



GUIDELINES ON ELECTRONIC PAYMENT OF SALARIES,
PENSIONS, SUPPLIERS AND TAXES IN NIGERIA

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1.0 INTRODUCTION

The Central Bank of Nigeria (CBN), herein after called the Bank, in exercise of its powers, as provided in the CBN Act, 2007, Section 47, sub section 2(2d), hereby issues the following guidelines on the end-to-end electronic Payment of Salaries, Pensions, Suppliers and Taxes in Nigeria.

2.0 OBJECTIVE

The objective of the end-to-end electronic payment of salaries, pensions, suppliers and taxes initiative is fully aligned with the core objectives of the National Payment Systems Vision 2020 (NPSV), which is to ensure the availability of safe and effective mechanisms for conveniently making and receiving all types of payments from any location and at any time, through multiple channels. This will reduce the time and costs of transactions, minimise leakages in Government revenue receipts and at the same time provide reliable audit trails, thereby making the Nigerian payments system comply with global payment standards.

This Guidelines therefore is set out to provide all stakeholders with the operational procedures and regulations that guide end-to-end electronic payment of all forms of Salaries, Pensions, Suppliers and Taxes in Nigeria as defined in section 6.0 of this Guidelines

3.0 SCOPE

This Guidelines applies to all public and private sector organisations and entities operating in Nigeria and mandates adoption, implementation and compliance with the directives on end-to-end electronic payments of all forms of salaries, pensions, suppliers and taxes , in line with the timelines prescribed by the Bank,.

4.0 STAKEHOLDERS' ROLES AND RESPONSIBILITIES

All public and private sector organisations who maintain relationship with employees, pensioners, suppliers and taxpayers and other entities listed below, are considered as relevant stakeholders and are required to work together for the success of the end-to-end electronic payment initiative:

- a) Paying Organizations;

- b) Payment Beneficiaries;
- c) Deposit Money Banks;
- d) Other Financial Institutions and Financial Services Providers;
- e) Payment Solutions, Systems and Services Providers;
- f) Transaction Switching Companies; and
- g) Regulatory Authorities.

4.1 Paying Organizations:

Paying Organizations shall have the following responsibilities -

- maintain e-payment enabled account with Deposit Money Banks or Other Financial Institutions.
- adopt a Bank approved end-to-end electronic payment platform for all forms of salaries, pensions, suppliers and taxes payment.
- provide basic infrastructure for making and receiving electronic payments
- ensure employees are given basic training to use adopted platform
- use only validated account details of payment beneficiaries at all times
- make all forms of salaries, pensions, suppliers and taxes payment on a Central Bank of Nigeria approved end-to-end e-payment platform.
- remit taxes to tax authorities along with associated electronic schedules on a Bank approved end-to-end e-payment platform
- remit contributory pension funds into the bank accounts of pension funds administrators maintained with pension fund custodians with associated electronic schedules, only on a Bank approved platform.
- Bear the cost of electronic payments and ensure beneficiaries receive actual amounts due to them. Where other arrangement exists, it must be mutually agreed between the payer and beneficiary.
- provide evidence of payment to beneficiaries
- indicate compliance with this e-payment Guidelines in annual reports
- endorse and deliver e-payment compliance document to the Bank.
- report all unresolved e-payment challenges to the Bank.

4.2 Payment Beneficiaries

Payment Beneficiaries shall have the following responsibilities:

4.2.1 Employees - Salaries & Contributory Pension

All Employees shall –

- a) maintain e-payment enabled bank accounts with Deposit Money Banks, Other Financial Institutions or any other approved channel for receiving payments such as mobile money/electronic wallet, subject to the Bank's approved KYC limits,
- b) provide correct account and contact details to the paying organization,
- c) report cases of non-payment, delayed payment or wrong payment of salaries carried out on a Bank approved e-payment platform, to the paying organisation,
- d) register and maintain a Retirement Savings Account (RSA) with a licensed Pension Fund Administrator (PFA),
- e) report cases of non-payment, delayed payment or wrong payment of contributory pension remittances carried out on a Bank approved e-payment platform to the paying organisation.

4.2.2 Pensioners – Funded Pension Scheme

All Pensioners shall -

- a) maintain e-payment enabled bank account with Deposit Money Banks, Other Financial Institutions or any other channel for receiving payments, such as mobile money/electronic wallet, approved by the Bank,
- b) provide correct payment account and contact details to the paying organization,
- c) report cases of non-receipt, delayed receipt or wrong receipt carried out on a Bank approved e-payment platform to the paying organization

4.2.3 Suppliers

All suppliers shall -

- a) maintain e-payment enabled bank account with Deposit Money Banks, Other Financial Institutions or any other channel for receiving payments, such as mobile money/electronic wallet, approved by the Bank,
- b) provide correct account and contact details to the paying organization;
- c) obtain and provide details of Tax Identification Number (TIN) to the paying organization,
- d) report cases of non-payment, delayed payment or wrong payment carried out on a Bank approved e-payment platform to the paying organisation

4.2.4 Taxes, Levies or Dues Collecting Organizations

All Taxes, statutory levies and dues collecting organisations shall:

- a) maintain e-payment enabled collecting accounts with the Central Bank or Deposit Money Banks;
- b) publicly make available details of e-payment enabled bank accounts into which electronic payment of taxes, statutory levies and duties are to be made;
- c) provide clear details of the nature and amount of taxes, statutory levies and dues expected from payers;
- d) adopt a Bank approved solution for the collection of all forms of taxes, statutory duties and levies and the associated electronic schedules of such payments
- e) provide basic infrastructure for confirming receipt of electronic payments and associated electronic schedules;
- f) ensure employees are given basic training to use adopted Bank approved e-payment and collection platform;
- g) ensure seamless interface between in-house systems and adopted Bank approved e-payment and collection platform, to ensure records of all collected payments are automatically reflected against tax payers' records on in-house systems;
- h) provide evidence of payment to payers at the point of payment; and
- i) publish customer service contact details and maintain help desks at all payment locations, to attend to electronic payment enquiries and challenges.

4.2.5 Pension Fund Administrators (PFAs) and Pension Fund Custodians (PFCs)

Pension Fund Administrators and Pension Fund Custodians shall

- a)** maintain e-payment enabled accounts with approved Financial Institutions;
- b)** provide details of e-payment enabled accounts to Pension Remitting Organisations;
- c)** adopt a Bank approved platform for the receipt of all contributory pension fund remittances and associated electronic schedules ;
- d)** provide basic infrastructure for confirming receipt of electronic payments and associated electronic schedules;

- e) ensure seamless interface between in-house systems and adopted Bank approved e-payment platform to ensure pension remittances are automatically reflected against contributors' records on in-house systems; and
 - f) provide evidence of receipt of pension remittances to organisations at the point of payment

4.3 Deposit Money Banks, Other Financial Institutions and Mobile Money Operators

Deposit Money Banks shall -

- a) promote the adoption of end-to-end electronic payments by all stakeholders covered by this Guidelines;
- b) provide paying organisations and beneficiaries with e-payment enabled bank accounts or any other approved electronic channel that promotes financial inclusion;
- c) process electronic payment instructions in accordance with subsisting payments system and clearing house rules;
- d) publish customer service contact details and maintain customer service desks in all branches, to promptly attend to all electronic payment enquiries and challenges within stipulated timelines; and
- e) maintain and make available to the Bank, on a periodic basis, report of all electronic payment transactions processed and report of customer complaints, indicating resolution status.

4.5 Payment Solution, System and Service Providers

Payment Solution and System Service Providers shall -

- a) be licensed by the Bank to offer end-to-end electronic payment and collection solutions, systems and services;
- b) provide end-to-end electronic payment solutions, systems and services to all stakeholders covered by these guidelines;
- c) publish customer service contact details and maintain customer service desks to promptly attend to all electronic payment enquiries and complaints within stipulated timelines; and
- d) maintain, and make available to the Bank, report of all electronic payment transactions processed on their platform and report of customer complaints, indicating resolution status.
- e) provide access to and make available to the Bank, a record of transactions processed on its platform

- f) comply with transaction completion and unapplied funds return timelines as stipulated by the Bank.

4.6 Transaction Switching Companies

Transaction Switching Companies shall -

- a) provide electronic transaction switching and settlement services to electronic payment solution providers, in accordance with relevant guidelines issued by the Bank;
- b) publish customer service contact details and maintain customer service desks to promptly attend to all electronic payment enquiries and complaints within stipulated timelines; and
- c) maintain and make available to the Bank on a periodic basis, a report of all electronic payment complaints, indicating resolution status.

4.7 Central Bank of Nigeria-“the Bank”

The Bank shall -

- a) promote the adoption of end-to-end electronic payment by all stakeholders identified by this Guidelines;
- b) develop and maintain a time-bound framework for ensuring adoption, implementation and compliance with this Guidelines by all stakeholders;
- c) license end-to-end electronic payment solution, systems and service providers and regulate their operations;
- d) create and maintain a platform for constant interaction and engagement of all electronic payment industry stakeholders
- e) ensure all statutory payments, remittances and collections of Government are undertaken only on a Bank approved end-to-end electronic payment platform
- f) ensure constant review and update of these Guidelines to reflect new developments that can support the long-term success of the initiative;
- g) arbitrate in the case of disputes;
- h) maintain a Help Desk to provide enlightenment, receive complaints and monitor resolution of all aspects of electronic payments.
- i) exercise oversight functions, including monitoring and inspection of all aspects of end-to-end electronic payments of salaries, pensions, suppliers and taxes; and

- j) collaborate with other statutory and regulatory agencies whose cooperation is required for the effective implementation of this Guidelines.

5.0 DISPUTE RESOLUTION

Any dispute, controversy or claim arising out of or relating to this Guidelines or the breach, termination or invalidity thereof shall be settled in accordance with the Bank's dispute resolution mechanism and if unresolved may be referred for arbitration in accordance with the rules for arbitration of the Regional Centre for International Commercial Arbitration, Lagos, Nigeria.

6.0 GLOSSARY OF TERMS

In this Guidelines, the terms below shall have the following meaning:

- **End-to-End Electronic Payment:** the seamless electronic processing and payment of all forms of salaries, pensions, suppliers and taxes with the electronic delivery of associated schedules alongside the payment transactions where applicable on a Bank approved electronic platform which transmits the instruction to debit a payer's account and credit a beneficiary's bank account, mobile account, electronic wallet or any other electronic channels; and shall include the ability of a payer to independently monitor and obtain electronic feedback on the status of any payment, at any time without depending on any third party, manual or semi-manual means.
- **Bank:** Central Bank of Nigeria
- **DMB:** Deposit Money Bank
- **MFB:** Micro Finance Bank
- **OFI:** Other Financial Institution(s)
- **KYC:** Know Your Customer
- **KYCB:** Know Your Customers Business
- **ATM:** Automated Teller Machine
- **PFA:** Pension Fund Administrator
- **PFC:** Pension Fund Custodian
- **PENCOM:** National Pension Commission
- **Supplier/Contractor/Vendor:** organisation or individual offering goods or services in exchange for payment
- **Payment Solution System Service providers:** organisations licensed by the Bank to provide technical or technology infrastructure, software solutions or services for facilitating end-to-end electronic payment to financial institutions or their customers.

- **TIN:** Tax Identification Number. A unique 14 digit (or any specified digit) sequential number assigned by the Federal Inland Revenue Service (FIRS) or State Inland Revenue Board (SBIR) in partnership with FIRS to a tax payer, company, enterprise or individual for tax compliance identification purpose.

SCHEDULE I: COMMENCEMENT, COMPLIANCE & ENFORCEMENT

1.0 IMPLEMENTATION COMMENCEMENT

Further to the national sensitization and engagements with diverse stakeholders, all public and private sector organisations are to commence implementation of end-to-end electronic payment of all forms of salaries, pensions, suppliers and taxes on January 9, 2012 as contained in CBN circular BPS/DIR/GEN/CIR/01/015.

Deposit Money Banks are to dishonor payment instructions for all forms of salaries, pensions, suppliers and taxes payment not transmitted on a Bank approved straight through electronic payment and collection platform issued by organisations with more than 50 employees. This means payment instructions and associated schedules are no longer to be transmitted to DMBs by all public and private sector organisations through unsecured channels, such as paper-based mandates, flash drives, compact discs (CD), email attachments, etc.

1.1 COMPLIANCE MONITORING & ENFORCEMENT

While nationwide commencement date of end-to-end e-payment of salaries, pensions, suppliers and taxes is January 9, 2012, compliance monitoring and enforcement will be in stages. This is to give enough time to all stakeholders to make necessary adjustments as may be required.

Compliance monitoring and enforcement by CBN shall be according to the schedule below

1.1.1 PUBLIC SECTOR ORGANISATIONS COMPLIANCE MONITORING & ENFORCEMENT

SN	CATEGORY	IMPLEMENTATION	ENFORCEMENT
1	FEDERAL MDAS– ABUJA BASED	JAN 2012-MAY 2013	JAN 2014
2	FEDERAL MDAS – EX ABUJA	JAN 2012 –DEC 2013	JUNE 2014
3	PHASE 1 & 2 CASH-LITE STATES (LAGOS, ABIA, ANAMBRA, KANO, OGUN, RIVERS & FCT)	JAN 2012 – DEC 2013	JUNE 2014
4	OTHER STATES & LGAS	JAN 2012 – JUNE 2014	DECEMBER 2014

1.1.2 PRIVATE SECTOR ORGANISATIONS COMPLIANCE MONITORING & ENFORCEMENT

S/N	CATEGORY	IMPLEMENTATION	ENFORCEMENT
1	PHASE 1 & 2 CASH-LITE STATES (LAGOS, ABIA, ANAMBRA, KANO, OGUN, RIVERS & FCT)	JAN 2012-DEC 2013	JUNE 2014
2	OTHER STATES	JAN 2012 - JUNE 2014	DECEMBER 2014

SCHEDULE 2: INFRACTIONS AND SANCTIONS

2.1 PAYING ORGANISATIONS

S/N	RESPONSIBILITY	COMPLIANCE	INFRACTIONS	SANCTIONS
1	Bear the cost of transactions without passing it to beneficiaries. Where any other arrangement exists it must be mutually agreed between the payer and beneficiary.	Beneficiaries receive actual payment amount	Deduction of transaction cost from amount due to beneficiary without any prior agreement.	Refund charges to beneficiaries at twice the prevailing lending rate
2	Undertake e-payment transactions only with validated account details of beneficiaries	Obtain verified account details from beneficiaries	Use of invalid account details to make payments	Bear fees for processing and reversal of failed payments where this is not due to any fault of the beneficiary.
3	Report unresolved challenges to the Bank after expiration of stipulated timeline for resolution of issues by banks and solution providers.	Report unresolved challenges CBN of to	Non-Report of unresolved challenges to CBN	Bear the consequence of unresolved challenges
4	Notify beneficiaries through SMS, email or any other automated channel with details of payment when payment is made	Beneficiaries receive automated notification when paid	Non-provision of evidence that an automated notification was sent to beneficiaries who had signed-off for the alert services.	Bank or Solution provider whose e-platform was used will be sanctioned by the Bank

2.2 BENEFICIARIES (EMPLOYEES, PENSIONERS, PENSION FUND ADMINISTRATORS & CUSTODIANS, SUPPLIERS, TAX AGENCIES, etc.)

SN	Responsibility	Compliance	Infractions	Sanctions
1	Provide valid account and contact details to paying organisations.	Provide valid account and contact details to paying organisations.	Provision of invalid account and contact details to paying organisations.	Bear cost of processing and reversal of payment to wrong accounts.
2	Confirm payments are accurate & do not exceed or fall short of the amount due to beneficiary.	Report any shortfall or excess payments received to the payer within 24 hours of payment notification receipt.	Refusal to report any shortfall or excess in payments received by beneficiary within 24 hours of Payment notification receipt.	shall be liable for damages suffered due to failure to report until report is made.
3	Report unresolved challenges to the Bank, after expiration of the stipulated timeline for resolution of issues by banks and solution providers.	Report of unresolved challenges to CBN.	Non-Report of unresolved challenges to CBN.	Bear consequence of unresolved and unreported challenges.

2.3 DEPOSIT MONEY BANKS & PAYMENT SCHEMES

S/N	Responsibility	Compliance	Infractions	Sanctions
1	Provide e-payment enabled accounts to beneficiaries.	Successful electronic payment into any bank account, mobile account electronic wallet, etc. provided by beneficiary .	Imposition of constraints to hinder electronic payment into a beneficiary's accounts.	Penalty of ₦50,000 for each set or any transaction thereof not processed on a Bank approved e-payment platform due to constraints imposed by a DMB or payment scheme
2	Ensure consummation of all electronic payments within timelines stipulated by the Bank	Application of funds to beneficiaries accounts within 2 hours of receiving valid electronic payment instruction on a DMB's banking host or application	Transactions not consummated within 2 hours Non-return of un-applied funds to payer's account within 24 hours	Penalty of ₦50,000 for each set of payment instruction or any part thereof not consummated within stipulated timeline. Funds to be returned at two times prevailing interest rate and

S/N	Responsibility	Compliance	Infractions	Sanctions
		Return unapplied funds to payer's account no later than 24hours		report of infraction in annual report.
3	Provide monthly report on end-to-end e-payment of salaries, pensions, suppliers & taxes to the Bank	Provision of monthly report on end-to-end e-payment of salaries, pensions, suppliers & taxes to the Bank.	a) Non-provision of monthly report on end-to-end e-payment of salaries, pensions, suppliers & taxes to the Bank. b) Submission of false or inaccurate reports.	a) N25,000 penalty for each day for which report is not provided to the Bank.- b) Penalty of N250,000 and a warning letter to the Managing Director.
4	Provide monthly report to the Bank on reported complaints & resolution status	Provision of monthly report on reported complaints & resolution to the Bank	a) Non-Provision of monthly report on reported complaints & resolution status to the Bank. b) Submission of false or inaccurate reports	a) ₦25,000 penalty for each day for which report is not provided to the Bank. b) Penalty of ₦250, 000 and a warning letter to the Managing Director.
5	Ensure 3 rd party end-to-end e-payment solution used by the bank/payment scheme is licensed by CBN	3 rd party e-payment solution offered to customers must be licensed by CBN	3 rd party e-payment solution is not licensed by CBN.	a) Suspend end-to-end e-payment operations of the bank. b) Warning letter to the MD. c) Penalty of N10M on every repeated occurrence
6	Maintain and publish details of help desk/contact centre for receiving enquiries, complaints & providing feedback on reported e-payment issue.	a) Maintain help desk/contact centre to receive enquiries, complaints & provide feedback on reported e-payment issues.	Non-availability of help desk/contact centre to receive enquiries, complaints and provide feedback on e-payment issues.	Suspension of the bank's end-to-end e-payment operations until conditions are satisfied.

S/N	Responsibility	Compliance	Infractions	Sanctions
		b) Publish contact details of e-payment help desk.		

2.4 PAYMENT SOLUTION, SYSTEM & SERVICE PROVIDERS

S/No	Responsibility	Compliance	Infractions	Sanctions
1	Obtain and maintain a license from the Bank to operate as an end-to-end e-payment solution system and service provider.	Obtain and maintain license from the Bank to provide end-to-end e-payment solution system and services	Providing e-payment system solution or services without obtaining license from the Bank	<ul style="list-style-type: none"> a) Shall immediately cease the provision or offering of such unapproved e-payment solution. b) Shall NOT be issued a license by CBN to operate as an e-payment solution provider until after a minimum of 1 year from the date infraction is detected. c) Shall be liable to prosecution.
2	Ensure consummation of all electronic payments within timelines stipulated by the Bank.	<ul style="list-style-type: none"> a) Ensure completion of transaction and payment to beneficiaries accounts within stipulated timelines. b) Return unapplied funds to payer's account within stipulated timelines. 	<ul style="list-style-type: none"> a) Non completion of transactions within stipulated timelines due to challenges with solution provider's platform or operational inefficiency. b) Non-return of un-applied funds within stipulated timelines. 	<ul style="list-style-type: none"> a) Penalty of ₦ 5,000 for every set of delayed payment instruction. b) Suspension of license where over 20% of transactions in a month fail to meet timelines stipulated By the Bank. c) Penalty of ₦ 5,000 for every set of delayed funds return. d) Suspension of license where

				over 20% of unapplied funds in a month are not returned within stipulated timelines a month
3	Provide monthly report on end-to-end e-payment of salaries, pensions, suppliers & taxes to the Bank	Provision of monthly report on end-to-end e-payment of salaries, pensions, suppliers & taxes to the Bank	a) Non-provision of monthly report on end-to-end e-payment of salaries, pensions, suppliers & taxes to the Bank b) Submission of false or inaccurate reports	a) N15,000 penalty for each day for which report is not provided to the Bank. b) Penalty of N50,000 and a warning letter to the Managing Director. c) Suspension of license/approval after 3 repeated occurrences.
4	Provide monthly report on reported complaints & resolution status on end-to-end e-payment to the Bank	Provision of monthly report on reported complaints & resolution to the Bank	a) Non-Provision of monthly report on reported complaints & resolution status to CBN. b) Submission of false or inaccurate reports	a) N15,000 penalty for each day for which report is not provided to the Bank. b) Penalty of N50,000 and a warning letter to the Managing Director. c) Suspension of license/approval for after 3 repeated occurrences.