

FINTECH REGULATORY UPDATE

On December 9, 2020, the Central Bank of Nigeria (“**CBN**”) issued a circular highlighting the New License Categorisations for the Nigerian Payments System (“**License Categorisation Circular**”). In line with the License Categorisation Circular, the CBN, on May 24, 2021, issued another circular (the “**Consolidated Licensing Circular**”) which now consolidates and highlights in detail all the requirements for obtaining relevant licenses by operators within the Nigerian Payments System. We have highlighted below, some of the highlights of the Consolidated Licensing Circular.

1. MINIMUM CAPITAL REQUIREMENTS

LICENSE CATEGORISATION	CAPITAL REQUIREMENTS
Switching and Processing License	N2,000,000,000 (Two Billion Naira)
Mobile Money Operator License	N2,000,000,000 (Two Billion Naira)
Payment Solution Services (“ PSS ”) License (Please note that a PSS license application comprises a PSSP, PTSP and Super-Agent license application)	N250,000,000 (Two Hundred Million Naira)
Payment Terminal Service Provider (“ PTSP ”) License	N100,000,000 (One Hundred Million Naira)
Payment Solution Service Provider (“ PSSP ”) License	N100,000,000 (One Hundred Million Naira)

2. ESCROW REQUIREMENTS

As previously required, the applicant company is required to pay a refundable sum equivalent to the required minimum capital to the CBN’s escrow account. The Consolidated Licensing Circular clarifies that this sum is required to be paid in full and must be made in the name of the company applying for licence (not an individual or related company). Escrowed funds are to be invested in treasury bills, subject to availability of treasury instruments, which would be refunded once the final approval of the CBN is received.

3. BOARD STRUCTURE

As a pre-condition to an application for any of the aforementioned licenses, the applicant company is required to have a board structure, with the minimum of a Chairman, a Chief Executive Officer/Managing Director, one (1) Independent Non-Executive Director and other Director(s). The Consolidated Licensing Circular clearly defines an Independent Non-Executive Director as a member of the Board of Directors who has no direct material relationship with the company or any of its officers, major shareholders, subsidiaries and affiliates nor a relationship which may impair the director’s ability to

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make independent judgments or compromise the director's objectivity in line with corporate governance best practices

4. APPLICATION AND LICENSING FEES

Under the Consolidated Licensing Circular, the proposed license holders are required to pay the following application and licensing fees:

Non-refundable application fee of N100,000 (One Hundred Thousand Naira), payable to the CBN via the Licensing Fees for Payment Products Account No. NGN140230089/ABJ; and

Licensing fee of N1,000,000 (One Million Naira) to be

paid before the issuance of the final licence, if successful.

The Consolidated Licensing Circular may be accessed [here](#). We are available to provide any clarification you may require in this regard.

DISCLAIMER:

This regulatory update is only intended to provide general information on the subject matter and does not by itself create a client/attorney relationship between readers and our Law Firm or serve as legal advice. We are available to provide specialist legal advice on the readers' specific circumstances when they arise.

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