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CBN CIRCULAR ON ISO 20022 MIGRATION AND MANDATORY GEO-TAGGING

Introduction

In 2020, the Central Bank of Nigeria (CBN) issued two key circulars titled "ISO20022 Swift Updated Timelines for Migration" and "Compliance with the SWIFT universal Payment Confirmations" dated 17th July 2020 and 23rd September 2020 respectively, which directs banks and other financial institutions to begin migration to the ISO 20022 messaging standard in alignment with global payment messaging reforms led by SWIFT. Those directives focused mainly on awareness creation, readiness assessments, and phased migration plans.

Five years later, on the 25th August 2025, the CBN released a more far-reaching circular titled "Migration to ISO 20022 Standard for Payment Messaging and Mandatory Geo-Tagging of Payment Terminals" (the "Circular"). Unlike the 2020 circulars, this new Circular sets tight deadlines, extends the requirement to all Payment Providers (as defined below), and introduces mandatory geo-tagging and geofencing of payment terminals as part of Nigeria's push to enhance transparency, security, and data quality in the payments ecosystem.

In today's #TMTThursday series, we discussed the provisions of this new Circular, the compliance timelines set by the CBN, and the implications for Payment Providers within the payments value chain.

Key Provisions of the Circular

Building on CBN's earlier ISO 20022 migration guidance, this new Circular goes beyond mere readiness and sets binding obligations on all payment ecosystem participants, that is, banks, payment solution service providers (PSSPs), payment terminal service providers (PTSPs), mobile money operators (MMOs), super agents, and payment terminal service aggregators (PTSAs) (collectively referred to as "Payment Providers").

The Circular is structured around two major pillars: the mandatory migration to the ISO 20022 standard for all payment messaging, and the mandatory geo-tagging and geofencing of all payment terminals across the country.

1. Migration to ISO 20022 Standard

a. All payment transaction messages, both domestic and cross-border, must comply with the ISO 20022 standard, in line with CBN specifications and global SWIFT requirements.

b. All Payment Providers shall ensure complete and accurate population of mandatory data elements, including payer and payee identifiers, merchant or agent IDs, and transaction metadata.

2. Mandatory Geo-Tagging and Geofencing of Payment Terminals

a. All existing and newly deployed payment terminals must have native geolocation services enabled with double-frequency GPS receivers for a reliable geo-location service.

b. All POS and payment terminals, existing and new, must be registered with a PTSA and geo-tagged with the accurate latitude and longitude of the merchant or agent's business/service location.

c. Payment Providers are to ensure their POS terminals and applications are duly certified by the National Central Switch (NCS) to align with the listed standards. As part of the certification process, all payment terminals must have the NCS software development kit (SDK) for geolocation monitoring and geofencing implemented within the libraries of their POS application. The SDK for geo monitoring must be initialized at the registered business/service location.

d. Android OS version 10 or higher is the minimum OS requirement across all terminals for compatibility and seamless integration with the NCS geolocation SDK.

e. Terminals must capture and transmit their location coordinates at the point of transaction initiation; this geo-data must be included in the payment message payload.

f. Each terminal's registered location will serve as its geofence reference point. A radius of 10 meters outside the registered business/service location is the permitted geofence for all merchant activities

g. Terminals not directly routed to a PTSA are prohibited from transacting on the payment system.

Timeline for Compliance

The CBN has set clear and binding deadlines to ensure swift adoption of both ISO 20022 messaging and mandatory terminal geo-tagging:

a. All existing POS and payment terminals must be geo-tagged within 60 Days of the Circular (by 24th October 2025). However, any newly deployed terminals must be geo-tagged, integrated with the required geolocation SDK, and certified before they are allowed to process transactions.

b. The CBN will commence compliance validation exercises, including industry-wide checks on terminal registration, geofencing adherence, and ISO 20022 message formatting from the 20th October 2025.

c. Full compliance with ISO 20022 migration is required to be completed by the 31st October 2025. Any non-compliant institutions or terminals may be barred from transacting on the payments system.

Conclusion

The CBN's Circular represents a significant step forward for Nigeria's payments ecosystem. By combining ISO 20022 messaging with mandatory geo-tagging and geofencing of terminals, the regulator is not only harmonizing Nigeria's standards with global practice but also imposing a stronger layer of operational oversight.

For Payment Providers, this means upgrading systems, ensuring terminals meet hardware and software requirements, and integrating geolocation monitoring. While compliance may involve operational adjustments and costs, these measures enhance fraud prevention, improve transaction traceability, and strengthen regulatory adherence. Payment Providers that act promptly will benefit from greater operational resilience, improved trust with merchants and customers, and a stronger competitive position in a more secure and standardized payments ecosystem.