



CENTRAL BANK OF NIGERIA

GUIDELINES FOR BILL PAYMENTS IN NIGERIA, 2017

January 2017

1.0 Introduction

In the exercise of the powers conferred on the Central Bank of Nigeria (CBN) by Section 2(d) and 47(2) of the CBN Act 2007, to promote and facilitate the development of an efficient and effective payments system in Nigeria, the CBN hereby issues the following Guidelines on Bill Payments

Bill payment is currently offered by various payment system participants in Nigeria without a structure that ensures a minimum level of consistency in market offering or a framework that ensures adequate protection for the consumers, either from the perspective of minimum expectations or the presence of a mechanism to ensure any arising issues are addressed within the framework of a structure or Guidelines.

In the market today, various payment methods are accepted for bill payments. At the most, participants rely on the various Guidelines currently existing for the payment methods that service providers leverage to drive this important retail payment activity in the market. While these existing Guidelines continue to be relevant at ensuring the safety of the payment system, the Guidelines on Bill Payments in Nigeria provides minimum standards for any existing or prospective platform for bill payments.

2.0 Objectives

The objectives of this Guideline are:

- To document the minimum standards that must be complied with for the processing of bill payment transactions, the identification of the stakeholders in this payment system space and the introduction of best practice to ensure achievement of the vision of a 'nationally utilized and international recognized' payments system in Nigeria.
- To promote the implementation of integrated bill payment systems that leverage current market drive for interoperability and access to payment system infrastructure through all existing channels in the system – bank branches, internet banking, web payment/online commerce platform etc.

3.0 Scope

The scope of this Guideline covers payment platforms that support multi-payment channels, the online commerce space and any payment platform or ecosystem that seeks to integrate the payment side of commercial activity and payment aggregators. These would include banks and Payment Service Providers that facilitate payment aggregation for merchants to meet that need for efficient collection of payments from

their subscribers/ payers with accompanying information for efficient exchange of value via remote or physical interaction. The payment methods could be by Cheques, Cards, Direct Debit, Instant Payments, Automated Clearing House etc.

4.0 Stakeholders

The following are the stakeholders in Bill Payments:

- *Payer* – the individual or corporate entity making a bill payment
- *Biller* – the merchant that receives funds from the payer as consideration for the provision of service or product.
- *Payer's bank* – the bank where the payer holds the account that is debited to make the bill payment.
- *Biller's bank* – the bank where the merchant maintains the account designated to receive proceeds of payment made by the payer.
- *Payments Service Provider (PSP)* – is a payment service company licensed by the CBN to process electronic payments transactions
- *Service provider* – a bank or Service Provider that deploys an electronic payment platform or integrates with a licensed Payments Service Provider for the collection of payments on behalf of a Biller. The Payments Service Provider must be licensed by the CBN to carry out payments system activities in Nigeria of which all products must be approved by the regulator.
- *Regulator* – the Central Bank of Nigeria that provides the Guidelines/framework and ensures adherence/compliance with its provisions.

5.0 Eligibility Criteria

5.1 Service Providers

Any entity seeking approval to operate a bill payment platform requires a license from the CBN to provide payments services or be integrated to a duly licensed PSP.

- The entity must also obtain specific approvals from the Central Bank to provide these services if not integrated to a licensed PSP.
- All transactions initiated and authorized on the bill payment platform must be settled via the Nigeria Inter-Bank Settlement System (NIBSS)

- Each component payment method implemented on the platform must comply with and be subject to the rules guiding the conduct of market activities for such channels.

5.2 Admission of Billers

- A prospective Biller must be a customer of a bank whose responsibility it would be to receive the proceeds of bill payments from Payers.
- In making assessment for on-boarding a biller, the Biller's bank/service provider must take into cognizance the contractual capacity of the Biller.
- After approval of the Biller's application, the Biller's bank/Service Provider shall register the Biller on the platform capturing the following details at a minimum:
 - Corporate entity – Registered name (Corporate Affairs Commission); RC Number; Tax Identification Number; Registered Address; Official Contact email address; Contact Telephone Number; Service/Product Codes.
 - Individual merchants – BVN; Verified operating address; Contact Telephone Number; Bank Account

5.3 Operational Procedure

- A Service Level Agreement (SLA) must be executed between the platform provider and the Biller as a condition for on-boarding.
- The SLA will provide the terms for engagement, roles and responsibilities of the parties, minimum service delivery commitments, obligations of the parties and penalties as applicable
- SLAs should be reviewed periodically to ensure alignment with industry/regulatory changes, or appropriate provisions made to take cognizance of mandatory changes that may come to play after implementation.
- Minimum commitments to service availability should be defined and incorporated in the Dispute Resolution System (DRS) and SLA, and properly communicated to the users of the service.
- Transaction status upon completion should be sent to relevant parties.

- A policy/procedure must be in place for change management which should include major releases, maintenance calendars and provide the conditions for emergency upgrades and notification process.
- Bill must be customizable to meet the Biller's needs for transaction details to be captured, and processes stipulated in the SLA.

6.0 Dispute Resolution System (DRS)

- Payments should be irrevocable and refunds/recalls should be done via a dispute resolution system or other supplementary rules that guide the operation of the relevant payment method.
- DRS must be fair and have an impartial arbiter (Regulator, Association leadership etc.)

7.0 Settlement

- Settlement for bill payment transactions is an integral part of the interoperability requirement for bill payment transactions. Each platform must be able to receive payment from multiple billers and transactions cleared and settled through existing market settlement mechanisms.
- Based on the payment method, the settlement process must ensure optimum efficiency both in terms of settlement and responsibilities as provided for in the relevant Guidelines. The settlement cycles must be same as stipulated for the applicable payment method.

8.0 Customer Support

- Helpdesk services should be made available to the Biller and Payer by the Biller's bank/PSP via advised channels to aid resolution of service issues. The helpdesk availability should be such that it coincides with service availability, and access should be on multi-channel basis (phone, email, web etc.)