



(RESEARCH ARTICLE)



## Bridging the gap in financial consumer protection: Independent audit and oversight mechanisms for bank customers in the Gambia

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### Abstract

In today's rapidly evolving banking landscape, protecting financial consumers has become crucial for building trust and stability in the banking sector. Unfortunately, bank customers in The Gambia often find themselves without reliable options when they need to challenge questionable charges or resolve account disputes. While the Central Bank of The Gambia (CBG) and the Gambia Competition and Consumer Protection Commission (GCCPC) exist, customers typically face an uphill battle seeking justice through expensive court proceedings. My study takes a fresh look at these challenges through the lens of institutional and principal-agent theories, highlighting five key problems: the absence of independent account auditing, weak dispute resolution options, poor financial education among consumers, missing consumer advocacy groups, and a lack of transparency from regulators. By examining success stories from Nigeria, Kenya, and South Africa, this paper offers practical solutions to strengthen consumer protection in The Gambian banking sector. My findings point to the urgent need for reform and suggest concrete steps going forward, including creating a financial ombudsman office and boosting financial literacy programs.

**Keywords:** Financial Consumer Protection; Banking Oversight; Independent Audit; Financial Ombudsman; The Gambia; Financial Literacy; Institutional Theory

### 1. Introduction

Banking services are booming across Sub-Saharan Africa, including The Gambia. However, this growth has brought its share of headaches - customers increasingly voice frustration about mysterious charges, sneaky fees, poor service, and nowhere to turn when things go wrong. While The Gambia has its Central Bank (CBG) as the main watchdog and the Competition and Consumer Protection Commission (GCCPC) to enforce consumer rights, bank customers still struggle to find straightforward ways to verify charges or settle disputes.

Simply put, Gambian bank customers need better tools and support systems to protect their interests. This research shines a light on The Gambia's experience as a smaller, developing economy working to build stronger consumer protections. The lessons learned here could help other countries facing similar challenges.

#### 1.1. Organization of the paper

Let me walk you through how I've organized this research

- **Abstract** - A quick overview capturing the key points: what I studied, how I did it, what I found, and what I recommend.
- **Introduction** - Sets the stage with background on banking in The Gambia, why consumer protection matters, and what problems we're trying to solve.

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- **Research Questions and Objectives** - The core questions driving my investigation and what I aim to achieve.
  - **Literature Review** - What others have discovered about financial consumer protection, particularly in Africa, covering everything from independent audits to regulatory transparency.
  - **Theoretical Framework** - How Institutional Theory and Principal-Agent Theory help us understand the gaps in consumer protection.
  - **Methodology** - Qualitative research based on literature, that is how I chose the comparison of cases, and analysis method.
  - **Findings** - The five major holes found in Gambian financial consumer protection, from audit issues to transparency concerns.
  - **Discussion** - What my findings mean in practice, with valuable lessons from Nigeria, Kenya, and South Africa.
  - **Practical Impact** - Real-world recommendations for policy makers, banks, and researchers.
  - **Limitations and Future Research** - What I couldn't cover and what needs more study.
  - **Conclusion** - Bringing it all together: why these reforms matter for The Gambia's financial future.
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## 2. What We're Trying to Learn

Banking consumer protection in The Gambia is still in its early stages. Bank customers often struggle to verify their transactions independently, challenge fees, or resolve disputes without going through lengthy formal channels.

### 2.1. Key Questions

- How well do The Gambia's current banking protections work? Specifically, how effectively do the Central Bank (CBG) and Consumer Protection Commission (GCCPC) serve customers?
- What's missing in our system that prevents proper auditing, oversight, and fair dispute resolution?
- How do we measure up against success stories in Nigeria, Kenya, and South Africa, especially regarding financial ombudsmen and dispute resolution?
- What changes could make Gambian banking more trustworthy and customer-friendly?

### 2.2. Goals

- Evaluate how well current consumer protections actually work
  - Identify what's preventing effective customer service and oversight
  - Learn from successful African examples
  - Suggest practical improvements that make sense for The Gambia
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## 3. Literature review

### 3.1. Financial Consumer Protection in Africa

Financial consumer protection has emerged as a vital component of financial inclusion and stability across Africa. Drawing from the World Bank's [2017] comprehensive guidelines on financial consumer protection, key elements such as transparency, ethical business practices, and effective dispute resolution have become essential for fostering trust in financial systems. Several African nations have developed distinct approaches to protect consumers. For instance, South Africa's National Consumer Commission actively enforces consumer protection legislation, while Kenya's Central Bank manages a dedicated Financial Sector Ombudsman. Nigeria has integrated consumer safeguards through its Federal Competition and Consumer Protection Commission (FCCPC), demonstrating varying institutional approaches to consumer protection [Johnson & Smith, 2021].

### 3.2. Independent Audit Services for Consumers

Across Africa, individual consumers face limited access to independent auditing services. While corporate auditing is well-established, consumers struggle to find affordable services for verifying bank statements or identifying irregularities [Thompson, 2022]. Although fintech solutions are emerging globally, The Gambia lags behind in such innovations. South Africa's Financial Sector Conduct Authority has implemented a regulatory sandbox to encourage financial service innovation, but similar initiatives remain absent in The Gambia, highlighting a significant development gap.

### 3.3. Financial Literacy and Empowerment

Financial literacy significantly impacts consumers' ability to identify banking discrepancies. The OECD [2020] provides comprehensive recommendations for governments to develop and implement effective financial literacy policies. While The Gambia lacks extensive research in this area, practical evidence suggests widespread difficulties among consumers in understanding banking documentation. Recent research by Wilson et al. [2023] emphasizes how robust financial literacy programs and efficient financial systems contribute to greater financial inclusion across Sub-Saharan Africa.

### 3.4. Civil Society and Watchdog Roles

Civil society organizations (CSOs) significantly influence financial market oversight. South Africa's Fair Finance coalition exemplifies effective monitoring of financial institutions' social and environmental responsibility [Anderson & Lee, 2022]. Ghana's CSOs have demonstrated valuable independent oversight in public financial management [Roberts, 2021]. However, The Gambia's notable lack of civil society engagement in banking oversight reveals a crucial gap in independent monitoring and consumer advocacy.

### 3.5. Regulatory Transparency

Publishing consumer complaint data, enforcement actions, and penalties is fundamental for maintaining accountability in the financial sector. The World Bank (2023) emphasizes how regulatory transparency builds credibility and promotes sustainable investment. The Gambian Central Bank's limited publication of consumer-level data restricts public information access and accountability measures. Enhanced regulatory transparency remains crucial for building public trust and ensuring financial institutions maintain fair practices.

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## 4. Theoretical framework

This research examines financial consumer protection gaps in The Gambia through two complementary lenses: **Institutional Theory and Principal-Agent Theory**. These frameworks help explain consumer vulnerability and point toward meaningful reforms.

### 4.1. Institutional Theory

North's [1990] Institutional Theory suggests that formal rules, laws, and informal practices shape how people interact economically. When institutions are robust, they create certainty and trust. When they're weak, they leave people - especially financial consumers - exposed to risk.

Looking at The Gambia, key institutions like the Central Bank (CBG) and Consumer Protection Commission (GCCPC) provide some oversight. However, critical gaps remain - there's no independent auditing, no financial ombudsman, and limited civil society engagement. Through an institutional lens, we can understand these gaps as symptoms of underdeveloped structures and weak enforcement.

### 4.2. Principal-Agent Theory

Principal-Agent Theory examines relationships where one party (the principal) relies on another (the agent) to act on their behalf. In banking, customers trust banks with their money, but banks naturally have more information and expertise than their customers. This information gap creates opportunities for banks to potentially exploit customers through hidden fees, interest miscalculations, or account mismanagement.

Without proper oversight through audits, dispute resolution, or consumer advocacy groups, Gambian bank customers have little ability to monitor their banks' behavior. This theory reveals why customers are inherently vulnerable and highlights the need for reforms to level the playing field.

### 4.3. Application to Gambian Financial Consumer Protection

Together, these theories illuminate two key points

- **Structural Weaknesses:** Weak institutions and enforcement leave consumers exposed
- **Consumer Vulnerability:** Information gaps and limited oversight enable potential exploitation

This theoretical foundation supports focusing on institutional solutions - like establishing an ombudsman, supporting watchdog groups, improving financial literacy, and increasing transparency.

## 5. Methodology

This research takes a qualitative approach, analyzing literature and theory to understand gaps in Gambian financial consumer protection and drawing lessons from similar cases in the region. The methodology provides a structured way to examine customer vulnerabilities and recommend reforms.

### 5.1. Data Sources

The analysis draws from diverse secondary sources

- Academic literature from major databases (JSTOR, Scopus, Google Scholar) on financial consumer protection, banking oversight, dispute resolution, and financial literacy in Sub-Saharan Africa
- Policy documents from organizations like the World Bank, IMF, OECD, and Alliance for Financial Inclusion
- Official documents from Gambian regulators and consumer protection legislation

### 5.2. Comparative Case Selection

Three instructive African examples were chosen for comparison

- Nigeria: Has implemented comprehensive consumer protection through its Central Bank and Competition Commission
- Kenya: Features an independent Financial Sector Ombudsman for dispute resolution
- South Africa: Offers robust protection through its Consumer Commission and Banking Ombudsman, with active civil society participation

These cases offer valuable lessons for potential reforms in The Gambia.

### 5.3. Analytical Approach

The analysis followed three key steps

- Identifying major consumer protection gaps in The Gambia
- Drawing insights from Nigeria, Kenya, and South Africa's approaches
- Developing practical recommendations suited to the Gambian context

This methodology enables a thorough examination of institutional weaknesses while pointing toward concrete solutions for improving financial consumer protection in The Gambia.

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## 6. Results

My comprehensive analysis of literature, regulatory frameworks, and comparative studies across Nigeria, Kenya, and South Africa has uncovered five significant gaps in The Gambia's financial consumer protection landscape. These shortcomings fundamentally undermine consumers' ability to monitor their finances, resolve disputes, and safeguard their economic interests.

### 6.1. Lack of Independent Account Auditing Services

The Gambia faces a critical shortage of accessible account auditing services for individual consumers and SMEs. While larger corporations must undergo mandatory audits, ordinary citizens have no practical way to verify their banking transactions or identify discrepancies. This stands in stark contrast to South Africa and Kenya, where innovative fintech solutions and affordable auditing services have emerged to help consumers track their financial activities [FSD Kenya, 2019]. Without these vital oversight tools, Gambian consumers remain particularly vulnerable to accounting errors, hidden charges, and potential misconduct [IFAC, 2021].

### 6.2. Weak Alternative Dispute Resolution (ADR) Mechanisms

The Gambia desperately needs a dedicated financial ombudsman or equivalent ADR system. Currently, banking oversight is split between the Central Bank of The Gambia (CBG) and the Gambia Competition and Consumer Protection Commission (GCCPC), but neither offers specialized dispute resolution for everyday banking customers. Looking at

success stories like Kenya's Financial Sector Ombudsman and South Africa's Banking Services Ombudsman, we see how effective ADR systems can build consumer confidence and reduce court backlogs [World Bank, 2017; CBN, 2020].

### 6.3. Low Consumer Financial Literacy

Financial literacy remains worryingly low among Gambian consumers, hampering their ability to navigate banking products and understand financial terms. Most rely on informal advice rather than structured education, leaving them ill-equipped to make informed financial decisions [OECD, 2019]. This knowledge gap makes consumers particularly susceptible to misinformation and questionable banking practices, highlighting the urgent need for comprehensive financial education initiatives.

### 6.4. Absence of Civil Society Watchdogs

Unlike South Africa's robust network of civil society organizations that actively monitor financial institutions, The Gambia lacks independent watchdogs in its banking sector. This oversight vacuum reduces accountability and keeps systemic issues hidden from public view. Experience shows that NGOs and consumer advocacy groups play a crucial role in promoting transparency and ethical banking practices [Business & Human Rights Resource Centre, 2020].

### 6.5. Limited Regulatory Transparency

The Gambia's regulatory environment suffers from insufficient public disclosure of consumer-related data, complaint statistics, and enforcement actions. While the CBG and GCCPC provide basic regulatory guidelines, they fall short of the comprehensive reporting seen in South Africa and Kenya, where regular publication of consumer complaint trends and enforcement outcomes builds public trust [Beck & Brown, 2018]. Greater transparency would enable stakeholders to better monitor banking practices and push for meaningful reforms.

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## 7. Discussion

My research reveals that Gambian bank customers face significant disadvantages compared to their counterparts in Nigeria, Kenya, and South Africa. Through the lens of Principal-Agent Theory, I've observed how banks maintain the upper hand over their customers through information asymmetry, often leading to questionable practices like hidden fees and account management issues. What makes this particularly concerning is the lack of proper checks and balances - there's no private independent watchdog keeping banks accountable.

When I examined this through Institutional Theory, the picture became even clearer. The Gambia lacks critical oversight mechanisms that other African nations have implemented successfully. While the Central Bank of The Gambia (CBG) and the Gambia Competition and Consumer Protection Commission (GCCPC) do their part, they weren't designed to be consumer advocates or independent arbitrators. This leaves Gambian banking customers particularly vulnerable.

### 7.1. Learning from Our Neighbors

Looking at other African nations, I found several promising models

- South Africa's Banking Ombudsman offers a straightforward way for customers to challenge banks without getting tangled in expensive legal battles. It's proven effective at spotting and addressing banking misconduct.
- Kenya's approach caught my attention - they've integrated their Financial Sector Ombudsman right into their Central Bank's framework, showing how oversight and dispute resolution can work hand in hand.
- Nigeria's consumer protection system, while still working out some kinks, demonstrates how regulatory innovation can create real safeguards for consumers. Their framework combines clear guidelines with practical enforcement and public education.

### 7.2. Moving Forward in The Gambia

Based on these findings, I've identified several crucial steps for The Gambia

- **We need our own Financial Ombudsman** - an independent referee for bank-customer disputes.
- **Alternative Dispute Resolution** should be built into our banking system, saving people from costly court battles.
- **The CBG and GCCPC** need expanded powers to educate consumers, track complaints, and report findings publicly.
- We should foster **independent watchdog** groups to monitor banks and advocate for customers.

- **Financial literacy programs** are essential to help customers better understand and manage their banking relationships.

In closing, my research shows that protecting Gambian banking consumers requires both structural changes and building new capabilities. While we can learn from our neighbors, we'll need to adapt these solutions to fit our unique context, focusing on making banking more transparent, accessible, and accountable to everyday Gambians.

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## 8. Policy, Practical, and Academic Implications

This study's findings reveal several crucial implications for The Gambia's financial sector stakeholders. My recommendations target key structural weaknesses in financial consumer protection, with the goal of building a more transparent and consumer-friendly banking environment.

### 8.1. Policy Implications

- **Establishment of a Financial Ombudsman Office:** The Gambia urgently needs dedicated legislation to create an independent Financial Ombudsman Office. This office would serve as a cost-effective mediator between banks and consumers, offering swift resolution of disputes without the burden of lengthy court proceedings.
- **Enhanced Regulatory Transparency:** The Central Bank of The Gambia must take a more proactive role in public disclosure. Regular publication of consumer complaint data, enforcement actions, and compliance trends would foster accountability and help rebuild public trust in the banking system.
- **Expanded GCCPC Authority:** The Gambia Competition and Consumer Protection Commission should strengthen its oversight of financial institutions. This includes more rigorous enforcement of consumer protection laws and broader public education about financial rights.

### 8.2. Practical Implications

- **Banking Practices:** Banks need to fundamentally rethink their approach to customer communication. This means implementing clearer fee structures, providing user-friendly statements, and considering regular third-party audits to verify account accuracy.
- **Fintech Integration:** Modern financial technology offers practical solutions to many current oversight gaps. By encouraging the development of account monitoring apps and automated alert systems, consumers can better track their finances in real-time.
- **Alternative Dispute Resolution:** Banks should develop robust internal dispute resolution mechanisms that work alongside the proposed ombudsman system. Well-designed ADR processes can help resolve conflicts quickly and maintain positive customer relationships.

### 8.3. Academic Implications

- **Financial Literacy Assessment:** We need comprehensive research into Gambian consumers' financial literacy levels. Understanding how people actually interact with financial services will help shape more effective educational programs.
- **Consumer Protection Pilots:** The academic community can play a vital role in designing and evaluating consumer watchdog initiatives. Careful study of these pilots would provide valuable insights for larger-scale implementation.
- **Learning from Others:** Researchers should examine success stories from similar markets, particularly in countries like Nigeria, Kenya, and South Africa. These insights can help adapt proven solutions to The Gambia's unique context.

Through coordinated implementation of these recommendations, The Gambia can build a more robust consumer protection framework and create a banking system that truly serves its people.

### *Limitations and Future Research*

My study examines financial consumer protection gaps in The Gambia through theoretical and literature-based analysis, but I must acknowledge several key limitations

- **Reliance on Secondary Sources:** My research draws primarily from existing literature, regulatory documents, and case studies from Nigeria, Kenya, and South Africa. Without primary data from Gambian consumers and banks, I cannot fully capture the current experiences and operational realities unique to The Gambia.
- **Scope of Comparative Analysis:** While I gained valuable insights from examining regional peers, I recognize that The Gambia's distinct socio-economic landscape, cultural context, and regulatory environment may affect how effectively these models can be adapted.
- **Limited Quantitative Assessment:** The lack of quantitative data on complaint patterns, dispute resolutions, and banking misconduct in The Gambia means I cannot provide concrete empirical evidence to support my proposed reforms.

### *Recommendations for Future Research*

To strengthen the evidence, base for policy and institutional reform, I suggest the following research directions

- **Household Surveys on Consumer Experiences:** Gather first-hand data through structured surveys to understand consumer awareness levels, banking service satisfaction, and dispute experiences.
- **Stakeholder Interviews:** Connect with CBG and GCCPC regulators, banking officials, and civil society representatives to understand practical challenges, enforcement issues, and potential collaborative solutions.
- **Quantitative Analysis of Complaints and Disputes:** Systematically collect and analyses consumer complaints, dispute cases, and regulatory actions to identify common banking issues affecting consumers.
- **Evaluation of Pilot Interventions:** Implement and assess targeted initiatives like consumer watchdog programs, financial education campaigns, or technology-based monitoring tools to determine their impact and scalability.
- **Longitudinal Studies:** Track changes in consumer protection effectiveness over time, particularly after implementing new oversight mechanisms or laws.
- These research paths will provide the empirical foundation needed to drive evidence-based policy reform, strengthen institutional frameworks, and build a more consumer-focused banking sector in The Gambia.

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## **9. Conclusion**

This research reveals significant gaps in The Gambia's financial consumer protection framework, exposing bank customers to various vulnerabilities including undisclosed fees, operational errors, and potential malpractice. The study highlights critical institutional weaknesses, notably the lack of independent audit services, dispute resolution mechanisms, and civil society oversight, alongside limited regulatory transparency.

An examination of regional success stories - particularly South Africa's Ombudsman for Banking Services, Kenya's Financial Sector Ombudsman, and Nigeria's Consumer Protection Framework - provides valuable insights into implementable solutions for the Gambian context. Priority reforms should focus on establishing a dedicated financial ombudsman, strengthening civil society oversight, enhancing financial literacy programs, and improving transparency through regular publication of consumer complaints data and regulatory enforcement outcomes.

### *Implementation of these reforms would deliver several key benefits*

- **Enhanced Public Trust:** A robust consumer protection framework would build confidence in formal banking services, reducing reliance on informal financial channels.
- **Broader Financial Inclusion:** Effective dispute resolution mechanisms and transparent banking practices would encourage wider participation in the formal financial sector.
- **Greater Economic Stability:** Strong oversight mechanisms would help prevent systemic risks and malpractice, contributing to a more resilient financial system.
- **Institutional Strengthening:** Evidence-based reforms aligned with international best practices would enhance institutional capacity and effectiveness.
- This research establishes a clear roadmap for addressing structural weaknesses in The Gambia's financial consumer protection landscape. The findings provide valuable guidance for policymakers, financial sector practitioners, and researchers working to align consumer protection standards with international best practices while considering local context and constraints.

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## Compliance with ethical standards

### *Disclosure of conflict of interest*

No conflict of interest to be disclosed.

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