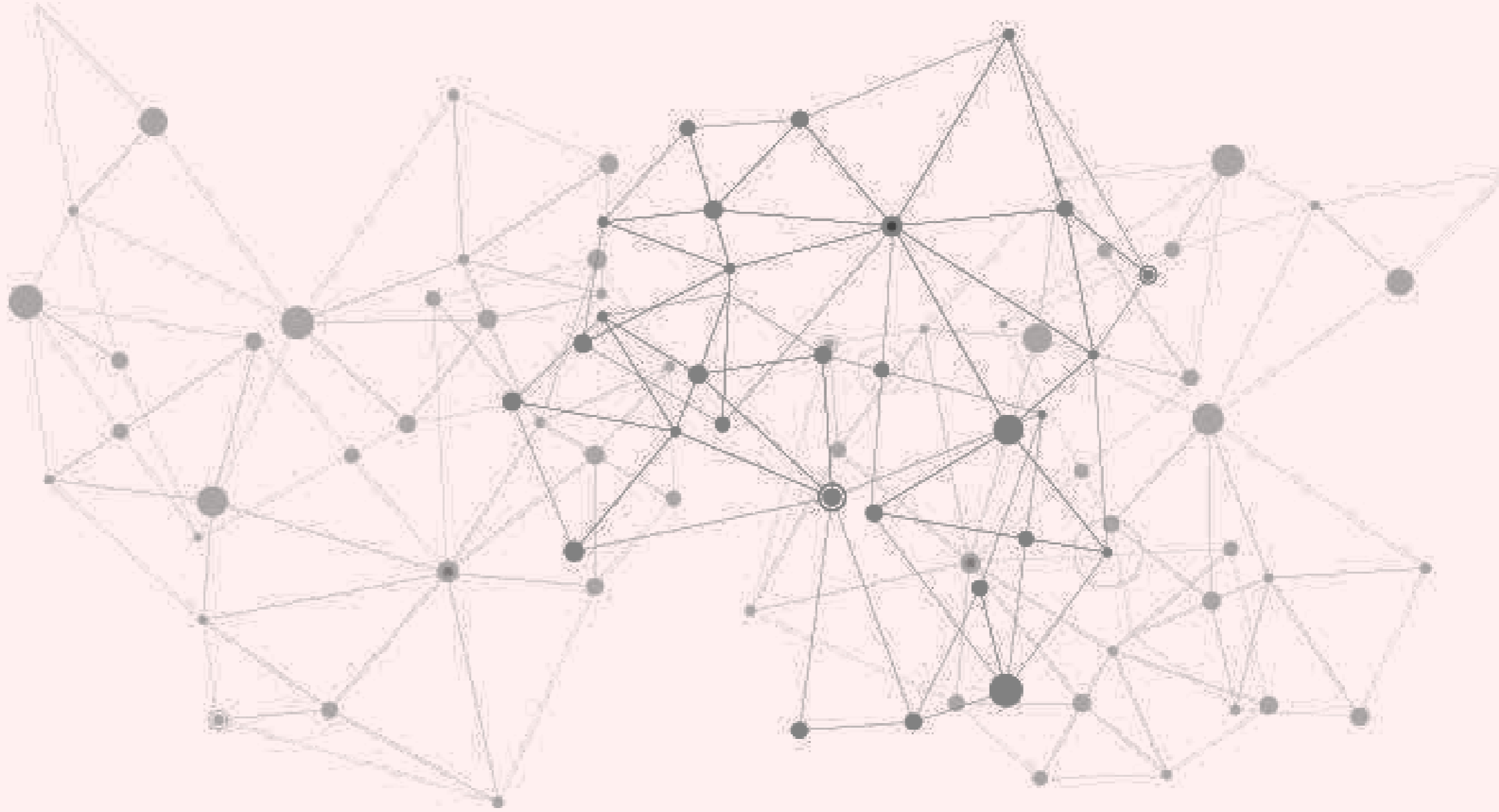




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# INSIGHTS ON THE CYBERSECURITY LEVY

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On 6th May 2024, the Central Bank of Nigeria (CBN) issued a Circular requiring all financial institutions, mobile money operators, and payment service providers to deduct a 0.5% Cybersecurity Levy on all electronic transactions, such as online banking and mobile payments. This deduction is mandated by section 44 (2) (a) of the Cybercrime (Prohibition, Prevention, etc.) (Amendment) Act 2024 and will be remitted to the National Cybersecurity Fund (NCF). The levy is not a new development, as it was provided for in the Cybercrime Act 2015, and is one of the ways the NCF is funded.

Key introductions of the Amendment include:

1. The NCF will be administered by the Office of the National Security Adviser.
2. A 0.5% levy (equivalent to half of 1%) will be deducted from all electronic transactions, which will be remitted to the NCF account domiciled with the CBN.

All financial institutions must ensure that the deduction is reflected in the account with the narration "Cybersecurity Levy". Deductions will commence within two weeks of the Circular's issuance, and remittance will be done monthly, starting from the 5th business day of every subsequent month.



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Failure to implement, deduct, and remit the Cybersecurity Levy will result in a fine of not less than 2% of the financial institution's annual turnover.

To avoid multiple applications of the levy, certain transactions are exempt. These transactions are:

1. Loan disbursements and repayments.
2. Salary payments.
3. Intra-bank transfers between customers of the same bank i.e. transfers between A and B in Bank XYZ.
4. Intra-account transfers within the same bank or between different banks for the same customer i.e. transfers between account A and account B within Bank XYZ or between Bank XYZ and Bank ABC where both accounts belong to one customer.
5. Inter-branch transfers within a bank.
6. Cheques clearing and settlement.
7. Letters of credit.
8. Savings and deposits including transactions which involves long-term investments such as Treasury Bills, Bonds and Commercial Papers.
9. Government social welfare programs transactions such as pension payments.



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10. Donations to registered NGOs and/or Charities.
11. Educational Institutions transactions including tuition payments and other transactions involving schools, universities and other educational institutions.

Other exempted transactions are:

1. Other Financial Institutions e.g. Bureau De Change instructions to their correspondent banks.
2. Interbank placements.
3. Banks transfer to CBN and vice versa.
4. Banks' recapitalisation-related funding.
5. Transactions involving the bank's internal accounts such as suspense accounts, clearing accounts. Profit and loss accounts, inter-branch accounts, reserve accounts, nostro and vostro accounts and escrow accounts.

Financial institutions have been given four to eight weeks from the date of issuance of the Circular to complete system reconfigurations to ensure complete and timely submission of remittance of the levy. The levy amount can be calculated by multiplying the sum being sent by 0.5 and then dividing by 100. It is hoped that every deduction made by financial institutions and remitted to the NCF will enhance our national cybersecurity structure.



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For more information,  
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