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**FRAMEWORK FOR OPERATION OF THE SHARED AGENT  
NETWORK EXPANSION FACILITY (SANEF)**

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**CENTRAL BANK OF NIGERIA**

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**November 2018**

## **1.0 Introduction**

Access to financial services has remained a major challenge to development in Nigeria. Establishment of bank branches as a strategy to improve access may not be viable due to inadequate infrastructure and huge cost. Efforts by various governments, policy makers and regulators to increase access to finance have not yielded the desired result.

In order to enhance the provision of financial services to the excluded population, the Central Bank of Nigeria in collaboration with the Body of Bank Chief Executives established the Shared Agent Network Expansion Facility (SANEF). The Facility provides financing to CBN-licensed Super Agents and Mobile Money Operators, to expand their networks to deepen financial inclusion in Nigeria. The Facility will enhance the capacity of the operators to roll-out more financial access points across the 774 local government areas in Nigeria particularly in the financially excluded locations.

### **1.1 Objectives**

The objectives of the Facility are to:

- i. Enhance the capacity of mobile money operators (MMOs) and super-agents to establish financial services access points in under-served and unserved locations
- ii. Increase agents penetration among the unbanked and excluded population
- iii. Provide platform for achieving the financial inclusion targets
- iv. Create jobs and promote inclusive economic growth

### **2.0 Eligible Activities**

The eligible activities at agent location should include:

- Bank Verification Number capture
- Collection and submission of account opening and other related documentation
- Cash in and Cash-Out services

- Card payment and withdrawal transactions
- Bill Payments
- Collections and disbursements for individuals, corporates and governments

## **2.1 Permissible Expenditures**

The facility shall be utilized for the following:

- I. Associated cost for on-boarding of agents. Twenty five percent (25%) of the agents must be located in financially excluded areas particularly in the North Western and North Eastern States.
- II. Agent Recruitment and Training
- III. Device Acquisition for Agent transactions
- IV. Signage Procurement and Installation
- V. Branding & Signage Fabrication / Fees
- VI. Localized Marketing cost
- VII. Other Administrative cost
- VIII. Any other activities as may be approved by the CBN

## **3.0 Type of Facility**

The facility shall be term loan as follows:

Loan limit - N500million. Disbursements to be in tranches subject to satisfactory performance

Tenor - Maximum 10 years

Interest rate - 5 per cent p.a. (2% to CBN, 3% to PFI)

## **3.1 Repayment**

Repayments shall be quarterly to CBN with moratorium of 2 years on principal and 1 year on interest

## **4.0 Participating Financial Institutions**

Deposit Money Banks

#### **4.1 Eligible Obligors**

- i. Licensed Mobile Money Operators (MMOs)
- ii. Licensed Super Agents

#### **5.0 Eligibility Criteria**

- I. Obligors need to demonstrate capacity in agent network roll-out and management over a period not less than 6 months of commercial operations.
- II. Obligors shall not have a non-performing facility under any CBN intervention
- III. Verified existing and running technology infrastructure (software, hardware and processes) for agent management
- IV. Verified existing provision of the services stipulated in Section 2.0
- V. Verified existing agent structure presence in at least 10 states and 100 LGAs.
- VI. Evidence of agent banking transaction and operations based on returns to the CBN and 6 months transaction data on the CBN's Global Mobile Payments Regulatory and Monitoring Platform (GMPM)
- VII. Certified Financial Systems platform application
- VIII. Payment Card Industry Data Security Standard (PCI DSS) Compliance or other relevant industry certifications (Optional)

#### **6.0 Documentation**

Deposit money banks to process and forward applications of eligible companies and forward to CBN with the following:

- i. Roll-out plan and distribution across States
- ii. Financial model and cost estimates
- iii. List of services to drive financial inclusion
- iv. Loan repayment plan

- v. Device details
- vi. Corporate profile (including details of operation and current agent spread)
- vii. CBN license
- viii. Credit Report from at least two (2) Credit Bureaux
- ix. Any other document that may be required by the Bank

### **7.0 Management of the Facility**

The Development Finance Department of the Central Bank of Nigeria shall be responsible for the management of the Facility.

### **7.1 Financing and Risk Management**

- i. The single obligor limit shall be N500,000,000 (Five Hundred Million Naira)
- ii. Loan will be disbursed through PFIs for on-lending to MMOs and Super Agents within the timeframe prescribed by CBN
- iii. Credit risk to be borne by the PFIs
- iv. The facility shall not be used to refinance/restructure an existing facility

### **8.0 Monitoring & Evaluation**

- i. The beneficiaries and their agents shall be subject to on-site and off-site verification and monitoring by the CBN in conjunction with the PFIs during the loan period.
- ii. MMOs and Super Agents under the facility are to onboard agents signed up on to the CBN portal (Portal with Payments System Management Department) for agents.
- iii. Monthly returns on agent registration and onboarding status shall be submitted to the Development Finance Department.
- iv. PFIs shall render quarterly returns on repayment to the CBN
- v. Beneficiaries must submit monthly records of transactions and services to the CBN portal.

- vi. The CBN approved SANEF super-agent signage must be conspicuous at all sub-agents locations for easy identification.

## **8.0 Responsibilities of Stakeholders:**

The responsibilities of the stakeholders shall include:

### **8.1 Central Bank of Nigeria**

- I. Formulate Guidelines.
- II. Provide funding.
- III. Determine lending limits and interest rate.
- IV. Monitor and verify projects financed.
- V. Conduct impact evaluation.
- VI. Generate periodic reports on its performance.
- VII. Conduct stakeholder engagement.
- VIII. Review the Guidelines as may be necessary from time to time

### **8.2 Deposit Money Banks (DMBs)**

- I. Appraise and approve requests.
- II. Forward approved requests to CBN.
- III. Disburse facility to beneficiaries.
- IV. Monitor roll-out and ensure proper utilization of Funds.
- V. Render monthly returns to CBN
- VI. Bear credit risk for loans
- VII. Comply with the Guidelines

### **8.3 Borrower**

- i. Adhere strictly to the terms and conditions of the Facility.
- ii. Utilize the funds for the purpose for which it was granted.
- iii. Make available records for inspection/verification by the CBN and PFI.
- iv. Repay loan as at when due
- v. Comply with the Guidelines.

## **9.0 Discontinuation**

PFI shall remit repaid or discontinued facility to the CBN within 3 working days.

## **10.0 Infractions**

The following sanctions shall apply:

- I. Diversion shall attract a penalty at prevailing lending rate of the PFI and bar the PFI from further participation under SANEF.
- II. Late repayment shall attract additional 1% p.a interest for the period in default
- III. Non-remittance of returns shall attract the penalty stipulated by BOFIA Section 60.
- IV. False returns shall attract the penalty stipulated by BOFIA Section 60 and such PFI shall be barred from participating under SANEF.
- V. Charging of upfront interest shall attract a penalty at prevailing lending rate of the PFI
- VI. Charging of interest rates higher than prescribed shall attract the penalty stipulated by BOFIA section 60.
- VII. Delayed disbursement shall attract a penalty at prevailing lending rate of the PFI.

### **11.0 Amendments**

The provisions of this operational framework may be reviewed from time to time as deemed necessary by CBN.

All Enquiries and Returns should be addressed to:

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