

How to Obtain a Payment Solution Service Provider (PSSP) License in Nigeria (2026 Complete Guide)

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Description

If you want to legally process payments, build payment gateways, or operate as a fintech infrastructure provider in Nigeria, obtaining a **Payment Solution Service Provider (PSSP) License** from the Central Bank of Nigeria is non-negotiable.

This guide explanation is based strictly on regulatory frameworks and official licensing structures which includes: **requirements, costs, step-by-step process, timelines, compliance obligations, FAQs, and insider insights**.

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1. What is a PSSP License?

A **Payment Solution Service Provider (PSSP) License** is an authorisation issued by the Central Bank of Nigeria that allows companies to provide:

- Payment gateways
- Payment processing infrastructure
- Merchant payment solutions
- Online and offline transaction processing

PSSPs are **core fintech infrastructure providers** enabling secure electronic payments across Nigeria's financial system.

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However, a PSSP **cannot hold customer funds or operate wallets,** those require separate licenses.

2. Regulatory Authority & Legal Framework

The PSSP license is regulated under:

- CBN Payment System Licensing Framework
- BOFIA 2020 (Banks and Other Financial Institutions Act)
- CBN Electronic Payments Guidelines
- PSP Categorisation Circular (2020/2021)

All PSSPs are classified as **Other Financial Institutions (OFIs)** under Nigerian law.

3. Categories of Payment Licenses in Nigeria

The CBN groups payment licenses into:

Category	Description	Capital Requirement
Switching & Processing	Transaction routing	₦2 Billion
Mobile Money Operator	Wallet & deposits	₦2 Billion
Payment Solution Services (PSS)	Includes PSSP, PTSP, Super Agent	₦50M–₦250M
Payment Service Banks	Financial inclusion banking	₦5 Billion

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PSSP falls under **Payment Solution Services (PSS)**.

4. Key Functions of a PSSP

A licensed PSSP can:

- Build payment gateways
- Process card and transfer payments
- Provide APIs for merchants
- Enable POS, web, and mobile payments
- Offer transaction analytics

5. Eligibility Requirements

To qualify, you must:

- Be a company registered with CAC
- Have strong IT/payment infrastructure
- Demonstrate financial capacity
- Show corporate governance structure
- Provide a detailed business plan

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6. Capital Requirements

Requirement	Amount
Minimum Share Capital	₦100,000,000
Escrow Deposit (CBN)	₦100,000,000

The escrow deposit is **refundable** after licensing.

7. Cost Breakdown (Official Fees)

Fee Type	Amount
Application Fee	₦100,000
License Fee	₦1,000,000
Capital Deposit	₦100,000,000

8. Step-by-Step Application Process

Step 1: Incorporate Your Company

Register with CAC and ensure your object clause includes payment services.

Step 2: Prepare Documentation

Key documents include:

- Business plan
- IT security policy
- Corporate governance structure
- Evidence of capital

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Step 3: Submit Application to CBN

Address application to:

Director, Payments System Management Department

Include:

- Application letter
- Supporting documents
- Evidence of fee payment

Step 4: CBN Review & Due Diligence

CBN will:

- Assess your documents
- Conduct background checks
- Evaluate technical capability

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Step 5: Approval-in-Principle (AIP)

If successful:

- You receive AIP
- Valid for 6 months
- Does NOT permit operations

Step 6: Pay License Fee

- Pay ₦1,000,000 license fee
- Prepare for final inspection

Step 7: CBN Inspection

CBN verifies:

- Office setup
- Technology infrastructure
- Operational readiness

Step 8: Final License Issuance

License is granted after successful inspection.

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9. Documentary Requirements (Full Table)

Category	Documents
Corporate	CAC Certificate, MEMART
Directors	BVN, ID, CV
Financial	Audited accounts, capital proof
Operational	Business plan, org chart
Technical	IT policy, security framework
Compliance	AML/KYC policies

10. Approval-in-Principle (AIP) Explained

AIP is:

- A provisional approval

- Valid for 6 months
- Conditional on meeting requirements

It allows you to finalise setup before full licensing.

11. Final License Stage

To get final approval:

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- Pay license fee
- Pass CBN inspection
- Demonstrate full readiness

12. Timeline for Approval

Stage	Duration
Application Review	4–12 weeks
AIP Validity	6 months
Final Approval	1–3 months

□□ Total: **3–9 months (typical)**

13. Compliance Obligations

After licensing, you must:

- Maintain minimum capital
- Comply with AML/KYC rules
- Submit periodic reports
- Maintain PCI-DSS standards
- Avoid holding customer funds

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14. Common Mistakes That Delay Approval

1. Incomplete documentation
2. Weak business plan
3. Poor IT security framework
4. Inadequate capital proof
5. Wrong license category selection

15. Frequently Asked Questions (People Also Ask)

1. How much does a PSSP license cost in Nigeria?

- ₦100k application fee
- ₦1M license fee
- ₦100M capital requirement

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2. Can a PSSP hold customer funds?

No. PSSPs only process payments, not hold funds.

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3. How long does it take to get a PSSP license?

Typically 3–9 months depending on compliance readiness.

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4. Is the capital refundable?

Yes, the escrow deposit is refundable after licensing.

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5. Can foreigners apply?

Yes, but the company must be incorporated in Nigeria.

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6. Is PSSP the same as PSP?

No. PSP is a broader category; PSSP is a sub-license.

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16. Common Misconceptions

“PSSP allows you to operate a wallet”

False – requires MMO license

“You can start operations after application”

False – must wait for final license

“Capital is a fee”

False – it is refundable

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17. Final Thoughts

The PSSP license is **one of the most strategic fintech licenses in Nigeria**, enabling you to operate legally within the booming digital payments ecosystem.

However, success depends on:

- Strong regulatory compliance
- Solid technical infrastructure
- Proper documentation
- Understanding the CBN process

Category

1. Industry Insights