

# **Proposed Regulatory Framework**

## **Title:**

### **WAAF – West Africa Anti-Fraud Framework**

#### **Team Name:**

Team Best

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## **WAAF – West Africa Anti-Fraud Framework**

A Policy Proposal for Regulatory Framework Harmonization and Fraud Prevention in West Africa.

Use Case: Regulatory Framework Harmonization and Fraud Prevention

### **Introduction**

The West Africa Anti-Fraud Framework (WAAF) is a dual-output solution designed to address the challenge of fragmented regulatory frameworks and weak coordination in fraud prevention across West African countries. Financial fraud, particularly cross-border fraud, undermines the integrity of financial systems, erodes public trust, and causes significant economic losses. For instance, the Economic and Financial Crimes Commission (EFCC) in Nigeria reported that financial fraud cost the country approximately \$6 billion in 2023 alone, with cross-border fraud accounting for 30% of cases. The lack of harmonized regulations and real-time coordination among West African nations exacerbates this issue.

### **Objective:**

To establish a unified regulatory and technological approach to combat financial fraud across West African countries

### **1. Solution / Output Name**

Our solution is called WAAF – the West Africa Anti-Fraud Framework. It addresses the lack of harmonized regulations and disjointed efforts to prevent cross-border digital payments fraud across West Africa.

### **2. Solution Output (The Product)**

WAAF comprises two core outputs:

- A Model Memorandum of Understanding (MOU) for regulatory collaboration and enforcement alignment across ECOWAS countries.
- A Regional Fraud Intelligence Hub (RFIH) for real-time data aggregation, analysis, and information sharing among regulators and stakeholders.

Features include:

- Real-time alerts for suspicious transactions.
- Cross-border data integration to track fraud patterns.
- Analytics for predictive fraud detection using AI and machine learning.
- Accessible to regulators, financial institutions, and law enforcement agencies

### 3. Activities (Implementation Steps)

To implement WAAF, we propose the following actions:

1. Leverage the existing Model MOU on Cooperation and Information Sharing among banking supervisory authorities in West Africa
2. Establish an inter-agency Coordinating Task Force to oversee implementation efforts
- 3a. Constitute a subcommittee to define regulatory standards and harmonized minimum requirements.
- 3b. Develop a fraud detection, prevention, and monitoring dashboard through a technical subcommittee.
4. Deliver capacity-building workshops for regulators and fraud investigators across member countries.

### 4. Outputs (Tangible Results)

- A revised MOU within the West African Monetary Institute (WAMI) countries.
- A blueprint and prototype of the Regional Fraud Intelligence Hub (RFIH).
- A harmonized regional policy framework for fraud prevention - document outlining minimum best practices and agreed definitions for financial fraud prevention.
- A regional typology library and secure data-sharing framework.

### 5. Outcomes

- Stronger regulatory coordination across ECOWAS countries.
- Increased capacity among regulators to detect and respond to fraud - Real-time data sharing via the dashboard will enable faster identification of fraud threats.
- Streamlined supervisory expectations and reporting standards for Payment Service Providers (PSPs).
- Strengthened Capacity for Joint Enforcement - Coordinated enforcement actions across borders, supported by trained regulators and investigators.
- Consistency in Fraud Detection Practices - Uniform standards will reduce discrepancies in fraud prevention approaches across West Africa.

## 6. Impact (Measurable Final Change)

Over a five-year horizon, the WAAF is expected to:

- Reduction in regional fraud cases
- Increase public trust in financial institutions, as evidenced by improved consumer confidence metrics.
- Strengthen financial system integrity, reducing economic losses and fostering regional financial stability.

## 7. Stakeholders (Who is Impacted and How to Engage Them)

- Central Banks and Regulators – implementation and enforcement - Central banks and financial supervisory authorities in WAMI countries.

Interest: Ensuring compliance and systemic stability.

Engagement: Lead MOU negotiations and standard-setting.

- Financial Intelligence Unit (FIUs) – real-time intelligence and collaboration - Banks, fintechs, and payment platforms.

Interest: Reduced fraud losses and operational risks.

Engagement: Provide data for the dashboard and adopt harmonized standards.

- Law Enforcement - National police and anti-fraud agencies.

Interest: Effective prosecution of fraud cases.

Engagement: Access dashboard for investigations and participate in capacity-building.

- Other Government Agencies - (Ministries of Information's, National Data Protection Regulators, etc – data reporting, data protection compliance)

- Data protection and cybersecurity authorities.

Interest: Safeguarding consumer data.

Engagement: Ensure compliance

- Consumers – indirect beneficiaries through fraud reduction and safety
- Engagement methods - taskforces, workshops, pilots, and ECOWAS coordination channels

## 8. Risks (Challenges and Mitigation)

- Data privacy concerns – mitigated through secure platforms and governance charters
- Uneven regulatory capacity – mitigated via regional training and peer support
- Hesitancy to sign MOU – mitigated through ECOWAS endorsement and political engagement

- Cybersecurity Threats - Implement state-of-the-art encryption and cybersecurity protocols for the dashboard, with regular audits by third-party experts.

## 9. Resources (What is Needed)

- Legal drafting expertise for MOU and standard policy
- Technical Investment - Funding for dashboard development, including cloud infrastructure and AI tools
- Funding from regional bodies - Budget for workshops, pilot testing, and regional coordination
- Inter-Agency Coordination - Dedicated staff to manage task force operations and stakeholder engagement. al champions to drive adoption and peer learning

## 10. Closing

WAAF is a strategic and realistic solution grounded in the realities of the West African payments ecosystem. It proposes the tools, coordination, and shared vision necessary to shift from fragmented responses to unified, data-driven fraud prevention.

## 11. Conclusion

The West Africa Anti-Fraud Framework is a holistic, regionally focused solution that combines harmonized regulatory standards with a cutting-edge fraud detection dashboard. By fostering collaboration, leveraging technology, and building capacity, the WAAF will make fraud detection faster, smarter, and more reliable, ultimately strengthening the financial systems of West African countries.

## Case Study: Real-Life

The European Union's - Single Euro Payment Area (SEPA) framework provides a successful precedent for regulatory harmonization and fraud prevention. SEPA was established in 2002, the first SEPA credit transfers were introduced and it was implemented in 2008. SEPA standardized payment systems across 34 countries, reducing cross-border fraud by 35% within five years through shared standards and real-time monitoring tools. Similarly, the East African Community (EAC) launched a regional payment system in 2014, which improved fraud detection by 25% through coordinated data sharing. The system became operational in Nov 25, 2013 between Kenya, Tanzania and Uganda. The WAAF builds on these models, tailored to West Africa's unique regulatory and technological context.