The Circular dated the 3rd of May, 2016 is issued in respect of operations of Electronic payment channels in Nigeria (“the Guidelines”) and covers the following electronic payment channels: (a) the Automated Teller Machine (ATM) [the “ATM Guidelines”], (b) Point of Sale (PoS) [the “PoS Guidelines”], (c) mobile Point of Sale (mPOS) [the “mPOS Guidelines”] and Web acceptance services [the “Web Guidelines”], The Guidelines amends the 2010 Guidelines on Automated Teller Machine (ATM) Operations in Nigeria and Point of Sale (PoS) Card Acceptance Services.

1.2. The ATM Guidelines

Some of the salient provisions of the ATM Guidelines are as follows:

1.2.1. ATM Technology Standards and Specification

a. All ATM deployers and acquirers are required to comply with the Payment Card Industry Data Security Standards (PCIDSS). PCIDSS is a proprietary information security standard for organizations that handle branded credit cards from the major card schemes including Visa and MasterCard;

b. All ATMs must be able to dispense all denominations of Naira; however in reality, small denominations like Naira 10, Naira 5 cannot be dispensed by the ATM. Also, all ATMs must be levels 1 & 2 Europay, MasterCard, and Visa (“EMV”) compliant at a minimum and shall be upgraded from time to time to comply with the latest version within 12 (twelve) months of release of the version. 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.

c. 2% of ATMs deployed are required to have a tactile graphic symbol for the use by visually impaired customers. Compliance is required within 5 (Five) years from the release of these standards.

1.2.2. ATM Deployment

The Guidelines provide that all ATM transactions are to be processed by a Nigerian company operating in Nigeria as acquirer-processor; No ATM owner is to discriminate against any card scheme or issuer; Stand-alone or closed ATMs are not allowed; ATMs must be situated in a manner that would permit access at reasonable times; Privacy should be provided by the design and installation features of the ATM; and all ATMs shall accept cards issued in Nigeria under the CBN regulations for any card-based value added service made available on the machine.

1.2.3. ATM Operations

All Banks and Independent organisations that deploy the use of ATM for public use must ensure that (a) ATMs are not stocked with unfit notes; (b) all ATM charges are fully disclosed to customers; (c) waste disposal basket is provided at all ATM locations; (d) the receipt prints and screen display are legible; (e) the dispensing component of the machine is in proper working condition; (f) receipts are issued where requested by the customer stating, the amount withdrawn, the terminal
identity, date and time of the transaction; (g) cash retraction is disabled; and (h) The ATM downtime due to technical fault does not exceed seventy-two (72) hours consecutively. And in the event that this is impracticable, the deployer shall duly inform its customers.

1.2.4. **ATM Maintenance and Security**

All deployers of ATM are required to ensure that (a) Notice is displayed to the public at the ATM for planned maintenance period and disruption to service due to maintenance; (b) All maintenance registers or logs are properly kept; (c) All ATMs and cash in the machines are insured; and (d) ATMs are physically inspected at least fortnightly.

### 1.2.5. Regulatory Monitoring/Penalties

Any institution operating an ATM is required to file an updated list of such ATMs including the details of the location of their addresses with the Banking & Payment Department of the CBN for compliance monitoring. The Acquirer is also required to report volume and value of transactions on a monthly basis to the CBN. Failure to comply with any provisions of the ATM Guidelines will expose the erring institution to monetary penalties, and/or suspension of the acquiring and processing services.

#### Key Amendments to 2010 Guidelines

<table>
<thead>
<tr>
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<th>2010 Guidelines</th>
<th>2016 Guidelines</th>
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<tbody>
<tr>
<td><strong>ATM Deployment</strong></td>
<td>Deployable by Banks within their premises and deployment outside Bank’s premises by CBN approved consortium</td>
<td>Deployable at location of choice by Banks</td>
</tr>
<tr>
<td><strong>Card Acceptance</strong></td>
<td>All ATMs must accept cards issued in Nigeria.</td>
<td></td>
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<tr>
<td><strong>Downtime</strong></td>
<td>Banks are required to ensure that ATM downtime does not exceed 72 consecutive hours.</td>
<td>In addition, Banks are now required to inform customers where the downtime is likely to exceed 72 consecutive hours.</td>
</tr>
<tr>
<td><strong>Cash retraction</strong></td>
<td>ATM could retract cash 20 seconds after the dispensing component holds out the notes for collection.</td>
<td>All cash retraction functionality must be disabled on ATMs.</td>
</tr>
<tr>
<td><strong>Non-dispense or Partial dispense error</strong></td>
<td>Customers are required to make complaints of non-dispense or partial dispense error before refund is made.</td>
<td>Install appropriate mechanism to initiate refunds without the prompting of the issuing bank or customer.</td>
</tr>
<tr>
<td><strong>Anti-skimming devices</strong></td>
<td></td>
<td>ATMs must have anti-skimming devices and keys must be changed yearly.</td>
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</table>

1.3. **The POS Guidelines**

1.3.1. The POS Guidelines set out the principles governing the use of POS as a channel for electronic payment in Nigeria. These principles include who the stakeholders are, the minimum standards the POS stakeholders are required to comply with, the roles and responsibilities of all stakeholders and the applicable fees and charges. Some of the salient provisions of the POS Guidelines are:
### Roles and responsibilities of stakeholders

<table>
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<tr>
<th>s/n</th>
<th>Stakeholder</th>
<th>Roles/Responsibility</th>
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| 1   | Merchant Acquirer- CBN licensed financial or non-financial institution that has an agreement with the relevant card scheme to contract with merchants to accept payment cards as a means of payment for goods and services | a. can own, deploy and support POS terminals through a CBN licensed PTSP;  
b. Must ensure that POS terminals accept all cards;  
c. Must enter into agreements with merchants for accepting payments by means of electronic payment instrument;  
d. Must connect all its POS terminals or other acquiring devices directly to any payment terminal service aggregator;  
e. Must switch all domestic transactions through the preferred local switch of their choice; and  
f. Must conduct know-your-client requirements on all their merchants with POS and maintain/reconcile merchant accounts on behalf of the Merchant. |
| 2   | Payment Terminal Services Provider (“PTSP”)| a. Ensure effective operation and maintenance of the POS operations;  
b. Identify merchant opportunities and market potential merchants on behalf of Acquirers;  
c. Ensure that deployed POS terminals are functional at all times;  
d. Put appropriate mechanisms in place to remotely detect failures which are to be rectified within 48 hours; and  
e. Ensure that all terminals deployed have stickers with the PTSP support service contact information. |
| 3   | Payments Terminal Service Aggregator (“PTSA”)- The Nigerian Interbank Settlement Systems (“NIBSS”) shall act as the PTSA. | a. Establishment of communication network for reliable POS data traffic for the satisfaction of service and availability standards and expectations of the industry on a cost effective basis;  
b. Certification of POS terminals that meet the POS terminal standards on an annual basis; and  
c. Negotiation of a price list with two to three terminal equipment providers for bulk purchase of POS terminals for the Nigerian market. |
1.3.3. **Minimum Standards**

The minimum standards for all the industry stakeholders who process and store cardholder information are Payment Application Data Security Standard ("PADSS"); Payment Card Industry Pin Entry Device ("PCI PED"); Triple Data Encryption Standards ("TDES") and Europay, MasterCard and Visa ("EMV").

1.3.4. **Key Amendments to 2010 Guidelines**

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<thead>
<tr>
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<th>2010 Guidelines</th>
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</tr>
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<tbody>
<tr>
<td>PTSP fee Agreement with Acquirer</td>
<td>PTSPs were required to agree their fees directly with the Acquirers subject to certain Guidelines.</td>
<td>The requirement for direct agreement of fees between the PTSP and the Acquirers has been dispensed with.</td>
</tr>
<tr>
<td>POS Transaction Display</td>
<td>No requirement for the display of the authorized amount.</td>
<td>Amount to be authorized must be displayed on the screen when customer is requested to enter PIN.</td>
</tr>
<tr>
<td>Card holder privacy</td>
<td>Cardholders account information cannot be shared with third party without the express approval of the customer or in cases where it is necessary to prevent fraud.</td>
<td>No provision on cardholder privacy.</td>
</tr>
<tr>
<td>Fixed charges</td>
<td>Maximum total fee chargeable by a merchant was 1.25% of the transaction value.</td>
<td>Maximum total fee chargeable is subject to negotiation between the acquirer and the merchant.</td>
</tr>
</tbody>
</table>

1.4. **The mPOS Guidelines**

1.4.1. This novel Guideline is in response to the increase in electronic commercial transactions via mobile devices and it is aimed at:

a. providing minimum standards and requirements for the operation of the mPOS acceptance services that are not strictly designed for payment transaction involving feature phones, smart phones, tablet personal digital assistants and contactless environment;

b. Promoting safety and effectiveness of mPOS and enhancement of user confidence in the service; and

c. Identifying the specific roles and responsibilities of stakeholders.

1.4.2. The mPOS Guidelines sets out the minimum standards, and roles and responsibilities for industry stakeholders who process and/or store cardholder information. Some of the salient provisions of the mPOS Guidelines are as follows:

1.4.3. **The stakeholders**

The stakeholders include: the Acquirer, the issuer, the PTSA, the Merchant, the cardholder, card associations and card schemes, switches and, PSSP.

1.4.4. **The Minimum Standards**

The minimum standards for all the industry stakeholders who process and store cardholder information are PADSS, PCI PED, TDES, EMV and merchants shall be required to use mobile POS solutions that utilize PCI Point-to-Point Encryption ("P2PE").
1.4.5. **Fees and Charges**

The fees and charges are applicable only to mPOS transactions performed with naira denominated cards and are to be agreed between the service providers and banks/entities to which the services are being provided to subject to a maximum total fee agreed between the Acquirer and the merchant.

1.4.6. **Settlement Mechanism**

Settlement for all domestic mPOS transactions is to be done to the merchant account on T + 1 basis, where T is the date the transaction is performed. Failure to execute the T+1 settlement cycle will result in a sanction by the NIBSS.

1.4.7. **Consumer Protection/Dispute Resolution**

In the event of disputes, the Acquirers shall, in conjunction with issuers, switches and other stakeholders ensure resolution of disputed transactions between the merchant and the cardholder within T + 5 days. The Acquirers must respond to Issuer’s request within 3 days and if the parties are dissatisfied with the result, parties may escalate the complaints to the CBN.

1.5. **The WEB Guidelines**

1.5.1. The WEB Guidelines provides for 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). The Guidelines, amongst other things, sets out the objectives, the minimum standards for web acquiring, the stakeholders as well as their roles and responsibilities, the settlement mechanism for all web transactions. Some of the salient provisions of the WEB Guidelines are as follows:

1.5.2. The objectives of the WEB Guidelines are:

   a. Provision of minimum standards and requirements for the processing of transactions via the web (internet) channel;
   
   b. Promotion of safety and effectiveness of Web Acceptance Services and thereby enhancing user confidence in the service;
   
   c. Identification of the roles and responsibilities of stakeholders; and
   
   d. Development of effective, low risk, low cost and convenient payment and financial services to customers and businesses through the internet.

1.5.3. **The Stakeholders**

They include:

   a. The Acquirer (the Bank or other legal person concluding contracts with merchants concerning acceptance of payments by means of an electronic payment token);
   
   b. The Issuer (A licensed financial institution that issues payment tokens to customers);
   
   c. The Merchant (the website owner);
   
   d. The Payment Gateway Providers (an e-commerce application service provider that authorizes card payments for e-businesses, online retailers, etc.) and the customers.

1.5.4. **Minimum requirements for web acquiring**

Some of the minimum standards for web acquiring include PCIDSS, PADSS; and Triple DES and the prior approval of the CBN is required before any company can operate a web acceptance services in Nigeria.

1.5.5. **Fees and Charges**

The fees payable for the provision of web services are to be based on CBN interchange Guidelines – regulated by the CBN. The charges are to be agreed between the service providers and banks/entities to which the services are provided subject to negotiation between the Acquirer and the Merchant after taking into account the interchange Guidelines and WEB transactions done with cards issued by foreign issuers will follow the pricing arrangement put in place by the relevant international card scheme.

1.5.6. **Settlement Mechanism**

The settlement for all WEB transactions are to be made to the merchant account on a T+1 basis, where T is the date the transaction is performed and the Acquirer is to settle the funds to merchant’s account.
1.5.7. Dispute Resolution

Any dispute, controversy or claim arising out of or relating to this Guideline or the breach, termination or invalidity thereof shall be settled in accordance with the CBN’s dispute resolution mechanism and if unresolved, the dispute may be referred to an arbitral panel, as provided under the Arbitration and Conciliation Act Cap. A18 LFN 2004.

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