

# Guidelines on the Operations of Automated Teller Machines (ATMs) in Nigeria

**OALP** Technology, Innovation and Fintech Practice Newsletter

## INTRODUCTION

The Central Bank of Nigeria (**CBN**), in its continuous drive to promote and facilitate the development of efficient payment systems, has released the Exposure Draft Guidelines on the Operations of Automated Teller Machines (**ATMs**) in Nigeria (**Draft ATM Guidelines**) on 10 October 2025.

The Draft ATM Guidelines, when finally issued, is intended to supersede the requirements on ATM operations contained in the Guidelines for the Operations of Electronic Payment Channels in Nigeria 2020 (**Electronic Payments Guidelines**) and all previous ATM regulations.

By the Draft ATM Guidelines, the CBN aims to tighten up the compliance obligations on ATM deployers regarding service operations, quality, accessibility and security. In this newsletter, we have examined the innovations of the Draft ATM Guidelines and its impact on the ATM payments system.

## WIDER APPLICATION OF THE DRAFT ATM GUIDELINES

The Draft ATM Guidelines specifically defines the applicability of the Draft ATM Guidelines to all deposit money banks, other financial institutions, independent ATM deployers, any card-issuing institutions in Nigeria and card schemes.<sup>1</sup>

## REGULATION OF INDEPENDENT ATM DEPLOYERS

Unlike the Electronic Payments Guidelines, the Draft ATM Guidelines formally defined Independent ATM Deployers

(IADs) as “any entity, other than a bank, licensed or registered by the Central Bank to install, own, and maintain ATMs, subject to entering into agreement(s) with banks or card schemes for settlement, cash provisioning, and compliance with these Guidelines.”<sup>2</sup> This definition formally acknowledges the growing role of non-bank entities in driving financial inclusion and expanding ATM coverage, particularly in underserved and rural areas.

Significantly, the Draft ATM Guidelines introduces a licensing and approval regime for IADs, requiring prior written approval from the CBN before commencing deployment activities. The licensing/registration process includes the submission of the following:<sup>3</sup>

- Corporate information;
- Technical and operational capacity assessments;
- Evidence of a partnership agreement with a bank for cash provisioning; and
- Proof of compliance with existing payment systems regulations.

## MANDATORY ATM DENSITY AND EXPANSION TARGETS

According to data from the International Monetary Fund (IMF), Nigeria has approximately fourteen (14) ATMs per 100,000 adults.<sup>4</sup> To tackle declining ATM density and improve financial inclusion, the Draft ATM Guidelines introduces a

1. Article 2 of the Draft ATM Guidelines.

2. Article 14(d) of the Draft ATM Guidelines.

3. Article 2 of the Draft ATM Guidelines.

4. Temitayo Jaiyeola, “One ATM for every 5,000 cards: CBN turns up the heat on

banks” (techcabal, 14 October 2025) <https://techcabal.com/2025/10/14/cbn-one-atm-per-5000-cards-pos-rules-tighten/#:~:text=Since%20PoS%20terminals%20became%20mainstream,cash%20available%20at%20all%20times>. accessed 16 October 2025.



specific deployment ratio tied to a phased compliance timeline. Card issuers are mandated to deploy at least one ATM for every 5,000 payment cards issued by the institution; over a period of three years with a staggered compliance level of 30% by 2026, 60% by 2027 and full compliance by 2028.<sup>5</sup>

To address the issue of ATM density and geographical distribution, which often leads to long queues and difficulties accessing cash, especially in underserved or rural areas, the Draft ATM Guidelines provides that ATMs should be located within a reasonable distance from each other in both urban and rural areas.<sup>6</sup>

Also, the prior written approval of the CBN is required for the deployment, redeployment and decommissioning of ATMs to ensure the CBN has direct oversight over the size and stability of the physical cash infrastructure.<sup>7</sup>

### STIPULATION OF MONTHLY RETURNS TIME FRAME

Another key innovation of the Draft ATM Guidelines is the introduction of stipulated time frame for filing of monthly returns, which was previously not expressly defined in the Electronic Payments Guidelines. The Draft ATM Guidelines provides that institutions that operate ATMs are required to render monthly returns not later than the 5th of the following month.<sup>8</sup> From a compliance perspective, this timeline facilitates the tracking of volume and value of ATM transactions and promotes data-driven supervision to ensure efficiency of ATM payments network.

### BROADER DISCRETION FOR REGULATORY SANCTIONS

The Draft ATM Guidelines departs from the more prescriptive tone of the Electronic Payments Guidelines on sanctions by allowing the CBN to determine the nature and scale of penalties which is open-ended, based on the gravity and context of non-compliance.<sup>9</sup> Unlike the Electronic Payments Guidelines which confined penalties largely to monetary fines or operational suspensions, the Draft ATM Guidelines grants the CBN broader discretion to impose appropriate sanctions.

### CONCLUSION

The Draft ATM Guidelines reflects the CBN's ongoing efforts to modernise and streamline the regulatory framework for ATM operations. If issued and implemented, it will improve financial inclusion, strengthen operational integrity, promote consumer protection, and align Nigeria's payment infrastructure with global best practices.

5. Article 5(a) of the Draft ATM Guidelines.  
 6. Article 5(b) of the Draft ATM Guidelines.  
 7. Article 5(d) of the Draft ATM Guidelines.  
 8. Article 12 of the Draft ATM Guidelines.  
 9. Article 13 of the Draft ATM Guidelines.

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