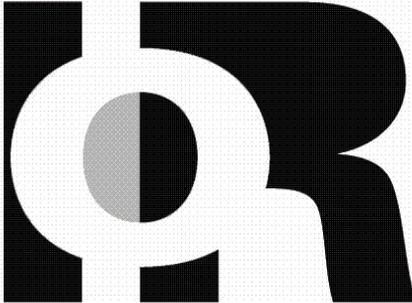


**THE
INSTITUTE OF
OPERATIONAL RISK**

The logo consists of the letters 'I', 'O', and 'R' in a bold, sans-serif font. The 'I' is a solid black vertical bar. The 'O' is a white circle with a black center. The 'R' is a solid black shape.

Nigeria Chapter

Bank Verification Number

BVN

**Enabling the tracking and reporting of fraudsters in the
Nigerian Banking Industry**

Knowledge Sharing Session

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Bank Verification Number- Goals and objectives

- Improved KYC Process within the Banking Sector
- Increased access, convenience and service levels across the industry
- Enabling greater financial inclusion and integration of financial services into the economy, with its attendant positive impact on economic development
- Enabling the tracking and reporting of fraudsters in the Nigerian Banking Industry

Definitions

Biometric data

A general phrase for computer data created during a biometric process. It includes raw sensor observations, biometric samples, models, templates and/or similarity scores. Biometric data is used to describe the information collected during an enrollment, verification, or identification process, but does not apply to end user information such as user name, demographic information and authorizations.

Verification

Biometric verification refers to a specific task in which the system tries to confirm an individual's claimed identity by means of comparing a submitted biometric sample to a database of templates. The process is 1:1 process i.e. (against a known biometric record - using BVN or other unique identifier)

Biometric Data Capture

Biometric Data to be taken shall ensure that some unique attributes of the person's DNA, are captured for authentication purposes.

These shall include:

Fingerprint recognition - Fingerprint recognition systems rely on the biometric device's ability to distinguish the unique impressions of ridges and valleys made by an individual's finger. This is done with all customer's 10 fingers.

Facial recognition - Facial recognition attempts to identify a subject based on facial characteristics such as eye socket position, space between cheekbones, etc. for persons without limbs

Enrolment Process

Data Required for Enrolment include;

- Demography i.e. title, name, gender, marital status, valid id etc.
- Contact details i.e. Residential address, post code, email, telephone phone etc.

Methods of Enrollment

- In-Branch Service Enrolment:.
- Mobile Enrolment: this is done especially for PEPs or HNIs.

Possible Hindrances to accuracy of enrolment

There are conditions that may affect the accuracy of the biometric data from the enrolment process. These conditions include

- i. Imperfect imaging conditions like sensor noise and dryness of the fingers
- ii. Changes in the users physiological or behavioral characteristics like bruises and cuts on fingers
- iii. Ambient conditions such as temperature, humidity and other environmental factors
- iv. The user's interaction with the sensor such as the finger placement.
- v. Enrollee movement during enrolment

KYC Enhancement Requirement

In line with the objectives of having a centralized BVN System for the Nigerian banks, the following shall be adopted in driving KYC enhancement in the Bank

- i. Home Visitation shall be carried out by Banks in line with the address verification process whenever there are changes in one or combination of the following between customer data in Banking Application and BVN Database:
 - a. Change in residential address
 - b. Change in mailing address
 - c. Change in source of income - employment
 - d. Change of telephone number
 - e. Change of email address
 - f. Change of name
- ii. Home Visitation Reports shall be documented

Rules for Update of Customer information in BVN

Database

All updates to the customer information in the BVN database should be carried out in the branch of the Bank the initial BVN enrolment was undertaken. The update shall be effected only on BVN enrolled in UBA. **NO UPDATE SHALL BE ALLOWED FOR BVN ENROLLED IN OTHER BANKS.**

Date of Birth Change

Correction of Date of Birth on the BVN allowed ONCE with supporting documents - Birth Certificate, Birth Attestation Certificate or Sworn Affidavit for Age Declaration or an international passport.

Change of Name due to Marriage

Change of name due to marriage allowed with supporting - marriage certificate, change of marital status affidavit and newspaper publication.

Correction of Name Spelling Error

Allowed with supporting documents such as International Passport or any other valid ID showing the correct name.

Change of Name - Total

Change of names that are totally different or affecting all the three names, for example, Ezra Abu being changed to Aminu Umar or partially different, for example, Ezra Abu Jude being changed to Ezra Abu Abel, should only be allowed after the customer has produced supporting documents to the change of name.

Rules for Update of Customer information in BVN Database

Change of Name to Maiden Name due to Divorce

A female customer may be allowed to change her name to her maiden name on the following conditions:

- i. A notice of divorce filed in court with newspaper publication for change of name or
- ii. Divorced letter issued by a court of competent jurisdiction

Closure of Accounts

- i. Issue a Manager's Cheque (MC) for the Balance in the Account
- ii. Seek and obtain clearance from EFCC (NFIU) before such an account can be closed and the balance transferred electronically to another account
- iii. Chief Compliance Officer based on Suspicious Transaction Report should be filed with NFIU

Rendition of Suspicious Transaction Reports to NFIU

The following reports should be rendered to the Nigerian Financial Intelligence Unit (NFIU) by the

Compliance Management Division on weekly basis under Suspicious Transaction Reports (STR)

- i. Change of names that are totally different or affecting all the three names.
- ii. Account closed for reasons attributable to BVN issues
- iii. Where the Chief Compliance Officer raises suspicion on the activity of the customer
- iv. BVN with multiple names
- v. Watch-listed BVN

Resolution of BVN Exceptions

In line with CBN regulatory provisions, BVN issues shall be resolved within five (5) working days from the date the customer submits all the required documents.

The categories of complaints include:

- a. Failure to link account
- b. Failure to correct wrong demographic data
- c. Misplaced BVN
- d. Enrolment without receiving BVN
- e. Wrong matching of BVN demographic data
- f. Wrong linking of accounts
- g. Erroneous placement of PND on accounts with valid BVN

A central unit should track all complaints logged to ensure that they are closed within the established timelines.

BVN Deletion

Only BVN Enrolled in your Bank should be scheduled for deletion

- i. The customer whose BVN is scheduled must be verified through Finger Reader Machine – ZF1 and the finding shall form the basis for deletion
- ii. The customer service reasons, the customer should be informed that the BVN has been deleted
- iii. There should be authorization process for deletion

Reasons for BVN Deletion

- i. Biometric details do not match the image of the holder
- ii. Finger print of the holder brings up image of a different person
- iii. Two BVN allocated to the same person
- iv. Some fingers do not bring the BVN data of the person
- v. BVN is advised by NIBSS as invalid

BVN Deletion contd

- The same BVN is allocated to two different persons, that is, fingers of two different people hit
 - i. Two BVN allocated to the same person
 - ii. Some fingers do not bring the BVN data of the person
 - iii. BVN is advised by NIBSS as invalid

Deletion/Maintenance

- i. There should be maker checker in deletion process
- ii. The customer shall be informed of deleted BVN and should be directed on the way forward

Transaction Authentication

Authentication for Transaction Processing

- i. Across the counter transactions – Personal and 3rd Party
- ii. Account Opening
- iii. Other relationships – Cards, etc

Deceased Customers

- i. Reports to NIBSS monthly for the BVN to be retired from the central system
- ii. Chief Compliance Officer to Watch- list.

Black-listing and Watch-listing

BLACKLISTED BVN BVN blacklisting is done by NIBSS – Cause Normal Enrolment Error

WATCHLISTED BVN_ A associated with fraud related issues.

Internal Watch-list should be managed by Compliance.

Sources of Watch-listed BVN

- Nigeria Inter Bank Settlement Systems (NIBSS)
- Inter Switch
- Other Banks in Nigeria
- Other Financial Institutions in Nigeria including MFIs, Mortgage Banking Institutions, etc.
- Central Bank of Nigeria
- EFCC
- The Nigerian Police Force
- Others Institutions as may be identified from time to time

Bank Transactions Validation and Authentication

The following units shall identify transactions for validation

- Customer Service Department
- Funds Transfer
- Telling Services

Sanctions for Contravening the Provisions of BVN Management Framework

The offences that may be sanctioned include:

- i. Conniving with the customer to falsify BVN enrolment information
- ii. Unauthorized alteration of the Biometric Data in BVN Database
- iii. Unauthorized update of the customer BVN data in the Banking Application
- iv. Failure to attend to customer BVN related enquiries within the established Turn-Around-Time.
- v. Unauthorized lifting of Post No Debit on accounts without BVN
- vi. Conniving with the customer to use someone else's BVN to consummate transaction
- vii. Failure to validate BVN before consummation of transaction
- viii. Failure to submit BVN attributable to Fraud for Watch-listing
- ix. Processing a facility on an account without valid BVN
- x. Disbursing a facility to an account without valid BVN
- xi. Failure to submit request to credit registry with BVN of all directors and major shareholders with 5% and above direct and indirect holdings

Bank Verification Number

BVN

**Enabling the tracking and reporting of fraudsters in the
Nigerian Banking Industry**

Can BVN Deliver on this Objective?

May Be This Is Your Last Attack

?

Networking