

**CORPORATE GOVERNANCE GUIDELINES FOR PAYMENTS SERVICE
PROVIDERS IN NIGERIA**

**Central Bank of Nigeria
February 12, 2025**

TABLE OF CONTENTS

INTRODUCTION	4
APPLICATION	4
1.0 BOARD STRUCTURE AND COMPOSITION	5
2.0 ROLES AND RESPONSIBILITIES OF THE BOARD	8
3.0 OFFICERS OF THE BOARD	10
4.0 ACCESS TO INDEPENDENT PROFESSIONAL ADVICE	14
5.0 BOARD COMMITTEES	15
6.0 MEETINGS OF THE BOARD AND ITS COMMITTEES	17
7.0 COOL OFF PERIODS FOR OFFICERS OF THE BOARD	18
8.0 INDUCTION AND CONTINUING EDUCATION	20
9.0 BOARD EVALUATION	21
10.0 REMUNERATION	22
11.0 RISK MANAGEMENT	23
12.0 INTERNAL AUDIT FUNCTION	24
13.0 CHIEF COMPLIANCE OFFICER	25
14.0 WHISTLE-BLOWING	26
15.0 EXTERNAL AUDITORS	27
16.0 GENERAL MEETINGS	29
17.0 SHAREHOLDERS ENGAGEMENT	30
18.0 PROTECTION OF SHAREHOLDER RIGHTS	31
19.0 BUSINESS CONDUCT AND ETHICS	32
20.0 ETHICS AND PROFESSIONALISM	33
21.0 CONFLICT OF INTEREST	35
22.0 SUSTAINABILITY	36
23.0 STAKEHOLDER COMMUNICATION	37
24.0 DISCLOSURES	38
25.0 RETURNS	40

26.0	SANCTIONS.....	41
27.0	EFFECTIVE DATE.....	42
28.0	GLOSSARY.....	43

CORPORATE GOVERNANCE GUIDELINES FOR PAYMENTS SERVICE PROVIDERS

INTRODUCTION

The Financial Reporting Council (FRC) of Nigeria in 2019 issued the Nigerian Code of Corporate Governance (hereinafter referred to as "NCCG 2018") as the single Code for the country.

NCCG 2018 replaced all sectoral codes in Nigeria including extant CBN Codes of Corporate Governance issued for Banks and Other Financial Institutions (OFIs).

Following the pronouncement of the FRC, for sector regulators to issue sector-specific guidelines on corporate governance for institutions under their regulatory purview, the Central Bank of Nigeria (CBN) has adapted the Principles and Recommended Practices of NCCG 2018 to develop this Guidelines for Payment Service Providers (hereinafter referred to as "PSPs"), taking into account, the peculiarities of the sub-sector.

The CBN pursuant to the provisions of Section 2(d) of the CBN Act of 2007 and Sections 56(2) and 67(1) of the Banks and Other Financial Institutions Act (BOFIA) of 2020, hereby issues this regulation to be cited as the "Corporate Governance Guidelines for Payment Service Providers in Nigeria".

OBJECTIVES

The objectives of the Guidelines are to:

- a. provide additional guidance on the Principles, Recommended Practices and Responsibilities contained in NCCG 2018;
- b. outline industry-specific corporate governance standards for PSPs; and
- c. promote high ethical standards amongst operators, whilst enhancing public confidence.

APPLICATION

NCCG 2018 as well as this Guidelines shall apply to the following categories of PSPs:

1. Switching Companies/Third Party Processors (Switch/TPP)
2. Mobile Money Operators (MMO)
3. Payment Solution Service Providers (PSSP)
4. Payment Terminal Service Providers (PTSP)
5. Super Agents
6. Payments Service Holding Companies (PSHC)

1.0 BOARD STRUCTURE AND COMPOSITION

- 1.1 The procedure for appointment to the Board shall be formal, transparent and documented in the Board Charter.
- 1.2 Members of the Board shall be appointed by the shareholders of the PSP and approved by the CBN.
- 1.3 The size of the Board of PSP's shall be as follows:

S/N	LICENCE CATEGORY	MINIMUM	MAXIMUM
1.	Switches/TPPs	5	13
2.	MMOs	5	13
3.	PSSPs	5	13
4.	PTSPs	5	13
5.	Super-Agents	5	9
6.	PSHC	5	9

- 1.4 The Board shall consist of Executive and Non-Executive Directors (NED). The number of NED shall be more than that of Executive Directors (ED) on the Board and its Committees.
- 1.5 The Board of a PSP shall have at least two Independent Non-Executive Directors (INEDs) except for a Super-Agent which shall have one INED.
In the case of publicly listed PSPs, the provisions of Companies and Allied Matters Act (CAMA) 2020 on number of INEDs applies.
- 1.6 In addition to Recommended Practice 2.4 of NCCG 2018 on gender diversity, no board of a PSP shall consist of only one gender.
- 1.7 Members of the Board shall be qualified persons of proven integrity and shall be knowledgeable in business, financial matters, and/or

information technology, in accordance with the extant CBN regulations on competency and fit and proper persons.

- 1.8 At least two NEDs, one of whom shall be an INED, shall have requisite knowledge and experience in innovative financial technology, Information Communication Technology (ICT) and/or cyber security.
- 1.9 Track record of appointees shall be an additional eligibility requirement. Such records shall cover both integrity and past performance, in accordance with the extant CBN regulations on competency and fit and proper persons.
- 1.10 No more than two members of an extended family shall be on the Board of a PSP, its subsidiary or PSHC at the same time.

The expression 'extended family' in this Guidelines includes director's spouse, parents, children, siblings, cousins, uncles, aunts, nephews, nieces, in-laws and any other construed relationship as to be determined by the CBN.
- 1.11 Only one extended family member can occupy the position of either Managing Director/Chief Executive Officer (MD/CEO), Chairman or ED at any point in time.
- 1.12 Prospective directors on the Board of a PSP are required to disclose board memberships on boards of other organizations, and current directors shall notify the Board of prospective appointments on boards of other organizations. In both instances, the Board shall require CBN's approval.
- 1.13 A director (except an INED) of a PSP may be appointed a NED within a PSHC or a Group structure (where applicable) which the PSP is a member, provided the aggregate number of directors from the PSP at any point in time shall not exceed thirty per cent (30%) of the membership of the Board of the PSHC and vice versa.
- 1.14 Interlocking or concurrent directorship by a director of a PSP within its PSHC or Group structure shall be limited to two institutions only.

- 1.15 The position of an Executive Vice Chairman shall not be recognized in the board structure of any PSP.
- 1.16 In the event a director elects to resign his appointment on the board of a PSP, such director shall submit a written notice of resignation addressed to the Chairman of the Board, ninety (90) days before the effective date of resignation.
- 1.17 In addition to Section 1.16, where an INED elects to resign, and such resignation would result in non-compliance with the minimum required number of INEDs, the Board shall within the ninety (90) days' notice period appoint a replacement.
- 1.18 Where a director elects to resign from the Board on account of unresolved concerns pertaining to the running of the PSP, the director shall detail such concerns in a written statement to the Chairman for circulation to the members of the Board.
- Such a director shall within seven days of the notice of resignation forward to the CBN, a copy of the written statement.
- 1.19 Where a NED resigns from the Board and such resignation results in NEDs not being in the majority, the Board shall within the ninety (90) days from the date of the resignation appoint a replacement.
- 1.20 In the event that the Chairman of the Board elects to resign, the Chairman shall forward the notices specified in Sections 1.16 and 1.17 (as may be applicable) to the Chairman, Board Nomination and Governance Committee (BNGC), who shall circulate to members of the board and the CBN within seven days of receipt of the notice of resignation.
- 1.21 For all tenured positions affected by conversion, merger, acquisition, take-over, or any form of combination, the length of service shall include both the periods served, pre and post combination/conversion.

2.0 ROLES AND RESPONSIBILITIES OF THE BOARD

- 2.1 The Board is accountable and responsible for the performance and affairs of the PSP. Specifically, and in line with the provisions in the CAMA, directors owe the PSP, the duty of care and loyalty and shall act in the interest of its employees and other stakeholders.
- 2.2 Members of the Board are jointly and severally liable for the activities of the PSP.
- 2.3 The Board and its Committees shall each have a Charter to be approved by the CBN. These Charters shall be reviewed at least once every three years and the board-approved copies shall be submitted to the CBN for its "No Objection" within thirty (30) days of approval by the Board and prior to its implementation.
- 2.4 The Board shall define and approve the PSP's strategic goals, its short, medium and long-term strategies and monitor implementation by management.
- 2.5 The Board shall ensure a review of the investment policies and strategies of the PSP at least once every three years.
- 2.6 The Board shall have oversight of the PSP's Anti-Money Laundering/Combating the Financing of Terrorism and Countering Proliferation Financing (AML/CFT/CPF) policies and procedures.
- 2.7 The Board of a PSP shall approve an Enterprise Risk Management (ERM) Framework specifying the PSP's risk appetite, risk culture, governance architecture, policies, procedures and processes for the identification, measurement, monitoring and control of the risks inherent in its operations.
- 2.8 The Board shall ensure that there is a Business Continuity Plan (BCP) for the PSP.
- 2.9 The Board shall develop and implement an Information Technology (IT) Framework that at a minimum covers data confidentiality, network security, third party connections, incidence response and reporting.

- 2.10 The Board shall determine the skills, knowledge and experience that members require to work effectively as a team to achieve the PSP's objectives in line with the extant CBN regulations on competency and fit and proper persons.
- 2.11 The Board shall ensure that human, material and financial resources are effectively deployed towards the attainment of the set goals of the PSP.
- 2.12 The Board shall establish a framework for the delegation of authority in the PSP.
- 2.13 The Board, subject to CBN's approval, shall appoint the MD/CEO as well as senior management staff.
- 2.14 The Board shall approve a succession plan for the MD/CEO, other EDs and senior management staff, which shall be reviewed at least every two years.
- 2.15 The Board shall ensure the establishment and monitoring of agreed performance targets for the directors and senior management of the PSP.
- 2.16 The Board shall ensure that management implements an efficient internal control system.
- 2.17 The Board shall set and approve limits of authority, specifying the threshold for all transactions.
- 2.18 The Board shall establish a structure to independently verify and safeguard the integrity of financial reporting.
- 2.19 The Board shall establish a Code of Business Conduct and Ethics for all employees, setting out the PSP's values, standards, and ethical culture.
- 2.20 The Board shall ensure strict adherence to the Code of Conduct for Directors of Banks and Other Financial Institutions in Nigeria issued by the CBN.
- 2.21 The Board shall ensure that the PSP practices good Corporate Social Responsibility (CSR).

3.0 OFFICERS OF THE BOARD

3.1 Chairman

- 3.1.1 The qualifications and experience of the Chairman of the Board of a PSP shall be as stated in the extant CBN regulations on competency and fit and proper persons.
- 3.1.2 The Chairman shall meet formally with the NEDs at least once every year.
- 3.1.3 Where a PSP is a subsidiary of a PSHC or within a Group structure, the Chairman of the PSHC or the Group shall not sit on the Board of the PSP in any capacity and vice versa.

3.2 Managing Director/Chief Executive Officer

- 3.2.1 The tenure of the MD/CEO shall be in accordance with the terms of engagement with the PSP but subject to a maximum period of fifteen (15) years. Such tenure shall be split into periods not exceeding five years at a time.
- 3.2.2 Provided that such MD/CEO, prior to or upon the expiration of his/her maximum tenure, shall not be eligible for re-appointment in executive capacity in the same PSP or its subsidiary.
- 3.2.3 Notwithstanding the provision of 3.2.1 above such MD/CEO may be appointed to executive capacity in a sister subsidiary within the same PSHC or in the PSHC.

3.3 Executive Directors

- 3.3.1 The tenure of an ED shall be in accordance with the terms of engagement with the PSP but subject to a maximum period of fifteen (15) years. Such tenure shall be split into periods not exceeding five years at a time.
- 3.3.2 Where an ED becomes the MD/CEO of the PSP, its subsidiaries or any of the entities within the group, the cumulative tenure shall not exceed twenty-

five (25) years, subject to a maximum tenure of fifteen (15) years as MD/CEO.

3.3.3 No cooling-off period shall apply where a director in a PSP, upon or prior to the expiration of his/her maximum tenure, transmutes to a different role in the Board of the PSP, group structure or any other PSP.

3.4 Non-Executive Directors

3.4.1 NEDs shall have unfettered access to corporate information from the MD/CEO, EDs, Company Secretary and the Internal Auditor, while access to other senior management shall be through the MD/CEO.

3.4.2 A NED of a PSP shall serve a maximum of fifteen (15) years broken into three terms of five years each.

3.4.3 To qualify for the position of a NED in a PSP, it is required that the nominee shall not be an employee of a financial institution, except where the PSP is promoted by such financial institution and the proposed director is representing the interest of such an institution in the PSP.

3.4.4 NEDs who exit from the Board of a PSP either upon or prior to the expiration of his/her maximum tenure shall observe a cooling-off period of 1 year before being eligible for appointment to the Board of any other PSP.

3.5 Independent Non-Executive Directors

3.5.1 An INED shall have sound knowledge of the operations, the relevant laws and regulations guiding the payments service sub-sector. The INED shall also have proven skills and competencies in his/her field.

3.5.2 In addition to the requirements of Recommended Practice 7 of NCCG 2018, an INED on the Board of a PSP shall not:

- i. be a former director or employee who had served in the PSP at a senior management level;
- ii. be a former employee below senior management level, within the last five years;

- iii. have any immediate family member as a current employee in senior management position;
- iv. have an immediate family member as a former employee of the PSP who had served at senior management level in the preceding five years;
- v. Without prejudice to the definition of an INED in NCCG 2018, an INED in a PSP shall not have any material relationship with the PSP or any of its officers, major shareholders, subsidiaries, affiliates and PSHC (where applicable).

A material relationship is a relationship which may impair the INED's ability to make independent judgments or compromise the director's objectivity.

- vi. provide financial, legal or consulting services to the PSP or its subsidiaries/affiliates/PSHC or had done so in the past five years;
- vii. borrow funds from the PSP, its officers, subsidiaries and affiliates;
- viii. be part of management, executive committee or board of trustees of an institution, charitable or otherwise, supported by the PSP; and
- ix. serve on the Board of a subsidiary, PSHC or related entity of the PSP.

- 3.5.3 It shall be the responsibility of an INED to notify the Board of any circumstance, event, transaction or relationship which may impair the INED's continued independence, as soon as such occurs.
- 3.5.4 The transmutation of an existing ED or NED to an INED in the same PSP or its group structure is not allowed. Similarly, an INED shall not transmute into any other capacity in the same PSP, its PSHC or other entity in its group structure.
- 3.5.5 The Board shall annually ascertain and confirm the continued independence of each INED. Where the assessment reveals that the independence of an INED has been impaired, such INED shall vacate his seat on the Board.

- 3.5.6 The term of office of an INED shall be four years and may be renewable only once for another consecutive term of four years.
- 3.5.7 All INEDs of a PSP shall hold a formal meeting at least once in a year without the other directors being present.

3.6 Company Secretary

- 3.6.1 The qualifications and experience of a Company Secretary of a PSP shall be in accordance with the extant CBN regulations on competency and fit and proper persons.
- 3.6.2 The appointment and removal of the Company Secretary shall be a matter for the Board, subject to CBN's ratification.
- 3.6.3 The functions of a Company Secretary may be outsourced for PSPs.
- 3.6.4 Where the role of the Company Secretary is not outsourced, it may be combined with that of the Head Legal/Legal Adviser in a PSP.
- 3.6.5 The Company Secretary shall ensure that all Board-related compliance issues are made available to the Chief Compliance Officer (CCO) in a timely manner.
- 3.6.6 The Company Secretary shall report directly to the Board and have an indirect reporting line to the MD/CEO.

4.0 ACCESS TO INDEPENDENT PROFESSIONAL ADVICE

4.1 PSPs shall facilitate access to independent professional advice for its directors and/or Board Committees.

4.2 Request for independent professional advice by directors and/or Board Committees shall be a matter for Board consideration and approval. The Board shall keep proper records of its decision on such requests.

4.3 The Board shall also keep detailed records of the professional advice provided to the concerned director(s) where the request is granted.

5.0 BOARD COMMITTEES

- 5.1 The terms of reference and composition of Board Committees shall be set out in the Board-approved Charter for each Committee.
- 5.2 The membership of Board Committees shall be reviewed and refreshed at least once every three years.
- 5.3 All Board Committees shall be chaired by NEDs. However, the Audit Committee (BAC), Board Nomination and Governance Committee (BNGC) and the Board Remuneration Committee (BRC) shall be chaired by INEDs.
- 5.4 In addition to the mandatory Committees listed in Recommended Practice 11.1.6 of NCCG 2018, the Board of a PSP shall also establish a Board Committee responsible for ICT and Cyber Security.
- 5.5 PSPs shall maintain the exact names of each of the mandatory committees as stated in Recommended Practice 11.1.6 of NCCG 2018 and this Guidelines, and where the functions of two or more Committees are combined in a single Committee, the name of such Committee shall reflect the roles or functions combined.
- 5.6 The Chairman of the Board shall not be in attendance by invitation or otherwise in any of the Board Committee Meetings.
- 5.7 No ED (MD/CEO inclusive) shall be in attendance either by invitation or otherwise at any meeting where the remuneration of EDs will be discussed.
- 5.8 Members of each of the Board Committees shall appoint one of its members as Chairman.
- 5.9 All members of the BAC shall have requisite financial, innovative technology, ICT and/or cybersecurity knowledge. At least one member of the BAC shall have relevant professional qualifications and experience in financial and accounting matters.
- 5.10 The BAC shall have unlimited access to the financial records of the PSP including reports of the external auditors.

1. The number of ...
2. The number of ...
3. The number of ...
4. The number of ...

- 5.11 The Board shall not replace members of the BAC and the external auditors at the same time.
- 5.12 The BAC shall review the integrity of the PSP's financial reporting and ensure the independence of the external auditors.
- 5.13 The functions of the Board Risk Management Committee (BRMC) and the BAC may be combined for PSPs except Switches/TPPs and MMOs.
- 5.14 The composition of the BRMC shall include at least two NEDs and the MD/CEO.

6.0 MEETINGS OF THE BOARD AND ITS COMMITTEES

- 6.1 The schedule of meetings of the Board and its Committees shall be approved by the Board ahead of each financial year.
- 6.2 To effectively perform its oversight function and monitor management's performance, the Board and its Committees shall meet at least once every quarter.
- 6.3 The meeting of the Board and its Committees shall be held at a specified location or virtually if physical meetings cannot be held.
- 6.4 The quorum for the meetings of the Board and its Committees shall be two-thirds of members, majority of whom shall be NEDs.
- 6.5 Every Director is required to attend all meetings of the Board and its Committees of which he or she is a member. In order to qualify for reappointment, a director must have attended at least two-thirds of all Board and its Committee meetings.
- 6.6 Minutes of meetings of the Board and its Committees shall be properly written in English Language, adopted and signed off by the Board/Committee Chairman and Secretary, pasted in the minute's book and domiciled at the PSPs Head Office.

6.0 MEETINGS OF THE BOARD AND ITS COMMITTEES

- 6.1 The schedule of meetings of the Board and its Committees shall be approved by the Board ahead of each financial year.
- 6.2 To effectively perform its oversight function and monitor management's performance, the Board and its Committees shall meet at least once every quarter.
- 6.3 The meeting of the Board and its Committees shall be held at a specified location or virtually if physical meetings cannot be held.
- 6.4 The quorum for the meetings of the Board and its Committees shall be two-thirds of members, majority of whom shall be NEDs.
- 6.5 Every Director is required to attend all meetings of the Board and its Committees of which he or she is a member. In order to qualify for reappointment, a director must have attended at least two-thirds of all Board and its Committee meetings.
- 6.6 Minutes of meetings of the Board and its Committees shall be properly written in English Language, adopted and signed off by the Board/Committee Chairman and Secretary, pasted in the minute's book and domiciled at the PSPs Head Office.

6.0 MEETINGS OF THE BOARD AND ITS COMMITTEES

- 6.1 The schedule of meetings of the Board and its Committees shall be approved by the Board ahead of each financial year.
- 6.2 To effectively perform its oversight function and monitor management's performance, the Board and its Committees shall meet at least once every quarter.
- 6.3 The meeting of the Board and its Committees shall be held at a specified location or virtually if physical meetings cannot be held.
- 6.4 The quorum for the meetings of the Board and its Committees shall be two-thirds of members, majority of whom shall be NEDs.
- 6.5 Every Director is required to attend all meetings of the Board and its Committees of which he or she is a member. In order to qualify for reappointment, a director must have attended at least two-thirds of all Board and its Committee meetings.
- 6.6 Minutes of meetings of the Board and its Committees shall be properly written in English Language, adopted and signed off by the Board/Committee Chairman and Secretary, pasted in the minute's book and domiciled at the PSPs Head Office.

7.0 COOL OFF PERIODS FOR OFFICERS OF THE BOARD

- 7.1 A director (MD/CEO inclusive), who exits from the Board of a PSP prior to the expiration of his/her maximum tenure, is not allowed to sit on the Board of its PSHC or subsidiary, until after a cool-off period of five years.
- 7.2 Upon the expiration of the maximum tenure of the MD/CEO or an ED of a PSP, he/she may only be appointed as Chairman or NED of the same PSP, its PSHC or subsidiary subject to a cool-off period of five years and the prior approval of the CBN.
- 7.3 Transmutation of an INED into a NED in the same PSP is allowed, subject to CBN's approval and a cool-off period of two years.
- 7.4 The tenure of auditors in a bank shall be for a maximum period of ten (10) cumulative years after which the audit firm shall not be reappointed in the bank until after a period of another ten (10) consecutive years.
- 7.5 An audit firm shall not provide audit services to a PSP if one of the PSP's senior/top management was employed by the firm and worked on the PSP's audit during the immediate past three years.
- 7.6 Subject to the approval of the CBN, there shall be a cool-off period of three years between the retirement of a partner from an audit firm currently auditing a PSP and the appointment of such partner to the Board of the PSP.
- 7.7 A cool-off period of three years shall be observed prior to a:
 - i. member of an audit team who participated in auditing a PSP being employed by the same PSP.
 - ii. staff of a PSP being engaged by an audit firm to join the team to audit the same PSP.
- 7.8 The Governor and Deputy Governors of the CBN, the MD/CEO and EDs of the Nigeria Deposit Insurance Corporation (NDIC) shall not be eligible for appointment in any capacity in PSHCs, PSPs and their subsidiaries until after the expiration of two years from the date of their exit from the CBN or NDIC, as the case may be.
- 7.9 The departmental directors of the CBN and the NDIC shall not be eligible for appointment in any capacity in PSHCs, PSPs and their subsidiaries until after

the expiration of one year from the date of their exit from the CBN or NDIC,
as the case may be.

8.0 INDUCTION AND CONTINUING EDUCATION

- 8.1 A formal induction programme for new directors shall be conducted within three months of their appointment. The details of such training shall be availed to examiners from time to time.
- 8.2 The Board shall approve an annual budget for the training and continuing education for directors of the PSP and ensure its proper implementation.

9.0 BOARD EVALUATION

- 9.1 There shall be an annual appraisal of the Board, its Committees, Chairman and individual directors covering all aspects of the Board's structure, composition, responsibilities, processes and relationships or as may be prescribed by the CBN from time to time.
- 9.2 The appraisal in Section 9.1 shall be conducted by an independent external consultant with adequate experience, knowledge and competence in corporate governance and performance management.
- 9.3 The Board Evaluation exercise shall, at a minimum, cover the scope described in the extant CBN Guidelines for Annual Board Evaluation by External Consultants of Banks and Other Financial Institutions in Nigeria.
- 9.4 PSPs shall forward to the Director, Payments System Management Department (PSMD), CBN, the report of the annual evaluation of the Board by the independent external consultant latest by May 31st following the end of every financial year or before the Annual General Meeting at which the report for the period/year is considered, whichever comes first.
- 9.5 The continuous unsatisfactory performance by a director shall be a basis for non-renewal of such a director's tenure.

10.0 REMUNERATION

- 10.1 The boards of PSPs shall develop a remuneration policy, which shall be disclosed in the annual report.
- 10.2 PSPs shall align executive and Board remuneration to its long-term interests and that of its shareholders.
- 10.3 Remuneration by PSPs shall be sufficient to attract, retain and motivate staff. This shall be balanced against the PSP's interest to avoid paying excessive remuneration.
- 10.4 The Board shall approve the remuneration of MD/CEO and the EDs while the fees and allowances for the NEDs shall be fixed by the Board and approved by shareholders at the general meeting.
- 10.5 NEDs remuneration shall be limited to Director's fees, sitting allowances for Board and its Committee meetings and reimbursable travel and hotel expenses. NEDs shall not receive benefits, salaries or any other allowances whether in cash or in kind other than those mentioned above.
- 10.6 MD/CEO and EDs remuneration shall be linked to performance and structured to prevent excessive risk taking.
- 10.7 Where stock options are adopted as part of executive remuneration or compensation, the Board shall ensure that they are not priced at a discount except with the authorization of the relevant regulatory agencies.
- 10.8 Share options shall be tied to performance and subject to the approval of the shareholders at AGMs.
- 10.9 Share options shall not be exercisable until one year after the expiration of the tenure of the director.
- 10.10 The Board shall at the end of each financial year confirm that the implementation and execution of the remuneration policy achieved its objectives.

11.0 RISK MANAGEMENT

- 11.1 The approved ERM Framework of a PSP shall clearly describe the roles and responsibilities of the Board, BRMC, Chief Risk Officer (CRO), Senior Management and Internal Control function.
- 11.2 The qualification and experience of the head of the risk management function shall be in accordance with the extant CBN regulations on competency and fit and proper persons.
- 11.3 The Board shall ensure that the risk management function is headed by a member of senior management with relevant qualification, competence, objectivity and experience.
- 11.4 The Chief Risk Officer shall report directly to the BRMC and shall have an indirect reporting line to the MD/CEO.
- 11.5 The Board shall review the effectiveness of the implementation of risk management policies and procedures at least annually.
- 11.6 The Board shall review the ERM Framework at least once in three years.
- 11.7 PSPs shall disclose a summary of their risk management policies in their annual financial statements. In the case of a publicly quoted PSP, such summary shall be hosted on its website.

12.0 INTERNAL AUDIT FUNCTION

- 12.1 A PSP shall not outsource its internal audit/compliance functions.
- 12.2 The qualification and experience of the head of internal audit shall be in accordance with the provisions of extant CBN regulations on competency and fit and proper persons.
- 12.3 The appointment and removal of the head of internal audit shall be the responsibility of the Board, subject to CBN's approval.
- 12.4 The head of internal audit shall report directly to the BAC.
- 12.5 An independent external assessment of the effectiveness of the internal audit function as provided in Recommended Practice 18.6 of NCCG 2018 shall be carried out annually and the report submitted to the Director, PSMD, latest May 31st following the end of every accounting year.

13.0 CHIEF COMPLIANCE OFFICER

- 13.1 Switches/TPPs and MMOs shall establish a separate role for the Chief Compliance Officer (CCO). For PTSPs, PSSPs and Super-Agents, the role of the CCO may be combined with that of head of internal audit.
- 13.2 The qualification and experience of the CCO shall be in accordance with the provisions of the extant CBN regulations on competency and fit and proper persons.
- 13.3 The appointment and removal of the CCO shall be the responsibility of the Board, subject to CBN's approval.
- 13.4 The CCO shall report directly to the Board.
- 13.5 The CCO shall, in addition to monitoring compliance with AML/CFT/CPF requirements, also monitor the implementation of NCCG 2018, this Guidelines, and other laws and regulations.

13.0 CHIEF COMPLIANCE OFFICER

- 13.1 Switches/TPPs and MMOs shall establish a separate role for the Chief Compliance Officer (CCO). For PTSPs, PSSPs and Super-Agents, the role of the CCO may be combined with that of head of internal audit.
- 13.2 The qualification and experience of the CCO shall be in accordance with the provisions of the extant CBN regulations on competency and fit and proper persons.
- 13.3 The appointment and removal of the CCO shall be the responsibility of the Board, subject to CBN's approval.
- 13.4 The CCO shall report directly to the Board.
- 13.5 The CCO shall, in addition to monitoring compliance with AML/CFT/CPF requirements, also monitor the implementation of NCCG 2018, this Guidelines, and other laws and regulations.

14.0 WHISTLE-BLOWING

PSPs shall comply with the provisions of Recommended Practice 19 of NCCG 2018 as well as the provisions of the CBN Guidelines for Whistle-Blowing for Banks and Other Financial Institutions in Nigeria.

15.0 EXTERNAL AUDITORS

- 15.1 The appointment and removal of an external auditor of a PSP shall be the responsibility of the Board subject to CBN's approval.
- 15.2 The tenure of an external auditor of a PSP shall be for a maximum period of ten (10) cumulative years from the date of appointment, and subject to reappointment after the cool-off period specified in Section 7.4 of this Guidelines.
- 15.3 The external auditor shall report annually in the financial statements, the extent of the PSP's compliance with the provisions of NCCG 2018 and this Guidelines.
- 15.4 The external auditors shall render annual report to the Director PSMD on the PSP's risk management practices, internal controls and level of compliance with regulatory directives.
- 15.5 The external auditor shall forward copies of the report together with its management letter on the PSP's audited financial statements, to the Director, PSMD, CBN, latest March 31st following the end of every accounting year.
- 15.6 External auditors of PSPs shall not provide client services that could amount to conflict of interest including the following:
- i. Bookkeeping or other services related to the accounting records or financial statements of the audit client;
 - ii. Board evaluation and appraisal services;
 - iii. Valuation services, fairness opinion or contribution-in-kind reports;
 - iv. Actuarial services;
 - v. Management or human resource functions including legal or expert services;
 - vi. Internal audit outsourcing services;
 - vii. IT and system audit; and
 - viii. Software sales, consultancy and management.
- 15.7 Where the CBN is satisfied that an external auditor of a PSP has engaged in any unethical practice or illegal activity, the CBN shall request the Board of

the PSP to remove the external auditor or it may impose any other sanction on the PSP in line with the provisions of extant laws and regulations.

16.0 GENERAL MEETINGS

- 16.1 The Board shall ensure that the venue of a general meeting is convenient and easily accessible to the majority of shareholders.
- 16.2 The Board may consider rotating the venue of general meetings where it will promote better access to the majority of shareholders.
- 16.3 PSPs may hold their general meetings virtually, where physical meetings are not feasible.

17.0 SHAREHOLDERS ENGAGEMENT

- 17.1 The Board shall ensure that dealings of the PSP with shareholder's associations are transparent and in line with relevant governance guidelines/NCCG 2018.
- 17.2 The Board of a PSP with institutional investors shall ensure that such investors carry out the responsibilities detailed in Recommended Practice 22.3 of NCCG 2018.
- 17.3 In the case of a publicly listed PSP (if any), the Board shall ensure that dealings with Shareholders Associations are in strict adherence with the Code of Conduct for Shareholders' Associations issued by the Securities and Exchange Commission (SEC).

18.0 PROTECTION OF SHAREHOLDER RIGHTS

- 18.1 Except where prior approval of the CBN is granted, no individual, group of individuals, their proxies or corporate entities shall own controlling interest in more than one PSP.
- 18.2 An equity holding of five per cent and above by any investor shall be subject to CBN's prior approval. Where such shares are acquired through the capital market, the PSP shall within fourteen (14) days of the acquisition, apply for a 'No Objection' letter from the CBN.
- 18.3 In the case of a PSHC, prior approval of the CBN shall be obtained for any shareholding of five per cent and above, or any change in ownership which results in a change in the control of the PSHC.
- 18.4 Where such shares are acquired through the capital market, the PSHC shall apply for approval from the CBN within seven days of the acquisition.
- 18.5 Subsidiaries of a PSHC are prohibited from acquiring shares in the PSHC or of other subsidiaries of their parent PSHC.
- 18.6 Where the CBN has an Objection to any acquisition pursuant to sections 18.2 or 18.3, the notice of Objection shall be communicated to the PSP with a requirement for the investor to sell-off the shares. The PSP shall within fourteen (14) days notify such investor(s) of CBN's Objection.

19.0 BUSINESS CONDUCT AND ETHICS

- 19.1 PSPs shall establish a Code of Business Conduct and Ethics and disclose in the code or a summary thereof, such information and practices necessary to maintain confidence in the PSP's integrity.
- 19.2 The Code referred to in Section 19.1 shall take into account the legal obligations and reasonable expectations of the PSP's stakeholders, as well as the responsibility and accountability of individuals reporting on issues of unethical practices.
- 19.3 The Code of Business Conduct and Ethics shall be reviewed at least once every three years.

20.0 ETHICS AND PROFESSIONALISM

- 20.1 PSPs shall establish a policy concerning insider trading and related party transactions by directors, senior executives, and employees, as well as publish the policy or a summary of that policy on their website.
- 20.2 The policy shall contain appropriate standards and procedures to ensure it is effectively implemented.
- 20.3 In addition to the requirements in Section 20.2, there shall be an internal review mechanism carried out by the internal audit function of the PSP, to assess the compliance and the effectiveness of the policy.
- 20.4 Any director whose facility or that of his/her related interests remains non-performing in any financial institution for more than one year shall cease to be on the Board of the PSP and shall be blacklisted from sitting on the board of such PSP and that of any other financial institutions under the purview of the CBN.
- 20.5 Where a PSP is a related company to an existing infrastructure provider which provides services to other financial institutions, the PSP shall ensure that its dealings with the infrastructure provider are at arms-length.
- 20.6 The following conditions shall guide business conduct between PSPs, their parent companies and other related entities (where applicable):
- i. A parent company or any other related entity of a PSP, which renders services to the PSP may extend similar services to other entities that so desire on the same terms and conditions.
 - ii. A parent company or any other related entity of a PSP is prohibited from giving any preferential treatment to the PSP.
 - iii. Preferential treatment by a parent company or any other related entity shall, among others, include:
 - a) Precluding its subsidiary's competitor from using its infrastructure or services.

- b) Offering lower quality of service to its subsidiary's competitors.
- c) Offering such infrastructure or services at differential pricing.

20.7 Failure of any PSP to abide by these fair competition clauses may lead to revocation of its license.

20.8 All services between the parent company and its PSP shall be guided by Service Level Agreements (SLAs) and/or shared services arrangements in line with the CBN Guidelines for Shared Services Arrangements for Banks and Other Financial Institutions.

20.9 PSPs shall submit the SLAs referred to in Section 20.8 to the CBN for approval, prior to implementation.

22.0 SUSTAINABILITY

PSPs shall comply with the provisions of Recommended Practice 26 of NCCG 2018 as well as the requirements of the Nigerian Sustainable Finance Principles.

21.0 CONFLICT OF INTEREST

21.1 PSPs shall develop and adopt a policy to guide the Board and individual directors in conflict-of-interest situations which shall, at the minimum, cover the following areas:

- i. Approval & revision date;
- ii. Definition of conflict of interest;
- iii. Purpose of the policy; and
- iv. Procedures to follow in situations of conflict of interest.

21.2 The Board shall be responsible for managing conflicts of interest of directors and senior management in the PSP.

21.3 A director who has serious concerns about the activities of the PSP shall ensure that the following are promptly raised to the Board for resolution:

- i. any unreported cases of conflict of interest, insider trading, related party transactions, fraud or any illegal or suspected illegal activities;
- ii. the impairment of external auditor's independence and objectivity, or failure to approach its work with an acceptable degree of professional scepticism;
- iii. any violation of this Guidelines, extant laws and regulations, and disregard for accounting and auditing standards or financial reporting requirements;
- iv. the impairment of the independence of the Board or any of its Committees;
- v. condoning of unethical behavior and conduct in the PSP.

21.4 Any concern raised by a director on the activities of a PSP and all discussions on conflict of interest shall be recorded in the minutes of the Board/Board committee meetings.

23.0 STAKEHOLDER COMMUNICATION

23.1 In addition to the traditional means of communication, PSPs shall have a website and are encouraged to communicate with stakeholders via the website and other social media platforms.

23.2 The Board shall develop stakeholder engagement policy which shall be hosted on the PSP's website.

23.3 Stakeholders shall freely communicate their concerns on illegal or unethical practices to the Board. Where such concerns border on the activities of the Board, such individuals shall have recourse to the CBN in accordance with the provisions of the extant CBN Guidelines on Whistleblowing for Banks and Other Financial Institutions in Nigeria.

24.0 DISCLOSURES

24.1 Disclosure in the annual report shall include, but not limited to, material information on:

- i. Details on Directors such as:
 - a) Remuneration policy for members of the Board and executives;
 - b) Total NEDs' remuneration (fees and allowances);
 - c) Total Executive compensation, including bonuses paid/payable;
 - d) Details and reasons for share buy-backs, if any, during the period under review;
 - e) Board of Directors' performance evaluation;
 - f) Shares held by Directors and their related parties; and
 - g) Details of directors, shareholders and their related parties who own five per cent and above of the PSP's shares as well as other beneficial owners who, in concert with others, control the PSP.
- ii. Corporate Governance Structure:
 - a) Appointment and tenure of directors.
 - b) Composition of Board Committees including names of chairmen and members of each committee;
 - c) Total number of Board and its Committees meetings held in the financial year and attendance by each director;
 - d) A summary of details of training and inductions for directors.

25.0 RETURNS

- 25.1 PSPs shall submit to the Director PSMD, CBN, not later than seven days after the end of each quarter, returns on their compliance with:
- i. the NCCG 2018 and this Guidelines; and
 - ii. the Whistle blowing Guidelines.
- Both returns shall be for each quarter and prepared as separate documents.
- 25.2 Notwithstanding the provisions in Section 25.1, whistle-blowing incidences or breaches in a PSP shall be reported immediately to the CBN via this email - anticorruptionunit@cbn.gov.ng.
- 25.3 If required, every PSP shall render electronic submission of each of these regulatory returns to a dedicated web portal as may be prescribed by the FRC.

- iii. Risk management:
 - a) All significant risks; and
 - b) Risk management practices indicating the Board's responsibility for the entire process of risk management as well as a summary of the lapses observed by external auditors, if any.
- iv. Information on strategic modification to the core business of the PSP.
- v. All regulatory/supervisory contraventions during the year under review and infractions uncovered through whistle blowing, including regulatory sanctions and penalties.
- vi. Capital Structure/Adequacy
- vii. Any service contracts and other contractual relationships with related parties.
- viii. Frauds and Forgeries.
- ix. Contingency Planning Framework
- x. Contingent Assets and Liabilities (where applicable).
- xi. The details of parent/holding institutions, subsidiaries, associates, joint ventures and Special Purpose Enterprises/Vehicles (SPEs/SPVs), where applicable.
- xii. Software ownership, development and management; and
- xiii. Any matter not specifically mentioned in this Guidelines but which is capable of affecting in a significant form, the financial position of the PSP or its status as a going concern.

24.2 To foster good corporate governance, PSPs are encouraged to make robust disclosures beyond the statutory requirements in BOFIA 2020 and other applicable laws and regulations.

26.0 SANCTIONS

- 26.1 Failure of a PSP to comply with any of the requirements under this Guidelines and the Recommended Practices in NCCG 2018, constitutes a regulatory breach and shall attract a penalty as may be prescribed by the CBN.
- 26.2 Rendition of false, misleading and or incomplete information to the CBN shall attract appropriate sanctions including monetary penalties and administrative sanctions on the individual and the PSP.
- 26.3 Breach of any of the provisions of this Guidelines by a director, manager or officer shall attract appropriate sanctions including monetary penalties and administrative sanctions on the individual responsible for the breach.
- 26.4 In addition to the provision of Section 26.3, such director or officer of the PSP shall be suspended for six months in the first instance and possible removal from the Board of the PSP in the event of continued reoccurrence of the breach.

27.0 EFFECTIVE DATE

This Guidelines shall take effect from December 2023

28.0 GLOSSARY

ACRONYMS	DEFINITION
AGM	ANNUAL GENERAL MEETING
AML/CFT/CPF	ANTI-MONEY LAUNDERING/COMBATTING THE FINANCING OF TERRORISM/COUNTERING PROLIFERATION FINANCING
BAC	BOARD AUDIT COMMITTEE
BCC	BOARD CREDIT COMMITTEE
BCP	BUSINESS CONTINUITY PLAN
BNGC	BOARD NOMINATION AND GOVERNANCE COMMITTEE
BOFIA	BANKS AND OTHER FINANCIAL INSTITUTIONS ACT
BRMC	BOARD RISK MANAGEMENT COMMITTEE
BSD	BANKING SUPERVISION DEPARTMENT
CAMA	COMPANIES AND ALLIED MATTERS ACT
CBN	CENTRAL BANK OF NIGERIA
CCO	CHIEF COMPLIANCE OFFICER
CRO	CHIEF RISK OFFICER
CSR	CORPORATE SOCIAL RESPONSIBILITY
ECO	EXECUTIVE COMPLIANCE OFFICER
ED	EXECUTIVE DIRECTOR
ERM	ENTERPRISE RISK MANAGEMENT
FPRD	FINANCIAL POLICY AND REGULATION DEPARTMENT
FRC	FINANCIAL REPORTING COUNCIL OF NIGERIA
IT	INFORMATION TECHNOLOGY
INED	INDEPENDENT NON-EXECUTIVE DIRECTOR

ACRONYMS	DEFINITION
ICT	INFORMATION AND COMMUNICATIONS TECHNOLOGY
MD/CEO	MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER
MMOs	MOBILE MONEY OPERATORS
NCCG	NIGERIA CODE OF CORPORATE GOVERNANCE
NDIC	NIGERIA DEPOSIT INSURANCE CORPORATION
NED	NON-EXECUTIVE DIRECTOR
PSHC	PAYMENTS SERVICE HOLDING COMPANY
PSMD	PAYMENTS SYSTEM MANAGEMENT DEPARTMENT
PSP	PAYMENTS SERVICES PROVIDERS
PSSP	PAYMENT SOLUTION SERVICE PROVIDER
PTSP	PAYMENT TERMINALS SERVICE PROVIDER
SEC	SECURITIES AND EXCHANGE COMMISSION
SLA	SERVICE LEVEL AGREEMENT
SPE	SPECIAL PURPOSE ENTERPRISES
SPV	SPECIAL PURPOSE VEHICLES
TPPS	THIRD PARTY PROCESSORS