

FAQs on CBN Cash-less Society Policy

Q. What is the CBN cash policy?

- The CBN cash policy stipulates a daily cumulative limit of N150, 000 and N1, 000,000 on free cash withdrawals and lodgments by individual and corporate customers respectively in the Lagos State with effect from March 30, 2012. Individuals and corporate organizations that make cash transactions above the limits will be charged a service fee for amounts above the cumulative limits.
- Furthermore, 3rd party cheques above N150, 000 shall not be eligible for encashment over the counter with effect from January 1, 2012. Value for such cheques shall be received through the clearing house.
- Banks will cease cash in transit lodgment services rendered to merchant-customers with effect from January 1, 2012.

Q. Does the cash policy mean there will not be cash in circulation or people are not allowed to use cash?

No. There will still be cash in circulation. The cash policy aims at reducing the usage of cash and increasing the use of alternatives to cash due to the negative consequences of cash usage.

Q. As an account holder can I withdraw more than N150, 000 over the counter?

The policy does not restrict the amount of cash that an individual can withdraw or deposit just says that they will have to pay service fees on the excess cash.

Q. When is the cash policy taking effect?

- The cash policy takes effect on January 1, 2012 in Lagos as pilot
- Nationwide implementation of the policy will commence from June 1, 2012

Q. When will the charges begin?

The charges on cash deposit/withdrawal above the set limit will begin FROM March 30, 2012.

Q. Can 3rd party cheques still be cashed over the counter?

3rd party cheques can be cashed over the counter till March 30th 2012.

Q. How much will I be charged when I deposit or withdraw cash above the limit?

You will be charged 10% of the amount withdrawn or deposited over the limit.

Q. Will the charges be applied per transaction, daily or monthly?

Charges will be applied daily, since it requires the total daily amounts above the limit.

Q. Is the policy on third party cheques immediate or it will take effect from March?

The policy takes immediate effect.

Q. If I withdraw N200, 000 which is above the limit how will I be charged?

You will be charged the processing fee on N50, 000.00 ONLY

Q. Can I issue multiple cheques of 150,000 each on the same day and not breach the policy?

No. The limit is on daily cumulative cash withdrawal/deposit AND NOT per withdrawal. So, If the cheques are going to be lodged into an account is allowed but if the cheques are for withdrawals you breach the policy.

Q. Will a signatory to a corporate account be allowed to withdraw on the corporate account over N150, 000 since he is one person?

If a representative and signatory to a corporate account present a cheque on behalf of his company, it is considered a corporate withdrawal and he can cash up to N1, 000,000 cumulatively on that account.

Q. Can I withdraw more than once but not exceeding 150,000 each?

Yes, you can withdraw more than once and NOT breach the policy provided your cumulative withdrawals per day do not exceed N150, 000

Q. Are we going to be reported for depositing or withdrawing more than 150,000?

There will be no reports on individuals or corporate organizations that exceed the limits. It is not illegal to exceed the limits; it is just that there will be a processing charge applied.

Q. What are the benefits of the new policy?

- To enable the achievement of the nation's vision 2020 objective
- To reduce huge cost associated with cash handling (printing, storing, processing, distributing, etc)
- To reduce risk of robbery
- To increase convenience/access to payment (more payment options)
- To enable more transparency in payment systems, and allow for more effective monetary policy

Q. What are the alternatives to cash payments?

Any of the under listed channels can be used for electronic transactions instead of cash;

- Point-of-sale (POS) terminals
- Mobile payment system
- Internet banking
- Multi-functional ATM
- Electronic Funds Transfer Systems
- Direct debit for regular in nature bills payment

Q. How do I begin to use any of the alternatives payment channels?

- You can go to your bank and make enquiry on any of the channels, you will be guided accordingly.
- The CBN also licensed 11 mobile payment operator to roll out mobile payments

Q. Must I use all the alternatives payment channels?

- You can use any one that suits your need
- You can equally use more than one or all depending on your needs, but it is not compulsory for you to use all.

Q. How do I get a POS as a merchant and what does it cost me to have it?

If you ask your bank they will give you a POS terminal, most likely free of charge depending on your transaction volumes.

Q. Is there any charge on the amount spent by a customer in my shop?

You will only be paying 1.25% of the transaction (amount spent by customer) subject to a maximum of N2000 per transaction

Q. What is the cost of POS?

The industry has endorsed four manufacturers for supply of Point of Sale terminals - PAX, Bitel, Ingenico, and Verifone - with negotiated discounts and local support arrangements. PoS can be purchased from any of these four for as low as N45,000 per terminal. However, parties are free to purchase PoS terminals from any manufacturer, so far they meet the PoS specifications in the Point-of-Sale guidelines.

Q. How will using a PoS terminal benefit me?

It saves you from robbery, theft, cost of cash management, hassles of counting cash, looking for change, getting more customers that do not have cash but card, access to more revenue from value added services of POS such as bills payment and airtime vending, etc

Q. When will my account be credited when people pay with card?

Your account as a merchant that accept payments through POS will be credited on T+1. This means that amount for today's transactions will be credited into your account tomorrow (if tomorrow is a working day).

Q. How soon will the POS be deployed?

PoS terminals are being deployed based on demand and need by various banks. If you are interested in obtaining a PoS, please talk to your Bank for more details and timelines.

Q. Why should a merchant pay 1.25% of transaction fee subject to a maximum of N2000? Why is it not free?

- The fee is distributed to different parties for playing different roles in ensuring the POS system works well.
- The fee enable the parties to recover the cost of the POS, the cost for support, maintenance, connectivity of the POS system, amongst others
- If you do not use POS, you will still pay a penal fee above 1.25% for cash transactions in excess of the cash policy limit
- Merchants should also recognise that there are other ways in which the POS terminal can benefit them – they can sell other services and earn a commission. For example, mobile credit can be sold through the terminals; or collect bill payments (e.g. PHCN bills)

Q. Who trains a merchant to know how to use a POS?

Training will be provided by the acquirer's payment terminal service provider (PTSP). Part of the deployment process is to ensure a practical training of how to use the POS for the merchant and their staff.

Q. If a POS or mobile phone is stolen does it mean that all the money of user of such devices is stolen?

- No. The money of the user is safe as the devices do not hold the money. The money is in the user's account in a bank
- The person that stole them cannot use them to access your account since they don't have your PIN number and other information.

Q. What is the plan to create awareness of the cash policy?

- Stakeholders interactive engagement is on-going
- Grass root sensitization is also going on at different markets in Lagos
- Mass media campaign will commence soon

Q. How prepared are we in terms of infrastructure that will support electronic payments such as network, power, etc.?

In terms of infrastructure, CBN is working with Nigeria Communication Commission and telecoms Companies to ensure that there are dedicated communication links for the POS system. All POS' must have a minimum of 2 Sims e.g. Glo and MTN. This doesn't guarantee 100% connectivity but it does increase the uptime of the POS system. In terms of power, there is a minimum of 24 hours battery life. POS terminals also come with car chargers. Infrastructure in Nigeria is not perfect but we can be creative and work around the constraints.

Q. There are risks involved in using the alternative channels. e.g. ATM fraud. What is CBN doing to address card fraud?

ATM fraud was prevalent when Nigeria was using magnetic stripe cards. Nigeria migrated all their cards to Chip and PIN which is more secured and drastically reduced the fraud level. With Chip and PIN the chances of fraud are reduced, provided you keep your PIN number secret. The CBN ATM Fraud Prevention Committee comprising banks, EFCC, NIMC, Interswitch, Valucard, CPC, PCC and many others deliberate monthly to make our e-payments more secured.. Nigeria Electronic Payment Fraud Forum has been inaugurated to share strategy for fraud prevention.

Q. How will the unlearned use e-payments?

The literacy required is basic numerals. Many Nigerians can use a mobile phone, so they can do mobile payments. They can also recharge their phones, so they can surely enter PIN into their phones or POS. In addition, biometrics are being used in some ATMs and POS. It is important to note that literacy is different from numeracy; Nigerians are quite numerate especially when currency is involved; and what is required for these electronic systems is numeracy.

Q. A situation where armed bandits get on a bus and force passengers to give their ATM cards and pins. How do you prevent such?

This is beyond the cash policy. If there was no cash policy, they'd just collect your money. It would even be much easier. Also, robbers can't carry around POS systems as these are only given to businesses and associations.

Q. Situations where you don't know who transferred funds into your bank account.

Customers are advised to always monitor their account activities, as a matter of good hygiene. Always collect your receipts for transactions; have alerts on your account, review yours statements, etc

Q. Some retailers experience people spending small amounts, e.g. N100 but these add up to about N3m - N5m daily. These retailers have multiple outlets across the nation but have one corporate account, e.g. Mr Biggs. Is CBN going to exempt them for deposit or remove limit on cash deposit?

We are reviewing this to ensure how various stakeholder needs can be addressed, while still ensuring the objective of the policy is achieved. Some retailers are looking at providing incentives to their customers to pay electronically (just like airlines who give discount on tickets that are paid for online) in order to encourage them to use mobile payments (or other electronic means) for these micro amounts.

Q. What is CBN doing about regulating commission? Bank still deducts COT in addition to the commission. Merchants do not get value from POS transactions into their account on T+1, If a VISA or MasterCard issued outside Nigeria is used. Is the T+1 settlement cycle going to apply on Visa and MasterCard?

- CBN is currently reviewing the guide to banking charges, to ensure an open and transparent view of the various banking charges. It is also important to note that some banks already offer ZERO COT accounts.
- T+1 only apply to cards issued in Nigeria. For card issued outside Nigeria, the settlement cycle should be about T+3 maximum. CBN is reviewing this settlement cycle with the various key stakeholders to see how it can be aligned in line with the local settlement framework.

Q. What is NIBSS instant payment?

NIBSS instant payment is new and it enables people to transfer funds immediately between two accounts within same bank or in different banks. This is currently being offered by a few banks.

Q. CIT (Cash-in-Transit) operations- What will happen to them? Are they going to close shop?

No. they will still be relevant. The cash policy means “less cash” not “no cash”. The amount of cash in the system will just reduce.

Q. What is CBN doing to address the issue of only one card e.g. VISA is accepted in a shop while others like MasterCard are not?

CBN has already issued a circular to break exclusivity of card. Within Nigeria, all cards will be accepted at any terminal. There will be no more “only MasterCard or VISA accepted here”; every POS terminal will accept any of the cards issued in Nigeria.

Q. Will customer or cardholder be charged 1.25% for using POS?

The 1.25% transaction fee will be paid by the merchant.

Q. The formal sector finds it easy to accept the new policy. How about the informal sector? For example people that collect money in the car parks.

Market sensitization has been taking place in places such as Alaba and Ojuwoye market. The grassroots are being educated on the policy and it will carry on intensively. CBN is also working with the Agric department to ensure that markets that have not been covered yet are not left out. The new policy does not require high levels of literacy. If they can already use their phones, they'll be able to use systems such as mobile banking.

Q. How is the unemployment the policy will cause going to be dealt with?

In terms of employment, it is not set to cut jobs but possibly increase them. This is through the need for merchants to train and ensure proper use of POS systems and other related jobs. POS systems can also be used to sell recharge cards.

Q. How do you take a POS terminal to areas which have used it before and it has failed?

CBN has released Guidelines and Standards for POS operations. It also appointed NIBSS to serve as a central aggregator for all POS transactions. In addition, Payment Terminal Service Providers (96 companies) were licensed to maintain/support POS. With all these, the POS system is supposed to be up and running almost all the time.

Q. Will it devalue the Naira in anyway?

No. we are spending more money printing and destroying notes. It might even strengthen the naira.

Q. How do you address the issue where a shop attendant hides the POS so as to get a tip from cash payments?

- PTSPs/NIBSS monitor uptime and usage of all the POS, so they can checkmate why transactions are not being done on the POS
- It is possible to incentivize shop attendants by giving them gifts based on POS transaction volumes
- E-tips are also possible on POS, which should make attendants positively disposed towards POS.

Q. How will casual labourers at construction sites be paid?

Casual labourers will be encouraged to open up accounts which will be credited with their wages, electronically. The casual workers will also obtain a debit card from their banks to access their money 24/7 or a prepaid card

Q. What is being done about the people who are going to be laid off due to the new cash policy?

There will be no layoffs due to the cash policy. Banks will still need to operate cash; but the number of people needed to manage cash will reduce. These people will be trained and redeployed to other departments in the electronic area – for product development, support and other needs.

Q. How prepared is CBN to enforce this policy?

CBN is putting plans in place to ensure that the policy is fully adhered to. There is going to be regular monitoring and oversight of banks. Those who are found to be violating the policy will be dealt with accordingly.

Q. How do you resolve a POS transaction dispute where customer's account was debited and the merchant has not received alert or receipt for that transaction? Will the merchant release the goods or will the customer go without the goods?

- Neither the customer nor the merchant will lose his money or goods. Procedures for handling such disputes have been established by banks. The merchant can call his bank to find out the status of the transaction. Based on the response from his bank, he can release goods or customer will get a reversal of the debit in his account.
- CBN is equally doing grassroots awareness campaign and it will reach the rural dwellers/cattle rearers, in order to encourage them to avail themselves of the electronic options.

Q. Buying a cow in Lagos cost more than N150, 000 and if you mention e-payment to the sellers they will think you want to dupe them. How do you address that?

CBN is equally doing grassroots awareness campaign and it will reach the rural dwellers/cattle rearers, in order to encourage them to avail themselves of the electronic options

Q. If banks get reduction in cost of cash handling as a result of the policy are they going to pass such gains by reducing COT or other charges for their customers?

One of the main objectives of the cash policy is to reduce costs, with the intent of passing on the benefits to the customers – in the form of better service, reduced cost of service, better lending rates, and increased financial penetration, amongst other things.

Q. Who owns the processing fee? CBN or banks?

The Processing fee goes to the banks. But how it is used will be reviewed before the effective date of the policy.

For more information on the implementation of the CBN Cashless Policy please visit www.cbn.gov.ng/cashless