

# Reducing Digital Financial Services risks through a Consumer Protection Lab in WAEMU

## The Challenge

The growth of mobile money usage has enabled significant progress in financial inclusion. But new users face many risks as consumers of digital financial services (DFS). [CGAP research](#) conducted in 2021 showed rapid increase in frauds and other risks for users. In the West African Economic and Monetary Union (WAEMU) region, across Burkina Faso, Côte d'Ivoire, and Senegal, between 68% and 90% of users reported exposure to at least one risk; 16%–40% had lost money; and 39%–44% cited difficulties linked to their own capacity to use services.

## CGAP's Role

The DFS Consumer Protection Lab in WAEMU is a research project that CGAP implemented in collaboration with financial sector authorities. CGAP took an evidence-based approach to designing and implementing nationally representative DFS risk surveys in collaboration with local authorities in Burkina Faso, Côte d'Ivoire, and Senegal. This established a shared, consumer-centered evidence base that enabled actors across the digital finance ecosystem to collaborate effectively. In collaboration with CGAP, local financial sector authorities convened regulators, supervisors, DFS providers, banks, microfinance institutions (MFIs), and consumer associations to interpret the findings, prioritize risks, and co-develop practical solutions.

Committed to building their capacity, regulators and supervisors across the three countries participated in a [Digital Financial Inclusion Supervision training program](#), developed through a collaboration between CGAP, the Toronto Centre, and the Digital Frontiers Institute. This initiative equipped authorities with practical tools to better address DFS risks, empowering them to respond more effectively to the evolving needs of financial consumers.

## CGAP's Impact

The lab has helped build evidence on the urgency to consider DFS risks. The consumer survey findings have raised awareness among key actors (financial sector authorities, DFS providers, banks, MFIs, consumer associations) in the WAEMU through national and regional workshops. Based on outcomes of national workshops, financial sector authorities in the three countries developed national action plans. Increased awareness and ensuing actions taken by the Ivorian authorities and all the leading DFS providers contributed to a decrease (95% to 67%) in users encountering at least one DFS challenge in Côte d'Ivoire. Informed by survey insights, providers in Côte d'Ivoire strengthened fraud/scam prevention, improved cost transparency, and improved customer service and complaints mechanisms. As a result, there was a reduction in the percentage of DFS users losing money from fraud (14% to 5%) and in the percentage of DFS users who completed transactions without information on its costs (33% to 6%).

Additionally, with inputs from CGAP, the Central Bank of West African States (BCEAO) developed a new Regional Financial Inclusion Strategy which includes a pillar on financial consumer protection, demonstrating increased focus in this area. The lessons from this Lab have influenced CGAP's ongoing work on a set of guidance and tools for financial authorities to reduce digital finance risks for consumers to build [Responsible Digital Finance Ecosystems](#), with pilots underway in Peru and Rwanda.

This influence was made possible by [CGAP's members](#): around 40 leading development organizations.

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Photo by Annika Hammerschlag.