POLICY BRIEF

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Need for Legislative Oversight on the Central Bank of Nigeria's New BVN Regulatory Amendments

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Executive Summary

The Central Bank of Nigeria (CBN) has announced new regulatory amendments aimed at strengthening the Bank Verification Number (BVN) framework as part of broader efforts to curb fraudulent financial transactions, money laundering, and terrorism financing within Nigeria's banking system. The directive, titled *"Addendum to the Revised Regulatory Framework for BVN Operations and Watchlist for the Nigerian Banking Industry 2021,"* is scheduled to take effect on 1 May 2026 and introduces several new operational rules.

Key provisions of the amendment include restricting BVN enrolment to individuals aged 18 years and above, permitting only a one-time amendment of phone numbers linked to a BVN, allowing financial institutions to place BVNs suspected of fraudulent activity on a temporary watchlist for up to 24 hours while investigations are conducted, and limiting access to the BVN database strictly to CBN-licensed financial institutions, with the Central Bank retaining exclusive authority to approve exceptional access.

While the objective of strengthening fraud prevention within Nigeria's financial system is commendable, the proposed measures raise several policy considerations. Restricting BVN enrolment to persons aged 18 and above may affect minors who currently operate bank accounts through guardians or custodial arrangements, potentially impacting Nigeria's financial inclusion goals. The temporary watchlist provision may also raise consumer protection concerns if adequate safeguards are not in place to prevent erroneous flagging or transaction disruptions for legitimate customers. In addition, limiting phone number amendments to a single change may create operational challenges for customers who change phone numbers due to lost SIM cards, network changes, or security concerns.

The amendments also raise questions regarding data governance and privacy, given that the BVN system contains sensitive biometric and financial information. Ensuring that BVN data management aligns with national data protection standards and cybersecurity frameworks remains an important consideration.

Given its constitutional oversight responsibility over financial sector institutions, the National Assembly may wish to engage the CBN to ensure that the revised framework effectively balances fraud prevention with consumer protection, financial inclusion, and data governance.

Accordingly, the National Assembly, through its Committees on Banking, Finance and Financial Institutions as well as ICT and Cybersecurity, may consider the following actions:

1. **Invite** the Central Bank of Nigeria to provide a detailed briefing on the operational implications of the new BVN regulatory amendments and the expected impact on banks and financial consumers.

2. **Seek clarification** on the 18-year BVN enrolment restriction, particularly how it will affect minors currently operating custodial or guardian-managed bank accounts.

3. **Request** information on safeguards governing the BVN watchlist system, including customer notification procedures and dispute resolution mechanisms where transactions are legitimate.

4. **Encourage** alignment between the BVN framework and national data protection regulations to ensure secure management of biometric and financial data.

5. **Request** periodic reporting from the Central Bank on the implementation and impact of the revised BVN framework during the first year of operation.

The revised BVN regulatory framework represents an important step toward strengthening Nigeria's financial security architecture. However, careful legislative oversight will help ensure that the new measures achieve their intended objectives while safeguarding financial inclusion, protecting consumers, and maintaining strong data governance standards within the financial system.

Background:

The Central Bank of Nigeria has announced new regulatory amendments aimed at strengthening the Bank Verification Number (BVN) framework to curb fraudulent financial transactions within Nigeria's banking system.

The directive, titled *"Addendum to the Revised Regulatory Framework for Bank Verification Number (BVN) Operations and Watchlist for the Nigerian Banking Industry 2021",* introduces several new rules scheduled to take effect on May 1, 2026[1].

Key provisions of the directive include:

- Restricting BVN enrolment to individuals aged 18 years and above.
- Allowing only a one-time amendment of phone numbers linked to a BVN.
- Mandating financial institutions to maintain a temporary watchlist for BVNs implicated in suspected fraudulent transactions, with such BVNs remaining on the list for up to 24 hours while investigations are conducted.

[1] Emejo, J. (2026, March 15). CBN Moves to Tighten BVN Rules to Prevent Suspected Fraudulent Transactions. This Day. https://www.thisdaylive.com/2026/03/15/cbn-moves-to-tighten-bvn-rules-to-prevent-suspected-fraudulent-transactions/

- Restricting access to the BVN database to CBN-licensed financial institutions, with the Central Bank retaining exclusive authority to approve any exceptional access.

The Central Bank indicated that the measures are part of broader regulatory reforms aimed at combating financial fraud, money laundering, and terrorism financing in Nigeria's financial system.

Policy Issue:

While the objective of strengthening fraud prevention within the financial system is commendable, the new regulatory provisions raise several issues that may warrant legislative oversight and policy clarification.

1. **Financial Inclusion Concerns:** Restricting BVN enrolment to individuals aged 18 years and above may affect minors who currently operate bank accounts for educational savings, scholarships, or custodial accounts managed by guardians. This could potentially affect Nigeria's financial inclusion goals, particularly for young people participating in digital financial services.

2. **Consumer Protection and Dispute Resolution:** The provision allowing financial institutions to place BVNs on a temporary watchlist for suspected fraudulent activity raises questions regarding:

    a. safeguards against erroneous flagging,
    b. mechanisms for customer notification,
    c. and processes for dispute resolution where transactions are legitimate.

Without adequate safeguards, legitimate customers may experience temporary financial restrictions or transaction disruptions.

3. **Data Privacy and Digital Rights:** The restriction of BVN database access exclusively to licensed financial institutions reinforces security around sensitive financial data. However, it also raises questions regarding data governance, transparency, and compliance with Nigeria's data protection framework. Legislative oversight may be necessary to ensure that BVN data management aligns with national data protection and cybersecurity standards.

4. **Operational Limitations of One-Time Phone Number Changes**: Allowing only one amendment to a BVN-linked phone number may create challenges for customers who change phone numbers multiple times due to network changes, SIM replacement, or security reasons. This may unintentionally limit customer access to financial services, particularly in cases involving lost or compromised phone lines.

Rationale for Legislative Oversight

The National Assembly plays an important role in ensuring that financial sector regulations balance fraud prevention with consumer protection, financial inclusion, and data governance.

Legislative engagement may be necessary for the following reasons:

1. **Protecting Financial Consumers:** Ensuring that anti-fraud measures do not inadvertently restrict legitimate access to financial services.

2. **Supporting Financial Inclusion Goals:** Nigeria has committed to expanding access to financial services, particularly among youth and underserved populations.

3. **Strengthening Data Protection Oversight:** The BVN system contains sensitive biometric and financial data requiring strong governance and accountability.

4. **Ensuring Regulatory Transparency:** Legislative briefings can help clarify the operational implications of the new framework for banks and customers.

Recommendations to the National Assembly:

The National Assembly, through its Committees on Banking, Finance, and Financial Institutions as well as ICT and Cybersecurity, may wish to consider the following:

1. **Invite** the Central Bank of Nigeria to provide a detailed briefing on the operational implications of the new BVN regulatory amendments.

2. **Request** clarification on how the 18-year BVN enrolment restriction will affect minors currently participating in the banking system through custodial or guardian-managed accounts.

3. **Seek clarification** on safeguards for individuals whose BVNs may be placed on temporary watchlists, including dispute resolution mechanisms and customer notification procedures.

4. **Encourage** regulatory alignment between the BVN framework and national data protection regulations to ensure secure handling of biometric and financial data.

5. **Mandate** quarterly post implementation reporting to the National Assembly on the impact of the revised BVN framework for a period of 12 months.

Conclusion:

The new BVN regulatory amendments introduced by the Central Bank of Nigeria represent a significant effort to strengthen Nigeria's financial security architecture and combat fraudulent transactions. However, the policy also raises important considerations relating to financial inclusion, consumer protection, and data governance.

Effective legislative oversight by the National Assembly will be essential to ensure that the new framework achieves its intended objectives while maintaining a balanced approach that safeguards the rights and interests of users within the financial system.

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