

#FinanceFriday

Why Digital Payment Platforms Must Align With CBN Guidelines

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Digital payment platforms are at the centre of Nigeria's evolving financial ecosystem. Whether your business operates a digital wallet, agency banking service, merchant-acquiring model, virtual payment gateway, switching infrastructure, or any combination of these, you are expected to comply with standards issued by the Central Bank of Nigeria (CBN).

The CBN's frameworks exist to promote financial stability, consumer trust, and secure technology-driven financial services. The requirements help ensure that digital payment services operate safely, transparently, and in a way that protects customers' funds and sensitive data.

Key Areas the CBN Regulates:

1. Licensing & Approval Requirements

The CBN categorises regulated digital payment activities into specific license types, such as:

- **Payment Solution Service Provider (PSSP)**
- **Payment Terminal Service Provider (PTSP)**
- **Payment Service Banks (PSBs)**
- **Mobile Money Operators (MMOs)**
- **Switching & Processing Companies**

Each category has published requirements relating to minimum capital, corporate governance, business continuity, infrastructure capacity, and permitted activities.

2. Operational & Technical Standards

Digital payment operators must satisfy certain operational expectations designed to maintain service integrity and prevent disruptions. These include requirements relating to:

- **Infrastructure resilience and uptime**
- **Disaster recovery and redundancy**
- **Transaction authentication processes**
- **Secure integration with banks and other financial institutions**

The CBN regularly issues circulars updating these expectations as technology evolves.

3. Consumer Protection Requirements

The CBN's Consumer Protection Framework outlines how financial service providers should treat customers. For digital payment platforms, this includes expectations on:

- **Transparency in fees and charges**
- **Clear transaction dispute-resolution timelines**
- **Secure handling of customer information**
- **Fair business practices in onboarding and service delivery**

4. Data & Information Security Standards

Digital payment providers handle sensitive customer information and financial transactions.

CBN guidelines emphasise:

- **Strong cybersecurity governance**
- **Encryption standards**
- **Secure APIs and integration systems**
- **Regular system audits and vulnerability assessments**
- **Controls for preventing unauthorised access or fraud**

These standards are designed to reduce systemic risk and protect the financial ecosystem.

5. Anti-Money Laundering (AML) & KYC Controls

CBN-regulated entities must maintain appropriate AML and Know-Your-Customer controls in line with:

- **CBN AML/CFT Regulations**
- **The Money Laundering (Prevention and Prohibition) Act, 2022**

These frameworks encourage accurate customer identification, transaction monitoring, and escalation of suspicious activity to the appropriate regulators.

6. Reporting & Compliance Monitoring

The CBN requires periodic reporting on operations, financials, risk management, system incidents, and compliance activities.

This ensures ongoing oversight of digital payment platforms and helps maintain confidence in Nigeria's financial system.

Keeping your digital payment operations aligned with CBN guidelines enhances:

- **Regulatory safety**
- **Scalability and investor confidence**
- **Customer trust and market credibility**
- **Operational stability and risk reduction**

CBN supervision and regulatory updates are continuous, so digital payment operators typically monitor circulars, guidelines, and notices to ensure they remain aligned with current expectations.

Disclaimer:

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