



CBN 2025 Review of Automated Teller Machine (ATM) Transaction Fees: *Misconceptions and Realities*

Context

On February 10, 2025, the Central Bank of Nigeria (CBN) issued a circular titled “Review of Automated Teller Machine Transaction Fees,” introducing significant changes to ATM withdrawal charges effective March 1, 2025. This explainer clarifies the circular’s content, addresses misconceptions, and discusses its implications for financial inclusion, the economically disadvantaged, agent banking charges, and the cashless economy. The CBN’s circular revises ATM withdrawal fees to address rising operational costs, enhance ATM infrastructure sustainability, and service efficiency within the banking sector. To fully understand the nuances of this policy, we will begin by defining key terms associated with the circular.

- **On-Us Transactions:** These are ATM withdrawals made by a customer using an ATM operated by their bank.
- **Not-On-Us Transactions:** These are ATM withdrawals made at ATMs not operated by the customer’s bank.
- **On-Site ATMs:** ATMs that are located within or immediately adjacent to a bank’s physical branch.
- **Off-Site ATMs:** ATMs located away from bank branches, typically found in areas such as shopping malls, airports, or standalone locations.
- **Surcharge:** An additional fee imposed on a transaction, over and above the standard charge.

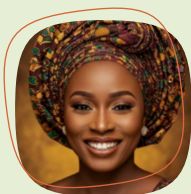


Key Changes Communicated in the Circular:

- **On-Us Transactions:** Withdrawals from ATMs operated by the customer's bank (whether on-site or off-site) remain free.
- **Not-On-Us Transactions:** Withdrawals from ATM of another bank different from the customer's bank.

01

The initial three (3) free monthly withdrawals previously allowed for Not-On-Us transactions (withdrawals from other banks' ATMs) have been eliminated.



Itoro Must Now Pay for Every Not-on-Us ATM Withdrawal

Itoro used to enjoy zero withdrawal fees for the first 3 withdrawals she made via the ATMs of other banks every month. Now she has to start paying from the first withdrawal to the last withdrawal she makes every month if the ATM she used belongs to another bank other than her bank.

02

Withdrawals from ATMs of other banks located within bank premises (not-on-us On-Site ATMs) now incur a fee of **₦100** per **₦20,000** withdrawal.

03

Withdrawals from ATMs of other banks situated outside bank premises (Not-on-us Off-Site ATMs such as those located in shopping malls, and airports) will attract a fee of **₦100** per **₦20,000** withdrawal, plus a surcharge of up to **₦500 per transaction**. The exact surcharge amount must be disclosed to the customer at the point of withdrawal.



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- **A 3X or More Increase in ATM Fees:** The new fee structure is almost three times increase from the initial N35 ATM fees (e.g., N100 per transaction compared to N35 at Not-On-Us On-Site ATMs) and would be more for off-site ATM withdrawals.
- **International Withdrawals:** Charges will reflect the exact fees applied by the international acquirer, passed directly to the customer in a model called cost-recovery model. Not many Nigerians, however, use this option.

Assuming that banks allow a single dis-pense of up to N20,000 per withdrawal, then Itoro will incur a charge of N100 ONLY when Tamara uses the ATM of another bank located within that bank's premises; or $N100 + X$ (where X is N500 or less) when Itoro uses the ATM of another bank located outside that bank's premises. This means that the highest transaction charge to be paid by Tamara per N20,000 on Not-On-Us Off-site transactions is N600.



Misconceptions vs. Realities of the Circular

EFInA identified some of the misconceptions regarding the circular and has provided an accurate view-point of the intent of the policy.

S/N	Misconceptions	Reality
1.	The circular communicated an increase in all ATM-related transaction fees— including <i>on-us</i> , <i>not-on-us</i> , <i>on-site</i> , and <i>off-site</i> transactions.	All on-us ATM transactions whether on-site or off-site remain free. The changes only apply to <i>not-on-us</i> ATM withdrawals
2.	The CBN is prioritizing revenue generation over consumer protection.	CBN is not a revenue-focused regulator. The circular is only a response to the sustainability of ATM deployment by banks as alternative channels of access to financial services.
3.	Withdrawals at agent locations are affected	The fees communicated in the circular apply to <i>not-on-us</i> withdrawals carried out on ATMs. At agent (POS) locations, the charges paid by the customer increases by an average of N200 for every N10,000 that is withdrawn (cashed-out).
4.	The removal of free withdrawals will discourage ATM usage and push customers towards alternative channels.	Although some customers will look for other ways to make withdrawals, ATMs remain one of many channels of accessing financial services. Also, ATMs are the only cash points that run for 24 hours a day, although they present security risks, especially in hot spots for robbery and theft.

5.	Off-Site ATM Surcharges Are Fixed at ₦500	<p>The surcharge for off-site ATMs can be up to ₦500 per ₦20,000 withdrawal. The exact amount is determined by the bank that owns the ATM and will be disclosed to the customer before completing the transaction.</p> <div data-bbox="858 421 991 555">  </div> <p><i>Mama Amaka needed cash while shopping at a mall, but the merchant said there was no network on her POS terminal. She noticed an off-site ATM but was unsure about the fees. Before proceeding, the ATM displayed a surcharge of ₦300, making her understand the fee before she decided whether to continue with the transaction.</i></p>
6.	Banks will offer small denominations at ATMs to make more money.	<p>Banks will configure their ATMs to dispense up to ₦20,000 per transaction, meaning customers should not be compelled to make multiple smaller withdrawals, which could lead to higher cumulative fees.</p> <div data-bbox="842 1093 995 1249">  </div> <p><i>Chinedu found an ATM dispensing only ₦10,000 per transaction. Aware of the guidelines, he reported this by calling the CBN contact number displayed at the ATM stand, prompting the bank to adjust the machine settings to allow up to ₦20,000 single withdrawal. This reduced the inconvenience and extra charges that Chinedu would have incurred.</i></p>

Aisha Saves Time and Money because there are ATMs Close to Her



Imagine Aisha who is a trader in a rural community that has no bank branch. Normally, she travels long distances to access her bank's ATM to avoid fees. With the potential for more ATMs being deployed due to the revised fees, Aisha may now have an ATM closer to her because the banks now see more reason to invest in setting up an ATM close to her. This will help Aisha save enough time and travel expenses and can then focus on attending to her customers, making her earn more because she now attends to more customers.



What this Means for Cashless Economy, Financial and Economic Inclusion

- At the current 18,000 ATMs (1 ATM per 6,300 adults), the demand for agents is likely to increase. As it is with demand and supply, agents are also likely to adjust their fees to reflect increased operational cost and demand leading to a strain on their liquidity. The worry is that the agent-controlled cash economy is likely to expand.
- For many low-income earners who rely on cash transactions due to limited access to digital tools or internet services, these changes have the potential to discourage the use of cash and promote the adoption of digital channels such as USSD, mobile and internet banking that are less costly. This is because higher cash withdrawal fees might incentivize the adoption of digital payment methods, aligning with CBN's cashless policy objectives. However, this assumes that the network connectivity and payment systems are readily available and seamless to use.
- With On-Us transactions remaining free, customers will have an alternative to cash-out services at agent locations given the rising charges. However, banks must expand the spread of ATMs given the new fees.
- Increased withdrawal costs, especially for customers relying on ATMs of other banks due to limited access to their own bank's ATMs, may deter usage of formal banking channels. This could disproportionately affect individuals in rural or underserved areas, potentially hindering financial inclusion efforts. For instance



Amina who lives in a remote village found the nearest ATM was off-site and charged extra fees. The cost made her reconsider using banking services, highlighting the need for more accessible financial infrastructure.

- Economically disadvantaged segments who often have limited access to banking infrastructure may face increased financial strain due to the revised fees which can constitute a significant expense, potentially leading them to reduce their reliance on banking services.
- Customers may opt to keep cash on hand and have it available when needed, thus increasing cash handling risks (risk of theft or loss) and undermining the safety benefits of formal banking.
- The new charges on Not-On-Us Off-Site ATM withdrawals do not leave room for the poorest of the poor. For a withdrawal of N1,000 or N2,000, the customer may part away with N500 plus travel time and cost which discourages the use of ATMs as is the case of:



John, a daily wage worker needs small amounts of cash regularly. Due to the fees for each withdrawal, he abandoned his bank account and decided to keep his money in cash, missing out on the benefits of a savings account. There could have been exemptions for small transactions which could protect the poorest from additional costs.





What We Recommend

To mitigate potential adverse effects and enhance the policy's effectiveness:—

- The CBN and financial institutions will need to educate customers about the new fee structure and promote alternative banking channels that may offer lower costs or added convenience. The use of different messaging channels (agents, radio, social media, advocacy groups and community grassroot voices is encouraged)
- The current ATM infrastructure roll-out and liquidity supply do not promote confidence in the use of ATMs, leaving customers choose financial services agents over ATMs. Banks should invest in expanding their ATM networks, particularly in underserved areas to reduce the necessity of their customers using other banks' ATMs.
- There should be consideration for tiered fee structure based on withdrawal amounts to lessen the impact on low-income earners.
- Improve the reliability and accessibility of digital banking services to provide viable alternatives to cash transactions, leading to greater financial inclusion.

The EFInA Explainer Series is an advocacy tool that highlights transformative developments in Nigeria's financial services ecosystem, spanning policies, regulations, and innovations in financial products and services. Designed to educate and inform the public in an accessible format, the series draws on our vast knowledge, expertise, and network to clarify misconceptions and promote informed understanding and decision-making.



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