



## CENTRAL BANK OF NIGERIA

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**BANKING AND PAYMENTS SYSTEM DEPARTMENT**  
BPS/DIR/GEN/CIR/03/006

August 30, 2016

To: All Payments Solution Service Providers, Switches and Banks

### **CIRCULAR ON THE PREVENTION OF EXPOSURES TO BANKS THROUGH PAYMENTS SOLUTIONS**

The Bank has observed the growing exposure of banks on payments solution service providers' platform, due to operational failures.

In furtherance of its responsibility for effective oversight of the payments system, and the need to address the issue, the Bank hereby direct as follows:

1. All Banks and Payments Solution Service Providers, for the purposes of payments under the Guidelines on Electronic Payments of Salaries, Pensions, Suppliers and Taxes in Nigeria, should give values to customers after settlement, at T+1. Exceptions that would necessitate instant value to customers are:
  - a. Where the paying organisations and/or sending banks pledge collateral against their transactions, for which they require instant value to customers;
  - b. The Payments Solution Service Provider's Scheme operates a scheme collateral arrangement, which is adequate to offset irrecoverable exposures. In the event of any shortfall of such collateral arrangement, the shortfall shall be borne by the Payments Solution Service Provider.
2. All Payments Solution Service Providers should ensure implementation of adequate system exceptions monitoring tools, including alerts, to aid banks in detecting anomalies that could lead to exposures.
3. All Payments Solution Service Providers shall jointly determine with participating banks, ICT resource capacity planning for banks' transaction levels. In addition, banks and PSSPs shall ensure that their systems are not overstretched by the level of transactions being supported, by providing necessary headroom for all critical ICT resource used in facilitating payments services.

  
Dipo Fatokun

**Director, Banking and Payments System Department**