

POLICY PULSE

Bank Fees, Dormant Accounts, and a Hidden Governance Gap in Nigeria's Financial Inclusion

Dr David Chidubem Chima
Dabara ThankGod

April 2026

GOVERNANCE



ATHENA
CENTER FOR POLICY
AND LEADERSHIP

Athena Centre for Policy and Leadership operates as an independent, non-partisan think tank in compliance with Nigerian laws and regulations, committed to promoting good governance, transparency, and accountability. Our mission is to conduct rigorous research and provide evidence-based recommendations that contribute to the development of a prosperous and forward-looking society in Nigeria.

© Athena Policy Pulse, April 2026

Cover Image: A customer making a cashless payment using a bank card on a POS terminal. © The Guardian Nigeria News

CONTENTS

- Introduction
- 01** The Lived Problem: Balance Erosion and Account Exit
- 02** Why It Matters: Inclusion Without Retention
- 03** The Core Policy Gap: Access Without Retention
- 04** The Governance Failure
- 05** What The Evidence Shows
- 06** Fintech Migration: Adaptive Exit
- 07** Why the System Persists
- 08** Comparative Insights
- 09** Policy Options for Reform
- Conclusion

INTRODUCTION

Nigeria's financial inclusion framework has succeeded in expanding access to formal financial services but has failed to protect continued participation, allowing routine bank fees to quietly erode small balances and push low-income users out of the formal financial system.

This governance failure does not arise from regulatory absence. Rather, it reflects institutional design gaps: disclosure without protection, fragmented enforcement responsibilities, misaligned supervisory incentives, and inclusion metrics that prioritise account opening over account retention.

As the Central Bank of Nigeria reassesses conduct supervision, consumer-protection effectiveness, and digital-finance regulation in the aftermath of the 2023–2024 naira redesign and subsequent enforcement actions, this unresolved weakness has become more visible. High headline inclusion rates coexist with persistent dormancy, declining trust, and widespread low-balance attrition. Financial inclusion, in practice, remains fragile.

This Policy Pulse examines how cumulative fees undermine sustained participation, why existing institutions fail to respond, and what governance-level reforms can close this gap without undermining financial stability.

THE LIVED PROBLEM: BALANCE EROSION AND ACCOUNT EXIT

For millions of low-income Nigerians, participation in the formal banking system is defined not by credit access or asset accumulation but by the ability of an account to remain viable at low balances.

Accounts are frequently opened during government social-transfer programmes, salary onboarding exercises, student enrolments, or crisis-driven pushes toward cashless payments. These entry points are often successful. What follows, however, is a steady erosion of small balances through routine deductions: monthly account-maintenance fees, SMS alert charges, ATM withdrawal fees, and electronic transaction costs.

Each deduction is typically modest and formally disclosed. Taken together, however, they accumulate into a predictable outcome for users with irregular incomes and thin financial buffers. Balances decline to zero. Accounts fall into inactivity. Trust in formal banking diminishes. Users revert to cash or informal mechanisms.

This pattern is not primarily the result of poor consumer choices or low financial literacy. It is a governance failure in system design, one that tolerates cumulative balance erosion without triggering regulatory intervention.



WHY IT MATTERS: INCLUSION WITHOUT RETENTION

Access Gains and Their Limits

Nigeria has recorded notable gains in financial access. According to the 2023 Access to Financial Services in Nigeria survey by Enhancing Financial Innovation & Access, approximately 74 per cent of adults had access to financial services, while [64 per cent](#) owned a formal account. These outcomes reflect over a decade of coordinated policy effort, including agent banking expansion, digital-payments infrastructure, and national inclusion strategies.

Yet access metrics conceal fragility. Account ownership does not guarantee continued participation.

Poverty, Irregular Income, and Cost Sensitivity

This fragility has material implications in a country where approximately 63 per cent of the population, about [133 million people](#), experience multidimensional poverty. For low-income households, incomes are often irregular, balances are small, and financial resilience is limited. In this context, even small recurring deductions can represent a meaningful share of disposable income.

Financial inclusion cannot be credibly assessed by the number of accounts existing in databases. It must be assessed by whether low-income users can remain in the system without being priced out by routine charges.

THE CORE POLICY GAP: ACCESS WITHOUT RETENTION

Nigeria's financial inclusion architecture is robust on entry but weak on continuity.

Policies, targets, and incentives are aligned around:

- i. account ownership,
- ii. payment-infrastructure expansion, and
- iii. digital transaction volumes.

They are not aligned around:

- i. balance preservation,
- ii. account survival at low income levels, or
- iii. fee-induced attrition.

This asymmetry explains why exclusion persists even within a densely regulated financial system.

THE GOVERNANCE FAILURE

Disclosure Without Protection

The Central Bank of Nigeria's Guide to Charges by Banks and Other Financial Institutions (2020) requires banks to publish detailed pricing schedules and constrains certain excessive charges. The regulatory philosophy prioritises transparency. For low-income users, however, transparency is not protection.

Low-balance customers typically

- i. have limited bargaining power,
- ii. face constrained alternatives, and
- iii. lack the ability to meaningfully compare pricing structures across institutions.

Disclosure does not prevent harm where users cannot easily exit or negotiate.

Cumulative deductions continue regardless of understanding. Transparency without enforceable limits allows predictable balance erosion to persist.

Misaligned Incentives

Supervisory systems do not penalise exclusionary outcomes. Banks are not sanctioned for high dormancy rates. Fee revenues are aggregated into broad income lines, obscuring their distributional effects. Without mandatory reporting that links fees to customer outcomes, regulators lack early-warning signals. The system tolerates attrition not because it is endorsed, but because no institution is clearly responsible for preventing it.

Fragmented Enforcement

Oversight of retail banking conduct is institutionally fragmented:

- i. The Central Bank of Nigeria oversees prudential and conduct supervision.
- ii. The Federal Competition and Consumer Protection Commission enforces consumer-protection standards.
- iii. The Nigeria Deposit Insurance Corporation focuses on depositor protection.
- iv. The Nigerian Inter-Bank Settlement System aggregates transaction data.

No institution is explicitly mandated to treat fee-driven dormancy or low-balance attrition as a supervisory risk. Harm is visible but not actionable. Complaint mechanisms exist, but low-value cases rarely escalate into systemic intervention.

WHAT THE EVIDENCE SHOWS

Dormancy and Account Attrition

Publicly accessible, disaggregated datasets on account dormancy are limited. However, multiple secondary analyses drawing on payment-system transaction data published by the Nigerian Inter-Bank Settlement System and summarised by reputable financial-sector analysts indicate that between 18 and 19 million bank accounts were inactive or dormant on a recurring monthly basis through [2024](#).

During periods of economic disruption, including the naira redesign, analysts using the same transaction-flow methodology reported substantially higher inactivity counts, in some cases exceeding 40–50 million accounts nationally. Because NIBSS does not publish a single, official dormant-account time series, these higher figures should be interpreted as upper-bound estimates derived from transaction inactivity thresholds, rather than precise official counts.

The key point is not the exact number, but the persistence and scale of inactivity relative to total accounts opened. EFINA survey data reinforces this pattern. While approximately 38 million Nigerian adults remain unbanked, a non-trivial share of previously banked respondents cite high charges and unexplained deductions as reasons for disengagement. The survey does not quantify causality, but it establishes cost sensitivity as a recurrent factor in disengagement decisions.

Fee Revenues and Distributional Impact

Bank disclosures provide firmer evidence on the scale of retail fee income.

- i. Eight listed deposit money banks reported approximately [N59.67 billion](#) in account-maintenance fees in the first quarter of 2024.
- ii. BusinessDay's aggregation of published financial statements shows that Nigeria's Tier-1 banks earned over [N100 billion](#) from account-maintenance and electronic-banking charges within nine months of 2023.

These figures do not imply misconduct. They demonstrate that small, individually permissible charges generate substantial revenue at scale. In a high-poverty environment, the distributional impact of such revenues warrants regulatory scrutiny.

Illustrative Household Impact

For an illustrative low-income user maintaining an average balance of N5,000–N10,000, routine deductions of N300–N500 per month translate to an annual cost of N3,600–N6,000. This illustration draws on published bank fee [schedules](#) and common usage patterns; it is not a statistically representative estimate.

For households near the poverty line, this magnitude of cost can equal several weeks of basic food expenditure. The illustration is intended to demonstrate scale, not precision.

FINTECH MIGRATION: ADAPTIVE EXIT

Low-income Nigerians have not exited financial services entirely. Many have migrated to digital platforms such as OPay, Moniepoint, PalmPay, Paga, and Kuda.

According to aggregate transaction statistics released by the Central Bank of Nigeria and summarised in its 2024 payments-system reports, mobile money and related digital channels processed transaction values in excess of 70 trillion [during 2024](#). This figure reflects the combined value of licensed mobile money operators and agent-banking channels.

Fintech growth, however, is best understood as a response to fee-driven exclusion, not a resolution of the underlying governance problem.

Regulatory Convergence Risks

Regulatory actions taken between 2024 and early 2026, including KYC-related sanctions and the approval of national microfinance bank licences for several large fintech platforms, are documented in official licensing circulars and press releases issued by the [Central Bank of Nigeria](#).

These upgrades strengthen oversight but also increase capital, reporting, and compliance costs. Over time, such convergence may compress low-fee models, raising questions about long-term affordability for low-balance users.

Consumer-Protection Gaps

Consumer-protection mechanisms across digital platforms remain uneven. Dispute-resolution timelines, fee prompts, and charge transparency vary significantly. Without system-wide governance reform, migration risks reproducing the same exclusionary dynamics in a new institutional setting.

WHY THE SYSTEM PERSISTS

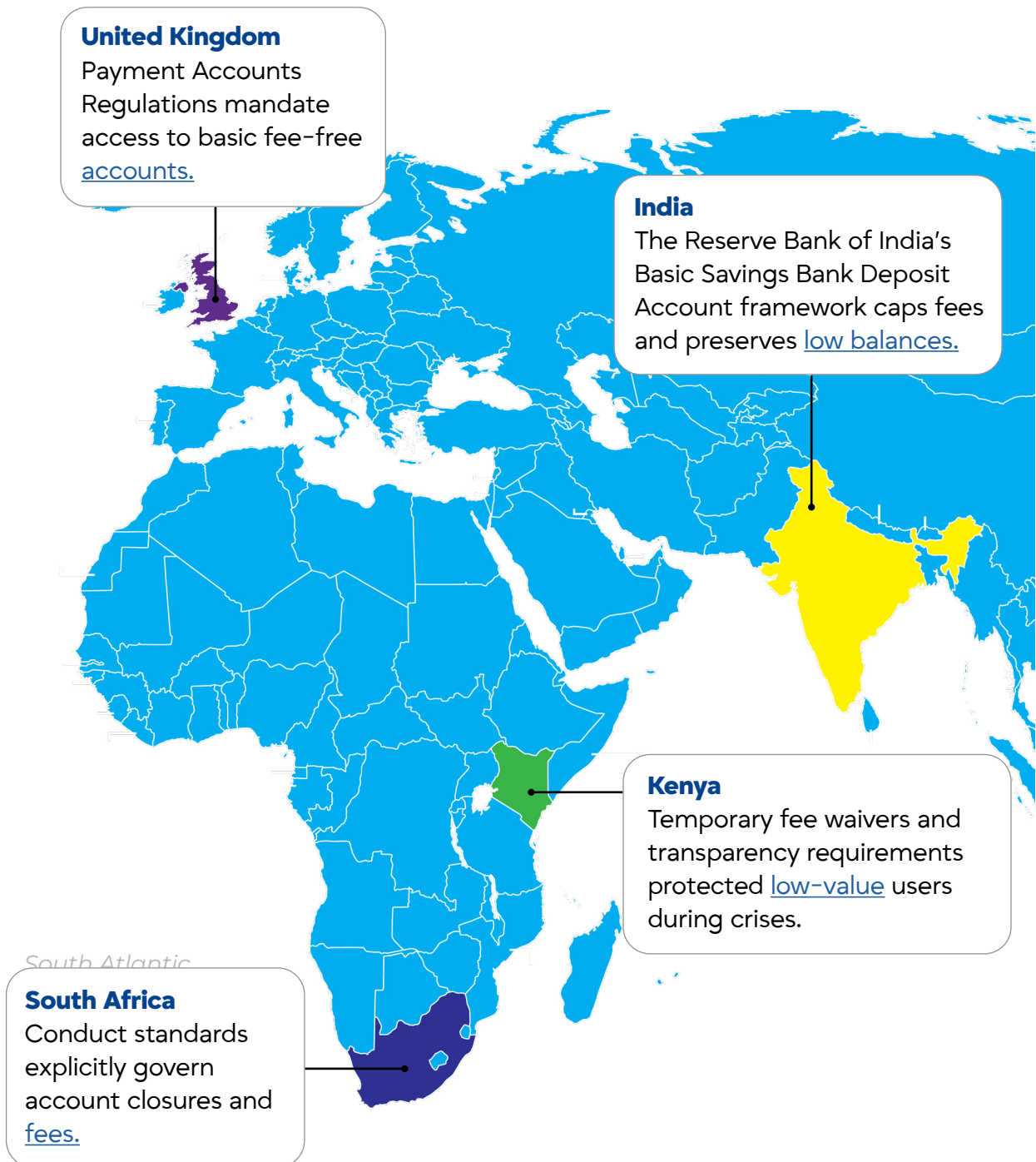
Three forces reinforce inertia:

1. Revenue pressures in a low-margin banking environment.
2. Regulatory caution, prioritising systemic stability over distributive outcomes.
3. Weak inclusion metrics, focused on access rather than retention.

Low-value harms are costly to enforce and politically invisible, allowing exclusion to persist quietly.

COMPARATIVE INSIGHTS

International experience illustrates governance levers rather than templates.



These cases demonstrate that binding classifications, outcome-oriented reporting, and enforceable consumer rights can protect inclusion without destabilising finance.

POLICY OPTIONS FOR REFORM

Nigeria does not need new institutions. It needs clearer mandates, measurable enforcement, and outcome-oriented supervision.

Designate Protected Low-Balance Accounts

Within existing authority, the Central Bank of Nigeria should designate a protected retail-account category with capped or zero maintenance fees for eligible low-income users.

Introduce a Retail Banking Consumer Cost Index

An annual Retail Banking Consumer Cost Index, published by the CBN, would track the cost of maintaining low-balance accounts across institutions, improving transparency and accountability.

Align Supervision With Retention Metrics

Dormant-account rates, low-balance attrition, and fee distribution should be integrated into supervisory dashboards, leveraging data already aggregated by the Nigerian Inter-Bank Settlement System.

Strengthen Consumer Enforcement

Standardised pre-transaction fee prompts, binding dispute-resolution timelines, and predictable penalties for unexplained deductions would operationalise existing consumer-protection rules.

Action	Lead Institution	KPI	Timeline
Designate a protected low-balance retail account	Central Bank of Nigeria	% of eligible accounts enrolled	12 months
Publish quarterly dormant-account metrics	CBN / NIBSS	Public dormancy dashboard	6 months
Introduce Retail Banking Consumer Cost Index	CBN	Annual index publication	12 months
Enforce pre-transaction fee prompts	CBN	Compliance rate across banks	9 months
Strengthen fee-complaint resolution	FCCPC	Avg. resolution \leq 30 days	9 months

CONCLUSION

Routine commercial bank deductions have become a structural constraint on financial inclusion for low-income Nigerians, not because regulation is absent, but because governance is incomplete. Evidence of widespread poverty, substantial fee revenues, persistent dormancy, and adaptive exit into fintech platforms points to a system that measures access while tolerating attrition.

By converting guidance into enforceable protection, aligning supervision with retention outcomes, and strengthening consumer enforcement within existing mandates, Nigeria can close this hidden governance gap without undermining financial stability.

Financial inclusion should not be measured by how many accounts are opened but by how many are actively used, trusted, and retained, especially by the poorest.

Authors

Dr David Chidubem Chima is a visiting senior fellow at Athena Centre for Policy and Leadership.

Dabara ThankGod is a research assistant at Athena Centre for Policy and Leadership.

DISCLAIMER:

The insights, interpretations, and conclusions presented in this report are solely those of the authors and do not necessarily reflect the official policies or positions of Athena Centre, its affiliates, or its Board of Trustees. The information contained in this publication is believed to be based on sources that are accurate and reliable; however, Athena Centre makes no claims or guarantees regarding the completeness, accuracy, or timeliness of the data and assumes no legal liability or responsibility for any errors or omissions.

This report is intended for educational and informational purposes only and does not constitute legal advice or an endorsement of any specific policies, individuals, agencies, or entities. Decisions based on the content of this report are the sole responsibility of the reader. Athena Centre advises readers to seek independent verification and professional counsel before making any decisions based on the information herein.



-  Block A10, Phase 2, Sani Zangon
Daura Estates, Kado, FCT.
-  info.centre@athenacentre.org
-  [facebook.com/Athena Centre for
Policy and Leadership](https://facebook.com/Athena_Centre_for_Policy_and_Leadership)
-  x.com/Athena_Centre
-  [@Athenacentrepl](https://www.instagram.com/Athenacentrepl)
-  [Athena Centre for Policy and Leadership](https://www.linkedin.com/company/Athena_Centre_for_Policy_and_Leadership)