

Key Revisions by the CBN to the Updated Guidelines for the Operation of E-Payment Channels in Nigeria

The Central Bank of Nigeria (CBN) on the **1st of June 2020**, issued a circular informing the general public of an updated Guidelines for the Operation of E-payment Channels in Nigeria (Revised Guidelines).

The CBN updated the Guidelines in order to enhance service quality for customers in the financial sector (cardholders). Particularly to ensure quick refunds to customers who experience failed transactions, dispense errors and or disputes in relation to those dispense errors.

KEY POINTS REVISED BY THE CBN:

A. Acknowledgment of Disputes & or Complaints from Cardholders

Section 4.5.3.8 of the Revised Guidelines now requires that financial institutions immediately acknowledge disputes or complaints from cardholders, and in conjunction with the Acquirer and platform provider, resolve such disputes or complaints within 48 hours (i.e. 2 days).

Prior to the revision by the CBN, financial institutions were required to acknowledge disputes or complaints from cardholders within 24 hours and were mandated to resolve disputes or complaints within T+3 days (i.e. 4 days or 96 Hours).

E-payment customers and cardholders will welcome this development as they no longer have to wait for at least 4 days to have their disputes or complaints resolved.

We imagine that this would help to deepen trust in the Nigerian financial industry and ensure further financial inclusiveness for all.

B. Failed Transactions

Section 4.9 of the Revised Guidelines requires that;

- i. The reversal of failed transactions when customers use their cards on their Bank's ATMs (On-Us ATM Transactions) becomes instant. The revised guidelines however allows for an exception where instant reversal fails due to technical issues of system glitches. In such cases, the Banks now have 24 hours (1 day) to conduct a manual reversal.
- ii. The Timeline for refunds on failed transactions when customers use their card on other bank's ATMS (not-on-us ATM transactions) shall not exceed 48 hours (2 days).

- iii. Refunds on disputed/failed POS/Web transactions shall be treated within 48 hours (2 days).

Bank Customers will find these changes helpful for their business as previously resolving failed transactions took 3-5 Business Days.

C. Institutions in the Payment System

The revised guidelines also require the following from the various organisations that participate in the Payment System;

- i. Switches: All Switches are to adjust the chargeback cycle in their dispute solutions to 24 hours from 72 hours;
- ii. Acquirers: All Acquirer initiated refunds shall henceforth be initiated by all banks within 48 hours;
- iii. Processors: All Processors are to provide daily settlement reports at the latest by 8 AM. on a T+1 basis;
- iv. Nigerian inter Bank Settlement Systems (NIBSS); NIBSS shall send daily reports on reversals to processors on or before 10 pm each day.

It is important to note that these revisions take effect from 8th June 2020 and financial institutions who fail to make changes as directed or run afoul of the guidelines are subject to monetary penalties, suspension of services/licenses; or both.

D. Penalties for not complying:

- i. **For ATM operations:** The Revised Guidelines¹ stipulate that sanctions, in the form of monetary penalties/or suspension of the acquiring/processing service (s) or both, would be imposed on erring institutions for failure to comply with any of the provisions of the guidelines.
- ii. **For POS card acceptance:** The Revised Guidelines² state that there shall be no form of exclusivity in any area of payment service, including, but not limited to Issuing, Acquiring, Processing, and Sale and Maintenance of hardware and software. Any payment scheme, operator, processor, infrastructure provider, switching company, service provider or bank that contravenes this policy may be suspended for a minimum of one (1) month by the CBN as a payment service or payment infrastructure service provider in the first instance, to be followed by stricter sanctions if the practice persists.

It is therefore imperative that, Financial institutions allocate more resources and efforts in ensuring compliance with the revised guidelines in order not to risk sanctions from the CBN

¹ Section 1.8

² Section 2.8 (2.10 for compliance)]and MPOS acceptance services [Section 3.8 (3.11 for compliance)

The revisions by the CBN to the guidelines can only be viewed as a step in the right direction for the financial sector. The revisions will go a long way in ensuring that customers further trust their financial institutions which we imagine will only result in deepened financial inclusivity in Nigeria.

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