

**FINANCE UPDATE**

**HIGHLIGHTS OF THE  
CIRCULARS ISSUED IN  
THE FINANCE INDUSTRY  
IN JULY 2022**



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Dear Esteemed Client,

## Introduction

The Central Bank of Nigeria (CBN) issued the following Circulars in July 2022. We hope that you find some of the information useful in your operations.

- **PSM/CIR/PUB/CR/01/036**  
REVIEW OF THE INDUSTRY QUICK RESPONSE (QR) CODE PRESENTMENT OPTIONS

- **CPD/CED/PUB/CES/05/125**  
EXPOSURE DRAFT ON THE DIGITAL FINANCIAL SERVICES AWARENESS GUIDELINES

### 1. **PSM/CIR/PUB/CR/01/036** REVIEW OF THE INDUSTRY QUICK RESPONSE (QR) CODE PRESENTMENT OPTIONS

In January 2021, as part of its ongoing efforts to encourage the adoption of innovative products in the Nigerian payments system, the CBN released a Framework for Quick Response (QR) Code Payments in Nigeria (the Framework) which we reviewed [here](#). The CBN has now reviewed Section 3.4 of the Framework which provided that implementation of QR Code for payments shall be based on the Merchant-presented mode alone and directs that implementation of QR code for payments in Nigeria shall henceforth be based on either of the merchant-presented mode or the consumer-presented modes.

With the consumer-presented mode, the customer displays the QR Code on their mobile device and the merchant uses an optical scanner to scan the QR Code while with the merchant-presented mode, the merchant displays the QR Code and the consumer uses their mobile device to scan the QR Code. This review will ultimately enhance the flexibility offered by the use of QR codes in Nigeria. It will also not just aid the

monitoring of the the usage of QR Codes but will also help to effectively solve occurrences of service delays and complaints.

For more information on the circular, please refer [here](#)

### 2. **CPD/CED/PUB/CES/05/125 -** EXPOSURE DRAFT ON THE DIGITAL FINANCIAL SERVICES AWARENESS GUIDELINES

The past couple of years has seen a massive increase in the development, use and adoption of Digital Financial Services (DFS) in Nigeria especially with the COVID-19 global pandemic and its attendant coping mechanisms. In lieu of this, the CBN has issued an exposure draft **Digital Financial Services Awareness Guidelines** (the Guideline) to provide a set of principles and expectations for financial service providers in Nigeria to integrate into their provision of digital financial services in the country.

Digital financial services are services delivered to consumers through digital channels irrespective of whether or not they are offered by banks and such services include electronic money services, mobile financial services, online financial services, branchless banking, i-teller services etc. The guideline applies to banks, financial institutions and all other payment service institutions licensed by CBN and who provide digital financial services and the principles and requirements that digital financial service providers would be expected to comply with have been highlighted below.

- i. **Encourage Customer Education and Awareness:** Digital Financial Service Providers (DFSPs) must ensure that their customers can effectively distinguish between DFS products and traditional banking goods and services and have the necessary information needed for them to make informed decisions on all their product offerings. DFSPs have the further obligation to inform



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- underserved customers about the various DFS choices that are available to them and where necessary educate them using fundamental channels such as app, web and social media platforms, Short Message Service (SMS) and Unstructured Supplemental Service Data (USSD).
- ii. **Disclosure, Transparency, and User Privacy:** There must be full disclosure and transparency on all terms, conditions, fees, and any connected costs applicable for DFS. Customer data and information are to be protected with the highest standards of data privacy and protection. They are also required to educate their customers on how to safeguard their valuables and confidential information and put measures in place to ensure that customers can easily “opt-out” from sharing data with third parties.
  - iii. **Product usability and Market Testing:** DFSPs are to test the usability of their products and modify their products to reduce transaction errors. In addition, DFSPs are to provide consumers with reliable and easily accessible customer support channels.
  - iv. **Fraud Prevention and risk Management:** Local languages to be used where necessary to communicate fraud prevention notifications and advice to customers via audio and virtual channels. The service providers must also effectively monitor fraud reports to spot new fraud trends and educate their clients about how to protect their funds.
  - v. **Awareness, Access to Redress, and Handling of Complaints:** Customers must be clear on how their customer concerns will be handled and all agents and staff of the DFSP who handle complaints must be properly and regularly trained to handle all such issues.

- vi. **Monitoring and Evaluation:** DFSPs are to create performance indicators and measurements to evaluate changes in usage and awareness, submit a report on their consumer awareness campaigns and activities and strategies and performance measures to the CBN for review every month and every two years respectively.

The National Financial Inclusion Strategy and the current policy thrust of the CBN has identified promotion of digital financial services as a priority area and this measure to regulate digital financial service providers is key as the protection of customer’s rights, information as well as the overall customer experience in the digital space is paramount in achieving a robust financial ecosystem. The CBN is also receiving inputs and comments on the Guidelines from stakeholders and it is hoped that the finalized guideline will further drive financial inclusion in the country and spur innovation in the financial services industry.

For more information on the circular, please refer [here](#)

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