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CBN ISSUES REGULATORY FRAMEWORK FOR OPEN BANKING IN NIGERIA



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Open Banking could be said to be an arrangement that allows third-party payment service providers and other financial service providers to access customer information, banking transactions and other data through application programming interfaces (APIs), thereby enabling interoperability in the banking ecosystem that is conducive to generating business, solving needs, suggesting services, inter alia.

With the view to enhancing competition and innovation in the banking system, the Central Bank of Nigeria (CBN) has issued the regulatory framework for Open Banking in Nigeria, referred to as the “Operational Guidelines for Open Banking in Nigeria” (Operational Guidelines).

The Operational Guidelines established principles for data sharing across the banking and financial services system to promote innovations and broaden the range of financial products and services available to bank customers. Customers are to have ownership and control of their data with financial and non-financial service providers, and the right to grant authorisations to such providers for the purpose of accessing innovative financial products and services.

The CBN charged all participants in Open Banking to adhere strictly to security standards when accessing and storing data, and be subject to minimum privacy standards, operational standards, risk management standards and customer experience standards as prescribed by the Bank.

Though subject to data security risks, it is the anticipation of the CBN that this development would drive competition and improve accessibility to banking and payments services.
