

REDUCING CRIMES IN AGENT BANKING SECTOR: THE NEED FOR GOVERNMENT AND SECURITY AGENCIES TO MAKE IT MANDATORY FOR ALL POS AGENTS TO REGISTER WITH AMMBAN

ABOUT AMMBAN

Association of Mobile Money and Bank Agents in Nigeria (AMMBAN) is the national body for all registered agents of licensed operators of mobile money and agent banking services in Nigeria, popularly called “POS agents” or “POS operators”. AMMBAN is duly registered by Corporate Affairs Commission on 30th December 2015 (CAC/IT/NO.83666). The Association has state chapters spread across Nigeria. The State Chapters have zonal chapters spread across each state.

The aim of the association is to complement and facilitate the efforts of Federal Government of Nigeria, Central Bank of Nigeria (the regulator), licensed operators and other industry stakeholders towards driving financial inclusion to the last mile in Nigeria. A core function of our organization is delivery of critical financial services through our members (agents) to the teeming populace in unbanked remote rural settings and underbanked urban settings; thereby getting them financially included and boosting their economies. Our focus as an association covers four broad areas namely: (1) Mobile Money (2) Agent Banking (3) Fraud and Security (4) Advocacy & Awareness.

AMMBAN is duly recognized by Federal Government of Nigeria and key stakeholders in financial sector. The Association is well represented on Central Bank of Nigeria’s Financial Inclusion State Steering Committees (FISSCO) for various States. The Association has also been collaborating with Federal Government, Central Bank of Nigeria, commercial banks, mobile money operators and other financial institutions on various financial inclusion initiatives at national and state levels.

THE NEED TO SANITIZE AGENT BANKING SPACE

In view of the recent and rising nefarious activities of some unscrupulous elements in the mobile money and agency banking space, it has become really imperative to make this report as to the reasons all stakeholders must come together to sanitize the sector.

While the genuine provision of financial services of mobile money and bank agents have and is still making life easier for the populace across the country, the unregulated entries into the business space and flagrant refusal of a whole lot of them to joining the Association of Mobile Money and Bank Agents in Nigeria (AMMBAN), a body recognized by CBN as a partner in the drive of financial inclusion to the last mile is a major source of concern.

REPORTED CRIMINAL ACTIVITIES IN AGENT BANKING SPACE

The following are some of the reported instances of fraud/crime:

- We have received series of claims by customers who got other debit alerts different from the one they deliberately did at an agent location. This is because these set of agents have succeeded in stealing vital information from the customers' ATM cards. This is against the ethics and tenets of our business.
- It is no longer news that many Yahoo boys and girls are now hiding under the guise of “POS agents” to defraud unsuspecting members of the public.
- There are numerous outlets set up basically to serve as receiving centres for kidnappers. Those centres are only set up to process ransom collections.
- Some of these centres also help armed robbers in accessing accounts of victims and moving funds into their account in exchange for cash. This allows the men of the underworld a cover and decoy, making it difficult to link them to the crime.
- And of course, many untrained agents have equally fallen into the traps of fraudsters customers who come around to make transactions with fake currency. In this case, there are two groups of criminals at two different agent locations. One group will request for the agent account to receive some funds while the ones at the other end request for urgent fund transfer to a relative and in the melee, they pay with fake currency.

- Swapping of ATM cards. Exchanging of the victims's card with that of the defrauding agent thereby getting the ATM card details of the customers.
- Taking the photographs of the ATM cards of their victims, thereby using the information online to defraud the customers.
- Not transferring the customers's fund and claiming it is network issue.
- Recording of victims's details on the ATM card with their pre-set POS terminals thereby getting the details of the victims on their ATM CARD.

AMMBAN EFFORTS AT REDUCING INDUSTRY CRIMES

AMMBAN has held series of radio programmes to enlighten unsuspecting members of the public to be vigilant against these criminal elements who operate under the guise of “POS agents”. AMMBAN has always been advising members of the public to do their transactions at the business centres of accredited agents who display their AMMBAN membership certificates and stickers in their respective agent centres.

The Intelligence Unit of the Association has been working closely with security agencies towards arresting and bringing to book those criminal elements who mess up the agency banking business – the legal means of livelihood for its law abiding members.

AMMBAN is committed to organizing regular professional and security trainings for all its registered members. Sometimes, the Association invites officers of governmental security agencies to educate it members on how to operate safe in the business space.

AMMBAN has a monitoring and compliance unit (Task Force) which ensures that all its registered members operate in line with professional standards and agency banking regulatory guidelines issued by the Central Bank of Nigeria.

These efforts of AMMBAN have gone a long way in helping to sanitize the agent banking sector. However, it is obvious that AMMBAN cannot do it alone.

THE CRITICAL ROLES OF GOVERNMENT AND SECURITY AGENCIES

Government and security agencies have very critical roles to play in checking crimes and bringing sanity to the agent banking space. **An effective way to achieve this is to work towards making it mandatory for all mobile money and bank agents (POS agents) to register with AMMBAN** – the national body

for all agents of licensed operators of agent banking and mobile money services in Nigeria.

Due to the strategic entry KYC verification, recurrent professional trainings and strict monitoring for compliance with CBN regulatory guidelines that AMMBAN does for all its registered members, **it is safe for members of the public to do their banking transactions in the business outlets of identified AMMBAN members.** For easy identification by members of the public, every registered member of AMMBAN is required to display a copy of his/her **membership certificate** and **annual membership renewal sticker** (both containing his/her unique Identification Number) in his/her business outlet. This Identification Number is verifiable via a call to AMMBAN service lines. AMMBAN also issues **identity card** (containing holder's photograph) to every registered member.

Virtually all reported cases of criminal activities against customers involving POS agents were perpetrated by agents not registered with AMMBAN. There are many POS agents out there who deliberately did not join AMMBAN, simply because they do not want to be overseen and monitored by AMMBAN to avoid the "skeletons in their cupboards" from coming to limelight. Most of these agents are untrained, hence they do a lot of unprofessional activities in the course of service delivery, the consequences of which the gullible members of the public who patronize their business outlets are at the receiving ends.

Being a national body that works with government at all levels, the industry regulator and security agencies towards ensuring compliance of all its members with agency banking regulatory guidelines of Central Bank of Nigeria and towards ensuring sanity in the business space, **there is urgent need for government and security agencies to work towards making it mandatory for all existing mobile money and bank agents (POS agents) to register with AMMBAN. There is also the need to make it mandatory for all intending mobile money and bank agents to first pass through AMMBAN for eligibility screening, registration and training before going into the business space.** The current practice of intending POS agents going straight to acquire POS terminals irrationally from licensed operators without passing through AMMBAN for eligibility screening and training has proved not to be in national interest, it should be discouraged.

BENEFITS OF MAKING IT MANDATORY FOR ALL POS AGENTS TO REGISTER WITH AMMBAN

1. It will help to reduce crimes to a large extent in agent banking sector as detailed above.
2. It will help to bring sanity to the agent banking business space, whereby members of the public can confidently do their financial transactions at POS centres without fear of being fraudulently victimized.

3. It will help to increase revenue for government as AMMBAN makes it mandatory for all its members to carry out their civil responsibility via payment of their taxes and trade permits to government. As provided for in AMMBAN Bye Law, no member can be elected to any elective office in the Association without providing evidence of tax payment to government for a minimum of three consecutive years. The Association has also been helping government to collect taxes and trade permit from its members and remitting same to government account.
4. The recurrent trainings that AMMBAN provides for all its members will help to improve professionalism and standard business practice in all agent banking (POS) centres.
5. It will make it easier for government, the regulator (CBN) and the licensed operators to oversee and manage POS agents network effectively.
6. It will make it easier for security agencies to gather intelligence and carry out investigations involving the sector effectively.
7. It will help to create a robust register and database of mobile money and bank agents needed for research and policy making.

These are just some out of many benefits of making it mandatory for all POS agents to register with AMMBAN.

THE NEED FOR A BACKING LEGISLATION

The need to put in place a legislation by the National Assembly to back up the proposal to make it mandatory for all existing and intending mobile money and bank agents in Nigeria to register with AMMBAN is obvious. The provision of Section 40 of the Constitution of Federal Republic of Nigeria (1999) which makes freedom of association open ended is one of the grey areas in the Constitution that we have noted for proposal of review and amendment in the next constitutional review.

While generally there may be freedom for every person to assemble or join any political party, trade union or any association for the protection of his interest; there are two critical sectors of the economy that require intensive regulation and compliance, where membership of a professional association cannot be optional **in public interest**.

The health sector is one. Practitioners in this sector handle precious lives, hence the need for thorough regulation and compliance. Professional associations in this sector complement the efforts of the industry regulators

towards achieving sustainable best practices in the sector. Making membership of a professional association in the health sector optional is detrimental to public interest. This is why no person is allowed to open a pharmaceutical store or even a chemist shop in Nigeria today without first registering with Pharmaceutical Society of Nigeria (PSN) and National Association of Patent and Proprietary Medicine (NAPPMED) respectively.

The banking sector is another critical sector of the economy where intensive regulation and strict compliance is required in public interest. The regulator of this industry is Central bank of Nigeria. This industry is very sensitive and prone to a lot of security challenges. It is one thing for the regulator to put guidelines in place and it is another thing for industry stakeholders to comply. The regulator alone cannot enforce compliance. It requires collaboration of all industry stakeholders. This is why professional associations in the industry, like Bankers' Committee (for commercial banks), National Association of Microfinance Banks and Association Mobile Money and Bank Agents in Nigeria (AMMBAN) all collaborate with Central Bank of Nigeria towards ensuring effective regulation, compliance of their members and bringing sanity to the banking sector. **It is obvious that making membership of a professional association optional for stakeholders in the banking sector is very detrimental to public interest.**

This is why all licensed commercial banks in Nigeria are registered with Bankers' Committee. The same thing goes with most licensed microfinance banks with respect to being registered with their Association. The only category of stakeholders is the banking sector who are largely reluctant to registering with their association are mobile money and bank agents (POS agents). The reluctance of many POS agents to register with AMMBAN is detrimental to public interest, as it is a major reason for many reported cases of crimes in the sector.

In conclusion, AMMBAN strongly appeals to government and security agencies to work towards making it mandatory for all existing and intending mobile money and bank agents (POS agents) to register with AMMBAN as a way of reducing crimes involving POS service all in public interest.



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