



**Nigeria Financial Services
Terms of Reference - IT Standards
Governance Council**

Version

June 2013



Nigerian Financial Services Industry IT Standards Governance Council Terms of Reference

IT Standards Governance Council

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PREAMBLE

This Terms of Reference (TOR) deliverable documents the mandate (objective), functions and responsibilities, guiding principles and Council composition and membership tenure for the Nigerian Financial Services Industry IT Standards Council.

This TOR document has been adopted for use by the IT Standards Council and Deputy Governor, Banking Operations CBN.

This document is the property of the Central bank of Nigeria and its usage is restricted to members of the Shared Services Unit, the IT Standards Council, Nigerian Financial Services Industry and authorized accredited third party agents or consultants as CBN deems fit.



Nigerian Financial Services Industry IT Standards Governance Council Terms of Reference

IT Standards Governance Council

IT Standards Council Terms of Reference

Terms of Reference - Nigerian Financial Services Industry IT Standards Governance Council

1. Introduction

- i. The terms of reference provides a high level description of the mandate, activities, composition and responsibilities of the IT Standards Governance Council of the Nigerian Financial Services Industry.

2. Mandate

- i. The mandate of the IT Standards Governance Council is to drive the adoption, implementation and compliance to Industry IT standards in the Nigerian Financial Services Industry.
- ii. The IT Standards Council will report to the Bankers' Committee Subcommittee on Shared Services on a periodic basis on the status and compliance of the Financial Services industry to approved IT standards

3. Functions and Responsibilities

- i. The functions and responsibilities of the IT Standards Governance Council shall include but not limited to the following:
 - o Promote IT Standards for Nigeria's Financial Services Industry
 - o Set strategic direction on IT Standards for the Industry.
 - o Determine the IT Standards to be implemented across the Industry.
 - o Review and update of Industry IT Standards
 - o Monitor compliance to IT Standards and determine response for deviations



Nigerian Financial Services Industry IT Standards Governance Council Terms of Reference

IT Standards Governance Council

IT Standards Council Terms of Reference

4. Guiding Principles

- i. The activities of the IT Standards Governance Council are expected to be guided by the following principles:
 - o Standards must be internationally acknowledged standards or a local variant
 - o All Financial Services organizations and external IT service providers / operators shall be required to comply with IT standards,
 - o Governance Council to oversee IT standards adoption, implementation and management within the industry,
 - o Governance Council reports periodically to the Bankers' Committee on status and compliance with approved standards,
 - o Membership of the IT Standards Governance Council includes nominees of Deposit Money Banks and the Central Bank of Nigeria,
 - o Independent assessment of Banks' internal processes and test controls will be the basis of determining compliance,
 - o Periodic audits will be carried out annually on banks' processes and controls to ensure compliance.

5. Council Composition

- i. Membership to the IT Standards Governance Council comprises of nominees of:
 - o 7 Nos. Deposit Money Banks
 - o Central Bank of Nigeria (CBN)



Nigerian Financial Services Industry IT Standards Governance Council Terms of Reference

IT Standards Governance Council

IT Standards Council Terms of Reference

- ii. CBN has the sole prerogative to nominate the Banks that will be on the IT Standards Governance Council to ensure that there is an even representation of the industry on the council.
- iii. Selected Banks to the Council will nominate suitably experienced representatives to sit on the Council on their behalf for a term of 2 years which can be renewed. The experienced Bank nominee must meet the following requirements to be nominated to the Council:
 - o Minimum of ten (10) years' experience in Information Technology (IT),
 - o Good knowledge of the Financial Services industry, IT Standards and compliance implications.
- iv. At the end of the 2-year term, there will be a partial refresh of the Banks on the IT Standards Governance Council to enable other Banks participate on the Governance Council. This partial refresh will affect only 50% of the Banks on the Council (about 4 Banks).
- v. The Central Bank nominees to the Council will include:
 - o Head, Shared Services Department
 - o Head, Banking and Payment Systems Department
 - o Head, IT Department.
- vi. The chairman of the IT Standards Governance Council may be appointed by the Central Bank or elected by Council members.

6. IT Standards Governance Council Sub Committees

- i. The IT Standards Governance Council will be supported by (2) working committees namely:
 - o Compliance Management Committee



Nigerian Financial Services Industry IT Standards Governance Council Terms of Reference

IT Standards Governance Council

IT Standards Council Terms of Reference

- o Standards Review Committee

- ii. The Compliance Management Committee is made up of nominees from the Central Bank Shared Services Department and Banking Supervision and will be responsible for the following:
 - o Notify banks of planned audit assessment / communicate audit schedules
 - o Engage qualified independent auditors to carry out compliance audits
 - o Conduct the audit and assess controls, systems and processes
 - o Set and agree frequency of audits with industry stakeholders
 - o Report defaulters to the Council for appropriate decisions

- iii. The Standards Review Committee is made up of 3 Banks from the IT Standards Governance Council and the Central Bank Shared Services Department and IT Department and will be responsible for the following:
 - o Carry out maturity assessment of the banking Industry to determine current status/rating of banks with respect to defined IT industry standards.
 - o Review global trends in IT standards within the FS industry and identify gaps with local industry
 - o Recommend updates, changes to IT standards to the Council
 - o Engage qualified independent consultants to carry out the periodic IT Standards reviews for the industry



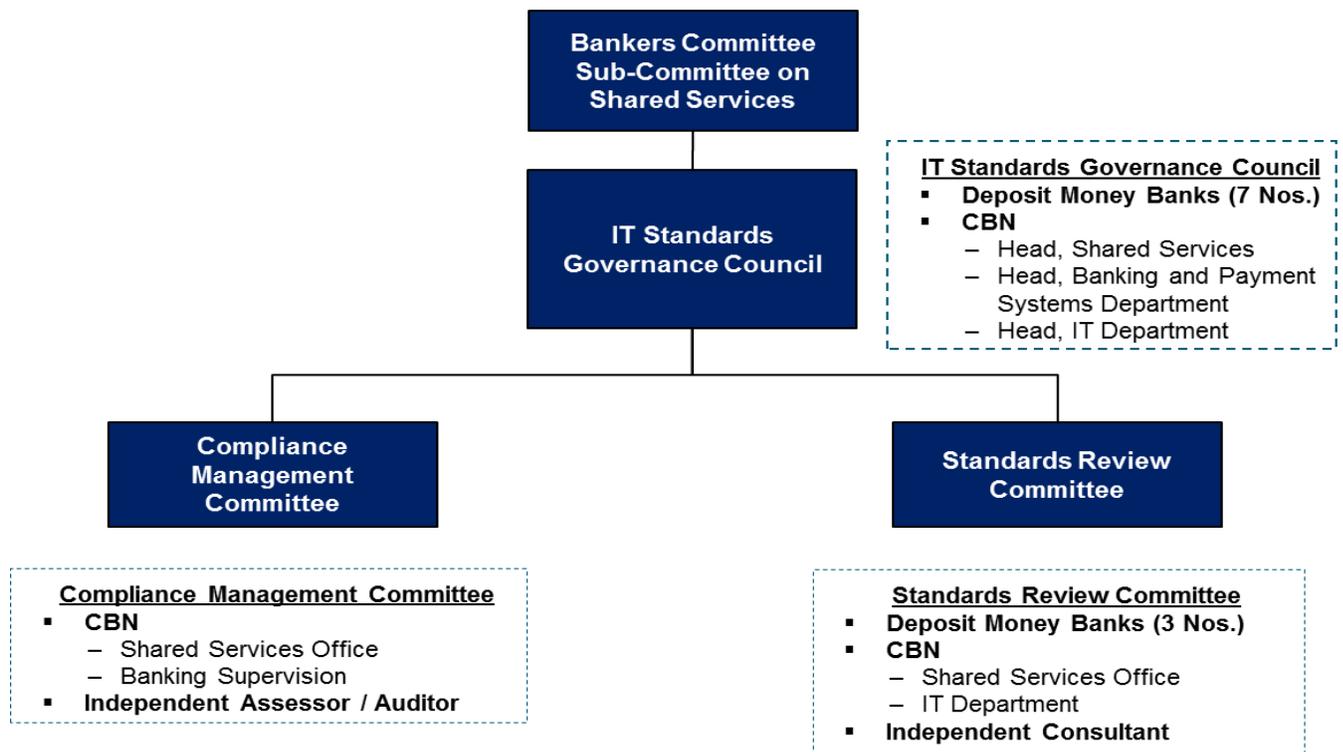
Nigerian Financial Services Industry IT Standards Governance Council Terms of Reference

IT Standards Governance Council

IT Standards Council Terms of Reference

- iv. Membership of the IT Standards Review subcommittee will be changed every 2 years after the re-constitution of a new IT Standards Governance Council.
- v. Nominations to the subcommittees will be handled at the subcommittee level by the Council members whose Banks have been nominated to the IT Standards Review subcommittee.
- vi. The Council can also setup ad-hoc committees on a need basis that will be responsible for specific mandates not covered by the Standing subcommittees

The IT Standards Governance Council is depicted in the picture below:





Nigerian Financial Services Industry IT Standards Governance Council Terms of Reference

IT Standards Governance Council

IT Standards Council Terms of Reference

7. Reporting and Accountability

- i. The IT Standards Governance Council will report to the Bankers' Committee Sub-Committee on Shared Services periodically as would be agreed between the Chairman of the Bankers' Committee Subcommittee on shared services and the IT Standards Council Chairman.
- ii. The subcommittees of the IT Standards Governance Council will only report to the IT Standards Council.
- iii. The secretariat of the IT Standards Governance Council will be hosted by the chairman of the IT Standards Governance Council.

8. Activities and Meetings of the IT Standards Council

- i. IT Standards Council meeting will be held once every two months for the first year and for subsequent years a new timetable may be scheduled as agreed by council members and communicated to all.
- ii. For the first year, a minimum attendance of 4 statutory meetings out of 6 in a year is required for all Council members. The remaining 2 statutory meetings in the year can be attended by their delegates.
- iii. The subcommittee will also fix meetings on an agreed schedule by the different parties in the subcommittees. The Standards review and audit of the Banks will be done annually through an independent party.

9. Quorum

- i. A Two-thirds (minimum of 5 members of the Council namely CBN and 4 Deposit Money Banks) will be required to form a quorum on both the Council and its subcommittees.



Nigerian Financial Services Industry IT Standards Governance Council Terms of Reference

IT Standards Governance Council

IT Standards Council Terms of Reference

- ii. The 3 nominations from CBN to the Council will count as 1 for the purpose of determining a quorum during meetings.
- iii. Council must arrive at a consensus on all key decisions before these decisions are presented or communicated to the Bankers' Committee. The decisions or consensus must be made by two-thirds (2/3) or a Quorum of the Council for it to be valid or binding