

FINTECH PRACTICE GROUP

Payment Platforms and the CBN: Living With the New Ring-Fencing Rules

Nigeria's payment regulations have moved quickly in 2026, and fintech companies that treated compliance as a one-time exercise are already falling behind. Between March and August, the Central Bank of Nigeria (CBN) issued or proposed measures on anti-money laundering systems, market concentration in card issuing and merchant acquiring, data localisation, beneficial ownership and the ring-fencing of closely linked entities. Some are final circulars with firm deadlines; others are still in draft. Payment platforms need to know which is which, and plan accordingly.

Ring-Fencing: The Draft Guidelines

On 10 June 2026, the CBN released for consultation its Draft Guidelines on Ring-Fencing Operations of Closely Linked Entities in the Nigerian Financial System, with comments due by 9 July 2026. The draft covers banks and entities that control, are controlled by, or share common control with them, through ownership, common directors or management, shared systems or branding, or contractual dependence. As proposed, related entities would operate independently with separate governance and risk management, and each would meet its own capital and liquidity requirements. Customer deposits could not be used for intra-group lending, proprietary trading, servicing group debts or covering affiliates' costs. Customers would give express consent before being onboarded to a related entity's products, and customer data would be stored separately. At the time of writing, we have not seen a final adoption date, so groups should plan for the draft's direction while watching for the final text.

Concentration Limits in Issuing and Acquiring

A separate CBN payments system circular, dated 15 June 2026, sets concentration limits. An institution holding more than 25% of card issuing, measured over a rolling 12-month period, may hold no more than 15% of merchant acquiring, and the reverse also applies. The caps apply at group level, so affiliated entities are counted together. Institutions above the threshold may need to divest, separate into distinct legal entities or scale back one segment, and must meet the caps by 31 December 2026. Regulated entities must also submit monthly market share returns using templates prescribed by the CBN.

Data Localisation and Ownership Records

The same circular requires payment transaction data generated in Nigeria to be stored and managed on servers within Nigeria, with full compliance expected by 1 January 2027. Commentators note that this may reach beyond transaction records to card data, settlement records and the systems that use them, and that remote access from abroad can itself amount to processing. Cloud-native fintechs may need significant migration work. Regulated institutions with digital payment operations must also keep accurate, up-to-date records of the ultimate beneficial owners of significant shareholders and produce them to the CBN on request.

Anti-Money Laundering Systems

The CBN's AML circular of 10 March 2026 requires deposit money banks, payment service providers, mobile money operators and other regulated institutions to deploy automated systems that monitor transactions against expected customer behaviour, screen against sanctions lists and support know-your-customer and know-your-business checks. Each institution had to submit an implementation roadmap within 90 days of the circular. Banks have 18 months to deploy fully and other institutions 24 months. Where artificial intelligence or machine learning models are used, they must be independently tested each year for accuracy, bias and performance drift.

What Payment Platforms Should Do Now

Start by mapping the group structure, since ring-fencing, concentration limits and beneficial ownership rules all turn on which entities are linked. Measure market share in issuing and acquiring on a rolling 12-month basis, and, where a threshold is close, decide early whether to restructure, separate or scale back. Audit where payment data is stored and who can access it, and set a migration plan ahead of 1 January 2027. Confirm that the AML roadmap submitted to the CBN is on track, and keep beneficial ownership records current. Finally, review customer terms, consent flows and intra-group arrangements against the direction of the ring-fencing draft, so that the final guidelines do not force a rushed redesign.

We help fintech teams make compliance part of their core growth plan, not something to worry about later, from structuring licensed groups and responding to CBN requirements to reviewing customer terms, data arrangements and ownership records.

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