Hon. Sir Chukwudi Jones V. Onyereri, KSP
NKWERRE/ISU/NWANGELE/NJABA FEDERAL CONSTITUENCY, IMO STATE
CHAIRMAN COMMITTEE ON BANKING AND CURRENCY
House of Representatives
Federal Republic of Nigeria

LEGISLATIVE BRIEF

LONG TITLE: A BILL FOR AN ACT TO PROVIDE FOR THE MANAGEMENT, ADMINISTRATION, OPERATION, REGULATION AND SUPERVISION OF PAYMENT, CLEARING AND SETTLEMENT SYSTEMS IN NIGERIA AND FOR RELATED MATTERS

SHORT TITLE: PAYMENT SYSTEM MANAGEMENT BILL, 2017

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1.0 **BACKGROUND:** The purpose of the national payments system management include ensuring nationally utilized and internationally recognized payment system encompassing the total payment process from issuance of instruction to final settlement; and enabling transacting parties to exchange values and to conduct business transactions efficiently.

2.0 **OBJECTIVES:** The objectives of this Bill are to –

A] Create a legal, institutional and regulatory framework that would ensure a transparent, effective and efficient management, administration and operation of payments, clearing and settlement systems in Nigeria;

B] Ensure safety and certainty in payment, clearing and settlement systems;

C] Institutionalize best practices in payment systems management in Nigeria;

D] Ensure nationally utilized and internationally recognized payment systems encompassing the total payment processes from issuance of instruction to final settlement; and

E] Provide uniform, comprehensive and effective mechanism for settlement of disputes arising from payment systems management.

3.0 **SYNOPSIS:** The Bill has 35 sections and an explanatory note.

The bill is comprised of 35 sections covering such matter as the conditions and procedures akin to authorization of payment systems by the Apex bank of Nigeria, payment and settlements, powers of the CBN, dispute resolution, offences and penalties.

Sections 2-8, confers authority on CBN to be consulted and the power to authorize payment systems operators in Nigeria to commence or continue to operate the payment system. Thus, CBN is empowered to make inquiries in relation to any application and revoke an existing authorization on certain conditions.

Sections 9-13 dwells on payments, settlements and third party payments, clearing, settlement systems and insolvency. This sections amongst other things, sets out to protect the irrevocability of transactions, prohibit payment of third party cheques into wrong accounts.

The bill in Sections 14 to 21, reels out the powers of CBN in Nigeria. The powers are essentially such as supervision, calling for returns, documents or other information, issuance of directives, establishing committees and payment system Board, cooperation with other authorities, delegation of powers and issuing guidelines and regulations.

Sections 22 to 26 of this bill provides for indemnity to relevant officials for acts and omissions done in discharge of their duties pursuant to the provision of the bill. It also contains provisions for dispute settlement, retention of records, digital signature as well as encryption of payment transactions.

Sections 27 to 29 essentially deal with offences and penalties thereto.

4.0 **JUSTIFICATION:** Inadequacy of the current legal and regulatory frame work for payment system in Nigeria. Presently there exist no special legislation on payment system in Nigeria. There is the need to fill the Lacunae in the regulatory frame work. The regulatory framework as presently found exists in pockets of provision embedded in various statutes such as CBN Act, CAMA, Dishonoured Cheque Act, etc.

There is also the need for the re-enforcement of CBN powers to regulate the payment and settlement systems.

5.0 **CONCLUSION:** Mr. Speaker, my dear distinguished colleagues, I strongly urge you to support this bill as its provisions lays down the basic framework which empowers the CBN to effectively and efficiently regulate the payments system in Nigeria.

Hon. Sir Jones Chukwudi Onyereri, Ksp.