CBN data localisation and market structure rules

Regulatory, strategic and technology implications for Nigeria's payment sector





Background

Nigeria's payments industry has developed into a fast-growing digital ecosystem, supported by fintech companies and agency banking. Key market drivers include instant account-to-account transfers, point-of-sale agent networks and emerging open banking frameworks.

The development of fintech has improved financial inclusion and fostered greater efficiency and innovation across the payments industry; but it has also created new risks.

Against this backdrop, the Central Bank of Nigeria (CBN) issued a Circular dated 15 June 2026 on the "Introduction of Market Structure Requirements, Data localisation, Ultimate Beneficial Ownership disclosure, and Systemic Oversight Measures in the Nigeria Payments System" (the Circular).

The Circular applies to deposit money banks (DMBs), microfinance banks (MFBs), mobile money operators (MMOs), switching and processing companies, payment terminal service providers (PTSPs), payment solution service providers (PSSPs), super agents and other licensed operators in Nigeria's payments ecosystem.

The Circular introduces measures aimed at addressing market concentration, systemic risk, data governance and ownership transparency. These measures may also have wider implications for how institutions compete, structure their operations and align their technology investments with their future business models.

Highlights of the Circular

1 **Market structure reforms to address concentration risk**
The Circular introduces market share thresholds aimed at addressing concentration risk within the payments value chain. Accordingly, the Circular requires:

- Licensed operators (whether individually or as part of a group) that hold more than 25% market share in either consumer issuing or merchant acquiring activities[1] within any rolling 12-month period to limit their share to not more than 15% in the other activity during the same period; and submission of monthly market share returns to the CBN in accordance with prescribed templates and timelines.

2 **Mandatory data localisation requirements**
The Circular directs that payment transaction data generated in Nigeria must be stored and managed within Nigeria in line with applicable data protection laws, including the Nigerian Data Protection Act, 2023 and the accompanying subsidiary legislation.

1 A consumer issuing activity involves the issuance of payment cards or instruments by licensed institutions to customers to enable customers conduct payment transactions. While merchant acquiring activities involve the onboarding of merchants by licensed financial institutions to enable the acceptance, processing and settlement of electronic payments.

Highlights of the Circular

3 **Ultimate beneficial ownership: Enhancing transparency**
Licensed operators are required to disclose their ultimate beneficial ownership ("UBO") of significant shareholders in line with applicable anti-money laundering, counter-terrorist financing, and counter-proliferation financing (AML/CFT/CPF) regulations.

The Circular further requires the maintenance of accurate and up-to-date UBO records and the provision of such information to the CBN upon request.

4 **Compliance and enforcement**
The CBN has indicated that it will monitor compliance with the provisions of the Circular and may impose supervisory sanctions in accordance with existing laws, regulations and guidelines.

5 **Timeline for compliance**
The CBN requires all institutions covered by the scope of the Circular to achieve full compliance with the market structure requirements by 31 December 2026 and mandatory data localisation requirements by 1 January 2027.

Meeting these requirements within the stated timelines will require institutions to resolve regulatory questions, reassess their strategic choices and evaluate whether their technology environments remain fit for purpose.



Regulatory implications



The Circular marks a shift from a purely growth-oriented regulatory posture to one that actively manages concentration, transparency and data sovereignty risk. Its four pillars: market structure caps, data localisation, UBO disclosure and systemic oversight will require operators to re-examine their business models, technology and governance before the compliance deadlines take effect. Some important insights for operators include:

- **The market share cap: A workable concept with a difficult denominator**
  The centrepiece of the reform is a reciprocal cap on dominant issuers or acquirers. From a competition-policy perspective, the reciprocal cap resembles anti-concentration mechanisms used in network industries. In practice, applying the reciprocal cap on dominant issuers may be more complex than it appears. Institutions and the regulator must first map an operator's full footprint across issuing and acquiring, including group entities, white-label arrangements and agency networks, before comparing it against the relevant threshold.

  The more fundamental difficulty is defining the relevant "pool" against which share is measured. Payment activity spans multiple markets (card issuing, mobile money, instant transfers, POS acquiring, and emerging QR and wallet rails) and the addressable market depends on whether volume, value, active users, or transaction count is used to define the pool.

- **Structural consequences for integrated business models**
  The reciprocal cap threatens dominant players that may have built integrated models spanning both issuing and acquiring, capturing efficiencies from shared infrastructure, cross-selling and combined data. Depending on how market share is measured and further clarification from CBN, operators exceeding the 25%/15% thresholds could consider divesting assets, winding down business lines or moderating growth in one segment. These are possible responses, not prescribed outcomes and each carries a cost. Divestment risks value destruction if forced onto a compressed timetable or into a market with few credible buyers. Winding down a line sacrifices the scale and scope economies that justified the integrated model, potentially raising unit costs for consumers and merchants. Artificially constraining growth (e.g. by declining new merchants or issuing volume as a threshold nears) could distort commercial decisions and invite scrutiny.

- **Scale champion or managed fragmentation: What model works for Nigeria?**
  An issue policymakers may need to consider is how market concentration limits interact with Nigeria's broader ambitions for its payments ecosystem. This includes whether the market should support large, integrated domestic players with the scale to compete or interoperate with global platforms, while maintaining sufficient competition and choice. The appropriate balance between scale, competition and interoperability will depend on Nigeria's broader payments strategy and the infrastructure needed to support it.

Regulatory implications

The risk is that, without a centrally provided rail or interoperability layer, capping individual operators' scale could reduce system-wide efficiency. This reduction in efficiency could leave the ecosystem more fragmented and less able to negotiate technology, cost and standards terms with global platforms and card and wallet schemes that face no equivalent constraint. Further infrastructure initiatives will be important in determining whether Nigerian players can compete internationally or remain confined to the domestic market.

- **Data localisation: Cost, competitive entrenchment, and an infrastructure opportunity**
  The Circular requires all financial institutions and payment participants to ensure that payments transaction data generated in Nigeria is stored and managed in Nigeria, per applicable data protection laws, with full compliance by January 1, 2027. For fintechs and smaller operators reliant on global cloud providers for affordable infrastructure, this is likely to be costly. The investment needed to match the reliability, compliance standards, and service levels of global hyperscalers requires capital outlay that smaller balance sheets may struggle to absorb, potentially strengthening the position of larger, better-funded incumbents who can more easily afford local hosting. Set against this cost is a structural upside: sustained, regulation-driven demand for compliant hosting could accelerate investment in domestic data centres and warehousing, which may benefit the wider digital economy.

- **Compressed timelines heighten execution risk**
  The Circular sets two near-consecutive deadlines: full compliance with market structure requirements by December 31, 2026; and with data localisation by January 1, 2027. Neither is a simple documentation exercise. Both demand redesigning systems to track and report market share monthly, renegotiating or replacing vendor and hosting arrangements for in-country storage, and, where thresholds are exceeded, possibly restructuring business lines. Each workstream carries significant lead time for procurement, contract renegotiation, testing and governance approval. Running these workstreams concurrently under compressed deadlines leaves little room for phased implementation, which could heighten execution risk across the industry and increase the likelihood that operators will seek transitional relief or further guidance as deadlines approach. The CBN's stated intent to monitor compliance and impose sanctions where necessary underscores the need to begin remediation planning immediately.



Regulatory implications



- **UBO disclosure of "significant shareholders": Addressing the definitional gap**
  The Circular requires disclosure of the UBOs of "significant shareholders", but it is silent on the definition of the term. Nevertheless, existing CBN beneficial ownership guidance and other regulatory instruments[2] consistently apply a **5%** ownership threshold when identifying persons with material ownership or control interests. Consequently, institutions may consider engaging the CBN to clarify if they can adopt a 5% threshold as a prudent compliance benchmark. This approach aligns with the beneficial ownership and persons with significant control (PSC) regimes under the Companies and Allied Matters Act, 2020.

  Taken together, these measures point to a coordinated regulatory strategy aimed at ensuring that the growth of digital payments is accompanied by robust governance, balanced competition, and systemic stability.

- **Compliance may come with tax considerations**
  Restructuring for compliance may require careful tax planning. Some operators may choose to reorganise, separate or divest certain business lines in response to the market structure requirements. While such changes could result in the loss of certain tax efficiencies inherent in operating integrated business models, the recently enacted business reorganisation rules in the Nigeria Tax Act may help with tax efficient restructuring. In addition, the costs associated with data migration, systems redesign, and other compliance initiatives may increase deductible operating expenses in the near term. As a result, institutions should carefully assess the tax implications of their compliance strategy alongside the broader commercial and regulatory objectives.

- **Foreign investment: Compliance costs versus infrastructure opportunities**
  The market structure limits and data localisation requirements may influence how some investors assess opportunities within Nigeria's payments ecosystem, particularly where compliance obligations, implementation costs, or restrictions on scale affect business models and projected returns.
  At the same time, the Circular's emphasis on competition, transparency, and systemic resilience may enhance the long-term attractiveness of the sector by promoting a more stable and sustainable payments ecosystem. In addition, the expected demand for local data centres, cloud infrastructure, cybersecurity capabilities, and related technology services could stimulate further domestic and foreign investment in Nigeria's digital infrastructure sector. The localisation requirements may also encourage foreign-backed businesses to deepen their operational presence in Nigeria, strengthen local partnerships, and contribute to the development of domestic technological capacity.

2 Guidance on Ultimate Beneficial Owners of Legal Persons and Legal Arrangements, 2023 defines UBOs as persons who hold at least 5% of issued shares either directly or indirectly or exercise at least 5% of voting rights directly or indirectly. Similarly, the CBN circulars to all bank on Large Exposures and Connected Lending defines significant shareholding as "a holding of at least 5% of the Bank's equity".

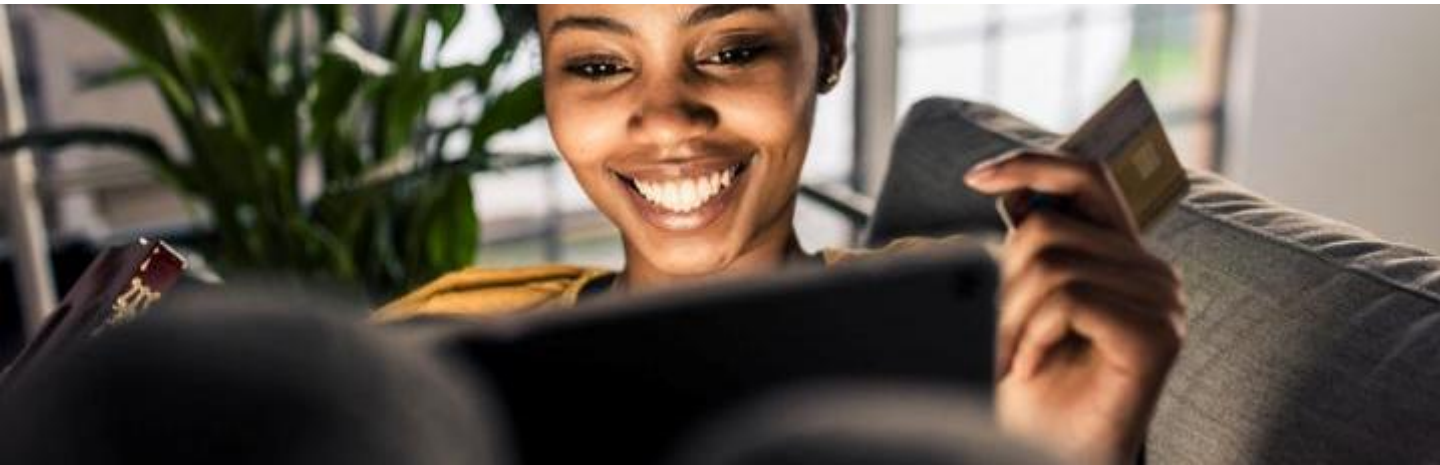
Regulatory implications

- **Policy benefits: Stronger oversight, transparency and local investment**

  While the Circular will require investment and adjustment, its measures are designed to deliver material benefits for Nigeria's payments ecosystem, its users and the wider economy:

  - **Stronger supervisory oversight.** Monthly market share returns should give the CBN a consistent and timely view of concentration across consumer issuing and merchant acquiring, supporting earlier, evidence-based supervisory action.
  - **Greater transparency.** Accurate and up-to-date UBO records should strengthen AML/CFT/CPF controls, help identify common ownership and control across groups and build trust among customers, counterparties and investors.
  - **Data sovereignty and consumer protection.** Storing and managing payment transaction data in Nigeria should support timely regulatory and law-enforcement access and reinforce the protection of personal data in line with the Nigeria Data Protection Act, 2023.
  - **Investment in local infrastructure.** Sustained, regulation-driven demand for compliant hosting may accelerate investment in domestic data centres, cloud capacity, cybersecurity capabilities and technical skills, deepening Nigeria's digital economy.
  - **Competition and innovation.** Limiting the ability of dominant operators to entrench across both sides of the payments value chain may create room for new entrants and specialist providers and support fair pricing and choice for consumers and merchants.
  - **Reliable payment services.** Together, these measures support reliable payment services and a competitive, sustainable financial industry. These are lasting gains for the Nigerian payments ecosystem.

These benefits should be weighed alongside the implementation costs and challenges discussed in this paper. Over the longer term, a well-governed, transparent and resilient payments ecosystem is likely to strengthen confidence among consumers, merchants and investors and support the sustainable growth of digital payments in Nigeria.



Regulatory implications

- **Concentration risk in a fast-growing fintech environment**

  Nigeria's payments market has grown rapidly, driven by aggressive fintech expansion in instant transfers, mobile wallets, POS agent networks and merchant services. Rapid growth can concentrate significant transaction volumes in a small number of platforms within a short period. Where this happens, an outage, cyber incident, liquidity strain or governance failure at a single operator could disrupt payments for millions of consumers, merchants and agents, with knock-on effects for banks, switches and the wider economy.

  Concentration can also create pricing power, raise barriers to entry and make dominant operators difficult to replace or resolve without disruption. Where one group holds a large share of both consumer issuing and merchant acquiring, it may sit on both sides of a large proportion of transactions, magnifying the impact of any single point of failure. The reciprocal market share cap and monthly market share returns are intended to identify and address these risks before they become systemic.

- **Distinguishing requirements from possible outcomes**

  It is important to distinguish what the Circular requires from how institutions may choose to respond. The requirements are the market share thresholds and monthly market share returns, the storage and management of payment transaction data in Nigeria, and UBO disclosure.

  Restructuring, divestment, the wind-down of business lines and changes to offshore services are possible responses, not prescribed outcomes. Whether any of them is needed will depend on each institution's circumstances, how market share is measured and the scope of the localisation requirement. These matters may be subject to further clarification by the CBN. Institutions should therefore avoid costly or irreversible decisions until the relevant requirements are clear.



Strategic implications beyond compliance



While much of the immediate attention will understandably focus on compliance requirements and implementation timelines, the Circular may have broader implications for how value is created and captured within Nigeria's payments ecosystem. Institutions may need to reconsider their growth ambitions, sources of competitive advantage, operating structure and long-term market positioning:

- **Business model choices may become unavoidable**
  For much of the last decade, leading payment providers have pursued integrated business models spanning customer acquisition, issuing, acquiring, processing, merchant services and value-added propositions. These models were designed to maximise scale, capture cross-selling opportunities and benefit from shared infrastructure and data assets.

  The market structure limits highlighted in the Circular, challenge institutions to make clear choices on where they compete and how they create value.

  Three broad strategic choices may emerge:

  i. **The Specialist** concentrates on the activity with the strongest economics and deliberately limit participation in the other. The advantage is strategic focus; the risk is dependence on external partnerships;
  ii. **The Generalist** maintains a presence across issuing and acquiring without seeking dominance in either. The advantage lies in broader customer relationships and distribution reach. The risk is insufficient scale or differentiation in either segment; and
  iii. **The Orchestrator** extends reach through partnerships, open platforms and infrastructure services rather than owning every activity. However, the underlying structures may attract regulatory scrutiny and will require careful assessment under the Circular any subsequent CBN guidance.

  Leadership teams may need to reassess whether their payments portfolios reflect a deliberate strategic choice

- **Scale may become more selective, and differentiation more valuable**
  Historically, scale has been a key source of advantage in payments. However, as market concentration becomes a more significant regulatory consideration, institutions may need to be more selective about where they pursue scale and where they compete through differentiated customer experiences, specialised propositions and ecosystem partnerships.

  This could create opportunities for smaller, more focused players to compete effectively in targeted segments despite lacking the scale advantages of larger incumbents.

  A clearer view of where scale matters most, and where differentiation can create advantage, could help focus investment and growth priorities

Strategic implications beyond compliance



- **Value may migrate from processing to broader propositions**
  Sustaining growth and profitability may require institutions to generate greater value from each customer, merchant and transaction beyond core processing revenues. The payment relationship may increasingly become the foundation for a broader, potentially higher-value proposition rather than the full source of advantage.

  This could accelerate investment in merchant enablement services, embedded finance, lending, loyalty ecosystems, fraud prevention, treasury solutions, data-driven insights and other adjacent offerings that deepen customer relationships and create new revenue streams. Competitive advantage may therefore depend less on transaction volumes alone and more on the value created for customers and merchants

  This may be an appropriate time to reassess the payments proposition and identify adjacencies that can deepen relationships and create new sources of growth

- **Data sovereignty may become a competitive capability**
  The Circular's local storage and management requirement may extend beyond data residency to processing platforms, cloud infrastructure, disaster recovery, analytics, offshore support and third-party providers, depending on CBN's interpretation.

  Institutions reliant on global technology models may need to redesign their infrastructure and vendor arrangements. Those with resilient local capabilities, clear data lineage and strong governance could turn compliance into an operational and competitive advantage.

  A review of payment-data flows and technology dependencies could help institutions define a localisation roadmap that balances compliance, resilience and cost.

- **Market share may be redistributed across the ecosystem**
  The Circular may redistribute payment activity as dominant institutions constrain their participation in issuing or acquiring. Smaller banks, fintechs and independent providers could gain access to new transaction flows and partnerships leading to new issuer-acquirer partnerships, merchant-portfolio movements, greater specialisation and increased demand for independent payment capabilities. It could also change the bargaining dynamics between ecosystem players.

  However, sustainable advantage will depend on more than redistributed volume. The organisations best placed to benefit will combine regulatory credibility, resilient infrastructure, relevant propositions and the capacity to scale without compromising service quality**.**

  Institutions may consider assessing how the evolving market structure could affect their competitive position and where selective partnerships or capability investments may open new growth opportunities.

Strategic implications beyond compliance



- **Cost efficiency may become a boardroom priority**
  The combined impact of market restructuring, data localisation, technology migration and enhanced governance requirements is likely to place pressure on operating costs and investment needs across the industry elevating cost efficiency to a strategic imperative.

  Maintaining profitability may require institutions to simplify technology landscape, accelerate automation, streamline product portfolios and explore partnerships or shared infrastructure models. Those able to build an efficient operating model that supports compliance, resilience and sustainable growth may emerge with a meaningful competitive advantage.

  A focused operating-model and cost review could help institutions identify efficiencies that support regulatory readiness without weakening strategic capabilities.

A defining moment for the sector

The Circular may mark an inflection point in the evolution of Nigeria's payments industry. For leadership teams the most important question is **“who do we choose to be?”.** This will require institutions make deliberate choices about where they compete, how they differentiate and what role they seek to play within the broader ecosystem. The institutions that answer that question early are likely to be best positioned to thrive in the next chapter of Nigeria's payments evolution.

These strategic choices cannot be separated from technology. Decisions about where to compete, which activities to retain and how to participate through partners will shape the infrastructure, data and architecture institutions require. Data localisation therefore raises a second question: whether the technology environment being built for the future remains fit for purpose.

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Technology implications: What if compliance is not the hard part?



For technology leaders, the immediate requirement is to establish where payments transaction data is stored, processed, replicated and accessed. The wider challenge is to determine what localisation means for resilience, partner ecosystems, AI and analytics, infrastructure choices and the institution's target architecture:

- **Mandatory data localisation challenges existing architectural assumptions**
  In responding to the Circular, institutions may initially focus on meeting the localisation requirement. Technology leaders will also need to take a broader strategic view.

  Some technology environments rely on offshore disaster-recovery facilities or cloud regions. Others use cloud infrastructure to connect partners, run distributed analytics and AI platforms, or scale capacity. Localisation may require institutions to reconsider the architectural choices supporting these capabilities.

- **Map the current payment data environment**
  Before reconsidering its target architecture, an institution should develop an end-to-end map of its payment data environment. The map should show where payment transaction data is stored, replicated, processed and accessed; how it moves across the institution and its external providers; and who is accountable for it.

  The institution should assess the map against the Circular and applicable data-protection requirements, distinguishing compliant arrangements and confirmed gaps from matters requiring further interpretation or clarification from the CBN.

  Once the current environment and compliance gaps are clear, the focus should shift from where payment data resides today to whether the institution's planned technology environment remains fit for purpose. Focusing only on data migration could overlook the effects of localisation on operational resilience, business capabilities and long-term technology investments. The review of the planned technology environment should address five connected areas: resilience, ecosystems, AI and analytics, infrastructure, and the institution's target architecture.

- **Resilience**
  What happens to resilience strategies that rely on offshore disaster-recovery facilities or cloud regions?

  Some institutions replicate payment data outside Nigeria so that services can be restored if a primary system, data centre or provider fails. If localisation applies to these copies, moving both primary and recovery environments into Nigeria without reconsidering their design could reduce geographic separation and increase exposure to a common infrastructure, location or provider failure. An institution could meet the localisation requirement but weaken the resilience of its payment operations.

  Institutions should therefore establish whether their backup and disaster-recovery arrangements are within scope. They can then design a compliant recovery model that preserves redundancy, recoverability and continuity of service.

Technology implications



- **Ecosystems**
  If data has been placed in the cloud to enable partners and third parties to plug into an institution's ecosystem, what changes?

  Payment data may pass through processors, fintechs, cloud providers, software vendors and other partners connected through APIs and shared platforms. Moving an institution's primary database into Nigeria may not be sufficient if third parties continue to store or manage copies of the same data elsewhere.

  The current-state mapping should reveal any offshore dependencies created by third parties and subcontractors across this network. The assessment should determine which system configurations, interfaces, access controls, data flows and vendor contracts must change. Where the Circular does not provide sufficient technical detail, institutions should seek clarification before making costly or difficult-to-reverse decisions.

- **AI and analytics**
  What happens to cloud-native analytics, fraud-management and AI platforms that depend on distributed data?

  Payment data supports fraud detection, transaction monitoring, customer analysis, product evaluation and predictive modelling. Some of these capabilities use globally hosted platforms that consolidate or process information across cloud regions.

  Institutions need to identify which analytics and AI workloads use payment transaction data and determine whether their current configurations remain viable. Depending on the platform and the interpretation of "stored and managed," the response could include local deployment, workload segregation, data minimisation or redesigned interfaces. The resulting design should meet the localisation requirement without unnecessarily weakening fraud controls, operational insight or the capacity to innovate.

- **Infrastructure**
  Do institutions scale their own infrastructure, consume local capacity or redesign workloads altogether? Is sufficient local capacity available?

  Institutions may expand their own data centres, use local cloud or colocation services, adopt hybrid arrangements or redesign affected workloads. The decision should consider not only migration cost, but also capacity, scalability, cybersecurity, connectivity, service availability, business continuity, provider concentration and the flexibility to change providers.

  Localisation could stimulate demand and investment in Nigerian data centres and cloud services. In the near term, however, institutions must determine whether sufficient local capacity is available to meet their security, resilience and service requirements before the compliance deadline. Smaller operators may find the investment harder to absorb, while larger institutions may be better positioned to secure capacity and spread the cost.

Technology implications

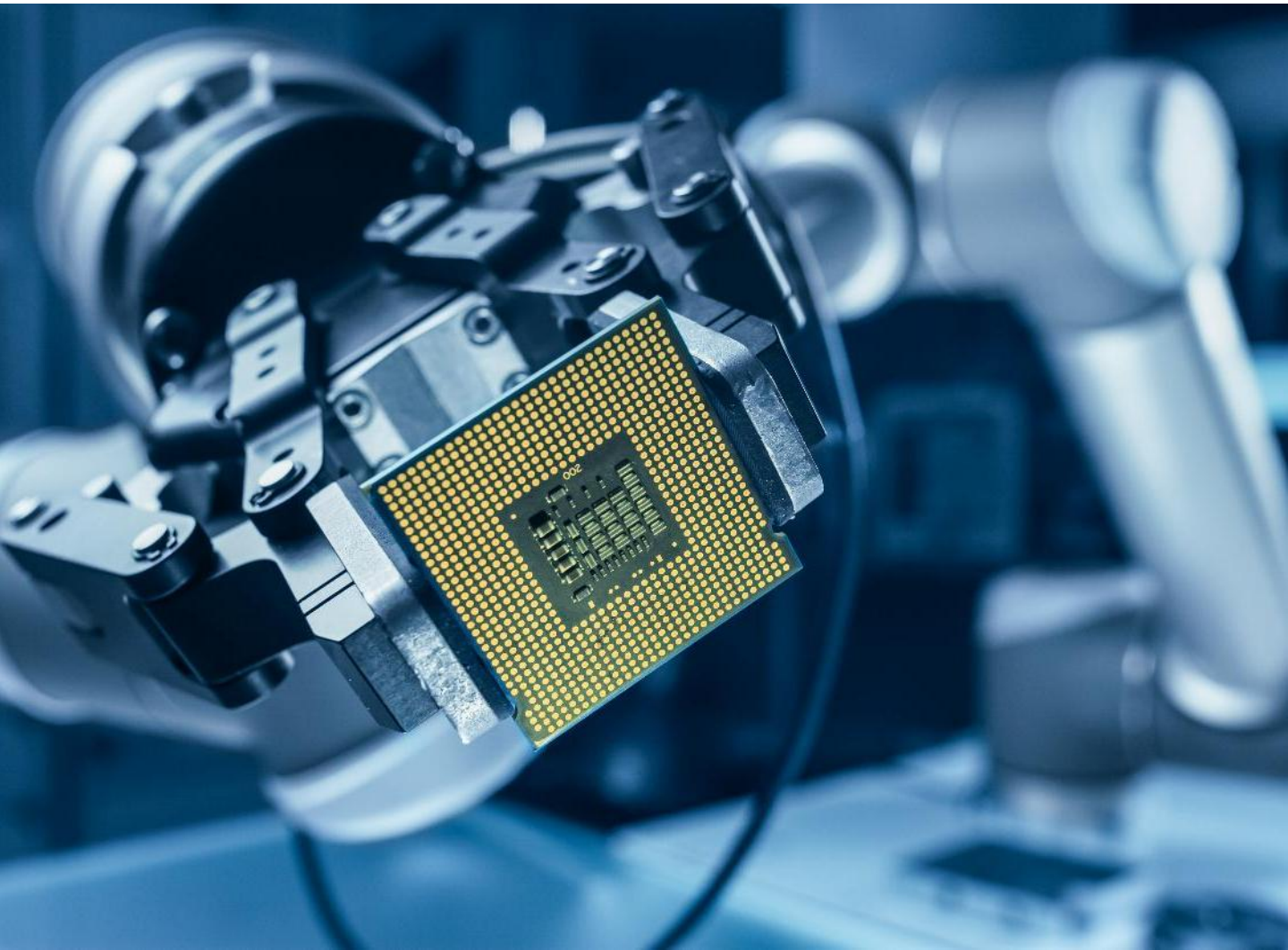
- **Target architecture**
  Does the enterprise architecture blueprint designed two or three years ago still lead to the right destination?

  Multiyear transformation programmes may have been designed around cloud adoption, shared data platforms, regional infrastructure and wider ecosystem participation. Localisation may affect the assumptions underpinning these programmes.

  The assessment of resilience, ecosystems, AI and analytics, and infrastructure should show which components of the target architecture can remain, which can be reconfigured and which must be redesigned.

  Institutions should avoid short-term solutions that duplicate capabilities, fragment infrastructure or strand existing investments.

  The revalidated architecture should also reflect the Circular's market-structure provisions. If an institution may need to prioritise, separate or restructure its issuing and acquiring activities, its technology investments should support the business model it expects to operate, rather than only the one it has today.



Technology implications



- **Demonstrating compliance: Location is not the same as localisation**

  Hosting a primary database in Nigeria does not, on its own, demonstrate compliance. An institution may not have complied if backups, disaster-recovery replicas, analytics extracts, logs, test environments or third-party copies of payment transaction data remain offshore. Compliance should therefore be assessed across the full data lifecycle and the institution's supply chain.

  Institutions should be able to demonstrate compliance through clear technical evidence, such as:

  - current data-flow and data-lineage maps showing where payment transaction data is stored, replicated, processed and accessed;
  - an inventory of systems, environments and backups with confirmed hosting locations;
  - configuration evidence, such as cloud region settings, replication rules and access logs;
  - contractual commitments, attestations and audit rights covering processors, cloud providers and subcontractors;
  - evidence of the repatriation or certified deletion of offshore copies; and
  - independent assurance, such as internal audit or third-party review, reported to the board.

  This evidence would also support the CBN's monitoring of compliance and reduce exposure to supervisory sanctions.

- **Keeping resilience central**

  Localisation should preserve, and ideally strengthen, the reliability of payment services. Consumers and merchants expect payments to be available at all times, and outages can quickly undermine trust in digital payments. Localised environments should be designed around:

  - **Disaster recovery:** geographically separated primary and recovery sites within Nigeria, with defined recovery time and recovery point objectives for critical payment services;
  - **Provider diversity:** avoiding dependence on a single data centre, cloud provider, power source or connectivity provider, and assessing concentration among local providers;
  - **Tested continuity arrangements:** regular failover, backup-restoration and crisis-simulation exercises, with results documented and reported to the board; and
  - **Exit and substitution plans:** the ability to move to alternative providers without disrupting service.

  A credible localisation programme is one that meets the requirement while sustaining reliable payment services.

Practical considerations for financial institutions

Practical considerations for financial institutions
Considering the foregoing, affected institutions should consider:

- reviewing ownership structures and beneficial ownership registers to ensure compliance with UBO disclosure obligations.
- assessing existing data hosting arrangements and developing migration strategies where data is stored offshore.
- evaluating market share positions across consumer issuing and merchant acquiring activities.
- reviewing group structures to determine whether related entities collectively exceed the prescribed thresholds may require licensed operators to undertake significant legal and commercial analysis of their business operations.
- enhancing internal compliance frameworks, particularly with respect to regulatory reporting and monitoring requirements.

A coordinated response will be important. Regulatory interpretation, strategic positioning and technology design should be based on a common fact base and a clear view of the business model the institution intends to operate after the compliance deadlines.

Conclusion

The Circular marks a pivotal moment in the evolution of Nigeria's digital payment services ecosystem. For industry participants, compliance will require more than incremental changes; it may call for strategic repositioning, operational redesign and increased investment in governance and infrastructure.

Licensed operators that act early, demonstrate credible compliance and preserve service reliability will be best positioned to compete in a more structured, transparent and sustainable payments ecosystem.



Roadmap



- **Implementation roadmap**

  A structured roadmap can help institutions move from interpretation to verified compliance within the Circular's timelines. The CBN's role is to issue explanatory notes and returns templates, engage with the industry and supervise compliance. The roadmap below is indicative and may be refined as further CBN guidance becomes available.

Timing	Key actions and milestones	Lead responsibility	How compliance is verified
Now to November 2026	Mobilise the programme; map payment data flows; baseline market share across issuing and acquiring at group level; refresh UBO registers	Board, executive sponsor, Chief Compliance Officer, CIO/CISO	Board-approved plan; data-flow map; gap register
November to December 2026	Engage with the CBN; confirm interpretations (data scope, backups, third-party copies, market share measurement); agree response to any threshold excess	Compliance, Legal, Strategy, Finance	Documented interpretations; board decision on options
By 31 December 2026	Comply with market structure requirements; submit monthly market share returns in the prescribed templates	Compliance, Finance, Regulatory reporting	Returns filed on time and reconciled to transaction data
By 1 January 2027	Comply with data localisation requirements: primary, backup and recovery data in Nigeria; vendor contracts updated; offshore copies repatriated or deleted	CIO/CISO, Procurement, Data Protection Officer	Technical evidence pack; vendor attestations; deletion certificates
2027 onwards	Sustain compliance: test disaster recovery and continuity; monitor thresholds; review periodically	Board risk committee, CRO, Internal audit	Test results; independent assurance; CBN supervisory review

Our view

The direction of the Circular is constructive. Its success will depend on three things: credible compliance, demonstrated through clear technical evidence rather than location alone; payment services that remain reliable throughout and after the transition; and a competitive, sustainable financial industry that can continue to invest and innovate. Institutions that approach the Circular in this way can turn compliance into a lasting gain for Nigeria's payments ecosystem.

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