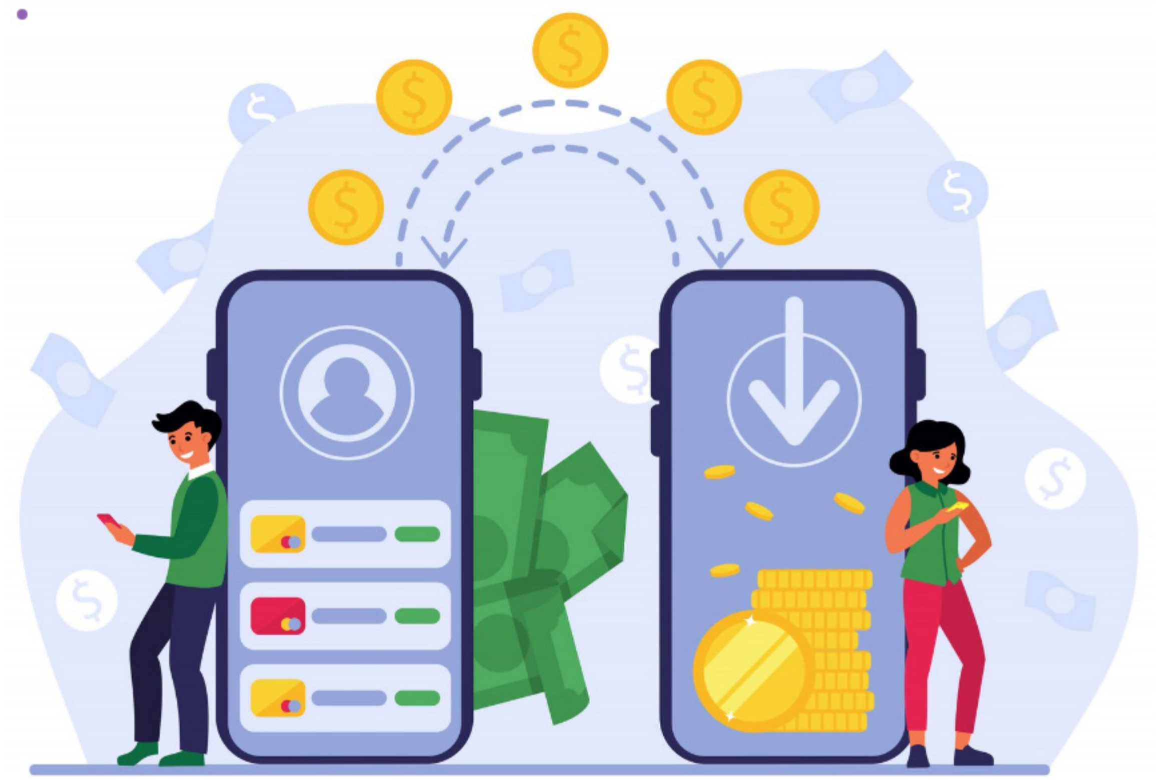

Beyond Compliance: What the CBN's New Payments Framework Means for Governance, Competition and Transactions

Introduction

On 15 June 2026, the Central Bank of Nigeria (CBN) issued a Circular introducing significant reforms to Nigeria's payments ecosystem. It applies to deposit money banks, microfinance banks, payment service providers, mobile money operators, switching companies, and other licensed participants.

The Circular addresses three key areas of regulatory concern—ultimate beneficial ownership (UBO) transparency, data localisation, and market concentration. More broadly, it reflects the CBN's intention to strengthen transparency, reduce systemic risk, promote competition, and enhance the resilience of Nigeria's payments market.

Key Highlights of the Recent Circular

- **Enhanced ownership transparency:** Regulated entities must identify, maintain, and disclose the ultimate beneficial owners of their significant shareholders in line with applicable AML/CFT/CPF requirements. UBO records must be kept up to date and made available to the CBN on request.

- **Mandatory data localisation:** Payment transaction data generated within Nigeria must be stored and managed locally in accordance with applicable data protection laws. Compliance is required by 1 January 2027.

- **Market concentration limits:**
Institutions with more than 25% market share in consumer issuing — customer-facing payment activities such as issuing cards or payment instruments — may not hold more than 15% market share in merchant acquiring, which covers services that enable merchants to accept payments, over the same rolling twelve-month period. The thresholds also apply to groups of related entities.

- **Ongoing market monitoring:**
Regulated entities must submit monthly market share returns, with full compliance expected by 31 December 2026.

- **Greater systemic oversight:**
The Circular signals a more proactive supervisory approach, with increased focus on market concentration, operational resilience, and ownership transparency.

What This Means for Stakeholders

- **For regulated financial institutions:**
Institutions should review ownership structures, group arrangements, market share positions, and data infrastructure. Businesses active in both customer-facing payment services, such as card or wallet issuance, and merchant payment acceptance services may need to reassess their operating models.

- **For boards and governance teams:**
The Circular raises expectations around ownership transparency and regulatory reporting. Boards should ensure that governance frameworks and beneficial ownership records remain accurate and up to date.

- **For investors and transaction advisers:**
UBO requirements and market concentration limits should now form part of transaction due diligence, particularly in acquisitions, investments, restructurings, and joint ventures involving regulated payment businesses.

- **For the wider payments ecosystem:**
The reforms are intended to strengthen competition, improve market resilience, and encourage investment in domestic payments infrastructure.

The Road Forward

The Circular reflects the CBN's broader approach to shaping the structure of Nigeria's payments market through stronger governance, greater ownership transparency, and closer oversight of competition.

For regulated entities, investors, and transaction advisers, early assessment of ownership structures, market positioning, and compliance frameworks will be essential to managing regulatory risk and preserving commercial flexibility ahead of the implementation deadlines.

For guidance on corporate governance, transaction structuring, regulatory compliance, and regulatory engagement, contact info@scp-law.com or visit www.scp-law.com.