GUIDELINES ON TRANSACTIONS SWITCHING IN NIGERIA
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1.0  PREAMBLE

In exercise of the powers conferred on the Central Bank of Nigeria (CBN), by Sections 2 (d) and 47 (2) of the CBN Act, 2007, to promote and facilitate the development of efficient and effective systems for the settlement of transactions, including the development of electronic payment systems; the CBN hereby issue the following Guidelines on Transactions Switching in Nigeria.

This Guidelines supersede the previous Guidelines on Transaction Switching Services and the Operational Rules and Regulations for the Nigeria Central Switch (NCS).

2.0  TRANSACTIONS SWITCHING SERVICES

2.1  Scope

The Guidelines set out the procedures for the operation of switching services in Nigeria, including the rights and obligations of the parties to the switching contract. It also compels the switching companies to meet with minimum standards for switching, as approved by the CBN.

2.2  License of Switching Companies

For a switching company to operate in Nigeria, it shall obtain a Switching license from the CBN.

2.3  Parties to Transaction Switching

Parties to Transaction Switching include, but not limited to:

1.  Nigeria Central Switch
2.  Switching Companies
3.  Card Issuers
4.  Merchant Acquirers

2.4  Rights and Responsibilities of a Switching Company

A switching company shall:

2.4.1  Operate its switch in accordance with these guidelines
2.4.2 Ensure compliance with minimum standards on Transaction Switching, as provided in this Guidelines

2.4.3 Open its network for reciprocal exchange of transactions/messages between it and the Nigeria Central Switch

2.4.4 Enter into agreement with member institutions, specifying in clear terms the responsibilities of each party, operational rules and procedures and liabilities of parties in the event of loss of funds arising from negligence of any of the parties. A copy of the agreement shall be submitted to the CBN for record purposes.

2.4.5 Ensure that all notifications and information that its employees have obtained in the course of discharging their responsibilities are treated as confidential.

2.4.6 Establish adequate security procedures to ensure the safety and security of its information and those of its clients, which shall include physical, transactions, logical, network and enterprise security.

2.4.7 Submit to the CBN, its security plans and periodic updates. Any security breach shall have a record and such instances shall be reported to CBN for record purposes.

2.4.8 Have a Business Continuity Plan, approved by the CBN.

2.4.9 Ensure full compliance with relevant provisions of payments system guidelines, policies and Circulars issued by the CBN, in relation to its operations.

2.4.10 Not be an issuer of payment cards.

2.4.11 Supply to the CBN, information on usage, volume and value of transactions and other relevant information, as and when due, and in the format required by the CBN.
2.4.12 Report all instances of fraud/attempted fraud on the switch to the CBN.

2.4.13 In addition to the primary site, maintain a business continuity arrangement, to ensure failsafe operation.

2.5 Rights and Responsibilities of Member Institutions

2.5.1 Acquirers whose transactions are switched shall maintain databases that can handle information relating to cardholders, merchants and their transactions for a minimum period of seven (7) years.

2.5.2 Information on usage, volume and value of transactions and other relevant information shall be forwarded to the CBN as and when due and in the format required by the CBN.

2.5.3 Each member institution shall settle fees charged for the services provided by the switching company in relation to the operation of the switching network, in accordance with the agreed tariff.

2.5.4 The issuer shall be held liable (where proven) for frauds with the card arising from card skimming or other compromises of the issuer’s security system.

2.5.5 An acquirer shall be responsible for ensuring that merchants put in place reasonable processes and systems for confirming payee identity and detecting suspicious or unauthorized usage of electronic payment instruments, both where customer/card is physically present at point of sale or in cases where customer/card is not physically present, like in Internet/web and telephone payment systems/portals.

2.6 Rights and Responsibilities of the Nigeria Central Switch

The Nigeria Central Switch shall:
be licensed by the CBN

be independent of other switching companies

not own or promote any card business or retails products and shall be run in accordance with international best practice

NIBSS shall make available to the Industry Stakeholders APIs and specifications that will enable licensed PSPs have access to services developed or hosted at NIBSS on behalf of the industry.

Allow connection by all switching companies that meet its requirements for participation and have obtained the necessary license from the CBN.

Enter into a written agreement with switching companies, specifying in clear terms the responsibilities of each party, and operational rules and procedures and copy shall be submitted to the CBN.

Ensure that all notification and information that its employees have obtained in the course of discharging their responsibilities shall be treated confidentially

Establish adequate security procedures to ensure the safety and security of its information and those of its clients, which shall include physical, transaction, logical, network and enterprise security

Charge fees for the services provided, in accordance with agreement reached under sub-guideline 2.6.6

Have a Business Continuity Plan approved by the CBN

Supply information on usage, volume and value of transactions and other relevant information to the CBN as and when due and in the format required by the CBN

Maintain database of transactions for a minimum period of seven (7) years.

Report all instances of fraud / attempted fraud to the CBN

Have primary site, hot backup site and contingency site, as minimum requirement
2.7 Technical Requirements/Standards

2.7.1 Interface Specification

The interface specifications will be provided to all Parties to Switching Services, as part of the NCS Interconnectivity requirements.

All interface specifications will conform to the international ISO 8583 standards.

All NCS Partner Institutions will have to develop both Issuer and Acquirer Interfaces that comply with the NCS Interface Specification.

2.7.2 Communication and Message Protocol

The NCS ISO 8583; Host External Message is based on the standard external message developed by the International Standards Organization (ISO). It is a variable-length and variable-content message that can be configured differently, based on the type of message being sent.

The NCS ISO Host Interface component creates and interprets external messages according to the specifications in the NCS Interface specification document.

The NCS ISO 8583; host external message allows incoming and outgoing messages to be configured individually by a host, depending on the information the host chooses to send and receive.

1. The message format shall be ISO 8583. Details are provided in the NCS Interface Specification document.
2. All Partner Institutions shall maintain secure dedicated Virtual Private Network TCP/IP data communication to the NCS.
3. The communication protocol shall be TCP/IP.
4. The Hardware Security Module (HSM) Connectivity - TCP/IP
2.7.3 Connection to NCS by Institutions

The Nigeria Central Switch project requires a secure connectivity to all existing Switches in Nigeria and new entrants. A secure interconnectivity has to be established with the NCS.

2.7.4 Security

Parties to Switching Services involved in card-operated devices, must be capable of providing secure hardware encryption/decryption of customer PINs and messages for onward transmission to the NCS network.

The Central Switch and Switching Companies shall:

2.7.4.1 Conduct half-yearly planned system tests to ensure ability to seamlessly switch from primary to back-up systems. Such tests shall be communicated in advance to all member institutions and the CBN. These tests shall take place at times during the week and day when the least amount of network traffic occurs, in order to minimize impact on customer service. The results of the tests shall be shared with all member institutions and Director, Banking and Payments System Department of CBN within 3 business days.

2.7.4.2 Publish a monthly report of all downtimes experienced to all member institutions and the CBN. Such reports shall include the duration of the downtime, the cause(s) of the downtime, and the remedial actions taken to prevent recurrence.

2.7.4.3 Ensure that all devices/software used for transmitting financial data within their switching networks are EMV Levels 1 & 2 compliant (or any newer EMV version)

2.7.4.4 Be in regular compliance with PCI Data Security Standards (PCI DSS)

2.7.4.5 The Nigeria Central Switch shall, subject to CBN approval and in consultation with member institutions, maintain minimum technical standards on interoperability, messaging, network connectivity, network monitoring, security, disaster recovery, fraud management, and programming interfaces.
2.7.4.6 An acquirer/member institution shall be responsible for deploying terminals/payment devices that are EMV Levels 1 & 2 compliant (or any newer EMV version).

2.7.4.7 An acquirer/member institution shall be responsible for deploying terminals/payment devices with PIN Entry Devices (PED) that are PCI PED complaint.

2.7.4.8 The Central Switch shall maintain a list of approved network/link service providers. All connecting switches for their connection to NCS, are required to maintain a minimum of two (2) network/link service providers as the primary and secondary link.

2.7.4.9 The central switch shall stipulate the minimum network/link bandwidth that must be provided by each network/link provider.

2.7.4.10 The Nigeria Central Switch shall stipulate the network/link standards and specifications for all equipment provided by each network/link provider at all terminating points.

2.7.4.11 All switches have the duty to transmit all messages or financial transactions emanating from the Nigeria Central Switch to their expected destinations, without regard to the originating switch of such message or financial transaction.

2.7.4.12 No switch shall reject, degrade, give lower priority or service, or in any way negatively affect any message or financial transaction originating from the Nigeria Central Switch.

2.7.4.13 All switches shall connect to the Nigeria Central Switch.
3.0 Operational Rules and Procedures

3.1 Types of Transactions

The central switch/switching companies shall only handle switching services in accordance with the provisions of these guidelines.

3.2 Operating Hours

3.2.1 The central switch/switching companies shall operate 24 hours a day and 7 days a week.

3.2.2 In case of system failure, the central switch / switching companies shall automatically switch to its / their back-up site (s).

3.3 Settlement Mechanism

3.3.1 The Nigeria Central Switch shall work out the daily net settlement positions of member institutions and forward same through the ACH to the CBN for settlement

3.3.2 Member Institutions shall provide adequate collaterals, as deemed sufficient by the CBN, in form of Federal Government Securities in line with their contract agreements with Switching Companies.

3.3.3 Alternatively, member institutions may utilize existing cheque clearing collaterals held with the CBN, to meet the collateral requirement for transaction switching mentioned in 3.3.2 above.

3.3.4 The CBN shall effect the posting of the net settlement positions of member institutions into their accounts.

3.4 Fees and Charges

3.4.1 Fees and charges for transactions switching, processing, etc. are to be agreed between service providers and banks / entities to which the services are being provided.
3.5 **Special Provision**

3.5.1 The central switch/switching companies and their members shall be required to undertake measures to prevent the use of their networks for purposes associated with money laundering and other financial crimes.

3.6 **Penalties**

3.6.1 Sanctions, in the form of monetary penalties and / or suspension of the specific switching service (s), would be imposed on erring switching companies and / or their member institutions, for failure to comply with any of the provisions of these Guidelines and other relevant Guidelines, issued by the CBN, from time to time.
4.0 NIGERIA CENTRAL SWITCH

4.1 Background

The Nigeria Inter-Bank Settlement System (NIBSS) Plc was incorporated in April 1993 on the mandate of The Bankers Committee, to facilitate transfer of funds between the banks and discount houses. NIBSS is owned by all Licensed Banks and Discount Houses in Nigeria, including the Central Bank of Nigeria (CBN). It commenced operation in June 1994. The operations of NIBSS takes the form of banks transmitting financial transaction data on-line and retrieving reports and statements of accounts on-line via secure technology networks.

Highlight of the mandate of NIBSS, as entrenched in her memorandum and article of association is to:

4.1.1 Carry on business as a service oriented institution that provide the mechanism for same day clearing and settlement of inter-bank transfers and payments

4.1.2 Provide the infrastructure for the automated processing and settlement of transactions between banks

4.1.3 Initiate and develop an integrated nationwide network for the electronic or paperless funds transfer and settlement of transactions.

The mandate to develop and operate a national switch for Nigeria was formally issued by The Bankers Committee to NIBSS Plc in May 2006.

4.2 The Objectives of the Nigeria Central Switch (NCS)

The Nigeria Central Switch is designed to:

4.2.1 Provide interconnectivity and interoperability amongst approved EFT switch initiatives, Banks, MMOs and other Payment Service Providers in Nigeria as may be directed by CBN;

4.2.2 Specify the Nigeria EFT interface standards;
4.2.3 Provide vital retail payment statistics for tactical & strategic planning purposes; Provide a mechanism for proactive detection of card frauds;

4.2.4 provide a central switch which integrates modules for accessing external content, transaction service networks, internal billing applications and related packages;

4.2.5 Provide seamless integration of the Nigeria retail payment system with the West African Monetary Zone retail payment plan and beyond;

4.2.6 Deploy a central switch network which complies with all relevant international standards;

Operationally, the NCS:

a. Provides a single point of access.

b. Enables sharing of common technology infrastructure

c. Enables new entrants to effectively build only one interface to the system. Conforms to International Switch and Messaging standards ISO 8583.

4.3 Scope

This document (Operational Rules and Regulations for the Nigeria Central Switch) specifies the rules and general guidelines for the operation of the NCS. Its provisions shall be binding on all partner institutions.

4.4 Partner Institutions

4.4.1 Switching Companies

These are electronic funds transfer and transaction switching and processing service providers that operate within Nigeria. It also includes future service providers. The switching companies facilitate the exchange of value between financial service providers, merchants, their customers and other stakeholders.
4.4.2 Deposit Money Banks

These are financial institutions operating in the country and are otherwise called issuers of payment tokens (cards, vouchers, etc), which are used on the network of switches.

4.5 Responsibilities

4.5.1 Partner Institutions

Each Partner Institution shall undertake to satisfy and ensure continued compliance with the eligibility criteria and conditions for admission, as outlined in the operational rules and regulations of the Nigeria Central Switch (NCS) and should:

a. Implement the interface connectivity to the NCS

b. Ensure availability of secure connectivity to the NCS and duly notify of any service failure.

c. Maintain a record of all service failure times in a log report, which shall include date, time and period of service failure.

d. Ensure message format conform to the ISO 8583 standard.

e. Ensure that their banks pledge securities that provide 110% protection for their operations

f. Maintain and provide audit trails of transactions flowing through its systems and the NCS for a minimum period of six years.

g. Adhere to confidentiality and privacy rules.
h. Ensure that all its transaction acquiring channels (ATM, POS, Web, etc) accept payment tokens of all NCS partner switches, in compliance with the NCS minimum transaction set.

i. Shall provide transaction logs and traces when requested, to aid resolution of disputes arising from financial transactions.

j. Shall provide a transaction log promptly to any requesting partner institution concerning any NCS-routed transaction, to aid resolution of card transaction complaints and disputes.

4.5.2 The Nigeria Central Switch (NCS)

The NCS shall after certification of the partner Institutions ensure:

a. A secure connectivity to the central switch

b. Routing and switching of transactions amongst Partner Institutions.

c. Switching of transactions between all transacting parties

d. Maintenance and distribution of statistics relating to availability and service performance of the NCS and Partner Institutions.

e. The enforcement of all agreements reached with the participating institutions and communications providers.

f. To apply the appropriate fees and charges to all transactions passing through the NCS

g. Generation and secure distribution of reports, as illustrated in the Service Level Agreement.

h. The maintenance of transaction integrity and security for all transactions passing
through the NCS.
i. Notification of Partner Institutions on status of Settlement of Transactions.
j. Notify all existing partner and institutions of the joining of a new partner institution to enable them configure their systems to accept payment tokens of the new institution
k. NCS shall provide full support to services of all stakeholders

4.6 Technical Requirements

4.6.1 Interface Specification

The interface specifications will be provided to all Parties to Switching Services as part of the NCS Interconnectivity requirements.

All interface specifications will conform to the international ISO 8583 standards.

All NCS Partner Institutions will have to develop both Issuer and Acquirer Interfaces that comply with the NCS Interface Specification:

4.6.2 Communication and Message Protocol

The NCS ISO 8583; Host External Message is based on the standard external message developed by the International Standards Organization (ISO). It is a variable-length and variable-content message that can be configured differently, based on the type of message being sent.

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Specification document.

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3. The communication protocol shall be TCP/IP.

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4.6.3 Connection to NCS by Institutions

The Nigeria Central Switch project requires a secure connectivity to all existing Switches in Nigeria and future new entrants. A secure interconnectivity has to be established with the NCS

4.6.4 Security

Parties to Switching Services involved in card-operated devices, must be capable of providing secure hardware encryption/decryption of customer PINs and messages for onward transmission to the NCS network.

4.7 Nigeria Central Switch (NCS) Operations

4.7.1 The NCS Minimum Transactions Standard

The following minimum transaction set must be supported by the NCS, in order to achieve interoperability:

4.7.1.1 POS Transaction Types

a. Purchase
b. Purchase Reversal
4.7.1.2 ATM Transaction Types

a. Withdrawal
b. Balance Enquiry
c. PIN Change

Reversal Transaction shall be available for each applicable transaction type. The NCS shall support new transaction type within six (6) months of a request. Within 30 days of the request, the NCS shall revert on feasibility and timelines.

4.7.1.3 Transactions from Other Devices/Channels

Because the source of all transactions will be the Custom NCS Interface, recognized by that interface, regardless of which type of device or channel was used to initiate the transaction at the acquiring switch.

This will allow the system to process transactions from, for example, the internet, mobile phones, and IVR (interactive voice response) systems.

4.7.1.4 Modus Operandi

Transactions that route to or through the NCS for authorization do so in a series of transaction messages.

4.7.1.5 Stand-in Processing

The NCS shall not provide stand-in processing of transactions.

4.7.1.6 Reports

The NCS shall generate and circulate the following reports via secured online mode.
<table>
<thead>
<tr>
<th>S/N</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Daily Activity Report By Source Switch; By Bank, MMO and by any other party switching its transaction through NCS</td>
</tr>
<tr>
<td>2</td>
<td>Daily Activity Report By Destination Switch; By Bank, MMO and by any other party switching its transaction through NCS</td>
</tr>
<tr>
<td>3</td>
<td>Net Settlement Report By Switch; By Bank, MMO and by any other party switching its transaction through NCS</td>
</tr>
<tr>
<td>4</td>
<td>Detailed transaction report</td>
</tr>
<tr>
<td>5</td>
<td>Transaction volume and value by terminal type and location</td>
</tr>
</tbody>
</table>
4.8 Fees and Charges

The NCS shall be kept operational at all times and as a result; all participants in the network shall bear the joint responsibility of supporting its operations. NIBSS considers the opportunity of participants to share networks that do not belong to them and thereby reducing investments in building infrastructures as a huge cost saving benefit.

The associated cost for the discharge of the functions of the NCS is as follows:

4.8.1 Joining Fees

All parties to the Switching Services joining the NCS will be required to pay a one off fee. It is expected that these joining fees will cater for the efforts in infrastructure installation and systems delivery, as well as contributory license for the development of payment system in Nigeria.

4.8.2 Transaction Charges

The Transaction Charges are of two types;

1. Switching Charge – NIBSS shall charge for every financial transaction that hits the NCS; as shown in the table below.

<table>
<thead>
<tr>
<th>Device</th>
<th>Payer</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATM</td>
<td>Issuer</td>
</tr>
<tr>
<td>POS/WEB</td>
<td>Acquirer or Acquirer Network Processor</td>
</tr>
<tr>
<td>MOBILE MONEY</td>
<td>Operator</td>
</tr>
</tbody>
</table>

2. Settlement Charge – NIBSS shall charge for every settlement transaction which normally is received on net basis. Charges will be reviewed at regular intervals by the Management of NIBSS and approved by the Board of Directors, to ensure continuous operations of the NCS, for the benefit of all stakeholders.
4.9 Service Level

The four basic design goals that govern the development of the NCS are:

a. Availability  
b. Data Integrity  
c. Performance and Scalability  
d. Open Interfaces  
e. Cost Reduction

It is therefore expected that all other connecting Partner Institutions must have similar architecture, as transactions are mission critical and pivotal to EFT processing.

As a result, the following draft service levels are expected, as a minimum requirement.

The NCS would be available for transactions 24 hours and 7 days a week.

The NCS system’s performance will be measured in terms of:

I. Up-Time  
II. Response Time

The performance of the Partner Institutions systems will be measured by:

i. Success Rates – successful transactions as a percentage of all transactions switched to Partner Institutions for authorization.

ii. Response Times

The NCS would maintain an uptime of at least 99% during any 24 hour period, to all Partner Institutions.

Partner Institutions connected to the NCS as Issuers must achieve transaction success rates of at least 97% any 24-hour period.

For all transaction requests routed to authorizing institutions a timeout period will be set,
after which the institution node will be deemed to be down and the transaction will be
classified as a failed transaction and declined. This period will be agreed with the
authorizing institution, but will be no longer than 90 seconds.

Switching Companies may not be held responsible for unsuccessful transactions due to
failures that occur at the upstream authorizing entity.

The NCS will be responsible for maintaining and distributing all statistics relevant to the
above.

All NCS Partner Institutions will conform to these and other performance standards, which
may be agreed from time to time.

All NCS Partner Institutions will maintain and provide audit trails for all transactions which
pass between their systems and the NCS for a minimum of 7 years.

The timeout parameters on every terminal that allows access to the NCS must be no less
than 40 seconds and not more than 90 seconds.

4.10 Settlement

4.10.1 Business Day

A Business Day for the NCS will be a 24-hour period. A typical business day will start
from 12.00.00am to 11.59.59 pm.

4.10.2 Transaction Settlement Procedure

1. Settlement among the NCS Partner Institutions will be processed through the
   NIBSS Inter Bank Engine.

2. The NCS end-of-day processing cycle will commence at 12.00am, at the close of
each Business Day.
3. A Settlement report file, consisting of the net position of each Partner Institution will be generated.

4. The Settlement report file will be sent to Partner Institutions in a secure electronic format.

5. Postings to the CBN accounts will take place after each settlement session

4.10.3 Settlement during Weekends/Non-Working Days

1. Transaction settlement will be done every day except on weekends and/or public holidays or non-working days. However, Settlement Report Files will be generated every day, including weekends and on non-working days.

2. Settlement Report Files generated for each non-working day will be processed on the next working day.

3. NIBSS will send settlement confirmation reports to Partner Institutions, confirming the settlement (or non-settlement) of daily transactions.

4.11 Penalties and Dispute Resolution

4.11.1 Penalties
Failure to comply with the provisions of these guidelines shall be referred to the CBN for the appropriate regulatory sanctions.

4.12 Dispute Resolution

Should any dispute arise from the operation and performance of the NCS, it shall be settled first by a meeting of at least one senior executive officer of each Party. If upon exercise of due diligence, the latter does not resolve a dispute within 15 days of the notifying Party’s calling of the meeting, either Party may refer the matter to CBN.
4.13 Confidentiality Rule and Prohibitions

The rule governing the NCS is such that each of the Parties and their Advisors will disclose and provide to each other, such Confidential Information as the Disclosing Party deems necessary for the relevant business purpose under the NCS.

4.13.1 Confidential Information” shall for the purposes of these Rules mean any and all information that a Party discloses to the other, in connection with the relevant business purpose, which includes, but is not limited to the following:

Any customer information, technical, commercial, financial, marketing or business information and know-how, including without limitation, all correspondence, notes, computer disks and tapes, documents, records, data, services, financial information, marketing brochures or other information, in whatever form, relating to the parties, their operating documents, standard forms, which information has been communicated to the other, or otherwise acquired by the other during the course of these services, whether such information is formally designated as confidential or not.

4.13.2 The Receiving Party will not disclose Confidential Information to any person, firm, corporation, association or any other entity for any reason or purpose whatsoever, provided however, that the Receiving Party may disclose the Confidential Information on a need-to-know basis to its internal management who are directly involved in the development and operation of the NCS, legal and financial advisors retained specifically to provide advisory services and provided that the Receiving Party ensures that such persons are bound by an equivalent duty of confidentiality.

4.13.3 The Disclosing Party may give notice in writing at any time requiring that any part of the Confidential Information disclosed be either returned or destroyed, such return or destruction to be combined with a notice to the Disclosing Party to the effect that upon such return or destruction the Receiving Party has not knowingly retained in its possession or under its control, either directly or indirectly, any Confidential Information or copies thereof. In any case, the Receiving Party must comply with any such request within thirty (30) days of receipt of such request.
4.13.4 All parties to Switching Services shall ensure that all notifications and information that its employees have obtained in the course of discharging their responsibilities are treated as confidential.

4.14 **Prohibition of Anti-competition Agreements**

No parties to Switching Services in Nigeria shall enter into any agreement in respect of any switching service that shall cause or is likely to cause adverse effect on competition. Any agreement entered into in contravention of this provision shall be null and void and of no effect.

4.14.1 Any agreement entered into between parties to Switching Services or decision taken by any association of switching companies or association of persons, including cartels engaged in identical or similar provision of switching services, which:

a) Limits or controls markets, technical development, investment or provision of Switching Services

b) Shares the market or provision of services by way of allocation of geographical area of market, or number of customers in the market or any other similar way; shall be considered an anti-competition agreement.

4.14.2 Any agreement amongst parties to Switching Services, in respect of switching services, including:

a) Tie-In Agreement;

b) Exclusive Service Agreement

c) refusal to deal;

shall be considered an agreement in contravention of anti-competition agreement if such agreement causes or is likely to cause adverse effect on competition in Nigeria.
**4.15 Prohibition of Abuse of Dominant Position**

4.15.1 No parties to Switching Services shall abuse its dominant position by directly or indirectly imposing unfair or discriminatory condition and fees in the provision of its services.

4.15.2 Equally, no parties to Switching Services shall limit or restrict the provision of switching services or market thereof or technical or scientific development relating to switching services to the prejudice of consumers.

4.15.3 No parties shall indulge in practice or practices resulting in denial of market access.

**4.16 Prohibition of Competition by NIBSS/NCS**

Nigeria Inter-Bank Settlement System Plc (NIBSS), the Nigeria Central Switch (NCS) and any company, person or group of persons performing the roles, duties or functions of the Nigeria Central Switch SHALL NOT under any circumstance whatsoever or howsoever engage in competition with any Payment Card Industry Scheme, Operator or Service Provider. Accordingly, Nigeria Inter-Bank Settlement System Plc (NIBSS), the Nigeria Central Switch (NCS) and any company, person or group of persons performing the roles, duties or functions of the Nigeria Central Switch shall not:

4.16.1 Be or engage in any business as:

   a. A Card Scheme

   b. Issuer of Payment Cards

   c. Issuer-Processor

   d. Acquirer

   e. Acquirer-Processor
4.16.2 Support or promote any Card scheme

4.16.3 Own, deploy, maintain or install acceptance and acquiring devices such as Point of Sale terminals and Automatic teller Machine.
5.0 DEFINITION OF TERMS

The terms below shall have the following meaning for the purpose of those Guidelines.

1) Acquirer means bank or any other legal person concluding contracts with merchants concerning acceptance of payment by means of electronic payment instrument.

2) Cardholder means any person who holds a payment card for the purpose of effecting payment in respect of goods services.

3) Competent Authorities include Courts, EFCC, ICPC, Regulatory Authorities such as the CBN, NDIC etc

4) Interconnectivity means ability for reciprocal exchange of transactions/messages between two or more switching networks.

5) Interoperability means ability to issue cards and deploy devices in such a way that all customers (card holders, merchants and issuers) perceive operations, while obtaining service, as if the interconnected networks were one.

6) Member Institutions means banks and other financial institutions that are on the network of a particular switching company;

7) Merchant means an organization or entity that undertakes to conclude a contract with an acquirer and / or issuer concerning accepting payment by means of an electronic payment instrument;

8) MPR means Minimum Policy Rate

9) NCS stands for Nigeria Central Switch, an organization mandated to provide a single point of access, interconnectivity and interoperability amongst Payment Service Providers in Nigeria.

10) NIBSS stands for Nigeria Inter-Bank Settlement System, it was mandated to among others, act as the Automated Clearing House (ACH), Payment Terminal Service Aggregator (PTSA) and Nigeria Central Switch (NCS) for Nigeria.

11) Offline transaction means a transaction in which no direct connection is made
between the device(s) involved in the transaction and a centralized computer system for the purpose of effecting settlement, or authenticating the transaction before it is executed.

12) Online transaction means a transaction in which there is a direct connection between the device(s) and a centralized computer system for effecting settlement or authorization or validation before a transaction can be executed.

13) PIN means Personal Identification Number

14) Switching means a system that captures electronic financial transactions from touch-points, applies rules, determines destinations, delivers the transactions and gives appropriate feedback;

15) EMV (Europay, MasterCard, Visa) is the global standard that ensures smart (Chip-and-PIN) cards, terminals and other systems can interoperate.

16) PCI DSS stands for Payment Card Industry Data Security Standard. It was developed by the major credit card companies as a guideline to help organizations that process card payments prevent credit card fraud and various other security vulnerabilities and threats.

17) PCI PED security requirements are designed to secure personal identification number (PIN)-based transactions globally and apply to devices that accept PIN entry for all PIN based transactions