



How to Obtain a Payment Terminal Service Provider (PTSP) License in Nigeria (Complete 2026 Guide)

Description

Nigeria's digital payments ecosystem is expanding rapidly as the country continues its transition to a cashless economy. Point-of-Sale (POS) terminals have become one of the most widely used payment channels for individuals, merchants, and businesses across the country.

Behind every POS terminal deployed across Nigeria is a regulated entity known as a **Payment Terminal Service Provider (PTSP)**. Companies that wish to deploy, manage, or maintain POS terminals must obtain a PTSP license from the **Central Bank of Nigeria (CBN)**.

This comprehensive guide explains **how to obtain a Payment Terminal Service Provider (PTSP) License in Nigeria**, including:

- Legal framework
- Licensing authority
- Eligibility requirements
- Step-by-step application process

- Costs and capital requirements
- Documentation checklist
- Regulatory compliance obligations
- Timeline for approval
- Common mistakes that delay applications
- Frequently asked questions

All regulatory requirements discussed in this guide are based on the **CBN Payment System licensing framework and electronic payment guidelines**.

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1. Introduction to PTSP License in Nigeria

Nigeria is one of Africa's fastest-growing digital payment markets. The increasing adoption of electronic payments has driven massive demand for POS terminals used in retail stores, supermarkets, fuel stations, and small businesses.

To regulate POS terminal deployment and maintain industry standards, the **Central Bank of Nigeria created the Payment Terminal Service Provider (PTSP) license.**

A PTSP license authorises a company to:

- Deploy POS terminals nationwide
- Maintain POS infrastructure
- Provide merchant support
- Ensure terminal security compliance
- Integrate POS devices with payment processors

Operating POS terminals without the appropriate authorisation from the CBN is illegal and may lead to severe regulatory penalties.

2. What is a Payment Terminal Service Provider (PTSP)?

A **Payment Terminal Service Provider (PTSP)** is a company licensed to deploy, manage, and maintain **Point-of-Sale (POS) terminals** used for electronic payment transactions.

PTSPs play a critical role in Nigeria's payment ecosystem by ensuring POS terminals operate efficiently and comply with regulatory standards.

Typical PTSP services include:

Core Function	Description
POS Deployment	Installing POS terminals for merchants
Terminal Maintenance	Technical servicing and troubleshooting
Merchant Training	Training merchants on POS operations
Transaction Monitoring	Ensuring POS uptime and security
Terminal Certification	Ensuring devices meet regulatory standards

PTSPs help standardise POS infrastructure and ensure service reliability across Nigeria's payment system.

3. Regulatory Authority Issuing PTSP License in Nigeria

The **Central Bank of Nigeria (CBN)** is the primary regulator responsible for issuing PTSP licenses.

The CBN regulates digital payment service providers under its payment system supervision framework to ensure:

- Financial system stability
- Consumer protection
- Payment infrastructure reliability
- Compliance with anti-money laundering rules

The CBN publishes licensing requirements under its **Payment Service Provider licensing framework**.

4. Legal Framework Governing PTSP Licensing

The PTSP license operates under several regulatory instruments, including:

Regulation	Purpose
CBN Payment System Licensing Framework	Defines payment license categories
Guidelines on Electronic Payment Channels	Regulates POS operations
BOFIA 2020	Governs financial services licensing
CBN Cashless Policy	Encourages electronic payments

These frameworks collectively regulate fintech and electronic payment operators in Nigeria.

5. Functions of a PTSP in Nigeria's Payment Ecosystem

PTSP companies provide essential services in Nigeria's electronic payment infrastructure.

Their responsibilities include:

1. POS Deployment

PTSPs install POS terminals at merchant locations across Nigeria.

2. Terminal Maintenance

They ensure terminals function properly and resolve technical faults.

3. Merchant Support

PTSPs provide training and operational support to merchants.

4. Transaction Monitoring

They ensure POS devices maintain the required uptime standards.

5. Terminal Certification

POS terminals must meet industry certification requirements before deployment.

6. Who Needs a PTSP License?

A PTSP license is required for companies that intend to:

- Deploy POS terminals
- Maintain POS infrastructure
- Manage POS networks
- Provide merchant terminal support
- Develop POS terminal applications

Without this license, a company cannot legally operate POS terminal services in Nigeria.

7. Minimum Capital Requirement for PTSP License

The CBN requires PTSP applicants to maintain **minimum shareholders' funds of ₦100 million unimpaired by losses.**

In addition, applicants must **deposit ₦100 million into the CBN PSP Share Capital Deposit Account** as a refundable escrow deposit during licensing.

Capital Requirement Summary

Requirement	Amount
Minimum Shareholders Funds	₦100,000,000
Escrow Deposit with CBN	₦100,000,000

This capital requirement demonstrates financial capacity to operate payment infrastructure.

8. Cost of Obtaining a PTSP License in Nigeria

The regulatory cost for obtaining a PTSP license is relatively moderate compared to other fintech licenses.

Fee Type	Amount
Application Fee	₦100,000
License Fee	₦1,000,000
Escrow Deposit	₦100,000,000 (refundable)

The application fee is **non-refundable and must be paid to the CBN before submitting the application.**

9. Eligibility Criteria for PTSP License

Companies applying for a PTSP license must meet certain eligibility requirements.

Corporate Requirements

Applicants must:

- Be incorporated with the Corporate Affairs Commission (CAC)
- Have a Memorandum of Association allowing payment services
- Maintain minimum capital of ₦100 million

Operational Requirements

Applicants must demonstrate:

- Technical expertise in payment infrastructure
- Adequate IT infrastructure
- Qualified management team
- Strong governance structure

10. Required Documents for PTSP License Application

Applicants must submit several corporate and operational documents when applying for the PTSP license.

Corporate Documents

Document	Purpose
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Certificate of Incorporation	Proof of legal registration
Memorandum & Articles of Association	Defines company objectives
CAC Status Report	Details directors and shareholders
Tax Clearance Certificates	Demonstrates tax compliance
Company Profile	Describes business operations

Operational Documents

Document	Purpose
Organogram	Corporate structure
Business Plan	Strategy and financial projections
Shareholding Structure	Ownership details
Audited Financial Statements	Financial capability

Management Documents

Applicants must submit personal information for directors and management including:

- Curriculum Vitae
- Bank Verification Number (BVN)
- Government-issued ID (NIN, passport, etc.)

11. Step-by-Step Process to Obtain a PTSP License

The licensing process involves two main phases:

1. Approval-in-Principle (AIP)

2. Final License

Step 1: Incorporate a Company

The applicant must register a company with the Corporate Affairs Commission.

The company's object clause must include **POS terminal deployment and payment services**.

Step 2: Meet Capital Requirement

Applicants must demonstrate **₦100 million shareholders' funds**.

They must also deposit **₦100 million into the CBN escrow account**.

Step 3: Prepare Documentation

All corporate, operational, and management documents must be compiled.

Step 4: Submit Application to CBN

The application must be addressed to:

Director
Payments System Management Department
Central Bank of Nigeria

The application must include proof of payment of the application fee.

Step 5: CBN Review

The CBN reviews submitted documents and conducts regulatory due diligence.

Step 6: Approval-in-Principle (AIP)

If satisfied, the CBN issues an **Approval-in-Principle valid for six months**.

Step 7: Operational Setup

Within the six-month AIP window, the applicant must:

- Establish operational office
 - Recruit staff
 - Implement IT infrastructure
 - Integrate systems with payment networks
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Step 8: CBN Inspection

The CBN conducts inspection to verify:

- Infrastructure readiness
 - Compliance procedures
 - Operational capability
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Step 9: Final License Issuance

After successful inspection and payment of the license fee, the CBN issues the **final PTSP license**.

12. Role of NIBSS in POS Terminal Certification

The **Nigeria Inter-Bank Settlement System (NIBSS)** plays an important role in POS operations.

NIBSS serves as the **Payment Terminal Service Aggregator (PTSA)** and operates the national terminal management system.

Responsibilities include:

- Certifying POS terminals
- Monitoring terminal performance
- Ensuring compliance with industry standards

All payment terminals must connect to the NIBSS infrastructure.

13. Operational Compliance Requirements

Licensed PTSPs must comply with regulatory obligations including:

Technical Standards

- Minimum POS security standards

- Terminal certification
- Secure network infrastructure

Operational Standards

- Merchant onboarding procedures
- System uptime requirements
- Data security compliance

Regulatory Reporting

- Transaction reporting
- Incident reporting
- Compliance audits

14. Timeline for PTSP License Approval

The typical licensing timeline ranges between **3 - 6 months** depending on regulatory review.

Stage	Estimated Time
Document preparation	2 - 4 weeks
CBN review	1 - 3 months
Approval-in-Principle	1 - 2 months
Final license issuance	1 month

15. Common Reasons PTSP License Applications Fail

Several mistakes cause delays or rejection.

Inadequate Capital Structure

Failure to meet the ₦100 million capital requirement.

Weak Business Plan

Applications without detailed operational strategy often fail.

Poor Corporate Governance

Lack of independent directors or proper board structure.

Incomplete Documentation

Missing tax certificates or corporate filings.

16. Compliance Obligations After Licensing

After obtaining a PTSP license, companies must maintain ongoing compliance.

Key obligations include:

- Maintaining minimum capital levels
 - Submitting regulatory reports
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- Maintaining POS uptime
- Protecting consumer data
- Complying with anti-money laundering rules

Failure to comply may lead to **license suspension or revocation**.

17. Differences Between PTSP and Other Fintech Licenses

License Type	Function	Capital Requirement
PTSP	POS terminal deployment	₦100M
PSSP	Payment gateway processing	₦100M
Mobile Money Operator	Mobile wallets	₦2B
Switching & Processing	Interbank transaction routing	₦2B+

Each license allows different activities in the payment ecosystem.

18. Benefits of Obtaining a PTSP License

Companies that obtain a PTSP license can benefit from:

- Access to Nigeria's POS payment market
- Merchant transaction revenue

- POS rental income
- Strategic partnerships with banks
- Expansion into fintech services

19. Frequently Asked Questions (People Also Ask)

What is the capital requirement for a PTSP license in Nigeria?

The Central Bank of Nigeria requires a **minimum shareholders' fund of ₦100 million** and an equivalent refundable escrow deposit.

How long does it take to obtain a PTSP license?

The process usually takes **3 to 6 months**, depending on document completeness and regulatory review.

Can foreign companies obtain a PTSP license?

Yes. However, the company must be **registered in Nigeria and comply with CBN regulatory requirements**.

Is the ₦100 million deposit refundable?

Yes. The deposit placed in the CBN share capital account is refundable after licensing.

Can a PTSP process payments?

No. PTSPs manage POS terminals but do not process transactions directly.

Payment processing is typically handled by switching companies or payment gateways.

20. Common Misconceptions About PTSP Licensing

Misconception 1: Anyone Can Deploy POS Terminals

False. POS deployment must be done through a licensed PTSP.

Misconception 2: PTSP Licenses Are Only for Banks

Incorrect. Fintech companies and private businesses can obtain the license.

Misconception 3: The License Allows Holding Customer Funds

False. PTSPs only provide terminal infrastructure.

Final Thoughts

Obtaining a **Payment Terminal Service Provider (PTSP) License in Nigeria** is essential for companies seeking to operate within the country's rapidly growing electronic payment ecosystem.

The license enables companies to deploy and manage POS terminals while ensuring compliance with the regulatory framework established by the Central Bank of Nigeria.

Although the licensing process requires substantial capital, detailed documentation, and regulatory review, companies that successfully obtain the license gain access to one of

Africa's fastest-growing fintech markets.

With the continued expansion of digital payments, the PTSP license remains a strategic opportunity for fintech entrepreneurs, payment infrastructure providers, and financial technology investors looking to participate in Nigeria's digital economy.

Category

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