



**PAYMENTS SYSTEM MANAGEMENT DEPARTMENT**  
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**PSM/CIR/GEN/CIR/01/22**

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**To:** Circular to all Payment Service Providers, Banks and Other Financial Institutions.

**NEW LICENCE CATEGORISATIONS FOR THE NIGERIAN PAYMENTS SYSTEM**

The Central Bank of Nigeria (CBN) in line with its commitment to promote a strong and credible payment system has approved new licence categorisations for the payments system.

The new licensing framework, details of which are provided in Appendix 1, offers clarity for new and existing market participants given the significant evolution and innovation in the Nigerian payments system.

All payment service providers and other stakeholders are invited to note the following in this regard:

1. Payments system licensing has been streamlined according to permissible activities in four broad categories:
  - a. Switching and Processing
  - b. Mobile Money Operations (MMOs)
  - c. Payment Solution Services (PSSs)
  - d. Regulatory Sandbox
2. Only MMOs are permitted to hold customer funds. Companies with licences within any of the other categories are not permitted to hold customer funds.



3. Companies seeking to combine activities under the Switching and MMO categories are only permitted to operate under a holding company structure with the subsidiary entities clearly delineated to prevent comingling.
4. Payments System companies in the PSS category may hold any of PSSP, PTSP and Super Agents licence or a combination of the licences thereof.
5. All licensed payment service providers in any of the categories covered by this framework holding or seeking any other CBN issued licences are required to obtain a no-objection from the Payments System Management Department.
6. The object clauses in the Memorandum and Articles of Association of Payment Service Providers shall be limited to the permissible activities under their licensing authorizations.
7. Collaborations between licensed payment companies, banks and other financial institutions in respect of products and services are subject to CBN's prior approval.
8. All new licensing requests including those with Approvals-in-Principle are to comply with the new requirements immediately. Existing licensed payment companies are to comply with the new licensing requirements where applicable not later than end-June 2021.

All payment service providers and stakeholders in the payments system are required to ensure strict compliance with these requirements and all other payments system regulations.

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The CBN will continue to monitor developments in the payments system and issue guidance as may be appropriate.

A handwritten signature in black ink, appearing to read 'Musa I. Jimoh', is positioned above the printed name.

**Musa I. Jimoh**  
**Director, Payments System Management Department**

APPENDIX 1

PAYMENTS SERVICE PROVIDERS LICENSING FRAMEWORK-  
PERMISSIBLE ACTIVITIES AND MINIMUM CAPITAL REQUIREMENT

License category	Permissible Activities	Minimum Capital *
Regulatory Sandbox	As determined in the Sandbox.  The Regulatory Sandbox Category is aimed at stimulating innovation and deepening financial inclusion. To this end, the CBN shall review the products and solutions of applicants (licensed institutions, fintechs, innovators and researchers) during its implementation.	Not Applicable
Payment Solution Services (PSSs)	As permissible under Super Agents, PTSPs and PSSPs	N250 million
Super-Agent	Agent recruitment, management and other activities as specified in the Regulatory Framework for Licensing Super Agents in Nigeria	N50 million
Payment Terminal Service Provider (PTSP)	POS Terminal deployment and services, POS Terminal ownership, PTAD, Merchant/agent training and support	N100 million
Payment Solutions Service Provider (PSSP)	Payment processing gateway and portals, Payment solution/application development, Merchant Service aggregation, and collections.	N100 million
Mobile Money Operation	E-Money issuing, wallet creation and management, pool account management  Activities as permissible under Super-Agent	N2 billion
Switching and Processing	Switching, Card Processing, Transaction clearing and Settlement Agents Services, non-bank acquiring services.  Activities as permissible under Super-Agent, PTSP and PSSP.	N2 billion

\*Licensees will be required to maintain minimum capital equal to the higher of the amount stated in the table above or other capital as determined within the CBN's risk based supervisory framework.

