

**BANKING AND PAYMENTS SYSTEM DEPARTMENT**

BPS/DIR/GEN/CIR/02/007

CENTRAL BANK OF NIGERIA
Central Business District
P.M.B. 0187,
Garki, Abuja.
+234 - 0946238445

July 29, 2015

TO: ALL DEPOSIT MONEY BANKS, MICROFINANCE BANKS AND PRIMARY MORTGAGE INSTITUTIONS, MOBILE MONEY OPERATIONS, SWITCHES AND OTHER PAYMENTS SYSTEM SERVICE PROVIDERS

SANCTIONS ON ERRING BANKS/e-PAYMENT SERVICE PROVIDERS FOR INFRACTIONS OF PAYMENTS SYSTEM RULES AND REGULATION

Further to the provisions of S.47 (3) of the CBN Act 2007, requiring the Central Bank of Nigeria to "prescribe rules and regulations for the efficient operations of clearing and settlement systems", the Bank hereby stipulates the following applicable sanctions to erring banks and payments system service providers for infringements of extant Guidelines, Circulars, Rules and Regulations issued by the Bank on all forms of electronic payments system:

1. ATM

S/No.	INFRACTIONS	PENALTY
1.	Non-compliance with Payment Card Industry Data Security Standards (PCI DSS).	N250,000 as fine and a follow-up of penalty charge of N50,000 per week, for as long as non-compliance persists
2.	Non-compliance of ATM terminals with EMV level 1 & 2	N200,000 as fine and additional penalty charge of N50,000 per week, for as long as non-compliance persists
3.	Non-compliance with migration to EMV after September 30, 2010	N250,000 as fine and penal charge of N50,000 per week, for as long as non-compliance persists
4.	Failure to provide audit trails and journals for ATM transactions	Fine of N50,000 with a full refund to the customer
5.	Failure to have 2% of ATMs deployed with tactile graphic symbol for the use of visually impaired customers	Fine of N100,000
6.	Down time of ATM for more than 72 hours without cogent reasons	Fine of N100,000
7.	Non availability or non-functional help desk contacts	Fine of N100,000 and penal charge of N50,000 per week, for as long as non-compliance exists
8.	Non-disclosure of ATM	Fine of N50,000 daily

S/No.	INFRACTIONS	PENALTY
	surcharge to customers	
9.	Lack of online monitoring mechanism for ATMs	Penal fee of N100,000, with immediate compliance. Graduated fine of at least N150,000, if exception is picked again
10	Lack of back-up power (inverter) for ATM	Penal fee of N50,000, with immediate compliance. Graduated fine of at least N100,000 per week, if exception is picked again
11	Failure to have camera at ATM	Penal fee of N250,000 and a follow-up charge of N50,000 per day, until a camera is installed
12	Failure to provide footages on ATM transactions when required	The bank would pay a penalty equal to the amount refunded, to serve as a deterrent
13	Failure to respond to the customer/CBN on ATM complaints within 72 hours	Fine of N100,000 per day
14	Failure of Acquirer to initiate automatic reversal of failed customer ATM transaction	The bank to refund the total amount involved in the dispute and a penal fine of N50,000 per day

2. TRANSACTION SWITCHING SERVICES

S/No.	INFRACTION	PENALTY
1.	Any infraction of the Guidelines	Initial fine of N100,000 and full liability for compromise due to non-compliance

3. BULK PAYMENTS AND ACH

S/No.	INFRACTION	PENALTY
1.	Failure to apply funds to customer's account within stipulated timelines on the Guidelines on Electronic Payments of Salaries, Pensions, Suppliers and Taxes in Nigeria	Penalty stipulated on the "Guidelines on Electronic Payments of Salaries, Pensions, Suppliers and Taxes in Nigeria" applies
2.	Non return of unapplied funds within 24 hours	Penalty stipulated on the "Guidelines on Electronic Payments of Salaries, Pensions, Suppliers and Taxes in Nigeria" applies
3.	Non-compliance with third party cheque cap of N150,000 OTC withdrawal	10% of the amount in excess of limit or N100,000, whichever is higher

4. CARD ISSUANCE (STORED VALUE/PREPAID CARDS AND DEBIT CARDS)

S/No.	INFRACTION	PENALTY
1.	Issuance of Mag-stripe cards	Bank to be fully liable for any fraud arising from the use of the card
2.	Enabling use of Mag-stripe of Nigerian issued cards in non	Bank to be fully liable for any fraud arising from the use of the card

S/No.	INFRACTION	PENALTY
	EMV environment without customer's request	
3.	Issuance of Card without application from Account holder	Bank to be fully liable for any fraud arising from the use of the card
4.	Card fraud on an Account while card is still in custody of bank	Bank to be fully liable for any fraud arising from the use of the card. Disciplinary action on the bank staff found culpable.
5.	Card frauds that exceed the limit set on the card by the card holder	Bank to be fully liable for amount of fraud involved
6	Card fraud on Corporate Accounts	Bank to be fully liable for amount of fraud involved
7	Card Issuance without proper KYC	Bank to be fully liable for amount of fraud involved
8	Loading of Cash on Cards without proper KYC	Bank to be fully liable for amount of fraud involved

5. POINT-OF SALE (POS)

S/No.	INFRACTION	PENALTY
1.	Fraud arising from non-compliance with transaction value limit	Scheme operator liable for amount above set limit
2.	Lack of inter-operability and interconnectivity to other systems	Directive to operator to disable the PoS

6. RENDITION OF RETURNS

S/No.	INFRACTION	PENALTY
1.	Late submission of monthly returns	Fine of N50,000 per day of delay.

7. OTHERS

S/No.	INFRACTION	PENALTY
1.	e-payment operations without obtaining CBN approval or license	Close down of the operations and prosecution of the offender (individual/company promoters)
2.	Patronage of unlicensed payment system operator by a Bank	Fine of N50,000 per day of continued patronage.
3.	Non-compliance with any other CBN e-payment directive or circular	Fine of N50,000 per week of non-compliance and full liability for any fraud arising from non-compliance

NON MONETARY SANCTIONS FOR VIOLATOR OF REGULATIONS

1. Name and shame of responsible officers and the entity
2. Blacklisting of operator or service providers
3. Removal from office of principal officers of operators and service providers



'Dipo Fatokun
Director, Banking and Payments System Department