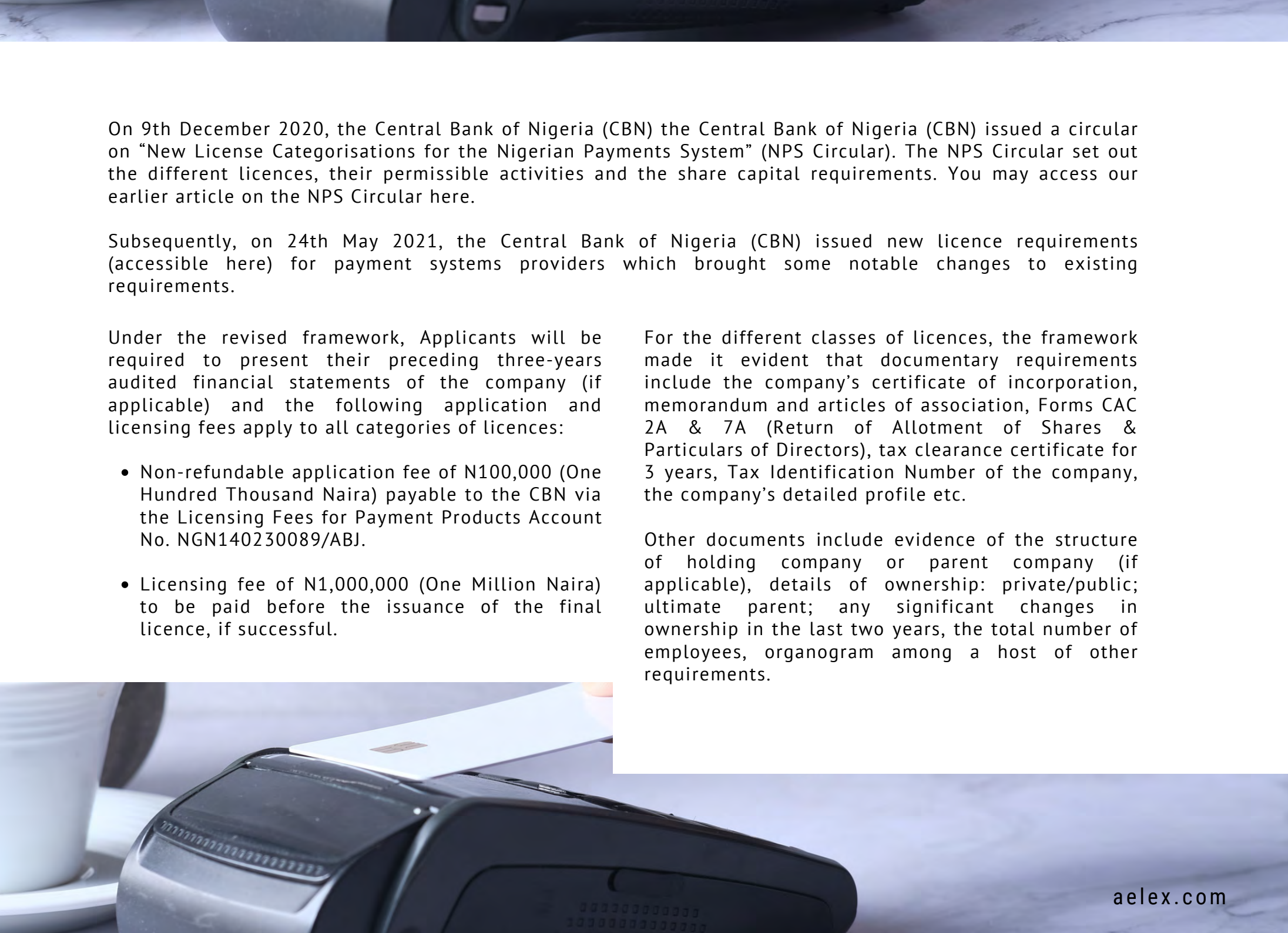


ARTICLE SERIES

**CENTRAL BANK OF NIGERIA ISSUES NEW FRAMEWORK  
FOR PAYMENT SYSTEM PROVIDERS**



MAY 2021



On 9th December 2020, the Central Bank of Nigeria (CBN) the Central Bank of Nigeria (CBN) issued a circular on “New License Categorisations for the Nigerian Payments System” (NPS Circular). The NPS Circular set out the different licences, their permissible activities and the share capital requirements. You may access our earlier article on the NPS Circular [here](#).

Subsequently, on 24th May 2021, the Central Bank of Nigeria (CBN) issued new licence requirements ([accessible here](#)) for payment systems providers which brought some notable changes to existing requirements.

Under the revised framework, Applicants will be required to present their preceding three-years audited financial statements of the company (if applicable) and the following application and licensing fees apply to all categories of licences:

- Non-refundable application fee of N100,000 (One Hundred Thousand Naira) payable to the CBN via the Licensing Fees for Payment Products Account No. NGN140230089/ABJ.
- Licensing fee of N1,000,000 (One Million Naira) to be paid before the issuance of the final licence, if successful.

For the different classes of licences, the framework made it evident that documentary requirements include the company’s certificate of incorporation, memorandum and articles of association, Forms CAC 2A & 7A (Return of Allotment of Shares & Particulars of Directors), tax clearance certificate for 3 years, Tax Identification Number of the company, the company’s detailed profile etc.

Other documents include evidence of the structure of holding company or parent company (if applicable), details of ownership: private/public; ultimate parent; any significant changes in ownership in the last two years, the total number of employees, organogram among a host of other requirements.

Furthermore, the applicants for all categories of licences would be required to place their shareholders funds in escrow in CBN's PSP Share Capital Deposit Account No. 1000014009. The deposit for escrow must be in full (one lump sum) and must be made in the name of the company applying for licence (not an individual or related company).

The funds will then be invested in treasury bills, subject to availability of treasury instruments, which would be refunded when the final approval is received from CBN.

Finally, per the new requirements, for the validity of a licence, there will be approval-in-principle for six months while commercial licence validity is as determined by the CBN and renewable upon satisfactory performance of operations subject to other changes in requirements.

The following matters were also highlighted under the revised framework:

## Requirement for Payment Solutions Service Providers:

The minimum capital requirement for Payment Solutions Service Providers (PSSPs) remains N100,000,000 (One Hundred Million Naira) (shareholders' funds unimpaired by losses).

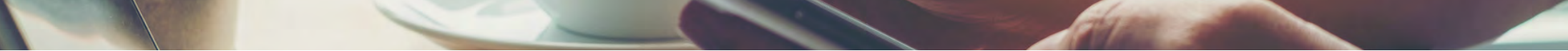
## Requirement for Payment Solutions Services:

The NPS Circular had already provided that holders of the Payment Solutions Services (PSSs) licence would be entitled to carry out activities of Super Agents, Payment Terminal Service Providers (PTSP) and Payment Solutions Service Providers (PSSPs).

The minimum capital requirements for licensing PSSs remains N250,000,000 (Two Hundred and Fifty Million Naira) (shareholders' funds unimpaired by losses).

For entities applying for the three (3) licences at a time under the PSS licensing regime (PSSP, PTSP and Super-Agent), they would be required to deposit N250,000,000 (Two Hundred and Fifty Million Naira) into CBN's PSP Share Capital Deposit Account No. 1000014009.





## Requirements for Switching and Processing:

The capital requirements for Switching and Processing licences remain unchanged at N2,000,000,000 (Two Billion Naira) (shareholders' funds unimpaired by losses).

## Requirements Mobile Money Operators:

The capital requirements for Mobile Money Operator (MMO) licence remains unchanged at N2,000,000,000 (Two Billion Naira) (shareholders' funds unimpaired by losses).

## Requirements for Super-Agents:

The Super-Agent licence capital requirement also remains unchanged at N50,000,000 (Fifty Million Naira) (shareholders' funds unimpaired by losses).

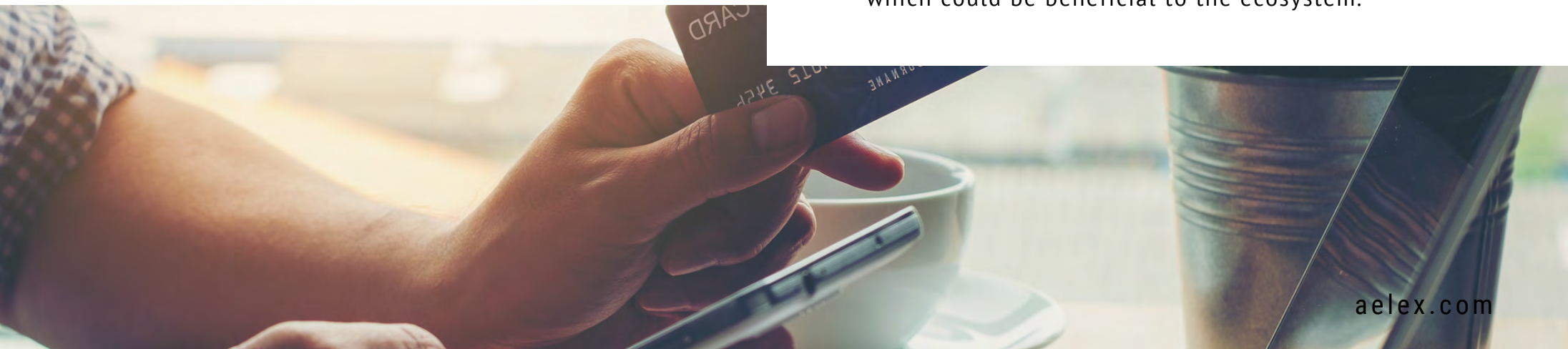
## Requirements for Payment Terminal Service Providers:

Similarly, the capital requirements for the Payment Terminal Service Provider (PTSP) licence remains unchanged at N100,000,000 (One Hundred Million Naira) (shareholders' funds unimpaired by losses).

## Conclusion

While the revised CBN framework does not introduce many changes to the fintech landscape, particularly in view of the NPS Circular which had categorised the different fintechs, the framework sets out the different capital requirements, documentation and procedures that fintechs would have to comply with when making their applications for the different licences.

It is therefore hoped that friendlier regulations will be issued by the CBN over the next few months which could be beneficial to the ecosystem.





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