



CENTRAL BANK OF NIGERIA
Central Business District,
Cadastral Zone AO
P.M.B. 0187, Garki
Abuja.

PAYMENTS SYSTEM MANAGEMENT DEPARTMENT

Tel: 09 462 38300, 09 462 38346

e-mail: psmd@cbn.gov.ng

website: www.cbn.gov.ng

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Letter to all Banks and Payments Service Providers,

REDUCTION OF CHARGEBACK PERIOD FOR ATM, POS AND WEB TRANSACTIONS IN THE GUIDELINES FOR THE OPERATION OF ELECTRONIC PAYMENT CHANNELS

The Central Bank of Nigeria (CBN) has over time implemented far-reaching reforms of the Nigerian payment system aimed at enhancing resilience of payment system infrastructure and expansion of electronic payment options. The industry continues to evolve following the implementation of these reforms with increasing availability of ATMs and other electronic payment channels.

Whilst the adoption of innovative solutions by industry players have resulted in expanded access to digital financial services, the CBN recognises the need for further enhancements to the payment system infrastructure and processes to improve service quality for users.

In consideration of the above, the CBN has reviewed its Guidelines for the Operation of Electronic Payment Channels and accordingly requires banks and payment service providers to resolve customer chargeback complaints on electronic channels within the following revised timelines effective June 8, 2020:

1. The reversal of failed on-us ATM transactions (failed transactions when customers use their cards on their bank's ATMs) shall be instant from current timeline of 3 days. However, where instant reversal fails due to technical issues of system glitches, the timeline for manual reversal shall not exceed 24 hours.
2. Timeline for refunds on failed not-on-us ATM transactions (failed transactions when customers use their cards on other bank's ATMs) shall not exceed 48 hours from current 3-5 days.
3. Refunds on disputed/failed POS/Web transactions shall be treated within 48 hours from current 5 days.

Participants in the payments system are also required to comply with the following additional requirements:

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- a) All Switches are to adjust the chargeback cycle in their dispute resolution systems to 24 hours from 72 hours
- b) All Acquirer-initiated refunds shall henceforth be initiated by all banks within 48 hours.
- c) Processors are to provide daily settlement reports latest 8 a.m. on a T+1 basis.
- d) NIBSS shall send daily reports on reversals to processors on or before 10 pm each day

All banks are to clear backlog of all ATM customer refunds within one (1) week and within two (2) weeks for POS & Web customer refunds effective June 8, 2020

Failure to adhere to the above service level agreements will attract appropriate penalties. Please refer to the updated Guidelines for the Operation of Electronic Payment Channels for further details.

The CBN will continue to monitor developments and will issue appropriate directives in its quest to improve quality and efficiency in the Nigerian payment system.

Be guided accordingly.



Musa I. Jimoh
Director, Payments System Management Department