DIGITAL SHAMING, DATA PRIVACY AND THE ETHICS OF FINTECH RECOVERY PRACTICES IN NIGERIA: WITHAL CONSUMER PROTECTION AMIDST INSTANT LOAN APPLICATIONS?

Abbas O. Ochogwu*

Abstract

This article examines digital shaming, data privacy violations, and short-term coercive debt recovery practices within Nigeria's rapidly expanding fintech industry. Although digital lending platforms have significantly improved financial inclusion and access to short-term credit facilities, weak ethical and regulatory safeguards have enabled exploitative recovery mechanisms characterised by harassment, unauthorised disclosures of personal information, defamatory communications, and public humiliation of borrowers through digital platforms. Adopting the doctrinal method of legal research, the article analyses the constitutional, statutory, and ethical implications of prevailing recovery practices within the framework of Nigerian consumer protection and data privacy laws. Particular attention is devoted to applicable statutes. and relevant judicial authorities. The article further engages with comparative jurisprudence and international data governance principles to examine the adequacy of regulatory structures governing digital lending operations in Nigeria. The article argues that many fintech recovery practices are inconsistent with constitutional privacy protections and protection against degrading treatment. It further contends that weak enforcement mechanisms, regulatory fragmentation, and inadequate consumer awareness have contributed significantly to the persistence of abusive lending practices within Nigeria's fintech sector. The article concludes by advocating stronger institutional

*LL.B (Hons), B.L, LL.M, Legal Practitioner, Abuja Nigeria. Email: aoochogwu@yahoo.com

enforcement, sector-specific regulation, ethical lending standards, enhanced data protection compliance and consumer education initiatives capable of balancing financial innovation with consumer protection.

Keywords: Fintech Regulation; Digital Privacy; Consumer Protection; Ethical Lending; Digital Finance; Data Protection; Financial Technology Law; Digital Governance.

1.0 INTRODUCTION

The emergence of financial technology institutions and instant loan applications has fundamentally transformed consumer credit transactions in Nigeria. Through mobile-based lending platforms, millions of Nigerians now obtain short-term loans within minutes without collateral or conventional banking procedures.[1] While digital lending has improved financial inclusion and widened access to emergency credit facilities, it has equally generated increasing concerns regarding privacy violations, digital exploitation and coercive debt recovery practices within Nigeria's fintech ecosystem.

Complaints against digital lending operators have increased considerably in recent years, particularly regarding the deployment of borrowers' personal information as instruments of intimidation, humiliation and reputational destruction.[2] Several instant loan applications routinely demand unrestricted access to consumers' contact lists, photographs and other sensitive personal information as conditions precedent for obtaining credit facilities. However, rather than restricting the use of such information to legitimate lending purposes, some operators deploy the data to circulate defamatory

[1] Enhancing Financial Innovation and Access (EFInA), *Access to Financial Services in Nigeria 2023 Survey* (EFInA 2024) 12–18.

[2] Federal Competition and Consumer Protection Commission, *Limited Interim Regulatory/Registration Framework and Guidelines for Digital Lending* (2022) 3–5.

messages, threaten borrowers and embarrass alleged debtors before relatives, employers and professional associates.

The growing normalisation of digital shaming as a debt recovery mechanism raises serious constitutional and ethical concerns. Although creditors possess legitimate rights to recover outstanding debts, such rights cannot be exercised inconsistently with the constitutional guarantees of privacy and protection from degrading treatment under the Constitution of the Federal Republic of Nigeria 1999 (as amended).[3] Contemporary scholarship increasingly recognises informational privacy as an indispensable component of individual autonomy and democratic participation within technologically mediated societies.[4] Consequently, the unauthorised deployment of personal information for purposes of coercion and humiliation extends beyond ordinary contractual disputes and implicates broader constitutional concerns relating to liberty and accountability in the digital age.

The Nigerian courts have consistently affirmed the importance of personal autonomy and protection against degrading treatment within constitutional jurisprudence. In *Medical and Dental Practitioners Disciplinary Tribunal v Okonkwo*, the Supreme Court emphasised the significance of individual autonomy within a democratic society governed by law.[5] Similarly, in *Mogaji v Board of Customs and Excise*, the court condemned conduct capable of subjecting citizens to humiliating treatment inconsistent with constitutional values.[6]

[3] Constitution of the Federal Republic of Nigeria 1999 (as amended), ss 34 and 37.
[4] Daniel J Solove, *Understanding Privacy* (Harvard University Press 2008) 1–12. *Medical and Dental Practitioners Disciplinary Tribunal v Okonkwo* [2001] 7 NWLR (Pt 711) 206 (SC) 240–241.
[5] *Medical and Dental Practitioners Disciplinary Tribunal v Okonkwo* [2001] 7 NWLR (Pt 711) 206 (SC) 240–241.
[6] *Mogaji v Board of Customs and Excise* [1982] 3 NCLR 552 (HC) 585.

Comparative jurisprudence equally reinforces the growing recognition of informational privacy as a protected constitutional right.[7]

Despite interventions by the Federal Competition and Consumer Protection Commission and the Nigeria Data Protection Commission, reports of unlawful disclosures, digital harassment and abusive recovery practices continue to persist. In 2022, the FCCPC commenced enforcement actions against several digital lending applications accused of violating consumer privacy rights through defamatory recovery practices and harassment of borrowers' contacts.[8] The incident demonstrated both the scale of consumer abuse within Nigeria's fintech sector and the continuing weakness of existing regulatory structures.

This article argues that prevailing digital debt recovery practices adopted by certain fintech operators in Nigeria are inconsistent with constitutional privacy protections, incompatible with contemporary data protection principles, and reflective of deeper regulatory and ethical deficiencies within Nigeria's fintech ecosystem. The article, therefore, examines digital shaming, data privacy and the ethics of fintech recovery practices in Nigeria while advocating reforms capable of balancing financial innovation with effective consumer protection.

2.0 CONCEPTUAL CLARIFICATIONS

2.1 Digital Shaming

Digital shaming refers to the use of electronic communication platforms to embarrass, intimidate or socially stigmatise an individual

[7] *Justice K.S. Puttaswamy (Retd.) v Union of India* (2017) 10 SCC 1 (India SC) 497–500.

[8] Federal Competition and Consumer Protection Commission, 'FCCPC Begins Investigation of Digital Money Lenders and Apps' (Press Release, 2022) https://www.fccpc.gov.ng accessed 25 May 2026.

for purposes of coercion or reputational injury. Within digital lending operations, it commonly involves the dissemination of defamatory messages, unauthorised disclosures of personal information and mass communication to a borrower's contacts portraying the individual as fraudulent or financially irresponsible.[9] Unlike lawful debt recovery mechanisms recognised under conventional legal processes, digital shaming relies primarily upon psychological pressure, emotional intimidation, and public embarrassment as instruments of enforcement. The increasing deployment of such tactics by certain fintech operators raises serious concerns regarding privacy rights, informational autonomy, and ethical business conduct. Contemporary privacy scholarship recognises that informational privacy extends beyond secrecy and encompasses the individual's right to maintain control over personal identity and social participation within digital environments.[10] Within the context of digital lending, the use of consumers' personal information as tools of intimidation and reputational destruction exemplifies exploitative digital governance capable of undermining individual autonomy and public confidence in financial systems.

In many cases, affected consumers suffer emotional trauma, reputational injury and social ridicule arising from disclosures made without lawful justification or judicial authorisation. Consequently, digital shaming represents not merely a consumer protection issue but also a constitutional and ethical challenge implicating privacy rights and protection against degrading treatment within Nigeria's constitutional framework.[11]

---

[9] Clare McGlynn, Erika Rackley and Ruth Houghton, 'Beyond "Revenge Porn": The Continuum of Image-Based Sexual Abuse' (2017) 25 *Feminist Legal Studies* 25, 29.
[10] Daniel J Solove, *Understanding Privacy* (Harvard University Press 2008) 98–105.
[11] Constitution of the Federal Republic of Nigeria 1999 (as amended), ss 34 and 37.

2.2 Data Privacy

Data privacy refers to the protection and lawful processing of personal information belonging to individuals. It encompasses the right of persons to control how their personal data is collected, stored, utilised, and disclosed by public or private institutions.[12] In technologically driven societies, data privacy has increasingly emerged as an essential component of individual freedom and informational self-determination.

Under the Nigeria Data Protection Act 2023, personal data includes any information capable of identifying an individual directly or indirectly, including names, telephone numbers, financial records, contact lists, and electronic identifiers.[13] Many instant loan applications require borrowers to grant extensive permissions to access personal information stored on their mobile devices. However, the subsequent use of such information for harassment or public embarrassment frequently exceeds lawful processing limits and undermines constitutional privacy protections guaranteed under Nigerian law.

Modern privacy jurisprudence increasingly recognises that consent obtained through unequal bargaining relationships may not always constitute meaningful or informed consent.[14] Financially vulnerable borrowers often accept intrusive data permissions without fully appreciating the implications of such disclosures.

---

[12] Neil M Richards and Jonathan H King, 'Three Paradoxes of Big Data' (2013) 66 *Stanford Law Review Online* 41, 42.
[13] Nigeria Data Protection Act 2023, s 65.
[14] Helen Nissenbaum, *Privacy in Context* (Stanford Law Books 2010) 127–134.

2.3 Consumer Protection

Consumer protection refers to the body of laws, regulatory mechanisms, and institutional safeguards designed to protect consumers against exploitative, unfair, or deceptive commercial practices.[15] Within the fintech sector, consumer protection assumes heightened significance because digital lending transactions are frequently characterised by unequal bargaining power between financially vulnerable borrowers and technologically sophisticated lending institutions.

The Federal Competition and Consumer Protection Act 2018 prohibits unfair, misleading, and unconscionable commercial conduct while empowering regulatory agencies to safeguard consumer interests in Nigeria.[16] Nevertheless, the persistence of abusive recovery tactics among certain digital lenders demonstrates continuing weaknesses in regulatory enforcement and compliance monitoring within Nigeria's digital lending industry.

Comparative scholarship increasingly emphasises that effective regulation within digital financial markets must extend beyond formal contractual consent and address substantive fairness, transparency and accountability in technologically mediated transactions.[17]

2.4 Ethical Lending

Ethical lending refers to the obligation of financial institutions to conduct lending operations in a fair, transparent and responsible

[15] Ibid

[16] Federal Competition and Consumer Protection Act 2018, ss 17, 124 and 127.

[17] Omri Ben-Shahar and Carl E Schneider, *More Than You Wanted to Know: The Failure of Mandated Disclosure* (Princeton University Press 2014) 3–10.

manner consistent with legal standards and moral principles.[18] It requires lenders to balance commercial profitability with respect for consumer rights and responsible corporate conduct.

Within Nigeria's fintech sector, ethical concerns frequently arise regarding intrusive data collection practices and coercive recovery mechanisms. The use of harassment, intimidation and digital humiliation as instruments of loan recovery fundamentally contradicts the principles of responsible lending and ethical financial practice.[19] Recovery mechanisms founded upon humiliation and reputational destruction, therefore, undermine not only consumer welfare but also the ethical legitimacy of digital financial systems themselves.

3.0 LEGAL AND ETHICAL IMPLICATIONS OF FINTECH RECOVERY PRACTICES IN NIGERIA

The increasing deployment of aggressive debt recovery strategies by digital lending platforms in Nigeria has generated serious constitutional, legal and ethical concerns within the country's evolving fintech sector. Although creditors possess legitimate rights to recover outstanding debts, such rights are not absolute and must be exercised consistently with constitutional safeguards, statutory obligations and principles of responsible corporate conduct.[20] Consequently, the growing practice of digital shaming by certain fintech operators raises fundamental questions regarding the legality of prevailing recovery mechanisms and the adequacy of existing consumer protection frameworks in Nigeria.

---

[18] Joseph E Stiglitz and Andrew Weiss, 'Credit Rationing in Markets with Imperfect Information' (1981) 71 *American Economic Review* 393, 394.

[19] Federal Competition and Consumer Protection Commission, *Limited Interim Regulatory/Registration Framework and Guidelines for Digital Lending* (2022) 5–7.

[20] Federal Competition and Consumer Protection Act 2018, s 17.

One of the most significant concerns associated with fintech recovery practices relates to the violation of the constitutional right to privacy guaranteed under section 37 of the Constitution of the Federal Republic of Nigeria 1999 (as amended).[21] Several instant loan applications obtain extensive access to borrowers' contact lists, photographs and personal information through broad electronic consent clauses embedded within digital contracts. However, the subsequent dissemination of such information to unrelated third parties for recovery purposes frequently exceeds the lawful boundaries of consent and constitutes an unlawful intrusion into personal privacy.

The Nigerian courts have consistently recognised privacy and personal autonomy as constitutionally protected interests deserving judicial protection. In *Medical and Dental Practitioners Disciplinary Tribunal v Okonkwo*, the Supreme Court affirmed the importance of individual autonomy within constitutional governance.[22] Similarly, in *Mogaji v Board of Customs and Excise*, the court condemned conduct capable of exposing citizens to degrading treatment inconsistent with constitutional values.[23] Comparative jurisprudence equally reinforces the growing recognition of informational privacy as a constitutionally protected right.[24] These authorities collectively strengthen the argument that debt recovery mechanisms founded upon intimidation, humiliation and reputational destruction are incompatible with constitutional democracy and the rule of law.

The practices of certain digital lenders equally raise concerns under the Nigeria Data Protection Act 2023, which imposes obligations relating

[21] Constitution of the Federal Republic of Nigeria 1999 (as amended), s 37.
[22] *Medical and Dental Practitioners Disciplinary Tribunal v Okonkwo* [2001] 7 NWLR (Pt 711) 206 (SC) 240.
[23] *Mogaji v Board of Customs and Excise* [1982] 3 NCLR 552 (HC) 585.
[24] *Justice K.S. Puttaswamy (Retd.) v Union of India* (2017) 10 SCC 1 (India SC) 497–500.

to lawful data processing, purpose limitation, and consent-based processing standards.[25] Consequently, the unauthorised disclosure of borrowers' personal information to third parties for coercive recovery purposes may amount not merely to statutory non-compliance but also to an infringement of informational autonomy and privacy rights.

Beyond statutory violations, such conduct may equally expose fintech operators to civil liability in defamation where false or damaging representations are communicated to third parties. In *Sketch Publishing Co Ltd v Ajagbemokeferi*, the Supreme Court reaffirmed that the publication of statements capable of lowering a person in the estimation of right-thinking members of society constitutes actionable defamation.[26] Therefore, the circulation of defamatory messages portraying borrowers as fraudulent persons or habitual debtors may expose digital lenders to substantial legal liability under Nigerian law.

Furthermore, abusive recovery mechanisms undermine the objectives of the Federal Competition and Consumer Protection Act 2018, which prohibits unfair, misleading, and unconscionable commercial practices.[27] Consumers within the digital lending market are often financially vulnerable individuals possessing limited bargaining power and an inadequate understanding of electronic contractual terms. The exploitation of financially distressed borrowers through coercive recovery practices, therefore, reflects not merely regulatory weakness but also deeper ethical deficiencies within technologically mediated financial systems.

[25] Nigeria Data Protection Act 2023, ss 24–39.
[26] *Sketch Publishing Co Ltd v Ajagbemokeferi* [1989] 1 NWLR (Pt 100) 678 (SC) 699.
[27] Federal Competition and Consumer Protection Act 2018, ss 124–127.

The ethical implications of digital shaming extend beyond individual consumer harm and implicate broader questions concerning the legitimacy of technologically driven finance. Ethical lending requires fairness, transparency and responsible corporate conduct.[28] Debt recovery mechanisms founded upon humiliation, emotional intimidation and reputational destruction fundamentally contradict the principles of responsible lending and corporate accountability.

Despite interventions by regulatory agencies such as the Federal Competition and Consumer Protection Commission and the Nigeria Data Protection Commission, reports of unlawful disclosures and digital harassment continue to persist.[29] This demonstrates the urgent necessity for stronger institutional enforcement mechanisms within Nigeria's digital lending sector.

4.0 REGULATORY CHALLENGES AND ENFORCEMENT DEFICIENCIES IN NIGERIA'S DIGITAL LENDING SECTOR

Despite the rapid expansion of financial technology services in Nigeria, the regulatory framework governing digital lending operations remains fragmented and insufficiently coordinated. Although institutions such as the Central Bank of Nigeria, the Federal Competition and Consumer Protection Commission, and the Nigeria Data Protection Commission possess varying degrees of oversight over fintech activities, the absence of a comprehensive sector-specific framework regulating digital lending recovery practices has

[28] Joseph E Stiglitz and Andrew Weiss, 'Credit Rationing in Markets with Imperfect Information' (1981) 71 *American Economic Review* 393, 394–396.

[29] Federal Competition and Consumer Protection Commission, 'FCCPC Warns Digital Lenders Against Harassment and Privacy Violations' (Press Release, 2023) https://www.fccpc.gov.ng accessed 25 May 2026.

contributed significantly to persistent consumer abuse and weak enforcement outcomes.[30]

One major challenge confronting effective regulation within the fintech sector is overlapping institutional mandates and regulatory fragmentation. Digital lending operations simultaneously implicate banking regulation, consumer protection law, cyber regulation and data privacy obligations, thereby creating uncertainty regarding the precise scope of institutional responsibility.[31] Consequently, enforcement efforts are frequently undermined by bureaucratic overlaps, delayed interventions and inconsistent compliance standards which some fintech operators exploit to evade accountability.

Another significant challenge relates to weak enforcement capacity among regulatory agencies. Although the Federal Competition and Consumer Protection Commission has introduced interim guidelines for digital lending operations and sanctioned certain operators for abusive conduct, reports of unlawful disclosures, digital harassment and coercive recovery practices continue to persist across Nigeria.[32] In 2023, the FCCPC ordered the suspension of several digital money lenders accused of violating consumer privacy rights and engaging in defamatory recovery practices against borrowers and their contacts.[33] Nevertheless, the recurrence of similar complaints demonstrates that existing enforcement mechanisms remain insufficient to effectively

[30] Central Bank of Nigeria Act 2007, s 2; Federal Competition and Consumer Protection Act 2018, s 17; Nigeria Data Protection Act 2023, ss 4–6.
[31] Ibrahim Abdul and Amina Hassan, 'Regulatory Challenges in Nigeria's Fintech Industry' (2022) 10 *Nigerian Journal of Commercial Law* 88, 94–96.
[32] Federal Competition and Consumer Protection Commission, *Limited Interim Regulatory/Registration Framework and Guidelines for Digital Lending* (2022) 6–8.
[33] Federal Competition and Consumer Protection Commission, 'FCCPC Suspends Approval of Certain Digital Money Lenders' (Press Release, 2023) https://www.fccpc.gov.ng accessed 25 May 2026.

deter exploitative practices within Nigeria's rapidly expanding fintech market.

The problem is further aggravated by inadequate consumer awareness and financial literacy among borrowers. Many users of instant loan applications possess limited understanding of electronic contracts, data processing implications and available legal remedies relating to privacy violations and unlawful recovery practices.[34] In several instances, borrowers unknowingly grant broad access permissions to sensitive personal information without fully appreciating the implications of such disclosures.

Economic conditions within Nigeria equally contribute to the persistence of abusive recovery practices. Rising inflation, unemployment and increasing financial insecurity have expanded dependence on short term digital loans among economically vulnerable individuals.[35] As demand for emergency credit facilities continues to rise, many borrowers become willing to accept oppressive contractual terms and intrusive data permissions in exchange for immediate financial assistance.

Furthermore, technological advancement within Nigeria's fintech sector has evolved more rapidly than existing legal frameworks regulating electronic financial services. Several applicable statutes were enacted before the emergence of large scale instant loan applications and therefore do not sufficiently address contemporary realities relating to automated debt recovery systems and mass electronic dissemination of consumer information.[36] Comparative

[34] Enhancing Financial Innovation and Access (EFInA), *Access to Financial Services in Nigeria 2023 Survey* (EFInA 2024) 26–29.
[35] Central Bank of Nigeria, *Statistical Bulletin 2024* vol 35, 221–229.
[36] Nigeria Data Protection Act 2023, ss 24–39.

experiences from jurisdictions such as the United Kingdom and the European Union demonstrate that effective digital finance regulation increasingly depends upon proactive governance models capable of integrating technological innovation with consumer protection standards from the outset.[37] The African Union Data Policy Framework 2022 similarly emphasises the need for African states to develop harmonised digital governance systems capable of safeguarding privacy rights and responsible data management practices within emerging digital markets.[38]

The persistence of these regulatory and enforcement deficiencies therefore demonstrates the urgent necessity for a more coordinated and specialised approach to digital lending governance in Nigeria.

5.0 REFORMING CONSUMER PROTECTION AND ETHICAL STANDARDS IN NIGERIA'S DIGITAL LENDING INDUSTRY

The increasing prevalence of digital shaming and abusive recovery practices within Nigeria's fintech sector demonstrates the urgent necessity for comprehensive legal and institutional reforms capable of protecting consumer rights without undermining financial innovation. While digital lending platforms contribute significantly to financial inclusion and economic accessibility, such innovation must operate within regulatory and ethical boundaries consistent with privacy protections and responsible lending principles.[39]

One important reform measure involves the enactment of sector-specific legislation regulating digital lending operations and recovery

[37] Orla Lynskey, *The Foundations of EU Data Protection Law* (Oxford University Press 2015) 233–241.
[38] African Union, *Data Policy Framework* (African Union Commission 2022) 18–24.
[39] Federal Competition and Consumer Protection Act 2018, s 17.

practices in Nigeria. Although existing laws, such as the Federal Competition and Consumer Protection Act 2018 and the Nigeria Data Protection Act 2023, provide partial safeguards against abusive conduct, the absence of a comprehensive legal framework specifically tailored to digital lending has contributed to weak enforcement outcomes and regulatory uncertainty.[40] A specialised statutory framework should prescribe permissible debt recovery procedures, prohibit digital shaming and unauthorised disclosures of consumer information, and impose clear sanctions against violators.

There is equally a pressing need for stricter licensing and compliance requirements for digital lending operators. Regulatory agencies should subject fintech institutions to mandatory ethical compliance obligations relating to data processing, consumer communication and debt recovery practices.[41] Digital lending applications operating within Nigeria should also maintain transparent data usage policies consistent with internationally recognised data protection standards. In this regard, the principles underlying the General Data Protection Regulation of the European Union provide useful guidance regarding lawful processing, accountability, and consent-based data management within digital financial systems.[42]

Furthermore, institutions such as the Federal Competition and Consumer Protection Commission, the Nigeria Data Protection Commission and the Central Bank of Nigeria must strengthen inter agency collaboration in monitoring and sanctioning abusive fintech practices. Effective institutional coordination is necessary to eliminate

[40] Nigeria Data Protection Act 2023, ss 24–39.

[41] Federal Competition and Consumer Protection Commission, *Limited Interim Regulatory/Registration Framework and Guidelines for Digital Lending* (2022) 8–10.

[42] Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 [2016] OJ L119/1 arts 5–7.

regulatory overlaps, improve enforcement efficiency and ensure uniform compliance standards across the digital lending industry.[43] Administrative sanctions imposed against violators should equally be strengthened to create meaningful deterrence against unlawful recovery practices and privacy violations.

Consumer education and financial literacy initiatives also remain indispensable to effective reform within the fintech sector. Many borrowers continue to accept oppressive contractual terms and intrusive data permissions without fully understanding their legal implications or available remedies.[44] Public sensitisation programmes focusing on data privacy rights and responsible borrowing would significantly enhance consumer protection and reduce vulnerability to exploitation by unethical lending operators.

In addition, digital lending institutions must adopt internal ethical frameworks capable of promoting fairness, transparency, and responsible lending practices. Recovery mechanisms founded upon intimidation, humiliation, and reputational destruction fundamentally contradict the principles of ethical financial conduct and should therefore attract serious regulatory consequences. Comparative experiences from jurisdictions such as the United Kingdom, India, and South Africa further demonstrate the importance of robust consumer-centred financial regulation within technologically driven credit markets.[45]

---

[43] Central Bank of Nigeria Act 2007, s 2.

[44] Enhancing Financial Innovation and Access (EFInA), *Access to Financial Services in Nigeria 2023 Survey* (EFInA 2024) 30–33.

[45] Financial Conduct Authority, *Consumer Credit Sourcebook* (FCA 2023) ch 7; National Credit Act 2005 (South Africa), ss 3 and 90.

Ultimately, without comprehensive reform, the continued expansion of digital lending risks transforming financial inclusion into a mechanism of technological exploitation and institutionalised consumer vulnerability.

6.0 THE IMPERATIVE OF RIGHTS-BASED DIGITAL FINANCE IN NIGERIA

The future of digital finance in Nigeria ultimately depends upon the ability of regulatory institutions, fintech operators and policymakers to reconcile technological innovation with consumer protection and ethical responsibility. Financial inclusion cannot be meaningfully achieved where access to credit is accompanied by systematic violations of privacy rights and coercive recovery practices. A digital financial system that relies upon intimidation, humiliation and reputational destruction as instruments of debt recovery undermines consumer confidence and weakens the legitimacy of the broader fintech ecosystem.

The rapid expansion of algorithm-driven lending platforms has fundamentally altered traditional relationships between creditors and borrowers. Unlike conventional lending structures governed largely through physical interaction and institutional oversight, digital lending systems increasingly rely upon automated technologies, mass data extraction, and electronically mediated enforcement mechanisms. Consequently, consumers often encounter technologically sophisticated recovery structures capable of exploiting informational asymmetries and economic vulnerability in unprecedented ways.[46] Within Nigeria's fintech environment, many borrowers possess little understanding of how their personal information is collected, processed and subsequently deployed during debt recovery processes.

[46] Frank Pasquale, *The Black Box Society* (Harvard University Press 2015) 19–27.

Contemporary legal scholarship increasingly recognises that technological systems are never entirely neutral but frequently embody economic priorities and institutional power relations capable of affecting individual freedoms and social justice.[47] Within Nigeria's fintech sector, the use of personal data as instruments of coercion reflects the broader dangers associated with weak consumer protection systems and unregulated digital capitalism. The deployment of borrowers' personal information as tools of intimidation and reputational destruction, therefore, illustrates how technological innovation can become an instrument of exploitation where effective legal safeguards remain absent.

A rights-based regulatory framework consequently becomes indispensable within technologically mediated financial systems. Such a framework must move beyond narrow contractual conceptions of consent and recognise that economically vulnerable individuals frequently accept intrusive digital conditions under circumstances of financial desperation and unequal bargaining power.[48] Meaningful consumer protection, therefore, requires legal standards capable of scrutinising not merely formal consent but also the substantive fairness of technologically driven financial practices.

Furthermore, sustainable digital finance requires more than profitability and market expansion. It equally requires effective regulatory oversight and responsible data governance. The African Union Data Policy Framework 2022 similarly encourages African states to develop human-centred digital governance systems capable of balancing technological innovation with privacy rights and consumer

[47] Lawrence Lessig, *Code and Other Laws of Cyberspace* (Basic Books 1999) 6–15.
[48] Martha Albertson Fineman, 'The Vulnerable Subject and the Responsive State' (2010) 60 *Emory Law Journal* 251, 269–276.

welfare.[49] Without such safeguards, digital finance risks becoming a mechanism for technological exploitation rather than genuine economic empowerment and financial inclusion.

7.0 CONCLUSION

The emergence of digital lending platforms has transformed consumer credit transactions in Nigeria by expanding financial inclusion and improving access to emergency credit facilities. Nevertheless, the growing deployment of digital shaming, unlawful disclosures of personal information, and coercive recovery mechanisms by certain fintech operators has generated serious constitutional, legal and ethical concerns within Nigeria's fintech sector.

This article has demonstrated that many prevailing debt recovery practices within the fintech industry are inconsistent with constitutional privacy protections and protection against degrading treatment under Nigerian law. The article further established that the misuse of borrowers' personal information for purposes of intimidation, humiliation, and reputational destruction may attract liability under the Nigeria Data Protection Act 2023, the Federal Competition and Consumer Protection Act 2018, and the law of defamation.

The article also identified significant regulatory deficiencies within Nigeria's digital lending ecosystem, particularly institutional fragmentation, weak enforcement capacity, inadequate consumer awareness and the inability of existing legal frameworks to sufficiently address emerging technological realities within digitally mediated credit systems. These deficiencies have enabled certain fintech

[49] African Union, *Data Policy Framework* (African Union Commission 2022) 18–24.

operators to continue exploitative and unethical recovery practices against financially vulnerable consumers.

The article therefore advocated reforms centred upon sector-specific legislation, stronger regulatory coordination, enhanced data protection enforcement, mandatory ethical compliance standards, and consumer education initiatives. Comparative experiences from jurisdictions such as the United Kingdom, India, and South Africa further demonstrate that sustainable digital finance depends upon robust consumer protection safeguards and proactive institutional oversight.

Ultimately, the sustainability of Nigeria's fintech industry will depend not merely upon technological advancement or commercial profitability, but upon the capacity of legal and regulatory institutions to ensure that digital finance operates consistently with privacy rights, responsible lending standards and effective consumer protection within an increasingly digitised society.