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Nigeria Officially Launches Open Banking Framework

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The formal operationalization of the Open Banking framework marks a significant milestone in Nigeria's financial sector, positioning the country as a leader in Africa for adopting this collaborative system. Driven by the Central Bank of Nigeria (CBN), the framework establishes the foundational rules and technical standards for secure, consent-based sharing of customer financial data and services through standardized Application Programming Interfaces (APIs).

The core principle of this initiative is that the customer owns their data and can authorize its exchange between banks (API Providers) and other licensed third-party providers (API Consumers), which include fintech firms, payment service providers, and other non-bank financial institutions.

The primary objectives of implementing Open Banking are to foster a more dynamic and competitive financial services market, ultimately enhancing innovation and deepening financial inclusion.

By enabling seamless and secure interoperability, financial institutions can move away from siloed operations.

The guidelines specifically address critical aspects of participation, including the establishment of an Open Banking Registry (OBR), which is maintained by the CBN to provide regulatory oversight, maintain a public database of approved activities and APIs, and ensure all participants adhere to the strict regulatory standards.

Crucially, the framework employs a tiered, risk-based classification for customer data, ranging from low-risk Product Information and Service Touchpoints to high-risk Personal Information and Financial Transactions and Profile, Analytics, and Scoring Transactions.

This tiered approach ensures that access to sensitive customer data is strictly controlled and granted only to licensed entities that demonstrate the requisite risk management and security maturity.

All data exchange is rigorously governed by explicit, time-bound Consent Management protocols, robust data protection measures compliant with the Nigerian Data Protection Regulation (NDPR), and mandatory Service Level Agreements between API Providers and Consumers, ensuring accountability and a clear dispute resolution mechanism.

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