

# Regulatory Framework & Guidelines on Mobile Money Services (MMS) in Nigeria



## Introduction

The Central Bank of Nigeria (CBN) has released the Framework on Mobile Money Services in Nigeria (the "Framework"). The Framework incorporates an updated version of the previous Guidelines on Mobile Money Services in Nigeria (the old Guidelines). One of the objectives of the Framework is to set the minimum technical and business requirements for the various participants in the MMS ecosystem. The Framework also highlights the obligations and responsibilities of the identified participants.

## Scope of the Guidelines

The participants in the MMS ecosystem are grouped into six major categories:

- Regulators* (CBN and the Nigeria Communications Commission)
- Mobile Money Operators* (Banks and other Corporate Organisations)
- Infrastructure providers* (provide switching, processing and settlement facilities)
- Other Service Providers* (entities with specialised skills and resources to support MMOs)
- Consumers* (end users of mobile money services); and
- Mobile Money Agents* (regulated under the Guidelines on Agent Banking and Agent Banking Relationship in Nigeria).

## Model for implementing MMS

**Bank-led:** Under this model, a bank or a consortium of banks will deliver MMS by leveraging on the mobile payments system.

**Non-bank led:** This model allows a corporate organisation that is licensed by CBN to deliver MMS to customers. Under this model, the Lead Initiator is a corporate organisation [other than a deposit money bank (DMB), a national primary mortgage bank, a national microfinance bank or a telecommunication company subsidiary]

specifically licensed by the CBN to provide MMS in Nigeria. Under the old Guidelines, only DMBs and telcos were excluded from this model.

The telco-led model where the lead initiator is a Mobile Network Operator (MNO) is not operational in Nigeria.

## Permissible Activities for MMOs

- Wallet creation and management
- E-money issuing;
- Agent recruitment and management
- Pool account management
- Non-bank acquiring (as stipulated in the regulatory requirements for non-bank merchant acquiring in Nigeria);
- Card Acquiring; and
- Any other activities that may be permitted by the CBN.

## Mobile Money Scenarios

There are three methods through which mobile money can be undertaken:

- Bank Account (savings, current and domiciliary accounts)
- Card Account (credit, debit and pre-paid)
- Stored Value (e-Wallet) Account (Reloadable Stored Value Account and Pre-paid Account). Highlights of the Store Value scenario includes:
  - an MMO offering a Savings wallet service must operate a Savings Wallet Principal Pool Account and a Savings Wallet Interest Pool Account in a settlement bank with the funds having NDIC protection under the pass-through insurance.
  - funds on saving wallets can only be invested in Nigerian Treasury Bills.
  - fees and charges for the management of the investment must not be more than 10% of interest income on savings wallet funds investment.
  - a Mobile Money savings wallet account holder cannot suffer diminution in the principal sum on his/her wallet as a result of fees or charges.

- DMBs serving as settlement banks are prohibited from offsetting any other transactions of the MMO against the savings wallet principal pool accounts and savings wallets interest pool account.

## Key Compliance Obligations

- Non-Bank MMOs must keep records of transactions for a minimum of seven years.
- Non-Bank MMOs must provide a monthly assessment report to CBN
- An MMO must, at the end of every month (and not later than the 14th day of the next month), submit information in the prescribed format to CBN.
- MMOs must submit their audited annual returns to CBN within the first three months after the year end or 31st of March.

## Takeaway

The Framework provides a more elaborate set of rules/regulations for players in the MMS sector.

The Framework appears to have modified the document retention period under the Companies and Allied Matters Act. Participants are advised to review their processes and compliance framework to ensure they are up to date.

For a deeper discussion, please contact any member of our team below or your usual contact with PwC Nigeria:

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