



January 2018 Edition<sup>1</sup>

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

### **SANCTIONS ON ERRING BANKS/E-PAYMENT SERVICE PROVIDERS FOR INFRACTIONS OF PAYMENT SYSTEM RULES AND REGULATIONS**

The Central Bank of Nigeria (the “**CBN**”) pursuant to a circular dated January 4, 2018 (referenced **BPS/DIR/GEN/CIR/05/001**)<sup>2</sup> and addressed to all deposit money banks, mobile money operators, switches and other payment system service providers, stated that all operators in the National Payments System (the “**Market Players**”) would be sanctioned with a penalty of ₦10,000 (Ten Thousand Naira) per day, for as long as any of the following Infractions subsist:

- a) failure to apply for the renewal of an operating license three (3) months before the expiration date of such license; and
- b) failure to regularise and respond to observations/exceptions noted by the CBN in the course of processing an application for the renewal of an operating license within three (3) weeks.

It should be noted that this circular was issued further to a CBN circular dated July 29, 2015 (and referenced **BPS/DIR/GEN/CIR/02/007**), wherein the CBN listed various infractions and corresponding sanctions in its bid to ensure the efficient operation of clearing and settlement systems.<sup>3</sup> It is also particularly useful to note that the provisions of this circular will become effective from April 1, 2018.

The penalties introduced by this circular are welcome since same will help ensure that Market Players take steps to renew their operating licenses before same expire.

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<sup>1</sup> Please note that the period under review is January 2018.

<sup>2</sup> This circular may be accessed here: [Link1](#)

<sup>3</sup> This circular may be accessed here: [Link2](#)