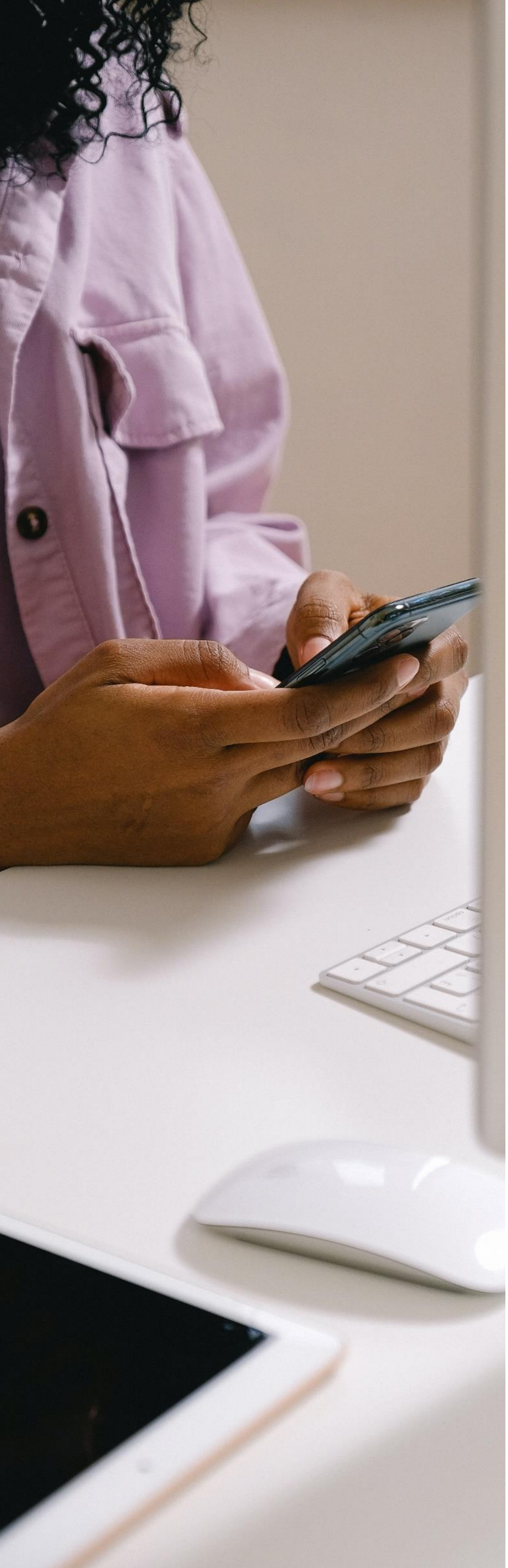

GRF DALLEY & PARTNERS

FAQ: REGULATORY GUIDELINES ON THE ENAIRA

FAQ: Regulatory Guidelines on the eNaira

The Central Bank of Nigeria (CBN) has, among its principal objects, the responsibility of issuing legal tender in Nigeria. The eNaira is a Central Bank Digital Currency (CBDC) intended to be legal tender that has parity with the Naira. In view of this, the CBN recently released the Regulatory Guidelines on the eNaira.

Q: What is the difference between a Central Bank Digital Currency (CBDC) and other cryptocurrencies such as Bitcoin?

The major difference between CBDCs and other cryptocurrencies such as Bitcoin lies in the issue of control and decision-making. CBDCs are controlled by a specific entity, hence they are centralized while cryptocurrencies such as Bitcoin are decentralized.

Q: What is the difference between a Central Bank Digital Currency (CBDC) and stablecoins?

The purpose of a CBDC is to be legal tender. It is a digital representation of legal tender. On the other hand, the value of stablecoins is pegged to another asset.

Q: Who are the participants in the eNaira project?

The Guidelines identify the following as participants in the eNaira project:

- Central Bank of Nigeria (CBN)
- Financial Institutions
- Merchants
- Ministries, Departments and Agencies (MDAs)
- Consumers

Q: Who is responsible for administering the eNaira?

The Guidelines state that the CBN is the authority responsible for administering, minting and issuing the eNaira through the Digital Currency Management System (DCMS).

Q: Are there different eNaira Wallet types?

The Guidelines identify five (5) types of eNaira wallets. They are as follows:

1. **eNaira Stock Wallet:** This wallet stores all minted eNaira. It belongs only to the CBN.
2. **eNaira Treasury Wallets:** These wallets are maintained by Financial Institutions to store eNaira received from the CBN. A Financial Institution is only allowed to maintain one (1) treasury wallet. Although not mandated to, Financial Institutions may create and fund sub-treasury wallets for branches tied to them.[1]
3. **eNaira Branch Wallets:** These wallets can be created and funded by a Financial Institution for its branches. However, it is important to note that the Guidelines fail to make a clear distinction between Branch Wallets and sub-treasury wallets.
4. **eNaira Merchant Speed Wallets:** These wallets are used to transact eNaira payments for goods and services.
5. **eNaira Speed Wallets:** These wallets are for end users to transact on the eNaira platform.[2]

Q: What changes should Financial Institutions make to their systems to accommodate the eNaira?

By virtue of Paragraph 3.5 of the Guidelines, Financial Institutions are mandated to integrate their backend systems to the DCMS to facilitate the transfer of eNaira between bank accounts and eNaira wallets. Financial Institutions are to make the eNaira wallet feature available on their digital bank channels.

[1] Paragraph 3.3.2 Guidelines

[2] Paragraph 3.3.5 Guidelines

Q: What AML/CFT measures are Financial Institutions supposed to adopt?

Paragraph 10.0 of the Guidelines mandates Financial Institutions to comply with the Money Laundering (Prohibition) Act 2011 (as amended), the Terrorism (Prevention) Act 2011 (as amended) and all subsisting anti-money laundering laws and regulations as may be issued by the CBN from time to time.

Q: How are Financial Institutions expected to handle risk management?

Financial Institutions are expected to adopt appropriate risk management practices. The Guidelines specify that Financial Institutions are to adopt measures including the following:

- An Enterprise risk management framework
- Appropriate governance structures
- Documented and approved policies
- Secured information technology infrastructure

For questions and further information:

Contact Us

LAGOS (HEAD OFFICE):

Gabsdall House
(2nd – 4th Floor)

26, Igbosere Road,

Lagos State, Nigeria

PORT HARCOURT:
13 Finima Street,
Old G.R.A, Port Harcourt,
Rivers State, Nigeria

TELEPHONE: +23414549824

FAX: +442089290855

EMAIL: inq@grfdalleyandpartners.com