

CENTRAL BANK OF NIGERIA



NIGERIAN UNIFORM BANK ACCOUNT NUMBER STANDARDS (N.U.B.A.N)

APPROVED

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1. INTRODUCTION

The Bankers Clearing House has witnessed an upsurge in the volume of ACH (automated direct credits) cleared through the system since February, 2009. This resulted from the directive of the Federal Government to the effect that all Ministries, Departments and Agencies of the Federal Government should replace all forms of cheque payments with electronic payments as from January 01, 2009.

As the ACH volume increased, so have complaints of banks and bank customers resulting from the incidents of abuse of the clearing system. Such of the complaints include:

- a) Delayed presentment of customers instructions in the clearing house
- b) Delayed application of inward ACH items by some banks
- c) Late Return of unapplied inward ACH items
- d) Application of inward ACH items to wrong accounts
- e) Bank customers quote account numbers wrongly

It was observed that many of these complaints are traceable to the non-uniform structure of bank account numbers among Nigerian banks. For instance most ACH beneficiaries quote their bank account numbers wrongly while providing such account numbers to their employers, in preparation for electronic means of salary payment. When this happens, both the employer and the presenting bank would not be able to validate such accounts before presenting such payment instructions through the Automated Clearing House.

A uniform account number structure scheme would enable both the employer and the presenting bank to validate account numbers and this would greatly reduce:

- a) The volume of items returned unapplied due to wrong account numbers;
- b) The incidence of posting to wrong account numbers, by the receiving bank;
- c) The incidence of delayed presentment of outward ACH items. Presently, most banks use days to cross-check, validate and correct account numbers before presenting ACH items through the Automated Clearing House;
- d) The incidence of delayed application of inward ACH items. Most banks expend a lot of energy and time to correct account numbers before uploading inward items just because their core banking applications work with too long bank account numbers.

It is hoped that the implementation of a Uniform Bank Account Number scheme, then many of the electronic payment problems we currently experience would be resolved and banks would experience reduced cost of operations and increased efficiency of ACH processing.

2. BEST PRACTICE

Uniform account numbering system is in line with global best practice. For instance, the UK Payments Council published 'Industry Best Practice for Financial Institutions: Account Number Formats' on June 20, 2009. UK banks are required to implement the scheme. An extract from the document follows:

Also, we noted the ISO 13616-1 (Financial Services – International Bank Account Number IBAN) published by the International Organization for Standardisation (ISO) on 01/03/2007 was also to give effect to the adoption of uniform account numbering structure.

The adoption of a 10-digit NUBAN will make Nigeria fully comply with the 10-digit Account Number structure required by the West Africa Monetary Institute towards the economic integration of ECOWAS countries.

3. NUBAN ACCOUNT FORMAT

The NUBAN is a 10-digit Bank Account Number format, with the following structure:

- 999999999 - Account Serial Number
- 9 - A Check Digit constructed to support a modulus check, which enables the presenting bank to perform checks. The Check Digit is derived from an algorithm that operates on a combination of the 3-digit CBN-assigned Bank Code and the 9-digit Account Serial Number.

Every bank is required to create and maintain a NUBAN code for every customer account (current, savings, etc) in its customer records database, and the NUBAN code should be the only Account Number to be used at all interfaces with a bank customer. **We expect every bank to maintain their present Account Numbers and use them for their internal operations only as from the effective date of NUBAN, but every such account number would have to be mapped to a NUBAN code as an Alternate Account Number.**

The bank customer should be provided with only the NUBAN code which he/she would use as a means of account identity at every interaction with the bank. The onus lies on the bank to map such NUBAN code supplied by the customer to the relevant internal account number within the bank's technology system.

A 10-digit account number is simple and can easily be managed by bank customers. NUBAN frees bank customers from the risk of quoting account numbers wrongly – a risk that is higher with account numbers of longer digits.

IMPACT OF NUBAN ON MICR CHEQUES

The Nigeria Cheque Standards already prescribes a 10-digit account number in the MICR codeline of all cheques. This shows clearly that NUBAN is compliant with the Nigeria Cheque Cheque Standard, so banks will not have to change the physical features of the cheque, now or in the future. However banks would have to change the structure of the 10-digit account number in the codeline. NUBAN actually helps to streamline the account number of all other account types (Savings Account, etc.) to the 10-digit format which Current Accounts have enjoyed over the years.

4. USAGE OF NUBAN IN ACH OPERATIONS

The NUBAN shall be used in ACH operations as follows:

- a) Every payer shall obtain the 3-digit Bank Code and a 10-digit NUBAN code from the payee whenever ACH payments are to be set up;
- b) The Payer's bank shall ensure that all payee accounts supplied by the payer conform to NUBAN standards. The Payer shall validate the check digit (10th digit) of the NUBAN code of every electronic payment instruction, and only instructions with valid NUBAN codes shall be presented in the Automated Clearing House;
- c) The Receiving (Payee) Bank shall upload inward ACH payments based only on the NUBAN codes of each payment instruction; such upload program/software shall validate the check digit (10th digit) of the NUBAN code in the upload process. All inward items with invalid NUBAN codes shall be returned unapplied, and the receiving bank shall not make any manual effort to correct such records.
- d) The Account Number field in the MICR codeline of cheques shall contain only the NUBAN code.

5. IMPLEMENTATION STRATEGY

Sequel to consultations with relevant stakeholders including 3 major providers of core banking applications to the Nigerian banking system, we hereby mandate a period of nine (9) months for full compliance by the Deposit Money Banks. Compliance monitoring by the Payments System Policy and Oversight Office will commence six (6) months from the release date of this document. All DMBs are expected to submit their comprehensive migration plans to the Central Bank of Nigeria one (1) month from the release date herein.

6. SANCTIONS

Any infractions to the dictates and stringent timelines provided in this document shall attract severe sanctions as may be determined by the Central Bank of Nigeria from time to time.

Signed

MANAGEMENT