

**LEGAL IMPLICATIONS OF ELECTRONIC BANKING IN
NIGERIA**

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ABSTRACT

This study critically examined the various components of electronic banking (e-banking) and their impact on the industry. It analysed the legal issues generated by electronic banking in Nigeria, the existing legal and institutional frameworks for the banking industry, and highlighted their inadequacy in meeting the challenges of electronic banking. It also developed an appropriate legal framework for e-banking in Nigeria

The study relied on primary and secondary sources of information. Judicial decisions and legislation, including the Central Bank of Nigeria Act and the Banks and Other Financial Institutions Act, relating to the banking system constituted the primary sources. The secondary sources of information were journal articles, textbooks from local and foreign jurisdiction, and official documents from banking institutions. Information gathered from these sources was subjected to content analysis.

The study revealed that the traditional conceptions of the relationship between the banker and the customer did not anticipate the evolution of the electronic banking system. This necessitated a shift in the delivery channels, using applicable information and communications technology (ICT) infrastructure, and a re-orientation in the parties. The shift had to do with the workings of the relationship between the parties, *inter se*, and with respect to third parties such as ICT service providers. The study further revealed the peculiar challenges engendered by e-banking and the inadequacies in existing institutional, regulatory and legal frameworks. First, the principal statutes regulating the banking system — the Central Bank of Nigeria Act and the Banks and Other Financial Institutions Act, were enacted before the advent of e-banking. Secondly, the "Guidelines on Electronic Banking in Nigeria 2003" are purely guidelines, rather than enforceable statutory provisions. Besides, the parties still relied mostly on "agreements", fashioned before the advent of e-banking, with provisions overly protective of the banker, against the customer. The customer, in the circumstances, appeared helpless.

The study concluded that the relationship between the banker, the customer and the service providers required careful definition, and to ensure a true and proper harnessing of the capabilities of e-banking products and delivery channels, there is an imperative need to have in place, appropriate laws to regulate e-banking in Nigeria.