

#FinanceFriday

CBN Issues Draft Guidelines on Handling Authorised Push- Payment Fraud

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The Central Bank of Nigeria (CBN) has issued a draft set of guidelines to combat the increasing incidence of push-payment fraud within the country's digital payments system. This type of fraud involves customers being deceived into authorizing transfers to fraudulent accounts, often under the false pretense of genuine transactions.

Key Requirements for Financial Institutions

The draft framework imposes several mandatory requirements on **financial institutions (FIs)**, which include banks, fintech companies, and other payment service providers:

- **24/7 Fraud Reporting Channels:** FIs must establish and maintain dedicated channels, such as hotlines, email contacts, in-app support, or physical desks, to enable customers to report suspected fraud at any time.
- **Acknowledgement and Case Reference:** Upon receiving a report, the FI must acknowledge it within 24 hours and issue a unique case reference number to the customer.
- **Investigation Timeline:** A maximum 14-day window is set for FIs to complete the investigation and resolve the reported incident.
 - FIs are permitted to collaborate with relevant bodies, such as the Nigeria Inter-Bank Settlement System (NIBSS), to temporarily restrict the settlement of disputed funds during this period.
- **Reimbursement Mandate:** Where fraud is confirmed, the FI is required to process the reimbursement within 48 hours following the conclusion of the investigation.

Customer Reporting Obligations

The guidelines also define specific reporting responsibilities for customers:

- **Mandatory Reporting Window:** Customers are required to report any suspected push-payment fraud to their financial institution within 24 hours of discovery.
- **Extended Window:** This reporting period may be justifiably extended to 48 hours in specific cases.
- **Consequence of Delay:** Failure to report the suspected fraud within 72 hours without adequate justification may result in the customer being ineligible for reimbursement.

Governance and Oversight

The draft places a strong emphasis on institutional oversight:

- **Board Responsibility:** Boards of Directors of FIs are mandated to oversee fraud-prevention measures, continuously monitor emerging fraudulent patterns, and ensure the efficacy of internal controls related to payment security.

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