

**COMPENDIUM ON BANKING AND PAYMENT**  
**SYSTEM FRAMEWORKS, CIRCULARS AND**  
**GUIDELINES**

**VOLUME 1**<sup>ce</sup>

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## **PREFACE**

This publication contains policies, rules, circulars, guidelines, regulations and frameworks issued by the Central Bank of Nigeria, as it affects the fintech ecosystem in Nigeria. It will serve as a point of reference to all stakeholders, particularly banks and other financial institutions, to guide their actions and compliance. It will also provide investors with information for decision making.

This Compendium of Policies and Regulations has received the approval of the Governing Board and Management of the Fintech Association of Nigeria, and we commend their support.



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## THE BANKS AND OTHER FINANCIAL INSTITUTIONS ACT 2020 AND IMPACT ON FINTECH COMPANIES IN NIGERIA

The President of the Federal Republic of Nigeria on 13 November 2020, signed the Banks and Other Financial Institution Act (2020) (“the Act”) into law which repealed the extant BOFIA 1991 (as amended).

### SOME NOTABLE PROVISIONS OF THE ACT THAT IMPACT ON FINTECH COMPANIES IN NIGERIA

#### 1. FINTECH COMPANIES AS “OTHER FINANCIAL INSTITUTIONS”

By virtue of Section 130 of the Act certain fintech companies are now expressly described as “Other Financial Institutions”. The Act now defines other Financial Institution to include “any individual, body, association or group of persons; whether corporate or unincorporated other than the banks licensed under this Act, which carry on the business of a discount house, bureau de change, finance company, money brokerage, authorised buying of foreign exchange, International Money Transfer Services, mortgage refinance company, mortgage guarantee company, financial holding company or payment service providers regardless of whether such businesses are conducted digitally, virtually or electronically only and companies whose objects includes factoring, project financing, equipment leasing, debt administration, fund management, private ledger services, investment management, local purchases order financing and such other businesses as the bank may from time to time, designate regardless of whether such businesses are conducted digitally, virtually or electronically only” (emphasis ours). By the amended definition of “Other Financial Institutions” under the Act, fintech companies have now been brought under the regulatory purview of BOFIA.

#### 2. LICENSING REQUIREMENTS

Section 57 to 58 of the Act provides that no institution shall carry on business as an OFI without being duly incorporated in Nigeria; and obtaining a license from the Central Bank of Nigeria (CBN). OFIs operating without a license before the Act, are to within 3 months (of the passage of the Act), apply in writing to the CBN for a license. Section 58(5) of the Act also introduced penalties for transacting other financial banking business without a valid license, to attract imprisonment for a term of not less than 3 years or a penalty of the higher of N10,000,000 or two times the cumulative amount collected or both such imprisonment or fine.

3. **REGULATORY AND SUPERVISORY POWER OF THE CBN OVER OFI**

Section 60 of the Act enacts the right of the Governor of the CBN to appoint one or more officers of the CBN to supervise banks and OFIs, who shall have the right to inspect books of accounts (the mandate of OFIs to keep proper books of account in respect of all transactions is provided under Section 23 of the Act) and to require from the OFI certain information in exercise of its supervisory duties. The CBN also has the mandate to share information on OFIs and permit other agencies to have access to the books and records of OFIs. Section 69 (1) of the Act also provides that the CBN may prescribe the administration and standard, governing operations relating to payment, settlement and clearing.

4. **RISK BASED CAPITAL REQUIREMENTS**

Section 63 (1) of the Act empowers the CBN to issue a notice requiring OFIs to maintain capital of such amount not less than the paid-up share capital requirement as may be designated by the CBN through the various guidelines issued by the CBN.

5. **RESTRICTION ON CERTAIN USE OF NAMES**

Section 43 of the Act provides that no person with the object to offer payments and other financial services shall be registered by the Corporate Affairs Commission (CAC) with the word “fintech” or any of the derivatives either in English language or any other language included in the description or title under which the person is carrying on business in Nigeria without the consent of the Board of the CBN.

6. **ANTI-MONEY LAUNDERING/COMBATING THE FINANCING OF TERRORISM (AML/CFT)**

Section 66 of the Act requires OFIs to adopt policies showing commitments to comply with the AML, CFT and under subsisting laws and to implement internal control measures to prevent transactions that facilitates criminal activities, money laundering and terrorism.

For more information see

<https://www.cbn.gov.ng/Out/2021/CCD/BOFIA%202020.pdf>



## **REGULATORY FRAMEWORK FOR NON- BANK ACQUIRING IN NIGERIA**

### **1. INTRODUCTION**

The Central Bank of Nigeria in furtherance of its mandate to promote a sound financial system and facilitate the development of electronic payment systems in Nigeria issued the Regulatory Framework for Non- Bank Acquiring in Nigeria “the Framework” on 25 May 2021 to guide activities of participants in the provision of Non- Bank Acquiring services in Nigeria.

### **2. SCOPE**

The Framework sets out the procedures for the operation of Non-Bank Merchant Acquiring in Nigeria, including the rights and obligations of the parties involved in the process. It also compels Non-Bank Merchant Acquirers to meet the minimum standards of operations, as approved by the Bank.

### **3. OBJECTIVES**

The objectives of this Framework are to:

- a) Establish Non-Bank Acquiring as a regulated service in Nigeria;
- b) Provide minimum standards and requirements for the operations of Non-Bank Acquiring in Nigeria.

### **4. PARTICIPANTS IN NON-BANK ACQUIRING IN NIGERIA**

- a) Non-Bank Acquirer
- b) Settlement Bank/Sponsor Bank
- c) Merchant’s Deposit Money Bank
- d) Card Schemes
- e) Other Payment Schemes
- f) Nigeria Central Switch (NCS)

### **5. ROLES AND RESPONSIBILITIES OF PARTICIPANTS**

#### **5.1 Non-Bank Acquirers**

Only Licensed Switching and Processing Companies, other than Acquiring Banks, shall be allowed to process and settle transactions on behalf of merchants in Nigeria. The Bank shall approve non-Bank Acquirers, as it deems necessary, from time to time.

#### **5.2 Settlement Bank/Sponsor Bank**

The role of the Settlement/Sponsor Bank shall be as prescribed in the Guidelines for the Operations of Electronic Payment Channels in Nigeria and other relevant regulations.

### **5.3 Merchant's Deposit Money Bank**

The role of the Merchant's Deposit Money Bank shall be as prescribed in the Guidelines for the Operations of Electronic Payment Channels in Nigeria and other relevant regulations.

### **5.4 Payment Schemes/NCS**

The role of the Payment Schemes/NCS shall be as prescribed in the Guidelines for the Operations of Electronic Payment Channels in Nigeria and other relevant regulations.

## **6. MERCHANT AGREEMENTS**

The Non-Bank Acquirer shall maintain merchant agreements that meet the respective scheme's minimum requirements for disclosure, and clearly define obligations of acquirer, merchant and other parties. Furthermore, it shall have appropriate merchant agreement(s) in place with each merchant, prior to provision of transaction acquiring services.

## **7. MERCHANT RISK MONITORING**

The Non-Bank Acquirer shall maintain minimum standards in accordance with the Guidelines on Electronic Payment Channels in Nigeria and risk controls to monitor merchant activity. This shall be to ensure compliance with the respective payment scheme rules while protecting stakeholders such as merchants, consumers, schemes and other participants. A fraud monitoring/behavioral management solution shall be put in place.

## **8. SPONSORSHIP ARRANGEMENTS**

The application for approval by the entity intending to provide Non-Bank acquiring shall be sponsored by at least one acquiring Bank, where settlements shall be domiciled.

The roles and responsibility of a sponsor for each financial institution in a payment scheme shall include:

- a) Generation of financial/transaction data
- b) Computation of settlement position.

## 9. PAYMENT SCHEME LICENCE/APPROVAL

The Non-Bank Acquirer shall execute agreement with each payment scheme whose transactions it wishes to acquire. Provisional arrangements/agreements may be considered for in the process of applying for approval.

## 10. RISK MANAGEMENT REQUIREMENTS

- a) Non-Bank acquirers shall develop and provide an appropriate governance structure, to manage the risk inherent in the acquiring service.
- b) There shall be documented and approved policies in place; which support the risk management function and highlight the acquiring programme strategy, including targeted merchant segments, various entities/agents involved, their responsibilities, likely risks and mitigation procedures.
- c) Non-Bank Acquirers shall comply with all applicable security standards, and shall ensure all merchants who store, transmit and use sensitive card data are Payment Card Industry Data Security Standard, PCI DSS- certified.
- d) Non-Bank Acquirers shall perform due diligence before on-boarding new merchants as stated in the **CBN Know Your Customer (KYC) Policy Document and Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT)** requirements.
- e) Non-Bank Acquirers shall undertake measures to prevent the use of their networks for purposes associated with money laundering, financial crimes and other illicit activities.
- f) Non-Bank Acquirers shall not acquire transactions of merchants that are neither registered nor operating in Nigeria.
- g) Non-Bank Acquirers shall verify that merchants have obtained necessary approvals from appropriate regulatory agencies in respect of their area of trade or activities.
- h) Non-Bank Acquirers shall have a process to ensure adequate merchant agreements are effected.

## 11. REQUIREMENTS FOR REGULATORY REVIEW AND APPROVAL

The CBN requirements to provide Non-Bank acquiring in Nigeria are as follows:

- a) The company shall be a CBN-licensed Switching Company or any other company as approved by the Bank.
- b) In addition, to (a) above, the following documentation shall be required:
  - i. Evidence of engagement with a card scheme
  - ii. Due Diligence and Merchant Onboarding Process
  - iii. Merchant Risk Monitoring Framework
  - iv. Sponsorship letter from one (1) Settlement Bank
  - v. Draft merchant agreements
  - vi. Details of its settlement arrangements
  - vii. Service Level Agreement (SLA) with Settlement Bank
  - viii. Business Continuity Plan
  - ix. Any other document(s) as may be required by the Bank.

## 12. CONFLICT WITH PRIOR REGULATIONS

This Framework shall prevail, on matters of non-bank acquiring service, in the case of conflict with any prior Guidelines issued by the CBN.

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For more information see

<https://www.cbn.gov.ng/Out/2021/CCD/Regulatory%20Framework%20for%20Non-Bank%20Acquiring%20in%20Nigeria%202021.pdf>

## **FRAMEWORK FOR REGULATORY SAND BOX OPERATIONS**

### **1. INTRODUCTION**

The Central Bank of Nigeria (CBN) on 13 January 2021 published a Framework on Regulatory Sandbox Operations ('the Framework') for a formal process to conduct live tests of new, innovative products, services, delivery channels or business models in a controlled environment subject to appropriate conditions and safeguards. The Framework prescribes the standards of operations of the Regulatory Sandbox, the processes and procedures for handling consumer data and information in order to achieve a wholesome operation that guarantees competition, promotes financial inclusion and instils public confidence in the Financial Sector.

### **2. CATEGORIES OF PARTICIPANTS ALLOWED UNDER THE FRAMEWORK**

- a) CBN licensees with innovative payments products or services; and
- b) other local companies which may include financial sector companies as well as technology and telecom companies intending to test an innovative payment solution/product which is acceptable by CBN.
- c) Applicants must however meet eligibility criteria as specified in Paragraph 1.3 of the Framework.

### **3. APPLICATION AND APPROVAL REQUIREMENTS**

- a) The application begins with an invitation by the CBN on its website and advertised on local newspaper which will set out the minimum eligibility criteria to shortlist applicants who qualify for the sandbox.
- b) Application to the Sandbox will be to the CBN through the Regulatory Sandbox online application platform accessed via the CBN's official email address - [Sandbox@cbn.gov.ng](mailto:Sandbox@cbn.gov.ng).
- c) The receipt of application shall be acknowledged to applicants within five (5) working days after submission. The application must however be submitted with a cover letter signed by an authorised signatory of the entity and addressed to the *Director, Payments System Management Department, Central Bank of Nigeria, Abuja*.
- d) Each applicant will be informed of its eligibility and approval to participate in the sandbox within forty-five (45) working days after the closure of the application window.
- e) A Letter of Approval would be issued to the innovator which would allow Sandbox participants to test their innovation. Before the application is considered, a risk assessment is to be conducted by the applicant to ascertain

possible risks the proposed product can pose to the financial institution and customers which may arise from the usage and testing of the proposed product/services.

- f)** Upon issuance of the Letter of Approval, CBN will engage participants on all operational, filing and documentation requirements to be met.
- g)** Upon completion of a sandbox test, CBN will decide whether the product, service or solution should be introduced into the market.
- h)** The CBN may also evaluate and review approval to participate in the sandbox at any time before the end of the testing period where for example the participant fails to carry out safeguards or breaches data security and confidential requirements. Participants will however be given an opportunity to respond in such instance where delay in reviewing the approval would be detrimental to the interest of the participant, their customers, the financial system, or the public.
- i)** Following a review and evaluation of an approval, participants must immediately implement its exit from the Sandbox, notify its customers, comply with obligations of the CBN and submit a report to CBN within thirty (30) working days.

For more information see

<https://www.cbn.gov.ng/Out/2021/CCD/FREAMEWORK%20FOR%20REGULATORY%20SANDBOX%20OPERATIONS.pdf>

## THE CBN REGULATORY FRAMEWORK FOR OPEN BANKING IN NIGERIA

### 1. INTRODUCTION

The Central Bank of Nigeria “CBN” on 17 February 2021 issued the **Regulatory Framework for Open Banking in Nigeria** (‘the Framework’) which aims to promote the sharing and leveraging of customer-permissioned data by Banks in order to build solutions and services that provide efficiency, greater financial transparency, the ability to review all customers banking and financial information in a central location, options for account holders and to enhance access to financial services in Nigeria.

### 2. OBJECTIVES

The objectives of the Framework includes the provision of an enabling regulatory environment to provide innovative financial services through the safe use and exchange of data, to define risk-based data access levels (what Bank data can be shared and who can access it) for effective risk management, to define baseline requirements and standards for the exchange of data among participants in the financial services sector and to provide risk management guidance for operators in the financial service space.

### 3. SCOPE

The scope of the Framework clearly outlined in Paragraph 3.0 includes Payments and remittance services; Collection and Disbursement services; Deposit-taking; Credit; Personal Finance Advisory and Management; Treasury Management; Credit ratings/scoring; Mortgage; Leasing/Hire purchase; and other services as may be determined by the Bank.

### 4. DATA AND SERVICE CATEGORIES

Under the Framework, there are four (4) data and services categories of open exchange and or what can be shared through Application Programming Interface ‘**APIs**’. Each category of data and service is allocated a risk rating on a scale of Low to High and Sensitive:

- 4.1 **Product Information and Service Touchpoints (PIST):** This includes information on products provided to customers and access points for customers to access those services e.g. ATM/POS/Agents locations, channels (website/app) addresses, institution identifiers, service codes, fees, charges and quotes, rates, tenors, etc. This risk in this category is Low

- 4.2 **Market Insight Transactions (MIT):** This includes any statistical data aggregated on basis of products, service, segments, etc which are not associated to any individual customer or account either at an organisational or industry level. The risk in this category is Moderate.
- 4.3 **Personal Information and Financial Transaction (PIFT):** This includes data at individual customer level either on general information on the customer (e.g. KYC data, total number or types of account held, etc) or data on the customer's transaction (e.g. balances, bills payments, loans, repayments, recurring transactions on customer's accounts, etc). The risk in this category is High.
- 4.4 **Profile, Analytics and Scoring Transaction (PAST):** This shall include information on a customer which analyses, scores or give an opinion on a customer e.g. credit score, income ratings etc. The risk in this category is High and Sensitive.

## 5. CATEGORIES OF PARTICIPATING INSTITUTIONS

The Framework further categorized participating institutions involved in open banking into Four (4) as follows: Participants without regulatory licence; Participants through CBN Regulatory Sandbox; Licensed Payments Service Providers and OFIs; and Deposit Money Banks. The Framework utilises a Tier system to determine which category of data and risk can be accessed by participants based on their risk management maturity level. (Tier 0, 1, 2 and Tier 3)

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Accordingly, it provides that Participants without regulatory licence are classed at Tier 0 and can only access PIST and MIT data; Participants through CBN Regulatory Sandbox are classed at Tier 1 and have access to PIST, MIT and PIFT; Licensed Payments Service Providers and OFIs are classed at Tier 2 and can access PIST, MIT, PIFT and PAST; and Deposit Money Banks are classed at Tier 3 and can access PIST, MIT, PIFT and PAST.

## 6. DATA AND API ACCESS REQUIREMENTS

The Framework prescribe the requirements which must be fulfilled by participants to be admitted into any Tier described above, and which would determine the category of data than can be accessed by participants:

- 6.1 Tier 0 participant can only gain access to the data sharing framework on the sponsorship of either a Tier 2 or 3 participant. The sponsoring participant determines the onboarding requirements, conducts a comprehensive risk



- assessment of the Tier 0 participant and the assessment report duly signed by the Chief Risk Officer of the sponsoring participant, and upon onboarding registers the Tier 0 participant on the Open Banking Registry of the CBN within 3 working days.
- 6.2 The admission into the CBN regulatory sandbox cohort shall be the primary requirement for Tier 1 participants, although the CBN may as it deemed fit and on a case-by-case basis stipulate further requirements. Tier 1 participants shall also be listed on the Open Banking Registry.
- 6.3 Tier 2 and 3 participants are required to submit a Satisfactory Risk Assessment Report by at least two (2) partner participants. The report should address, the Know Your Partner (KYP) assessment in respect of business & governance, financial strength analysis, control environment assessment and risk management practices. The report is to be prepared by at least 2 partner institutions which shall include Tier 2 and Tier 3 institutions. The Tier 2 and 3 Participants shall hold a valid Licence from the CBN and be listed on the Open Banking Registry

## 7. ROLES AND RESPONSIBILITIES OF PARTICIPANTS

The Framework also provides for the roles and responsibilities of the Provider, API Users, Development Community, Fintechs, and the Central Bank of Nigeria in the regulation and smooth running of the open banking system in Nigeria's financial space.

- 7.1 **Provider:** A provider is a participant that uses API to avail data or service to another participant. They are also to define the data and services accessible through the APIs; **Establish Data Access Agreement and Service Level Agreements** with other participants; Carry out Know Your Partner (KYP) due diligence on partner participants (which shall include a comprehensive risk assessment on the partner participant duly signed off by the Chief Risk Officer) before executing said agreements; among others
- 7.2 **Consumer:** A consumer is a participant that uses API released by the providers to access data or service. API Users are required to Execute a Data Access Agreement and Service Level Agreement with Provider; Ensure an annual re-validation of the Data Access Agreement and Service Level Agreement; and Comply with data privacy laws and all consumer protection regulations; among others.
- 7.3 **Fintechs:** Companies that provide innovative financial solutions, products and services. Fintech are to ensure that it leverages API to innovate products and solutions that are interoperable; Avoid alteration of APIs published by provider without consent of the providers; and Comply with data privacy laws and regulations; among others.

- 7.4 **Developer Community:** Individuals and entities that develop APIs for participants based on requirements. They are required to execute service agreements with the partner participant outlining the participant’s business requirement and technical guidelines; and Employ secure coding and development standards and practices among others.
- 7.5 **CBN:** The responsibilities of the CBN include Facilitation of the Development of Common Banking Industry API Standards within 12 months of the issuance of this framework; Maintenance of Open Banking Registry; and Enforcement of this Framework among others.

For more information see

<https://www.cbn.gov.ng/Out/2021/PSMD/Circular%20on%20the%20Regulatory%20Framework%20on%20Open%20Banking%20in%20Nigeria.pdf>



**CIRCULAR ON THE NEW LICENCE CATEGORIZATION FOR THE NIGERIAN PAYMENTS  
SYSTEM**

**1. INTRODUCTION**

The Central Bank of Nigeria (CBN) on 9 December 2020 published the Circular on New License Categorizations for the Nigerian Payment Systems (NLC Circular), which has made it easier to identify the licences that apply to the Nigerian Payments System.

**2. PAYMENT SYSTEMS LICENCE CATEGORY**

(a) Switching and Processing (b) Mobile Money Operations (MMOs) (c) Payment Solution Services (PSSs) (d) Regulatory Sandbox.

**3. PERMISSIBLE ACTIVITIES FOR EACH LICENCING CATEGORY**

a) **SWITCHING AND PROCESSING:** switching, card processing, transaction clearing and settlement agents services, and non-bank acquiring services. In addition, Switching and Processing companies can now carry out permissible activities under the Super-Agent, Payment Terminal Service Provider (PTSP) and Payment Solutions Service Provider (PSSP) licences. The minimum capital requirement for the licence is Two Billion Naira (NGN2,000,000,000)

b) **MOBILE MONEY OPERATIONS (MNOS):** to issue electronic money (e-money), create and manage wallets, and manage pool accounts. MNOs licence holders are also permitted to carry out activities that can be performed with a Super-Agent licence. The circular provides that the minimum capital requirement for this licence is Two Billion Naira (NGN2,000,000,000)

c) **PAYMENT SOLUTION SERVICES (PSSS):** this licence category comprises the Super-Agent, Payment Terminal Service Provider (PTSP) and Payment Solution Service Provider (PSSP) licences. An applicant who obtains a PSSs licence would be entitled to carry out activities of the Super-Agent, Payment Terminal Service Provider (PTSP) and Payment Solution Service Provider (PSSP). The minimum capital requirement for the PSS licence is Two Hundred and Fifty Million Naira (NGN250,000,000). A company may also opt for one of the three licenses permissible under the PSS license.

The **Super-Agent licence** allows the licensee to perform agent recruitment, management and other activities as specified in the Regulatory Framework for Licensing Super-Agents in Nigeria and must have the minimum capital requirement of Fifty Million Naira (NGN50,000,000); **PTSP license** allows the licensee to perform Point of Sale(POS) and Payment Terminal Application Developer (PTAD); train and support merchants/agents, and must have the minimum capital

requirement of One Hundred Million Naira (NGN100,000,000); and **PSSP license** allows the licensee to develop and deploy payment processing gateway and portals; payment solution/application; merchant aggregation and collection services, and must have the minimum capital requirement of One Hundred Million Naira (NGN100,000,000)

- d) **REGULATORY SANDBOX:** a company may apply to the CBN for a formal process to conduct live tests of new, innovative products, services, delivery channels or business models. Entities that are permitted to apply and or participate under this licence category include licensed institutions, fintech, innovators and researchers.

#### **OTHER NOTABLE PROVISIONS OF THE CIRCULAR**

- a) only MMOs are permitted to hold customer funds;
- b) Switching companies and MMOs can only operate under a holding company structure;
- c) Existing fintech companies that hold any of the licence categories or that intend to so hold are required to obtain a no-objection from the Payment Systems Management Department of the CBN;
- d) CBN approval is now required for collaborations between fintech companies, banks and other financial institutions in respect of products and services;
- e) Companies with new licensing application or with Approvals-in-Principle licence are required to immediately comply with the new licensing requirements while existing licensed payment companies are required to comply with the new licensing requirements no later than 30 June 2021;
- f) payment service providers must now ensure that the object clauses in their MEMART reflect permissible activities under applicable licence category.

For more information see

<https://www.cbn.gov.ng/Out/2020/CCD/Categorization%20of%20PSPs.pdf>

## APPROVED NEW LICENCE CATEGORIZATION REQUIREMENTS

### **1. INTRODUCTION**

Following the Central Bank of Nigeria (CBN) issuance of a Circular On The New Licence Categorization for the Nigerian Payments System, the CBN published an Approved New Licence Categorization Requirements which sets out the eligibility, capital and documentary requirements applicable to different licenses of the Nigerian payments system.

### **2. SWITCHING AND PROCESSING LICENCE**

#### **2.1 ELIGIBILITY**

Any corporate entity registered by the Corporate Affairs Commission (CAC), with Memorandum and Article of Association (MEMART)

#### **2.2 CAPITAL REQUIREMENT**

- a) N2,000,000,000.00 (shareholders' funds unimpaired by losses)
- b) Preceding 3-years audited financial statements of the company (If applicable)
- c) Escrow of refundable N2bn into CBN PSP Share Capital Deposit Account No. 1000014009
  - i. Deposit for escrow must be in full (one lump sum)
  - ii. It must be made in the name of the company applying for licence (not an individual or related company)
  - iii. Escrowed funds are invested in treasury bills, subject to availability of treasury instruments, which would be refunded accordingly.

#### **2.3 CONTACT**

All written application should be addressed to the Director, Payments System Management Department, Central Bank of Nigeria, Abuja, accompanied by evidence of payments of application fee and other documentary requirements.

#### **2.4 DOCUMENTARY REQUIREMENTS**

- a) Certificate of Incorporation of the company; and Memorandum & Articles of Association (Note: the object clause(s) must be RESTRICTED to relevant payments system activities permitted by the Bank)
- b) Form CAC 2A (Return on Allotment of shares) and Form CAC 7A (Particulars of Directors)
- c) Tax Clearance Certificate for three (3) years of the company (if applicable) and Taxpayer Identification Number (TIN) of company
- d) The company's profile; detailing current type of business operation, products and services

- e) Structure of holding company or parent company (if applicable); and Details of ownership: private/public; ultimate parent; any significant changes in ownership in the last two years
- f) Total number of employees; and Organogram of the company
- g) Functional physical address, contact e-mails from company's domain and telephone numbers
- 12. Board Structure – showing at a minimum Chairman, CEO/MD, and at least, one (1) Independent Non -Executive Director and other Director(s)
- h) Bank Verification Number (BVN), Curricula Vitae (CVs ), proof of government issued identity (National Identification Number (NIN), International Passport, Driver's Licence, Voter's Card) of Board and top management team.
- i) Details of current line of business (if applicable); and Business Plan, to include: a) Nature of the business b) Features of the scheme c) Securities features that will be put in place d) 5 years financial projections e) Proposed schedule of charges f) Profit sharing arrangement g) Diagrammatic illustration of transaction flows
- j) Information Technology policy of the company including: a) Privacy Policy b) Information Ownership/Disclosure/Loss Policy c) Backup and Restore Policy d) Network Security Policy e) Encryption Policy f) Confidential Data Policy g) Password Policy h) Third Party Connection Policy i) Incidence Response Policy j) Physical Security Policy
- k) Enterprise Risk Management Framework; and Dispute Resolution Framework
- l) Contingency and Disaster Recovery Plan (Business Continuity Plan)
- m) Duly executed agreements (drafts, as applicable) with the following: a. Technical partners b. Participating banks c. Merchants d. Telcos e. Any other relevant party
- n) Project Deployment Methodology; and a Document that shall outline the strategy of the shared agent network including current and potential engagements, geographical spread and benefits to be derived
- o) Qualifying criteria for engaging agents e.g. a. Outreach b. Competence c. Integrity d. Others
- p) Draft Service Level Agreements (SLAs) with sub-agents and Financial Institution (FI) Agent Banking Contract
- q) Risk management, internal control, operational procedures and any other policy and procedures relevant to the management of an agent banking arrangement
- r) Procedures for KYC and AML/CFT compliance
- s) Fraud detection plan and standard of care
- t) Consumer Protection Policy and Procedure Board Approval

- u) **Certifications:** a) Payment Card Industry Data Security Standard (PCIDSS) Certification (if applicable) b) Payment Application Data Security Standard (PADSS) Certification or Compliance with CBN IT Standards for Solution Development (if applicable) c) Payment Terminal Service Aggregator (PTSA) of Payment Terminal Application Certification d) Other relevant certifications

## **2.5 APPLICATION AND LICENSING FEES**

- a) Non-refundable application fee of N100,000.00 (One hundred thousand naira), payable to the CBN via the Licensing Fees for Payment Products Account No. NGN140230089/ABJ.
- b) Licensing fee of N1,000,000.00 to be paid before the issuance of the final licence, if successful.

## **2.6 LICENCE VALIDITY**

- a) Approval-in-Principle for six (6) Months
- b) Commercial licence validity is as determined by the Bank renewable upon satisfactory performance of operations.
- c) Others, as advised from time to time

# **3 MOBILE MONEY OPERATOR LICENCE**

## **3.1 ELIGIBILITY**

Any corporate entity registered by the Corporate Affairs Commission (CAC), with Memorandum and Article of Association (MEMART).

## **3.2 CAPITAL REQUIREMENT**

- a) N2,000,000,000.00 (shareholders' funds unimpaired by losses)
- b) Preceding 3-years audited financial statements of the company (If applicable)
- c) Escrow of refundable N2bn into CBN PSP Share Capital Deposit Account No. 1000014009
  - i. Deposit for escrow must be in full (one lump sum)
  - ii. It must be made in the name of the company applying for licence (not an individual or related company)
  - iii. Escrowed funds are invested in treasury bills, subject to availability of treasury instruments, which would be refunded accordingly.

### 3.3 CONTACT

All written application should be addressed to the Director, Payments System Management Department, Central Bank of Nigeria, Abuja, accompanied by evidence of payments of application fee and other documentary requirements.

### 3.4 DOCUMENTARY REQUIREMENTS

- a) Certificate of Incorporation of the company; and Memorandum & Articles of Association (Note: the object clause(s) must be RESTRICTED to relevant payments system activities permitted by the Bank)
- b) Form CAC 2A (Return on Allotment of shares); and Form CAC 7A (Particulars of Directors)
- c) Tax Clearance Certificate for three (3) years of the company (if applicable) and Taxpayer Identification Number (TIN) of company
- d) The company's profile; detailing current type of business operation, products and services
- e) Structure of holding company or parent company (if applicable); and Details of ownership: private/public; ultimate parent; any significant changes in ownership in the last two years
- f) Total number of employees; and Organogram of the company
- g) Functional physical address, contact e-mails from company's domain and telephone numbers
- h) Board Structure – showing at a minimum Chairman, CEO/MD, and at least, one (1) Independent Non-Executive Director and other Director(s)
- i) Bank Verification Number (BVN), Curricula Vitae (CVs), proof of government issued identity (National Identification Number (NIN), International Passport, Driver's Licence, Voter's Card) of Board and top management team.
- j) Details of current line of business (if applicable); and Business Plan, to include:
  - a) Nature of the business
  - b) Features of the scheme
  - c) Securities features that will be put in place
  - d) 5 years financial projections
  - e) Proposed schedule of charges
  - f) Profit sharing arrangement
  - g) Diagrammatic illustration of transaction flows
- k) Information Technology policy of the company including:
  - a) Privacy Policy
  - b) Information Ownership/Disclosure/Loss Policy
  - c) Backup and Restore Policy
  - d) Network Security Policy
  - e) Encryption Policy
  - f) Confidential Data Policy
  - g)



- h) Password Policy
- i) Third Party Connection Policy
- j) Incidence Response Policy
- k) Physical Security Policy
- l) Enterprise Risk Management Framework; and Dispute Resolution Framework
- m) Contingency and Disaster Recovery Plan (Business Continuity Plan)
- n) Duly executed agreements (drafts, as applicable) with the following:
  - a. Technical partners
  - b. Participating banks
  - c. Merchants
  - d. Telcos
  - e. Any other relevant party
- o) Project Deployment Plan (time, location, operation, etc.)

### **3.5 APPLICATION AND LICENSING FEES**

- a) Non-refundable application fee of N100,000.00 (One hundred thousand naira), payable to the CBN via the Licensing Fees for Payment Products Account No. NGN140230089/ABJ.
- b) Licensing fee of N1,000,000.00 to be paid before the issuance of the final licence, if successful.

### **3.6 LICENCE VALIDITY**

- a) Approval-in-Principle for six (6) Months
- b) Commercial licence validity is as determined by the Bank renewable upon satisfactory performance of operations.
- c) Others, as advised from time to time.

## **4. PAYMENT SOLUTION SERVICES (PSS) LICENCE**

### **4.1 ELIGIBILITY**

Any corporate entity registered by the Corporate Affairs Commission (CAC), with Memorandum and Article of Association (MEMART).

### **4.2 CAPITAL REQUIREMENT**

- a) N250,000,000.00 (shareholders' funds unimpaired by losses)
- b) Preceding 3-years audited financial statements of the company (If applicable)
- c) Escrow of refundable N250m (for entities applying for the three (3) licences at a time: PSSP – N100m, PTSP – N100m, and Super Agent – N50m) into CBN PSP Share Capital Deposit Account No. 1000014009 \* Applicants may take up any or all of the above listed licences (**see circular on New Licence Categorisations for Payments Service Providers in the Nigerian Payments System**).
  - i. Deposit for escrow must be in full (one lump sum)
  - ii. It must be made in the name of the company applying for licence (not an individual or related company)

- iii. Escrowed funds are invested in treasury bills, subject to availability of treasury instruments, which would be refunded accordingly.

#### **4.3 CONTACT**

All written application should be addressed to the Director, Payments System Management Department, Central Bank of Nigeria, Abuja, accompanied by evidence of payments of application fee and other documentary requirements.

#### **4.4 DOCUMENTARY REQUIREMENTS**

- a) Certificate of Incorporation of the company; and Memorandum & Articles of Association (Note: the object clause(s) must be RESTRICTED to relevant payments system activities permitted by the Bank)
- b) Form CAC 2A (Return on Allotment of shares); and Form CAC 7A (Particulars of Directors)
- c) Tax Clearance Certificate for three (3) years of the company (if applicable) and Taxpayer Identification Number (TIN) of company
- d) The company's profile; detailing current type of business operation, products and services
- e) Structure of holding company or parent company (if applicable); and Details of ownership: private/public; ultimate parent; any significant changes in ownership in the last two years
- f) Total number of employees; and Organogram of the company
- g) Functional physical address, contact e-mails from company's domain and telephone numbers
- h) Board Structure – showing at a minimum Chairman, CEO/MD, and at least, one (1) Independent Non-Executive Director and other Director(s)
- i) Bank Verification Number (BVN), Curricula Vitae (CVs), proof of government issued identity (National Identification Number (NIN), International Passport, Driver's Licence, Voter's Card) of Board and top management team.
- j) Details of current line of business (if applicable); and Business Plan, to include: a) Nature of the business b) Features of the scheme c) Securities features that will be put in place d) 5 years financial projections e) Proposed schedule of charges f) Profit sharing arrangement g) Diagrammatic illustration of transaction flows
- k) Information Technology policy of the company including: a) Privacy Policy b) Information Ownership/Disclosure/Loss Policy c) Backup and Restore Policy d) Network Security Policy e) Encryption Policy f) Confidential Data Policy g)

Password Policy h) Third Party Connection Policy i) Incidence Response Policy  
j) Physical Security Policy

- l) Enterprise Risk Management Framework; and Dispute Resolution Framework
- m) Contingency and Disaster Recovery Plan (Business Continuity Plan)
- n) Duly executed agreements (drafts, as applicable) with the following: a. Technical partners b. Participating banks c. Merchants d. Telcos e. Any other relevant party
- o) Project Deployment Methodology
- p) Business Plan for the PTSP and should cover the following (at a minimum): a. Understanding of the nature of the POS business and support requirements b. Terminal deployment and connectivity strategy c. POS support strategy (on-site and offsite) and strategy to ensure failures are remotely detected and fixed within 72 hours etc
- q) A document that shall outline the strategy of the shared agent network including current and potential engagements, geographical spread and benefits to be derived.
- r) Must have a minimum of 50 agents
- s) Qualifying criteria for engaging agents e.g. a. Outreach b. Competence c. Integrity d. Others
- t) Duly executed (drafts, as applicable) Service Level Agreements (SLAs) with sub-agents and Financial Institution (FI) Agent Banking Contract
- u) Risk management, internal control, operational procedures and any other policy and procedures relevant to the management of an agent banking arrangement.
- v) Procedures for KYC and AML/CFT compliance; and Fraud detection plan and standard of care
- w) Consumer Protection Policy and Procedure Board Approval
- x) **Certifications:** a) Payment Card Industry Data Security Standard (PCIDSS) Certification (if applicable) b) Payment Application Data Security Standard (PA-DSS) Certification or Compliance with CBN IT Standards for Solution Development (if applicable) c) Payment Terminal Service Aggregator (PTSA) of Payment Terminal Application Certification d) Other relevant certifications

#### **4.5 APPLICATION AND LICENSING FEES**

- a) Non-refundable application fee of N100,000.00 (One hundred thousand naira) payable to the CBN via the Licensing Fees for Payment Products Account No. NGN140230089/ABJ.
- b) Licensing fee of N1,000,000.00 to be paid before the issuance of the final licence, if successful.

#### **4.6 LICENCE VALIDITY**

- a) Approval-in-Principle for six (6) Months
- b) Commercial licence validity is as determined by the Bank renewable upon satisfactory performance of operations.
- c) Others, as advised from time to time.

### **5 PAYMENT TERMINAL SERVICE PROVIDER (PTSP) LICENCE**

#### **5.1 ELIGIBILITY**

Any corporate entity registered by the Corporate Affairs Commission (CAC), with Memorandum and Article of Association (MEMART).

#### **5.2 CAPITAL REQUIREMENT**

- a) N100,000,000.00 (shareholders' funds unimpaired by losses)
- b) Preceding 3-years audited financial statements of the company (If applicable)
- c) Escrow of refundable N100m into CBN PSP Share Capital Deposit Account No. 1000014009
  - i. Deposit for escrow must be in full (one lump sum)
  - ii. It must be made in the name of the company applying for licence (not an individual or related company)
  - iii. Escrowed funds are invested in treasury bills, subject to availability of treasury instruments, which would be refunded accordingly.

#### **5.3 CONTACT**

All written application should be addressed to the Director, Payments System Management Department, Central Bank of Nigeria, Abuja, accompanied by evidence of payments of application fee and other documentary requirements.

#### **5.4 DOCUMENTARY REQUIREMENTS**

- a) Certificate of Incorporation of the company; and Memorandum & Articles of Association (Note: the object clause(s) must be RESTRICTED to relevant payments system activities permitted by the Bank)
- b) Form CAC 2A (Return on Allotment of shares); and Form CAC 7A (Particulars of Directors)
- c) Tax Clearance Certificate for three (3) years of the company (if applicable) and Taxpayer Identification Number (TIN) of company
- d) The company's profile; detailing current type of business operation, products and services Classified as Confidential

- e) Structure of holding company or parent company (if applicable); and Details of ownership: private/public; ultimate parent; any significant changes in ownership in the last two years
- f) Total number of employees; and Organogram of the company
- g) Functional physical address, contact e-mails from company's domain and telephone numbers
- h) Board Structure – showing at a minimum Chairman, CEO/MD, and at least, one (1) Independent Non-Executive Director and other Director(s)
- i) Bank Verification Number (BVN), Curricula Vitae (CVs), proof of government issued identity (National Identification Number (NIN), International Passport, Driver's Licence, Voter's Card) of Board and top management team.
- j) Details of current line of business (if applicable); and Business Plan, to include:
  - a) Nature of the business b) Features of the scheme c) Securities features that will be put in place d) 5 years financial projections e) Proposed schedule of charges f) Profit sharing arrangement g) Diagrammatic illustration of transaction flows
- k) Information Technology policy of the company including: a) Privacy Policy b) Information Ownership/Disclosure/Loss Policy c) Backup and Restore Policy d) Network Security Policy e) Encryption Policy f) Confidential Data Policy g) Password Policy h) Third Party Connection Policy i) Incidence Response Policy j) Physical Security Policy
- l) Enterprise Risk Management Framework; and Dispute Resolution Framework
- m) Contingency and Disaster Recovery Plan (Business Continuity Plan)
- n) Duly executed agreements (drafts, as applicable) with the following: a) Technical partners b) Participating banks c) Merchants d) Telcos e) Any other relevant party
- o) Project Deployment Methodology
- p) Business Plan for the PTSP and should cover the following (at a minimum): a. Understanding of the nature of the POS business and support requirements b. Terminal deployment and connectivity strategy c. POS support strategy (on-site and offsite) and strategy to ensure failures are remotely detected and fixed within 72 hours etc
- q) Certifications: a) Payment Card Industry Data Security Standard (PCIDSS) Certification (if applicable) b) Payment Application Data Security Standard (PADSS) Certification or Compliance with CBN IT Standards for Solution

Development (if applicable) c) Payment Terminal Service Aggregator (PTSA) of Payment Terminal Application Certification d) Other relevant certifications

#### **5.5 APPLICATION AND LICENSING FEES**

- a) Non-refundable application fee of N100,000.00 (One hundred thousand naira) payable to the CBN via the Licensing Fees for Payment Products Account No. NGN140230089/ABJ.
- b) Licensing fee of N1,000,000.00 to be paid before the issuance of the final licence, if successful.

#### **5.6 LICENCE VALIDITY**

- a) Approval-in-Principle for six (6) Months
- b) Commercial licence validity is as determined by the Bank renewable upon satisfactory performance of operations.
- c) Others, as advised from time to time

### **6 PAYMENT SOLUTION SERVICE PROVIDER (PSSP)**

#### **6.1 ELIGIBILITY**

Any corporate entity registered by the Corporate Affairs Commission (CAC), with Memorandum and Article of Association (MEMART).

#### **6.2 CAPITAL REQUIREMENT**

- a) N100,000,000.00 (shareholders' funds unimpaired by losses)
- b) Preceding 3-years audited financial statements of the company (If applicable)
- c) Escrow of refundable N100m into CBN PSP Share Capital Deposit Account No. 1000014009
  - i. Deposit for escrow must be in full (one lump sum)
  - ii. It must be made in the name of the company applying for licence (not an individual or related company)
  - iii. Escrowed funds are invested in treasury bills, subject to availability of treasury instruments, which would be refunded accordingly.

#### **6.3 CONTACT**

All written application should be addressed to the Director, Payments System Management Department, Central Bank of Nigeria, Abuja, accompanied by evidence of payments of application fee and other documentary requirements.

#### 6.4 DOCUMENTARY REQUIREMENTS

- a) Certificate of Incorporation of the company; and Memorandum & Articles of Association (Note: the object clause(s) must be RESTRICTED to relevant payments system activities permitted by the Bank)
- b) Form CAC 2A (Return on Allotment of shares); and Form CAC 7A (Particulars of Directors)
- c) Tax Clearance Certificate for three (3) years of the company (if applicable) and Taxpayer Identification Number (TIN) of company
- d) The company's profile; detailing current type of business operation, products and services Classified as Confidential
- e) Structure of holding company or parent company (if applicable); and Details of ownership: private/public; ultimate parent; any significant changes in ownership in the last two years
- f) Organogram; and Total number of employees
- g) Functional physical address, contact e-mails from company's domain and telephone numbers
- h) Board Structure – showing at a minimum Chairman, CEO/MD, and at least, one (1) Independent Non-Executive Director and other Director(s)
- i) Bank Verification Number (BVN), Curricula Vitae (CVs), proof of government issued identity (National Identification Number (NIN), International Passport, Driver's Licence, Voter's Card) of Board and top management team.
- j) Details of current line of business (if applicable); and Business Plan, to include: a) Nature of the business b) Features of the scheme c) Securities features that will be put in place d) 5 years financial projections e) Proposed schedule of charges f) Profit sharing arrangement g) Diagrammatic illustration of transaction flows
- k) Information Technology policy of the company including: a) Privacy Policy b) Information Ownership/Disclosure/Loss Policy c) Backup and Restore Policy d) Network Security Policy e) Encryption Policy f) Confidential Data Policy g) Password Policy h) Third Party Connection Policy i) Incidence Response Policy j) Physical Security Policy
- l) Enterprise Risk Management Framework; and Dispute Resolution Framework
- m) Contingency and Disaster Recovery Plan (Business Continuity Plan)
- n) Duly executed agreements (drafts, as applicable) with the following: a) Technical partners b) Participating banks c) Merchants d) Telcos e) Any other relevant party

- o) **Certifications:** a) Payment Card Industry Data Security Standard (PCIDSS) Certification (if applicable) b) Payment Application Data Security Standard (PA-DSS) Certification or Compliance with CBN IT Standards for Solution Development (if applicable) c) Payment Terminal Service Aggregator (PTSA) of Payment Terminal Application Certification d) Other relevant certifications

#### **6.5 APPLICATION AND LICENSING FEES**

- a) Non-refundable application fee of N100,000.00 (One hundred thousand naira) payable to the CBN via the Licensing Fees for Payment Products Account No. NGN140230089/ABJ.
- b) Licensing fee of N1,000,000.00 to be paid before the issuance of the final licence, if successful.

#### **6.6 LICENCE VALIDITY**

- a) Approval-in-Principle for six (6) Months
- b) Commercial licence validity is as determined by the Bank renewable upon satisfactory performance of operations.
- c) Others, as advised from time to time

### **7 SUPER-AGENT LICENCE**

#### **7.1 ELIGIBILITY**

Any corporate entity registered by the Corporate Affairs Commission (CAC), with Memorandum and Article of Association (MEMART).

#### **7.2 CAPITAL REQUIREMENT**

- a) N50,000,000.00 (shareholders' funds unimpaired by losses)
- b) Preceding 3-years audited financial statements of the company (If applicable)
- c) Escrow of refundable N50m into CBN PSP Share Capital Deposit Account No. 1000014009
  - i. Deposit for escrow must be in full (one lump sum)
  - ii. It must be made in the name of the company applying for licence (not an individual or related company)
  - iii. Escrowed funds are invested in treasury bills, subject to availability of treasury instruments, which would be refunded accordingly.



### 7.3 CONTACT

All written application should be addressed to the Director, Payments System Management Department, Central Bank of Nigeria, Abuja, accompanied by evidence of payments of application fee and other documentary requirements.

### 7.4 DOCUMENTARY REQUIREMENTS

- a) Certificate of Incorporation of the company; and Memorandum & Articles of Association (Note: the object clause(s) must be RESTRICTED to relevant payments system activities permitted by the Bank)
- b) Form CAC 2A (Return on Allotment of shares); and Form CAC 7A (Particulars of Directors)
- c) Tax Clearance Certificate for three (3) years of the company (if applicable) and Taxpayer Identification Number (TIN) of company
- d) The company's profile; detailing current type of business operation, products and services Classified as Confidential
- e) Structure of holding company or parent company (if applicable); and Details of ownership: private/public; ultimate parent; any significant changes in ownership in the last two years
- f) Organogram; and Total number of employees
- g) Functional physical address, contact e-mails from company's domain and telephone numbers
- h) Board Structure – showing at a minimum Chairman, CEO/MD, and at least, one (1) Independent Non-Executive Director and other Director(s)
- i) Bank Verification Number (BVN), Curricula Vitae (CVs), proof of government issued identity (National Identification Number (NIN), International Passport, Driver's Licence, Voter's Card) of Board and top management team.
- j) Details of current line of business (if applicable); and Business Plan, to include: a) Nature of the business b) Features of the scheme c) Securities features that will be put in place d) 5 years financial projections e) Proposed schedule of charges f) Profit sharing arrangement g) Diagrammatic illustration of transaction flows
- k) Information Technology policy of the company including: a) Privacy Policy b) Information Ownership/Disclosure/Loss Policy c) Backup and Restore Policy d) Network Security Policy e) Encryption Policy f) Confidential Data Policy g) Password Policy h) Third Party Connection Policy i) Incidence Response Policy j) Physical Security Policy
- l) Enterprise Risk Management Framework; and Dispute Resolution Framework

- m) Contingency and Disaster Recovery Plan (Business Continuity Plan)
- n) Duly executed agreements (drafts, as applicable) with the following: a) Technical partners b) Participating banks c) Merchants d) Telcos e) Any other relevant party  
Classified as Confidential
- o) A document that shall outline the strategy of the shared agent network including current and potential engagements, geographical spread and benefits to be derived.
- p) Must have a minimum of 50 agents
- q) Qualifying criteria for engaging agents e.g. a. Outreach b. Competence c. Integrity d. Others
- r) Duly executed (drafts, as applicable) Service Level Agreements (SLAs) with sub-agents and Financial Institution (FI) Agent Banking Contract
- s) Risk management, internal control, operational procedures and any other policy and procedures relevant to the management of an agent banking arrangement.
- t) Procedures for KYC and AML/CFT compliance; Fraud detection plan and standard of care
- u) Consumer Protection Policy and Procedure Board Approval
- v) PTSA's of Payment Terminal Application Certification

## **7.5 APPLICATION AND LICENSING FEES**

- a) Non-refundable application fee of N100,000.00 (One hundred thousand naira) payable to the CBN via the Licensing Fees for Payment Products Account No. NGN140230089/ABJ.
- b) Licensing fee of N1,000,000.00 to be paid before the issuance of the final licence, if successful.

## **7.6 LICENCE VALIDITY**

- i. Approval-in-Principle for six (6) Months
- ii. Commercial licence validity is as determined by the Bank renewable upon satisfactory performance of operations
- iii. Others, as advised from time to time.

For more information see

<https://www.cbn.gov.ng/Out/2021/CCD/Approved%20New%20Licence%20Categorization%20Requirements%20Consolidated%20-%202021.pdf>

## GUIDELINES FOR LICENSING AND REGULATION OF PAYMENT SERVICE BANKS (PSBS)

### IN NIGERIA

#### 1. INTRODUCTION

On 27 August 2020, the Central Bank of Nigeria (CBN) released the revised Guidelines for Licensing and Regulation of Payment Service Banks (PSBs) in Nigeria (the Revised Guidelines) to update the 2018 Guidelines for Licensing and Regulation of Payment Service Banks (PSBs) in Nigeria (the 2018 Guidelines).

#### 2. MINIMUM CAPITAL REQUIREMENT FOR PSBS

The CBN retained the minimum capital requirement of PSBs at ₦5Billion.

#### 3. SOME PERMISSIBLE ACTIVITIES

- a) Accept deposits from individuals and small businesses (which shall be covered by deposit insurance scheme)
- b) Carry out payments and remittances services (including inbound cross-border personal remittances)
- c) Issue debit and pre-paid cards on its name
- d) Operate electronic wallets
- e) Invest in federal government and CBN securities (of not less than 75 per cent of their deposit liabilities)
- f) Sale of foreign currencies realised from inbound cross-border personal remittances to authorized foreign exchange dealers.

#### 4. LICENSING REQUIREMENTS

The promoters of a PSB shall be required to submit a formal application for the grant of a Payment Service Bank licence addressed to the Governor of the CBN. The promoters of a PSB shall make a formal presentation of the proposal to the **Director, Financial Policy and Regulation Department (FPRD), CBN**. The proposal should cover the following amongst others: i. business case; ii. vision and strategy; iii. governance arrangements; iv. risk management; v. compliance; and vi. financial viability.

#### 5. REQUIREMENTS FOR GRANT OF APPROVAL-IN-PRINCIPLE (AIP)

- A) The application shall be accompanied with the following:

- i. A non-refundable application fee of N500,000 (five hundred thousand Naira only) in bank draft, payable to the Central Bank of Nigeria or such other amount as the CBN may specify from time to time;
- ii. Evidence of minimum capital deposit in line with Section 6.6 of the Regulation, to be verified by the CBN;
- iii. Evidence of capital contribution made by each shareholder;
- iv. Evidence of name reservation with the Corporate Affairs Commission (CAC);
- v. Detailed business plan or feasibility report which shall, at a minimum, include:
  - a) Objectives of the PSB; b) Justification for the application; c) Proposed ownership structure in a tabular form, indicating the names of potential investors, profession/business and percentage shareholdings; d) Detailed bio-data/resume of proposed shareholders; e) Source(s) of funding of the proposed equity contribution for each investor. Where the source of funding the equity contribution is a loan, such shall be a long-term facility of at least 7-year tenor and shall not be taken from the Nigerian banking system; f) Board and board committee charters stating the roles and responsibilities of the board and sub-committees; g) Criteria for selecting board members; h) Board composition and detailed resumes of proposed directors. The total number of directors shall be between 5 and 7, including at least two independent directors; i) Completed Fitness and Propriety Questionnaire; and sworn declaration of net worth executed by the proposed directors and significant shareholders; j) Bank Verification Number (BVN) and Tax Clearance Certificate of each proposed director and significant shareholders; k) Organizational structure, showing functional units, responsibilities, reporting relationships and grade of heads of departments/units; l) List of proposed top management staff (AGM and above) and their detailed resumes, stating qualification (including photocopies of academic and professional credentials), experience, and records of accomplishments, etc; m) Schedule of services to be rendered; n) Sales, distribution and marketing strategy showing geographic coverage; o) Five-year financial projection of the proposed bank indicating expected growth, profitability and the underlying assumptions; and p) Details of information technology requirements and facilities.
- vi. **For corporate investors**, promoters shall forward the following additional documents:

- a) Certificate of Incorporation and certified true copies of other incorporation documents; b) Board resolution supporting the company's decision to invest in the equity shares of the proposed bank; c) Names and addresses (business and residential) of owners, directors and their related companies, if any; and d) Audited financial statements & reports of the company and Tax Clearance Certificate for the immediate past 3 years.
- vii. Draft copy of the company's Memorandum and Articles of Association (MEMART). At a minimum, the MEMART shall contain the following information: a) Proposed name of the bank b) Object clause c) Subscribers to the MEMART d) Procedure for amendment e) Procedure for share transfer/disposal f) Appointment of directors
- viii. A written and duly executed undertaking by the promoters that the bank will be adequately capitalized for the volume and character of its business at all times, and that the CBN shall have powers to supervise and regulate its operations;
- ix. For regulated foreign institutional investors, an approval or a 'no objection letter' from the regulatory authority in the country of domicile;
- x. Shareholders' agreement providing for disposal/transfer of shares as well as authorization, amendments, waivers, reimbursement of expenses;
- xi. Statement of intent to invest in the bank by each investor; xii. Technical Services Agreement;
- xii. Detailed Manuals and Policies, particularly:
  - a) Manual of Operations; b) Asset/Liability Management Policy (ALM Policy)
  - c) Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT) Policy; d) Enterprise-Wide Risk Management Framework; e) Code of Ethics and Business Conduct - Every director and officer of the bank shall be required to sign the Code of Ethics and Business Conduct; f) Financial Management Policy that highlights the bank's financial management policies and procedures, and system of internal controls. The Policy should include, at a minimum:
    - i. Accounting policies and principles; ii. Roles and responsibilities of the senior management officials responsible for financial management; iii. Treasury operations, including funds management, vouchers, payroll and procurement;
    - iv. Financial record keeping and reporting; and v. Auditing and periodic testing of internal controls;

- xiii. Any other information that the CBN may require from time to time.
- B) Following the receipt of an application with complete and satisfactory documentation, the CBN shall communicate its decision to the applicant within 90 days. Where the CBN is satisfied with the application, it shall issue an Approval-in-Principle (AIP) to the applicant.
- C) The proposed bank shall not incorporate/register its name with the CAC until an AIP has been obtained from the CBN in writing, a copy of which shall be presented to the CAC for registration.

6. **REQUIREMENTS FOR GRANTING OF FINAL LICENSE**

Not later than six (6) months after obtaining the A.I.P, the promoters of a proposed PSB shall submit application for the grant of a final licence to the CBN. The application shall be accompanied with the following: i. Non-refundable licensing fee of N2,000,000.00 (Two Million Naira Only) in bank draft payable to the Central Bank of Nigeria; ii. Certified True Copy (CTC) of Certificate of Incorporation of the bank; iii. CTC of MEMART; iv. CTC of Form CAC 1.1; v. Evidence of location of Head Office (rented or owned) for the takeoff of the business; vi. Schedule of changes, if any, in the Board and Shareholding after the grant of AIP; vii. Evidence of ability to meet technical requirements and modern infrastructural facilities such as office equipment, computers, telecommunications, to perform the bank's operations and meet CBN and other regulatory requirements; viii. Copies of letters of offer and acceptance of employment in respect of the management team; ix. Detailed resumes of top management staff ; x. Completed Fitness and Propriety Questionnaire; and sworn declaration of net worth executed by top management staff; xi. Bank Verification Number (BVN) and Tax Clearance Certificate of each top management staff; xii. Comprehensive plan on the commencement of the bank's operations with milestones and timelines for roll-out of key payment channels; and xiii. Board and staff training programme

7. **FINANCIAL REQUIREMENTS**

The minimum capital requirement, application and licensing fees for PSBs are as follows: Minimum capital ~~₦~~5,000,000,000.00 Non-refundable application Fee ~~₦~~500,000.00 Non-Refundable Licensing Fee ~~₦~~2,000,000.00 Change of name fee ~~₦~~1,000,000.00

The CBN may vary these requirements from time to time

## 8. SOME CHANGES INTRODUCED BY THE REVISED GUIDELINE

- a) Under the 2018 guideline, eligible promoters to apply for a PSB licence were stated to include telecommunication companies (through subsidiaries), banking agents, retail chains (supermarkets, downstream petroleum marketing companies), mobile money operators (MMOs) courier companies and fintech firms. The revised guidelines have however made an inclusion of Switching Companies as eligible promoters which was excluded under the 2018 guidelines from owning PSBs to avert any conflict of interest.
- b) PSBs are now required to interface with the Nigeria Inter-Bank Settlement System (NIBSS) platform in order to promote interconnectivity and interoperability of operations within the Nigerian banking system.
- c) For the purpose of supervising PSBs, the rate of charges to be imposed on any CBN regulated institution and/or their customers on mobile payment and other payment platforms by a parent/associate/related entity of any PSBs is now mandated to be subject to the provisions of the Guide to Charge by Banks, Other Financial and Non - Bank Institutions where applicable or subject to prior written approval of the CBN as the case may be.
- d) In addition to existing guidelines on Business conduct (Fair Competition), parent/associate/related entities of a PSB are now mandated not to engage in discriminatory and/or differential pricing in products/services offered to other PSBs and/or CBN licenced institutions.
- e) The name of PSBs must not include any word that links it to the parent company.
- f) In addition to existing Non-Permissible Activities, PSBs are not allowed to grant any form of loans, advances and guarantees (directly or indirectly).
- g) Revocation of a PSB licence have now been expanded to include failure to comply with any provisions of the PSB Guidelines or other circulars and Guidelines issued by the CBN from time to time.

For more information see

<https://www.cbn.gov.ng/Out/2020/CCD/APPROVED%20REVIEWED%20GUIDELINES%20FOR%20LICENSING%20AND%20REGULATION%20OF%20PAYMENT%20SERVICES%20BANKS%20IN%20NIGERIA-27AUG2020.pdf>

## RISK-BASED CYBERSECURITY FRAMEWORK AND GUIDELINES FOR DEPOSIT MONEY

### BANKS AND PAYMENT SERVICE PROVIDERS OCTOBER 2018

#### 1. INTRODUCTION

The safety and soundness of Deposit Money Banks (DMBs) and Payment Service Providers (PSPs) require that they operate in a safe and secure environment. Hence, the platform on which information is processed and transmitted is required to be managed in a way that ensures the confidentiality, integrity and availability of information as well as the avoidance of financial loss and reputation risk, amongst others. threats such as ransomware, targeted phishing attacks and Advanced Persistent Threats (APT), have become prevalent; demanding that DMBs and PSPs remain resilient and take proactive steps to secure their critical information assets including customer information that are accessible from the cyberspace.

#### 2. CYBERSECURITY GOVERNANCE AND OVERSIGHT

##### 2.1 RESPONSIBILITIES OF THE BOARD OF DIRECTORS

- i. The responsibility for the provision of oversight, leadership and resources to ensure that cybersecurity governance becomes an integral part of corporate governance rests with the Board of Directors of the DMB/PSP. In this regard, the Board shall ensure that cybersecurity is completely integrated with business functions and well managed across the DMB/PSP. It entails the development and enforcement of cybersecurity strategy, framework, policies, procedures and other forms of guidance that the DMBs/PSPs and their stakeholders are required to follow.
- ii. The Board shall ensure that cybersecurity processes are conducted in line with business requirements, applicable laws and regulations while ensuring security expectations are defined and met across the DMB/PSP, and also ensure that the cybersecurity budget is approved. Furthermore, the Board shall hold **Senior Management** responsible for central oversight, assignment of responsibility, effectiveness of the cybersecurity processes and shall ensure that the audit function is independent, effective and comprehensive.
- iii. The Board shall, on a quarterly basis receive and review reports submitted by Senior Management. The report shall detail the overall status of the cybersecurity programme to ensure that Board approved risk thresholds relating to cybersecurity are being adhered to.



- iv. The Board of every DMB/PSP shall appoint or designate a qualified individual as the **“Chief Information Security Officer” (CISO)** who shall be responsible for overseeing and implementing its cybersecurity programme. In the case of banking groups, such institution may leverage on its group CISO where the bank is part of a group that has a CISO.

## **2.2 REQUIREMENTS OF THE CHIEF INFORMATION SECURITY OFFICER (CISO)**

- i. The CISO shall be of senior management grade and shall possess adequate authority; experience; independence and status within the DMB/PSP to enable him/her function properly.
- ii. The CISO shall not report to the Head of Information Technology (IT) operations to avoid conflict of interest while ensuring segregation of duty. He/She shall report to the Managing Director/Chief Executive Officer.
- iii. The CISO shall meet educational and experience requirements as provided in the Fit and Proper (Approved Persons) Framework required for Assistant General Managers and above for DMBs and shall be at least senior manager for PSPs. Given the requirements of this job role, experience gained solely in the field of IT shall be deemed to be adequate.
- iv. In addition, the CISO shall possess relevant qualifications and in-depth experience in Information Technology with any, or combination of, Information Security Certifications such as Certified Information Systems Security Professional (CISSP), Certified Information Security Manager (CISM) and Certified Chief Information Security Officer (CCISO).

## **2.3 THE INFORMATION SECURITY STEERING COMMITTEE (ISSC)**

- i. Every DMB/PSP shall establish an information security steering committee that shall be responsible for the governance of the cybersecurity programme.
- ii. The steering committee shall consist of senior representatives of relevant departments within the DMB/PSP and shall be headed by the CISO.

### **OBJECTIVES OF ISSC**

- i. Ensuring that DMB/PSP’s security policies and processes align with the business objectives;
- ii. Evaluating, approving, and sponsoring institution-wide security investment;
- iii. Enforcing the implementation of policies for investment prioritization and security risk management; and

- iv. Providing strategic direction and cybersecurity governance for the DMB/PSP.

### **3. RISK MANAGEMENT CONTROL FUNCTIONS**

#### **3.1 Risk Management**

Risk Management shall independently evaluate all the risks relating to cybersecurity in a proactive way. The Risk Management System shall cover the four basic activities: Risk assessment; Risk measurement; Risk mitigation/Risk treatment and Risk monitoring and reporting.

Appropriate reports shall be provided to Senior Management and the Board Risk Management Committee, quarterly.

#### **3.2 Compliance**

The Compliance Department of DMBs and PSPs shall review their cybersecurity programmes and processes to ensure adherence to relevant CBN directives and other extant regulations.

#### **3.3 Internal Audit**

A DMB/PSP's cybersecurity programme shall be audited by the Internal Audit unit to determine the effectiveness of the controls put in place and ascertain if they are adequate for the DMB/PSP's risk exposure. Internal audit shall be independent with the scope of cybersecurity audits clearly defined. Audit programmes shall be risk based and provide assurance to the Board and Senior Management on the effectiveness of the cybersecurity programme.

DMBs and PSPs are also required to establish a Cyber-Threat Intelligence (CTI) programme and policy (approved by the Board of Directors) which shall proactively identify, detect and mitigate potential cyber-threats and risks and promptly report all impending and challenging cyber-threats to their information assets to the **Director of Banking Supervision of Central Bank of Nigeria** using the Cyber-threat Intelligence Reporting template in Appendix VII of the Framework after its endorsement by appropriate authorities.

### **4. METRICS, MONITORING & REPORTING**

- i. A DMB/PSP shall put in place metrics and monitoring processes to ensure compliance, provide feedback on the effectiveness of control and provide the basis

for appropriate management decisions. The Board and Senior Management of DMB/PSP are required to establish an effective and reliable reporting and communication channels throughout the institution to ensure the effectiveness and efficiency of the cybersecurity programme and shall be provided with quarterly reports to keep them abreast of the state of the cyber/information security programme and governance issues in the DMB/PSP.

- ii. A DMB/PSP is required to report all cyber-incidents whether successful or unsuccessful not later than 24 hours after such incident is detected to the Director of Banking Supervision, Central Bank of Nigeria using the report format in Appendix VII. Where necessary and applicable, additional information should be provided afterwards.

#### **5. COMPLIANCE WITH STATUTORY AND REGULATORY REQUIREMENTS**

- i. The Board and Senior Management of DMBs and PSPs shall ensure compliance with all relevant statutes and regulations such as the Nigerian Cybercrimes (Prohibition, Prevention etc.) Act, 2015 and all CBN directives to avoid breaches of legal, statutory, regulatory obligations related to cybersecurity and or any security requirements.
- ii. Non-compliance with the provisions of this framework shall attract appropriate sanctions as may be determined by the Central Bank of Nigeria in accordance with the provisions of the CBN Act and BOFIA.
- iii. The CBN shall monitor and enforce compliance with the provisions of the Guidelines.

For more information see

<https://www.cbn.gov.ng/out/2018/bsd/risk%20based%20cybersecurity%20framework%20final.pdf>

## REGULATION FOR BILL PAYMENTS IN NIGERIA

### **1. INTRODUCTION**

The CBN in exercise of its powers to promote sound financial system in Nigeria under Sections 2(d), 33 (1) (b) and 47(2) of the CBN Act 2007, issued the Regulation for Bill Payments in Nigeria, 2017. “the Regulation”

### **2. OBJECTIVES**

The objectives of the Regulation are:

- a) To document the minimum standards that must be complied with for the processing of bill payment transactions.
- b) To identify stakeholders in Bill Payment system space
- c) To ensure achievement of the vision of a ‘nationally utilized and international recognized’ payments system in Nigeria.
- d) To ensure adequate protection for the stakeholders in the Bill Payment system space.

### **3. SCOPE**

The Regulation covers Bill Payments on various payment channels and any payment platform that seeks to integrate the payment side of commercial activity and merchant aggregators in Nigeria. The payment methods include Cheques, Cards, Direct Debit, Instant Payments, and Automated Clearing House, etc.

### **4. ELIGIBILITY CRITERIA**

Any person or entity desirous of operating a bill payment platform shall apply to the CBN for a license or be integrated to a duly licensed PSP.

### **5. STAKEHOLDERS**

The following are the stakeholders in Bill Payments:

- a) Payer – the individual or corporate entity making a bill payment
- b) Biller – a registered entity/merchant that receives funds from the payer as consideration for the provision of service or product. A Biller shall be a customer of a bank/PSP that will receive the proceeds of bill payments from Payers. Under the Regulation the Bank/PSP shall confirm the legal capacity of the Biller before onboarding the biller. Furthermore, after approval of the

Biller's application, the Biller's bank / Payment Service provider shall register the Biller on the platform capturing the following details at a minimum:

**Corporate entity** – Bank Account Number; Registered name; RC Number/ Business Registration Number as assigned by the Corporate Affairs Commission; Address; Official Contact email address; Contact Telephone Number; Service/Product Codes.

**Individual merchants** – BVN; Verified operating address; Contact Telephone Number; Bank Account

- c) **Payer's bank** – the bank where the payer maintains the account that is debited to make the bill payment. The Regulation requires that the Payer's bank shall be a member of the clearing system or integrated with a Payment Service Provider that accept Direct Debit for processing and shall also comply with the authentication protocol as prescribed by the Electronic Payments Guidelines, where the mandate is in electronic form.
- d) **Biller's bank** – the bank where the Biller maintains the account designated to receive proceeds of payment made by the payer who shall be a member of the clearing system or integrated with Payment Service Providers that accept Direct Debit for processing. It is the responsibility of the Biller's bank to give information, advice and guidance on all aspects of the Scheme to the Biller; where applicable.
- e) **Payments Service Provider (PSP)** – a person licensed by the Central Bank of Nigeria to provide services involving direct interactions with the payment, settlement and clearing systems and payment system arrangements, as the Bank may authorize from time to time and may include a bank, Mobile Money Operators or Other Financial Institution that is connected directly to a Biller without any service intermediary. The Regulation provides that all Inter-Bank transactions initiated and authorized on the bill payment platform shall be cleared via the Nigeria Clearing System and settled via Real Time Gross Settlement System (RTGS), and each component payment method implemented on the platform shall be in accordance with the rules issued by Central Bank of Nigeria to guide the conduct of market activities for relevant payment channels.

## **6. OPERATIONAL PROCEDURE**

- 6.1** There shall be a Service Level Agreement (SLA) executed between the platform provider and the Biller, as a condition for on-boarding.
- 6.2** The SLA shall provide the terms for engagement, roles and responsibilities of the parties, minimum service delivery commitments, obligations of the parties and penalties, as applicable
- 6.3** SLAs shall be reviewed periodically to ensure alignment with industry/regulatory changes, or appropriate provisions made to take cognizance of mandatory changes that may come into play after implementation.
- 6.4** Transaction status upon completion shall be sent by the Biller to the Payer.

For more information see

<https://www.cbn.gov.ng/out/2018/bpsd/regulation%20for%20bill%20payments%20in%20nigeria.pdf>



## GUIDELINES ON INTERNATIONAL MONEY TRANSFER SERVICES IN NIGERIA

### **1. INTRODUCTION**

In exercise of the powers conferred on the Bank by Section 2 (d) of the Central Bank of Nigeria Act, 2007 and Section 57 (2) of the Banks and Other Financial Institutions Act (BOFIA), Laws of the Federation of Nigeria, 2004, to issue guidelines for the maintenance of adequate and reasonable financial services to the public, the Central Bank of Nigeria (CBN) hereby issues the following guidelines for the regulation of International money transfer services in Nigeria.

### **2. OBJECTIVES**

The objectives of the guidelines are to:

- a) provide minimum standards and requirements for International money transfer services operations in Nigeria;
- b) specify delivery channels for offering international money transfer services (inbound/outbound), in a cost effective manner;
- c) Provide an enabling environment for international money transfer services in the Nigerian economy;
- d) specify minimum technical and business requirements for various participants in the international money transfer services industry in Nigeria; and
- e) Provide broad guidelines for implementation of processes and flows of international money transfer services, from initiation to completion.

### **3. SCOPE**

The Guidelines address business rules governing the operation of international money transfer services in Nigeria. In addition, it sets the basis for the regulation of the services offered at different levels and by diverse participants.

### **4. LICENSING REQUIREMENTS**

- a) No person or institution shall provide international money transfer services unless such person/institution has been duly licensed by the CBN.
- b) Application for a licence to carry on the business of International money transfer services shall be submitted to the office of the Director, Trade & Exchange Department, Central Bank of Nigeria, Abuja.
- c) **Documentary Requirements**

All applications shall be accompanied with the following:

- a) Board of director's approval to offer International money transfer services.
- b) Copy of the applicant's certificate of incorporation.

- c) Memorandum & Articles of Association (certified copy), of which the primary object clause shall indicate provision of Money Transfer Services.
- d) Shareholding structure of the Company
- e) Forms C02 (Return on Allotment of shares) and C07 (Particulars of Directors)
- f) Profiles of the Board and Management of the Company to include: CVs, functional contact e-mails and telephone numbers, ownership, governance and management structure;
- g) Organogram of the company
- h) Business Plan, to include:
  - i. Nature of the Business
  - ii. Features of the scheme
  - iii. Internal control systems and monitoring procedures
  - iv. Security features that will be put in place
  - v. 3 years Financial projections/Market analysis for the Company
  - vi. Transaction and other charges that will be borne by customers
  - vii. Profit sharing agreement among the parties
  - viii. Diagrammatic illustration of transaction flows
  - ix. Consumer Protection and Dispute Resolution Mechanism
- i) Information Technology Policy of the Company including:
  - i. Privacy Policy
  - ii. Information Ownership/Disclosure/Loss Policy
  - iii. Backup and Restore Policy
  - iv. Network Security Policy
  - v. Encryption Policy
  - vi. Confidential Data Policy
  - vii. Password Policy
  - viii. Third Party Connection Policy
  - ix. Incidence Response Policy
  - x. Physical Security Policy
- j) Enterprise Risk Management Framework
- k) Contingency and Disaster Recovery Plan(business continuity plan)
- l) Draft agreements with the participating parties
- m) Tax Clearance Certificate for three (3) years



- n) Project Deployment Plan (time, location, operation, etc.)
- o) Credit reports from a licensed credit bureau for the shareholders and key officers of the money transfer services operator;
- p) Any other information as may be required by the CBN from time to time
- q) A non-refundable application fee of N500,000 (Five Hundred Thousand Naira) or such other amount that the Bank may specify from time to time, payable to the “Central Bank of Nigeria” by electronic transfer.
- r) Evidence of meeting the minimum paid up share capital of: a. N2,000,000,000 (Two Billion Naira) for Nigerian companies; and b. N50,000,000 (Fifty Million Naira) or its equivalent for Foreign companies, plus the guarantee of the parent company
- s) Presence in at least seven (7) different countries.

## **5. OVERSEAS PARTNERSHIP REQUIREMENTS**

A money transfer operator, who wishes to engage a foreign technical partner that will provide global or regional payment or money transfer platform, shall obtain a letter of no objection from the CBN.

The following conditions shall apply to the technical partner:

- a) Be a registered entity, licensed in its home country to carry on money transfer activities.
- b) Have a minimum Net Worth of US\$1 million, as per the latest audited financial statement, or as may be determined by the CBN from time to time.
- c) The Overseas technical partner should be well established in the money transfer business, with a track record of operations.
- d) There should be an MOU that clearly delineates liabilities in the event of disputes and/or process failures.

## **6. OPERATIONS OF INTERNATIONAL MONEY TRANSFER SERVICES**

### **6.1 Permissible Activities**

The permissible operations of International money transfer services shall include allowable inbound and outbound international money transfer transactions. The transactions shall consist of the following activities:

- a) The acceptance of monies for the purpose of transmitting them to persons resident in Nigeria or another country.

- b) Cross-border personal money transfer services, such as, money transfer services towards family maintenance and money transfer services favoring foreign tourists visiting Nigeria shall be allowed under this arrangement.
- c) The money transfer services shall target individual customers mainly and the transactions shall be on “person to person transfer” basis to safeguard against corporate customers that might structure their transactions into smaller amounts to circumvent the statutory reporting threshold.

## 6.2 BUSINESS PREMISES

A money transfer operator shall display prominently at each of its business premises:

- a) The current licence to engage in money transfer services;
- b) The business hours;
- c) Details of the tariffs to be charged;
- d) A notice informing the customers that they are entitled to be issued with a receipt for any money transfer service transactions; and
- e) A notice to the effect that the money transfer operator is not allowed to accept deposits or lend to the public.

## 7. INWARD MONEY TRANSFER SERVICES

A money transfer operator shall:

- a) Make payment to customers only in Nigerian currency, in line with CBN regulation;
- b) Use the prevailing exchange rate on the day the transfer is received; and
- c) Declare in the receipt/certificate of transfer that the money paid to the customer is not counterfeited.

## 8. CHARGES

- a) All money transfer operators shall comply with the guide to money transfer charges, as provided by the CBN from time to time.
- b) The provider must make refund where wrong, inappropriate or disproportionate charges or fees are identified internally by provider.

For more information see

<https://www.cbn.gov.ng/Out/2014/BPSD/Guidelines%20on%20International%20Money%20Transfer%20Services%20in%20Nigeria%20Approved%20d.pdf>

## GUIDELINES FOR CARD ISSUANCE AND USAGE IN NIGERIA

### **1. INTRODUCTION**

In exercise of the powers conferred on the Bank by Section 47 (3) of the Central Bank of Nigeria Act 2007 (as amended), to issue guidelines for the maintenance of adequate and reasonable financial services for the public and to ensure high standards of conduct and management throughout the banking system, the Central Bank of Nigeria (CBN) issued the Guidelines for the Regulation of Card Issuance and Usage in Nigeria. “the Guidelines”

### **2. OBJECTIVES**

- a) These guidelines have been developed to provide minimum standards and requirements for the issuance and usage of payment cards in Nigeria.
- b) It will enable issuing banks, other financial institutions, processors, and cards schemes upgrade and maintain their card operations to ensure optimum security, efficiency, cost effectiveness and customer friendliness.
- c) Serve as a tool for banks and other financial institutions to assess their card issuance portfolio.
- d) Ensure that consumers that carry Nigerian issued cards operate within acceptable standards.
- e) Encourage the use of Nigerian issued cards locally and internationally.

### **3. SCOPE**

The Guidelines applies to all licensed banks and other institutions that participate in the issuance and processing of debit, credit, stored value/prepaid, virtual cards, either directly or through their subsidiaries, affiliated companies or third party associated companies.

### **4. MINIMUM STANDARDS**

All industry stakeholders who process, transmit and/or store cardholder information shall ensure that their terminals, applications and processing infrastructure comply with the minimum requirements of the following Standards and Best Practices.

- a) PA DSS –Payment Application Data Security Standard.
- b) PCI PED – Payment Card Industry Pin Entry Device.
- c) PCI DSS – Payment Card Industry Data Security Standard.
- d) Triple DES – Data Encryption Standards should be the benchmark for all data transmitted and authenticated between each party. The triple DES algorithm is the minimum standard.

- e) EMV – All cards issued and acquiring devices deployed, must comply with the minimum EMV requirements.
- f) Required to also comply with the standards specified by the various card schemes and must provide valid certificates evidencing compliance with these standards.

## **5. GENERAL REQUIREMENTS**

- a) Only banks licensed by the CBN with clearing capacity shall issue payment cards to consumers and corporations in Nigeria. Banks without clearing capacity can issue in conjunction with those with clearing capacity. However, where a partnership exists, the parties shall document service level agreements, delineating their responsibilities for the issuance of the cards. A copy of the Service Level Agreement shall be submitted to the Central Bank of Nigeria.
- b) All banks shall seek approval from the CBN for each card brand and type they wish to issue.
- c) The payment cards to be issued can be a “pay now”, such as debit and prepaid, or a “pay later”, such as credit and charge card. These can be operated in different forms, including, but not limited to: plastic cards; virtual card numbers (VCN), tag, etc.
- d) The usage channels, limits and frequencies and other control measures shall be defined by the issuing banks.
- e) The cardholder shall, in agreement with the issuing bank, have the flexibility to customize the usage limits, select transaction channels and other customizable features, to suit their personal risk preferences.
- f) All payment card transactions shall be subject to current Nigerian Financial Intelligence Unit (NFIU) reporting requirements.
- g) Cards may be issued in Nigerian Naira or in any other convertible currency.
- h) In order for a card to be used abroad, the issuing bank must have done full KYC on the customer, as reflected in the CBN KYC Manual and Money Laundering (Prohibition) Act
- i) It is the responsibility of the issuing bank to work with the card schemes in providing the settlement and clearing facility for cards used outside Nigeria.
- j) The international usage limits and frequencies for Naira denominated cards shall be defined by each participating bank. However, these limits shall not exceed the total combined amount of Foreign Currency that each individual can access via BTA and PTA per annum - which is currently \$150,000 per annum

- k) The issuer, its agent and card association must maintain an AML/CFT program, reasonably designed within the context of laws and regulations, to prevent the Card Association system from being used to facilitate money laundering or the financing of terrorist activities.
- l) An issuer should have risk-management framework in place that enables it to identify, measure, monitor, and manage the range of risks that arise in or are borne by its operations.
- m) In the application of customer fees for services rendered, Issuers shall be guided in their operations by the CBN's "Guide to Bank Charges".
- n) To reduce the burden of card costs to customers, payment cards must be valid (i.e. shall not expire) for at least 3 years from when the card is issued to the customer.
- o) Card issuers shall continue to furnish customers or cardholders with details of the contractual terms and conditions, prior to activation. Such terms shall include at a minimum:

- i. Fees and charges;
- ii. Withdrawal limits;
- iii. Billing cycles;
- iv. Termination procedures; and
- v. Consequences of Default/theft/misuse of cards

## **6. TRANSACTION PROCESSING**

- a) Issuers shall ensure that their card information are hosted and processed within the PCIDSS certified environment.
- b) Issuers shall implement systems that ensure that Exchange Control and transaction limits are complied with, and Issuers shall provide monthly reports that demonstrate that this is being complied with.
- c) Card issuers must provide authorization services for their card transactions. Where this service is outsourced, the bank shall be responsible for all risk mitigation service efficiency.
- d) An issuer must process a Chargeback for a transaction in accordance with the Card Association Operating Regulations. An Issuer sending Chargeback documentation must do so within the time period specified in the Card Association Operating Regulations.

## **7. SPECIFIC REQUIREMENTS FOR STORED VALUE CARDS (INDIVIDUAL AND CORPORATE)**

- a) No stored value card shall be issued to a person without obtaining the minimum KYC.
- b) The maximum amount that can be loaded on the stored value card shall not exceed N50,000 per day.
- c) The fee for loading salary payments unto a payment card shall be paid separately by the salary payer and not deducted from the balance value of the stored value card.
- d) The maximum balance on the stored value card shall not exceed N250,000 at any time.
- e) The limits specified for stored value cards shall also apply to cards linked to mobile money wallets, where least KYC (Phone Number and Name) has been performed on the mobile money customer.
- f) Issuers can offer stored value products, but not limited to the following segments:
  - i. Consumers: General Purpose Reloadable (GPR), Travel, Student, loyalty/reward and On-line
  - ii. Corporations: Payroll, Incentives, Per Diem, Corporate Travel and Healthcare
  - iii. Public Sector: Social Benefits, Payroll, Procurement, Meal Vouchers, Disaster Relief

#### **8. SPECIFIC REQUIREMENTS FOR PREPAID CARDS (INDIVIDUAL AND CORPORATE)**

- a) Prepaid cards issued will operate at least within the minimum KYC requirements prescribed by the CBN. However, loadable limits (in Naira and Foreign currency) and daily balances shall be determined by the issuing bank or financial institution.
- b) No prepaid card shall be issued beyond the limits of a stored value card to a person or a corporate organization. Where a customer desires to do transactions beyond the limits prescribed above, full KYC would be required. Please, refer to CBN KYC Manual and Money Laundering (Prohibition) Act.
- c) The maximum withdrawal and spending limits for the Prepaid Cards will be determined by the issuing bank.
- d) The limits specified for Prepaid Cards shall also apply to cards linked to mobile money wallets, where full KYC has been performed on the mobile money customer.

#### **9. SPECIFIC REQUIREMENTS FOR DEBIT CARDS**

- a) Debit cards shall be issued to customers having Savings /Current Accounts.

#### **10. SPECIFIC REQUIREMENTS FOR CREDIT AND CHARGE CARDS (INDIVIDUAL AND CORPORATE)**

- a) An issuer should identify sources of credit risk, routinely measure and monitor credit exposures, and use appropriate risk-management tools to control these risks and minimize credit and charge cards defaults.
- b) Credit and charge cards to be issued in Nigeria include but are not limited to the following:
  - i. General purpose cards - Issued under the trademark of credit card associations, accepted by all merchants.
  - ii. Private label cards: accepted by specific retailers (e.g. a departmental store)

#### **11. SUBMISSION OF STATUTORY RETURNS**

Issuers shall, at the end of every month, and not later than the 10th day of the next month, submit data and other information on card transactions to the CBN.

For more information see

<https://www.cbn.gov.ng/out/2014/bpsd/approved%20guidelines%20for%20card%20issuance%20and%20usage%20in%20nigeria%20.pdf>



**REGULATION ON INSTANT (INTER-BANK) ELECTRONIC FUNDS TRANSFER SERVICES IN  
NIGERIA**

**1. INTRODUCTION**

The Central Bank of Nigeria in July 2018 issued the Instant Electronic Funds Transfer (“Instant EFT”) Services in Nigeria to guide various payment channels and any payment platform that seeks to provide Instant Electronic Funds Transfer Services in Nigeria.

**2. STAKEHOLDERS**

Stakeholders of Instant Electronic Funds Transfer Services shall include:

- a) The Central Bank of Nigeria as the Regulator
- b) Financial Institutions (FIs)
  - i. Deposit Money Banks
  - ii. Other Financial Institutions (OFIs) i.e. licensed Primary Mortgage Banks, Micro-Finance Banks, and Mobile Money Operators
  - iii. Development Finance Institutions (DFI)
- c) Instant EFT Service Providers
- d) Customers (Originator and Beneficiary)
- e) Any other stakeholder as may be determined by the CBN from time to time.

**3. RIGHTS AND RESPONSIBILITIES OF STAKEHOLDERS TO INSTANT EFT**

The CBN exercises regulatory supervision over the stakeholders of Instant ETF by making provision for the following responsibilities of the stakeholders:

**3.1 RIGHTS AND RESPONSIBILITIES OF INSTANT EFT SERVICE PROVIDER**

Among other responsibilities, the Instant EFT service providers are expected to:

- a) establish and implement operational guidelines specifying in clear terms the responsibilities of each party, operational rules and procedures (including dispute handling) and liabilities of parties in the event of loss of funds arising from negligence of any of the parties;
- b) develop and circulate user guides to educate and enlighten other stakeholders on its Instant EFT services;
- c) maintain a robust Anti-fraud management system approved by the CBN or connect to the CBN industry Anti-Fraud system and ensure compliance with AML/CFT regulations, most especially the KYC requirements;



### **3.2 RIGHTS AND RESPONSIBILITIES OF THE SENDING ENTITY**

- a) A Sending Entity in an Instant EFT transaction shall amongst other responsibilities: provide Name Enquiry support to the customer to minimize instances of wrong credits;
- b) provide notification of debit to customer's account, as agreed with the customer;
- c) Ensure that EFT messages contain the sender's name, BVN and account number, beneficiary name and account number, narration and other information specified by customers at the point of initiating a transfer, to aid reconciliation;
- d) Refund into customer's account full proceeds of failed transactions returned by the Receiving Entity within 10minutes;
- e) Comply with the approved Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT) directive, and transaction value limits as may be set from time to time by the CBN and other relevant regulatory bodies.

### **3.3 RIGHTS AND RESPONSIBILITIES OF RECEIVING ENTITY**

A Receiving Entity in an Instant EFT transaction shall:

- a) provide Name Enquiry support to EFT Service Provider to minimize instances of wrong credits, subject to a Non-Disclosure Agreement, which shall limit the usage to provision of Instant EFT services only;
- b) apply Instant EFT proceeds to the customer's account within 60 seconds;
- c) ensure that Instant EFT proceeds have been credited to customer's account before confirming to the Sending Entity that transaction was successful;
- d) Comply with the approved Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT) directive, and transaction value limits as may be set from time to time by the CBN and other relevant regulatory bodies.

### **4. RIGHTS AND RESPONSIBILITIES OF THE CUSTOMER**

The customer has a duty to:

- a) Provide accurate beneficiary account details for every EFT instruction.
- b) Report problems arising from EFT transactions promptly to the Sending/Receiving Entity.
- c) Whenever a credit has been erroneously applied to the customer's account with the Receiving Entity, the customer shall promptly notify the Receiving Entity and authorize the reversal of such erroneous credit.

## 5. TYPES OF TRANSACTION

The following transaction types shall be allowed for Instant EFT:

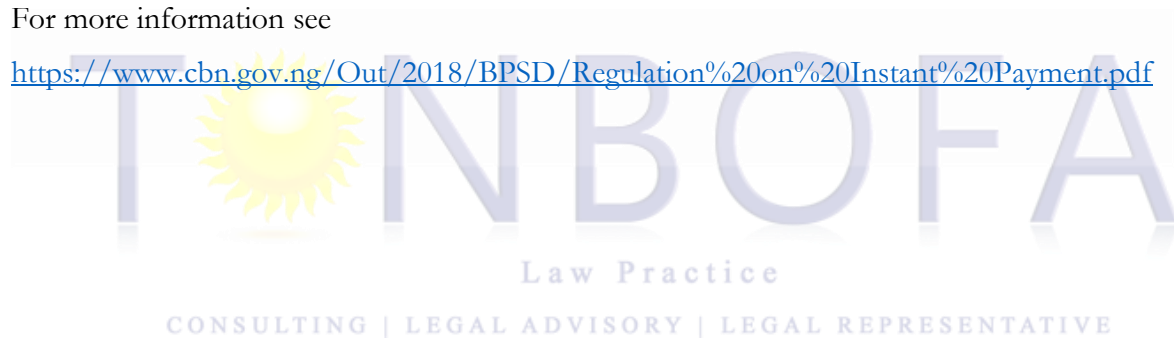
- a) One to one – single debit and single credit
- b) One to many – single debit and multiple credits
- c) Many to one – Multiple debits and single credit

## 6. LIMITATIONS ON INSTANT EFT AMOUNT

- 6.1 The limitations on Instant EFT values shall be set by customer, Sending and Receiving Entities based on individual entity's risk appetite subject to the single Instant EFT limit per transaction as stipulated by the CBN.
- 6.2 Sending and Receiving entities shall advise the EFT Service Provider of such limits who would circulate platform limits to all Sending and Receiving entities, to guide platform operations. For more information

For more information see

<https://www.cbn.gov.ng/Out/2018/BPSD/Regulation%20on%20Instant%20Payment.pdf>



**REGULATORY FRAMEWORK FOR THE USE OF UNSTRUCTURED SUPPLEMENTARY  
SERVICE DATA (USSD) FOR FINANCIAL SERVICES IN NIGERIA**

**1. INTRODUCTION**

In exercise of the powers conferred on the Central Bank of Nigeria (CBN) by Section 47(2) of the CBN Act, 2007, to promote and facilitate the development of efficient and effective system for the settlement of transactions, including the development of electronic payment systems, the CBN issued the Regulatory Framework for the Use of Unstructured Supplementary Service Data (USSD) for Financial Services in Nigeria.

**2. OBJECTIVES**

The vast applications of the USSD technology has raised the issue of the risks inherent in the channel. The USSD framework thus, seeks to establish the rules and risk mitigation considerations when implementing USSD for financial services offering in Nigeria.

**3. PARTICIPANTS IN THE USSD ECOSYSTEM**

By the provisions of the USSD Framework, service providers that provide financial services through the use of USSD in Nigeria include:

- (a) Financial institutions such as Banks, Other Financial Institutions and Payment Service Providers, providing products and services using USSD protocol to their customers.
- (b) Mobile Money Operators (MMOs) such as Deposit Money Banks or corporate entities, duly licensed by the CBN to provide mobile payment services to the banked and unbanked customers.
- (c) Mobile Network Operators (MNOs): MNOs utilize USSD to interact with and provide services to their customers.
- (d) Value Added Service Providers/Aggregators (National Communications Commission Licensees) –such as network providers that provide value added mobile/fixed Services, including premium rated services.
- (e) Customers: initiate financial transactions or sessions through a USSD string provided by their financial Institutions

**4. ELIGIBILITY FOR UNIQUE SHORT CODE**

- a) Money Operators are eligible after meeting the necessary requirements of the National Communications Commission (NCC) for the issuance of same.

- b) CBN licensed entities other than Mobile Money Operators to whom a letter of no objection/introduction from the CBN is given are eligible.

## 5. RISK MITIGATION CONSIDERATION

Financial Institutions providing use of the USSD channel shall among others:

- a) Put in place, a proper message authentication mechanism to validate that requests/responses are generated through authenticated users. Such authentication mechanism shall include a minimum combination of any of International Mobile Subscriber Identity (IMSI), Date of SIM Swaps, Date of Mobile Station International Subscriber Directory Number (MSISDN) Recycle, International Mobile Equipment Identity (IMEI), Date of device change, etc.
- b) Ensure that the customer receives notification on the status of every transaction conducted through the channel.
- c) Not use the USSD service to relay details of other electronic banking channels (in case of banks), to their customers, to prevent compromise of other electronic banking channels through the USSD channel.
- d) Ensure encryption of USSD information within its environment by an auditable process.

## 6. SERVICE LEVEL AGREEMENT

There shall be Service Level Agreement between the Financial Institutions and MNOs/VAS & Aggregators, benchmarked against the NCC Quality of Service (QoS) regulation and service availability requirements of electronic payment services of the CBN.

For more information see

<https://www.cbn.gov.ng/out/2018/bpsd/ussd%20regulatory%20framework.pdf>

## REGULATION FOR DIRECT DEBIT SCHEME IN NIGERIA

### 1. INTRODUCTION

In the exercise of the powers conferred on the Central Bank of Nigeria (CBN) under Sections 2(d), 33 (1)(b) and 47(2) of the CBN Act 2007 to promote sound financial system in Nigeria, the CBN issued the Regulation For Direct Debit Scheme “the Regulation” to facilitate the development of an efficient and effective payments system in Nigeria. The Regulation recognizes the existing and emerging multi-channel options (Online platforms, Instant Payments etc.) applied for direct debit instructions in Nigeria.

### 2. OBJECTIVE

The purpose of the Regulation is to guide the operation of direct debit. The regulation defines Direct-Debit as a cash-less form of financial settlement which facilitates recurring payments; allowing the biller to collect amounts due to a payer by leveraging an instruction or mandate provided by the payer.

### 3. TYPES OF DIRECT DEBIT TRANSACTIONS

According to the Regulation, there are two types of Direct Debit transactions:

- a) **Fixed Direct Debit:** which enables the debit of fixed amounts from a payer's account in accordance with the payer's Mandate.
- b) **Variable Direct Debit:** which enables the debit of variable amounts from a Payer's account up to the maximum amount stated in the payer's Mandate.

The Regulation provides that every direct debit mandate must clearly state whether it is a fixed or variable.

### 4. PARTICIPANTS OF THE DIRECT DEBIT SCHEME

The participants of the Direct Debit Scheme according to the regulation are:

- a) Biller
- b) Biller's bank
- c) Payer
- d) Payer's bank
- e) Payment Service Provider

### 5. RESPONSIBILITIES OF PARTICIPANTS

#### 5.1 Biller

The following are some of the responsibilities of a Biller under the Regulation:

- a) Incorporation or registration by an appropriate authority to carry on business
- b) on-boarding to the Direct Debit scheme by a bank or Payment Service Provider after satisfactory due diligence.
- c) compliance with the terms of the mandate executed by the Payer for the initiation of a Direct Debit transfer.
- d) executing a Service Level Agreement with the Biller's Bank to govern their relationship under the Direct Debit Scheme which shall be expressed to be subject to the Direct Debit Regulation.
- e) Billers shall act in good faith and in strict compliance with the provisions of this Regulation.

The Regulation provides that the Biller may withdraw from the Direct Debit Scheme either voluntarily or mandatorily. The Biller will be mandated to withdraw where among others, it carries out Direct Debits either in a manner which constitutes an abuse of the Scheme or is without due regard to the interests of other participants or if it becomes insolvent, is liquidated or a receiver is appointed for it.

## **5.2 Biller's Bank**

- a) To function as a Biller's bank the entity must be a member of the clearing system or integrated with Payment Service Providers that accept Direct Debit for processing.
- b) The Biller's bank is responsible for giving information, advice and guidance on all aspects of the Scheme to the Biller; where applicable.
- c) The Biller's bank shall accept cancellation of a Direct Debit Mandate only from the Biller.

## **5.3 Payer**

- a) The Payer shall execute a Direct Debit Mandate in order to participate in the Direct Debit Scheme.
- b) A Payer may cancel a Direct Debit Mandate at any time and may raise a claim through the Payer's Bank against the Biller in the event of a successful debit after mandate cancellation.

## **5.4 Payer's Bank**

The Payer's bank shall be a member of the clearing system or integrated with a Payment Service Provider that accept Direct Debit for processing. The Payer's bank is to among other responsibilities, render report of all Direct Debits unpaid due to

insufficient funds on a monthly basis to a licensed Credit Bureau and the Credit Risk Management System or as may be required by CBN.

### **5.5 Payment System Service Provider**

One of the responsibilities of a Payment System Service Provider under the Regulation is to give information, advice and guidance on all aspects of the Scheme to Billers on its platform. A Payment System Service Provider shall also according to the Regulation, accept cancellation of Direct Debit Mandate only from the Billers on its platform.

## **6. Control Mechanisms for Participation in the Scheme and Consumer Protection**

The payer according to the Scheme is to be protected during Direct Debit transactions and as such the participants in the Direct-Debit Scheme are responsible for:

- a) Record keeping of all Direct Debit transaction for a period of not less than six (6) years from the date of cessation of the Direct Debit Mandate.
- b) The Biller or Payment Service Provider may notify the Payer of a Direct Debit prior to the day of debit to the payer's account.

Other provisions of the Regulation are directions in respect of unpaid direct debits and the requirement for issuance of advance notice by the Biller to the Payer as agreed allowing for sufficient time for a Payer to raise a query, countermand a single payment or, cancel the transfer.

For more information see

[https://www.cbn.gov.ng/out/2018/bpsd/regulation%20for%20direct%20debit%20scheme%20in%20nigeria%202018%20\(revised\).pdf](https://www.cbn.gov.ng/out/2018/bpsd/regulation%20for%20direct%20debit%20scheme%20in%20nigeria%202018%20(revised).pdf)

**REGULATION ON ELECTRONIC PAYMENTS AND COLLECTIONS FOR PUBLIC AND PRIVATE SECTORS IN NIGERIA**

**1. INTRODUCTION**

The CBN in 2019 issued the electronics payments and collections for public and private sectors in Nigeria as a revision of the Guidelines on Electronic Payment of Salaries, Pensions, Suppliers and Taxes in Nigeria (2014).

**2. OBJECTIVE**

The objective of the Regulation is to guide the end-to-end electronic payment of salaries, pensions and other remittances, suppliers and revenue collections in Nigeria by CBN regulated entities such as fintechs in order to ensure the availability of safe, effective and efficient mechanisms for conveniently making and receiving all types of payments from any location and at any time, through multiple electronic channels.

**3. CBN'S REGULATORY FUNCTION**

As the Apex regulatory body for banks and other financial institutions, the CBN in accordance with the regulation is tasked with licensing end-to-end electronic payment solution, systems and service providers, regulating and supervising their operations; and ensuring all statutory payments, remittances and collections of all revenues are undertaken only on a CBN approved end-to-end electronic payment platform among others.

**4. STAKEHOLDERS AND THEIR RESPONSIBILITIES**

The Regulation provides that the stakeholders affected and covered by the regulation are: all financial institutions, Payments Service Providers and other entities licensed and regulated by the CBN. These entities are tasked with the following specific responsibilities:

- a) **Deposit Money Banks (DMBs), Other Financial Institutions (OFIs) and Mobile Money Operators (MMOs):** These entities are to promote the adoption of end-to-end electronic payments by all stakeholders covered by this Regulation; they are also to make mandatory returns to the CBM on a monthly basis together with a set of data provided under the regulation.
- b) **Payment Solution Service Providers (PSSPs):** PSSPs are expected to obtain a license from the CBN to operate as a PSSP and are to offer CBN approved end-to-end electronic payment solutions, systems and services to all stakeholders covered by this Regulation. They are also to comply with the provision of making mandatory



returns to the CBN on a monthly basis together with any or a combination of the set of data provided under the Regulation. PSSPs are also to comply with transaction completion and unapplied funds return timelines as stipulated by the CBN.

## **5. SANCTIONS**

For each of the stakeholders provided under this Regulation that fails to discharge its responsibilities as given under the regulation, penalties are levied in accordance with Schedules 1 and 2 of the Regulation. In the Schedules, the regulation makes provision for the responsibility of stakeholders, their expected compliance as well as sanctions for non-compliance. Some of the important provisions are as follows:

a) Stake holders are expected to provide quarterly report on end-to-end e-payment of salaries, pensions, suppliers & taxes to the CBN by the stipulated deadlines. The non-provision of the quarterly report is an infraction of the regulation and such stakeholders are liable to N5,000 penalty for each day for which report is not provided to the CBN or Penalty of N250,000 and a warning letter to the Managing Director.

b) Stakeholders are also to provide monthly report to the CBN on reported complaints & resolution status. Non-provision of the report constitutes a breach liable to penalty of N5,000 penalty for each day for which report is not provided to the CBN. b) Penalty of N250, 000 and a warning letter to the Managing Director

## **6. OTHER STAKEHOLDERS**

According to the Regulation, other stakeholders constitute individuals or organizations not regulated by the CBN such as Payers, and Beneficiaries including but not limited to: Employees and Pensioners, Suppliers All suppliers Taxes, Levies, Dues (& other revenue) Collecting Organizations and Pension Fund Administrators (PFAs) and Pension Fund Custodians (PFCs).

For more information see

<https://www.cbn.gov.ng/Out/2019/PSMD/Regulation%20on%20Electronic%20Payments%20and%20Collections.pdf>

## GUIDELINES ON TRANSACTION SWITCHING IN NIGERIA

### 1. INTRODUCTION

In exercise of the powers conferred on the Central Bank of Nigeria (CBN), by Sections 2 (d) and 47 (2) of the CBN Act, 2007, to promote and facilitate the development of efficient and effective systems for the settlement of transactions, including the development of electronic payment systems; the CBN issued the Guidelines on Transactions Switching in Nigeria “the Guidelines”. The Guidelines supersede the previous Guidelines on Transaction Switching Services and the Operational Rules and Regulations for the Nigeria Central Switch (NCS).

### 2. LICENSE OF SWITCHING COMPANIES

For a switching company to operate in Nigeria, it shall obtain a Switching license from the CBN.

### 3. PARTIES TO TRANSACTION SWITCHING

a) Nigeria Central Switch (NCS); b) Switching Company; c) Card Issuers; d) Merchant Acquirer

**Nigeria Central Switch-** The Nigerian Interbank Settlement System (NIBSS) is responsible for its operation, which connects players in the financial industry and the public to send, receive and process funds. It is advisable for Fintech companies to approach NIBSS through PSSPs or Banks- All Switching Companies are required to connect to the NCS.

**Switching Companies-** Switching Companies facilitate the exchange of value between financial service providers, merchants, their customers and the stakeholders. The permissible activities of switch companies under its license include Switching, Processing, Transaction clearing and Settlement Agent Services.

**Card Issuers-** Are credit card companies e.g. Master Card, Visa card. Note that Switching Companies must not be an issuer of payment cards

**Merchant Acquirers-** This is normally a bank that holds the online bank account, accepts deposits from the merchant. Can also be termed acquiring banks however not all banks are acquiring banks.

### 4. RIGHTS AND RESPONSIBILITIES OF SWITCHING COMPANIES

Some of the rights and responsibilities of Switching Companies include;

- a) Ensure compliance with minimum standards on Transaction Switching, as Providing for in the guideline;
- b) Enter into agreement with member institutions, specifying in clear terms the responsibilities of each party, operational rules and procedures and liabilities of parties in the event of loss of funds arising from negligence of any of the parties. A copy of the agreement shall be submitted to the CBN for record purposes;
- c) Have a Business Continuity Plan approved by the CBN;
- d) Open its network for reciprocal exchange of transactions/messages between it and the Nigeria Central Switch;
- e) Not be an issuer of payment cards;
- f) Supply to the CBN, information on usage, volume and value of transactions and other relevant information, as and when due, and in the format required by the CBN;
- g) Report all instances of fraud/attempted fraud on the switch to the CBN;
- h) Establish adequate security procedures to ensure the safety and security ;
- i) Submit to the CBN, its security plans and periodic updates.

## **5. RIGHTS AND RESPONSIBILITIES OF MEMBER INSTITUTIONS**

Underlisted are some of the rights and responsibilities of Member Institutions:

- a) Acquirers whose transactions are switched are to maintain databases that can handle information relating to cardholders, merchants and their transactions for a minimum period of seven (7) years.
- b) Information on usage, volume and value of transactions and other relevant information shall be forwarded to the CBN as and when due and in the format required by the CBN;
- c) Each member institution shall settle fees charged for the services provided by the switching company in relation to the operation of the switching network, in accordance with the agreed tariff;
- d) An acquirer shall be responsible for ensuring that merchants put in place reasonable processes and systems for confirming payee identity and detecting suspicious or unauthorized usage of electronic payment instruments, both where customer/card is physically present at point of sale or in cases where customer/card is not physically present, like in Internet/web and telephone payment systems/portals.

## **6. RIGHTS AND RESPONSIBILITIES OF NIGERIAN CENTRAL SWITCH**

Some of the rights and responsibilities of the Nigeria Central Switch include:

- a) Ensuring that it is licensed by the CBN.
- b) Ensuring that it is independent of other switching companies
- c) Ensuring that it does not own or promote any card business or retails products and shall be run in accordance with international best practice.
- d) Maintain database of transactions for a minimum period of seven (7) years.
- e) Enter into a written agreement with switching companies, specifying in clear terms the responsibilities of each party, and operational rules and procedures and copy shall be submitted to the CBN.
- f) Have a Business Continuity Plan approved by the CBN
- g) Supply information on usage, volume and value of transactions and other relevant information to the CBN as and when due and in the format required by the CBN
- h) Have primary site, hot backup site and contingency site, as minimum requirement

## **7. Interface Specification Requirements**

The interface specifications will be provided to all Parties to Switching Services, as part of the NCS Interconnectivity requirements. All interface specifications will conform to the international ISO 8583 standards. All NCS Partner Institutions will have to develop both Issuer and Acquirer Interfaces that comply with the NCS Interface Specification

## **8. SECURITY REQUIREMENT**

Parties to Switching Services involved in Card-operated devices are required to:

- a) providing secure hardware encryption/decryption of customer PINs and messages for onward transmission to the NCS network.
- b) Carryout a half yearly system checks to ensure that the ability to switch seamlessly from primary to backup systems. The result of the tests are to be shared with member institutions, Director, Banking and Payment System Department of CBN within 3 days.
- c) Publish monthly report of all downtimes experienced to all member institutions and CBN indicating the duration of the downtime, causes and actions to prevent recurrence.

- d) Ensure that all devices/software used for transmitting financial data withing switching networks are EMV Levels 1 &2 or newer versions of the same.
- e) Regularly comply with PCI Security Standards
- f) NCS is mandated subject to CBN's approval and in consultation with member institutions, maintain minimum technical standards on interoperability, messaging, network connectivity, network monitoring, security, disaster recovery, fraud management, and programming interfaces.
- g) An acquirer/member institution shall be responsible for deploying terminals/payment devices that are EMV Levels 1 & 2 compliant (or any newer EMV version).
- h) An acquirer/ member institution shall be responsible for deploying terminals/payment devices with PIN Entry Devices (PED) that are PCI PED compliant.
- i) The Central Switch shall maintain a list of approved network/link service providers. All connecting switches for their connection to NCS, are required to maintain a minimum of two (2) network/ link service providers as the primary and secondary link.
- j) The Central switch shall stipulate the minimum network/link bandwidth that must be provided by each network/link provider.
- k) The Nigeria Central Switch shall stipulate the network/link standards and specifications for all equipment provided by each network/link provider at all terminating points.
- l) All switches shall connect to the Nigeria Central Switch.

#### **SOME IMPORTANT POINTS TO NOTE**

- a) For every transaction processed, Switching Companies only earn a standard switching fee of N0.75
- b) Switch Companies are required to adopt International best practices in its operations.
- c) Member Institutions are mandatorily required to maintain databases that can handle their transactions for a minimum period of years
- d) Switch Companies are mandatorily required to operate 24 hours a day and 7 days a week
- e) Switch Companies and its member intuitions are mandatorily required to have a business continuity plan approved by the CBN
- f) The regulation also ensures compliance by the NCS in maintaining Data Security Standards. This Standard was created to increase controls around cardholder data to reduce credit card fraud.

## **AGREEMENTS TO BE ENTERED INTO BY SWITCHING COMPANIES**

Agreements entered amongst parties to switching services, include a) Anti-competition Agreement; b) Tie-In- Agreement; c) Refusal to deal

The agreements must specify in clear terms the responsibilities of each party, and operational rules, procedures and liabilities of parties in the event of loss of funds arising from negligence.

A copy of all agreements must be submitted to the CBN for record purposes and no party to switching services in Nigeria shall enter into any agreement in respect of any switching service that shall cause or is likely to cause adverse effect on competition, such adverse agreement in contravention of the anti-competition agreement is construed null and void and of no effect.

For more information see

<https://www.cbn.gov.ng/out/2016/bpsd/approved%20guidelines%20on%20transaction%20switching%20in%20nigeria.pdf>



## **GUIDELINES ON OPERATIONS OF ELECTRONIC PAYMENT CHANNELS IN NIGERIA**

### **1. INTRODUCTION**

In exercise of the powers conferred on the Central Bank of Nigeria (CBN) by Sections 2 (d) and 47 (2) of the CBN Act, 2007 the CBN issued the Guidelines on Operations of Electronic Payment Channels in Nigeria “the Guidelines”. The Guidelines supersede the previous Standards and Guidelines on ATM Operations in Nigeria and Guidelines on PoS Card Acceptance Services, issued by the CBN.

### **2. GUIDELINES ON AUTOMATED TELLER MACHINES (ATM) OPERATIONS**

#### **2.1 Standards on ATM Technology and Specification**

Some standards to be complied with by ATM deployers/acquirers include:

- a) Compliance with the Payment Card Industry Data Security Standards (PCI DSS)
- b) Ensuring that all terminals shall be levels 1 & 2 EMV compliant at a minimum, and shall be upgraded from time to time, to comply with the latest version, within twelve months of release of the version.
- c) Ensuring that all ATM systems shall have audit trail and logs capabilities, comprehensive enough to facilitate investigations, reconciliation and dispute resolution.
- d) Ensuring that Card readers shall be identified by a symbol that: represents the card; and identifies the direction for which the card should be inserted into the reader
- e) All new ATMs shall accept card horizontally with the chip upwards and to the right
- f) Ensuring that 2% of ATMs deployed by each acquirer shall have tactile graphic symbol for the use of visually impaired customers. Locations of such ATMs are to be visibly publicized on their corporate website at the minimum.

#### **2.2 ATM Deployment**

Below are some ATM deployment guidelines;

- a) All Banks or independent ATM deployers are allowed to own ATMs; however they must enter into an agreement with a card scheme or a scheme operator or their designated settlement agent for acceptance and settlement of all the transactions at the ATM.

- b) ATM transactions in Nigeria must be processed by a Nigerian company operating in Nigeria as acquirer-processor.
- c) The card or payment scheme shall not compel any issuer or acquirer to send any transaction outside Nigeria for the purpose of processing, authorization or switching, if the transaction is at an ATM or at any acceptance device in Nigeria and the issuer is a Nigerian bank or any other issuer licensed by the CBN.
- d) All transactions at an ATM in Nigeria shall, where the issuer is a Nigerian bank or any other issuer licensed by the CBN be settled under a domestic settlement arrangement operated by a Nigerian Company.
- g) No card scheme shall discriminate against any ATM owner or acquirer.
- h) Every card-scheme must publish for the benefit of every ATM owner or acquirer and the Central Bank of Nigeria, the requirements for acquiring ATM transactions under the card scheme.

### 2.3 **ATM Maintenance**

A bank or independent organization that deploys an ATM for the use of the public shall ensure that:

- a) Notice is displayed at the ATM for planned maintenance period and disruption to service, due to maintenance for public.
- b) An ATM maintenance register or log is kept properly.
- c) All ATMs and cash in the machines are insured.
- d) They physically inspect their ATMs, at least fortnightly.

### 2.4 **Regulatory Monitoring**

Any institution which operates an automated teller machine shall file an updated list of such ATMs, including the detail location of their addresses - with the **Director, Banking & Payments System Department of the Central Bank of Nigeria for compliance monitoring.** The CBN is mandated to conduct onsite checks of ATMs with a view to ensuring compliance with cash and service availability. Acquirers also have the responsibility of reporting volume and value of transactions on monthly basis to the Director, Banking & Payments System Department, CBN.

## 3. **GUIDELINES ON POINT OF SALE (POS) CARD ACCEPTANCE SERVICES**

These guidelines were developed to provide minimum standards and requirements for the operation of POS card acceptance services.



### 3.1 Point of Sale Card Acceptance Services Stakeholders

POS Card Acceptance Services Stakeholders include, but not limited to: (i) Merchant Acquirers (ii) Card Issuers (iii) Merchants (iv) Cardholders (v) Card Schemes (vi) Switches (vii) Payments Terminal Service Aggregator (PTSA) (viii) Payments Terminal Service Providers (PTSP)

### 3.2 Minimum Standards

All industry stakeholders who process and/or store cardholder information are to ensure that their terminals, applications and processing systems comply with the minimum requirements of the following Standards and Best Practices including standards specified by the various card schemes.

- a) PA DSS –Payment Application Data Security Standard.
- b) PCI PED – Payment Card Industry Pin Entry Device.
- c) PCI DSS – Payment Card Industry Data Security Standard.
- d) Triple DES – Data Encryption Standards should be the benchmark for all data transmitted and authenticated between each party. The triple DES algorithm is the minimum standard.
- e) EMV – The deployed infrastructure must comply with the minimum EMV requirements.

Each vendor must provide valid certificates, showing compliance with these standards, and must regularly review status of all its terminals, to ensure they are still compliant, as standards change.

### 3.3 Roles and Responsibilities of Merchant Acquirers

Some of the roles and responsibilities of Merchant acquirers include;

- a) Merchant Acquirers can own POS Terminals but must only deploy and support POS terminals through a CBN licensed Payment Terminal Services Provider (PTSP). However, exceptions can be granted by the CBN, where PTSP services are not available.
- b) Merchant Acquirers are mandated to ensure that POS terminals purchased and deployed at merchant/retailer locations through CBN licensed Payment Terminal Services Provider accept all cards (card agnostic).
- c) Merchant Acquirers must enter into agreements/contracts with merchants for accepting payment by means of electronic payment instrument. All agreements /contracts are to clearly spell out the terms and conditions,

including roles, responsibilities and rights of the acquirer and the merchant. The contract should also clearly spell out requirements for the merchant's responsibilities in ensuring proper upkeep of the POS terminal.

- d) Every Merchant Acquirer shall connect all its PoS terminals or other acquiring devices directly to a Payments Terminal Service Aggregator.

### **3.4 Roles and Responsibilities Payment Terminal Services Provider (PTSP)**

- a) To ensure effectiveness of POS operations and a proper support/maintenance infrastructure, only CBN licensed Payments Terminal Service Providers shall deploy, maintain and provide support for POS terminals in Nigeria.
- b) Only the PSTPs shall be allowed to deploy POS terminals. Any party, other than a PTSP that deploys POS terminals, shall be fined 50,000 Naira per each day that the terminal remains deployed. PTSPs shall clearly agree SLAs on deployment timelines with acquirers, to ensure efficient deployment of POS terminals.
- c) PSTPs shall ensure that their deployed POS terminals are functional at all times. Appropriate mechanism must be put in place to remotely detect failures, which shall be rectified or replaced within 48 hours.

### **3.5 Roles and Responsibilities of POS Terminal Owner**

- a) Banks, Merchants, Acquirers, and PTSPs can be PoS Terminal Owners.
- b) PoS Terminal Owners shall ensure all POS terminals procured by them are compliant with the minimum POS specifications.
- c) PoS Terminal Owners shall cover the costs of repairs and replacements of parts for their terminals.

### **3.6 Roles and Responsibilities of Payments Terminal Service Aggregator (PTSA)**

- a) The Nigeria Interbank Settlement Systems (NIBSS) shall act as the Payments Terminal Service Aggregator for the financial system.
- b) As the Payments Terminal Service Aggregator for the industry, NIBSS shall establish communication network for reliable POS data traffic, that shall satisfy the service and availability standards and expectations of the industry, on a cost effective basis.
- c) As the Payments Terminal Service Aggregator for the industry, NIBSS shall, on an annual basis, or more frequently, as may be required, on behalf

of the industry, certify POS Terminals that meet the POS Terminal standards, approved for the industry.

- d) As the Payments Terminal Service Aggregator, NIBSS shall, participate on a joint committee of industry stakeholders, to negotiate a price list with 2 – 3 terminal equipment providers for bulk purchase of POS terminals for the Nigerian market. It is expected that a bulk purchase agreement will enable cost reduction on POS terminals Any Terminal Owner may subscribe to the negotiated global price list for the purchase of POS Terminals to take advantage of these benefits.

### **3.7 Roles and Responsibilities of Card Schemes**

- a) No Card Scheme shall engage in the business of acquiring; neither shall any entity that has a management contract with a Card scheme engage in the business of acquiring. In addition, no entity in which a Card Scheme, its subsidiary, or the majority shareholder of a card scheme, has 20% shareholding or more, shall engage in the business of acquiring.
- b) No Card Scheme shall engage in any antitrust activity or any act that will lead to abuse of dominant position, monopoly or unfair competition. Accordingly, there shall not be any form of arrangement or collusion between two or more Card Schemes, or Payment Schemes in respect of Issuing, Acquiring, Processing or Switching.

### **3.8 Roles and Responsibilities of Switching Companies**

- a) To achieve the interconnectivity of all new and existing switching companies, all switching companies shall open their networks for reciprocal exchange of transactions/messages with the Nigeria Central Switch and Payment Terminal Service Aggregator.

## **4. GUIDELINES ON MOBILE POINT OF SALE (MPOS) ACCEPTANCE SERVICES**

### **4.1 mPOS Stakeholders**

The parties involved in payments acceptance and processing for mPOS (i) Acquirer (ii) Issuer (iii) PTSA (iv) Merchant (v) Cardholder/User (vi) Card Schemes (vii) Switches/Processor (viii) PTSP

## 4.2 Minimum Standard

- a) All applications and processing systems are mandated to comply with the standards specified by various card schemes. The minimum requirements is PCI DSS certification.
- b) Acquirers/Merchants are required to provide mPOS solutions that utilize Payment Card Industry PIN Transaction Security (PCI PTS) in accordance with the PCI Point-to-Point Encryption (P2PE) Solution Requirements.
- c) Solution providers are to provide valid certificates, showing compliance with the above mentioned standards and shall regularly review the status of its applications, to ensure they are in compliance with the following:
  - i. PA DSS –Payment Application Data Security Standard.
  - ii. PCI PED – Payment Card Industry Pin Entry Device.
  - iii. PCI DSS – Payment Card Industry Data Security Standard.
  - iv. Triple DES – Data Encryption Standards should be the benchmark for all data transmitted and authenticated between each party.
  - v. EMV – The deployed infrastructure must comply with the minimum EMV requirements.

## 5. GUIDELINES ON WEB ACCEPTANCE SERVICES

### 5.1 Scope of the Guidelines

These Guidelines shall include all forms of transfer of monetary value on the website of a merchant or a payment aggregator in fulfillment of consideration for the purchase of goods and services on the web (internet).

### 5.2 Stakeholders

The following are stakeholders:

- (i) Acquirer: including a CBN licensed web payment aggregator
- (ii) Issuer
- (iii) Merchant (website owner)
- (iv) Payments Gateway Providers
- (v) Customer

### 5.3 Minimum Standards for Web Acquiring

All web acquirers are mandated to only utilize the services of gateway providers that comply with the following minimum standards:

- i) PCI DSS- Payment Card Industry Data Security Standard

ii) PA DSS- Payment Application Data Security Standard

iii) Triple DES- Data Encryption Standards should be the benchmark for all data transmitted and authenticated between each party.

iv) 2FA- Second Factor Authentication

For more information see

<https://www.cbn.gov.ng/out/2016/bpsd/approved%20guidelines%20on%20operations%20of%20electronic%20payment%20channels%20in%20nigeria.pdf>



## REGULATORY FRAMEWORK FOR MOBILE MONEY SERVICES IN NIGERIA

### **1. INTRODUCTION**

The introduction of mobile telephony in Nigeria, its rapid growth and adoption and the identification of person to person payments as a practical strategy for financial inclusion, has made it imperative to adopt the mobile channel as a means of driving financial inclusion of the unbanked thus the issuance of the Regulatory Framework For Mobile Money Services In Nigeria “the Framework” by the CBN.

### **2. SCOPE**

To achieve the objectives of the Framework, two types of mobile payment services are identified for operation in Nigeria

- a) Bank-Led Model – Banks and/or its Consortium of Banks as Lead Initiator seek to deliver banking services leveraging on the mobile money system
- b) Non-Ban- Led Model- A corporate organization(other than a deposit money bank or a telecommunication company) specifically licensed by the CBN to provide mobile payment services in Nigeria.

### **3. PARTICIPANTS IN THE MOBILE MONEY SYSTEM**

Participants are:(i) Regulators (ii) Mobile Money Operators, (iii)Infrastructure providers, (iv) Other Service Providers (v) Consumers (vi)Mobile Money Agents

#### **3.1 Regulators**

The Regulators are the Central Bank of Nigeria (CBN); Nigerian Communications Commission (NCC).

#### **3.2 Mobile Money Operators**

These are organizations that are licensed by the Central Bank of Nigeria to provide the system for the mobile money services. The organizations approved to perform the role of Mobile Money Operations are Banks and Corporate Organizations.

All approved Mobile Money Operators are required to provide:

- a) The infrastructure (hardware, software, switching and security) for mobile payment services;
- b) Business continuity and disaster recovery plans, to ensure services are always available at all times;

- c) 99.99% system availability and ensure all signed on participating institutions follow same rule.
- d) To connect to the National Central Switch (NCS) for the purpose of ensuring interoperability of all schemes in the system
- e) All advertisements and public pronouncements on their scheme shall emanate and be issued by MMOs.

### **3.2.1 The Roles of The Bank as a MMO:**

- a) Provision of all financial services for the operation of the mobile money service
- b) Verification, approval and accountability for the credibility and integrity of their partner organizations, and recommending same to the CBN for approval.

### **3.2.2 The Role of Licensed Corporate Organizations**

- a) The provision and management of the technology required to deliver mobile payment services to the subscriber.
- b) The provision of the agent network required to extend all the proposed services to the market place.

### **3.3 Infrastructure Providers**

These are organizations providing infrastructure that enable switching, processing and settlement facilities for mobile money services. Settlement here refers to Inter-Scheme Settlement.

- a) Telecommunications: Telecommunication companies play the important role of providing the infrastructure to drive the exchange of messages for mobile payments.
- b) Inter -Scheme Settlement: The role of Inter-Scheme Settlement Provider shall be to provide net positions of transactions across schemes to the inter-bank settlement system to affect the finality of payment for services consummated across two different Schemes by various participants.

### **3.4. Other Service Providers:**

The CBN recognizes that, with the evolution of the mobile money system , spin-off services would be identified by MMOs which can be outsourced to entities with specialized skills and resources to support such services in a more efficient and effective manner. The service providers may employ the infrastructures of the MMOs to provide services to the end users.

### **3.5. Consumers**

These are end users of mobile money services.

### **3.6 Mobile Money Agents**

The activities of Mobile Money Agents shall be guided by the provisions of the Guidelines on Agent Banking and Agent Banking Relationship in Nigeria.

### **3.7 The Nigerian Mobile Money System**

Mobile money system in Nigeria refers to the various components required to deliver mobile money to the banking and non-banking community. The CBN is responsible for defining and monitoring the mobile money systems in Nigeria.

For more information see

<https://www.cbn.gov.ng/out/2015/bpsd/regulatory%20framework%20for%20mobile%20money%20services%20in%20nigeria.pdf>





## **GUIDELINES FOR THE REGULATION OF AGENT BANKING AND AGENT BANKING**

### **RELATIONSHIPS IN NIGERIA**

#### **1. INTRODUCTION**

In exercise of the powers conferred on the Bank by Section 2 (d) of the Central Bank of Nigeria Act, 2007 and Section 57 (2) of the Banks and Other Financial Institutions Act (BOFIA), Laws of the Federation of Nigeria 2004, the Central Bank of Nigeria (CBN) issued the Guidelines For The Regulation Of Agent Banking And Agent Banking Relationships In Nigeria “the Guidelines”.

#### **2. OBJECTIVES**

The objectives of the Guidelines are to:

- a) provide minimum standards and requirements for agent banking operations;
- b) enhance financial inclusion; and
- c) provide for agent banking as a delivery channel for offering banking services in a cost-effective manner.

#### **3. APPLICATION AND APPROVAL REQUIREMENTS**

Any financial institution that wishes to engage in agent banking shall submit an application for approval to the CBN. The application shall clearly state the extent of agent banking activities and responsibilities of the relevant parties. The application shall be submitted to the Office of the Director, Banking & Payments System Department, CBN, Abuja. All applicants shall supply information to the CBN as may be required from time to time. Information required by the CBN for agent banking licence shall include:

- a) Name of the applicant
- b) Postal Address/email
- c) Business Address
- d) Telephone number
- e) Company Registration Number/certificate
- f) Feasibility Study for the agent relationship

#### **4. DOCUMENTARY REQUIREMENTS**

All applications for agent banking shall be addressed to the Director, Banking & Payments System Department, CBN, Abuja and accompanied with the following:

- i. Board Approval

- ii. A document that shall outline the strategy of the FI including current and potential engagements, geographical spread and benefits to be derived
- iii. Qualifying criteria for engaging agents
- iv. Service Level Agreements (SLAs) and Agent Banking Contract
- v. Risk management, internal control, operational procedures and any other policy and procedures relevant to the management of an agent banking arrangement.
- vi. Proposal for KYC and AML/CFT compliance.
  - i. Compliance with AML/CFT and KYC requirements is mandatory.

## **5. ESTABLISHMENT OF AGENT BANKING RELATIONSHIP**

- a) The entity must have been in legitimate commercial activity for at least twelve (12) months immediately preceding the date of the application to become an agent and the business must be a going concern.
- b) An entity shall not be eligible for appointment as an agent if the carrying out of agent banking business by the entity shall contravene any written law, regulation or the objects of the entity.
- c) Prior to the appointment as an agent under the provisions of this Guidelines, any entity that seeks to be appointed as an agent by an institution shall furnish the institution with the following information as applicable:
  - i. Name of the entity proposed to be an agent;
  - ii. Certificate of incorporation or business registration;
  - iii. Description of the commercial activity the entity has been carrying on for the last twelve months immediately preceding the date of the application;
  - iv. Valid business licence or permit for any regulated commercial activity carried on by the entity for at least twelve months prior to the date of the application;
  - v. Audited financial statements for the last two years where applicable;
  - vi. Tax clearance certificate;
  - vii. Physical location, postal address and telephone numbers of the entity and its working hours;
  - viii. Evidence of availability of funds to cover agent operations including deposits and withdrawals by customers, and
  - ix. Any other information the FI may require.

- x. Where a prospective agent is unable to meet the requirements in (i-ix) above, it is not precluded from being a sub-agent, where there is a super-agent structure.

## **6. RELOCATION, TRANSFER AND CLOSURE OF AGENT PREMISES**

It is the responsibility of the FI to ensure the following:

- a) No agent shall relocate, transfer or close its agent banking premises without prior notice to the FI.
- b) Notice of intention to relocate, transfer or close agent banking premises shall be served on the FI at least thirty days or such other period as may be agreed upon in the contract, a copy of which shall be posted at the agents premises.
- c) Within thirty days prior to relocation or closure of agent banking premises, the FI shall notify the CBN and forward the details and reason(s) for relocation, transfer or closure of premises.

## **7. MONEY LAUNDERING**

- a) Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Requirements FIs shall train their agents on anti-money laundering (AML) and combating of financing of terrorism (CFT) requirements. FIs shall ensure:
  - i. In the fulfillment of AML/CFT requirements, institutions shall comply with the requirements of the Money Laundering (Prohibition) Act, 2011 and Financing of Terrorism (Prohibition) Act 2011.

## **8. SUBMISSION OF STATUTORY RETURNS**

FIs shall, at the end of every month and not later than the 10th day of the following month, submit to the CBN, data and other information on agent operations including:

- i) Nature, value and volume of transactions;
  - ii) Incidents of fraud, theft or robbery; and
  - iii) Nature and number of customer complaints and remedial measures taken.
- a. Annual Reporting FIs shall include in its annual reports and accounts in the prescribed form all activities of its agent banking operations.

For more information see

<https://www.cbn.gov.ng/Out/2013/CCD/GUIDELINES%20FOR%20THE%20REGULATION%20OF%20AGENT%20BANKING%20AND%20AGENT%20BANKING%20RELATIONSHIPS%20IN%20NIGERIA.pdf>

## **GUIDELINE ON INTERNATIONAL MOBILE MONEY REMITTANCE SERVICES IN NIGERIA**

### **1. INTRODUCTION**

The Central Bank of Nigeria “CBN” pursuant to its powers under Section 47 2 of the of the CBN act 2007 issued the Guideline On International Mobile Money Remittance Services In Nigeria to complement the CBN Guidelines On Mobile Money Services In Nigeria 2009 and the Guidelines On International Money Transfer Services In Nigeria 2014

### **2. OBJECTIVES**

- a) Provide minimum standards and requirements for the operation of international fund remittance over mobile devices in Nigeria;
- b) Specify delivery channels for offering international funds remittance over mobile inbound or outbound in a cost-effective manner; and
- c) Provide an enabling environment for international conference over mobile devices in the Nigerian economy etc.

### **3. AUTHORITY TO PROVIDE INTERNATIONAL MOBILE MONEY REMITTANCE SERVICES IN NIGERIA**

Institutions seeking to offer International Mobile Money Remittance Services in Nigeria shall apply and obtain a valid approval from the CBN subject to the following conditions

- a) Be a registered entity licensed in its home country to carry on money transfer activities
- b) Have a minimum Net Worth of US\$1 billion as per the latest audited financial statements, or as may be determined by the CBN from time to time
- c) Should hold a valid mobile Money Operator's licence
- d) The institution should be well established (operate in at least Twenty countries with at least 10 years experience) in the money transfer business with a track record of operations
- e) There should be an MOU that clearly delineates liabilities in the event of disputes and/or process failures

For operation of this service there must be in partnership with at least an authorised dealer Bank licensed in Nigeria and shall be eligible for the Grant of CBN approval under these guidelines.

#### 4. BUSINESS RULES – REQUIREMENTS

All financial institutions authorised to carry out international mobile Money remittance services in Nigeria shall

- a) Be issued a unique scheme code by the NIBBS for managing interoperability
- b) Be issued unique short codes by the NCC
- c) Ensure that all telecommunication equipment is the type approved by the NCC
- d) Register users of its scheme based on technology standards and the requirements of these Guidelines
- e) Ensure that the registration process within the international funds remittance scheme shall fulfil the entire KYC requirements specified in the Guidelines
- f) Display the summary of transaction requested to the user for confirmation which shall include the phone numbers of the initiator and receiver, transaction description, the transaction amount, date and time and a unique transaction identifier etc.

#### 5. CESSATION OF MOBILE PAYMENT SERVICES

- a) Any IMMRS wishing to exit from the mobile payments system shall notify the CBN in writing regarding the intention for the discontinuation, 120 days before ceasing its operations;
- b) the CBN shall have powers to order any IMMRS exiting from the mobile payments system to meet its outstanding obligations.

#### 6. STATUTORY RETURNS

IMMRS shall at the end of every month and not later than 10th day of the following month, submit to the CBN data and other information on International mobile Money operations including nature, value and volume of transactions; incidents of fraud; nature and number of customer complaints and remedial measures taken.

#### 7. Annual reporting

IMMRS shall include in their annual reports and accounts, in the prescribed format all activities of its mobile money operations.

For more information see

<https://www.CBN.gov.ng/Out/2015/TED/Guidelines%20on%20International%20Mobile%20Money%20Remittance%20Service%20in%20Nigeria.pdf>