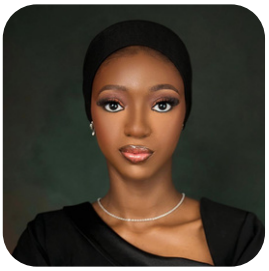


CBN RAISES THE BAR: NEW MINIMUM STANDARDS FOR ATM DEPLOYMENT, OPERATIONS, AND SECURITY



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The Central Bank of Nigeria (CBN) recently announced sweeping reforms to modernise Nigeria's Automated Teller Machine (ATM) network. In its communiqué titled "Exposure of the Draft Guidelines on the Operations of Automated Teller Machines (ATMs) in Nigeria", the CBN declared that these new standards will supersede all previous ATM regulations.

These guidelines are not mere technical updates, they represent a bold move by the CBN to enhance financial inclusion, reduce fraud, and improve user experience at every touchpoint. Here's a breakdown of the major highlights, with references to the applicable provisions:

1. What are the CBN Draft Guidelines on ATM Operations?

The Draft Guidelines, released in October 2025, are proposed regulatory standards issued by the CBN to improve how ATMs are deployed, maintained, secured, and monitored in Nigeria. Once approved, they will replace all previous regulations, including the provisions on ATMs under the Guidelines for the Operations of Electronic Payment Channels in Nigeria (2020).

These new rules reflect the CBN's intent to enhance reliability, ensure equitable access to cash, and enforce accountability across both banks and non-bank deployers.

2. Who do the Draft Guidelines apply to?

The Guidelines have a broad and inclusive scope, ensuring comprehensive regulatory coverage across Nigeria's payment ecosystem. According to Article 2 of the Guidelines, the provisions apply to all Deposit Money Banks (DMBs), Other Financial Institutions (OFIs) licensed by the CBN, as well as Independent ATM Deployers (IADs), Card-Issuing Institutions, and Card Schemes operating within the country.

By extending their application to these diverse entities, the Guidelines establish a uniform framework that governs every participant in the ATM value chain; from card issuers and acquirers to service providers and network operators. This approach not only promotes regulatory consistency and operational accountability but also strengthens consumer confidence by ensuring that all institutions involved in ATM operations adhere to the same standards of efficiency, security, and transparency.

3. What are Independent ATM Deployers (IADs), and why are they important?

Under Article 14(d), IADs are defined as non-bank entities licensed or registered by the CBN to install, own, and maintain ATMs. These entities must operate under an agreement with a bank or card scheme for cash provisioning, settlement, and compliance. This definition formally recognizes the expanding role of private and non-bank operators in extending cash access, especially in rural and underserved regions where banks often have limited presence.

4. What are the CBN's new requirements for IADs before they can operate?

The Guidelines establish a structured licensing and approval framework for IADs, aimed at enhancing oversight and operational integrity within the payment system. In line with Article 2, no IAD is permitted to commence operations without obtaining prior written approval from the CBN. This regulatory precondition ensures that only qualified, credible, and financially sound operators are authorized to deploy and manage ATMs across the country. By enforcing this approval regime, the CBN promotes consumer protection, financial stability, and operational reliability, thereby strengthening public confidence in Nigeria's electronic payment infrastructure..

5. Why is the CBN focusing on ATM density?

According to International Monetary Fund (IMF) data cited in the Draft Guidelines, Nigeria currently has only about 14 ATMs per 100,000 adults; a figure far below the global average and indicative of limited cash access points.

The CBN's goal is to address this gap and improve financial inclusion, ensuring that Nigerians, especially in rural areas, can easily access cash.

6. What specific deployment targets have been set?

According to Article 5(a) of the Guidelines, all card issuers are required to deploy a minimum of one ATM for every 5,000 payment cards issued. To ensure a smooth and practical transition, the CBN has introduced a three-year phased compliance schedule, mandating 30% compliance by 2026, 60% by 2027, and full (100%) compliance by 2028. This structured rollout is designed to give financial institutions adequate time to plan and execute infrastructure investments while maintaining consistent service delivery and operational efficiency. By adopting this phased implementation strategy, the CBN seeks to balance regulatory enforcement with industry readiness, ensuring that the expansion of ATM networks occurs in a sustainable, cost-effective, and consumer-focused manner.

7. What rules govern the location and installation of ATMs?

Under Article 5(b), ATMs must be strategically located to ensure accessibility and security for users. The Guidelines encourage deployment in both urban and rural areas, requiring ATMs to be placed within reasonable distances to prevent overcrowding and long queues.

In addition, Article 5(d) provides that banks and IADs must obtain CBN's written approval before deploying, relocating, or decommissioning any ATM. This gives the regulator real-time oversight over the size, safety, and distribution of the national ATM network.

8. What new reporting obligations are introduced?

The Draft Guidelines introduce a definite timeline for submitting operational data. Under Article 12, all ATM-operating institutions must submit monthly returns to the CBN by the 5th of the following month. This timeline was not explicitly stated in the 2020 Electronic Payments Guidelines. Its introduction ensures timely tracking of transaction volume, failure rates, and cash availability, supporting data-driven regulatory supervision.

9. Why is the monthly reporting requirement significant?

By mandating the submission of early monthly reports, the CBN seeks to enhance oversight and ensure the smooth functioning of the nation's ATM infrastructure. This requirement enables the CBN to quickly detect operational failures or service downtimes, allowing for prompt corrective action before such issues escalate into widespread disruptions.

It also facilitates the monitoring of cash withdrawal patterns and deposit replenishment cycles, providing valuable insights into consumer behavior and cash flow dynamics across different regions.

Furthermore, the consistent reporting framework helps to improve network efficiency, enhance consumer satisfaction, and strengthen transparency and accountability among banks and IADs. Through this proactive monitoring system, the CBN reinforces its commitment to sustaining a stable, reliable, and responsive cash flow structure that supports financial inclusion and strengthen public confidence in the nation's payment ecosystem.

10. How does the CBN intend to enforce compliance under the Draft Guidelines?

The Draft Guidelines introduce a more dynamic and adaptable enforcement framework than that provided under the 2020 Electronic Payments Guidelines, reflecting the CBN intent to strengthen regulatory oversight and promote accountability across the payment ecosystem.

Pursuant to Article 13, the CBN is vested with broad discretionary powers to determine the nature, scope, and severity of penalties based on the gravity and circumstances of each infraction. Consequently, sanctions are no longer limited to monetary fines; they may extend to more stringent measures such as the suspension of licenses, withdrawal of deployment rights, public disclosure of non-compliant operators, or any other corrective actions the CBN considers appropriate.

This flexible, risk-based enforcement approach enables the CBN to respond swiftly and proportionately to misconduct or emerging systemic risks, thereby ensuring regulatory compliance, safeguarding consumer interests, and maintaining the overall integrity of Nigeria's payment system.

11. How is this different from the old framework?

The 2020 Electronic Payments Guidelines were more prescriptive and narrower, typically limiting penalties to monetary fines or temporary suspensions. The 2025 Draft Guidelines instead adopt a principles-based approach, allowing the CBN to tailor sanctions to the context and impact of each breach; a move consistent with global regulatory best practices.

12. What is the overall significance of the Draft ATM Guidelines?

The Draft Guidelines represent a significant step toward modernizing Nigeria's ATM infrastructure and advancing the CBN's broader vision for a more efficient and inclusive payment ecosystem.

They are designed to increase ATM availability across all regions, ensuring that consumers have easier and more equitable access to cash and electronic services. Beyond accessibility, the Guidelines aim to enhance consumer safety and trust by setting higher operational and security standards, while also promoting interoperability among banks, IADs, and other participants in the payment system. Additionally, they seek to reduce the incidence of failed transactions and minimize refund delays, thereby improving user experience and reinforcing confidence in electronic payments. By aligning Nigeria's ATM standards with international best practices, the Draft Guidelines not only strengthen technological security and operational integrity, but also support the CBN's ongoing efforts to deepen financial inclusion and foster a resilient, innovation-driven financial system.

13. When are the new Guidelines expected to take effect?

The Guidelines are still in their exposure draft stage (as of October 2025), meaning the CBN has invited stakeholder comments and feedback before issuing the final version. Once finalized, the Guidelines will become binding on all covered institutions.

Conclusion

The Draft Guidelines on the Operations of Automated Teller Machines in Nigeria represent a bold policy shift by the Central Bank of Nigeria to reinforce consumer confidence, ensure technological resilience, and guarantee cash availability nationwide.
If effectively implemented, they will transform the ATM experience from a basic cash service into a secure, reliable, and inclusive channel for everyday financial access, aligning Nigeria's banking infrastructure with global best practices in payment systems regulation.

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