



CENTRAL BANK OF NIGERIA

GUIDELINES ON POINT OF SALE (POS) CARD ACCEPTANCE SERVICES

APPROVED

GUIDELINES ON POINT OF SALE (POS) CARD ACCEPTANCE SERVICES

1 Preamble

In exercise of the powers conferred on the Bank by Section 47 (3) of the Central Bank of Nigeria Act 2007 (as amended) to issue guidelines for the maintenance of adequate and reasonable financial services for the public and to ensure high standards of conduct and management throughout the banking system; and

Pursuant to its inherent powers, the Central Bank of Nigeria (CBN) hereby issues the following guidelines for Point of Sale (POS) Card Acceptance Services in Nigeria:

Objectives

These guidelines have been developed to provide minimum standards and requirements for the operation of POS card acceptance services under the following POS environment:

- a) Countertop
- b) Wireless/Portable
- c) Handover (PIN Entry only/Customer-activated with PIN Entry)
- d) Automated Dispenser (e.g. Automated Fuel Dispenser, Token dispenser, etc)
- e) Biometric point of sale
- f) Contactless

2 Point of Sale Card Acceptance Services Stakeholders

POS Card Acceptance Services Stakeholders include but not limited to:

1. Merchant Acquirers
2. Card Issuers
3. Merchants
4. Cardholders
5. Card Schemes and Card Associations
6. Switches
7. POS Terminal Owners
8. Payments Terminal Service Aggregator (PTSA)
9. Payments Terminal Service Providers (PTSP)
10. Processors

3 Minimum Standards

All industry stakeholders who process and/or store cardholder information shall ensure that their terminals, applications and processing systems comply with the minimum requirements of the following Standards and Best Practices (for PCI, the minimum requirement will be level 2.1). In addition, all terminals, applications and processing systems, should also comply with the standards specified by the various card schemes. Each vendor must provide valid certificates showing compliance with these standards, and must regularly review status of all its terminals to ensure they are still compliant as standards

change. There will be a continuous review and recertification on compliance with these and other global industry standards from time to time.

- 3.1 PA DSS –Payment Application Data Security Standard.
- 3.2 PCI PED – Payment Card Industry Pin Entry Device.
- 3.3 PCI DSS – Payment Card Industry Data Security Standard.
- 3.4 Triple DES – Data Encryption Standards should be the benchmark for all data transmitted and authenticated between each party. The triple DES algorithm is the minimum standard.
- 3.5 EMV – The deployed infrastructure must comply with the minimum EMV requirements.
- 3.6 Each vendor must provide valid certificates showing compliance with these standards.

The timelines for compliance with the above minimum standards are as follows:

- New terminals and payment applications Immediate
- Existing payment applications December 1, 2011
- Existing terminals December 31, 2012

4 Roles and Responsibilities of:

4.1 Merchant Acquirers

- 4.1.1 Only CBN licensed financial and non- financial institutions shall serve as Merchant Acquirers.
- 4.1.2 Merchant Acquirers can own POS Terminals, but shall only deploy and support POS terminals through a CBN licensed Payment Terminal Services Provider (PTSP).
- 4.1.3 Merchant Acquirers shall ensure that POS terminals purchased and deployed at merchant/retailer locations through CBN licensed Payment Terminal Services Provider shall accept all cards (card agnostic)
- 4.1.4 Support for existing POS terminals already deployed shall be handed over to PTSPs by November 1st, 2011
- 4.1.5 Merchant Acquirers shall enter into agreements/contracts with merchants for accepting payment by means of electronic payment instrument. All agreements/contracts shall clearly spell out the terms and conditions, including roles, responsibilities and rights of the acquirer and the merchant. The contract should also clearly spell out requirements for the merchant's responsibilities in ensuring proper upkeep of the POS terminal.
- 4.1.6 Every Merchant Acquirer shall connect all its PoS terminals or other acquiring devices directly to the Payments Terminal Service Aggregator.

- 4.1.7 Merchant Acquirers shall switch all domestic transactions through the preferred local switch of their choice for purpose of seeking authorisation from the relevant Issuer.
- 4.1.8 To achieve interoperability, all POS terminals deployed in Nigeria shall accept all transactions arising from any card issued by any Nigerian bank. Accordingly, Acquirers and other service providers shall be card neutral entities that have no reason to promote or favour any card brand over the other.
- 4.1.9 Every acquirer must be able to accept all cards issued by Nigerian Banks, whether through a direct license or via an arrangement with any other acquirer that is licensed under the relevant card scheme/association.
- 4.1.10 Merchant Acquirers, in conjunction with their Payment Terminal Service Providers, shall be responsible for ensuring that merchants are trained and made to put in place reasonable processes and systems for confirming cardholder identity and detecting suspicious or unauthorized usage of electronic payment instruments where customer/card is physically present at point of sale.
- 4.1.11 Merchant Acquirers shall be required to undertake measures to prevent the use of their networks for purposes associated with money laundering and other financial crimes.
- 4.1.12 Merchant Acquirers shall conduct proper KYC on all their merchants with POS.
- 4.1.13 Merchant Acquirers shall set merchant limits based on the volume of business/type of commercial activities. In addition, Merchant Acquirers shall provide guidelines to merchants on payment procedures for large ticket transactions (e.g. review of Identification, etc)
- 4.1.14 All POS Terminals procured should allow for implementation of Biometric Authentication by December 2015.
- 4.1.15 Merchant Acquirers shall in conjunction with banks, switches and other stakeholders ensure resolution of disputed transactions between the merchant and the cardholder within five (5) working days. All transactions from POS devices shall be routed through the PTSA to the relevant acquirer or its appointed third party processor.
- 4.1.16 There shall be no exclusivity arrangements that bundle third party processing with switching activities. Each acquirer shall be free to process transactions on its own, or leverage the services of a third party processor; and these services shall be independent of the switch used to facilitate such exchange.
- 4.1.17 Merchant Deposit Banks shall maintain and reconcile merchant accounts on behalf of Merchant Acquirers.

4.2 Payment Terminal Services Provider (PSTP)

- 4.2.1 To ensure effectiveness of POS operations and a proper support/maintenance infrastructure, only CBN licensed Payments Terminal Service Providers shall deploy, maintain and provide support for POS terminals in Nigeria. PTSPs shall offer services to acquirers covering all aspects relating to terminal management and support, including but not limited to purchase and replacement of spare parts, provision of connectivity, training, repairs, and development of value-added services, amongst other things.
- 4.2.2 PTSPs shall agree their fees directly with the acquirers, but subject to the following guidelines:
- 1) A flat fee per terminal, irrespective of location deployed and/or value/volume of transactions
 - 2) An incentive fee based on volume of transactions per terminal
 - 3) Timely settlement of payments
- 4.2.3 CBN shall license a limited number of Payments Terminal Service Providers, to enable the PTSPs build scale and maximize efficiency. Criteria for PTSPs shall be defined by CBN, and the performance of licensed PTSPs shall be reviewed annually to confirm they meet defined performance targets. Licenses of PTSPs that fail to meet performance expectations can be withdrawn and fresh licenses issued to qualifying companies.
- 4.2.4 PTSPs can identify merchant opportunities and market potential merchants on behalf of acquirers.
- 4.2.5 Only PSTPs shall be allowed to deploy POS terminals. Any party, other than a PTSP that deploys POS terminals, shall be fined 50,000 Naira per day that terminal remains deployed. PTSPs shall clearly agree SLAs on deployment timelines with acquirers to ensure efficient deployment of POS terminals.
- 4.2.6 PSTPs shall ensure that deployed POS terminals are functional at all times. Appropriate mechanism must be put in place to remotely detect failures which shall be rectified or replaced within 48 hours.
- 4.2.7 All terminals deployed by PTSPs must have stickers with the PTSP's support service contact information. In addition PTSPs must have a support infrastructure that ensures support coverage for merchants 7 days a week.
- 4.2.8 PTSPs will be required to enter into contracts/SLAs with the acquirers that will clearly state the terms and conditions of their support services, including the fee structure and timeline for fee settlement.
- 4.2.9 PTSPs shall work with the PTSA to ensure all POS terminals deployed by them meet all required certifications and the minimum POS specifications defined in these guidelines.
- 4.2.10 PTSPs shall work with acquirers and the terminal manufacturers to ensure that terminals are phased out/replaced/upgraded as appropriate, as their certifications become obsolete.
- 4.2.11 No Card Scheme shall engage in business as a Payment Terminal Services Provider; neither shall any entity that has a management contract with a Card

Scheme engage in business as a Payment Terminal Services Provider. In addition, no entity in which a Card Scheme, its subsidiary, or the majority shareholder of a card scheme, has 20% shareholding or more shall engage in business as a Payment Terminal Services Provider. In addition, no single Bank shall have a controlling share in any Payment Terminal Services Provider

4.3 PoS Terminal Owner

- 4.3.1 Banks, Merchants, Acquirers, PTSA, and PTSPs can be PoS Terminal Owners.
- 4.3.2 PoS Terminal Owners shall ensure all POS terminals procured by them are compliant with the minimum POS specifications.
- 4.3.3 PoS Terminal Owners shall cover the costs of repairs and replacements of parts for their terminals.

4.4 Payments Terminal Service Aggregator

- 4.4.1 Nigeria Interbank settlement Systems (NIBSS) - owned by all Nigerian banks and the Central Bank of Nigeria shall act as the Payments Terminal Service Aggregator for the financial system.
- 4.4.2 As the Payments Terminal Service Aggregator for the industry, NIBSS shall establish communication network for reliable POS data traffic that shall satisfy the service and availability standards and expectations of the industry on a cost effective basis.
- 4.4.3 As the Payments Terminal Service Aggregator for the industry, NIBSS shall on an annual basis or more frequently as may be required, on behalf of the industry certify POS Terminals that meet the POS Terminal standards approved for the industry.
- 4.4.4 As the Payments Terminal Service Aggregator, NIBSS shall participate on a joint committee of industry stakeholders, to negotiate a price list with 2 – 3 terminal equipment providers for bulk purchase of POS terminals for the Nigerian market. It is expected that a bulk purchase agreement will enable cost reduction on POS terminals, as well as the ability to define special requirements for the Nigerian market, and ensure a sufficient support infrastructure from the terminal manufacturers. Any Terminal Owner may subscribe to the negotiated global price list for the purchase of POS Terminals to take advantage of these benefits.
- 4.4.5 As the Payment Terminal Service Aggregator, NIBSS shall be the only entity permitted to operate a Terminal Management System. All POS terminals operating in Nigeria must be connected to the Payment Terminal Service Aggregator. This is to ensure comprehensive oversight, reporting/performance monitoring, and also in line with our objectives of shared industry infrastructure and best practice. NIBSS shall provide Acquirers and Payment Terminal Service Providers and their merchants (where required) the ability to view transactions and monitor performance of their devices.
- 4.4.6 All PoS Terminals deployed shall be technically enabled to accept all cards issued by Nigerian banks.

- 4.4.7 The Payments Terminal Service Aggregator shall route all transactions from PoS terminals to the relevant Acquirer or its designated third party processor. This enables Acquirers who are Issuers to handle On-Us transactions appropriately and all Acquirers to manage their risks and accept responsibility for such transactions in line with Charge-back Rules of relevant Card Schemes. This does not preclude any Acquirer from using the services of any Third Party Processor (TPP) or the Acquirer's in-house processing services to process its acquired transactions.
- 4.4.8 All domestic transactions including but not limited to POS and ATM transactions in Nigeria must be switched using the services of a local switch and shall not under any circumstance be routed outside Nigeria for switching between Nigerian Issuers and Acquirers.
- 4.4.9 The Payments Terminal Service Aggregator shall monitor the availability and transaction traffic on all POS terminals on a continuous basis and shall provide analysis and reporting on POS terminal performance and transaction trend to the Central Bank and the industry.
- 4.4.10 The Payments Terminal Service Aggregator shall ensure all merchants and other relevant parties are settled within the T+1 settlement period, upon receipt of settlement reports from all card schemes or the switches they have appointed to provide such reports on their behalf. Failure to execute the T+1 settlement cycle shall result in a sanction to the PTSA, including but not limited to them solely refunding the entire Merchant Service Charge for that day's transactions.
- 4.4.11 The Payments Terminal Service Aggregator shall have clear Service Level Agreements for certifying terminals quickly and efficiently, as well as for integrating new value-added services on behalf of acquirers, PTSPs, or 3rd party application developers.

4.5 Card Issuers

- 4.5.1 Only licensed deposit taking banks shall with the approval of CBN serve as the issuers of payment cards.
- 4.5.2 Only EMV-compliant cards shall be issued by Nigerian banks.
- 4.5.3 Deposit Taking Banks shall act as the issuer of payment cards and by so doing commit themselves towards the cardholders to settle the operations performed by means of payment cards, and the cardholder commits himself/herself to pay the amount of the operations together with charges due to the issuer from a specified account.
- 4.5.4 A card issuer shall be held liable (where proven) for card frauds arising from card skimming or other compromises of the issuer's security system, including payment done with hot-listed card.
- 4.5.5 A card issuer shall put in place adequate controls to prevent, track and minimize fraud.

- 4.5.6 A card issuer shall provide means whereby its cardholders may at any time of the day or night notify the loss, theft or fraudulent use of the card and the card issuer shall take all necessary steps to stop any further use of the affected card.
- 4.5.7 A card issuer shall keep sufficient internal records over a minimum period of ten (10) years to enable audit trails on card-related transactions.
- 4.5.8 A card issuer must have a capacity to reflect customer's preferences on the usage of his card.
- 4.5.9 A card issuer shall ensure that all hot-listed cards are system driven across all channels.
- 4.5.10 A card issuer shall be responsible for any loss arising from any use or operation of a card after the card has been reported lost or stolen.
- 4.5.11 Card issuers shall be responsible for setting overall transaction limits on cards per day, and transaction limits of such cards by channel, according to their card products and risk guidelines.
- 4.5.12 Card issuers, who provide offline limits for their card products, shall ensure the terms for such offline limits are fully understood and agreed with the customer. Irrespective of the status of the cardholders account as at the time of the transaction, the card issuer shall be liable to settle the amount to the merchant, while it takes the appropriate measures to recover the funds from the cardholder.
- 4.5.13 No card issuer or its agent shall deliver any card in a fully activated state.
- 4.5.14 No card issuer or its agent shall bill or charge a customer for an unsolicited card unless and until after the card is fully activated by cardholder.
- 4.5.15 No card issuer or its agent shall engage in the use of unethical tactics when marketing its card products to members of the public.
- 4.5.16 No card issuer or its agent shall communicate false or misleading information regarding card terms and conditions, service fees/waivers, and/or associated promotions/gifts/prizes to members of the public.
- 4.5.17 Card Issuers shall respond to Card related disputes or complaints from cardholders within 24 hours and in conjunction with the Acquirer resolve such disputes or complaints within five (5) working days.
- 4.5.18 A card issuer must furnish its cardholders with a detailed list of contractual terms and conditions prior to activation. Such terms shall include at a minimum:
- Fees and charges
 - Withdrawal limits (including offline transaction limits and terms where applicable)
 - Billing cycles
 - Termination procedures
 - Default/recovery procedures
 - Loss/theft/misuse of card procedures

- Grievance/Complaints procedures

4.5 Merchants

- 4.5.1 A merchant shall enter into agreement with Merchant Acquirer specifying in clear terms the obligations of each party.
- 4.5.2 Merchant shall accept cards as a method of payment for goods and services.
- 4.5.3 A merchant may refuse to accept payment by means of an electronic payment instrument, including payment with cards, if:
- a) The electronic payment instrument is invalid;
 - b) Notification of loss, missing, stolen or damaged has been made of the electronic payment instrument;
 - c) The cardholder refuses to present a document confirming his/her identity in the event of suspicious / unauthorized use of electronic payment instruments.
- 4.5.4 The merchant shall display the payment device conspicuously enough for the cardholder to observe the amount entered into the device before the cardholder enters his/her PIN.
- 4.5.5 The merchant shall be held liable for frauds with the card arising from its negligence, connivance etc.
- 4.5.6 A merchant shall under no circumstance charge a different price, surcharge a cardholder or otherwise discriminate against any member of the public who chooses to pay with a card or by other electronic means.

4.6 Cardholders

- 4.6.1 A cardholder shall:
- a) Store the payment card and protect his PIN with due care
 - b) Not keep his payment card together with the PIN
 - c) Notify the issuer without delay about missing, stolen, damaged, lost or destroyed card
 - d) Not make available the payment card to unauthorized persons.
- 4.6.2 The cardholder may withdraw from the contract for payment card without prior notice to the issuer provided he does not owe for any charges or transactions on the payment card.
- 4.6.3 The cardholder shall present, when required by a merchant, a document confirming his identity.
- 4.6.4 The cardholder shall receive value for the operations performed by means of a payment card, and by so doing, the holder commits himself to pay the amount of the operations together with charges due to the issuer from a specified account.
- 4.6.5 The cardholder shall be held liable for fraud committed with his card arising from the misuse of his PIN or his card.

- 4.6.6 The cardholder shall be entitled to receive a receipt or any other form of evidence at the time a transaction is performed with his/her card
- 4.6.7 The cardholder shall be entitled to receive, within a reasonable period, at least monthly, a statement of all transactions performed with his/her card
- 4.6.8 If a cardholder notifies his bank that an error involving his card has occurred, the institution must investigate and resolve the claim within 3 working days.
- 4.6.9 The cardholder shall be given reasonable notice before changes are made to fees levied on his/her card and be given the option to discontinue usage of card to avoid such changes in fees without penalty
- 4.6.10 A cardholder shall be given reasonable notice before changes are made to the terms and conditions of his card contract and shall be given the option to opt-out of the card contract without penalty
- 4.6.11 The cardholder shall be entitled to privacy and information on his card account cannot be shared with third parties unless:
 - a) With express customer approval or
 - b) In cases of customer default, where information can be shared with credit bureaus and collection/recovery agents or
 - c) In cases where information is requested by valid order of a competent Nigerian court/authority or
 - d) In cases where it is necessary to prevent fraud

4.7 Card Associations and Card Schemes

- 4.7.1 All card associations and card schemes doing business in Nigeria are bound by these guidelines and other relevant CBN guidelines/circulars.
- 4.7.2 To ensure fair play and equal opportunity for all players, each Card Scheme shall make public and transparent, objective rules for membership of the said scheme and estimated time required for certification.
- 4.7.3 CBN shall reserve the right to assess the rules to confirm objectivity, vis-a-vis international standards/best practice. Any Card Scheme that wrongfully denies membership or unnecessarily delays the process of certification to potential players, would be penalized by CBN – including but not limited to paying a fine equivalent to the expected revenue of the payment services provider for that period, suspension and/or revocation of license, and CBN licensing new schemes.
- 4.7.4 No Card Scheme shall engage in the business of acquiring; neither shall any entity that has a management contract with a Card scheme engage in the business of acquiring. In addition, no entity in which a Card Scheme, its subsidiary, or the majority shareholder of a card scheme, has 20% shareholding or more shall engage in the business of acquiring.
- 4.7.5 No Card Association or Card Scheme shall engage in any antitrust activity or any act that will lead to abuse of dominant position, monopoly or unfair competition. Accordingly, there shall not be any form of arrangement or collusion between

two or more Card Associations, Card Schemes, or Payment Schemes in respect of Issuing, Acquiring, Processing or Switching.

4.8 Switching Companies

- 4.8.1 All local switches in Nigeria shall ensure that transactions relating to all cards issued by Nigerian banks are successfully switched between Acquirers and Issuers.
- 4.8.2 To achieve the interconnectivity of all new and existing switching companies, all switching companies shall open their networks for reciprocal exchange of transactions/messages with the Nigeria Central Switch and Payment Terminal Service Aggregator.

5. Settlement Mechanism

- 5.1 The settlement for all POS transactions must be done to the merchant account on T + 1 basis, where T is the date the transaction is performed.
- 5.2 Card schemes or their appointed switches shall provide their settlement reports to NIBSS by 10am for the previous day. The settlement information should contain sufficient detail to enable NIBSS credit merchant accounts directly, and shall be provided in a format as advised by NIBSS. Failure to provide this information in the required format or by the required timeline will result in a sanction, including but not limited to the offending party solely refunding the entire Merchant Service Charge for that day's transactions.
- 5.3 NIBSS shall also directly credit the accounts of other parties with their share of the merchant service charge (MSC).
- 5.4 NIBSS will be paid by the banks for the settlement done to the merchant account in line with the NEFT fee transaction charges.

6. Fees and Charges

- 6.1 Fees and charges for POS Card Acceptance services are to be agreed between service providers and banks / entities to which the services are being provided subject to the following limits:
 - The maximum total fee that a merchant shall be charged for any POS transaction shall be 1.25% of the transaction value subject to a maximum of N2, 000.00. Exceptions may apply in respect of travel and entertainment merchants including but not limited to hotels, restaurants, airlines, etc. In which case shall be at such rate as agreed from time to time between the Acquirer and the Merchant. Under NO CIRCUMSTANCE shall a merchant charge a surcharge to customers for using their cards.
 - The fees and charges stated above are applicable to only POS transactions performed with naira denominated cards. POS transactions done with cards

issued in foreign currencies will still follow the pricing arrangement put in place by the relevant international card association/scheme.

6.2 Fees charged at on POS Terminal transactions shall be shared as follows:

i. Issuer	- 30.0%
ii. Acquirer	- 32.5%
iii. Payment Terminal Owner	- 25.0%
iv. Local Switch	- 5.0%
v. Payment Terminal Service Aggregator	- 7.5%

The Fee schedule will be reviewed annually.

7. Transition to Achieve Interoperability

Prior to December 1, 2011 and the effective date for the new arrangements, all commercial switches, processors or entities driving PoS terminals in Nigeria shall ensure full and secure connection to the Central Switch and all transactions in respect of any card that the switch, processor or other entity is not licensed to process or switch shall be routed through the NCS to a licensed switch or processor for purpose of processing such transaction on behalf of the relevant Acquirer for seeking authorisation from the relevant Issuer.

All terminals must be plugged to into NIBSS Plc, the PTSA on or before November 15, 2011.

8. Exclusivity Agreements

There shall be no form of exclusivity in any area of payment service including but not limited to Issuing, Acquiring, Processing, and Sale and Maintenance of hardware and software. It shall be the responsibility of every Card Association/Payment Scheme and other relevant parties to ensure that all existing exclusivity contracts are amended not later than September 30, 2011 to ensure conformity with these guidelines and other regulations. Any payment scheme, operator, processor, infrastructure provider, switching company, service provider or bank that contravenes this policy may be suspended for a minimum of one (1) month by the CBN as a payment service or payment infrastructure service provider in the first instance, to be followed by stricter sanctions if the practice persists.

9. Minimum POS Terminal Specifications

Parameters	Specifications
Card Readers	EMV Chip/Smart cards, Magnetic stripe. <u>Optional</u> : Contactless reader, 2 SAM Slots
Communications	GPRS, Ethernet, Dial-up Modem. <u>Optional</u> : CDMA, Wi-Fi
Certifications	EMV levels 1 & 2, PCI DSS, PA-DSS, PCI PED online & offline (All PCI certifications should be Level/Version 2.1 minimum)
Biometric	Upgradeable to incorporate fingerprint reader/scanner
SIM capacity	Must operate either a dual SIM or a roaming SIM
CPU	ARM9/11, 32Bits. <u>Optional</u> : Dual processors
Memory	16MB Flash, 32MB SDRAM
Keypad	PCI PED Approved, Backlit
Display	TFT LCD graphics, 128/64 pixel, Backlit. <u>Optional</u> : Colour screen

Power	100-240V, 50-60Hz; 24hrs battery power (operating) <u>Optional</u> : DC support, Car jack charger, Docking fast charger
Printer	15 -18 lines per sec Thermal printer
Multi-Application	Supports Multiple Applications
Customization / Others	Optional: Coloured or branded housing, Labelling/embossing, RS232 & USB interfaces, Protocol implementation

Existing POS terminals that do not comply with the standards set in these guidelines shall be phased out by December 31, 2012.

10. Compliance

All parties shall comply with the provisions of these guidelines and other relevant guidelines issued by the CBN. This guideline shall prevail in the case of conflict with any guidelines issued prior.

10. Timelines

The deadlines for complying with the guidelines as stated in this document shall be on or before the following dates:

Compliance with minimum standards:

- | | |
|--|-------------------|
| • New terminals and payment applications | Immediate |
| • Existing payment applications | December 1, 2011 |
| • Existing terminals | December 31, 2012 |

Provision of scheme rules and certification timelines	September 1, 2011
Compliance with new settlement arrangement	October 1, 2011
Spin-off/Independence of Card Schemes	April 1, 2012
Handover of existing terminals to PTSPs	November 1, 2011
Plug-in of existing terminals to NIBSS	November 15, 2011

Appendix 1: Definition of Terms

The terms below shall have the following meaning for the purpose of those Guidelines.

- a) Merchant Acquirer means a CBN licensed financial or non-financial institution that has agreement with the relevant card scheme to contract with merchants to accept payment cards as means of payment for goods and services.
- b) Cardholder means any person to whom a payment card is issued and whose account will eventually be debited for settlement of transactions performed with the payment card.
- c) Deposit Taking Banks means banks and other financial institutions.
- d) Merchant means an organization or entity that contracts with a Merchant Acquirer for accepting payment by means of payment card or any other electronic payment instrument.
- e) Operations include facilitation of funds transfer, effecting payment and such other transactions that may be determined from time to time by means of an electronic payment instrument.
- f) Interoperability means ability to issue cards and deploy devices in such a way that all customers (card holders, merchants and issuers) perceive operations, while obtaining service, as if the interconnected networks were one.
- g) Interconnectivity means ability for reciprocal exchange of transactions/messages between two or more switching networks.
- h) PIN means Personal Identification Number.
- i) Competent Authorities include Courts, Economic and Financial Crime Commission (EFCC), Independent Corrupt Practices Commission (ICPC), Regulatory Authorities such as the CBN, Nigeria Deposit Insurance Commission (NDIC) etc.
- j) Hot list means list of deactivated cards that were reported missing, stolen, lost or damaged by the card holders.
- k) Switch means a system that switches card payments messages between acquirer (or acquirer processor) and issuer (or issuer processor)
- l) Card Schemes define the rules of the card system (e.g. interchanges, licenses, fraud responsibilities), and choices of technical functionalities (e.g. standards, protocols, security requirements)
- m) Processor processes card transactions.
- n) A Card Association is a network of issuing banks and acquiring banks that process payment cards of a specific brand.
- o) EMV (Europay, MasterCard, Visa) is the global standard that is helping ensure smart (Chip-and-PIN) cards, terminals and other systems can interoperate.

- p) PCI DSS stands for Payment Card Industry Data Security Standard. It was developed by the major credit card companies as a guideline to help organizations that process card payments prevent credit card fraud and various other security vulnerabilities and threats.
- q) PCI PED security requirements are designed to secure personal identification number (PIN)-based transactions globally and apply to devices that accept PIN entry for all PIN based transactions.
- r) PA-DSS stands for Payment Application Data Security Standard. PA-DSS compliant applications help merchants and agents mitigate compromises, prevent storage of sensitive cardholder data, and support overall compliance with the PCI DSS.

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