



09-46238455 (Fax)
09-46238445 Tel

CENTRAL BANK OF NIGERIA
Central Business District
P.M.B. 0187
Garki, Abuja

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TO: ALL DEPOSIT MONEY BANKS (DMBS)

CIRCULAR ON COMPLIANCE WITH DUE DILIGENCE IN THE DEPLOYMENT OF POINT OF SALE (POS) TERMINALS

It has come to our notice that Deposit Money Banks deploy Point-of-Sale (POS) terminals to their merchants without conducting due diligence on the merchants. The Central Bank of Nigeria (CBN) views this as unethical and therefore, unacceptable. This is because of the possibility of using the POS as a point of compromising card details of customers.

To reduce the occurrence of fraud on POS transactions, therefore, DMBS are hereby mandated to observe the following for existing and new merchants:

- **Conduct proper KYC on all their merchants with POS**
- **Set merchant limits based on the volume of business/commercial activities**
- **Set customer limit based on card class**
- **Instruct merchants to enforce cardholder's identification at the point of payment for transactions above a specific limit as agreed between the bank and the merchant.**

Please note that appropriate sanctions will be imposed for non-compliance.

A handwritten signature in black ink, appearing to read 'A. S. Atoloye'.

A. S. ATOLOYE
Director, Banking & Payments System Department