

**BANKING AND PAYMENTS SYSTEM DEPARTMENT**

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BPS/DIR/GEN/CIR/02/001

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**DEPOSIT MONEY BANKS, SWITCHES, PROCESSORS, PTSPs AND OTHER PAYMENTS
SYSTEM SERVICE PROVIDERS**

Please, recall that Electronic Payments Incentive Scheme (EPIS) Circular issued on 18th September, 2014, included the implementation of the Purchase with Cash back and COT exemptions as initiatives to incentivize merchants and enhance electronic payments adoption for purchases at Merchants. It was also intended to make additional service available on Point-of-Sale (PoS) terminals for cardholders.

Further to the implementation of EPIS, the CBN hereby issues the following framework for its implementation:

1. Purchase with Cash back services:

Purchase with cash back is a service offered to cardholders, by which an amount to be withdrawn as cash, is added to the purchase payment amount for transactions paid through the PoS. The cardholder receives the added cash, along with the goods purchased.

- i. Purchase with cash back services shall only be available to users who make payments with their cards at merchant locations.
- ii. The scheme shall be applicable to the following categories of merchants, which may be enrolled by the Acquirers:
 - General Retail Merchants
 - Hospitality
 - Bureau de Change
 - Petroleum Retail Outlets

- iii. The maximum cash-out obtainable through a PoS purchase with cash back shall not be more than N20,000.00 per transaction, subject to a daily cumulative limit of N50,000 per card.
- iv. Cash-out transactions done by a cardholder from a PoS at a merchants' location shall attract a convenience charge of N100 flat fee. The convenience charge shall be applied to remunerate stakeholders in the provision of the service as follows:

Stakeholder	% of Commission	Rationale
Merchant	50%	The party to be incentivized and operator of PoS terminal
Acquirer	20%	The Financial Institution that owns the merchant's relationship and terminal bears the cost of the terminal, its application upgrade and maintenance.
Issuer	15%	The Financial Institution that issued the card to the card holder
Processors	5%	The party that processes the transaction on behalf of the Acquirer
PTSA	5%	The Payment Terminal Service Aggregator (NIBSS)
PTSPs	5%	The party that manages the terminal: Repairs, Upgrade, Maintenance and Training of merchants and salespersons.

- v. NIBSS shall advise Acquirers, Issuers, VAS provider and PTADs on cashback specifications
- vi. Stakeholders of the scheme shall ensure that the aggregate cash –out transaction on all channels (ATM, POS, etc.) must not be above the daily maximum cash withdrawal limit under the Cash-Less Policy.
- vii. There shall be uniform message about the purchase with cashback service across all merchant locations.

viii. The Go-live date for the service is March 1, 2015.

2. COT Exemption:

- i. A merchant, for the purpose of COT exemption, is any account holder that receives payment for goods and services, through Point of Sale (POS) terminals, web and mobile payment, ATM, RTGS, NEFT, NIP and other electronic channels.
- ii. Electronic inflows, for the purpose of COT exemption, are all payments initiated, using electronic payment instruments (Point of Sale (POS) terminals, web and mobile payment, ATM, RTGS, NEFT and NIP, etc) other than cash and paper-based instruments.

The scheme is primarily focused to reward users of electronic payments in Nigeria and to further encourage greater adoption by all. The incentive scheme will reward and appreciate usage across all electronic payment channels.

The Go-live date is April 1, 2015



‘Dipo Fatokun
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