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To: All Deposit Money Banks

REVISED GUIDELINES ON STORED VALUE/PREPAID CARD ISSUANCE AND OPERATIONS

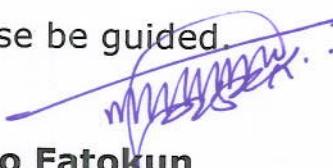
In furtherance of its commitment to promote the development of the electronic payments system in Nigeria, the Central Bank of Nigeria (CBN), hereby issues the "**Revised Guidelines on the Issuance and Operation of Stored Value and Prepaid Cards in Nigeria**".

A review of the initial Guidelines which was issued in February 2010, had become necessary, to address the following:

- 1) The limits placed by the previous Guidelines on loading, withdrawal and the maximum balance on the card have to be reviewed, in line with present day realities and the changing landscape of the payments system in Nigeria.
- 2) The need to recognize cards issued to meet the needs of corporate organizations, as distinct from retail/individuals.

Consequently, all Deposit Money Banks (DMBs), are by this Circular directed to fully comply with the revised guidelines (copy attached) with effect from October 2 2012, and also enlighten their customers.

Please be guided.


'Dipo Fatokun
Director, Banking & Payments System Department

APPROVED SEPTEMBER 12, 2012



CENTRAL BANK OF NIGERIA

REVISED GUIDELINES ON STORED VALUE/PREPAID CARD ISSUANCE AND OPERATIONS

GUIDELINES ON STORED VALUE/PREPAID CARD ISSUANCE AND OPERATIONS

1.0 Preamble

In exercise of the powers conferred on the Bank by Section 47 (3) of the Central Bank of Nigeria Act 2007 (as amended) to issue guidelines for the maintenance of adequate and reasonable financial services for the public and to ensure high standards of conduct and management throughout the banking system; and Pursuant to its inherent powers, the Central Bank of Nigeria (CBN) hereby issues the following guidelines for Stored Value/Prepaid Card Issuance and Operations in Nigeria:

2.0 Objectives

These guidelines have been developed to provide minimum standards and requirements for the operation of stored value/prepaid card issuance and operations.

3.0 General Requirements

- 3.1 Only deposit-taking banks or financial institutions licensed by the CBN with clearing capacity shall issue stored value/prepaid cards. Other deposit taking institutions without clearing capacity can issue in conjunction with those with clearing capacity.
- 3.2 Only one stored value/prepaid card shall be issued per person per currency per product by an issuer at any anytime
- 3.3 The usage limits and frequencies shall be defined by each participating bank
- 3.4 All stored value/prepaid card transactions shall be subject to current Nigerian Financial Intelligence Unit (NFIU) reporting requirements
- 3.5 All card issuers shall render monthly returns to the CBN on the number of stored value/prepaid cards in issue, volume of transactions and gross amount of transfers from/to stored value/prepaid cards for inclusion in the national statistics on payments
- 3.6 All stored value/prepaid card account Naira balances shall be considered deposit liabilities by the issuing bank or financial institution and therefore subject to deposit insurance protection up to the limit provided by the Nigerian Deposit Insurance Corporation (NDIC) for bank deposits
- 3.7 A stored value/prepaid card holder or his/her estate shall, upon request, be entitled to receive a cash refund of the outstanding balance of the card account from the issuing bank or institution

- 3.8 The fee for loading salary payments unto a stored value/prepaid card shall be paid separately by the salary payer and not deducted from the balance value of the stored value/prepaid card.
- 3.9 Operators, including mobile/telecommunications operators, wishing to operate money transfer schemes with stored value/prepaid cards shall do so with requisite approval from the CBN and, at all times, in strict conjunction with licensed deposit-taking banks or financial institutions
- 3.10 Stored value/prepaid cards shall be issued without regard to where actual value resides; value shall be held in either centrally-connected network databases or in non-network attached electronic devices, including, but not limited to, smart/chip cards and mobile handsets.
- 3.11 All Stored value/prepaid cards shall be EMV-compliant (i.e. Chip and PIN enabled)
- 3.12 The CBN Guidelines for Transaction Switching and Card Issuance and Guidelines on POS Card Acceptance Services shall also apply to stored value/prepaid cards unless where specifically overwritten in these Guidelines

4.0 Specific Requirements for Stored Value Cards

- 4.1 No stored value card shall be issued to a person without obtaining minimum KYC which includes name, phone number, and address of the person. The issuer shall ensure that at least one of the KYC information is validated
- 4.2 The maximum amount that can be loaded on the stored value card shall not exceed N50,000 per day
- 4.3 The maximum balance on the stored value card shall not exceed N250,000 at any time
- 4.4 The limits specified for stored value cards shall also apply to cards linked to mobile money wallets, where least KYC (Phone Number and Name) has been performed on the mobile money customer

5.0 Specific Requirements for Prepaid Cards (Individual and Corporate)

- 5.1 Prepaid cards issued will operate at least within the minimum KYC requirements prescribed by the CBN. However, loadable limits (in Naira and Foreign currency) and daily balances will be determined by the issuing bank
- 5.2 No prepaid card shall be issued beyond the limits of a stored value card to a person or a corporate organization. Where a customer desires to do

transactions beyond the limits prescribed above. Full KYC would be required. Refer to CBN KYC Manual and Money Laundering (Prohibition) Act

- 5.3 The maximum withdrawal and spending amount for the Prepaid Cards will be determined by the issuing bank
- 5.4 The limits specified for Prepaid Cards shall also apply to cards linked to mobile money wallets, where Full KYC has been performed on the mobile money customer.

APPROVED

Appendix: Definition of Terms

The terms below shall have the following meaning for the purpose of these guidelines.

- a) CBN is the Central Bank of Nigeria
- b) Deposit Taking Banks means banks and other financial institutions
- c) Closed Scheme is where a card is issued and used within a limited/closed group
- d) ATM is Automated Teller Machine
- d) EMV (Europay, MasterCard, Visa) is the global standard that is helping ensure smart (Chip-and-PIN) cards, terminals and other systems can interoperate
- e) Stored-value cards are payment cards where money is on deposit with the issuer, but the card account is not linked to a current or savings account. The individual transactions limits, the daily transactions limits, and the maximum amount that can be loaded on the card, are as specified in these guidelines. Stored value cards are usually anonymous in nature and issued outside of banking hall
- f) Prepaid cards are payment cards where money is on deposit with the issuer, but the card account is not linked to a current or savings account. The individual transactions limits, the daily transactions limits, and the maximum amount that can be loaded on the card, would be as specified by the issuer
- g) Product is a group of cards that have unique functionality and are defined to meet specific purposes of the target users
- h) PIN means Personal Identification Number

**CENTRAL BANK OF NIGERIA
SEPTEMBER 12, 2012.**