



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

REVISED 2019

TABLE OF CONTENTS

PART 1	2
1. PREAMBLE	2
2. OBJECTIVE	2
3. SCOPE	2
4. ROLES AND RESPONSIBILITIES.....	3
4.1. THE CBN	3
4.2. CBN REGULATED STAKEHOLDERS.....	3
4.2.1. Deposit Money Banks (DMBs), Other Financial Institutions (OFIs) and Mobile Money Operators (MMOs).....	3
4.2.2. Payment Solution Service Providers (PSSPs)	4
5. INFRACTIONS AND SANCTIONS.....	5
PART 2	5
6. OPERATIONAL STANDARDS FOR OTHER STAKEHOLDERS.....	5
6.1 Payers.....	5
6.2 Beneficiaries.....	6
6.2.1 Employees and Pensioners.....	6
6.2.2. Suppliers.....	7
6.2.3. Taxes, Levies, Dues (& other revenue) Collecting Organizations	7
6.2.4. Pension Fund Administrators (PFAs) and Pension Fund Custodians (PFCs)	8
7. MISCELLANEOUS	8
7.1 DISPUTE RESOLUTION.....	8
7.2 COMPLIANCE.....	9
8. DEFINITION OF TERMS	9
9. COMMENCEMENT.....	11
SCHEDULE 1.....	12
Infractions and sanctions for DMBs, OFIs and MMOs	12
SCHEDULE 2.....	14
Infractions and sanctions for PSSPs	14

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

PART 1

1. PREAMBLE

The Central Bank of Nigeria (CBN) the Bank in exercise of its powers under the CBN Act, 2007, hereby issues the Regulation on Electronic Payments and Collections for Public and Private Sectors in Nigeria (the Regulation).

The Regulation is a revision of *the Guidelines on Electronic Payment of Salaries, Pensions, Suppliers and Taxes in Nigeria (2014)*, and is intended to guide the end-to-end electronic payment of salaries, pensions and other remittances, suppliers and revenue collections in Nigeria.

2. OBJECTIVE

The objective of the Regulation is to fully align with the core objectives of the National Payments System Vision 2020 (PSV2020) 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. This will reduce the time and costs of transactions, minimise leakages in revenue receipts and at the same time provide reliable audit trails, thereby ensuring that the Nigerian Payments System aligns with international best practices.

This Regulation is therefore set out to provide all stakeholders with the operational procedures that guide **end-to-end electronic payment** for the Public and Private Sector.

3. SCOPE

This Regulation applies to all CBN regulated entities operating in Nigeria and mandates adoption, implementation and compliance with the directives on end-to-end electronic payments of all forms of salaries, pensions & other remittances, suppliers, revenue collections including but not limited to taxes, levies, penalties, recoveries, assessments, and the disbursement of funds for social programs payments bills, honorarium, scholarships, allowances, etc. herein referred to collectively as '**payments and collections**'

4. ROLES AND RESPONSIBILITIES

4.1. THE CBN

Shall -

- a) promote the adoption of end-to-end electronic payment by all Stakeholders;
- b) license end-to-end electronic payment solution, systems and service providers, regulate and supervise their operations;
- c) create and maintain a platform for constant interaction and engagement of all electronic payment industry stakeholders;
- d) ensure all statutory payments, remittances and collections of all revenues are undertaken only on a CBN approved end-to-end electronic payment platform;
- e) ensure constant review and update of this Regulation to reflect new developments that can support the long-term success of the initiative;
- f) adjudicate in the cases of disputes;
- g) maintain a Help Desk to provide enlightenment, receive complaints and monitor resolution of the reported cases and publish customer service/contact details via multiple platforms;
- h) collaborate with other statutory and regulatory agencies whose cooperation is required for the effective implementation of this Regulation.

4.2. CBN REGULATED STAKEHOLDERS

The CBN regulated stakeholders refer to all financial institutions, Payments Service Providers and other entities licensed and regulated by the CBN which includes, but not limited to the following:

4.2.1. Deposit Money Banks (DMBs), Other Financial Institutions (OFIs) and Mobile Money Operators (MMOs)

DMBs, OFIs and MMOs shall -

- a) promote the adoption of end-to-end electronic payments by all stakeholders covered by this Regulation;
- b) provide payers and beneficiaries with appropriate accounts with DMBs, OFIs or any other approved channel for receiving payments such as mobile money/electronic wallet, subject to the CBN's approved KYC limits;

- c) process electronic payment instructions in accordance with subsisting payments system and clearing system rules;
- d) publish customer service/ contact centres details via multiple media channels and maintain customer service contact centres, to promptly attend to all electronic payment enquiries and challenges within stipulated timelines; and report of customer complaints, indicating resolution status;
- e) make available any or combination of the following data sets, as may be applicable, along with the mandatory returns to the CBN, on a monthly basis or as may be otherwise specified:
 - I. Number of salary/pension/supplier/tax paying organisations
 - II. Salaries/pension/supplier/tax payment transactions count
 - III. Salaries/pension/supplier/tax payment transactions value per payment method given below;
 - o End-to-end;
 - o Bank Assist;
 - o Cheques;
 - o Manual;
- f) in the event of duplicated/excess payments, establish a recovery process engaging both Payers and Beneficiaries in line with subsisting CBN Regulation.

4.2.2. Payment Solution Service Providers (PSSPs)

A PSSP shall -

- a) obtain a license from the CBN to operate as a PSSP;
- b) offer CBN approved end-to-end electronic payment solutions, systems and services to all stakeholders;
- c) publish customer service/contact details via multiple media and maintain customer service contact centres to promptly attend to all electronic payment enquiries and complaints;
- d) make available any or combination of the following data sets, as may be applicable, along with the mandatory returns to the CBN, on a monthly basis or as may be otherwise specified:
 - I. Number of salary/pension/tax paying client organisations;
 - II. Salaries/pension/tax payment transactions count;

- III. Salaries/pension/suppliers/tax payment transactions value per payment method given below;
 - End-to-end
 - Bank Assist
 - Cheques
 - Manual
- e) comply with transaction completion and unapplied funds return timelines as stipulated by the CBN.

5. INFRACTIONS AND SANCTIONS

- 5.1.** Any DMB, OFI or MMO that fails to discharge the responsibilities under Section 4.2.1 as detailed in 'Schedule 1' of this Regulation shall be penalised as provided in the Schedule.
- 5.2.** Any PSSP that fails to discharge the responsibilities under Section 4.2.2 as detailed in 'Schedule 2' of this Regulation shall be penalised as provided in the Schedule.

PART 2

6. OPERATIONAL STANDARDS FOR OTHER STAKEHOLDERS

This section refers to all other stakeholders which are not regulated by the CBN. They include, but are not limited to the following:

6.1 Payers

Payers shall -

- a) adopt end-to-end electronic payment of salaries for employee staff strength of 20 and above;
- b) maintain appropriate account with DMBs or OFIs;
- c) adopt a CBN approved end-to-end electronic payment platform and use for all forms of payment and collections;
- d) provide basic infrastructure for making and receiving electronic payments;
- e) ensure employees are given basic training to use adopted platform;

- f) use only validated account details to ensure payments are made to intended beneficiaries;
- g) remit taxes and other statutory payments along with associated electronic schedules on a CBN approved end-to-end e-payment platform;
- h) remit contributory pension funds into the bank accounts of Pension Fund Administrators maintained with Pension Fund Custodians, with associated electronic schedules, only on a CBN approved platform;
- i) bear the cost of electronic payments and electronic schedules transmission while ensuring beneficiaries receive actual amounts due to them. Where other arrangement exists, it must be mutually agreed between the payer and beneficiary;
- j) provide evidence of payment to beneficiaries;
- k) indicate adherence with this Regulation in annual reports;
- l) report all unresolved e-payment challenges to the CBN contact centres on Tel: +234 700 225 5226; email: contactcbn@cbn.gov.ng or cpd@cbn.gov.ng

6.2 Beneficiaries

In this Regulation, Beneficiaries shall include the following:

6.2.1 Employees and Pensioners

All Employees and Pensioners shall (as applicable) –

- a) maintain appropriate bank accounts with Deposit Money Banks, Other Financial Institutions or any other approved channel for receiving payments such as mobile money/electronic wallet, subject to the CBN's approved KYC limits;
- b) provide valid account and contact details to the Payer;
- c) report cases of non-payment, delayed payment or wrong payment of salaries/contributory pension remittances carried out on a CBN approved e-payment platform, to the Payer;
- d) register and maintain a Retirement Savings Account (RSA) with a licensed Pension Fund Administrator (PFA);
- e) report known cases of use of Payment Platforms not approved by the CBN to Consumer Protection Department; cpd@cbn.gov.ng
- f) report cases of non-compliance with e-payments by payers, as contained in this Regulation, to the CBN;

- g) report all wrongfully received funds or excess payments to his financial institution customer service desk and make same available for refund to the payer;
- h) in the event of duplicated/excess payment not noticed but withdrawn by the beneficiary, the beneficiary shall make funds available for refund to the payer. Non-compliance shall result in placement of the beneficiary on the BVN Watch-list.

6.2.2. Suppliers

All suppliers shall -

- a) maintain appropriate bank account with DMBs, OFIs or any other channel for receiving payments, such as mobile money/electronic wallet, approved by the CBN;
- b) provide correct account and contact details to the payers;
- c) obtain and provide details of Tax Identification Number (TIN) to the payers;
- d) report cases of non-payment, delayed payment or wrong payment carried out on the CBN approved e-payment platform to the payers;
- e) report all wrongfully received funds or excess payments to his financial institution customer service desk and make same available for refund to the payer; and
- f) in the event of duplicated/excess payment not noticed but withdrawn by the beneficiary, the beneficiary shall make funds available for refund to the payer in line with the Regulation on Instant (Inter-Bank) Electronic Funds Transfer Services in Nigeria, non-compliance shall result in placement of the beneficiary on the BVN watch-list.

6.2.3. Taxes, Levies, Dues (& other revenue) Collecting Organizations

All Taxes, statutory levies, receipts, assessments, penalties and dues collecting organisations shall:

- a) maintain appropriate collection accounts with the CBN or DMB/OFIs;
- b) publicly make available details of electronic payments processes for collections;
- c) provide clear details of the nature and amount of taxes, statutory levies and dues expected from payers;
- d) adopt a CBN approved electronic collection solution [[List of approved PSSPs](#)] for the collection of all forms of taxes, duties, levies, other

- collections and the associated electronic schedules of such payments;
- e) provide basic infrastructure for confirming receipt of electronic payments and associated electronic schedules;
 - f) ensure employees are given basic training to use adopted CBN approved e-payment and collection platform;
 - g) ensure seamless interface between in-house systems and adopted CBN approved e-payment and collection platform, to ensure records of all collected payments are automatically reflected against tax payers' records on in-house systems;
 - h) provide evidence of payment to payers at the point of payment;
 - i) publish customer service contact details and maintain contact centres to attend to electronic payment enquiries and challenges; and
 - j) publish a dispute resolution/refund process.

6.2.4. Pension Fund Administrators (PFAs) and Pension Fund Custodians (PFCs)

All PFAs and PFCs shall:

- a) maintain appropriate accounts with CBN approved Financial Institutions to facilitate the provisions of 'Part XI' of the PENCOM Act;
- b) provide details of the accounts to Pension Remitting Organisations;
- c) adopt a CBN approved platform [[List of approved PSSPs](#)] for the receipt of all contributory pension fund remittances and associated electronic schedules;
- d) provide basic infrastructure for confirming receipt of electronic payments and associated electronic schedules;
- e) ensure seamless interface between in-house systems and adopted CBN approved e-payment platform to ensure pension remittances are automatically reflected against contributors' records on in-house systems; and
- f) provide evidence of receipt of pension remittances to organisations at the point of payment.

7. MISCELLANEOUS

7.1 DISPUTE RESOLUTION

Any dispute, controversy or claim arising out of or relating to this Regulation or the

breach, termination or invalidity thereof shall be settled in accordance with the CBN's dispute resolution mechanism and if unresolved may be referred for arbitration in accordance with the rules for arbitration of the Regional Centre for International Commercial Arbitration, Lagos, Nigeria.

7.2 COMPLIANCE

Further to the implementation of the Guideline on end- to-end electronic payment of salaries, pensions, suppliers and taxes by all public and private sector organisations as directed in the CBN Guidelines referenced [CBN/BPS/PSV/GEN/014/05], DMBs are to dishonor payment instructions for all forms of salaries, pensions, suppliers and taxes not transmitted on a CBN approved straight through electronic payment and collection platform issued by organisations with more than 20 employees.

This means payment instructions and associated schedules are no longer to be transmitted to DMBs through unsecured channels, such as paper-based mandates, flash drives, compact discs (CDs), email attachments, etc. by qualifying public and private sector organisations.

8. DEFINITION OF TERMS

In this Regulation, the terms below shall have the following meaning:

ACH – Automated Clearing House System.

ATM – Automated Teller Machine.

CBN – Central Bank of Nigeria.

Bank Assist – payments made by public & private organisations by providing payment schedules in an electronic format to the paying bank to upload and process payments to employees or other beneficiaries on their behalf.

Beneficiaries – recipients of funds paid using a CBN approved platform.

BVN watch-list – a database of bank customers identified by their BVNs, who have been involved in confirmed fraudulent activities.

Cheques – payments made by public & private organisations by issuing their account cheques to employees or other beneficiaries.

DMB – Deposit Money Bank.

End-to-end – Payments made by public & private organisations using an electronic platform that transmits instructions to debit payer's account and

credit a beneficiary's account or electronic wallet without manual intervention.

End-to-End Electronic Payment – the seamless electronic processing of all forms of salaries, pensions and other remittances, suppliers and revenue collections on a CBN approved electronic platform which transmits the instruction to debit a payer's account and credit a beneficiary's account or any other electronic channels without depending on any third party, manual or semi-manual means.

KYC – Know Your Customer

Manual – payments made by public & private organisations by providing written instructions & schedules to the paying bank to process payments on behalf of the payer.

MMO – Mobile Money Operator

OFI – Other Financial Institution(s)

Payer – the party instructing the payment of funds using a CBN approved payment platform.

PSSP – organisations licensed by the CBN to provide technical or technology infrastructure, software solutions or services for facilitating end-to-end electronic payment to financial institutions or their customers.

PENCOM – National Pension Commission

PFA – Pension Fund Administrator

PFC – Pension Fund Custodian

Private Sector – Organisations/Business entities not managed or operated by government

Public Sector – Ministries, Departments and Agencies of Government at Federal, State and Local Government levels

RTGS – Real Time Gross Settlement System

Suppliers include contractors or vendors whether organisations or individuals offering goods or services in exchange for payment

Stakeholders – all participants in an end to end electronic payment including public and private sector organisations, employees, pensioners, suppliers and taxpayers.

CBN Regulated stakeholders – participants licensed by the CBN to provide payment services.

TIN – Tax Identification Number.

9. COMMENCEMENT

This Regulation shall take effect from the date of its issuance by the CBN.

APPROVED

SCHEDULE 1

Infractions and sanctions for DMBs, OFIs and MMOs

SN	Responsibility	Compliance	Infraction	Sanction
1	Ensure consummation of all electronic payments within timelines stipulated by the CBN under extant Regulations or Guidelines on the electronic payment channel utilised.	<p>a) Application of funds to beneficiaries' accounts as prescribed by the CBN.</p> <p>b) Return unapplied funds to payer's account as prescribed in the relevant payment channel regulation.</p>	<p>a) Transactions not consummated within the timelines prescribed in the relevant Payment channel regulation.</p> <p>b) Non-return of un-applied funds to payer's account within 24 hours.</p>	<p>a) Penalty of ₦1,000 per transaction or any part thereof not consummated within stipulated timeline.</p> <p>b) Funds to be returned at the prevailing MPR for the period and report of infraction in annual report.</p> <p>c) Other penalty as may be applicable in the relevant payment channel regulation.</p>
2	Provide quarterly report on end-to-end e-payment of salaries, pensions, suppliers & taxes to the CBN by the stipulated deadlines	Provision of quarterly report on end-to-end e-payment of salaries, pensions, suppliers & taxes to the CBN on time.	<p>a) Non-provision of quarterly report on end-to-end e-payment of salaries, pensions, suppliers & taxes to the CBN.</p> <p>b) Submission of false or inaccurate reports.</p>	<p>a) N5,000 penalty for each day for which report is not provided to the CBN.</p> <p>b) Penalty of N250,000 and a warning letter to the Managing Director.</p>
3	Provide monthly report to the CBN on reported complaints & resolution status.	Provision of monthly report on reported complaints & resolution to the CBN.	<p>a) Non-Provision of monthly report on reported complaints & resolution status to the CBN.</p> <p>b) Submission of false or inaccurate reports.</p>	<p>a) ₦5,000 penalty for each day for which report is not provided to the CBN.</p> <p>b) Penalty of ₦250, 000 and a warning letter to the Managing Director.</p>

4	Ensure 3 rd party end-to-end e-payment solution used by the bank/financial service provider is approved by CBN.	3 rd party e-payment solution offered to customers must be approved by CBN.	3 rd party e-payment solution is not approved by CBN.	<p>a) terminate use of the unapproved end-to-end e-payment solution.</p> <p>b) Warning letter to the Managing Director.</p> <p>c) Penalty of N2 million for DMB and N1 million for OFIs on every repeated occurrence.</p>
5	Maintain and publish details of a functional help desk/contact centres for receiving enquiries, complaints & providing feedback on reported e-payment issue as directed in the CBN Circular to DMBs, Discount Houses and OFIs to establish a Consumer Complaint Help Desk ref [FPR/DIR/CIR/GEN/01/020].	<p>a) Maintain help desk/contact centres to receive enquiries, complaints & provide feedback on reported e-payment issues.</p> <p>b) Publish contact details of e-payment help desk.</p>	Non-availability of help desk/contact centres to receive enquiries, complaints and provide feedback on e-payment issues.	<p>a) Bear costs of all unresolved disputes as a result.</p> <p>b) Other appropriate sanctions could apply as stated in the CBN Circular ref [FPR/DIR/CIR/GEN/01/020].</p>
6	Receiving bank to notify beneficiaries through SMS, email or any other automated channel with details of payment received.	a) Beneficiaries receive automated notification when account is credited in accordance with the CBN's regulation.	a) Non-provision of evidence that an automated notification was sent to beneficiaries who signed-up for the alert services and charges applied.	a) CBN or Solution provider whose e-platform would refund the charges at twice the value deducted.

SCHEDULE 2

Infractions and sanctions for PSSPs

SN	Responsibility	Compliance	Infraction	Sanction
1	Obtain and maintain a license from the CBN to operate as an end-to-end e-payment system service provider.	Obtain and maintain a license from the CBN to provide end-to-end e-payment solution system and services.	Providing e-payment system solution or services without obtaining a license from the CBN.	<p>a) Shall NOT be issued a license by CBN to operate as a PSSP for a minimum of 1 year from the date infraction is detected.</p> <p>b) CBN shall report the defaulting PSSP to the appropriate law enforcement agency.</p>
2	Ensure end-to-end e-payment solution offered is approved by CBN.	e-payment solution offered to customers must be approved by CBN.	e-payment solution is not approved by CBN.	<p>a) Shall immediately cease the provision or offering of such un-approved e-payment solutions.</p> <p>b) Penalty of N1million on every occurrence.</p>
3	Ensure consummation of all electronic payments within timelines stipulated by the CBN under extant Regulations or Guidelines on the electronic payment channel utilised.	<p>a) Ensure completion of transaction and payment to beneficiaries' accounts within timelines stipulated in the relevant payment channel regulation.</p> <p>b) Return unapplied funds to payer's account within timelines stipulated in the relevant payment channel rules.</p>	<p>a) Non completion of transactions within stipulated timelines due to challenges with solution provider's platform or operational inefficiency.</p> <p>b) Non-return of un-applied funds within stipulated timelines.</p>	<p>a) Penalty of ₦ 1,000 for every transaction.</p> <p>b) Penalty of ₦ 1,000 for every transaction delayed.</p> <p>c) Other penalty as may be applicable in the relevant Payment channel regulation.</p>
4	Provide quarterly report on end-to-end e-payment of salaries, pensions, suppliers & taxes to the CBN by the stipulated deadlines.	Provision of quarterly report on end-to-end e-payment of salaries, pensions, suppliers & taxes to the CBN on time.	<p>a) Non-provision of quarterly report on end-to-end e-payment of salaries, pensions, suppliers & taxes to the CBN.</p> <p>b) Submission of false or inaccurate reports.</p>	<p>a) N5,000 penalty for each day for which report is not provided to the CBN.</p> <p>b) Penalty of N50, 000 and a warning letter to the Managing Director.</p> <p>c) Suspension of license/approval after 3 consecutive repeated occurrences of either infraction (a) or (b) until reports are made available to the CBN.</p>

SN	Responsibility	Compliance	Infraction	Sanction
5	Provide monthly report on reported complaints & resolution status on end-to-end e-payment to the CBN	Provision of monthly report on reported complaints & resolution to the CBN	<p>a) Non-Provision of monthly report on reported complaints & resolution status to CBN.</p> <p>b) Submission of false or inaccurate reports</p>	<p>a) N5,000 penalty for each day for which report is not provided to the CBN.</p> <p>b) Penalty of N50, 000 and a warning letter to the Managing Director.</p> <p>c) Suspension of license/approval for after 3 consecutive repeated occurrences of either infraction (a) or (b) until reports are made available to the CBN.</p>

APPROVED