



BANKING AND PAYMENTS SYSTEM DEPARTMENT

CENTRAL BANK OF NIGERIA

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BPS/PSV/DIR/GEN/CIR/01/001

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To: All Deposit Money Banks and Other Payments System Participants

CIRCULAR ON STATEMENTS OF PAYMENT FINALITY FOR THE NIGERIAN PAYMENTS SCHEMES

In line with the overall objective of the Nigerian Payments System Vision 2020 (PSV2020) project aimed at creating an electronic payments infrastructure that is *nationally utilized* and internationally *recognized*, the Central Bank of Nigeria hereby issue the statements of payment finality for the four payment schemes (RTGS, Card, Mobile and ACH, Cheque & Instant Payments) in Nigeria.

This defines the specific point at which payments are deemed to be final and irrevocable and to ensure that no payment system would invoke the principle of 'unwind'".

GENERAL NOTE:

- a. The definition for Payment Finality for each payment scheme is without prejudice to the dispute resolution mechanism, in accordance with the rules and regulations governing the respective schemes.
- b. The statements and operational implications will be incorporated into the respective scheme's rules.

1. RTGS PAYMENTS SCHEME

| VARIOUS TYPES OF TRANSFER | POINT OF PAYMENT FINALITY |
|---------------------------------------|---|
| Inter-Bank Funds Transfer | At the point when the sending bank's account is debited and the receiving bank's account is credited, payment/settlement is final and cannot be revoked |
| Third-Party (Customer) Funds Transfer | At the point when the sending bank's account is debited and the receiving bank's account is credited, payment/settlement is final and cannot be revoked |
| Net Settlement | At the point when the accounts of banks are debited/credited, payment/settlement is final and cannot be revoked |

*****Settlement & Payment Finality happen at the same time on the RTGS system*****

2. MOBILE PAYMENTS SCHEME

| TRANSACTION WITHIN THE MOBILE PAYMENTS SCHEME | POINT OF PAYMENT FINALITY |
|--|---|
| Mobile Money Operator (MMO) to MMO / Bank Transactions | This is at the point when the switch successfully transmits the authorization message from the sending MMO to the beneficiary MMO / Bank. |
| International Remittance to MMO | Payment is FINAL, when the MMO system credits the customer's wallet. |
| Over the Counter/ Walk-in Transactions | When NIBSS confirms and processes the transaction and sends notifications to both the sending and beneficiary MMOs. |
| Online Payments | A confirmation message from the Switch to the beneficiary bank confers finality of transactions. |

*****On the Mobile Payments Scheme, once payment is confirmed, settlement must be guaranteed.**

3. ACH, CHEQUE & INSTANT PAYMENTS SCHEME

| VARIOUS TYPES OF TRANSACTIONS | POINT OF PAYMENT Finality Evidence | POINT OF PAYMENT FINALITY |
|-------------------------------|---|---|
| CHEQUE AND ACH DEBIT | Payment Finality occurs at 10pm on day T+1 for all cleared instruments | Clearing Session Closes (Note: A returned cheque or ACH debit will ALWAYS result as a separate payment instruction but is both a debit and reversing credit to the payer's account) |
| ACH CREDIT | Payment Finality occurs when Receiving Bank credits beneficiary's account | Clearing Session Closes (Note: A returned payment will ALWAYS result as a separate payment instruction) |
| INSTANT PAYMENT | Payment is considered final and irrevocable when Presenting Bank communicates transaction status to the customer who initiated the transfer/payment request | At the point when IP Switch sends authorisation response to presenting bank |

4. CARD PAYMENTS SCHEME

| TRANSACTION WITHIN THE CARD SCHEME | POINT OF PAYMENT FINALITY |
|--|---|
| P.O.S Purchases (and other Card present transactions) | Payment is considered final and irrevocable when the issuer AUTHORISES the transaction. At this point, the transaction cannot be unwound and settlement MUST occur. |
| Electronic Bill Payments (and other Card NOT present transactions) | Payment is considered final and irrevocable when the issuer AUTHORISES the transaction. At this point, the transaction cannot be unwound and settlement MUST occur. |

Thank you for your usual cooperation



"Dipo Fatokun

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