

Finance Regulatory Updates

MARCH 2026

This month, we examine recent regulatory and market updates issued by key regulators in the financial services sector.

We highlight the key insights from these updates and their likely impact on market participants.

REGULATORY UPDATES

CENTRAL BANK OF NIGERIA (CBN)

A. Circular on the Management of Dormant Accounts, Unclaimed Balances and Other Financial Assets

By a circular dated 12 March 2026, the CBN issued a circular to banks and other financial institutions (OFIs) on the implementation of the Guidelines on the Management of Dormant Accounts, Unclaimed Balances and Other Financial Assets in Banks and Other Financial Institutions in Nigeria (2024).

The circular provides clarifications on account reactivation procedures, disclosure obligations, and publication requirements aimed at enhancing transparency, improving customer access to funds, and strengthening regulatory compliance.

1. Reactivation of Dormant Accounts

The CBN introduced additional flexibility in the reactivation process while maintaining safeguards against fraud and identity risks.

Key directives include:

- a. requiring banks and OFIs to adopt alternative approaches to receive requests for reactivation provided that such institutions implement appropriate risk management strategies as well as sufficient identification and verification measures.
- b. removal of the mandatory use of affidavits in the reactivation of dormant accounts that have not been transferred to the Unclaimed Balances Trust Fund (UBTF) Pool Account.

2. Disclosure on Websites

The CBN mandates stricter and more standardised disclosure practices regarding dormant accounts and unclaimed balances.

Banks and OFIs are required to publish only the name(s) of the account holder(s), type of account, name of the bank or financial institution, and branch where the account is domiciled.

3. Additional Publication Requirements

In addition to the disclosure requirements stated in '2' above, the CBN also mandates banks and OFIs to publish the mandated information annually in at least two (2) national daily newspapers.

State and unit microfinance banks are not required to publish in any national daily newspaper but must publish the required information in all their business locations.

B. Circular on Baseline Standards for Automated Anti-Money Laundering (AML) Solutions

By a circular dated 10 March 2026, the CBN issued the Baseline Standards for Automated Anti-Money Laundering (AML), Combating the Financing of Terrorism (CFT), and Countering Proliferation Financing (CPF) Solutions for Financial Institutions in Nigeria (the "Baseline Standards") which applies to all banks and OFIs.

The Baseline Standards establish minimum functional, governance, and control requirements for automated AML solutions and it is aimed at strengthening real-time detection of suspicious transactions, improving reporting accuracy, and enhancing overall financial crime risk management.

The Baseline Standards do not replace any existing legal and regulatory obligations but complement them. This means that the Baseline Standards are to be read in conjunction with, and are intended to enhance compliance with all other applicable laws or regulations.

Key provisions of the Baseline Standards are summarized below:

a. AML Solution – Minimum Requirements: The Baseline Standards provides that the AML Solutions must support key functions including customer identification and verification, risk assessment and profiling, sanctions and watchlist screening, PEP and high-risk customer screening, transaction monitoring for Money Laundering (ML)/Terrorism Financing (TF)/Proliferation Financing (PF), case management, regulatory reporting, audit trails, and data security. If the same system is used for fraud monitoring, AML functions must remain clearly segregated so fraud activities do not weaken AML effectiveness. The solution must match the institution's size, complexity, and risk profile. It must have strong availability, resilience, and disaster recovery. Institutions must also review and upgrade the system when their business model, products, or risks change.

b. Customer Due Diligence (CDD), KYC and KYB: The AML Solution must fully support end-to-end CDD, EDD, KYC, and KYB processes with automated risk profiling, behavioural analysis, and detection of suspicious patterns. It must link KYC/KYB data continuously with customer risk profiles and transactions.

Investigators must view KYC details, transaction history, and past cases in one interface. Institutions should use real-time checks with BVN and NIN during onboarding, though these do not replace full verification. Institutions must notify the CBN about all AML solutions in use and properly identify complex ownership structures and beneficial owners. All KYC data must be accurate, complete, and regularly updated.

c. Transaction Monitoring: The AML Solution must support risk-based transaction monitoring using rules, scenarios, anomaly detection, and behavioural analysis. Monitoring must consider both raw transactions and KYC attributes such as occupation, income, geography, and channel.

It should include related-party mapping and network analysis. AI/ML alerts must be explainable. Institutions must validate AI/ML models annually, justify all thresholds and scenarios, and set service level standards for timely review of high-risk alerts. Automated alert closure is allowed only for clearly low-risk scenarios under strict governance, with back-testing and CBN notification.

d. Fraud Monitoring and Detection: When the AML Solution is also used for fraud, it must monitor channels (especially cards and e-channels) in real time or near real time. Fraud rules must be updated based on trends. AML and fraud workflows should be integrated while keeping AML requirements fully protected. Material fraud indicators must feed into the customer's ML/TF/PF risk profile. High-risk institutions with large electronic transaction volumes should adopt a unified financial crime platform.

e. Reporting: The AML Solution must support automated generation of regulatory reports such as STR, SAR, CTR, and FTR in line with CBN requirements. It must also provide internal management reports to senior management and the Board. Institutions must submit accurate and timely reports to the CBN and NFIU, with proper internal review and approval.

f. Proportionality: The Baseline Standards apply to all CBN-regulated institutions; however, the CBN recognises that institutions differ materially in size, complexity, product scope, and risk profile. Implementation depth and sophistication must be calibrated to each institution's observable characteristics, including transaction volumes, customer base, and its own documented ML/TF/PF risk assessment. Institutions in sectors with elevated inherent risk must apply enhanced monitoring regardless of size.

g. Compliance Timelines: Full compliance is required within eighteen (18) months from the date of issuance for banks, and twenty four (24) months for OFIs. All institutions must submit implementation roadmaps to the CBN's Compliance Department within three (3) months of issuance (i.e., by 10 June 2026).

C. Circular on Addendum to the Revised Regulatory Framework for Bank Verification Number (BVN) Operations and Watch-List

By a circular dated 12 March 2026, the CBN issued an addendum to the Revised Regulatory Framework for Bank Verification Number (BVN) Operations and Watch-List for the Nigerian Banking Industry (2021), introducing targeted amendments to strengthen fraud monitoring, data integrity, and access controls within the BVN system.

The circular provides as follows:

a. Introduction of a Temporary Watchlist: Financial institutions are required to establish a temporary watchlist for BVNs linked to suspected fraudulent transactions. Such BVNs may be listed for a maximum of twenty-four (24) hours, during which the customer must be contacted to provide clarification.

b. Age Restriction for BVN: BVN enrolment is now limited to individuals who are eighteen (18) years and above.

c. Restriction on Phone Number Changes: Amendments to phone numbers linked to a BVN are restricted to a one-time change.

d. Controlled Access to BVN Database: Access to BVN data is limited to CBN-licensed financial institutions, subject to exceptions approved by the CBN in line with applicable laws.

The provisions take effect from 1 May 2026.

D. Guidelines for the Operations of Automated Teller Machines (ATMs) in Nigeria

On 13 March 2026, the CBN published the Guidelines on the Operations of Automated Teller Machines (ATMs) in Nigeria 2026 (the "2026 Guidelines"), replacing prior ATM provisions under the 2020 electronic payment channels framework.

The 2026 Guidelines set out detailed requirements on ATM deployment, operations, security, and consumer protection, in response to evolving risks in the payments ecosystem.

Key provisions of the 2026 Guidelines as compared to prior applicable regulations:

Provision	2020 Guidelines	2026 Guidelines
Regulatory Structure	ATM rules were contained as one part of the broader Guidelines on Operations of Electronic Payment Channels in Nigeria, alongside POS, mPOS and web acceptance rules.	ATM operations are now governed by a standalone ATM-specific guideline, which expressly supersedes the 2020 ATM provisions and all previous ATM regulations.

Provision	2020 Guidelines	2026 Guidelines
Scope	Applied to banks and independent ATM deployers in the ATM section.	Applies expressly to deposit money banks, other financial institutions, independent ATM deployers and card-issuing institutions.
Independent ATM Deployers (IADs)	Allowed banks or independent ATM deployers to own ATMs, subject to agreements with a card scheme, scheme operator, or designated settlement agent for acceptance and settlement. The ATM section did not set out a prior written CBN approval process for deployment.	Requires any IAD to obtain prior written CBN approval before commencing deployment activities, and states that the licensing/ registration process includes corporate information, technical and operational capacity assessment, evidence of a bank partnership for cash provisioning, and compliance with extant payment systems regulations.
Technology standards	Required PCI DSS compliance, dispensing of all denominations of Naira, display of acceptable denominations for deposit-taking ATMs, minimum EMV Level 1 and 2 compliance, audit trail/log capability, specific card-reader orientation, and 2% tactile graphic symbols for visually impaired customers.	Retains PCI DSS, audit trail/logs, card-reader orientation, and the 2% tactile graphic symbol requirement, but the 2026 text provided here does not repeat the 2020 requirements on dispensing all denominations of Naira, display of acceptable denominations for deposit-taking ATMs, or EMV upgrade timelines. It also adds biometric-specific technology requirements.
Operational standards	Required maximum technical downtime of 72 consecutive hours, display of helpdesk contacts with a dedicated functional telephone line, fee disclosure, receipts on request, legible screens/receipts, disabled cash retraction, monitoring for dispense failure, online monitoring of cash levels, cash availability, free PIN change, suspicious transaction monitoring,	Retains most of these operational rules, but updates some wording and adds further detail, including that helpdesk contacts must be functional, receipts may state amount withdrawn/deposited, monitoring should determine reasons for transaction failure,

Provision	2020 Guidelines	2026 Guidelines
Operational standards	back-up power, paper baskets, ATM registers, prompt messages, card-data masking, customer prompts to take cards, cash-out-first sequence, reconciliation/ refunds for non-dispense and partial dispense errors, and immediate refund initiation mechanisms.	ATM registers must indicate locations of ATMs equipped with accessibility features for the visually impaired, and banks should provide digital channels for customers to report dispense errors.
Failed transactions / dispute resolution	Provided that cardholder complaints arising from ATM use should be treated within T+3 from receipt, and the acquirer had to respond to the issuer's request within 2 days. Separately, acquirers had to reconcile and refund non-dispense and partial dispense errors and install mechanisms to initiate refunds immediately.	Replaces the broader T+3 complaint formulation with more specific reversal/refund timelines: failed on-us reversals shall be instant, with manual reversal not exceeding 24 hours where instant reversal fails; failed not-on-us refunds shall not exceed 48 hours; and the guideline also adds rules for failures attributable to biometric mismatch or device error.
Compliance monitoring / reporting	Required institutions operating ATMs to file updated ATM lists with detailed addresses for compliance monitoring, and required acquirers to report monthly transaction volume and value to the CBN. The CBN could also conduct onsite checks.	Retains CBN audits and onsite checks, but introduces a specific monthly return due not later than the 5th of the following month, including a list of new deployments with locations and addresses, to the Director, Payments System Supervision Department.

The new provisions introduced in the 2026 Guidelines include:

a. Biometric Authentication Framework: The 2026 Guidelines introduce a comprehensive framework governing the use of biometric-enabled ATMs. These include requirements for presentation attack detection (PAD), biometric performance testing, protection of biometric data, secure system configurations, and fallback authentication mechanisms where biometric verification fails.

b. ATM Deployment Density Requirements: The 2026 Guidelines introduce a minimum deployment threshold requiring financial institutions to maintain at least one (1) ATM for every 7,500 payment cards issued, to be implemented progressively over a defined timeline.

c. Licensing and Approval for Independent ATM Deployers: Independent ATM deployers are now required to obtain prior written approval from the CBN before deployment, with additional requirements relating to technical capacity, operational readiness, and partnership arrangements for cash provisioning.

E. Letter on Deployment of Cybersecurity Self-Assessment Tool (CSAT)

By a letter dated 30 March 2026, the CBN notified banks, selected other financial institutions, and payment service providers of the deployment of its Cybersecurity Self-Assessment Tool (CSAT).

The CSAT is a supervisory tool designed to obtain comprehensive information on the cybersecurity posture of regulated institutions, including governance, risk management, technology and third-party risk controls, incident response capabilities, and operational resilience.

Key points to note:

- institutions are required to complete and submit the CSAT via a dedicated CBN portal;
- submissions must reflect data as at 31 December 2025 and include supporting documentation;
- submission timelines are three (3) weeks for Deposit Money Banks and 5 weeks for other regulated institutions;
- the CBN will conduct validation and supervisory reviews of submissions; and
- inaccurate or misleading submissions may attract regulatory sanctions under applicable law.

f. Circular on Removal of Cash Pooling Requirement for International Oil Companies

By a circular dated 25 March 2026, the CBN removed the cash pooling requirement previously applicable to export proceeds of international oil companies (IOCs).

Key points to note are:

- Full Repatriation Permitted: IOCs may now repatriate 100% of their export proceeds through Authorised Dealer Banks (“ADB”), removing the prior 50% cash pooling and 90-day retention requirement.
- Reporting Obligation: ADBs are required to ensure proper documentation and submit monthly reports to the CBN.

The circular supersedes all prior CBN circulars on cash pooling and takes immediate effect.

G. Circular on Implementation of the Baseline Standards for Automated AML/CFT/CPF Solutions

By a circular dated 31 March 2026, the Central Bank of Nigeria (“CBN”) issued further directives on the implementation of the Baseline Standards for Automated AML/CFT/CPF Solutions, together with a Guidance Note and a mandatory implementation roadmap template.

The circular clarifies regulatory expectations, addresses industry misinterpretation, and introduces structured requirements for implementation and supervisory assessment.

Key points to note from the Circular include:

- **Mandatory Implementation Plans:** Financial institutions are required to submit detailed implementation plans covering current state, target state, timelines, governance, and effectiveness of AML solutions.
- **Standardised Submission Template:** The CBN introduced a structured template requiring institutions to address system architecture, data integration, governance, effectiveness metrics, risks, timelines, resources, and senior management oversight.
- **Submission Timeline:** Implementation plans must be submitted for review within three (3) months (i.e., by 10 June 2026), in both editable and final formats.

Key Clarifications under the Guidance Note:

a. Compliance is Institution-Based:

The CBN clarified that compliance with the Baseline Standards is determined by the institution’s ability to demonstrate effective, governed, and defensible AML/CFT/CPF controls, rather than by the features or capabilities of any specific system or vendor.

b. Technology Does Not Equal Compliance:

The Guidance Note emphasizes that the Baseline Standards are technology neutral. That it does not mandate the use of artificial intelligence or any specific technology. Any deployed solution must demonstrably meet regulatory expectations and the mere presence of technology does not equal compliance.

c. Vendor Claims of Compliance are not Recognised:

The CBN expressly stated that representations by third-party providers that their solutions are “fully compliant” or aligned with CBN requirements are not accepted, as compliance is assessed only within the context of an institution’s implementation.

d. Minimum Elements of Compliance:

The CBN states that financial institutions are expected, at a minimum, to demonstrate defensibility, governance, and effectiveness. The Guidance Note lists examples including clear audit trails, explainable decisions, traceability of actions, defined ownership and oversight, model validation and change control, structured investigation workflows, credible detection capability, timely investigation and resolution, and measurable outcomes.

e. Integrated AML Framework Required:

The Guidance Note requires that AML systems provide a consolidated, real-time or near real-time view of customer risk across all relevant data sources, and that fragmented or partially integrated systems will not meet regulatory expectations.

f. Accountability Cannot Be Outsourced:

The use of third-party systems or outsourcing arrangements does not transfer accountability, and institutions remain fully responsible for demonstrating compliance with the Baseline Standards.

H. Circular on Measures to Further Deepen Diaspora Remittances and Compliance

By a circular dated 24 March 2026, the CBN issued directives which take effect from 1 May 2026, to International Money Transfer Operators (“IMTOs”), Authorised Dealer Banks (“ADB”), and the general public on measures to enhance diaspora remittances and strengthen transaction transparency and monitoring.

Key points to note include:

- **Mandatory Use of Naira Settlement Accounts:** IMTOs are required to open and utilise designated Naira settlement accounts with ADBs, through which all remittance-related transactions, including disbursements and settlements, must be processed.
- **Restriction on Account Credits:** Settlement accounts are to be credited only with remittance inflows and proceeds of foreign exchange conversions conducted by licensed IMTOs or their agents with authorised market participants.
- **Designation and Reporting of Accounts:** IMTOs are required to designate such settlement accounts for this purpose and notify the CBN, with updates to be provided as necessary.
- **Interbank Transfers:** ADBs are permitted to process foreign currency transfers from IMTO settlement accounts to other ADBs and approved market participants, including licensed Bureau De Change operators.
- **Pricing Guidance:** IMTOs are required to observe real-time market prices from Bloomberg BMATCH as guidance for pricing transactions with customers and authorised dealers.
- **Record-Keeping and Compliance:** IMTOs must maintain adequate transaction records and comply with applicable AML/CFT/CPF requirements.

SECURITIES AND EXCHANGE COMMISSION (SEC)

SEC Guidelines on Revised Minimum Capital for Regulated Entities

On 18 March 2026, the SEC issued the Guidelines on the Revised Minimum Capital for Regulated Entities, prescribing updated capital requirements for capital market operators (“CMOs”) in Nigeria.

The Guidelines introduce a revised capital framework aimed at strengthening market resilience, enhancing investor protection, and aligning capital requirements with the scale and complexity of regulated activities.

Key Provisions of the Guidelines Include:

a. Revised Minimum Capital Requirements: The Guidelines introduce significantly increased minimum capital thresholds across various categories of CMOs, including brokers, dealers, fund managers, issuing houses, exchanges, and digital asset operators.

b. Scope of Application: The requirements apply to all existing and prospective CMOs. Operators performing multiple functions are required to meet the capital requirement applicable to each function.

c. Qualifying Capital Framework: The Guidelines define qualifying capital to include fully paid-up share capital, qualifying preference shares, share premium, and retained earnings, while excluding items such as revaluation reserves, unrealised gains, borrowed funds, and client assets.

d. Modes of Capitalisation: CMOs may meet capital requirements through capital injection (including cash and eligible securities), mergers and acquisitions (subject to SEC approval), or by downgrading their licensed functions.

e. Capital Maintenance and Reporting: CMOs are required to maintain the prescribed capital base at all times and must immediately report any capital impairment, together with a remedial plan.

f. Implementation and Compliance Timeline: Existing CMOs are required to comply with the revised capital requirements by 30 June 2027, while new applicants must meet the requirements as a condition for registration.

g. Mandatory Capitalisation Plans: All existing CMOs must submit board-approved capitalisation (or downgrade) plans by 30 April 2026, outlining their approach to meeting the revised requirements

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