

Finance Regulatory Updates

December 2025

This month, we review recent regulatory developments and policy updates issued by the Central Bank of Nigeria (the “CBN”) and the Securities and Exchange Commission (the “SEC”) with significant impact on institutions in the financial services sector.

We provide a concise overview of the key updates and their practical implications for stakeholders.

CBN REGULATORY UPDATES

Exposure Draft of the Guidelines for Handling Authorised Push Payment Fraud

1. Definition of APP Fraud

APP fraud includes, but is not limited to the:

- Inducement, coercion, or misleading of customers into authorising payments via WhatsApp, SMS, email, or other communication channels; and
- Facilitation or negligence by financial institutions, such as failure to act on red flags, weak know your customer (KYC) or fraud controls, staff collusion, delayed resolutions, or use of accounts for fraudulent purposes.

2. Governance and Oversight

- The board of financial institutions shall be responsible for governing APP fraud risk management.
- Institutions must formulate and implement an APP fraud policy, subject to review at least once every two (2) years.

3. Risk Management

To promote proactive fraud risk management, financial institutions are required to:

- Implement an Early Warning System (EWS) for timely detection and mitigation of APP fraud;
- Ensure EWS indicators are thoroughly documented;
- Subject flagged accounts to enhanced monitoring and/or restriction pending full investigation;

- Establish a board-approved framework for EWS and red flagging of accounts specifically for APP fraud;
- Maintain a dedicated fraud data analytics unit;
- Promptly examine all EWS alerts and triggers;
- Continuously review and strengthen EWS to enhance effectiveness in monitoring both credit and non-credit transactions; and
- Test the effectiveness of EWS at least semi-annually to ensure ongoing efficacy.

4. Complaints Resolution

To resolve customers complaints the following must be in place:

- Financial institutions must establish reporting mechanisms (hotlines, email, mobile apps, social media, toll-free lines) available twenty-four (24) hours a day, seven (7) days a week ;
- Customers are expected to report APP fraud within twenty-four (24) hours, with an additional forty-eight (48) hour grace period;
- Institutions must acknowledge complaints within twenty-four (24) hours, issue a case reference number, and provide indicative timelines for resolution;
- Investigations must be concluded within fourteen (14) working days, with clear communication of outcomes;
- Vulnerable customers must be treated with a higher duty of care; and
- Failure to meet timelines may attract regulatory sanctions.

5. Reimbursement

The reimbursement mechanisms are as follows:

- Victims of APP fraud are eligible for fair, timely, and transparent reimbursement, subject to investigation outcomes;
- Reimbursement must be made within forty-eight (48) hours of investigation conclusion;
- Where multiple institutions are involved, joint investigations and reimbursement must be completed within sixteen (16) working days;
- Institutions with weak fraud detection controls may be debited for the full exposure amount;

- Eligibility requires prompt reporting, within seventy-two (72) hours, absence of negligence or collusion, and failure of institutions to implement adequate fraud controls; and
- Exclusions apply where customers acted fraudulently, negligently, or failed to report within stipulated timelines without reasonable justification.

6. Consumer Education and Awareness

Institutions must conduct quarterly APP fraud awareness campaigns across multiple media and languages. Customers must be continuously educated on fraud risks, reporting channels, and preventive measures.

7. Dispute resolution at the CBN

Customers dissatisfied with institutional resolution may escalate complaints to the Consumer Protection and Financial Inclusion Department of the CBN, which will resolve disputes under extant consumer protection regulations.

8. Rendition of Returns

Institutions must submit quarterly returns on APP fraud incidents, trends, remedial actions, and evidence of financial literacy outreach. Detailed records of APP fraud incidents must be maintained and made available to the CBN upon request.

9. Sanctions

Non-compliance with the Draft Guidelines constitutes a regulatory breach and attracts monetary and administrative sanctions. Submission of false, misleading, or incomplete information to the CBN will also attract penalties.

Financial institutions must prepare to align their fraud risk management frameworks with these requirements once the Draft Guidelines are finalised. Stakeholders are encouraged to submit comments in softcopy to the email addresses provided by the CBN in the circular not later than 17 December 2025.

Revised Cash-Related Policies

On 2 December 2025, the CBN released a circular to all financial institutions, revising certain case related policies as part of its efforts to moderate the rising cost of cash management, address security concerns, and reduce the potential of money laundering associated with Nigeria's heavy reliance on cash.

The circular became effective 1 January 2026 and provides for the following:

- The cumulative deposit limit of ₦100,000.00 (One Hundred Thousand) and ₦500,000.00 (Five Hundred Thousand) for individuals and corporates respectively will no longer apply. In addition, the tiered penalty for excess deposits will no longer be applicable as cash deposits are now free;
- The cumulative weekly withdrawal limit across all channels is set at ₦500,000 (Five Hundred Thousand Naira) for individuals, and ₦5,000,000.00 (Five Million Naira) for corporates. Withdrawals above the stipulated limits will attract a penalty of three percent (3%) for individuals and five percent (5%) for corporates, on the excess amount. Fees are to be shared on a 60:40 ratio between the CBN and the financial institution;
- The special authorisation for monthly withdrawals of ₦5,000,000.00 (Five Million Naira) for individuals, and ₦10,000,000.00 (Ten Million Naira) for corporates, previously provided under the Naira Redesign Policy circular of 6 December 2022 has been abolished;
- The daily Automated Teller Machine (ATM) withdrawals are capped at ₦100,000.00 (One Hundred Thousand) per customer, subject to a maximum of ₦500,000.00 (Five Hundred Thousand) weekly. These withdrawals form part of the cumulative weekly withdrawal limit.;
- All currency denominations may be loaded in ATMs;
- The over-the-counter encashment limit for third-party cheques remains at ₦100,000.00 (One Hundred Thousand Naira), forming part of the cumulative weekly withdrawal limit;
- Banks must render monthly returns to the relevant supervisory departments covering cash withdrawal transactions above specified limits and cash deposits;
- Deposit Money Banks must create separate accounts to warehouse processing charges collected on excess cash withdrawals; and
- The following accounts/entities are exempted from the application of withdrawal limits and excess withdrawal fees:
 - revenue-generating accounts of federal, state, and local governments; and
 - accounts of microfinance banks and primary mortgage banks with commercial and non-interest banks.

Notably, the exemptions previously granted to embassies, diplomatic missions, and aid-donor agencies have been withdrawn.

Mandatory Dual Connectivity to Payment Terminal Service Aggregators

By a circular dated 11 December 2025, the CBN introduced additional compliance requirements applicable to all Acquirers, Processors, and Payment Terminal Service Providers (PTSPs).

These requirements are issued further to, and in enhancement of the CBN Circular to all Payment Service Providers (PSPs) on connectivity to Payment Terminal Service Aggregators dated 11 September 2024, which aimed at addressing concerns associated with routing all Point-of-Sale (PoS) transactions through a single aggregator.

Key provisions include:

- **Dual Connectivity:** All PoS transaction routing systems must connect to both the Nigeria Inter-Bank Settlement System (NIBSS) and Unified Payment Services Limited (UPSL).
- **Automatic Failover:** Systems must be configured to allow seamless failover during downtime or service disruption.
- **Testing & Validation:** NIBSS and UPSL, in collaboration with regulated financial institutions, will conduct periodic tests to validate redundancy and resilience.
- **Downtime Reporting:** NIBSS and UPSL must notify banks in real-time of disruptions and report to the CBN within twenty-four (24) hours, detailing causes and remedial actions.
- **Implementation Timeline:** All regulated financial institutions must comply within 1 (one) month of the circular date.

Facilitation of Seamless Use of Foreign Cards

By a circular dated 18 December 2025, the CBN directed all banks and non-bank acquirers to ensure uninterrupted and efficient local currency withdrawal, payment, and transfer services for users of foreign-issued payment cards. This measure is designed to improve convenience, security, and user experience for diasporans and tourists visiting Nigeria.

Key provisions include:

- **Card Acceptance:** ATMs, PoS, and web-based terminals must accept all international cards with Nigerian acquirers, comply with card association standards, and maintain appropriate certifications.
- **Transaction Security:** multi-factor authentication is required for withdrawals and online transactions exceeding USD200.00 (Two Hundred United States Dollars) per day, USD500.00 (Five Hundred United States Dollars) per week, and USD1,000.00 (One Thousand United States Dollars) per month (or equivalent).
- **Transparency:** applicable exchange rates (market-driven and based on the prevailing official rate), and charges must be clearly communicated to users before transaction completion.

- **Liquidity & Settlement:** institutions must maintain sufficient liquidity and settle merchant transactions in local currency (Naira).
- **Fraud Controls:** enhanced monitoring, strengthened KYC/ Anti-Money Laundering (AML) measures, and recalibrated fraud systems to minimise false declines.
- **Consumer Protection:** complaints must be resolved within approved timelines; escalations to the CBN will attract sanctions.
- **Chargeback Management:** Acquirers must implement robust, auditable chargeback processes, retain documentation for at least 12 (twelve) months, and provide quarterly training to merchants and agents.

SEC REGULATORY UPDATE

SEC Launches Regulatory Hub

By a circular published 5 December 2025, the SEC announced the launch of its new digital platform, the Regulatory Hub (R-Hub).

The R-Hub is a centralised digital platform designed to strengthen collaboration among regulators, enhance regulatory oversight, and improve transparency across Nigeria's financial and capital market eco-system. The platform aims to enhance regulatory synergy, promote market integrity, and strengthen investor confidence through secure and efficient sharing of regulatory information.

In this regard, the R-Hub enables real-time exchange of data and regulatory intelligence among participating agencies, including the Office of the National Security Adviser, the CBN, the Economic and Financial Crimes Commission, the Nigeria Revenue Service, the Corporate Affairs Commission, and other relevant institutions.

The SEC has encouraged interested stakeholders to initiate registration by contacting the Commission, following which registered participants will be granted access to the platform.

For additional information in respect of any of the updates provided above, please contact temitope.sowunmi@moroomafrica.com

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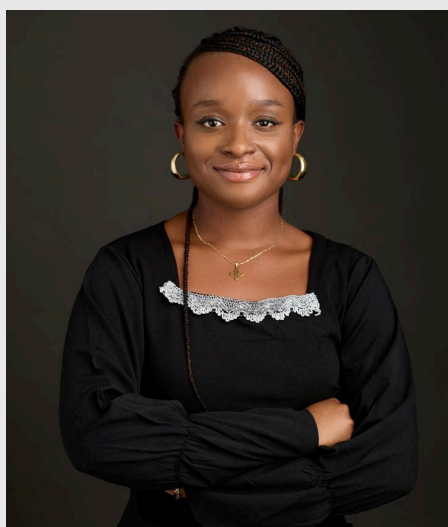
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