



## **A LEGAL EVALUATION OF E-COMMERCE TRANSACTIONS: THE EMERGING TREND, BENEFITS AND CHALLENGES IN NIGERIA.**

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**Eberechi Jack Osimiri, Ph.D\* & Desmond O.N. Agwor, Ph.D\*\***

### **Abstract**

*This paper examines the emergence of e-commerce/online consumer products and services transaction in Nigeria. The paper further considers the types, benefits and challenges of e-commerce companies and consumers of online sales products and services. The paper revealed that in as much as this is an emerging trend in Nigeria, the consumers' are gradually adopting the online purchases and various channels of e- payment particularly as a result of the prevailing cashless policy of the Nigerian Government. The paper concluded that though the emerging trend is laudable due to its benefits; however the various challenges of lack of specific and comprehensive law on this subject, which has left the innocent consumers' of online products and services to the mercy of the unwholesome adverts, deceptive products of the e-commerce companies website owners, and fraudulent/criminal activities of internet criminals/fraudsters against the interests of the consumers: if unabated may discourage many consumers from online transactions. The paper recommended for specific and comprehensive law on e-commerce/online transaction to be enacted, that the website online should always make it a priority to encrypt their portals with special encryption algorithms protocols, use recent firewalls like anti-virus software and make payment channels more secure, for the customers' sensitive data and privacy to be preserved. These were recommended, after it was discovered that these and more are the challenges bedeviling the secured and seamless e-commerce/online growth in Nigeria. The enactment of specific law on e-commerce will curb the evil actions of cyber criminals and sale of deceptive/substandard products online.*

**Keywords:** Legal Evaluation, E-commerce Transactions, Emerging Trend and Nigeria

### **1.0 Introduction**

Recent technological advancement has created a new era in business transactions and increased the level of individual choices of products and services. The emergence of world wide world (www) and web browsers in the 1990s' has transformed the internet from a mere communication tool to a revolutionary technology; and has been phenomenal.<sup>1</sup> In the world of e-commerce, Nigeria and the entire world are linked with internet in communications, social events, films politics, policy and programmes; which has brought about an experiential growth in business transactions as well as personal transactions: as there are new e-commerce and other companies springing up rapidly on the daily basis. The greatest benefit of online/e-commerce transactions is that the consumer is able to start and complete his transactions in a click of the internet. Examples of companies operating e-

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\*Ph.D (EBSU Abakaliki), LL.M (Northumbria, UK), LL.B. (ABSU), B.L (Lagos); Lecturer at Law, Faculty of Law, Rivers State University, Nkpolu-Oroworukwo, P.M.B. 5080, Port Harcourt, Nigeria. Tel: +2348060830004, E-mail: eberesolicitor@yahoo.com; eberechi.osimiri@ust.edu.ng.

\*\* Ph.D, LL.M, LL.B (RSU, Port Harcourt), BL (Abuja), DIP (RIVCAS, Port Harcourt), MCIArb; Lecturer at Law, Department of Jurisprudence and International Law, Faculty of Law, Rivers State University, Nkpolu-Oroworukwo, P.M.B. 5080, Port Harcourt, Nigeria. Tel: +2348035425341, E-mail: desmond.agwor3@ust.edu.ng; desmondnoa@gmail.com

<sup>1</sup> Kotler Philip and Armstrong Gary, 'Principles of Marketing', 11<sup>th</sup> edition (England: Financial Times Prentice Hall Publishers 2005), available online@<https://www.amazon.com>, accessed 17<sup>th</sup> July, 2025



commerce/internet (online) consumer transactions are ebay.com.ng, Amazon.com.ng, Konga.com.ng, Jumia.com.ng, bigcommerce.com.ng, Findif.com.ng, Taafoo.com.ng, kamdora.com.ng, mystor.com.ng, tradestable.com.ng, cheki.com.ng, sunglasses.com.ng, dealdey.com.ng, Kaymu.com.ng, shopify.com.ng, to mention a few. With the online consumer transactions, information about products/services are very extensive while prices of products can be compared and readily available for the consumer to make informed choices before going into the transactions at a click of the internet and at the comfort of his home. In this article, we shall consider the definition of e-commerce/online transactions, the benefits of online transactions to the consumer and the seller of online products and services. We shall also consider the challenges of online transactions to the consumer, the seller and promoters of the productions and services. Further, the steps the consumers should take to know any secured online transactions and how the consumer can be protected from unsecured website; in order to avoid been defaulted by fraudsters and misrepresented adverts/bonus on the websites of online sellers.

## **2.0 Definition of E-Commerce**

E-Commerce is an online transaction or any type of business, or commercial transactions which involves the transfer of information across the internet. It covers a wide range of different types of business spanning from consumer based retail sales sites, through auction sites, music sites to business exchange trading on goods and services between the site owners and the consumers. There are different definitions of the concept of e-commerce; however, Zande,<sup>2</sup> has succinctly put it as: E-commerce is the buying and selling of goods and services via the internet, and the transfer of money and data to complete the sales. It is otherwise known as internet Commerce or electronic commerce.

Interestingly, there are many other definitions of ecommerce, however; it is currently the most important aspects of the internet. Generally, e-commerce allows consumers to electronically buy or exchange goods and services from a far and near distance. That is, distance is not a barrier. According to Jain,<sup>3</sup> e-commerce entails a company accessing the internet and the information technology such as electronic data Exchange (EDI), which is the internet vendors website trading on goods and services to the consumer directly from the platform. Electronic commerce which was a novelty but now ubiquitous is conducted on computer, tablets, smart phones and other smart devices; and almost every products and services are available through ecommerce, which has upended how many companies do businesses.<sup>4</sup>

## **3.0 Types of E-Commerce and Examples of Business Models**

The most traditional and emerging e-commerce business models/examples includes: Business to Consumer (B2C) model; Business to Business (B2B); Direct to Consumer (D2C); Consumer to

<sup>2</sup> J.V. Zande, 'E-Commerce: Electronic Commerce Definition, Benefits, Types, Examples,' available online@<[www.forbes.com](http://www.forbes.com)>, accessed 11<sup>th</sup> July, 2025

<sup>3</sup> V. Jain, et al, 'An Overview of Electronic commerce (e-commerce) in Journal of contemporary issues in Business and Government, (2021), vol. 21, No. 3, available online@<[www.researchgate.net](http://www.researchgate.net)>, accessed 11<sup>th</sup> July, 2025

<sup>4</sup> Andrew Bloomenthal, 'E-commerce Defined: Types, History and Examples,' available @<<https://www.investopedia/terms/e/commerce.asp.com>>



Consumer (C2C); Consumer to Business (C2B); Business to Government (B2G); Consumer to Government (C2G).<sup>5</sup>

Examples of (B2C) e-commerce business is when the sale takes place between a business outfit and a consumer such as when we (the consumer) buy an items(s) from an online retailer like the Jumia, Koga etc where goods can be ordered and delivered digitally or physically and payment made through electronic funds and secured payment methods.

Similar to B2C model, is the B2B which is where an e-commerce business sells goods directly to another company, B2B transactions, perhaps, in larger quantities, with detailed specifications; it is called a Business to Business model. For example, selling goods or services by a wholesale company that sells car parts to a factory model, with an option that the buyer can arrange for an order that is reoccurring.<sup>6</sup> Other examples of B2B is the system between a super market and its vendors like Google which make up for full wholesale transactions. Dell computers, sell its products to businesses and organizations online, after buying the same products online.<sup>7</sup>

Further, a Direct to Consumer (D2C) e-commerce appears new and it is where a brand of goods is directly sold to the end users (consumers) without going through the retailer or distributor or wholesaler. Examples are, goods sold or subscriptions made direct to the end user like through their personal Instagram, Facebook, Tiktok, Snapchat.<sup>8</sup>

Another e-commerce model that is very popular in Nigeria, is the consumer to consumer (C2C), whereby individual sells goods or offer services to other individuals on their individual websites or through ecommerce websites/platform. And facilitates the process rather than between Business and Consumers. Examples are Ebay (where option sales consumer list their products and other consumers to bid on and purchase); Fivver, Facebook market place. And the benefits associated to; increased accessibility, it has a wider reach (it connects buyers and sellers from every parts of the world); and its price is competitive, because each individual can set its own prices of goods and services.<sup>9</sup>

And where a consumer sells his services or goods to a business organization like the influencers offer his exposure, photographher offer his services, consultants or even freelance writers/journalists offers his services in a platform, it is called Consumer to Business (C2B) ecommerce.<sup>10</sup> This includes both individual and business that advertised their goods and services on the internet.

In Business to Government (B2G) e-commerce transactions, corporations provide the Government and non-governmental group with input-goods or services. This requires bidding on projects through a

<sup>5</sup> J. V. Zande, (n.2)

<sup>6</sup> Andrew Bloomenthal, (n.4)

<sup>7</sup> M M Suleman et al, (n. 11)

<sup>8</sup> J. V. Zande, (n. 2)

<sup>9</sup> Ibid

<sup>10</sup> Ibid



procurement process.

There are basically two branches of e-commerce namely: (1) Electronic finance like credit cards, debit cards, smart cards, mobile/online banking, insurance and mortgages. The others is E-merchandise like selling goods and services online and transfer of the goods bought and services through different channel. Examples are, purchase of tickets online, purchase of music online, purchase of books, cloths, gifts and travels online.<sup>11</sup>

#### **4.0 Online Transactions and its Benefits to the Consumer and the Seller**

The e-commerce transactions is one of the biggest thing that has taken Nigerian business by storm; with its potential in changing the traditional physical way of conducting sales and payment methods. In as much as it has advantages or benefits to the consumer, it also has benefits to the seller: which is a win-win situation that is the core of its phenomenal rise. Consequently, rising incomes and greater variety of goods on the internet which makes buying online attractive and seamless for consumer all over the world which is an emerging trend; is the hallmark of online transactions.<sup>12</sup>

According to Bloomenthal,<sup>13</sup> other benefits of operating or engaging in the purchase of goods and services on the internet (e-commerce), is that it is operated with reduced operating cost and convenient to buy online within 24 hours a day and seven days each week. This is done within the comfort of consumer home, office, and any place where there is internet connectivity.<sup>14</sup> To set it up is comparatively cheaper than operating in a physical built up apartment with its attendant high cost of furnishing, payment of rent, sign posts, electricity bills, local and state Government tenement/operating shop owners dues/levy.<sup>15</sup> To start up an e-commerce business/platform, an individual can figure out the type of products or services you intend to sell or market. Find out the target audience, who are already in the business and the level of competition you will encounter as well as the projected costs of operation.<sup>16</sup>

Next, is to choose a name for the business, do the relevant documentation and registration, where required. Further, decide on the platform and design a website or engage a website designer to do for you. Finally, use many channels to reach out and market the products or services to the consumer.<sup>17</sup>

<sup>11</sup> M M Suleman et al, 'Review of ecommerce applications in Nigeria: Benefits and challenges, in international Journals of research available on <https://doi.org/10.5281/zenodo.4167547>, accessed 14<sup>th</sup> July, 2025

<sup>12</sup> Nalhotra Bwavya, 'E-Business: Issues and challenges in India Perspective, in Global Journal of Business Management and information, (2014), vol. 4, No. 1, 11-16,

<sup>13</sup> Andrew Bloomenthal, (n. 5)

<sup>14</sup> U C Okolie and A H. Ojomo, 'E-commerce in Nigeria: Benefits and Challenges, in Journal of Humanities and Social Sciences: Latvia (2024), vol. 28 (2) available online@[www.apgads/u.lv/fireadmin/user-uploads/lu.portal/apgads/pdf/hsslafia/ss-28.2.05-okolie-ojomo.ph](http://www.apgads/u.lv/fireadmin/user-uploads/lu.portal/apgads/pdf/hsslafia/ss-28.2.05-okolie-ojomo.ph) accessed 14th July, 2025

<sup>15</sup> Culled from Coursera staff contribution titled: what is E-commerce? Types, Benefits and More, available online@<[www.coursera.org](https://www.coursera.org)>, accessed 12<sup>th</sup> July, 2025

<sup>16</sup> Andrew Bloomenthal, (n. 5)

<sup>17</sup> Ibid



E-commerce allows for increased and extended opening hours and global reach. And e-commerce store does not close its store to customers. Nearly every time of the day or night (except when the consumer choose to sleep) consumers can purchase goods from any part of the world. This exponentially increases sales and income to the online seller.<sup>18</sup> According to Suleiman,<sup>19</sup> e-commerce gives businesses more access to the world market and larger scales reach.

Consequently, there is larger scale awareness, visibility and potential to promote products and services on the other hand, ecommerce encourages healthy competition and consequential lower prices of products and services. Above all, these help to promote consumer loyalty and experience.

Further, the use and availability of e-commerce, has brought about competitive edge of the online businesses. This increases profit margin and strengthens the markets in the ecommerce industry.<sup>20</sup>

Similarly, Ugwu and Ogbo have opined that with the use of e-commerce, the use of the net has expanded as a tool for communication, networking dissemination of information and electronic payments.<sup>21</sup> Despite the popularity and growing nature of e-commerce, particularly the B2C (Business to Consumer) which keeps popping up, there are numerous challenges facing the consumer, that are not yet settled or controlled.

### **5.0 Steps to know a Secured Online/Ecommerce Websites and Transactions**

The security and privacy of online transactions/websites, is a vital aspect of e-commerce success worldwide. As a sub-branch of the information/privacy security framework, it is strategically implemented to mitigate online/internet transactions security threats.<sup>22</sup> An online transactions security and payment mechanisms are the basic concern for consumers that intend to purchase goods and services online.<sup>23</sup> Consequently, secured ecommerce website increases the shopping desire of online consumers.

First, shop at a secured e-commerce website, where the seller and the company involved avoids fraud on the net. The seller or company involved must avoid by checkmating fraud on the net. There should be mechanisms to detect and prevent fraud by cyber criminals. The online consumer should confirm that there exist secured mechanisms on the ecommerce company website.

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<sup>18</sup> (n. 13); (n. 10)

<sup>19</sup> M. M Suleiman, et al, 'Review of E-commerce Applications in Nigeria: Benefits and challenges, in international Journal of Research, available @<<https://doi.org/10.5281/zenodo.14167547>>, accessed 14<sup>th</sup> July, 2025

<sup>20</sup> Ibid

<sup>21</sup> C C Ugwu and Ann Ogbo, 'The implications of legal and policy framework for ecommerce in Nigeria, available online@<<https://dccbn.gov.ng/ogi/wiew-com-tents.cg?article>>(2021)vol.45(2)73-80

<sup>22</sup> Abdallah Howcheimi, 'The Role of Secure Online Payments in Enabling the Development of E-Tailing,' in Journal of Organizational computing and Electronic Commerce. online@(2024)vol.34(4), available@<<https://www.tandonlin.com>>, accessed 15<sup>th</sup> July, 2025

<sup>23</sup> Ibid



Second, check whether sensitive data/information of online consumers is protected. This is done through encryption technology/devices; because an encrypted website is safe for online shopping and other transactions.<sup>24</sup> The consumer will check to confirm if the website has an https:// connection and an icon in the URL. That is 'S' means secured will be part of the website. URL which is found at the address bar, stands for Uniform Resource Locator. It is a string of characters that identifies a location of a website. It comprises of a protocol, that is used to assess the website that is http or https://. It has a domain name; path that is, the path to a specific resource like --- law-on-non-refund/policy. It also contains query parameters like – 'name= Charles & age = 10' example, the URL of this web page is: https://www.wix.com/blog/what-is-a-url.<sup>25</sup> These symbols indicate the use of encryption protocols like SSL,<sup>26</sup> and TLS,<sup>27</sup> with higher online security. Therefore, the website with the 'https' at the beginning of the URL are key indicators of a secured website/platform.

Third, check and read the brochure/area on privacy of consumer data and information, in order to know if the website can be trusted and e-commerce laws as well as regulations, protecting consumer rights are on the net. Where laws exist to protect online consumer, it is imperative to confirm if the enforcement mechanisms are effective to practically protect online consumer and the transactions.<sup>28</sup>

Omotayo,<sup>29</sup> reporting on the survey carried out by the ninth annual stay secure study which surveyed over 5, 800 adults across 17 Central and Eastern Europe, Middle East and Africa, found that 98 percent of consumers' online activity safeguard their online transactions. However, the report further stated that in Nigeria, despite the encouraging trends, the major challenge bedeviling consumers' of online transactions/products is lack of security which is still prevalent. The study further reported the critical state of lack of security of online transaction/e-commerce, as 64 percent of the respondents/consumers admitted to feeling vulnerable to scams like phishing on the consumer emails etc.<sup>30</sup> To scale these hurdles, the consumer should also cultivate the habit of recognizing warning signs, verify any online transactions and be cautious/vigilant before proceeding into online transactions, according to the study.<sup>31</sup>

Fourth, the consumer should help himself by confirming that the platform has a secured payment methods provided by the e-commerce company. Avoid unfamiliar payment options, while credit cards offer more protection. The consumer should check for trusted payment options, use strong and unique alpha numeric keys and special character of passwords and protect the payment device and the

<sup>24</sup> Ibid

<sup>25</sup> Available online@www.wix.com/blog/what-is-a-url, accessed 20<sup>th</sup> July, 2025

<sup>26</sup> SSL means secured sockets layer. It is a secured technology to ensure encryption between the server and the browser.

<sup>27</sup> TLS, means Transport Layer Security. This is a Cryptographic protocol that provides security of communications between a web server and browser. It is an extension of SSL. One of the key features is that it makes the information unreadable to an unauthorized party. There is a shared secret key between the browser and the server.

<sup>28</sup> Virk Raman, 'online shopping and consumer protection in International Journal for scientific research and development (2017), vol. 5 (9) available@www.ijsr.com, accessed 18<sup>th</sup> July, 2025

<sup>29</sup> Boluwatife Omotayo, 'More Nigerians Trust digital Payments, but security concerns remain-Report, available online@<businessday.ng>,(2025), accessed 15<sup>th</sup> July, 2025

<sup>30</sup> Ibid

<sup>31</sup> Ibid



transaction, by regularly monitoring personal account. The consumer should use secured password that should not be shared with persons not trusted.

Fifth, consumers' should check for credible website and disclose only necessary facts. The Golden rule is not to answer every unnecessary questions posed by the website owner, which may not be required for marketing purpose. And it is advisable to shop from already familiar and known websites not new and popping up sites that the credibility has not been tested/confirmed.<sup>32</sup>

## **6.0 Challenges of E-commerce/Online Consumer Transactions**

The current state of advancement in internet portrays the challenges in the behaviour of the consumer of online products and services. It is imperative to note that even though in internet transactions, there is little or no restrictions on the time and space; however, there are noticeable concerns and hiccups affecting consumer online transactions and choice of products and services.

According to Suleiman *et al*,<sup>33</sup> even though there is rise in internet usage and popping up of new e-commerce websites particularly B2C (Business to Consumer) e-commerce, the e-commerce industry and online products consumers are faced with several obstacles.

Okolie and Ojomo, in their contributions have identified lack of adequate security in online transactions as one of the challenges facing consumer that buy goods online. Though, the authors identified e-banking and payment systems as one of the online transaction widely used and accepted by Nigerians population, as over 90% of the banks in Nigeria offer real time online banking services; on the grounds that customers do banking activities from the convenience/comfort of their homes and offices. Examples, are the wide and extensive use of Point of Sale (POS) machines/devices and ATM (Automated Teller Machines) using credit/debit cards as well as banking wallets etc. to do real deposits, withdrawals and other banking services by Nigerians other than the physical banking which is seamless and commendable.<sup>34</sup> However, the fear of inadequate security of these e-commerce/online services, is still of serious concern to Nigerians. Some few e-commerce websites do not have the latest version of secured TLS (1.3) which provides improved security and performance. Many sensitive data/information of online product consumers are tampered with and intercepted by internet criminals/fraudsters popularly called *yahoo yahoo* boys or *yahoo plus* boys in Nigeria. Lack of adequate security of online shopping transactions, promotes phishing scam on the e-mail and other data of online products consumers. This negatively impacts on the trust and confidence of the online products and services accessed by the consumers on the e-commerce vendor's internet/website, according to Okolie and Ojomo.<sup>35</sup>

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<sup>32</sup> Virk Raman, (n. 27)

<sup>33</sup> (n. 19)

<sup>34</sup> See U.C. Okolie and A.H. Ojomo, *Ibid*

<sup>35</sup> *Ibid*



From the views of Suleiman *et al*,<sup>36</sup> poor internet facilities/network as well as high access fees, are other challenges bedeviling ecommerce/online products purchasers in Nigeria. Everywhere in other jurisdictions of the world, strong net infrastructure contributes to the recorded successes of e-commerce transactions, but in Nigeria there is constant network concern, customers don't easily access information, do thorough and diligent product searches as well as comparing products quality and availability; quickly and conveniently assess the offer of various products by different e-commerce websites and the persistent depleting of data, are issues that have not received the desired consideration and solutions.

Lack of privacy of online transactions is another major concern of the internet users/online ecommerce sales. The rapid increase in the use of e-commerce in purchasing goods and services has also brought about a rise in internet attacks against the security and privacy of online transactions. This is inconsistent with sections 14; 16(1)(3); 27, 29, 32, 36, 38, 40(1), 41, 43, 45 and 48(1)(2) and (3) of the *cybercrime prohibition, prevention Etc* Act 2015 except subsection 4 of section 48 of the Act,<sup>37</sup> which provision was deleted by virtue of section 17(2) of the Cybercrimes Prohibition, Prevention, Etc), amendment Act 2024.

Similarly, the invasion of privacy in the e-commerce portals is contrary to the provisions of section 37 of the Constitution.<sup>38</sup> Consumers of online/ecommerce transaction have doubts about the privacy of personal information supplied to e-tailers. This is a constitutional provisions protecting/guaranteeing the right of citizens albeit consumers' right to privacy and private information. However, in most cases particularly in an unsecured e-commerce websites, the illegal activities of cybercriminals and fraudsters' cloning the website and accessing unsuspecting and innocent consumers' private/vital data/information, as well as the costs of insecurity and threat to private life incurred by the consumer, because of third party unauthorized access but was done for criminal/selfish purpose and the inability of the service provider or ecommerce website online devising an automatic means electronic means of securing the website and alerting the online consumer constitutes a breach of contract between the website owner/ecommerce company and the browser/online products consumer. It also constitutes an infringement of right to privacy of individual consumer.<sup>39</sup> Despite these violations, it is trite law that a consumer, who alleges breach of contract and/or right to privacy, must prove same before he may succeed in damages among other reliefs. In the case of *Ibironke v. MTN Nig. Communications Ltd*,<sup>40</sup>

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<sup>36</sup> (n. 19)

<sup>37</sup> Cybercrimes (Prohibition, Prevention Etc.) Act, 2015

<sup>38</sup> Constitution of the Federal Republic of Nigeria, as amended.. This is contrary to section s 89(1) and 141 of the NCA, 2003 and sections 9, 12(1), 14, 25(1) 36(1) and 38(1) 2(a)(4) and (5) of the Cybercrimes (Prohibition, Prevention Etc) Act 2015, as amended in the Amendment Act of 2024. Although there is no specific laws on e-commerce in Nigeria but there are various existing laws, regulations like FCCPA 2019, CAMA 2020, NITD 2007A, CBN Act, 2007 (LFN Cap c4 2010) FIRS (Establishment Act, 2007, NDPR 2019, VAT Act and Company Income Tax Act, which regulates different aspects of online/e-commerce transactions

<sup>39</sup> E.J. Osimiri, 'A critical review of Consumer Protection in the Telecommunications Sector in Nigeria, being thesis submitted to the Faculty of Law, Ebonyi State University, Abakaliki, 94-95

<sup>40</sup> (2019) LPELR – 47483, CA, though it is not a case of ecommerce transactions but it borders on the alleged violation of privacy and private rights of the Appellant; Ngofaka Imbasi, 'Legal Appraisal of Consumer Protection in the



where the Appellant sued the Respondent for violation of his privacy by sending unsolicited messages from an unsubscribed service to his telephone every ten to twenty minutes. He also alleged that it constitutes nuisance, undue interference with his comfort and a violation of his privacy right Constitutionally guaranteed. The Court of Appeal dismissed the appeal and held that the Appellant did not discharge the burden of proving the alleged infringement placed on him by law. Consequently, it was held that he was not entitled to the protection of right guaranteed under section 37 of the *CFRN*, as amended.

Further, an unsecured online payment channels also poses significant threat, brings lack of trust/confidence of online/ecommerce product transactions, which negatively affects the growth of ecommerce in Nigeria, and other developing countries. Houcheimi,<sup>41</sup> posits that in Lebanon as at July 2024, despite the fact that technological growth and the notable new trend in companies discovering new customers and markets in internet services; it is evident that online security of payment for products purchased online is lacking and it influences customers' attitude towards digital payments. This is because to him, payment security is paramount concern in Lebanon and a major pivotal challenge to the growth of e-commerce. Consequently, consumers of online products and services, express low confidence in using online payment channels when shopping online. In effect, in Lebanon, they still have trust and confidence in cash on delivery as their primary payment method, in respect of online/e-commerce e-tailing transactions.

According to him, one of the main e-commerce stoppers in Lebanon is the lack of trust and e-commerce law and methods of payment online: This trend discourages consumers' of online products from use debit and credit cards to pay for online products, according to Lebanese Ministry of Economy.<sup>42</sup> However, in Nigeria there is an emerging trend of payment channels for online transactions, mainly from cash on delivery or cash on the spot of purchase, to digital payment. According to Omotayo,<sup>43</sup> there is an emerging great shift to electronic payment for online sales, up to 86% of online buyers in Nigeria. This is attributed to an improved safety payment channels with the adoption of authentication model of (2FA), that allows for a second verification option, as well as a biometric verification. This also allows the consumers'/users a greater sense of control. Security and protection of their money, the product and privacy right.<sup>44</sup> in spite of these security options, there is still a significant threat to privacy and payment online, as fraud is still the order of the day. The report further identified that 'baby boomers', who contributes to social changes; stirs technological progress; have positive impact on the economy; shapes and promotes the market; are still in greater risk of online fraud resulting from online payments in Nigeria.<sup>45</sup>

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Telecommunications Industry in Nigeria, in Port Harcourt Law Journal, from learning to wisdom, published by Faculty of Law, Rivers State University, Port Harcourt (2021), 10(1) 156 -157

<sup>41</sup> Abdellah Houcheimi, (n. 22)

<sup>42</sup> Ibid

<sup>43</sup> Boluwatife Omotayo, 'Nigeria's digital payment confidence hits 79% as safety wins, April 16, 2015, available@<www.businessday.ng> accessed 16<sup>th</sup> July, 2025

<sup>44</sup> Ibid

<sup>45</sup> ibid

According to Larossi *et al*,<sup>46</sup> many goods are displaced on various retail websites but there are no sales because of poor payment instrument and fear of scanners. Consequently, most sales are still done the traditional manner. Power outage/frequent power failures,<sup>47</sup> and high rate of poverty and illiteracy are challenges of e-commerce/online transactions in Nigeria. Since many consumers' live in poverty, they see shopping online as well as online payment for such goods, as transactions for the rich. Further, those customers' who are poor and illiterate lack the required IT skill to manipulate the computer/telephone to search the ecommerce website and make informed decisions on products and services and subsequent online payment.

There are problems of fake sites and authenticity of quality of foods and services ordered for and the actual quantity need by consumers.<sup>48</sup> The quality of foods and services displaced over the site/internet, are in some cases not the exact quality the e-commerce owner possesses. In Nigeria, there are a few fake sites that possess problems for consumers and most time, it is difficult and confusing to confirm the e-commerce website that is fake or not available and if genuine whether its products are good quality. Most time the website owners' exaggerates the quality of products to the consumer. As a result, many consumers will like to see and examine products physically before they spend their hard earned money. This trend is left unabated on the grounds that there is no specific and comprehensive law that regulates e-commerce transactions in Nigeria. However, it is worthy of note that the provisions of some laws in Nigeria regulates certain aspects of e- commerce. Therefore, sections 17 and 18 of *FCCPA* provides for the functions and powers of the Federal Competition and Consumer Protection Commission, FCCPC. The powers of FCCPC are wide and far-reaching.<sup>49</sup> By virtue of section 104 of *FCCPA*, the FCCPC has a supremacy application over all commercial activities of other sectors/business as well as e-commerce apart from the 1999 Constitution in Nigeria.

Section 39 of the *FCCPA*, established the Federal Competition and Consumer Protection Tribunal, FCCPT. The primary functions of the FCCPT is to adjudicate on conduct prohibited over the *FCCPA*. It also hears appeals from or reviews any decision of the FCCPC, taken in course of the implementation of any provisions of the *FCCPA*. *FCCPA* applies to all businesses as well as online/e-commerce transactions. Section 122 of the *FCCPA*, which also applies to online transactions provides thus:

A consumer has the right to return products supplied to him and get a full refund where they are found unsuitable for use after delivery or where in an advanced sale, the consumer rejects the delivery within a reasonable time after discovery that the product does not correspond to the type or quality reasonably contemplated in the sales agreement.

<sup>46</sup> Larissi et al, 'Financial Technology and Growth of E-commerce in Nigeria (case study of Jumia Nigeria) available at <www.projectreserve.com, accessed 17<sup>th</sup> July, 2025

<sup>47</sup> Abdul-Azeez Oluyemi Emmanuel, (n. 3a)

<sup>48</sup> Ibid

<sup>49</sup> Available online at <https://www.gocsolicitors.com.ng/law-on-consider-refund-policies-in-nigeria>, accessed 19<sup>th</sup> July, 2025



Therefore, in the case of *Ekeng & Anor. v. Wakanow.com Ltd*<sup>50</sup> which is an online service transaction where the Claimant in 2006 booked a flight to London online, at Wakanow.com website. Advance payment were made directly online to Wakanow.com, the Claimant further directed company to open the ticket and change the destination from London to Maryland USA, and the company did. An additional ticket was purchased by the Claimant with a request that the old ticket be rescheduled for a new date with the new ticket to be purchased. The company negligently failed to purchase the new tickets and also failed to reschedule the flight despite the fact that the Claimant paid for it. Being aggrieved the Claimant sued for the refund of the entire fees paid and damages now performance and attempt by the defendant to circumvent the Claimant's right but the company only refunded the additional money paid and refused to refund the initial ticket sum, based on its non-refund policy on the ticket. The Court held that the purported no-refund of payment policy of the defendant which was only communicated to the Claimants after the Claimants made payment for the flight tickets, is illegal, null and void and not binding on the Claimant.

Although, there are laws and regulations that regulates and address different aspects of electronic businesses/e-commerce transactions like, *Federal Competition and Consumer Protection Act* 2019 (that regulates consumer protection of commercial activities) as well as e-commerce businesses and *Company and Allied Matter Act* 2020 (that regulates registration and operation of companies as well as e-commerce company); *Nigerian Data Protection Act (NDPA)* that regulates the protection of personal data of data subjects/consumers); *Cybercrimes (Prohibition Prevention, Etc) Act* 2015 (that regulates activities of cyberspace/security); *Central Bank Act* 2007 (that regulates the system of payment, digital financing and electronic payments); *NITDA – National Information Technology Development Agency Act*, 2007 (that regulates and develops IT standards, guidelines and policies to ensure effective cyber security and enhance digital trust/protect information systems given out in any digital/online transactions); *Federal Inland Revenue Service Act*, (that regulates tax obligations for e-commerce, VAT Act, CITA (Company Income Tax Act) and other businesses, among other laws and regulatory agencies concerning certain aspects of e-commerce in Nigeria.

## **7.0 Online/E-Commerce Transactions and Consumer Protection**

Buying products and services online is an emerging trend that is sweeping the world today, and Nigeria is not an exception. Product information is possible on the net and the consumer can complete his online transactions with a single click, enabling the consumer to make informed choices.<sup>51</sup>

Due to online transactions, people now are aware of the existence of the worldwide websites/market, that is always merely a click away.<sup>52</sup> With the new trend that is a twenty four hour access to goods and services after online purchase. Although, online transactions as well as accessibility for the consumer, there are many noticeable obstacles, which are still persisting and no satisfactory solutions has been proffered. Granted, that e-commerce at this stage is sweeping across the countries of the world, there

<sup>50</sup> Unreported suit No. SCC/LAG/184/2022, judgement was delivered on 22<sup>nd</sup> October, 2022

<sup>51</sup> Virk Raman (n. 27), 'Online shopping and consumer protection, in International Journal for Scientific Research and Development, (2017) vol. 5 (9) available@<www.ijsr.com>, accessed 18<sup>th</sup> July, 2025

<sup>52</sup> Ibid



appears to be inadequate supervision, enforcement as well as no specific and comprehensive law to regulate online transactions in Nigeria.<sup>53</sup>

Many consumer of online products and services are always attracted to substandard and defective goods and services due largely to misleading and deceptive adverts in social media through the company website by new entrances to the online business as well as the already existing online companies. The study by Popoola<sup>54</sup> emphasized that the nature and extent of consumer protection regulations in a modern society, determines the status of the society, political sophistication and maturity, system of Government policy making and priority.<sup>55</sup>

In Nigeria, many customers' are poor, ignorant of the law and there is at the moment lack of specific and comprehensive law on e-commerce market, to enforce the law and punish offenders adequately, within the ambit of the law. Ignorant of the law has also contributed to the consumers' buying substandard and defective products and they do not know that they can sue the owners of fake websites and products. In the developed Countries like the United Kingdom and United States of America, there are laws specifically on e-commerce trading, other laws and effective Advocacy groups that protect the rights of online/e-commerce consumers against the fraudulent and deceptive actions of the manufacturers, e-retailers and e-commerce/website companies.

Ralph Nader, an American political activities in mid 1950s to 1960s championed the course of consumer protection from unwholesome and deceptive activities of manufacturers and businesses in United States of America. His activities culminated in publishing a book titled: 'Unsafe at any Speed'. This later metamorphosed into the passage into law of national Traffic and Motor Vehicle Safety Act in 1966. This brought about global safety features for automobiles, which started with the installation of safety belts and stronger windshields. After the above period and enactment of the safety law, many other laws on consumer protection rights has been enacted worldwide.<sup>56</sup> In USA, the Federal trade Act, which established that Federal Trade Commission, Prohibits Unfair and deception trade Acts and Practices as well as misleading adverts. It is the primary consumer protection and privacy regulator, which includes online businesses and other businesses.

There are many non-governmental organizations (NGOs) and consumers' advocacy groups who have shaped and promote the rights of consumers such groups includes but are not limited to Nigerian Consumer Movements Union (NCMU); Consumer Protection Organization of Nigeria (CPON); National Consumers of Nigeria (NCN); Consumer Right Association of Nigeria (CRAN); Public Interest Law Organization (PILO); Consumer Organization of Nigeria (CON); Consumer Campaign

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<sup>53</sup> Ibid,

<sup>54</sup> Demola Popoola, 'Consumer Protection in Nigeria: Law, theory and policy, a bonus in the field of protection the Guardian, Tuesday February 14, 2006, 68

<sup>55</sup> Ibid

<sup>56</sup> Eno-Obong Akpan, 'A Comparative Analysis of Consumer Protection Framework in Nigeria, United States of America and South Africa, in Nigerian Journal online (2020) available@<https://www.nigerianjournalonline.com>, accessed 19<sup>th</sup> July, 2025



Foundation (CCF); Consumer Awareness Organization (CAO); National Association of Telecom Subscribers of Nigeria (NATSN).<sup>57</sup> It is observed that contrary to the position in advanced Countries of UK and India etc the activities of the NGOs and consumer advocacy groups above stated in Nigeria are not remarkable and laudable enough. Consequently, the protection of online consumer rights by the consumers' advocacy group is left much to be desired. The combine effects of statutory enactments in Nigeria are that online products consumer protection are fairly cover at least, on paper. Therefore, lack of specific and comprehensive legislative enactment and control in online consumer products and services makes the consumers vulnerable to exploitation by the other contracting parties – the website owners/e-commerce companies. The consumers are also vulnerable to attracts by cybercriminals. There is also enforcement of the policies and regulations problems in Nigeria.

## **8.0 Conclusion**

This paper examined the e-commerce/online transactions as an emerging trend in retail and business transactions in Nigeria. The paper equally identified and considered the various steps to know whether an e-commerce website and its products/services are secured as well as the channels of payment on the internet. In as much as there is no specific and comprehensive legislation on online/e-commerce transactions/business in Nigeria, the paper further identified various Nigerian laws that deals on certain aspects of e-commerce as well as the benefits and challenges encountered in online/e-commerce transactions, in order to allay the fears of consumers who are discouraged from engaging in e-commerce purchases as a result of the above challenges.

## **9.0 Recommendations**

To have a secured reliable and trusted e-commerce/online transactions in Nigeria, we recommend as follows:

- i. That there should be a specific and comprehensive e-commerce law with specific agency like it is done in the UK Electronic Communication Act 2010, whereby all the necessary rules of engagement, processes of trading online, payment will be secured and rights of online/e-commerce products consumers will be adequately protected.
- ii. Information/website encryption should be a priority by using special encryption algorithms protocols to secure online information. A secured online transaction helps to prevent online fraud, aimed at protecting the consumer.
- iii. The website owners/e-commerce company should use recent firewalls, like antivirus software to protect endpoint of the server and clients/consumers against virus and malicious codes, which should be made compulsory in the proposed e-commerce legislation.
- iv. Payment channels should be made more secured, in order for customers' sensitive information and privacy will be preserved and not misused by internet criminals/fraudsters. This should be adequately expressed in the proposed e-commerce law, so that purchasers of online products and services in Nigeria will not be paying cash on delivery for e-commerce transactions.

<sup>57</sup> F M Monye, 'Law of Consumer Protection (Ibandan: Spectrum Books Limited 2005), 9