while social engineering tactics, insider collusion, SIM swaps, phishing, and account compromises remain dominant threat vectors. Emerging digital channels, including mobile banking and e-commerce platforms, are increasingly exploited by fraudsters, raising concerns that existing safeguards may be outpaced by innovation. Additionally, declining institutional reporting raises the risk of underreported incidents, weakening system-wide situational awareness and response capacity.

Unchecked, evolving digital fraud threatens public confidence in Nigeria's payment systems, undermines financial inclusion objectives, and poses systemic risks to the stability and integrity of the financial sector. While regulatory initiatives have reduced losses, gaps persist in compliance, reporting, enforcement, consumer protection, and data-sharing frameworks. As Nigeria aligns its payments infrastructure with global standards such as ISO 20022 and confronts emerging threats including artificial intelligence-enabled fraud and deep fake social engineering, stronger legislative oversight and forward-looking legal frameworks are essential. The National Assembly is therefore kindly urged to:

1. Convene a public oversight hearing in 2026 through the House Committee on Digital and Electronic Banking to examine drivers of electronic payment fraud, assess existing detection and response mechanisms, and identify regulatory and enforcement gaps, with participation from NIBSS, CBN, NFIU, banks, payment service providers, and security agencies.
2. Mandate quarterly fraud reporting by the CBN and NIBSS to the relevant House Committee, detailing fraud value and volume by channel, institutional compliance with reporting obligations, and enforcement actions taken against non-compliant entities.
3. Review and strengthen existing banking and payments legislation to impose proportionate penalties for under-reporting, provide clear legal backing for industry-wide fraud data sharing coordinated by NIBSS, and enhance regulatory accountability.
4. Strengthen identity management oversight by requiring periodic briefings on BVN–NIN integration coverage, real-time verification gaps, and funding or legislative constraints affecting full implementation.



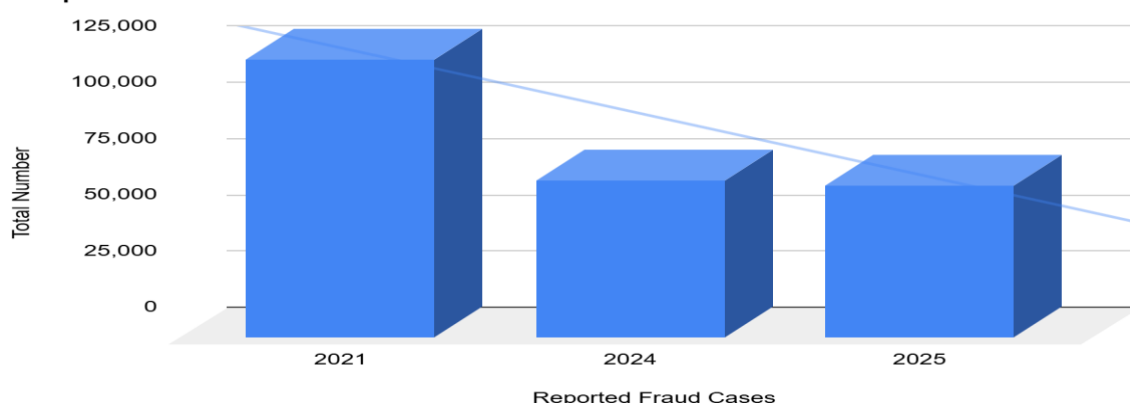
5. Enhance consumer protection frameworks by establishing clear timelines for complaint resolution and reimbursement, defining liability-sharing among banks, payment service providers, and customers, and reinforcing redress mechanisms for victims of electronic payment fraud.

While the reduction in fraud losses in 2025 signals measurable progress, it does not constitute a definitive victory. Sustained legislative engagement in 2026 is critical to consolidating gains, addressing emerging vulnerabilities, and safeguarding Nigeria's digital financial ecosystem. Proactive oversight and targeted reforms by the National Assembly will be pivotal to strengthening consumer confidence, preserving financial stability, and supporting the continued growth of Nigeria's digital economy.

Background:

The Nigeria Inter-Bank Settlement System (NIBSS) Plc has reported that banks and financial institutions lost ₦25.85 billion to electronic payment fraud in 2025, marking a 51% reduction compared with the ₦52.26 billion recorded in 2024. This data was presented by NIBSS Managing Director Premier Oiwoh at the 2026 Nigeria Electronic Fraud Forum (NeFF) Technical Kick-Off Session in Lagos. The decline in both value and volume of fraud reflects concerted efforts by regulators, banks, and security agencies to strengthen controls across the financial ecosystem¹. The total number of reported fraud cases also declined to approximately 67,515 in 2025 compared with 70,111 in 2024 and 123,918 in 2021, reflecting a downward trend in incident counts over five years².

Reported Fraud Cases



Despite these improvements, digital payment fraud continues to grow in sophistication, scale, and speed, driven largely by increased adoption of instant and remote banking channels such as internet banking, mobile platforms, and electronic commerce. Social engineering tactics, including SIM swap, phishing, account compromise, and insider collusion, remain dominant threats³.

Though the Central Bank of Nigeria (CBN) attributes part of the reduction in fraud to improvements in identity management systems, especially the Bank Verification Number (BVN)

¹ Guardian Nigeria (2026, January 21). Digital payment fraud drops 51% to ₦25.85b, Lagos accounts for 63%. *The Guardian*. <https://guardian.ng/news/digital-payment-fraud-drops-51-to-n25-85b-lagos-accounts-for-63/>

² Nweze, C. (2026, January 22). ₦25.85b lost to bank fraud last year. *The Nation*. <https://thenationonlineng.net/n25-85b-lost-to-bank-fraud-last-year/>

³ Moses-Ashike, H. (2026, January 22). Bank fraud slumps first time since 2021 as BVN, NIN pay off. *Business Day*. <https://businessday.ng/business-economy/article/bank-fraud-slumps-first-time-since-2021-as-bvn-nin-pay-off/>



and its integration with the National Identification Number (NIN)⁴, there are still gaps that require legislative attention.

Issue:

While the decline in fraud losses in 2025 is commendable, the banking sector continues to face evolving risks that threatens financial stability, consumer confidence, and systemic integrity:

- **Sophistication of Fraud Schemes:** High-value, low-volume fraud (notably in internet banking) remains a concern, with fewer cases generating disproportionately large financial losses⁵.
- **Social Engineering & Insider Risk:** Human manipulation and insider collusion have emerged as dominant threat vectors, complicating detection and undermining internal controls⁶.
- **Underreporting of Incidents:** The drop in institutions reporting fraud incidents raises concerns that actual fraud cases may be higher than recorded, weakening industry-wide situational awareness⁷.
- **Emerging Vulnerabilities:** Digital channels such as mobile and e-commerce continue to be prime targets for fraudsters, suggesting that existing safeguards must evolve with technology⁸.

These dynamics indicate that while the financial impact of fraud has been reduced, systemic vulnerabilities persist that could reverse gains if not addressed through sustained policy, regulatory, and legislative action.

Rationale for National Assembly Action:

Electronic payment fraud poses a growing threat to Nigeria's financial stability and reduces public confidence in the digital payments ecosystem, which is central to financial inclusion and economic growth. The increasing sophistication of fraud schemes also raises systemic risks to payment infrastructure, institutional resilience, and cross-border transaction security.

Although initiatives such as BVN and NIN have helped curb certain forms of fraud, gaps remain in compliance, reporting, and enforcement, necessitating stronger legislative oversight to enhance accountability and regulatory effectiveness. As Nigeria aligns its payments system with global standards like ISO 20022, legislative guidance is essential to ensure that legal frameworks adequately support modern, data-driven fraud prevention. Moreover, emerging technology-driven

⁴ ibid

⁵ ibid

⁶ News Agency of Nigeria. (2026, January 21). CBN, NIBSS urge financial institutions to deepen collaboration to sustain drop in electronic fraud. *Peoples Gazette*. <https://gazettengr.com/cbn-nibss-urge-financial-institutions-to-deepen-collaboration-to-sustain-drop-in-electronic-fraud/>

⁷ Nwokoji, C. (2026, January 22). Banking sector fraud losses drop 51 percent to N25.85bn in 2025 —NIBSS. *The Tribune*. <https://tribuneonline.ng/banking-sector-fraud-losses-drop-51-percent-to-n25-85bn-in-2025-nibss/>

⁸ Kayode, G. (2026, January 21). NeFF: CBN, NIBSS urge banks, OFIs to deepen collaborations, sustain offensives against e-frauds. *ConsumerConnect*. <https://consumerconnectng.com/50543>



threats, including artificial intelligence-enabled fraud and deep-fake social engineering, require a forward-looking legal response to safeguard the integrity of the financial system.

Recommendations to the National Assembly:

To address the evolving scale, speed, and sophistication of digital banking fraud in Nigeria, despite the recorded decline in total losses in 2025, the National Assembly, through its **House Committee on Digital and Electronic Banking**, is kindly urged to:

1. Convene a **public oversight hearing** within the first half of 2026 with key stakeholders including the Nigeria Inter-Bank Settlement System (NIBSS) Plc, Central Bank of Nigeria (CBN), Nigeria Financial Intelligence Unit (NFIU), Commercial Banks, Payment Service Providers, and relevant Security and Law Enforcement Agencies to:
 - Examine the drivers of digital payment fraud by channel and geography;
 - Assess the adequacy of existing fraud detection, reporting, and response mechanisms; and
 - Identify regulatory, operational, and enforcement gaps requiring legislative intervention.
2. Through a Committee resolution, require the CBN and NIBSS to **submit quarterly electronic payment fraud reports** to the House Committee on Banking Institutions, detailing:
 - Value and volume of fraud by channel (internet, mobile, POS, agent banking);
 - Institutional compliance with mandatory fraud reporting obligations; and
 - Enforcement actions taken against non-compliant institutions.
3. Commence a **targeted review of existing banking and payments legislation** with a view to:
 - Strengthening statutory penalties for under-reporting or delayed reporting of fraud incidents; and
 - Providing clear legal backing for industry-wide fraud data sharing coordinated by NIBSS.
4. Require periodic briefings from the CBN, NIBSS, and National Identity Management Commission (NIMC) on the status of BVN–NIN integration, including:
 - Coverage across banks, fintechs, and agent networks;
 - Gaps in real-time identity verification; and
 - Legislative or funding constraints hindering full implementation.
5. Initiate or sponsor **amendments** to relevant banking and consumer protection laws to:
 - Establish clear timelines for fraud complaint resolution and customer reimbursement;



- Define liability-sharing obligations among banks, payment service providers, and customers; and
- Strengthen consumer redress mechanisms in cases of electronic payment fraud.

Conclusion:

The 2025 decline in bank fraud losses to ₦25.85 billion, down from ₦52.26 billion in 2024, represents progress, but not a conclusive victory over rising and sophisticated fraud in Nigeria's digital financial ecosystem.

Persistent vulnerabilities in identity verification, underreporting of incidents, and emerging social engineering threats emphasises the need for **continued legislative engagement and oversight**.

The House Committee on Digital and Electronic Banking has a timely opportunity in 2026 to stimulate stronger, technology-aligned fraud governance structures that protect consumers, strengthen financial system integrity, and uphold public confidence in Nigeria's evolving digital economy.

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