

## **BANKING UPDATES: RECENT LANDMARK REGULATIONS, LEGISLATION AND CASE LAW AFFECTING THE BANKING AND FINANCE SECTORS**

This newsletter contains a review of:

- The Central Bank Of Nigeria's ("CBN's") exposure draft Framework for Licensing, Regulation, and Supervision of Private Asset Management Companies in Nigeria (the "**Draft PAMC Framework**");
- The CBN exposure draft Framework for Bank Verification Number ("**BNV**") Operations and Watch-List for the Nigerian Financial System (the "**Draft BNV Operations Framework**");
- The CBN circular on unutilized Foreign Exchange ("**FX**") returned to the CBN for the Secondary Market Intervention Sales ("**SMIS**") wholesale and retail interventions;
- The CBN circular on statements of payment finality for the Nigerian payments schemes; and
- The CBN circular on introduction of the Nigeria Customs Service electronic auction platform.

### **EXPOSURE DRAFT FRAMEWORK FOR LICENSING, REGULATION, AND SUPERVISION OF PRIVATE ASSET MANAGEMENT COMPANIES IN NIGERIA**

Following the decline in international commodity prices with its consequent impact on risk assets in the industry, the CBN has sought to widen the space for the management of non-performing loans through the establishment of Private Asset Management Companies ("**PAMCs**"). The CBN has therefore issued the Draft PAMC Framework vide its circular dated June 14, 2017 and referenced (**REF: FPR/DIR/GEN/CIR/06/021**) to banks and other financial institutions ("**OFIs**") setting out draft rules and procedures for the establishment and operations of PAMCs in Nigeria.<sup>2</sup> PAMCs will complement the role being played by the Asset Management Corporation (AMCON) in the management of non-performing assets of the industry.

Some of the key provisions of the Draft PAMC Framework are as follows:

#### **Objectives of the Draft PAMC Framework**

The objectives of the Draft PAMC Framework include: (i) assisting the regulatory authorities in promoting soundness and stability of the Financial System; (ii) creating a vehicle to acquire eligible assets<sup>3</sup> of banks,

<sup>1</sup> Please note that the period under review is June and July 2017.

<sup>2</sup> Banks and other financial institutions were required to send their comments on the Draft PMAC Framework by July 5, 2017 at the latest.

<sup>3</sup> Eligible assets include collateralized or secured non-performing loans of eligible financial institutions which are substandard, doubtful and lost, unsecured non-performing loans of eligible financial institutions which are substandard, doubtful and lost, loans owed to an eligible financial institution whose licence has been revoked, assets acquired by an eligible financial institution in the course of the satisfaction of any debt owed to such eligible financial institution and any loan which poses significant risk to an eligible financial institution.



OFIs, and banks in-liquidation; (iii) creating an alternative source of liquidity for banks and OFIs; and (iv) to minimize the systematic consequences of delinquent assets on banks and OFIs.

### **Features of PAMCs**

The Draft PAMC Framework defines a PAMC as a privately owned institution licensed by the CBN as an OFI to acquire, manage, restructure and dispose of eligible assets of banks, OFIs, and banks in liquidation. Importantly, the PAMC will be required to possess the following features:

- a) be an independent legal entity with a primary focus on the purchase, management, and disposal of eligible assets of banks and OFIs;
- b) be a privately owned limited liability company incorporated in Nigeria under the Companies and Allied Matters Act CAP C20 Laws of the Federation (LFN) 2010 (CAMA);
- c) have 'Asset Management Company' as part of its name and object clause; and
- d) have well-defined processes for the acquisition, control, management, marketing and disposal of eligible assets.

### **Permissible Activities**

Licensed PAMCs may, *inter alia*, engage in the following activities:

- a) acquire eligible assets of banks and OFIs;
- b) hold, manage, realize and dispose of eligible assets acquired from banks and OFIs;
- c) hold, manage, realize and dispose of underlying collaterals associated with the eligible assets acquired from banks, OFIs and/or the Nigeria Deposit Insurance Corporation ("**NDIC**");
- d) acquire performing loans of banks and OFIs, undertake debt factoring and subject to approval by the Securities and Exchange Commission ("**SEC**") engage in assets securitizations;
- e) purchase or sell other receivables of banks and OFIs;
- f) provide consultancy and advisory services to banks and OFIs for the purpose of restructuring receivables and other assets, including sale of assets to third parties;
- g) issue or invest in securities subject to regulatory approvals; and
- h) sell and purchase eligible assets from other PAMCs.

### **Prohibited Activities**

A licensed PAMC will, *inter alia*, not be permitted to engage in the following activities:



- a) provision of credit to customers;
- b) acceptance of deposits from customers;
- c) provision of guarantee(s) for loans;
- d) obtaining loans from banks and other OFIs in Nigeria;
- e) issuance of securities to banks and OFIs in Nigeria;
- f) provision of fund management services to third parties; and
- g) 'sale and buy-back' of eligible assets with banks and OFIs.

### **Transparent and Realistic Asset Pricing**

The pricing and transfer of assets is required to be transparent, reasonable and at arms-length. In addition, accounting entries for the transactions must fully comply with relevant accounting standards, principles, and guidelines.

### **Creation of Security Interests**

PAMCs will be required to enter into security agreements with the bank or OFI it intends to purchase the eligible assets from. The security agreement will be effective and create a security interest as between the parties according to its terms.

### **Licensing Requirements for PAMCs in Nigeria**

Pursuant to the Draft PAMC Framework, no person or group of persons shall operate a PAMC in Nigeria unless licensed to do so by the CBN. A promoter seeking to obtain a licence must obtain the approval in principle ("AIP") and not later than six (6) months after obtaining the AIP submit an application for the grant of a final licence.

#### **a) Requirements for Grant of AIP**

A promoter shall apply in writing to the CBN for the grant of an AIP. Below are some of the relevant documents to be submitted:

- a non-refundable application fee of N500,000 (Five Hundred Thousand Naira) payable to the CBN;
- evidence of a deposit of the specified minimum paid-up capital requirement of N10,000,000,000 (Ten Billion Naira only) into the designated account with CBN;<sup>4</sup>
- detailed business plan or feasibility study;<sup>5</sup>
- details of the proposed sources of equity contribution from each investor;<sup>6</sup>

<sup>4</sup> The amount shall be refunded to the PAMC with the accrued interest upon grant of a final licence

<sup>5</sup> This business plan or feasibility study shall include the objectives of the PAMC, the need for the services of the PAMC, supported with a detailed market survey, ownership structure in tabular format, five year financial projection for the operation of the PAMC and proposed Information and Communication Technology (ICT) infrastructure.

- board and committee charters stating the roles and responsibilities of the board and its sub-committees;
- proposed PAMC's name reservation with Corporate Affairs Commission ("**CAC**");<sup>7</sup>
- draft copy of the Memorandum and Articles of Association;
- shareholders agreement providing for disposal/transfer of shares; and
- statement of intent to invest in the PAMC; and
- Bank Verification Number, clear means of identification and current tax clearance certificates of the proposed shareholders/directors

**b) Requirements for Grant of Final Licence**

The promoter upon meeting the conditions in the AIP shall submit an application for grant of final licence . Below are some of the documents to be accompanied with the application:

- a non-refundable licensing fee of N2,000,000 (Two Million Naira) payable to the CBN;
- evidence of deposits made by each shareholder; and
- Certified True Copy ("**CTC**") of Certificate of Incorporation of the PAMC together with CTC's of CAC company registration forms.

**c) Terms of Licence**

The licence granted by the CBN shall be for an indefinite period and shall not be transferrable. The CBN may impose such further conditions on a PAMC's licence, vary or review same at any time, as it may deem fit in accordance with s.5 (1) of the Banks and Other Financial Institution Act Cap B3, LFN 2010 ("**BOFIA**"). The licence will however automatically expire if a PAMC fails to commence business after six (6) months from the date of issuance of the licence or such other period as the CBN may specify.

**d) Requirements for pre-commencement and post commencement of operations**

A PAMC shall submit a letter to the CBN of its readiness to commence operation, accompanied with a copy of shareholders' register, opening statement of affairs signed by its directors and auditors and minutes of pre-commencement board meeting.

<sup>6</sup> Please note that where a loan is obtained to finance the equity, such loan must be long-term (at least of 7 –year tenor) and must not be taken from the Nigerian banking system and/or foreign subsidiaries of Nigerian banks.

<sup>7</sup> No PAMC shall be registered or incorporated with a name which includes the words "Central", "Federal", "Federation", "National", "Nigeria", "Reserve", "State", "Christian", "Islamic", "Moslem", "Quranic" or "Biblical".



Upon the commencement of operations, PAMC's must maintain adequate accounting systems and records, ensure sustenance of an unimpaired minimum share capital, ensure on-going compliance with all other requirements incidental to the authorization granted, and render returns of its activities to the CBN.

e) **Ownership and Board Composition of a PAMC**

Interested individuals or entities (including foreigners) are at liberty to invest in a PAMC subject to CBN approval. Importantly, Nigerian banks, financial holding companies, OFIs, and their subsidiaries are precluded from investing in PAMCs.

The maximum number of directors (including executive directors) on the board of a PAMC shall be seven (7), while the minimum number shall be five (5), at least one of which shall be an independent director. The number of non-executive directors shall exceed the number of executive directors and no individual shall serve on the board of more than one (1) PAMC at a time. It should be noted that no board member or officer of a Nigerian bank, financial holding company and their subsidiaries shall serve on the board of a PAMC.

f) **Corporate Governance**

PAMCs will be required to comply with good corporate governance practice. In this regard, a PAMC shall be required to develop an Enterprise Risk Management (“**ERM**”) framework which will serve as a guide in the identification, measurement, monitoring and control of risks. The ERM framework would need to be approved by the Board of Directors and cover the different forms of risk<sup>8</sup> to which a PAMC may be exposed. Furthermore, a PAMC shall have in place an internal control framework which should at a minimum cover control environment, risk assessment, control activities, information and communication and monitoring. PAMCs will also be required to include as part of their audited annual financial statements a statement on the effectiveness of the internal control signed off by the board of directors and a report by its external auditors attesting to the existence, adequacy and effectiveness or otherwise of the internal control system.

g) **Dissolution, Liquidation, and Revocation of Licence**

In connection with the dissolution and liquidation of a PAMC, a PAMC that is desirous of winding up its affairs shall notify the CBN in writing accompanied with the following documents: (i) a copy of the minutes of the shareholders' meeting in which the resolution to dissolve the PAMC was passed; (ii) financial statements as at the date of the resolution and a report from its external auditor; (iii) a sworn statement from the chief executive officer specifying outstanding obligations (if any); (iv) and a sworn declaration of how it intends to extinguish the outstanding obligations. The CBN shall on receipt of notice of dissolution conduct an investigation and if satisfied, withdraw the licence of the PAMC.

PAMCs that fail to meet the terms of their licence and conditions for operation shall be granted a period of three (3) months to address regulatory concerns. However, without prejudice to the powers

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<sup>8</sup> Such risks include: Liquidity, Credit, Operational, Market, Legal and Compliance Risks



of the CBN Governor to revoke the licence of OFIs under the BOFIA, the CBN Governor may revoke the licence granted to a PAMC on any or all of the following grounds:

- a) failure to address regulatory concerns within the stipulated time frame;
- b) submission of false information during and or after the process of the application for the licence;
- c) engaging in activities outside the scope of its licence;
- d) failure to comply with the requirements of the framework or the directives of the CBN;
- e) failure to render returns in the prescribed manner;
- f) unauthorized cessation of operations for a continuous period of three (3) months or any period aggregating three months during a continuous period of twelve (12) months;
- g) liquidation, winding-up or dissolution of the PAMC; and
- h) any other act(s) which in the opinion of the CBN constitutes a valid ground for revocation of the licence.

## **EXPOSURE DRAFT FRAMEWORK FOR BANK VERIFICATION NUMBER (“BVN”) OPERATIONS AND WATCH-LIST FOR THE NIGERIAN FINANCIAL SYSTEM**

The CBN, in collaboration with the Bankers Committee, had embarked upon the deployment of a centralized bank verification system, which was launched in February 2014, as part of the overall strategy to ensure effectiveness of Know Your Customer (“KYC”) principles; and promote safe, reliable and efficient payment systems. Under the bank verification system, each customer of a Nigerian bank is assigned a unique identity, the BVN, which enables one to identify certain physical characteristics of an account holder, including fingerprints and facial recognition. Against this background, the CBN vide its Circular of July 3, 2017 (**REF: BPS/DIR/GEN/CIR/04/005**) released the exposure draft on the Regulatory Framework for BVN Operations and Watch-List for Nigerian Financial System (the “**Draft BVN Operations and Financial System Watch-List Framework**”).

The Circular which was directed to all Deposit Money Banks (“DMBs”), Switches, Money Operators and Payment Terminal Service Providers requires that the Draft BVN Operations and Financial System Watch-List Framework be reviewed by these stakeholders and comments thereon be forwarded to the Director, Banking & Payment System Department.<sup>9</sup> The Draft BVN Operations and Financial System Watch-List Framework covers two (2) broad areas: (a) the proposed framework for BVN Operations (the “**Draft BVN Operations Framework**”); and (b) the proposed watch-list framework for the Nigerian financial system (the “**Draft Financial System Watch-List Framework**”). While the Draft BVN Operations Framework governs the standard operating guidelines which prescribe the roles of participants in BVN operations and the procedures for collecting, updating, using of identification data from bank customers, the Draft Financial System Watch-

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<sup>9</sup> We note that DMBs and other operators were required to forward the comments on or before July 14, 2017.



List Framework establishes a watch-list that contains a database of bank customers identified by their BVNs, who have been involved in confirmed fraudulent activities in the banking industry in Nigeria (the “**Watch-List**”).

### **The Draft BVN Operations Framework**

Some of the key provisions of the Draft BVN Operations are set out below:

#### *Participants in BVN Operations and their Respective Roles*

The Draft BVN Operations Framework identifies five (5) groups of participants in the BVN operations in Nigeria, that is: (i) the CBN, (ii) the Nigeria Inter-Bank Settlement System (“**NIBSS**”), (iii) the DMBs, (iv) OFIs; and (v) the Bank Customers. These participants are *inter alia* charged with the following responsibilities:

- (i) **CBN**: In addition to its general oversight over NIBSS, the DMBs, and OFIs, the CBN is responsible for the approval of a regulatory framework and standard operating procedures for BVN operations. It is also to approve eligible users for access to the BVN database.
- (ii) **NIBSS**: The NIBSS is required to initiate review of the standard operating guidelines for the BVN system in collaboration with other stakeholders, subject to the approval of the CBN. It is also saddled with the responsibility of maintaining the BVN database, ensuring security of BVN information, and managing approved users’ access to the BVN database. Furthermore, the NIBSS is required to render quarterly reports of customers on the Watch-List to CBN, DMBs, and OFIs and ensure that recourse is made to CBN on any request for BVN information by any party.
- (iii) **DMBs and OFIs**: The DMBs and OFIs are to ensure proper capturing of BVN data, validate same, and ensure that all operated accounts are linked to the relevant owner’s BVN. In this regard, the Draft BVN Operations Framework notes the BVN process and procedure as involving enrollment, identification, verification, offline authentication,<sup>10</sup> fraud management, customer information update,<sup>11</sup> linking of related bank accounts, and credit checks.<sup>12</sup> DMBs and OFIs are also required to report all suspicious BVNs to NIBSS so that the central Watch-List database may be updated.
- (iv) **Bank Customers**: Essentially, customers are required to comply with the regulatory framework and standard guidelines on BVN operations and the Watch-List for the Nigerian financial system

#### *Access to BVN Database*

The following organizations/institutions may be allowed access to the BVN database for information, subject to CBN approval: (i) DMBs and merchant banks; (ii) OFIs; (iii) national law enforcement agencies; (iv) other regulatory agencies; and (v) other agencies as may be approved by the CBN.

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<sup>10</sup> Offline verification will use fingerprints presented on card readers with offline capabilities to authenticate the customer by comparing the fingerprint or the facial geometry with the data stored on the e-identity card.

<sup>11</sup> This is the process by which the customer updates his/her information on the central identity database.

<sup>12</sup> This process involves evaluating an applicant’s loan request in order to determine that the borrower will fulfil his/her obligation using data obtained from credit bureaus.



It should be noted that charges are payable for accessing information from the database subject to an approval of the CBN. Such charges shall be determined from time to time by the CBN.

#### *Age Limit*

The minimum age limit for obtaining a BVN will be eighteen (18) years. However, banks operating accounts for undergraduates or minors under the age of eighteen (18) may obtain information or data to issue a BVN to this category of account holders. Such banks must ensure compliance with the legal requirements for obtaining such information or data.

#### *Security and Data Protection*

Participants in BVN operations in Nigeria are required to put in place secured hardware, software and encryption of messages transmitted through the BVN network. BVN data shall be stored in Nigeria and shall not be routed across borders without the consent of the CBN. Participants shall also ensure that all information that its employees obtain in the course of the discharge of their responsibility are classified as confidential.

#### **Draft Financial System Watch-List Framework**

The Draft Financial System Watch-list Framework outlines the process and operations of the Watch-List and aims to guide financial institutions in their operations. Some of its key provisions are as follows:

#### *Fraud categories*

Reporting institutions are required to adopt the table below to classify fraudulent activities:

S/N	Description	Category	Amount
1.	Forgery, compromise, complicity, fraudulent duplicate enrolment. Any fraudulent infraction without a monetary amount involved.	0	0
2.	Confirmed successful and unsuccessful fraud attempts within the amount range.	1	₦1 – ₦250,000.00
3.	Confirmed successful and unsuccessful fraud attempts within the amount range.	2	₦250,001.00- ₦1,000,000.00
4.	Confirmed successful and unsuccessful fraud attempts within the amount range.	3	₦1,000,001.00- ₦50,000,000.00
5.	Confirmed successful and unsuccessful fraud attempts within the amount range.	4	₦50,000,001.00 and above
6.	Re-introduction of the individual earlier delisted from the Watch-List.	5	Enlisting of individual earlier on the list or delisted.
7.	Individual committed fraud and is at large.	6	Wanted fraudulent individual.

#### *Stakeholders and their Roles*





- (i) **CBN** – the CBN will issue circulars to regulated institutions on the operations of the Watch-List; review the framework for the operations of the Watch-List as the need arises; apply appropriate sanctions for non-compliance with the framework.
- (ii) **Banks and OFIs** – banks and OFIs will render returns to NIBSS for enlisting individuals involved in confirmed fraudulent activities;<sup>13</sup> render monthly returns (in the prescribed format) of all customers recommended for inclusion in the Watch-List to the Director, Banking Supervision Department, not later than the 5th day after the month end; a “Nil” report is to be rendered in the event that no customer was recommended for Watch-List inclusion within the month; and delist individuals from the Watch-List after due clearance. **Importantly banks will be required to update the terms and conditions of their account opening package with the following clause for new accounts and communicate the update to existing customers: “If a fraudulent activity is associated with the operation of your account, you agree that we have the right to apply restrictions to your account and report to appropriate law enforcement agencies”.**
- (iii) **NIBSS** – will maintain and update the Watch-List; provide banks and OFIs with a portal for the verification of watch-listed individuals in their respective categories indicating the categories of fraud; and put in place a service level agreement with relevant stakeholders.
- (iv) **Committee of Chief Audit Executives (CAEs)** – will be required to review cases referred to it before issuance of a formal clearance to an individual for the purpose of delisting from the Watch-List; CAEs will also mediate on issues arising from the BVN Watch-List.
- (v) **Customers** – will be required to report on all suspicious or unauthorised activities in their accounts upon discovery.

#### *Delisting from the Watch-List*

All aggrieved individuals named in the Watch-List will be required to obtain formal request for delisting from their banks. It should be noted that only a bank that placed an individual on the Watch-List can request for delisting.

#### *Sanctions and Penalties*

Appropriate penalties shall apply to any bank that fails to enlist individuals confirmed to be involved in fraudulent activity. A bank has the option to continue or establish business relationships with individuals on the Watch-List. However, where a bank chooses to continue business relationship with holders of account on the Watch-List, the account holder shall be prohibited from all e-channels (inward and outward) and non-personal transactions (such as ATM, POS, Internet Banking, Mobile Banking), including issuance of third-party cheques. A watch-listed customer shall not reference accounts, neither access nor guarantee credit facilities.

Furthermore, where a bank establishes or continues banking relationship with watch-listed individual(s), such bank shall be liable for any loss suffered by any other party. It should also be noted that a watch-listed

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<sup>13</sup> Where a bank needs to watch-list a customer of another bank, the Chief Audit Executive of the customer’s bank shall be notified.



individual shall remain in the Watch-List for a period of ten (10) years and in the event of a reoccurrence, the tenure shall begin to count from year one.

#### *Delisting Options*

Where a bank receives a clearance certificate from the CAEs to delist a watch-listed individual, a report shall be forwarded to NIBSS accordingly. Also, where a bank realizes that an individual was placed on the watch-list in error, the bank shall immediately notify NIBSS in writing. NIBSS shall effect the delisting within one (1) business day of receiving the letter; and a written apology shall be forwarded to such individual.

### **UNUTILIZED FX RETURNED TO THE CBN FOR THE SMIS WHOLESALE AND RETAIL INTERVENTIONS**

In a bid to address the current challenges in returning Naira to DMBs for unutilized FX and to improve on the current settlement processes, the CBN issued a circular dated June 23, 2017 and referenced (**REF: BPS/FPO/DIR/GEN/CIR/01/099**) requiring DMBs to batch all unutilized FX returned to CBN per session/auction, effective June 26, 2017. In other words, where FX was purchased from CBN from a particular session, all unutilized portions of the session should be batched and forwarded to the CBN for settlement on a weekly basis.

The circular further directs that all inflows from the proceeds of International Money Transfer Operators (IMTO) are to be batched and forwarded to CBN for settlement on a weekly basis.

### **CBN ISSUES CIRCULAR TO ALL AUTHORIZED DEALERS AND THE GENERAL PUBLIC ON THE INTRODUCTION OF THE NIGERIA CUSTOMS SERVICE ELECTRONIC AUCTION (e-AUCTION) PLATFORM**

The CBN has issued a circular dated July 24, 2017 and referenced (**REF: TED/FEM/FPC/GEN/01/010**) informing Authorised Dealers and the general public that the Nigerian Customs Service (NCS) has deployed an electronic auction platform tagged "NCS eAuction". Essentially, the NCS eAuction is a platform wherein seized or abandoned items will be auctioned.<sup>14</sup> The objective of the platform is to improve efficiency, transparency and revenue to the government on seized and overtime/abandoned cargoes.

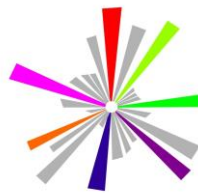
Authorised Dealers are required to integrate the NCS eAuction platform for the recharging of e-Wallet and subsequent payment of the required fees for winning bids.

### **CBN ISSUES CIRCULAR TO ALL DEPOSIT MONEY BANKS AND OTHER PAYMENTS SYSTEM PARTICIPANTS ON STATEMENTS OF PAYMENT FINALITY FOR NIGERIAN PAYMENTS SCHEMES**

In line with the objective of ensuring that the electronic payments infrastructure is nationally utilized and internationally recognised, the CBN has issued a circular on the statements of payment finality for the Nigerian payments schemes (RTGS,<sup>15</sup> Card, Mobile and ACH,<sup>16</sup> Cheque & Instant Payments) dated July 10,

<sup>14</sup> We understand that the platform is linked to designated banks to ensure that the funds accruing from the auction gets to the Central bank of Nigeria Treasury Single Account.

<sup>15</sup> This refers to Real Time Gross Settlement. It is basically an electronic form of funds transfer where the transmission takes place on a real time basis.



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2017 and referenced (**REF: BPS/PSV/DIR/GEN/CIR/01/001**). Payment finality refers to the specific point at which payments are deemed to be final and irrevocable, that is, when such payments cannot be unwound.

Importantly, the CBN notes in the circular that the definition of payment finality for each payment scheme is without prejudice to the dispute resolution mechanism, in accordance with the rules and regulations governing the respective schemes. In addition, the statements and operational implications will be incorporated into the respective scheme’s rules.

Below is a list of the payment schemes and the respective points of payment finality for various types of transfer.

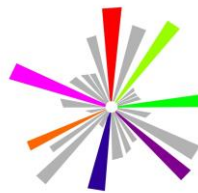
**RTGS PAYMENTS SCHEME**

VARIOUS TYPES OF TRANSFER	POINT OF PAYMENT FINALITY
Inter-Bank Funds Transfer/Third-Party (Customer) Funds Transfer/Net Settlement.	Payment/settlement is final and cannot be revoked at the point when the sending bank’s account is debited and the receiving bank’s account is credited. In respect of net settlement, payment finality occurs at the point when the accounts of banks are debited/credited.

**MOBILE PAYMENTS SCHEME**

TRANSACTION WITHIN THE MOBILE PAYMENTS SCHEME	POINT OF PAYMENT FINALITY
Mobile Money Operator (MMO) to MMO/ Bank Transactions	At the point when the switch successfully transmits the authorization message from the sending MMO to the beneficiary MMO/Bank.
International Remittance to MMO	At the point when the MMO system credits the customer’s wallet.
Over the Counter/Walk-in Transactions	When NIBSS confirms and processes the transaction and sends notification to both the sending and beneficiary MMOs.
Online Payments	A confirmation message from the switch to the beneficiary bank confers finality of transaction

<sup>16</sup> This refers to Automated Clearing House and is an electronic funds-transfer system which is run by NIBSS.



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**ACH, CHEQUE & INSTANT PAYMENTS SCHEME**

VARIOUS TYPES OF TRANSACTIONS	POINT OF PAYMENT FINALITY EVIDENCE	POINT OF PAYMENT FINALITY
Cheque and ACH Debit	Payment finality occurs at 10pm on day T+1 for all cleared instruments	Clearing Session Closes
ACH Credit	Payment finality occurs when receiving bank credits beneficiary's account	Clearing Season Closes
Instant Payment	Payment is considered final and irrevocable when presenting bank communicates transaction status to the customer who initiated the transfer/payment request	At the point when Internet Protocol Switch sends authorization response to presenting bank.

**CARD PAYMENTS SCHEME**

TRANSACTION WITHIN THE CARD SCHEME	POINT OF PAYMENT FINALITY
P.O.S Purchases, Electronic Bill Payments (and other card present transactions)	Payment is considered final and irrevocable when the issuer authorizes the transaction. At this point, the transaction cannot be unwound and settlement must occur.

